UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

~~Terminated (or~~ cancelled) without certification. DMEA No. 473

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 _____

HB
Reviewer's Initials

7973

AGREEMENT TO RESCIND
EXPLORATION PROJECT CONTRACT I-DMA-E38

It is mutually agreed this 31st day of October 1951, by and between the parties hereto that Exploration Project Contract I-DMA-E38 (Docket No. DMA-473) dated June 30, 1951, between the parties hereto be rescinded.

The Bonita Mining and Developing Company, Inc., 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 Project Contract.

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

UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Administrator
Defense Minerals Administration

BONITA MINING AND DEVELOPING COMPANY, INC.

By John R. Kenny
Operator

NOV 7 1951

RECEIVED
OFFICE OF SECY. SEC.

Cont. Serv. Sec.
Change Order
Noted DMS
Reviewed

MF-200
(April 1951)

Docket No. DMA 473
Commodity Lead-zinc
I-DMA-E38

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 30th day of June, 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 & DEVELOPING CO., 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] EMMA-OREGON - GALENA MINE, Ice Lake Mining District, sec.18, T. 41 N., R.8 W., San Juan Co., Colo. Claims called - Oregon, Emma, Galena, Sunside, Sunside No. 1, Sunside No. 2.

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

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

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

3. *Exploration project.* The Operator, within Thirty 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, materials, and labor, all properly designed to bring the project to completion within a period of [6] Two 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. Attached hereto, marked "Exhibit 'B'," is a detailed list of 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 its agreed pro-rata share of the cost. 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.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. 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.* [illegible] facilities, buildings, fixtures, equipment, o[illegible]er items costing more than [illegible] 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.* Attached hereto, marked "Exhibit 'D'," is 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.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable 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, 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 the 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, or any other indirect costs not expressly allowed by these regulations, 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. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator Fifty percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $16,399.50, which is Fifty percent of the agreed estimated total cost of this project, $32,799.00.

12. *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.

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract 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.

14. *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 additional for each 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 property 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.

15. *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.

16. *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 triplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Administrator
Defense Minerals Administration

BONITA MINING & DEVELOPING CO., INC.
(Operator)

By _____
Henry P. Ehrlinger,
Vice Pres. & Genl. Mgr.

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

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 June 30th, 1951, between Bonita Mining & Development Co., Box 186, Silverton, Colorado, the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated August 15, 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

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 28th day of May, 1951

Alma Cluster

ALMA CLUSTER

U. S. GOVERNMENT PRINTING OFFICE 940768

A G R E E M E N T

THIS AGREEMENT, Made and entered into this 10th day of October, 1949, by and between AGNES A. SCHMELZER of Silverton, Colorado, party of the first part, and BONITA MINING & DEVELOPING CO., INC., a copporation organized and existing under and by virtue of the laws of Colorado, and having its principal office in Silverton, Colorado, party of the second part, WITNESSETH:--

THAT WHEREAS, the first party is the owner of the following named and described lode mining claims, all patented, known and described by the U.S. Survey number following the name of each such claim, respectively, to-wit: the Weminoche, No. 11547; Cherokee, No. 11545; Delaware, No.11546; Hailstone, No. 11544; Jenny Lind, No. 11543; Winnebago, No. 11543; Golden Gate, No. 12817; Isabel, No. 11531; Silver Dick, No. 12817 and also an undivided 91/100 dths interest in and to the Columbus, Lost Hope, Webster, Grandview lode mining claims all U.S. Survey No. 11693; and also the following named, unpatented lode mining claims, the location certificate of which thereof being recorded in the office of the County Clerk and Recorder of San Juan County, Colorado, in the book and at the page following the name of each such claim hereinafter respectively, to-wit: Diamond, Book 92 Page 564; Palymra Book 147, Page 18; St. Anthony, Book 147 Page 19; Fredrick, Book 147 Page 20; St Joseph, Book 147, Page 375; Charlotte Mary, Book 165, Page 33 and Pandora, Book 165, Page 488; and also holds a lease and option to purchase from Alma Cluster covering the following named property, to-wit: the Emma Lode Mining Claim, the Galena Lode Mining Claim and the Oregon or Oregon Ship Lode Mining Claim, all patented known and described as U.S. Survey No. 16725:- all of such property being situate in the Ice Lake Mining District, San Juan County, Colorado; and whereas the first party is not financially able to properly develop and improve the above described properties at this time and desires the assistance of the second party in the development and improvement of the same, which assistance the second party is willing to advance and provide on the terms hereinafter stated; therefore, in order to effectuate the desired purposes and provide means for the future development and operations of such property, it is agreed as follws:

1. The party of the first part agrees that she will forthwith make, and execute and acknowledge to the second party her good and sufficient deed to the properties above described as being owned by her; and will also at the same time assign to the second party all her right, title and interest in, to and under the above properties mentioned as being held by her under lease and option.

2. In consideration of such conveyances the second party agrees that it will, upon the execution and delivery of his agreement, pay over to the first party in cash the sum of One Thousand Dollars ($1,000.00); and will also pay all delinquent taxes now due upon any of the above d escribed patented mining properties, or in lieu thereof will procure assignment of any outstanding tax sale certificates representing unpaid taxes on said property, and will c ause such certificates to be cancelled, so as to clear all of such property from tax liens.

3. Said second party further agrees that it will at all times hereafter during the life of this agreement do and perform the annual labor that must be performed upon the unpatented mining claims above named and described, including the annual labor for the year expiring July 1, 1950, in time to prevent the forfeiture of any such unpatented claims for non-performance of annual labor.

4. 4. Said second party further agrees that ineach year hereafter, beginning with the year 1950, it will do and perform the following work on said property, to-wit: one hundred shifts (100) of work in the years 1950, 1951 and 1952; and two hundred (200) shifts from 1953 to 1958 inclusive. If a low price of metals shall make it unprofitable to work and operate said property in any year after 1953, then the performance of such work shall be at the election only of the second party, and a failrue to perform such work, providing the other terms of this agreement are fully complied with, shall not work any forfeiture of this agreement.

5. It is further agreed that if any ore shall be produced and sold from said property in any year this agreement continue in force and effect, the second party shall within ten (10) days after receipt of any smelter, mill or mint returns of ore or concentrates it sold from said property hereunder, pay into the Citizens State Bank of Ouray, Colorado, to the order of the first party, five percent of the amount received by it from such smelter, mill or mint returns. Such royalty shall be based upon smelter returns of any ore or concentrates sold to the smelter after deducting railroad freight and smelter treatment charges only; and upon mill or mint returns, such royalty shall be based upon the price received from mill or mint for any ore or concentrate sold to the said mill or mint. It is further agreed that at the expiration of any calendar year during the period of which any ore or concentrates shall be sold from s aid property, or any part thereof, the second party shall determine the net profits realized during such year by it thru the operation of any of the above described premises, and if one-half ($\frac{1}{2}$) of such total net profits shall exceed the royalty hereinabove mentioned, the difference between such royalty and one-half ($\frac{1}{2}$) of such net profits shall by February 1st following determination of such net profits be paid over in cash to the first party by depositing the same to her order in the Citizens State Bank of Ouray, Colorado.

6. The second party reserves the right at any time hereafter to cancel and terminate its obligation hereunder by giving the party of the first part written notice of its intention to terminate such agreement, such notice to be addressed to her at Silverton, Colorado, or such other postoffice address as she may advise it, and such obligation shall cease in ten (10) days after the mailing of such notice.

7. It is agreed and understood that should the second party fail to do and perform the obligations herein imposed upon it, the first party may declare this agreement terminated; and upon due notice of such termination the party of the second part agrees to reconvey to the first party the premisis and all its rights thereunder; and upon failure to do so, the first party shall have the right to bring suit for specific performance of this provision of said contract. Provided, however, that no forfeiture hereof shall be declared until the first party shall have given the seonnd party written notice of the breach complained of, and said second party shall have failed for a period of sixty days after the mailing of such notice to remedy the act or ommission complained of as a breach hereof.

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 set her hand and affixed her seal, and the second party has hereunto caused its corporate name to be subscribed and its seal affixed by its President and Secretary thereunto duly authorized.

S/ AGNES A. SCHMELZER (SEAL)

BONITA MINING & DEVELOPING CO. INC.
S/ Fred C. Brightly, Pres.
S/ Vincent G. Rinn, Secty.

AGREEMENT

THIS AGREEMENT, Made and entered into this 15th day of August, 1949 by and between Alma C. Cluster (Formerly Alma C. Hinckley) of Coeur 'd Alene, Idaho, party of the first part, and Agnes A. Schmelzer, of Silverton, Colorado, party of the second part, WITNESSETH:--

That the party of the first part, for and in consideration of the sum of five-dollars ($5.00) to her in hand paid by the party of the second part, the receipt whereof is hereby acknowledged, does hereby give and grant unto the party of the second part the exclusive right, privilege and option of purchasing the mining properties hereinafter described, at the price, within the time for payment, and on the terms and conditions hereinafter set forth, said property being described as follows: to-wit:- the Emma, Oregon and Galena Lode Mining Claims, all patented, known and described as U.S. Survey No. 16725, together with all the improvements thereon and all workings therein, all situate in Ice Lake Mining District, San Juan County, Colorado, all for the total purchase price of Five Thousdand ($ 5,000.00) Dollars, and which purchase price, in order to comply with this option must be deposited to the credit of the party of the first part in the Citizens State Bank of Ouray, Colorado, on, or before, August 15, 1959.

In furtherance of this option it is hereby stipulated and agreed that at anytime hereafter, within twenty (20) days and after receipt of written request therefor, the first party will make, execute and acknowledge unto the second party, or her assigns, her good and sufficient mining deed covering and conveying to said second party the property and premises hereinabove described, and will deposit such deed in escrow in said Citizens State Bank, Ouray, Colorado, accompanied by appropriate escrow instructions for the holding of same in escrow and the delivery thereof to the second party, or her assigns, upon payment in full of such purchase price in time and manner as herein provided.

It is agreed by and between the parties hereto that the further terms and conditions of this lease and option are as follows:

1. During the continuance in force of this option, the party of the second part, and here assigns, shall have the right to enter into possession of all of said property, and to prospect and to develop the same, and to mine remove and sell ore therefrom: all work performed and all development made upon or in said property hereunder shall be made and performed in good and workmanlike manner and all workings made or used hereunder shall be well and sufficiently timbered wherever necessary to good, safe and permanent mining and no underhand stoping shall be done or allowed hereunder. It is understood and agreed that no loose rock or rubbish shall be allowed to accumulate in any of the workings in said property used by said second partyy during the life of this agreement.

2. During the continuance in force of this agreement the party of the first part, in person or by agent, shall have the right at all reasonable times to enter upon and into all parts of said property and to inspect and sample the same, and to that end the party of the second part, and her assigns, shall render all reasonable assistance.

3. Beginning with the year 1950, it is agreed that the second party shall begin work upon said property not later than June 1st, in each year this agreement reamians in effect, and thereafter shall do and perform not less than twenty five (25) shifts of work per month during the months of June, July, August and September in each of said years during the life of this agreement in the working and operation of said property, a shift of work being defined as eight (8) hours work for one man.

4. On all ore taken and sold from said property hereunder, whether in the form of crude ore or concentrates, the party of the second part, or her assigns, as the case may be, shall pay a royalty of ten percent (10%) of the net smelter, or mill, returns. On ore shipped to a smelter, such royalty shall be calculated after deducting railroad freight and smelter treatment charges only. If such ore shall be shipped to a custom mill for treatment and sale, such royalty shall be calculated on the price paid the shipper by such custom mill, without deduction for packing or trucking charges to the mill. Such royalty shall be paid to said Citizens State Bank, named as escrow holder, for the account of the first party hereto, on or before the tenth (10th) day of the month followijng that inwhich such ore shall be shipped and settled for, and such royalty shall apply upon and constitute part payment of the purchase price herein agreed to be paid for said property. The lessee, or her assigns, shall cause to be deposited with each of such payments of royalty duplicate smelter or mill returns for the ore shipped and sold.

5. The party of the second part, or her assigns, as the case may be, shall at the time and place of performing work or making improvements upon said property hereunder, post and keep posted in conspicuous place, or places, on said property, written, or printed notices, in due form of law, under the Colorado Lien Statutes, showing that said property is being worked under a lease only, and will not be subject to any lien whatsoever, so as to protect said property and the owner thereof from mechanic's liens. The party of the first part will cause such notices to be properly signed upon request. Said second party further agrees to protect and save harmless the said property and said party of the first part from any costs, expenses or damages which may, or might, arise by reason of any debt created or liability encurred in or about the working or operation of said property hereunder.

6. Its is expressly agreed and understood that all buildings, mine track and air pipe be placed upon and in said property hereunder and being in place shall be and remian permanently a part of the above described real e state, and in case of forfeiture or abandonment of the lease and option shall become the property of the party of the first part. It is agreed, however, that the second party, and her assigns, shall have the right to remove from said premises any tools by her, or them, placed thereon for the working thereof. Such removal shall be made within the period of ninety (90) days after forfeiture or abandonment of this agreement, unless such forfeiture, or abandonment, shall occur during the winter months when the trails and roads to said property are blocked by snow, in which case such removal shall be made withing ninety (90) days after the opening of such trails and roads. If not removed within said period of time, such tools shall be and become the property of the party of the first part as of further agreed consideration for the granting of this lease and option on the terms herein stated.

7. It is further agreed and understood that whenever said property shall be operated hereunder, the party of the second part, and her assigns, shall take out Workmen's Compensation Insurance under the terms and provisions of the Colorado Workmen's Compensation Act for the protection of the workmen employed upon said property and in order that such property, and the owner thereof, may be relieved from any liablity whicj might arise thru the injury of any

workmen employed upon said property hereunder. The policy for such Workmen's Compensation Insurance and receipts showing payment of the premiums thereon shall be kept at said property or in the town of Silverton in said said San Juan County, so that an inspection can be made by said first party, or her representative, at all reasonable times.

It is further agreed and understood that said second party, and her assigns, shall pay all takes levied and assessed against said property during the life of this agreement, and also all property taxes thereon that may now be delinquent. Such current tax shall be paid ineach year hereafter on, or before, August 1st so as to prevent such taxes from becomming delinquent.

And, finally, it is expressly agreed and understood that time is the essence of this agreement; and that in case said party of the second part and her assigns, shall fail to make said payments of pruchase price within the time above limited therefor, or shall fail to do and perform any of the other acts or things required by the terms of this option to be performed by her, or them, then such failure shall work a forfeiture of this lease and option, and in that event said second party, and her assigns, shall immediately upon request vacate and surrender all of said premises to the party of the first part. And in the event of such forfeiture, all moneys therefor paid hereunder, whether as purchase price, or royalty, or otherwise, shall and remain the money and property of the party of the first part as further agreed consideration for the granting of this lease and option on the terms herein stated. If deed shall have been deposited in escrow hereunder, such forfeiture shall further have the effect of withdrawing such deed fromescrow.

This agreement shall extent to, bind and inure to the benefit of the heirs, personal representatives, grantees and assigns of each of the parties hereto.

IN WITNESS WHEREOF, the said parties hereunto have subscribed their names and affixed their seals on the day and year first above written.

S/ ALMA C. CLUSTER (SEAL)

S/ Agnes A. Schmelzer (Seal)

True Copy Made 5/20/51

E X H I B I T "A"

Emma-Oregon-Galena Mine,
San Juan County,
Colorado,

Exploration Project,
DMA-Docket-473

The following list of estimated costs cover all of the contemplated work on this project which will be accomplished by phases and in the sequence as shown below. In our original request we stated very clearly that if one phase does not prove out to our satisfaction to indicate that the expenditures of funds for the others are justified we will cease operations at that point and reimburse the Government for their contribution unless the Government will waive their share. We again stress this point for we feel that although there is a very good chance of finding a good ore body on the property we do not want to waste any funds.

PHASE "A"

Opening up, cleaning out, draining and retimbering of portals and crosscuts on levels 1, 2, 3 and 4 of the Emma Mine, sampling backs and the old workings so as to make a study of the geology especially to find the vein which was stated to intersect the Emma vein containing some 10-20% zinc values:

Labor, (3 Muckers, 45 Days)*	$ 1,800.00	
Tools, (Wheelbarrows, Shovels, etc.)	244.00	
Packing Supplies (Muletrain)	350.00	
Engineering and Supervision (1 Man)	500.00	
Assaying	100.00	
Trail Cleaning (3 Men, 5 Days)	150.00	
Timber (Posts, Caps, Lagging)	750.00	
TOTAL PHASE "A"		$ 3,894.00

*Includes sampling.

No equipment will be rented or purchased for Phase "B" or later phases until Phase "A" is completed. When Phase "A" is finished an appraisal will be made from results obtained to determine if subsequent phases are justified and it will also be decided at that time whether rental or outright purchase of equipment is most economical.

PHASE "B"

Driving approximately 400 feet of drift on level No. 4 from the breast of the present crosscut back to intersect the Emma vein. Originally at approximately 125 feet from the portal of level No. 4 the drift was driven northeast on a cross vein about 600 feet instead of following the Emma vein. It is proposed to drive a crosscut back from this breast some 200 feet to the Emma vein and, when the vein is encountered, to drift northwest on it to its intersection with the Silver Dick vein. It is estimated this will

require an additional 200 feet of drift on the Emma vein, or an aggregate of 400 feet of drifting. A 140-foot raise will be driven from this vein intersection on level No. 4 to level No. 3 to prospect the vein intersection and to serve also for transfer of ore from stopes above level No. 4.

Drifting

Labor, (2 Miners on Drift)	$ 4,800.00		
Supplies (Powder, Caps, Steel, Bits)	2,400.00		
Engineering & Supervision	1,400.00		
Packing Supplies	725.00		
Assaying	75.00		
Rental of Equipment	2,180.00		
Total Drifting		$11,580.00	

Raising

Labor, (2 Miners, Raising)	$ 1,400.00		
Supplies (Powder, Steel, Bits)	800.00		
Timber, (Lining Boards & Stulls)	500.00		
Supervision (1 Man, parttime)	250.00		
Total Raising		2,950.00	
TOTAL PHASE "B"			$14,530.00

PHASE "C"

This phase is not contemplated unless the results shown on completion of Phase "B" indicate that additional exploration is justified. It is also possible that Phase "C" can be carried out with proceeds resulting from previous operations and further Governmental assistance will not be necessary.

In Phase "C" it is proposed to extend level No. 5 on the Emma vein, which has been driven only 15 feet from the portal, a distance estimated as 600 feet to explore the intersections of the Emma vein with other veins, particularly the Sunside vein, but also the Silver Dick. At one of the intersections, or under the raise on level No. 4, a raise will be driven from level No. 5 to level No. 4

for exploration and also for ore transfer. This raising will be approximately 150 feet, and will probably be driven on contract if that appears most economical.

Labor, (4 Men, 120 days)	$ 7,200.00	
Supplies, (Powder, Steel, Bits)	3,600.00	
Packing Supplies	500.00	
Assaying	75.00	
Rental Equipment	2,500.00	
Engineering & Supervision	500.00	
TOTAL PHASE "C"		$14,375.00
GRAND TOTAL		$32,799.00

NOTE: In the raising project no rental on equipment has been shown as this will be the same equipment that is used in the drifting at the same time and we do not want to duplicate it or split it up between the two jobs.

Ice Lake has been inaccessible during the past winter and it is impossible to show on the claim map accurate strikes and dips of any of the veins. Those shown are only approximate. A survey of the mine workings has not been made and maps are not available from previous operations. The Emma vein is nearly vertical, as is the Silver Dick, although the latter vein may dip slightly southeast. The Sunside vein has a dip near 45° southwest.

E X H I B I T "B"

Emma-Oregon-Galena Mine,
San Juan County,
Colorado.

Exploration Project,
DMA-Docket 473

There are no buildings, fixtures or facilities on the property at the time of this request:

The Applicant proposes to construct a combination toolhouse, shop and living quarters for the workmen as follows:

1-10' x 20' wood frame, tarpaper covered combination toolhouse, shop and living quarters, no foundation and no interior compartments.

Labor	$ 100.00
Materials	400.00
TOTAL	$ 500.00

E X H I B I T "C"

Emma-Oregon-Galena Mine,
San Juan County,
Colorado.

Exploration Project,
DMA-Docket-473

List of operating equipment to be purchased, rented or furnished by the operator. There is no equipment of any kind on the property at the present time and everything that will be used on the first phase of this project will have to be packed to the property from the South Mineral Creek road by mule-train so equipment will have to be such as will be accommodated by this means of transportation:

PURCHASED EQUIPMENT

NO.	ITEM	COST
3 ea	Wheelbarrows, Steel,	$ 150.00
6 ea	Roundpoint Shovels	24.00
6 ea	Squarepoint Shovels	24.00
6 ea	Drift Picks	18.00
4 ea	Axes	16.00
4 ea	12# Breaking Hammers	12.00

RENTAL EQUIPMENT

ITEM	COST	MO. RENTAL
Compressor, 210CFM	$ 4,500.00	$ 200.00
Drifter, Compl.	978.00	100.00
Mucker, GD-11	3,250.00	150.00
Ore Cars	500.00	50.00
Stoper	578.00	75.00
Jackhammer	250.00	25.00
Water Pump	160.00	20.00

OPERATOR FURNISHED

Water Tanks	$ 50.00	None
Water & Air Hoses	300.00	None

EXHIBIT "D"

Emma-Oregon-Galena Mine,
San Juan County,
Colorado.

Exploration Project,
DMA-Docket No. 473,

The following is the schedule of men to be used on the project, rates of pay and/or compensation and contract rates for contract mine work:

3- Miners, paid at rate of $ 1.50 per hour for first 40 hours of each week and at $ 2.25 per hour for all hours over 40 in each week.

3-Muckers, paid at rate of $ 1.25 per hour for first 40 hours of each week and at $ 1.875 per hour for all hours over 40 in each week.

2-Drifters, paid at the rate of $ 10.00 per foot of advance which will include mucking and tramming to dump.

2-Raisers, paid at the rate of $ 8.00 per foot of advance which is to include carrying up manway, pipe lines, etc.

1-Engineer & Supervisor which includes timekeeping, making out of all required reports, sampling $ 350.00 per month.

The entire listed group above, with the exception of the engineer and supervisor will not all be employed at the same time. The first part of this work project will require only the Muckers to get the portals open ready for the mining and exploration work.

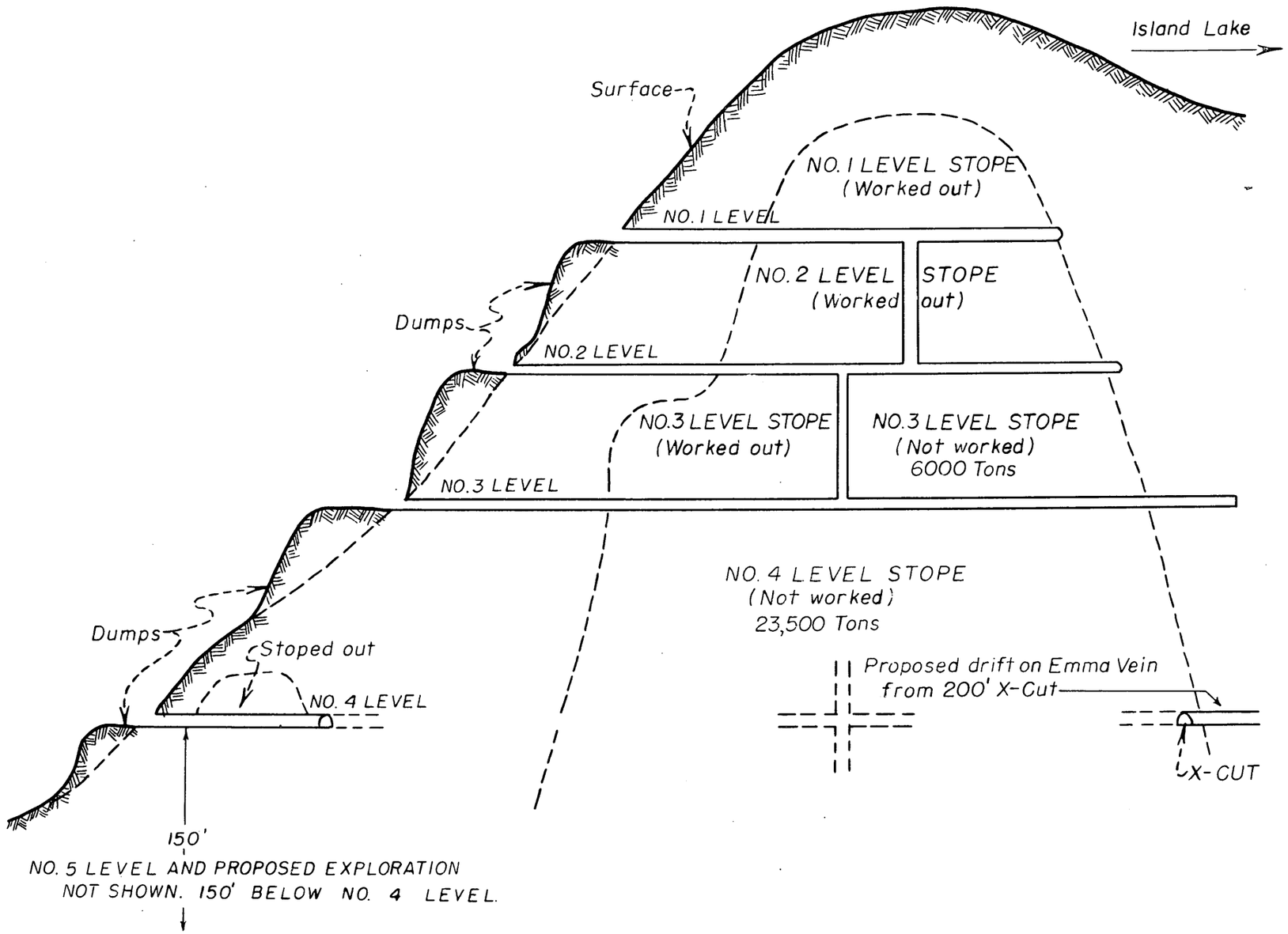
E X H I B I T "E"

Emma-Oregon-Galena Mine,
San Juan County,
Colorado.

Exploration Project,
DMA-Docket No. 473

There are no buildings, facilities, installations or fixtures now on the property of any nature that could be used for any purpose. This property has not been worked since 1917 and in the interim snowslides etc. have removed everything that existed prior to that time.

This exploration project is designed to expend funds only for the purpose of sampling and opening up the project and there will be no funds expended for buildings until such time as the property indicates that there is sufficient mineral present to justify it.



CROSS SECTION IN PLANE OF EMMA VEIN

100 0 100 200

SCALE OF FEET
VERTICAL SCALE

NOTE: HORIZONTAL NOT TO SCALE (SHORTENED)

FIG. EMMA-OREGON-GALENA GROUP WORKINGS, SAN JUAN COUNTY, COLORADO D.M.A. 473

Standard Form No. 1044—Revised
Form approved by Comptroller General U. S.
June 25, 1936

SCHEDULE OF COLLECTIONS

Schedule No. DMA-C-18

Sheet No. 1

(14-23-040)

Department of Interior
(Department or Establishment)

Defense Minerals Exploration Administration
(Bureau or Office)

Received by C. E. Evans, Regional Disbursing Officer (Name) (Title) at Denver, Colorado (Station)

Period September 1952 (Month or quarter ended)

D. O. Symbol No. 413

Date Received	Receipt Number	Name of Remitter	Detail Description of Purpose for Which Collections Were Received	Amount	Fund to be Credited (Symbol and title in full)
9/22/52	152975	Cashiers Check, First National Bank of Durango, Colorado	Refund of money paid under the Mineral Exploration Program, Contract No. I-DMA-E-38, Benita Mining and Development Co.	256.75	14X4401 Revolving Fund Defense Production Act, Interior
			Total,	256.75	

Received ....., subject to collection.

Forwarded September 22, 1952

(Disbursing clerk or accountable officer)

By .....

By Naomi E. Stokes (Name)

Title Authorized Certifying Officer

Certificate of Deposit No. ..... dated .....

U. S. GOVERNMENT PRINTING OFFICE 10—1790

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

Letter for priority assistance referred to Mrs Mostag, May 8, 1951. O.H.

Date .....

FILL IN THIS BLOCK

Date of application JANUARY 15, 1951

Estimated cost $ 24,900.00

Mineral or metal ZINC-LEAD-COPPER

Percentage of Government participation 50%

Location of mine ICE LAKE MINING DISTRICT SAN JUAN COUNTY, COLORADO

Date of filing MF-100 MAY 4, 1951

DMA Docket Number, if available DMA-473

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 19

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)

MAY 4, 1951 (Date) VICE PRES., & GEN. MGR. (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 INFORMATION TO ACCOMPANY FORM MF-103 FOR BONITA MINING & DEVELOPING CO., INC., BOX 186, SILVERTON, COLORADO. EMMA-OREGON-GALENA MINE.

6. The Bonita Mining & Developing Co., Inc. is purchasing this property from Mrs. Agnes A. Schmelzer of Silverton, Colorado, and this is in good standing at the present time. There are no liens, encumberances etc., against the property or the present operators.

8. Financial Statement of the Bonita Mining & Developing Co., Inc. was furnished with NSRB-FORM 146.

9. Applicant is prepared to advance and expend 50% of the cost of this development project and has so indicated by letter to DMA dated April 19, 1951.

10. The property was described in NSRB-FORM-146 and consists of the three lode mining claims listed therein. Exploration work is limited to these three claims and any Government Lien will be against ore in these claims.

19. The Corporation has stated in all applications that this is an exploration venture into a part of the San Juan Mining District that has not been explored since 1917 or 1918.

20. The minerals to be explored are zinc and lead which are known to exist in veins in the area and which were worked for the lead values up to, and including the year of 1917.

21. The work consists of opening up the portals of the old mine workings, the sampling of the same and the driving of a tunnel on the No. 4 level to cut the vein exposed on the upper levels.

22. The USGS has done some work in this area but we do not have any published reports on their work. The present operator has known of the work of the previous operator, has seen the smelter returns and is confident that an ore body exists there of sufficient magnitude to repay his expense of the exploration work and also the Government.

23. The expenditures include the use of 3 miners to open up the old workings, the use of one Engineer at a pro-rata salary of $ 150.00 per month, the packing in of equipment and tools to do the work which will probably be about $ 100.00 per month, rental on compressor and machines which will be approximately $ 300.00 per month and the cost of such items as powder, fuse, caps etc., which should be about $ 1,000.00 for the job and there will be no costs for power, water etc as these are not available.

24. This work should be completed for Phase "A" and Phase "B" in 120 days after Government approval has been obtained and work will probably be started on June 1, 1951

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 .....

FILL IN THIS BLOCK

Date of application: JANUARY 15, 1951

Estimated cost: $ 24,900.00

Mineral or metal: ZINC-LEAD-COPPER

Percentage of Government participation: 50%

Location of mine: ICE LAKE MINING DISTRICT, SAN JUAN COUNTY, COLORADO

Date of filing MF-100: MAY 4, 1951

DMA Docket Number, if available: MMA-473

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

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*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.

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16—64067-1

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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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MAY 4, 1951	By VICE PRES., & GEN. MGR.
(Name of company)	(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.

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ADDITIONAL INFORMATION TO ACCOMPANY FORM MF-103 FOR BONITA MINING & DEVELOPING CO., INC., BOX 186, SILVERTON, COLORADO. EMMA-OREGON-GALENA MINE.

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9. Applicant is prepared to advance and expend 50% of the cost of this development project and has so indicated by letter to DMA dated April 19, 1951.

10. The property was described in NSRB-FORM-146 and consists of the three lode mining claims listed therein. Exploration work is limited to these three claims and any Government Lien will be against ore in these claims.

19. The Corporation has stated in all applications that this is an exploration venture into a part of the San Juan Mining District that has not been explored since 1917 or 1918.

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22. The USGS has done some work in this area but we do not have any published reports on their work. The present operator has known of the work of the previous operator, has seen the smelter returns and is confident that an ore body exists there of sufficient magnitude to repay his expense of the exploration work and also the Government.

23. The expenditures include the use of 3 miners to open up the old workings, the use of one Engineer at a pro-rata salary of $ 150.00 per month, the packing in of equipment and tools to do the work which will probably be about $ 100.00 per month, rental on compressor and machines which will be approximately $ 300.00 per month and the cost of such items as powder, fuse, caps etc., which should be about $ 1,000.00 for the job and there will be no costs for power, water etc as these are not available.

24. This work should be completed for Phase "A" and Phase "B" in 120 days after Government approval has been obtained and work will probably be started on June 1, 1951

Form MF-103
(April 1951)

U. 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]

Name and address of applicant

Date .....

FILL IN THIS BLOCK

Date of application ..... JANUARY 15, 1951

Estimated cost ..... $ 28,000.00

Mineral or metal ..... [illegible]

Percentage of Government participation 50%

Location of mine ..... [illegible]

Date of filing MF-100 ..... [illegible] 4, 1951

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.
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*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.

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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.

[illegible]

(Name of company)

By [illegible]

(Signature of authorized official)

[illegible]

(Date)

[illegible]

(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 INFORMATION TO ACCOMPANY FORM MF-103 FOR BONITA MINING & DEVELOPING CO., INC., BOX 186, SILVERTON, COLORADO. [illegible] MINE.

6. The Bonita Mining & Developing Co., Inc. is purchasing this property from Mrs. Agnes A. Schnelzer of Silverton, Colorado, and this is in good standing at the present time. There are no liens, encumberances etc., against the property or the present operators.

8. Financial Statement of the Bonita Mining & Developing Co., Inc. was furnished with MMB-FORM 146.

9. Applicant is prepared to advance and expend 50% of the cost of this development project and has so indicated by letter to BLM dated April 19, 1951.

10. The property was described in MMB-FORM-146 and consists of the three lode mining claims listed therein. Exploration work is limited to these three claims and any Government Lien will be against ore in these claims.

19. The Corporation has stated in all applications that this is an exploration venture into a part of the San Juan Mining District that has not been explored since 1917 or 1918.

20. The minerals to be explored are zinc and lead which are known to exist in veins in the area and which were worked for the lead values up to, and including the year of 1917.

21. The work consists of opening up the portals of the old mine workings, the sampling of the same and the driving of a tunnel on the No. 4 level to cut the vein exposed on the upper levels.

22. The USGS has done some work in this area but we do not have any published reports on their work. The present operator has known of the work of the previous operator, has seen the smelter returns and is confident that an ore body exists there of sufficient magnitude to repay his expense of the exploration work and also the Government.

23. The expenditures include the use of 3 miners to open up the old workings, the use of one [illegible] at a pro-rata salary of [illegible], the packing in of equipment and tools to do the work which will probably be about $ 100.00 per month, rental on compressor and machines which will be approximately $ 300.00 per month and the cost of such items as powder, fuse, caps etc., which should be about $ 1,000.00 for the job and there will be no costs for power, water etc as these are not available.

24. This work should be completed for Phase "A" and Phase "B" in 120 days after Government approval has been obtained and work will probably be started on June 1, 1951

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 .....

Name and address of applicant

Date .....

FILL IN THIS BLOCK

Date of application .....

Estimated cost .....

Mineral or metal .....

Percentage of Government participation .....

Location of mine .....

.....

Date of filing MF-100 .....

DMA Docket Number, if available .....

INSTRUCTIONS

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

THE APPLICANT

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

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.

---------- By ----------
(Name of company) (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 INFORMATION TO ACCOMPANY [illegible] NF-103 [illegible] BONITA MINING & DEVELOPING CO., INC., BOX 186, SILVERTON, COLORADO. [illegible]

6. The Bonita Mining & Developing Co., Inc. is purchasing this property from Mrs. Agnes A. Schnelzer of Silverton, Colorado, and this is in good standing at the present time. There are no liens, court cases etc., against the property or the present operators.

8. Financial Statement of the Bonita Mining & Developing Co., Inc. was furnished with NMD-[illegible] 1/6.

9. Applicant is prepared to advance and expend 50% of the cost of this development project and has so indicated by letter to MR [illegible] April 19, 1951.

10. The property was described in NMD-[illegible]-1/6 and consists of the three lode mining claims listed therein. Exploration work is limited to these three claims and any Government Lien will be against one in these claims.

19. The Corporation has stated in all applications that this is an exploration venture into a part of the San Juan Mining District that has not been explored since 1917 or 1918.

20. The minerals to be explored are zinc and lead which are known to exist in veins in the area and which were worked for the lead values up to, and including the year of 1917.

21. The work consists of opening up the portals of the old mine workings, the sampling of the zinc and the driving of a tunnel on the No. 1 Lev 1 to cut the vein exposed on the upper levels.

22. The USGS has done some work in this area but we do not have any published reports on their work. The present operator has known of the work of the previous operator, has seen the smelter returns and is confident that an ore body exists there of sufficient magnitude to repay the cost of the exploration work and also the Government.

23. The expenditures include the use of 3 miners to open up the old tunnel, the use of one Engineer on a pro-rata salary of $ 150.00 per month, the hauling in of equipment and tools to do the work which will probably be about $ 100.00 per month, rental on compressor and machine which will be approximately $ 300.00 per month and the cost of such items as powder, fuse, caps etc., which should be about $ 1,000.00 for the job and there will be no costs for power, water etc as these are not available.

24. This work should be completed for these [illegible] and these [illegible] in 120 days after Government approval has been obtained and work will probably be started on June 1, 1951

Form MF-100
(March 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

Billings

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

NOT TO BE FILLED IN BY APPLICANT

Docket No. dma 473

Date received

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

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.

X
5

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 mineral deposit briefly. Accompany the application with any available report on the geology and ore reserves.

Bonita Mining & Developing Co., Inc.
Box 186
Silverton, Colorado,

Emma-Oregon-Galena,
Exploration Loan
Docket DMA-473

1. No materials are being produced at the present time but thru the loan assistance of the Government we hope to produce zinc and lead minerals from this property.

2. The property consists of the Emma-Oregon-Galena Mine only with about 1500' of crosscuts and drifts. The mine is not flooded. This property should produce about 100 tons of zinc-lead ore per day.

3. The property is located about 7 miles Northwest of Silverton, Colorado, in Section 18, Township 41N, Range 8W of the New Mexico Principal Meridian in the Ice Lake Mining District, San Juan County, Colorado.

4. The property is not now in operation. It is to be operated by the Bonita Mining & Developing Co., Inc., under a lease and option.

5. The property has not been in production since 1917. Production should begin after 90 days from the time of exploration work commencing.

6. The operations will be under the management of Mr. Henry P. Ehrlinger who is operating other properties for the concern at the present time.

7. This property was discovered in the early 1890's and considerable ore containing lead and silver was produced up to 1899. It was then shut down until 1917 and again operated for a short period but due to the predominance of zinc in the ores it was again shut down and has been shut down since that period. There are no neighboring properties.

8. Mr. F. C. Brightly, Jr., 3330 South Cicero Ave., Cicero 50, Illinois is the President of the concern, he receives no salary or bonus from the Company, he owns 5555 shares of the common stock and there is no life insurance carried on him for the corporation account; Mr. Henry P. Ehrlinger is Vice President and Treasurer of the Company, and lives in Silverton, Colorado, he has received no salary or bonuses from the Corporation, he owns 16,666 shares of the common stock and there is an insurance of some $ 50,000.00 on his life payable to the Corporation; Mr. Al Cohn of 4528 West Division Street, Chicago, Illinois is a Vice President of the Company, has received no salary or bonuses for his services, owns 16,667 shares of the common stock and there is no insurance on him; Vincent G. Rinn of 180 North La Salle Street, Chicago 1, Illinois, is Secretary, he has received no salary or bonuses from the Company and owns 5555 shares of the common stock. There is no Life insurance on him; John D. Owens of 160 North La Salle Street, Chicago 1, Illinois, is a Director at no compensation and owns 5555 shares of the Common Stock; Lew W. Parcell of Silverton, Colorado, is a director of the Corporation and owns 1 share of the common stock. There are no other stockholders as of record.

9. The Corporation is capitalized at 50,000 shares of common stock at no par value.

10. There has been no production since 1917-1918.

11. It is contemplated that thru the assistance of a Government Exploration Loan we will be able to open up this property and produce about 100 tons of zinc-lead ore daily from the property.

12. It has been estimated that there are some 70,000 tons of zinc-lead ores measured, possible and inferred in the property in the lode deposit we intend to explore.

13. There is no access road to the project but an application has been filed with the U.S. Bureau of Public Road for the same.

14. Water is available on the project.

15. There is no electric power on the project and all power will be either gasoline, or deisel, driven engines.

16. Labor is available and has been contracted for the work.

17. Equipment has been engaged on a rental basis or by direct purchase for the project.

18. There are no peculiar problems other than that of getting started at an early date.

(*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 & DEVELOPING CO., INC.
(Name of company)

By HENRY P. EHRLINGER
(Signature of authorized official)

MAY 4, 1951
(Date)

VICE PRESIDENT
(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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 4 - 1951
LANDON F. SIAOBEL
Executive Secretary

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

August 9, 1951

Memorandum

To: Landon Strobel, Executive Secretary, Defense Minerals Administration

From: Executive Officer, DMA Field Team, Region IV

Subject: Forms MF-100 for serialization on Docket DMA-473, Contract I-DMA-E38

Herewith are four copies of the form MF-100, executed by H. P. Ehrlinger, requesting serialization for operations under the above contract.

J. H. East, Jr.

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration

AUG 13 1951

AUG 14 1951

MF-104
(April 1951)

Budget Bureau No. 42-R1036.
Approval expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts will be made from time to time.

CERTIFICATION

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

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

By HENRY P. CHILLINGER
(Signature of Authorized Official)

AUGUST 3, 1951
(Date)

Manager
(Title)

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

16—64068-1

N A R R A T I V E R E P O R T

Bonita Mining & Developing Co., Inc.
Box 186, Silverton, Colorado,

Project DMA-473
Contract I-DMA-238

Work was started on this Project on July 6th, 1951 and the following work was accomplished:

(1) 3 men were used to clear the trail of fallen timbers, rocks etc. as a result of the snowslides of last winter so that the pack train could get up to the mine and they worked a total of 12 shifts with a net charge to the project of $ 120.00

(2) The Engineer worked 5 days on the project laying out the corners of the various claims in the property as only two corner stakes remain in the entire area. It was found that this was necessary in order to get the locations of the Sunside group and their relation to the Emma-Oregon-Galena group.

(3) Tools for PHASE "A" were purchased and taken up to the property so that the men would have tools to work with and the cost of these FOB Silverton was $ 153.50

(4) A Packer was hired to transport the tools, tentage, food and other supplies to the property and his charge for this work was $ 75.00

(5) To outline the project for the men and engineer the Superintendent spent one day at the project and the charge for this is pro-rated at $ 25.00

(6) One man was worked four shifts on the project at a total charge of $ 40.00.

Work consisted of starting to open up Number 4 level of the mine as we felt that we could get more information in a hurry on this level, and Number 3, than by starting on the upper levels.

It is expected that during the month of August work will be far enough along so that some sampling can be accomplished on the Number 3 level to ascertain the ore body supposed to be there.

HENRY P. GHRLINGER
Manager

MONTHLY SUMMARY COST STATEMENT

Name of operator Bonita Mining & Developing Co. Inc.
Project No. DMA DMA-473, Contract I-DMA-E-38
Total contract amount $ 32,799.00
Government participation percent 50%

Distribution of Expenditures for Month of July 1951

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals to Date
Wages and salaries	285.00	0.00	285.00	285.00		285.00
Equipment purchase [1]						
Equipment rental [2]						
Buildings						
Explosives						
Repair parts						
Other supplies (Tools)	153.50	0.00	153.50	153.50		153.50
Power						
Transportation	75.00	0.00	75.00	75.00		75.00
Withholding taxes						
Compensation insurance						
Other insurance						
Contract work						
Other (specify)						
Total	513.50	0.00	513.50	513.50		513.50
Totals previously reported	0.00	0.00	0.00			
Totals to date	513.50	0.00	513.50	513.50		513.50

FOR GOVERNMENT USE ONLY

Checked by J. W. Hagen Jr.
Entered by
Approved by J. W. Hagen Jr.
Amount approved for payment One Half of 513.50 = 256.75
Remarks

[1] Enter total purchase price in month purchase is made.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.

16—64068-1

DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF July, 1951

Name of operator Bonita Mining & Developing Co., Inc.
Project No. DMA DMA-473, Contract I-DMA-238
Total contract amount $ 32,799.00
Government participation percent 50%

Type	Number	Man-Shifts	Rate	Total
Miners	3	16	$ 10.00	$ 160.00
Muckers				
Trammers				
Timbermen				
Pumpmen				
Hoistmen				
Surface				
Samplers				
Assayers				
Shift bosses				
Mechanics				
Electricians				
Blacksmiths				
Carpenters				
Drill runners				
Drill helpers				
Teamsters				
Manager	1	1	25.00	25.00
Superintendent	1	5	20.00	100.00
Engineers				
Geologists				
Bookkeeper				
Foreman				
Clerks				
Stenographers				
Other				
Total	5	22		285.00

Note.—Show only that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by S W Hagen Jr
Entered by
Approved by S W Hagen Jr
Remarks

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF July 1951

Name of operator: Bonita Mining & Developing Co. Inc
Project No. DMA: DMA-473, Contract 1-DMA-538
Total contract amount: $ 32,799.00
Government participation, percent: 50%

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden										
Rehabilitation and preparation	40.00		153.50		193.50	4	4	0	4	4
Geology and geophysics										
Trenching	125.00				125.00					
Sampling and assaying										
Roads and trails	120.00				120.00	M1le	2	0	2	2
Test pits										
Other (specify)				75.00	75.00					
Totals	285.00		153.50	75.00	513.50					

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.

16—64068-1 U. S. GOVERNMENT PRINTING OFFICE

FOR GOVERNMENT USE ONLY

Checked by: Scott W Hagen Jr
Entered by:
Approved by: Scott W Hagen Jr J.F.S
Remarks:

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

140

DEC 7 1951

Hon. J. Howard McGrath
Attorney General
Washington 25, D. C.

My dear Mr. Attorney General:

For such action as you may deem appropriate, there are enclosed, in duplicate, pertinent documents relating to an apparent violation of Federal statutes committed in connection with the exploration project program conducted by this Department under authority of the Defense Production Act of 1950 (64 Stat. 816), as amended.

Pursuant to Mineral Order 5, "Regulations Governing Government Aid in Defense Exploration Projects" (16 F.R. 3183), copies of which are enclosed, on June 30, 1951, the Government entered into an agreement with the Bonita Mining and Developing Company, Inc., Silverton, Colorado, under the provisions of which the Government agreed to participate to the extent of fifty percent in the costs of a project to explore for zinc and lead. Acting in accordance with the terms of the agreement, the contractor submitted in August 1951 a progress report showing the work alleged to have been performed under the contract for the preceding month, which report disclosed, in addition to work performance, expenditures alleged to have been made in the amount of $513.50 in connection with such work. On the basis of this report, which under the contract constituted the contractor's invoice, a Government check was issued to the contractor in the amount of $256.75 representing the Government's share for costs of the project incurred for the period covered by the contractor's voucher.

Subsequently, Government employees made an inspection of the project which disclosed that no work had been performed. This disclosure resulted in a demand on the contractor for the return of the amount previously paid to him. Recovery was obtained. Further, as a result of this irregularity, the aforesaid agreement was rescinded.

The enclosed file will reflect in detail the facts and circumstances surrounding this case. Should additional information or assistance be required, please advise.

Sincerely yours,

C. O. Mittendorf

Acting Administrator

Enclosures

CJKoontz/em

Copy to: Records & Reports
C. O. Mittendorf
J. H. East, Denver
J. L. Hofflund
C. J. Koontz
chron.
pending

COM

32

United States Department of Justice

(13191)

csv/g

UNITED STATES ATTORNEY
DISTRICT OF COLORADO
DENVER 1

December 8, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 10 1952

Mr. C. O. Mittendorf, Administrator
Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Dear Sir:

Re: Bonita Mining and Developing Company, Inc.,
Silverton, Colorado

I have received a copy of a letter addressed to the Hon. Charles B. Murray, Assistant Attorney General, with regard to the Bonita Mining and Developing Company and in particular the trial and conviction of Henry P. Ehrlinger in the above matter.

I appreciate the kindly remarks that you made in this matter and of course if I can be of any further help in any capacity to your Department I shall be most happy to assist. I wish to thank you for sending me a copy of this letter.

Sincerely yours,

Charles S. Vigil

CHARLES S. VIGIL
United States Attorney

RECEIVED
DEC 12 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WASHINGTON 25, D. C.

500

NOV 17 1952

Mr. W. H. King
Executive Officer, Region IV
Field Team
224 New Quaker Building
Denver 2, Colorado

Re: Henry F. Ehrlinger, Contracts and Applications

Dear Mr. King:

According to our records, we had the following contracts with Henry F. Ehrlinger of which all, with the exception of Contract Idm 2-15, have been terminated:

			Date of Termination
DMA- 2[illegible]	Contract No. Idm-[illegible]	Bonita Mining & Development Co.	Nov. 30, 1951
DMA- 434X	Contract No. Idm-215	Lead Carbonate Mines, Inc.	Not Terminated
DMA- 472X	Contract No. Idm- 38	Bonita Mining & Development Co.	Oct. 31, 1951
DMA-1180X	Contract No. Idm- 66	Cement Creek Leasing Co.	Oct. 31, 1951

We would appreciate receiving a report on the present status of Contract No. Idm 2-15, as we have received no progress reports since May, and your recommendations as to whether it should be terminated and a certificate of development issued.

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

DMA- 2[illegible]X Bonita Mining and Development Co.
DMA-1279 Colorado Gold King, 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,

S.H.
11-17-52

Frank E. Johnson
Chairman, Operating Committee

Acting:

J. H. Hedges
Member, Bureau of Mines

E. L. 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.

140

FILE COPY
SURNAME:

1/6/Hfl

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

NOV 13 1952

BD

Mr. Charles B. Murray
Assistant Attorney General
Department of Justice
Washington 25, D. C.

Re: Bonita Mining and Developing Company, Inc., Silverton, Colorado, Docket No. DMA-22

My dear Mr. Murray:

Thank you for your letter of November 5 advising me of the conviction of Henry P. Ehrlinger in the above matter.

Defense Minerals Exploration Administration and the Department of the Interior are much gratified by the effective action taken by your Department in this matter. This conviction will serve a very useful purpose tending to discourage such actions as the defendant was guilty of in this case.

I am sending a copy of this letter to Mr. Charles S. Vigil, the United States District Attorney who, I believe, was directly responsible for the prosecution.

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

JLHofflund/em
11/12/52

Copy to: Mr. Charles S. Vigil, U.S. Attorney, Denver, Colorado
Adm. R. File
C. O. Mittendorf
W. H. King, Denver
H. F. Keller
J. L. Hofflund
chron
pending

Mails + files

S.H.
11-13-52

ADDRESS REPLY TO
"THE ATTORNEY GENERAL"
AND REFER TO
INITIALS AND NUMBER

CBM:HFS:ar

46-13-73

UNITED STATES
DEPARTMENT OF JUSTICE
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 6 1952

November 5 1952

ans. 10/11/52
JL H/em

Mr. C. O. Mittendorf
Acting Administrator
Defense Minerals Administration
Department of the Interior
Washington 25, D. C.

Re: Bonita Mining and Developing Company, Inc.
Silverton, Colorado

Dear Mr. Mittendorf:

Your attention is directed to our previous correspondence concerning the above-captioned case.

For your information, we have just been advised by the United States Attorney at Denver, Colorado, that on September 15, 1952, the defendant Ehrlinger pleaded guilty to the charges contained in the indictment. On October 22, 1952, he appeared in the United States District Court and was fined $2,000 and ordered to stand committed until said fine was paid or he was otherwise discharged as provided by law. The court also suspended the imposition of a jail sentence and placed Ehrlinger on probation for a period of three years.

This concludes the criminal phase of this case and the matter has been referred to the Claims Division of this Department for consideration of the civil aspects.

Respectfully,

For the Attorney General

Charles B. Murray
CHARLES B. MURRAY
Assistant Attorney General

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

224 New Customhouse
Denver 2, Colorado

October 30, 1952

Memorandum

To: C. O. Mittendorf

From: Executive Officer, Field Team, Region IV

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

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

W. H. King
W. H. King

Enclosures (3)

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 P. Ehrlinger,
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.

COPY

United States District Court

FOR THE

DISTRICT OF COLORADO

UNITED STATES OF AMERICA

v.

HENRY P. EHRLINGER,
Defendant

No. 13191

On this 22d day of October, 19 52, came the attorney for the government and the defendant appeared in person, and by counsel

IT IS ADJUDGED that the defendant has been convicted upon his plea of 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,

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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.*

FPI ATLANTA—3-24-49—100M—6700

COPY

United States District Court

FOR THE

DISTRICT OF COLORADO

UNITED STATES OF AMERICA

v.

HENRY P. HERLINGER,
Defendant

No. 13191

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

IT IS ADJUDGED that the defendant has been convicted upon his plea of 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,

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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.*

United States District Court

NOW COME

.....

UNITED STATES OF AMERICA

v.

..... No. .....

On this ..... day of ....., 19.., came the attorney for the government and the defendant appeared in person, and ....

It is Adjudged that the defendant has been convicted upon his plea of ..... of the offense of .....

as charged ....

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 .....

It is Further Ordered that during the period of probation the defendant shall conduct himself as a law-abiding individual 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 terms of probation.

It is Further Ordered that the clerk deliver two certified copies of this judgment and order 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....

(Seal) ..... (Sgd) .....

Clerk. Deputy Clerk.

COPY

United States District Court

FOR THE

DISTRICT OF COLORADO

UNITED STATES OF AMERICA

v.

HENRY P. EHRLINGER,
Defendant

No. 13191

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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

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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*) ..... *Clerk.* (*By*) ..... *Deputy Clerk.*

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

October 10, 1952

Memorandum

To: Director J. J. Forbes

From: Regional Director, Region IV

Subject: Henry P. Ehrlinger, Silverton, Colorado

Attached are two photostatic copies of the clipping which appeared in the September 15 issue of The Denver Post regarding H. P. Ehrlinger, who pleaded guility for attempting to defraud the United States Government in a DMEA contract.

J. H. East, Jr.

J. H. East, Jr.

Enclosures 2

Orig. rec'd 10/16/52 [illegible]
Mr. Mattson [illegible]
copy to Legal [illegible]

BUREAU OF MINES
WASHINGTON, D. C.
OCT 13 11 20 AM '52

BUREAU OF MINES
WASHINGTON, D. C.
52 OCT 4 AM 11 03

RECEIVED
OCT 14 1952
BUREAU OF MINES,
Office of Director.

Mine Official Admits He Tried to Cheat U. S.

A widely known official of the Colorado Mining association admitted Monday in U. S. district court that he tried to cheat the federal government on a stockpile metals mining contract.

Henry P. Ehrlinger of Silverton, Colo., an executive committee member of the state mining association, pleaded guilty to a federal charge that he fraudulently tried to get the government to pay half or a $513 "expense account" for work done in a search for lead and zinc deposits near Silverton. About a month ago he had pleaded innocent to the same charge.

Under a contract with the defense [illegible] corporation administra- [illegible]

Ehrlinger, when he submitted the $513 statement, listed work which he said had been done at the claim location. Engineers of the United States bureau of mines claimed, however, that none of the work had been done.

$10,000 FINE POSSIBLE.

The Silverton man maintained at first that he had confused the one contract with others that he held with the government.

By pleading guilty, Ehrlinger is subject to maximum sentence of five years imprisonment or a $10,000 fine or both. He was represented in court Monday by attorney Bart W. O'Hara. Representing the government was Charles S. Vigil, United [illegible]

Clipped from Denver Post - September 15, 1952

9/15/52

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

October 10, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 13 1952

Memorandum

To: C. O. Mittendorf

From: Regional Director, Region IV

Subject: Henry P. Ehrlinger, Silverton, Colorado

We are forwarding you a photostat of the clipping from The Denver Post regarding H. P. Ehrlinger. We recommend that this be given a prominent place on your wall.

J. H. East, Jr.

J. H. East, Jr.

Enclosure

Noted to staff with attachment.
Lafayette Lopez

9/15/62.

Hoffland
Chambers

WEST SLOPE MINING MAN FACES FEDERAL CONTRACT FRAUD TRIAL

The federal trial of a widely known western slope mining man on charges of trying to defraud the U. S. government on a strategic metal mining contract has been set for Tuesday in Denver federal court and will be heard by Judge Willis Ritter of Salt Lake City, Charles S. Vigil, federal district attorney, said Thursday.

Henry P. Ehrlinger, Silverton, Colo., mining leader and an executive committee member of the Colorado Mining association, is the defendant.

Ehrlinger is charged with falsifying statements to a government agency in connection with a defense minerals exploration contract. Under the contract, Vigil said, the federal government was to pay half of Ehrlinger's expenses in reopening a mine near Silverton in search of lead and zinc.

In connection with the contract, Ehrlinger allegedly sent the government a claim for $513, on which, Vigil said, the government paid half before it was discovered none of the work reported by Ehrlinger had been done.

If convicted of the charge, the mining man is subject to a maximum jail sentence of five years, or a $10,000 fine—or both.

Millions of homes keep—
St. Joseph
ASPIRIN
100 TABLET BOTTLE, ONLY 49¢

D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

Bonita Mining Co.
Dmea 22

August 25, 1952

Memorandum

To: C. O. Mittendorf, DMEA, 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:

"Re 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 defendent 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.

for J. H. East, Jr.

RECEIVED
SEP 26 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

cc JL Chambers

FILE COPY
SURNAME:

800

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

C C
O O
P P
Y

Chambers
HFKeller

Date Stamp
Aug. 8, 1952

Mr. J. H. East, Jr.
Regional Director Region IV
Bureau of Mines
224 New Customhouse Building
Denver 2, Colorado

Re: Exploration Project Contract Idm-E66
Cement Creek Leasing Company
and
Exploration Project Contract Idm-E38
Bonita Mining & Developing, Inc.

Dear Mr. East:

Reference is made to your communication of August 1, 1952, in which you state that Mr. Chambers indicated the desirability of depositing checks received from Henry P. Ehrlinger in the amounts of $91.70 and $256.75 on Contracts Idm-E66 and Idm-E38, respectively.

It is a regulation of the General Accounting Office and the Treasury Department that deposits should be made within twenty-four hours of their receipt. In the case, however, where checks are needed for evidence in a court trial the regulation is waived. It might be well for your own protection to have the U. S. District Attorney give you a written request to hold such checks, since some States have limitations on clearing checks of all kinds including cashiers' checks.

Sincerely yours,

/s/ C. O. Mittendorf

Acting Administrator

JLChambers/wb
August 7, 1952

Copy to: Docket File
Admr. Reading File
Administrator
Mr. Keller
Mr. Chambers

C C
O O
P P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

August 1, 1952

Memorandum

To: Jay L. Chambers, Chief, Contract Administration and Audit Division, DMEA

From: Regional Director, Region IV

Subject: Docket No. dma-1180X, Cement Creek Leasing Co., Exploration Contract Idm-E66 and
Docket No. DMA-473, Bonita Mining & Developing, Inc., Exploration Contract I-DMA-E38

Referring to your letter dated July 14, addressed to W. H. King, Executive Officer, regarding the two checks held in my office on Docket No. DMA-1180X and DMA-473: These two cashier checks are being held in this office for the pending trial for Mr. Henry P. Ehrlinger. It is my understanding that the District Attorney wishes the original of these checks for evidence. The schedule of collection requested in your letter will be forwarded you as soon as the checks are released by the District Attorney.

J. H. East, Jr.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

August 1, 1952

Memorandum

To: C. O. Mittendorf

From: Regional Director, Region IV

Subject: Contract Idm-E66, Cement Creek Leasing Co.
Contract I-DMA-E38, Benita Mining & Developing, Inc.

Mr. Jay L. Chambers indicated the desirability of the cashiers' checks drawn on the Guaranty Trust Company of New York secured from Henry P. Ehrlinger in the amounts of $91.70 and $256.75 on Contracts Idm-E66 and I-DMA-E38.

Mr. Christensen, Chief of the Administrative Division, discussed this matter with U. S. District Attorney Charles S. Vigil this morning, and the District Attorney advised against depositing these checks before the case of Mr. Ehrlinger is tried, as he wishes them to be held in the file and made available to him during the prosecution.

J. H. East, Jr.

J. H. East, Jr.

Copy to: Director J. J. Forbes
Jay L. Chambers
W. H. King

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

C O P Y

7/14/52

Mr. W. H. King
Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building,
Denver 2,Colorado

Re: Docket No. DMA 1180X
Cement Creek Leasing Company
Exploration Contract Idm-E66
and
Docket No. DMA-473
Bonita Mining & Developing, Inc.
Exploration Contract I-DMA-E38

Dear Mr. King:

Reference is made to Exploration project Contract Idm-E66, Docket DMA-1180X, Cement Creek Leasing Company, which was rescinded by agreement between the operator and the Government on July 31, 1951.

Mr. Henry P. Ehrlinger, Manager of the Cement Creek Leasing Company, had erroneously submitted a Form Mf-104 for the month of July which was paid in the amount of $91.70. At the request of the Government the company refunded this amount. Since this office has no copy of the Schedule of Collections covering this refund it will be appreciated if you will forward a copy in accordance with DMEA Circular No. 19, dated April 17, 1952

In this connection, this office would like to receive, also, a copy of the Schedule of Collections covering the refund of $256.75 made by Bonita Mining and Developing, Inc., Docket No. DMA-473, Exploration Contract I-DMA-E38, which contract was terminated on October 31, 1951.

Sincerely yours

(signed) J. L. Chambers

Jay L. Chambers
Chief, Contract Administration
and Audit Division

AMAlley/ama
July 14, 1952
Copy to Admr. reading file
mails and files
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

June 6, 1952

Memorandum

To: C. O. Mittendorf

From: Regional Director, Region IV

Subject: Trial of Henry P. Ehrlinger;
Appointment of William H. King

Henry P. Ehrlinger must stand trial in the United States District Court. We attach a clipping from The Denver Post regarding this. Ehrlinger was arraigned on June 4.

Also attached is a clipping announcing the appointment of William H. King as Executive Officer for the Field Team.

J. H. East, Jr.

Enclosures 2

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 9 1952

[illegible]
[illegible]
[illegible]
[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

May 26, 1952

Memorandum

To: C. O. Mittenderf, Acting Administrator
Defense Minerals Exploration Administration

From: Regional Director, Region IV

Subject: Newspaper Clipping re Henry P. Ehrlinger

I am attaching newspaper clipping which appeared in the Denver Post on Sunday, May 25, regarding Henry P. Ehrlinger. Please show this clipping to John Hoffman and Tom Miller.

Best regards,

J. H. East, Jr.

J. H. East, Jr.

Copy to:
Mr. Jones
Johnson
Hoffman
Tom Miller
H. Wheeler

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 29 1952

RECEIVED
JUN - 2 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

From Denver Post, Sunday, May 25, 1952

West Slope Mining Man Faces U. S. Fraud Trial

A widely known Silverton, Colo., mining man will be arraigned in Denver June 4 on charges he tried to defraud the federal government on a strategic metal mining contract.

Henry E. Lutz, assistant U. S. district attorney here, identified the man Saturday as Henry P. Ehrlinger, veteran Silverton mining executive and currently an executive committee member of the Colorado Mining association.

Ehrlinger is charged specifically in a grand jury indictment, Lutz said, with falsifying statements to a government agency in connection with work done at an abandoned mine in the Silverton area.

Under a contract with the defense minerals exploration administration, Ehrlinger was to rework the mine in a search for lead and zinc. Both metals are in short supply. Because of the current defense demand for the metals, the government was to pay half of Ehrlinger's exploration expenses.

After the contract was a month old, Ehrlinger submitted an "expense account" for a total of $513 for work allegedly done at the mine. The government, carrying out its part of the agreement, sent Ehrlinger a check for half the expenses.

But federal mining engineers, checking Ehrlinger's mine, allegedly found that none of the work reported by the Silverton man had been done. The engineers notified Ehrlinger, Lutz said, and he promptly returned the government's money, explaining, they said, that he had confused the one contract with others he had with the government.

If convicted on the charge, Ehrlinger could get a maximum sentence of a $10,000 fine or five years in jail or both.

One of Ehrlinger's attorneys, Frazer Arnold, said the mining man "definitely will plead innocent" when he is arraigned before Judge Lee Knous of the U. S. district court here. Working with Arnold as a defense attorney will be Ivor O. Wingren.

A trial date will be set by Judge Knous after Ehrlinger is arraigned.

FILE COPY
SURNAME:

Rubin

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

Dma 22

April 2, 1952

Mr. Charles S. Vigil
United States Attorney
District of Colorado
Department of Justice
209 Post Office Building
Denver 1, Colorado

Subject: Bonita Mining and Developing Company, Inc., Silverton, Colorado. False statements violation. D. J. #JMM:HFS:ar 46-13-73

Dear Sir:

In response to your letter dated March 24 there are enclosed five documents, each bearing a separate certification.

With respect to the jurisdictional question, you will note in the memorandum dated October 4, 1951, from the Regional Director, Region IV, to the Administrator, Defense Minerals Administration, that the false statements were made in a copy of Form MF-104 submitted to the regional office at Denver, Colorado.

Very truly yours,

J. L. Hofflund

J. L. Hofflund
Chief Counsel

Enclosures 5
HCRubin/em
Copy to: Mails and Files
J. L. Hofflund
H. C. Rubin
Chron.
C. O. Mittendorf

United States Department of Justice

IN REPLY REFER TO

(32618)

HEL/u

UNITED STATES ATTORNEY
DISTRICT OF COLORADO
209 POST OFFICE BUILDING
DENVER 1, COLORADO

March 24, 1952

Ans. 4/2/52 J/C Pl. m

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 27 1952

J.L. Hofflund
Chief Counsel
U.S. Department of the Interior
Defense Minerals Exploration Admn.
Washington 25, D.C.

Dear Sir:

Re: Bonita Mining and Developing Company, Inc., Silverton, Colorado. False statements violation. D.J. #JMM:HFS:ar 46-13-73.

As requested in your letter of March 18, 1952, we are returning herewith the various photostatic copies of material relating to the above case. Please have each document separately certified, as there might be a question of admissibility of some of these papers were they all to be contained in one certification.

It becomes essential that we know to what office Mr. Ehrlinger sent the alleged false claim, as a jurisdictional matter may arise.

It has been held that the essence of the crime is a presentation of the false statement to the particular agency. If, in the instant case, it were mailed into Washington jurisdiction might be in the District of Columbia rather than here. For a late discussion, see United States v. Borow, 111 Fed.Supp. 211.

Yours very truly,

Charles S. Vigil

CHARLES S. VIGIL,
United States Attorney.

cc: The Attorney General, Dept. of Justice, Washington, D.C.

RECEIVED
MAR 28 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

FILE COPY
SURNAME:

140

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

Rubin

March 18, 1952

Memorandum

To: Acting Administrator

From: Chief Counsel

Subject: Docket DMA-22, Contract Idm-E80 - Bonita Mining Co., Henry F. Ehrlinger

In a memorandum dated March 14, you requested that we inquire of the Department of Justice as to the action taken by that Department in connection with the apparent violation of Federal law committed under the above described project.

In a letter dated January 2, the United States Attorney at Denver, Colorado, to whom the case has been assigned, advised Assistant Attorney General McInerney that his review of the DMEA file seemed to indicate rather clearly a "false statement" violation by Henry P.Ehrlinger, Vice President and General Manager of the Company.

We were informed over the telephone yesterday, March 17, by the Department of Justice that in a letter dated February 4, the United States Attorney informed the Department of Justice that Mr. Ehrlinger is well known and has a good reputation in Denver, and that he is reluctant to prosecute. In a letter dated February 15, the Department of Justice requested the United States Attorney to reconsider the matter, but did not urge him to prosecute.

We were informed over the telephone today, March 18, by the Department of Justice that the United States Attorney has decided to prosecute, but is doubtful of obtaining a conviction.

HCRubin/ema
Copy to: Mails & Files
J. L. Hofflund
H. C. Rubin
J. H. East, Jr.
Chron.

J. L. Hofflund
Chief Counsel

3/19

FILE COPY
SURNAME:

Rubin

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

March 18, 1952

Mr. Charles S. Vigil
United States Attorney
Denver, Colorado

Subject: Bonita Mining and Developing Company, Inc., Silverton, Colorado. False statements violation. D.J. #JMM:MFS:ar 46-13-73.

My dear Mr. Vigil:

In your letter dated January 2, to the Department of Justice you requested certified copies of the documents which were transmitted to you concerning the above-styled case. In a letter dated February 4, to you I stated that if you would return to me the documents you have in your possession, I would have them certified properly. We have not as yet received the documents.

We were informed over the telephone today by the Department of Justice that you have decided to prosecute this case. Accordingly, if you will return the documents we will have them certified promptly and return them to you.

Sincerely yours,

J. L. Hofflund

3/19

J. L. Hofflund
Chief Counsel

HCRubin/ema
Copy to: Mails & Files
J. L. Hofflund
H. C. Rubin
Chron.

FILE COPY
SURNAME:

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

Memorandum March 14, 1952

To: Mr. J. L. Hofflund
Chief Counsel

From: C. O. Mittendorf
Acting Administrator

Subject: DMA-22, Contract Idm-280 - Bonita Mining Co.
Henry P. Ehrlinger, Gen. Mgr.

I have just recalled that in a recent phone conversation with Jack East he urged me to take whatever steps we could to expedite action on the Ehrlinger case which we referred to the Attorney General. Jack is under the impression that nothing has been done in the case and he is very anxious to give the matter publicity in his Region in order to discourage further violations. You will recall that I personally heard of an instance where an operator allegedly had given instructions to pad the payroll, and this particular case occurred in Jack's Region. Would it be possible for one of your staff to contact the appropriate office of the Department of Justice in order to determine the status of the case, so that we may advise Jack accordingly?

N.S
R+R cc
3/17

C. O. Mittendorf (fw)

COMittendorf/fw

cc: Admr. Reading File
Docket file
Mr. Mittendorf

BL

OFFICE OF THE ADMINISTRATOR

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

100

Memorandum

February 5, 1952

Notes Files

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

From: C. O. Mittendorf
Acting Administrator

Com

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.

February 8, 1952

Mr. Mittendorf:

The Mails and Files Section was unable to locate the original documents, photostatic copies of which we sent to the Regional Counsel of the Department of Justice. Therefore, we were compelled to write to the Regional Counsel asking him to return the photostatic copies which he has in hand for certification here by the Departmental Chief Clerk. As soon as we have them in hand we will have them certified and returned to the Regional Counsel

RECEIVED
FEB 7 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

J. L. Hofflund

ADDRESS REPLY TO
"THE ATTORNEY GENERAL"
AND REFER TO
INITIALS AND NUMBER

JMM:HFS:ar

46-13-73

UNITED STATES
DEPARTMENT OF JUSTICE
WASHINGTON 25, D. C.

December 20, 1951

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 27 1951

Mr. C. O. Mittendorf
Acting Administrator
Defense Minerals Administration
Department of the Interior
Washington 25, D.C.

Re: Bonita Mining and Developing Company, Inc.
Silverton, Colorado

Dear Mr. Mittendorf:

This is to acknowledge receipt of your letter, dated December 7, 1951, together with accompanying documents, regarding expenditures claimed by the Bonita Mining and Developing Company, Inc., of Silverton, Colorado, in connection with exploratory work allegedly done at the Emma-Oregon-Galena Mine, San Juan County, Colorado.

This matter has been referred to the United States Attorney at Denver, Colorado, for appropriate action. You will be kept advised of all developments.

Respectfully,

For the Attorney General

James M. McInerney

JAMES M. McINERNEY
Assistant Attorney General

RECEIVED
DEC 29 1951
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

UNITED STATES 140
DEPARTMENT OF THE INTERIOR
[illegible] COMMISSIONER
WASHINGTON 25, D. C.

12-7-51

Hon. J. Howard McGrath
Attorney General
Washington 25, D. C.

My dear Mr. Attorney General:

For such action as you may deem appropriate, there are enclosed, in duplicate, pertinent documents relating to an apparent violation of Federal statutes committed in connection with the exploration project program conducted by this Department under authority of the Defense Production Act of 1950 (64 Stat. 816), as amended.

Pursuant to Mineral Order 5, "Regulations Governing Government Aid in Defense Exploration Projects" (16 F.R. 3163), copies of which are enclosed, on June 30, 1951, the Government entered into an agreement with the [illegible] Mining and Developing Company, Inc., Silverton, Colorado, under the provisions of which the Government agreed to participate to the extent of fifty percent in the costs of a project to explore for zinc and lead. [illegible] in accordance with the terms of the agreement, [illegible] submitted in August 1951 a progress report [illegible] work alleged to have been performed under the [illegible] for the preceding month, which report disclosed, [illegible] work performance, expenditures alleged to [illegible] in the amount of $513.50 in connection with [illegible] basis of this report, which under the [illegible] the contractor's invoice, a Govern- [illegible] to the contractor in the amount of [illegible] the Government's share for costs of [illegible] for the period covered by the con-

[illegible]ly, Government employees made an [illegible] project which disclosed that no work [illegible]. This disclosure resulted in a demand [illegible] for the return of the amount previously [illegible]. Recovery was obtained. Further, as a re- [illegible] this irregularity, the aforesaid agreement was [illegible].

The enclosed file will reflect in detail the facts and circumstances surrounding this case. Should additional information or assistance be required, please advise.

Sincerely yours,

Acting Administrator

Enclosures

CJKoentz/cm

Copy to: Records & Reports
C. O. Rittenhorf
J. H. East, Denver
J. L. Hoffland
C. J. Koentz
chron.
pending

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

November 27, 1951

Memorandum

To: J. L. Hofflund

From: Regional Director, Region IV

Subject: Bonita Mining and Development Company (DMA Docket No. 473)

Referring to your letter dated November 19, regarding additional sets of photostatic copies of documents relating to exploration contract of the Bonita Mining and Development Company, Contract I-DMA-E-38, we are forwarding with this letter 5 additional sets of the photostats which with the one left with you in Washington, completes the 6 required.

In the last paragraph of your letter it is suggested that we forward you photostats in the case of the Cement Creek Leasing Company. I have gone over the information very carefully and the case is not sufficiently clear cut in my opinion, to be helpful to you. It is suggested that the Cement Creek Leasing Company be left out of the proceedings against Mr. Ehrlinger.

Please advise me what steps you take regarding this case.

J. H. East, Jr.,
Regional Director

Enclosures (5)

RECEIVED

DEC 3 1951

GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

FILE COPY
SURNAME:

Koontz

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

November 19, 1951

Mr. J. H. East, Jr.
Regional Director, Region IV
Bureau of Mines
224 New Customhouse
Denver 2, Colorado

My dear Mr. East:

While in Washington last week you handed to me one set of photostatic copies of documents relating to the exploration contract of the Bonita Mining and Developing Company (DMA Docket No. 473). In our letter to you of October 10 on this case, we asked that six sets of such copies be made available. It is necessary that we have at least three complete sets before we can take official action in the case. Accordingly, I shall await receipt of at least two additional sets from you.

Henry P. Ehrlinger is the individual who represented the Bonita Mining and Developing Company in this case and who also represented the Cement Creek Leasing Company in its Exploration Project Contract. Inasmuch as these cases are closely allied, I would like to have made available to me also photostatic copies (in sets of three) of relevant documents relating to the irregularities found to exist in connection with our contract with the latter company.

Sincerely yours,

J. L. Hofflund

J. L. Hofflund
General Counsel

CJKoontz/bjl

Copy to: Repts. & Records
C. J. Koontz
J. L. Hofflund
Ehron.

bl

FILE COPY
SURNAME:

410

FLKnouse
FEJohnson

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

NOV 2 1951

Contract Service Section
General Accounting Office
4th Floor - New GAO Building
Washington 25, D. C.

Re: Docket No. DMA - 473
Henry P. Ehrlinger
Exploration Project Contract Idu-838

Gentlemen:

Attached hereto is the original of an executed "Agreement To Rescind" covering the above-referenced contract. Please attach to the original contract previously sent to you.

Sincerely yours,

BF 11-2

(signed) FRANK E. JOHNSON (for)

Acting Director
Production Expansion Division

Enclosure

10/31/51
FLKnouse/meb

cc to: Admr's Reading Files
Reports and Records
Messrs. Mittendorf/Olund
Mr. Knouse
Docket

FILE COPY
SURNAME:

410

F L Knouse
Johnson (for)

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

NOV 2 1951

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

Re: Docket No. DMA - 473
Henry P. Ehrlinger
Exploration Project Contract I4p-E38

Dear Mr. East:

Enclosed are two signed copies of the "Agreement to Rescind" concerning the above-subject contract, one of which is for your files, the other is for the Operator's information.

The copy for your Field Finance Officer has been passed to the Chief of the Finance Section for recording and mailing to the Field.

Sincerely yours,

(signed) FRANK E. JOHNSON (for)

Acting Director
Production Expansion Division

Enclosures

10/31/51
FLKnouse/meb

cc to: Admr's Reading Files
Reports and Records
Messrs. Mittendorf/Olund
Mr. Knouse
Docket

FILE COPY
SURNAME:

410

F L Knouse
F E Johnson

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

October 31, 1951

Memorandum

TO: Chief, Finance Section

FROM: Production Expansion Division

SUBJECT: Docket No. DMA - 473
Henry P. Ehrlinger
Exploration Project Contract Idm-E38

Herewith please find copy of memorandum dated October 26, 1951, from Mr. J. H. East, Jr., Executive Officer, Region IV, and a copy of the "Agreement to Rescind" to which the letter refers.

Please forward the copy of "Agreement to Rescind" to the Finance Officer, Region IV, for attachment to his copy of the contract.

(signed) FRANK E. JOHNSON (for) BJ 11-2

Acting Director

Enclosures

10/31/51
FLKnouse/meb

cc to: Admr's Reading Files
Reports and Records
Messrs. Mittendorf/Olund
Mr. Knouse
Docket

FILE COPY
SURNAME:

410

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

October 31, 1951

Memorandum

TO: Reports and Records Section

FROM: Production Expansion Division

SUBJECT: Docket No. DMA - 473
Henry P. Ehrlinger
Exploration Project Contract Idm-438

Enclosed is an original of a memorandum dated October 26, 1951, from Mr. J. H. East, Jr., Executive Officer, Region IV, transmitting an "Agreement to Rescind", which is also enclosed, to the captioned Exploration Contract. Please attach the "Agreement to Rescind" to your copy of the contract.

(signed) FRANK E. JOHNSON (for)

Acting Director

Bt 11-2

Enclosures

10/31/51
FLKnouse/meb

cc to: Admr's Reading Files
Reports and Records
Messrs. Mittendorf/Olund
Docket
Mr. Knouse

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

DEPARTMENT OF THE INTERIOR
RECEIVED
OCT 30 1951
Defense Minerals Administration,
Production Expansion Division.

October 26, 1951

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 29 1951

Memorandum

To: John Hofflund

From: Regional Director, Region IV

Subject: Contract I-DMA-E38

We are attaching six copies of the "Agreement to Rescind" in the case of Henry P. Ehrlinger, Docket DMA-473, Contract I-DMA-E38, dated June 30, 1951.

When these have been executed by the Government, please advise us and return copies of the cancellation of the contract for our files.

We are preparing photostatic copies of information regarding this contract. We strongly recommend that Henry P. Ehrlinger be prosecuted by the Department of Justice.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

FILE COPY
SURNAME:

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

October 10, 1951

A.E.E.

Mr. J. H. East, Jr.
Regional Director, Region IV
Bureau of Mines
224 New Customhouse
Denver 2, Colorado

My dear Mr. East:

Reference is made to your memorandum of October 4 with respect to exploration project contract I-DMA-E28 (Docket No. DMA-473) with the Bonita Mining and Developing Company.

We note that according to your memorandum the Operator, in a letter to you dated September 20, has requested cancellation of this contract. Accordingly, we are enclosing a form of agreement to rescind the exploration contract which you are requested to present to the Operator for execution. An original and five copies should be signed by the Operator and returned to this office for execution on behalf of the Government. We prefer that where possible, in situations like this, there be a rescission of the contract by agreement rather than by unilateral action on the part of the Government. This has the advantage of protecting the Government from future claims by the Operator under the contract.

We note that Henry P. Ehrlinger appears to be the head of this company and also of the Cement Creek Leasing Company, which also desires to cancel its contract. A form for rescinding the latter was submitted to you by my letter of October 1. In the event the Operator does not execute these agreements within a reasonable period of time, please notify me so that we may take steps to rescind both agreements. Rescinding the contracts in this manner will in no way mitigate the irregular actions of the Operator in connection with these contracts.

Should your files contain any information relating to the irregularities involved in either of these cases

which has not been submitted to this office, please make it available immediately, and any documentary evidence which may have a bearing on the case should also be submitted. Photostatic copies of such documents will serve our purpose. At least six such copies should be made available.

Sincerely yours,

J. L. Hofflund

Not stripped
R + R

J. L. Hofflund
General Counsel

Enclosures 6

CJKoontz/em

Copy to: Records & Reports
C. O. Mittendorf
C. J. Koontz
J. L. Hofflund
Chron.

Mr. Travel

DEFENSE MINERALS ADMINISTRATION WASHINGTON, D.C.

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

OCT 12 8 42 AM '51

224 New Customhouse
Denver 2, Colorado

October 9, 1951

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: Project DMA 22, Contract Idm-E80, Bonita Mining & Development Company

Attached is a copy of a memorandum dated September 17, 1951, from Scott W. Hazen, Jr., Mining Engineer, U. S. Bureau of Mines, to W. M. Traver, Jr., Chief, Colorado Branch, Mining Division, concerning Bonita Mining & Development Company, Contract Idm-E80, DMA 22. In the last paragraph Mr. Hazen stated that Mr. Ehrlinger wished to "revise the charges" made for the month of August. Mr. Ehrlinger resubmitted a Form MF-104 dated August 31, 1951, and did not request any reimbursement. His Narrative Report follows:

"This contract is on a footage basis of tunnel driven and as no work was started on the tunnel during this period no progress is reported.

"The Mucking machine, drill and rail were ordered and at the last report it will require 30 days before delivery will be effected. The first work will be that occurring in the clean up of the tunnel, relaying heavier rail and installing pipe and this will be done at the expense of the Company.

"At the present time negotiations are being made with Mr. Winfield Morten et al of Dallas, Texas, to take over this property on a lease basis for the purpose of not only driving this 550' of tunnel but continuing the same on into the Ross Basin claims of the Cortlett interests and until such time as that has been completed we will not know what will be done on this project.

"No funds are requested for this period as the only piece of equipment delivered is that of the Gardner-Denver water pump and when the final decision is made on how this project is to be handled it will be included in the first report that requests participation by the Government."

The first MF-104 evidently was falsified, but since it was returned to Ehrlinger, we have no evidence other than Mr. Hazen's memorandum. Mr. Ehrlinger obtained money under false pretenses from contracts I-DMA-E38 and I-DMA-E66. He refunded the money by submitting cashiers' checks which are held in this office. Contract Idm-E80 is dated July 23, 1951, and work should have started within 30 days from that date. Work has not started on this project and in view of these facts we recommend that contract Idm-E80 be cancelled.

J. H. East, Jr.

Attachment

Mr. Blakemore

DEFENSE MINERALS ADMINISTRATION WASHINGTON, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OCT 11 9 20 AM '51

REGION IV

DEPARTMENT OF THE INTERIOR
RECEIVED
OCT 1 1 1951
Defense Minerals Administration,
Production Expansion Division.

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

October 8, 1951

Memorandum

To: C. O. Mittendorf

From: Regional Director, Region IV

Dma 473

Subject: Henry P. Ehrlinger

Referring to your memorandum dated October 5, 1951, regarding the Emma-Oregon--Galena contract. This is contract I-DMA-E38, Bonita Mining and Developing Company. This is the contract that we have recommended action on the part of the Department of Justice.

J. H. East, Jr.

J. H. East, Jr.

FILE COPY
SURNAME:
400
Blakemore
Mittendorf

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

OCT 5 1951

Memorandum

To: J. H. East, Jr., Executive Officer, Region IV

From: C. O. Mittendorf, Director
Production Expansion Division

Subject: Henry P. Ehrlinger

Reference to your memo of September 20, 1951 in regard to Emma-Oregon-Galena contracts, please advise Docket Number and title as we are not able to locate them.

C. O. Mittendorf

PBBlakemore/meh
typed 10-5-51
cc to: Reports and Records
Messrs. Mittendorf, Olund
Adm. Reading File
Mr. Blakemore

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

Hoffund

October 4, 1951

ans. 10/9/51 CJKlem

Memorandum

To: Dr. James Boyd
D
From: Regional Director, Region IV

Subject: Contract I-DMA-E38, Bonita Mining and Developing Company, Inc. - Emma-Oregon-Galena Mine, San Juan County, Colorado.

The Bonita Mining and Developing Company, Inc., Emma-Oregon-Galena mine, is headed by Henry P. Ehrlinger. This company holds an exploration contract, I-DMA-E38, in the amount of $32,799, of which the Government participation is $16,399.50. Mr. Ehrlinger, who signs himself manager, submitted Form MF-104 for payment August 3, 1951 in the amount of $513.50, together with a narrative report reciting the work done during the month. The voucher approved for payment for the Government's portion of this sum is $256.75. Scott Hazen, a mining engineer attached to the Colorado Branch of the Mining Division, contacted Mr. Ehrlinger and was shown a copy of Form MF-104 which he had submitted for payment. Scott Hazen, accompanied by R. R. McLellan, another Bureau engineer, made an examination of the property and the work done as evidenced by Form MF-104 and a narrative report. The engineers found that no work had been done and that the narrative report was false. We are attaching copy of the report of Scott Hazen and R. R. McLellan as submitted to W. M. Traver for your information and consideration.

Mr. Ehrlinger cashed the check issued to him in the amount of $256.75. Mr. Ehrlinger was required to submit a Cashier's check, No. 152975, drawn to the order of the Treasurer of the United States in the amount of $256.75. This check is being held in my office pending further instructions.

RECEIVED
OCT 8 1951
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

RECEIVED
OCT 8 - 1951
BUREAU OF MINES
OFFICE OF DIRECTOR

Mr. Ehrlinger in a letter dated September 20 requested the cancellation of this contract.

This same man, Henry P. Ehrlinger, in connection with Contract Idm-E66, refunded to the Treasurer of the United States by Cashier's check in the amount of $91.70, as recited in my letter to you dated September 25.

In my opinion, these two cases fall within the footnote on the bottom of page 1, Form MF-104, and in violation of United States Code (Crimes), "section 1001". It is my recommendation that these two cases be placed in the hands of the Department of Justice for their consideration and possible action.

We are holding this check and the complete file on this case pending your instructions.

J. H. East, Jr.

J. H. East, Jr.

Copy to: Administrator, Defense Minerals Administration
J. L. Hofflund
P. T. Allsman
W. M. Traver, Jr.

Enclosure

OCT 8 10 27 AM '51
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.

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-473, Contract I-DMA-E38, Bonita Mining and Developing Company, Inc., Emma-Oregon-Galena Mine.

On Friday, September 7, 1951, Russell R. McLellan and myself contacted Mr. Ehrlinger at Silverton, Colorado, preparatory to checking the monthly progress on the subject contract. At that time Mr. Ehrlinger showed us a copy of the form MF-104 which he had submitted previously to the Colorado Branch office for the Emma-Oregon-Galena contract. This copy of the form MF-104 showed that Mr. Ehrlinger had submitted labor charges amounting to $200.00. Broken down, it amounted to two men for 10 days each, totalling 20 shifts at $10.00 per shift. He also included $20.00 for one engineer for one day on the job. There was also a $50.00 charge to a Mr. Williams for packing to the job. In questioning Mr. Ehrlinger at this time regarding these charges, he stated the packing was to provide food and minor equipment for the men at several times during the two weeks they were at the mine. Mr. Ehrlinger was unable to furnish a statement from the packer or any sort of bill indicating that this work had been performed although it was charged on the MF-104 form. When questioned regarding the engineer's work of one day, Mr. Ehrlinger stated that he had personally accompanied the engineer, Mr. William Rundell, to the property during that week--September 3-7--and had acted as rodman while he did surveying. He stressed this rather emphatically at the time because he said he was exceedingly tired from his long, hard climb to the property. At this time Mr. Ehrlinger produced some good looking pieces of lead-zinc ore which he stated he had obtained from the third level of the property by going in the portal of the No. 2 level and climbing down a 100-foot winze to the lower level, No. 3. He assured us that he had probably been foolish to do this as the ladders were unsafe and he knew we would not want to do the same. He had saved these pieces of ore for us to see before he sent them in for assay. He described the vein as being some 2 feet wide, of high-grade ore, with perhaps a foot or less of low-grade ore on either side. Subsequent to this time, in fact, on the morning of September 10, Mr. Ehrlinger admitted that he did not have work statements or time sheets for the actual work performed by the engineer as the engineer had returned to his teaching duties at the University of Wisconsin, Madison, Wisconsin, by September 1; this obviously, if true, does not substantiate his earlier statements that he accompanied the engineer to the Emma-Oregon-Galena property during the first week of September. Regarding the 20 shifts of labor charged to the project, Mr. Ehrlinger was questioned on September 7 and stated that the men he had working there were young boys out of mining school at Golden, Colorado, and they had done some work but not a great deal, but had put in the full 10 shifts apiece at the mine opening up the portals. At the time Mr. Ehrlinger informed us that, although, as previously arranged with him, he was to have the pack horses available during the first week in September to take the examining engineers to the property, he was

unable to do so because the packers had moved out of the area, so he assumed we would not be interested in examining the property this time because, after all, it was a very long, hard climb to reach it on foot. Mr. Ehrlinger at that time was unable to furnish daily time cards for the contract work on the Emma-Oregon-Galena although he does keep them on his other operating properties. He did not offer or get the payroll statements or checks to the men supposedly working at the property.

The above information did not appear on the surface to be unduly out of order, but Mr. McLellan and I decided that it would be advisable to personally check the operations at the Emma-Oregon-Galena and, accordingly, on Sunday morning, September 9, we climbed the 3,000 feet over the trail to the mine. Examination of the four dumps at the mine faintly showed evidence that someone had recently been on the dump, as there were faint tracks and marks where someone had climbed up the dump of one of the tunnels. The lower tunnel, No. 4, was caved 8 to 10 feet past the portal set; it was completely blocked. There was a small opening to surface at this point. There was no evidence on the dump or the trail to the mine to the portal of any pack horses having been in the vicinity. The No. 3 portal was caved at the portal; considerable water was coming out of the mouth of the tunnel; and a very large boulder had slid from the cliff face above the portal down partially through the timber partly filling the opening. The No. 2 portal was open except for surface slide partially blocking it and we were able to enter this portal where we carefully examined the slime and mud partly covered by an inch of water on the tunnel floor. This soft material was examined for about 100 feet and there was no evidence of recent tracks or foot prints in this material. There was evidence of old foot prints which were hardened and undoubtedly over one year old. Our own foot prints were very easily discernable in this mud and would, undoubtedly, remain fresh for many days. The No. 1 portal of the tunnel was completely caved and covered by slide rock. There is one building partially intact situated between the second and third levels on the face of a cliff and here, again, there was no evidence of any packing or of any supplies being stored along the one remaining wall of the building.

After our return from the mine we contacted Mr. Ehrlinger, as afore-mentioned, on Monday morning, September 10, at which time he, again, was unable to produce the invoice for the packing bill or time cards for the labor of the two men alleged to have been at the mine. At this time Mr. Ehrlinger said he would straighten out the records for the Emma-Oregon-Galena and the items of equipment which he had purchased for the property would have to be picked out of the general mine invoice from the Carl D. Curtis Company, of Silverton. Mr. Ehrlinger would offer no explanation as to the location of this equipment at the present time, even though it was allegedly purchased in July and packed to the property.

It is the firm opinion of Mr. McLellan and myself that there has been no work whatever performed on any of the four tunnels of the Emma-Oregon-Galena group during this summer; there has been no equipment packed to these tunnels; and it is also our firm conviction that Mr. Ehrlinger did not enter the second tunnel portal and obtain his alleged samples from this property. Mr. Ehrlinger's various stories given as explanation to us are not consistent and he has knowingly submitted charges for labor and equipment which was not performed or utilized on the property.

Since the time of our examination and before our return to the Colorado Branch office, Mr. Ehrlinger requested that his MF-104 forms be returned from the Colorado Branch office to him for revision. These were mailed to him on September 10 as per his request.

It is the recommendation of Mr. McLellan and myself that the contract I-DMA-E38 with the Bonita Mining and Developing Company, Inc., should be terminated after Mr. Ehrlinger refunds the amount of $256.75 paid to him as the U. S. Government's participating share during the month of July 1951. It is also to be noted that in the terms of the lease for the Emma-Oregon-Galena et al between the Bonita Mining and Developing Company, Inc., and Agnes A. Schmelzer, owner, of Silverton, Colorado, the Bonita Mining and Developing Company, Inc., under Article 4 of said lease, will do hereafter, beginning with the year 1950, 100 shifts of work per year on the said claims and that this shall be continued through the years 1951 and 1952. Under this condition of the lease, it is rather obvious that the Bonita Mining and Developing Company, Inc., no longer holds a valid lease on the property from the owner, Mrs. Schmelzer.

Scott W. Hazen, Jr.

Scott W. Hazen, Jr., Mining Engineer

Russell R. McLellan

Russell R. McLellan, Mining Engineer

FILE COPY
SURNAME:
400

Moulds
Mittendorf

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

August 8, 1951

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 473
Contract I-DMA-E38
Bonita Mining & Development Co.

Dear Mr. East:

In reference to your letter of July 31, 1951 and subject exploration project contract, we are attaching the three subordination agreements to the contracts previously completed and returned to this office.

Kindly attach the Landlord's Subordination Agreements you have to the contracts retained in your office including the operator's copy.

As the subject contract has been fully executed and lease agreement is a part of the contract, it is not necessary to cross out Paragraph 2(a) in this contract when executed subordination agreements are also attached.

Sincerely yours,

C. O. Mittendorf (J. H.)

8/10

C. O. Mittendorf, Director
Production Expansion Division

Enclosures-3

DEMoulds/meh
cc to: Reports and Records
Adm. Reading File
Messrs. Mittendorf, Olund
Mr. Moulds
Mr. Billings
Mr. McKnight
Mr. Mote
Region IV
Docket

FILE COPY
SURNAME:

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

Moulds
Mittendorf
400

August 8, 1951

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

Re: Docket DMA 473
Exploration Project Contract Idm-E38
Bonita Mining and Development Co.
Silverton, Colorado

Gentlemen:

Please find herewith a copy of Landlord's Subordination Agreement which is a part of the subject contract.

Kindly attach this document to the original signed copy of the subject contract in your office.

Sincerely yours,

8/10

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosure-1

DEMoulds/bjs
cc to: Adm. Reading File
Reports and Records
Region IV (2)
Mr. Mittendorf, Mr. Olu nd
Mr. Moulds
Docket copy
Chron. copy

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

July 31, 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 I-DMA-E38, DMA Docket 473, Bonita Mining and Developing Company, Emma-Oregon-Galena Mines

Our signed copies of the contract as listed above show the above company as the sole owner, although lease agreements are attached.

According to our records one copy of a Subordination Agreement was returned to you with the signed agreements.

On receipt of instructions from you, we will cross out Paragraph 2(a) of the contract and attach copies of the Subordination Agreement which we are retaining here. We are enclosing three copies of the Subordination Agreement which are to be attached to your copies of the contract.

P. T. Allsman, Alternate

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 3 1951

FILE COPY
SURNAME:

SPWarren
Mittendorf

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

July 2, 1951

Mr. Frank McAtee, Jr.
Contract Service Section
General Accounting Office
4th Floor, New GAO Building
Washington 25, D.C.

Re: Docket DMA-473
Exploration Project Contract
I-DMA-E38
Bonita Mining & Developing Co.
Emma-Oregon-Galena Mine
Silverton, Colorado

Dear Mr. McAtee:

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,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

Enclosure-1

SPWarren/fw

cc to: Admr.Reading File
Mr. Strobel
Field Team, Reg.IV (2)
Mr. Herres
Mr. McKnight
Mr. Mittendorf, Mr. Olund
Mr. Warren
FILES

FILE COPY
SURNAME:

SPWarren
Mittendorf

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

July 2, 1951

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

Re: Docket DMA-473
Bonita Mining Company
Emma-Oregon-Galena Mine

Dear Mr. East:

Accompanying this letter will be three copies of a contract covering exploration work to be done at the Emma-Oregon-Galena Mine near Silverton, Colorado.

The applicant's copy is being sent to you for transmittal to him because his attention should be called to a change in the contract. This change is the addition of the names of the claims on the first page of the contract under the paragraph which gives a description of the property.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosures-3

SPWarren/fw
cc to: Admr. Reading File
Mr. Strobel
Field Team, Reg. IV
Mr. Herres
Mr. McKnight
Mr. Mittendorf, Mr. Olund
Mr. Warren
FILES

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

FILE COPY
SURNAME: Koontz

June 29, 1951

Memorandum

To: C. O. Mittendorf

From: J. L. Hofflund

Subject: Bonita Mining and Developing Co., Inc. exploration contract -- Docket No. DMA-173

This office has reviewed the proposed contract in the above case and finds it to be in satisfactory form for execution and dating.

Your file in this case is returned.

J. L. Hofflund

J. L. Hofflund
General Counsel

Attachment

CJKoontz/ema

Copy to: L. F. Strobel
C. J. Koontz
J. L. Hofflund
Chron.
Files

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

224 New Customhouse
Denver, Colorado

June 26, 1951

Memorandum

To: L. B. Moon Attention: J. H. East, Jr. (in Washington)

From: DMA Field Team, Region IV

Subject: DMA Docket 473, Bonita Mining and Developing Company, Inc., Emma-Oregon-Galena mine

Please find enclosed the following material on the subject docket:

1. (a) Six copies of agreement, lease and option, dated August 15, 1949, between Mrs. Alma C. Cluster and Mrs. Agnes A. Schmetzer on the Emma-Oregon-Galena property.

(b) Six copies of agreement, lease and option, dated October 10, 1949, between Mrs. Agnes A. Schmetzer and the Bonita Mining and Developing Company, Inc., on the Emma-Oregon-Galena Mine property and other property held by Mrs. Schmetzer which is excluded from the present contract.

(c) Copy of letter dated December 31, 1950, showing that all of the provisions of the agreement of October 10, 1949, between Mrs. Agnes A. Schmetzer and the Bonita Mining and Developing Company, Inc., have been complied with and that the agreement was in good standing.

2. Six copies of Form MF-200, Exploration Project Contract, with revised copies of Exhibits A-B-C-D-E attached to each. The contracts are signed for the Bonita Mining and Developing Company, Inc., by Henry P. Ehrlinger, Vice President and General Manager.

3. Six copies of San Juan County's acceptance of Ehrlinger's bid for their tax interests in the Sunside group.

4. One copy of the original brochure on Docket DMA 473.

A copy of Ehrlinger's letter transmitting the San Juan County option is also enclosed.

P. T. Allsman, Alternate

A. H. Koschmann

Attachments

COPY

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

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

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

June 21, 1951

The United States Bureau of Mines,
Building 2-A, Denver Federal Center,
Denver 14, Colorado.

Attention; Mr. W. M. Traver, Jr., Chief.

Gentlemen:

In regard to our request of January 15th, 1951 for an Exploration Loan on the Emma-Oregon-Galena property in the Ice Lake Basin which was given a Project Number of DMA 473 we now find that your Washington people desire evidence of the bid for purchase of the Sunside group of claims altho this does not enter into any of the work specified in either Phase "A" or Phase "B". We can't see where this enters into the picture but we are enclosing herewith copies of the statement that in October of 1949 we bid on these claims and our bid has never been changed during this time and was accepted as the usual procedure in this County on a six-year back tax basis.

We have not purchased these claims, nor will we do so, until such time as our exploration work on the rest of the property warrants it as desirable or necessary. We are protected, however, from others who might try to move in on us while we are doing this work. As to the County preparing a subordination agreement you are entirely out of order on this for there will be no work done on these claims until we start Phase "C" of our program and prior to doing that we will either buy them up in accordance to the agreement or we will not go ahead with Phase "C".

We call your attention to the fact that time is running out on this project. We have had a crew of men ready to go to work on the project since the 1st of the Month and if this matter is delayed anymore summer will be over and it will be another year before work can be done on the property. If you can see any further cause for delay on the subject it might be well to advise us to that effect so that we may go ahead with other work or let these men go who are ready to work on this project.

Very truly yours,

/s/ Henry P. Ehrlinger

HENRY P. EHRLINGER
General Manager

Incls: in sextuple.

COPY

F.C. [illegible], Jr., President
H. [illegible], Vice President
A.C. [illegible], Vice President
V.C. [illegible], Secretary
H. [illegible], Treasurer

[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]

NORTH [illegible] & [illegible] CO., INC.
For the
[illegible], COLORADO
June 21, 1951

The United States Bureau of Mines,
Building 2-4, Denver Federal Center,
Denver 25, Colorado.

Attention: Mr. H. H. Greer, Jr., Chief.

Gentlemen:

In regard to our renewal of Mining Lease, [illegible] for an exploration loan on the Dunn-Dragon-Salem property in the Ten Lake District we gave a Project Number of [illegible] We now find that your [illegible] people desire evidence of the bid for purchase of the Dunnigan group of claims which this does not order into any of the work specified in either these "A" or these "B". We don't see where this leaves us in the matter but we are enclosing duplicate copies of the statements that in October of 1949 we led on those claims and our [illegible] been approved during this time and we accepted as the usual procedure in this County on a six-year book [illegible].

We have not overlooked these clauses, nor will we do so, until such time as our exploration work on the road of the property was made in as desirable or necessary. We are wondered, however, from others who might try to move in on us while we are doing this work. As to the [illegible] providing a subordination agreement you are entirely out of order in this for therefrom we no work done on these claims until we start [illegible] "B" of our program and prior to doing this we will either pay them up to accordance to the agreement or we will not proceed with [illegible] "B".

We call your attention to the fact that time is running out on this project. We have had a crew of men ready to go to work on the project since the 1st of the month and if this matter is delayed much more summer will be over and it will be another year before work can be done on the property. If you can see any further cause for delay on the project it might be well to advise us to [illegible] project so that we may go ahead with other work or let those men go who are ready to work on this project.

Very truly yours,

[illegible] H. [illegible]

[illegible] H. [illegible]
General Manager

Enclo: [illegible] enclosure.

IDA L. GRIMES
TREASURER SAN JUAN COUNTY
SILVERTON, COLORADO

June 21, 1951

U. S. Bureau of Mines
Washington, D.C.

Gentlemen:

In October, 1949, H. P. Ehrlinger met with the Board of County Commissioners of San Juan County, Colorado and offered to pay the six year tax on the Sunside, an undivided 3/4 Sunside No. 1 and the undivided 3/4 Sunside No. 2 lode mining claims, assessed to Nober Gootleib and the undivided 1/4 Sunside No. 1 and the undivided 1/4 Sunside No. 2 lode mining claims, assessed to Charles A. Anderson as his bid in acquiring tax title to the above claims, all designated as U. S. Survey No. 16739, situated in Ice Lake Mining District, San Juan County, Colorado.

In accordance with the custom of accepting bids of six year tax, this proposition was accepted by the Board of County Commissioners.

Very truly yours,

C. A. Gallagher

C. A. Gallagher, Deputy

FILE COPY
SURNAME:

S. Warner
Mittendorf

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

June 14, 1951

Memorandum

TO: Mr. J. H. East, Jr., Regional Director
Region IV

FROM: C. O. Mittendorf, Director
Production Expansion Div. - DMA

SUBJECT: Docket No. DMA-473
Emma-Oregon-Galena Mine

We have reviewed the MF-200 contract and accompanying data relative to the captioned mine, sent May 29, 1951, by your office. It is signed by Mr. H. P. Ehrlinger, Vice President and General Manager of the Benita Mining and Development Company of Box 186, Silverton, Colorado. We are returning all three copies of this application and also a copy of N.S.R.B. form No. 146, dated January 15, 1951, submitted by the same company. We are retaining the other data until we receive additional data from you.

The purpose of this memorandum is to have you kindly request Mr. Ehrlinger to review the application.

(1) Advise whether his company desires to drift 600' on level No. 5, as indicated under Phase "C" of the N.S.R.B. No. 146 form or drift 600' on level No. 4 as indicated under Phase "C" of the M.F. No. 200 form.

(2) Please note under Phase "C" M.F. No. 200 the following:
Labor (2 men, 120 days) $7200.00
Obviously this is in error and should be corrected.

(3) In N.S.R.B. form No. 146, Apended Report, page four, paragraph four, it says, "Drive the present drift on level No. 4 150'-200' to the Northwest and on the EMMA vein to the orebody---." Because the claim map direction arrow indicates the top of the map West, it is hard to visualize drifting Northwest, as that would mean drifting downstream.

(4) Please supply a claim map showing strike and dip of the veins called Silver Dick, Emma, and Sunside in order to show the purpose of the exploration work described in M.F. 200. This map could also show what veins are expected under Phase "B".

(5) Please furnish a copy of the option on the Sunside group.

(6) Has Mr. Ehrlinger given consideration to purchasing equipment items that are listed as Rentals? A full two-year operation, at the rentals shown, would purchase some of these items.

C. O. Mittendorf

C. O. Mittendorf
, Director
Production Expansion Division

SPWarren/ecl

cc: Messrs. Mittendorf - Olund
Strobel
APPROVED: Warren
Herres
Traver (Denver)
Tom Lyon FILES

Chairman, Coordinating Committee

Member, Bureau of Mines

Olaf N. Rove

Member, Geological Survey

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

May 29, 1951

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA Docket 473, Emma-Oregon-Galena mine

We are enclosing the signed contracts for the above docket, DMA 473, Emma-Oregon-Galena mine, Bonita Mining and Development Company, H. P. Ehrlinger.

J. H. East, Jr.

J. H. East, Jr.

Enclosures
Memorandum from Traver to Field Team, May 28
Lease agreements (two)
Letter from Ehrlinger to Mrs. Agnes Schmolzer, December 31, 1950
MF-202
MF-200, 3 copies
NSRB-146, original brochure

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

Building 2-A, Denver Federal Center

REGIONAL DIRECTOR'S OFFICE
REGION IV
MAY 29 1951
BUREAU OF MINES
DENVER, COLORADO

TO : DMA Field Team, Region IV

DATE: May 28, 1951

FROM : W. M. Traver, Jr.

SUBJECT: DMA Docket 473, Emma-Oregon-Galena Mine

Please find enclosed in accordance with C. O. Mittendorf's instructions contained in the memorandum of May 7, 1951, the following data on the above captioned docket.

1. (a) Copy of agreement, lease, and option, dated August 15, 1949, between Mrs. Alma C. Cluster and Mrs. Agnes A. Schmetzer on the Emma-Oregon-Galena property.

   (b) Copy of agreement, lease, and option, dated October 10, 1949, between Mrs. Agnes A. Schmetzer and the Bonita Mining and Developing Company, Inc., on the Emma-Oregon-Galena property and other property held by Mrs. Schmetzer which is excluded from the present contract.

   (c) Copy of letter dated December 31, 1950, showing that all of the provisions of the agreement of October 10, 1949, between Mrs. Agnes A. Schmetzer and the Bonita Mining and Developing Company, Inc., have been complied with and that the agreement was in good standing.

2. Completed Form MF-202, Subordination Agreement, signed by Alma C. Cluster.

3. Three copies of Form MF-200, Exploration Project Contract, with copies of Exhibits A-B-C-D-E attached to each. The contracts are signed for the Bonita Mining and Developing Company, Inc., by Henry P. Ehrlinger, Vice President and General Manager.

Your attention is called to the fact that the total amount of the loan is shown on Exhibit A as $32,799.00 instead of the $27,900.00 requested in NSRB-146. The comparison of the two is shown in the following tabulation.

	Present Exhibits	NSRB-146
Phase A	$ 3,894.00	$ 3,000.00
Phase B	14,530.00	9,000.00
Phase C	14,375.00	12,900.00
Access Road	MF-105 submitted	3,000.00
	$32,799.00	$27,900.00

Ehrlinger advises he has correspondence from Otto Herres, Chief of the Lead-Zinc Branch, authorizing elimination of the access road from the original loan request and also stating that other terms of the loan are tentative and open to negotiation, which he interprets as his authority for raising the amount of loan requested in the light of higher costs prevalent now as compared with the costs in January 1951 when the NSRB was presented. This will, doubtless, be satisfactory inasmuch as the applicant will provide fifty percent of the increase. The explanation, however, should probably accompany the data when they are submitted to the Director for signature.

Also enclosed please find the original docket NSRB-146 in accordance with Mr. Mittendorf's memorandum.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

FILE COPY
SURNAME:

Warren
Mittendorf

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

Memorandum

May 7, 1951

TO: Mr. J. H. East, Jr.
Executive, Region IV

FROM: C. O. Mittendorf
Director, Production Expansion Division

SUBJECT: Docket DMA-473 - Bonita Mining and Development Co., Inc.
Fred C. Brightly, Jr., President
Box 186, Silverton, Colorado

The captioned application has been submitted on an NSRB Form 146, which has been studied.

The exploration described herein will be approved when the following data in acceptable form have been received:

1. Copy of lease and option
2. Subordination agreement from owner
3. Three signed copies of the enclosed contract to which are attached satisfactory Exhibits A-B-C-D-E.

We note that you have a copy of the latest correspondence, which is a letter from Mr. Henry P. Ehrlinger dated April 19, 1951. This letter plus the accompanying NSRB-146 should bring you up to date. Please return this NSRB-146 form to the Production Expansion Division office when you have finished it.

C. O. Mittendorf

Attachment - 1

SPWarren/fw
cc to: Admr's Reading File
Dep. Admr. File
Mr. Strobel
Mr. Lyon
Mr. Herres
Mr. Mittendorf, Mr. Olund
Mr. Warren
FILES

Dmna 473

858

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

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

Project DMA-473

Refer to Mr Montag O.K.

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

Gentlemen:

We have been advised that in order to get a Priority Rating Number it is necessary that we fill out and submit to you the Forms MF-100 and MF-103 on each project.

Since we will have to purchase equipment and supplies to prosecute this work and our local dealers will have to have priorities to replace their stocks, or get this equipment, we are therefore submitting these to you on our DMA-473 Project in quadruple. We presume that you will attach these to the previous data submitted on this project.

Very truly yours,

HENRY P. EHRLINGER
General Manager

HPE:m
Form MF-100 in quad.
Form MF-103 in quad.

DMA-473

258

FILE COPY
SURNAME:

Burbank (ETRC)
McKinney
Mills
Parks

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

April 30, 1951

Memorandum C. O. Mellinger

To: Production Expansion Division

From: Director, Supply Division

Subject: Approval of exploration loan on attached Docket

Re: Docket DMA-473
Commodity: Zinc, lead

A. Fred C. Brightly, Jr., President
Bonita Mining and Developing Company, Inc.
Box 186
Silverton, Colorado

B. The Emma-Oregon-Galena mining property is located in the Ice Lake mining district of San Juan County, Colorado about 7 miles west of Silverton, in T 41 N, R 8 W, section 18.

C. (1) This is an exploratory proposal to open old mine workings and to explore and develop veins. It might result in establishing the worth of one of the few remaining meagerly developed base metal districts in the San Juan region of Southwestern Colorado. Since the region as a whole is developing into one of the larger sources of zinc and lead in the Rocky Mountain area, the encouragement of exploration in this particular district is considered worthy. It is essentially dormant at present.

Although the output of zinc, lead, and copper from this property alone would be only a small part of our national requirements, it could result, over the longer term, in establishing a steady output of the order of magnitude of 1000 tons of zinc annually. This would aid in obtaining the overall production needed from the Rocky Mountain area to balance the national supply and demand situation in a strategic mineral.

(2) The exploration proposed is feasible without any obvious technical difficulties because of the simplicity of the ore occurrence and the favorable nature of the veins and wall rocks for relatively simple mine operations.

(3) The exploratory work proposed can be accomplished with supplies and facilities already available and with the employment of a small number of men outside of the age group subject to military

Docket 473

Page 456

service.

C. (4) The applicants have been unable to finance the exploration of this property through local banks as mining property will not be accepted as security on a loan.

It is concluded that the application for financing aid up to at least the amount of $12,450 from the Government is justified on the basis of the proppective value of the work proposed.

(5) The officers and directors of the Bonita Mining and Developing Company, Incorporated, are considered collectively to be competent to undertake the proposed exploration in an efficient and conservative manner.

D. It is recommended that a participating exploration loan be approved for the sum of $24,900, 1/2 to be furnished by the Government and 1/2 by the applicants. This is to cover (a) the cost of opening and rehabilitating the mine workings in question and to sample them, preparatory to further exploration, and (b) to drive such levels and raises needed to explore the limits of mineralization particularly with respect to zinc ore, to provide information as to whether the vein systems warrant more extensive exploration and development, and if so, to decide upon the most feasible and economical methods.

It is recommended further that decision as to whether the property warrants further financing and equipping for full-scale mining be deferred until the completion of the above items, referred to as Phase A and Phase B in the application.

The latest records of operation during the period 1915 to 1919 yielded small lots of sorted ore from filled stopes containing 5-30% zinc and 30-50% lead. Work is reported to have been discontinued because of the relatively high zinc content of the better ore shoots. As the vein is steep with simple structure and good walls, the project is considered technically feasible at relatively low cost in materials and manpower.

E. Applicants' proposal is as follows:

<u>Phase A</u>

Contract to open up, ditch and drain levels 2, 3, and 4 of the Emma-Oregon-Galena mine, using hand tools..... $ 1,800.00

Tools, packing supplies, etc. to facilitate above.....	500.00
Sample and assay entire workings.....	700.00
Total	$3,000.00

If the results of this work indicate that the size and grade of ore shoots warrant further exploration, the operation would be continued as follows:

Phase B

Contract to drive 400 ft. drift with portable mining equipment, including all labor and supplies.....	$6,000.00
Contract to drive 140 ft. of two-compartment raise from level 4 to level 3.....	1,400.00
Supervision, engineering, sampling and assaying operations.....	1,600.00
Total	$9,000.00

Phase C

Contract to drive 600 ft. drift at 5 level with portable mining equipment including all labor and supplies.....	$9,000.00
Contract to drive 150 ft. two-compartment raise from the new level No. 5 to No. 4 under raise between that level and 3 level.....	1,400.00
Supervision, engineering, and overhead.....	2,500.00
Total	$12,900.00

Ore will be mined as conditions warrant during the course of above operations. An access road to the property, estimated to cost $3,000, would be constructed after Phase A and Phase B have proved its utility. Application to the County would be made to assist in the road construction.

It is emphasized in the engineering report by Mr. Ehrlinger that the above proposed work is strictly exploratory, and that preliminary studies made in 1950 were not of sufficient scope in themselves to justify real development operations. For this reason also, it is proposed that construction of a difficult access road about a mile in

length to connect mine workings with the good Mineral Creek road be postponed until completion of Phases A and B.

Mr. Ehrlinger has indicated that he considers a 22 ¢ price for zinc economically desirable to really encourage production of zinc concentrates from complex San Juan ores. In another application he has stated that returns from the smelter on concentrates ranged from 3 to 6¢ per pound, without deducting mining, milling, and transportation costs. The price premium for zinc is not made a condition of the proposed exploration and applicant waives the premium price request in letters of April 19, concerning DMA-22 and DMA-434.

The loan is to be repaid at $1.00 per ton on all ore mined up to and including the first 5,000 tons, and $1.50 per ton on all ore mined thereafter.

F. The exploratory proposal to open, rehabilitate, and explore the vein systems of the Emma-Oregon-Galena group is of merit principally for the following reasons:

(a) The property lies in the relatively dormant Ice Lake district. This district was selected about 1930 by representatives of the Geological Survey as worthy of detailed geologic investigation in connection with cooperative studies in the State of Colorado. It is one of the more remote and most meagerly developed areas within a well-mineralized belt surrounding the Silverton volcanic center. Modern mining and milling methods as well as road and transportation facilities have brought the ores at least within marginal range of feasible exploitation.

(b) The relatively high zinc content of some ore shoots mined between 1915 and 1919 indicate that the ores may be of special interest at this time because of the demands for zinc for defense purposes.

(c) The exploration of this property may give results that would, in the longer term, establish the Ice Lake district, covering 10 or 12 square miles, as worthy of more extensive exploration.

(d) The Emma-Oregon-Galena vein systems are probably among the more favorable ones in the district for exploratory work in the interest of strategic mineral supplies, as other prospects are possibly more notable for relatively high-grade gold or silver-copper showings. The veins of as much as 4 to 5 ft. in width also lie in the upper part of the San Juan tuff, one of the most productive formational zones of the nearby Telluride mining district

of San Miguel County. A vertical range of at least 2,500 ft. in development is possible from locations about a mile distant.

(e) The officers and directors of the company will doubtless rely to a large extent, upon the recommendations and judgment of Mr. H. P. Ehrlinger, Vice President, who is regarded in Colorado as a competent mine operator and metallurgist. This will give better than ordinary assurance of a conservative and efficient use of funds.

G. (1) Reserves are essentially non-existent, except for stoping ground unproven as to average metal content. Mine maps indicate unstoped vein matter within the range of known mineralized ground amounting to about 6,000 tons above the level of completed drifts and an indicated 23,500 tons above the level of a proposed drift below the known ore shoot. Inferred vein matter amounts to about 35,000 tons.

The ore was mined by filled stope methods and incomplete records of shipments during 11 years between 1898 and 1919 amounted to 343 tons in small lots having a range in lead content from 30 to 67% and in zinc content from 5 to 30%. Based upon preliminary assays of the vein, this represented about 4,125 tons of ore mined and sorted. Displacement figured from the filled stopes indicated a removal of nearer 8,000 tons. The grade range might therefore lie between 4 and 12% combined lead-zinc-copper based upon over 250 tons of lead metal in the ore shipments.

The vein is 4-5 Ft. in width with well-defined hard hanging and footwalls and dips over 85 degrees. The ore material consists generally of relatively solid streaks of galena and sphalerite 6" to 18" wide interlacing in a broken breccia and talcy zone between the solid walls.

(2) The former operators employed filled stope methods in mining the high-grade small-lot shipments. The proposed mining method will be determined after exploration, but it is anticipated that shrinkage stoping methods will be used. A few older miners are locally available, who are familiar with the filled stope methods used here. Mining costs have not been stated in application, but presumably could not equal the most efficient operations in this region until development was well advanced. Mining costs at one 30 ton per day operation during 1950 amounted to about $5 per ton including trucking costs of 1 mile to mill and development costs. Costs of drifting and other exploratory work are indicated in the application, averaging about $15 per foot for

drifting exclusive of general supervision, engineering, and assay work.

G. (5) No marketing problems are involved.

(6) The time schedule stated by applicants is about 3 weeks to complete Phase A, the opening and ditching of old levels. Phase B, the exploratory work, will require about 90 days.

After completion of Phase A the property would be in condition to produce 15-20 tons of ore per day from stope on 3 level.

Estimated production potential after completion of Phase B would be 30 to 40 tons for the first 90 days, and thereafter could be trebled. Production could readily be maintained for about 8 months of the year. Production for the other four months would depend upon snow removal operations by County authorities.

H. (1) The company has all necessary tools and facilities, with the possible exception of a drifter, which can be obtained without cost from an allied company. There are no mill facilities or other mine facilities of a permanent nature.

(2) New material needed would include only minor supplies, locally available.

(3) Transportation is by Highway 550 (paved) from Silverton, and thence by Forest Service campground road (good) to within about a mile from property. A part of this distance can be quickly improved with a bulldozer, as it follows an old wagon road. From this road ~~to~~ a new steep difficult road would be required to reach mine portals. Estimated cost about $3,000.

(4) Local manpower is available to the amount of 3 men required for Phase A and Phase B, until actual mining is started. Up to 12 men would be required for more extensive operations. The small crew required for initial exploratory work are selected men, who are in an age group not subject to military service.

(5) There are no power requirements for the exploratory phases except that which can be supplied with portable equipment and fuel.

WSBurbank G 4/30/51
Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
L. B. Moon
R.H. Mote

Tom Lyon ad
Tom Lyon, Director
Supply Division

L. F. Strobel
C. O. Mittendorf
Files

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

April 19th, 1951

Defense Minerals Administration,
United States Department of the Interior,
Washington 25, D.C.

Attention: Mr. Otto Herres, Lead-Zinc Division.

Gentlemen:

We refer you to our application (for exploration) aid in our EMMA-OREGON-GALENA mine which you have listed as DOCKET No. DMA-473 under the original date of January 15th, 1951. Since our preparation of the original report and request for this assistance on your Form-NSRB-146 there has been no change in our intentions to develop this property or in the general plan. Your letter of April 12th states that this application may be considered under the present exploration program and we wish to do everything in our power to get this approved and into operation at the earliest date possible.

In Section 12 of the NSRB-146 request we stated that we would need assistance for an access road to the property and you state in your letter of the 12th that this part may be handled through another proceedure on terms more favorable to our Corporation but you do not specify as to what these are. We had contemplated, however, that we would pack the supplies and tools needed to the property for the initial work and have the men live in tents until such time as we had all of the portals opened and our examination of the heavy zinc vein completed and then put in the access road when it was proven that we had sufficient ore to justify this expense.

The only modification that we will want to add to our original request will be that of a shack for the men to live in and a shack for the compressor and tools. The additional costs of these will be dependent upon whether we have an access road or have to pack them up to Ice Lake. As far as equal contributions from our Corporation to match those of the Government we are willing to do this and so indicate.

In our letter of January 15th we also stated that so far as we know we are the first ones to risk capital in this Ice Lake Basin in the past 25 years and we have only done so after making a very thourough investigation of the possibilities. We know of the previous production record of this property when it was mined by the oldtimers by the cut and fill method plus hand sorting (all ores had to be packed out) and we also know of the large zinc vein that cuts into the property and was the prime cause of the ceasing of operations at that time. Since this property will, most probably, be a zinc producer with lead as a minor metal we now feel that we should go ahead with it on the premise that the price of zinc will be favorable for sometime to come.

We propose to do this exploration work by steps so as not to involve too much outlay of capital unless it is fully justified.

APR 25 1951

We will open up the portals of the various levels one at a time and then make our examinations of them to insure that the vein that we want to get on is exposed in the size expected and with the values contained therein that our cursory examination indicated.

This request has not as yet been submitted to the Denver Office for examination but we would like to advise you that since the property is located at a high elevation with no access roads it may be the middle of May before we could get to it and hence your Denver men should know that immediate examination is not possible. We could advise them when the trail is open and they could come down after that advise.

If the Government will assist us on this work we feel that we will be helping to open up about the last unexplored area of the San Juan District which may prove to be a large contributor in the future from this area. We are willing to risk our capital to prove this up but feel that we should have assistance for others may enjoy the benefits as we do not own all of the mineral claims in the area.

Very truly yours,

HENRY P. EHRLINGER
General Manager

HPE:m
cc-Denver Office USBM

FILE COPY
SURNAME:

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

APR 12 1951

Lyons
McKnight
Herzog
Mrs

In reply please
refer to DMA-473

Mr. Fred C. Brightly, Jr., President
Bonita Mining and Developing Company, Inc.
Box 186
Silverton, Colorado

Dear Mr. Brightly:

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 unsuccesful. 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-473) for financial aid in exploring the Emma-Oregon-Galena mine 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 three of the exploration phases you have outlined, totaling $24,900. The access road can probably be handled through another procedure on terms more favorable to you.

Before we can proceed further with consideration of your application, which may or may not require a field examination, 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.

Very truly yours,

Otto Herres

OTTO HERRES, Chief,
Lead-Zinc Branch

Enclosures

ETMCKnight:emp
G 3/19/51
Copies to: Chief, Lead-Zinc Br.
USGS McKnight
L. B. Moon
R. H. Mote
2 copies to Executive Officer
J. H. East, Jr. Region IV
Strobel
Mittendorf
Files

3612

Mr. Herres

DEFENSE MINERALS ADMINISTRATION

Referral of Applications for Government Aid

Docket No. DMA- 473

Commodity: zinc and copper

Name of Applicant:	Bonita Mining & Developing Co., Inc. (Fred C. Brightly, Jr., president)
Address of Applicant:	Box 186 Silverton, Colorado
Name of Property:	Emma-Oregon-GalenaMine
Location of Property:	San Juan Mining District, Colorado
Nature of Application:	Loan of $27,900

Action Dates

Application:	1/15/51
Received:	1/22/51
Acknowledged:	

Referred to NONFERROUS METALS Committee: 1/24/51

DMA-473

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

January 15, 1951

JAN 22 1 18 PM '51
BUREAU OF MINES WASHINGTON, D.C.

The Administrator,
Defense Minerals Administration,
Interior Department Building,
Washington 25, D.C.

Gentlemen:

We are submitting a request for a loan on the Emma-Oregon-Galena group of claims that we have acquired in the Ice Lake District of San Juan County, Colorado and we want to emphasise that we look upon this program as exploratory but in an area that should be most carefully considered for future ore reserves in this Area.

We want to participate in this work and assure your Committee that we will repay every cent of phase "A" loan, if made, either from this operation or from our others. This area should be given some exploration and as we are the only ones that have even had the nerve to try it in the past 25 years we feel that in the light of exploration for new base metal sources this should have priority.

Our work last summer in the area disclosed that the possibilities are there for some good mines in the base metal category and that in the upper reaches there are gold properties near the divide but in almost inaccessable locations. The road problem before the days of the Bulldozer and portable compressor was too big a job for the pioneers in the District but as we have set out in this report the job can now be done for a nominal sum.

We want to emphasise that this should be done this coming summer and I feel confident that Mr. Burbank of the U. S. Geological Survey would agree with us that we should explore the mineral possibilities of this area.

Very truly yours,

Henry P. Ehrlinger

HENRY P. EHRLINGER
General Manager

HPE:m

December 31, 1950

Mrs. Agnes A. Schmelzer,
Silverton,
Colorado.

Dear Mrs. Schmelzer:

We refer you to your Lease and Option with Mrs. Alma (Hinckley) Chester dated August 15, 1949 and to our agreement with you dated October 10, 1949 to purchase the Iona-Oregon-Galena mine property and for the Lost Hope-Columbus mine property and infron you herewith of the requirements of the said agreements which have been fully complied with:

(a) That the delinquent taxes on the Iona, Oregon and Galena lode mining claims for the period 1943-1947 together with all penalties have been paid as per County Treasurer's Receipt No. 2640 and that the 1948 taxes due in 1949 have been paid as per County Treasurer's Receipt No. 648. That the delinquent taxes on the Lost Hope, Columbus etc. for the period prior to 1947 together with all penalties have been paid as per County Treasurer's Receipt No. 2639 and that the 1948 taxes due in 1949 have been paid as per County Treasurer's Receipt No. 649.

(b) That the Bonita Mining & Developing Co., Inc. is now covered by Workmen's Compensation Insurance Policy No. 20026 for all of the operations on these properties and that receipts for payments of premiums are on file in the office of the Company in Silverton.

(c) That a total of 311 shifts of work were performed in the 1950 year on the combined properties and that 142 shifts are charged to the Iona-Oregon-Galena property which complies with your work requirements with Mrs. Chester.

(d) That printed signs have been placed on the working places to show that our Company is operating it under lease and relieves you and Mrs. Chester of any liability under the Colorado Lien Statutes.

The above applies to the 1950 operating year and we advise you that due to abnormal snows etc. it was not possible to commence work on the 1st of June, 1950 but that work was started on the 10th instead. We request that in fairness to all concerned that this provision be waived as delinquent now and in the future as in some years it will not be at all possible to get to the property at this early date until the access road has been put in to the property which is now under request.

Our sampling program in the Iona-Oregon-Galena was such that we are going to prepare forms for Government Exploration assistance and ask the Bureau of Public Roads to put in an access road for us. We hope that you will be in accord with this program and assist us all possible.

Very truly yours,

HARRY P. ANDERSON
General Manager

HPA:sm

1. Have Ehrlinger sign 3 more copies of Contract (4 are included)
2. Copy of the option on Sunside group from County.
3. Statement re purchasing versus rental of equipment on order of the one shown.
4. On claim map provided have Ehrlinger show as nearly as possible Silver Dick, Emma, Sunside, Southwest or any other veins concerned.
5. Show on claim map (sketch of workings if possible) if not location of 4th & 5th Level portals
6. Show on map location of 400' drift on No. 4 Level.

We will type copies of the Cluster, Schmelzer, agreements to accompany the extra copies of the contract required. and correctype the exhibits if they require changes.

Ken Kofflund

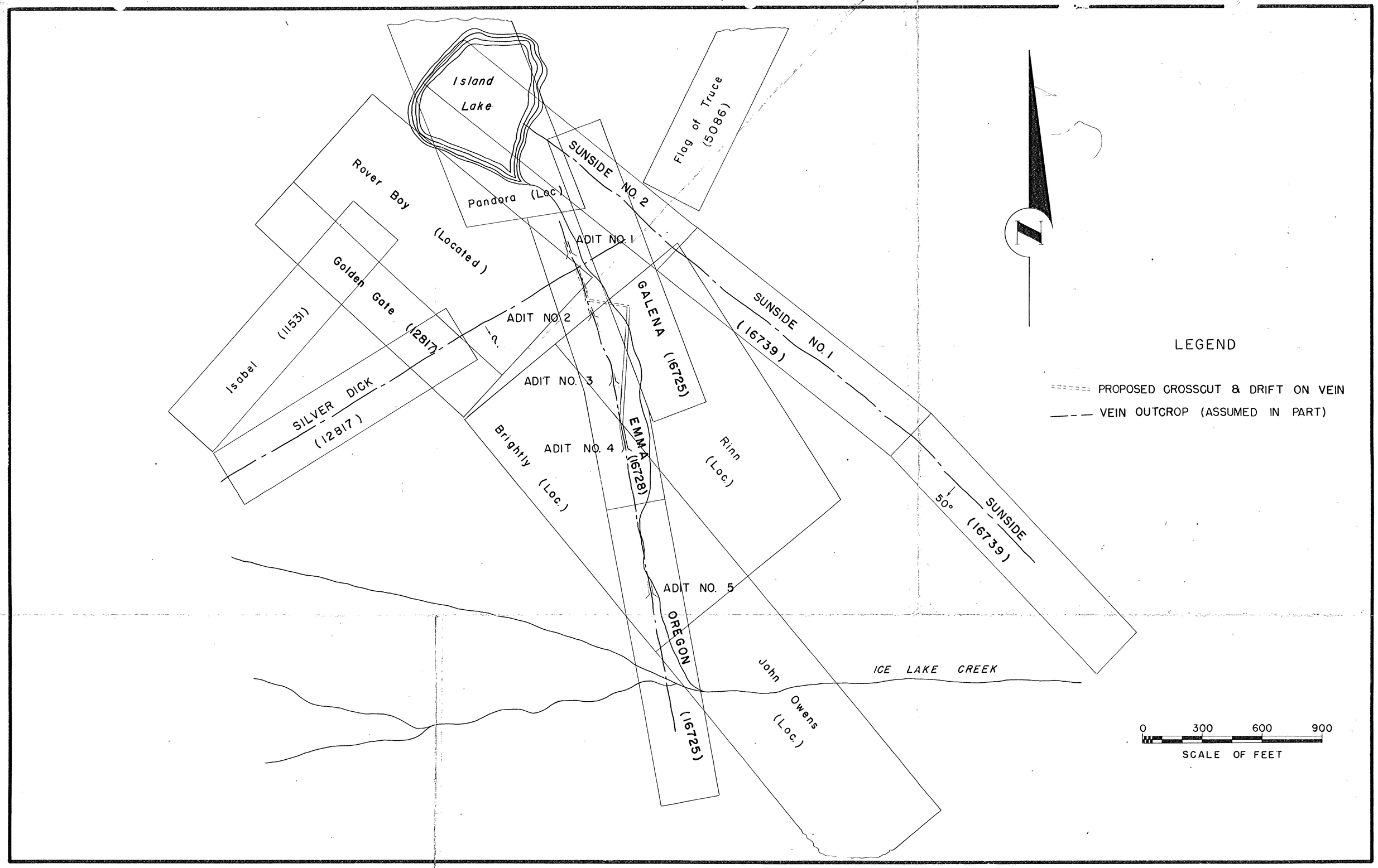

FIG. CLAIM MAP EMMA, OREGON, GALENA GROUP SAN JUAN COUNTY, COLO. DMA 473

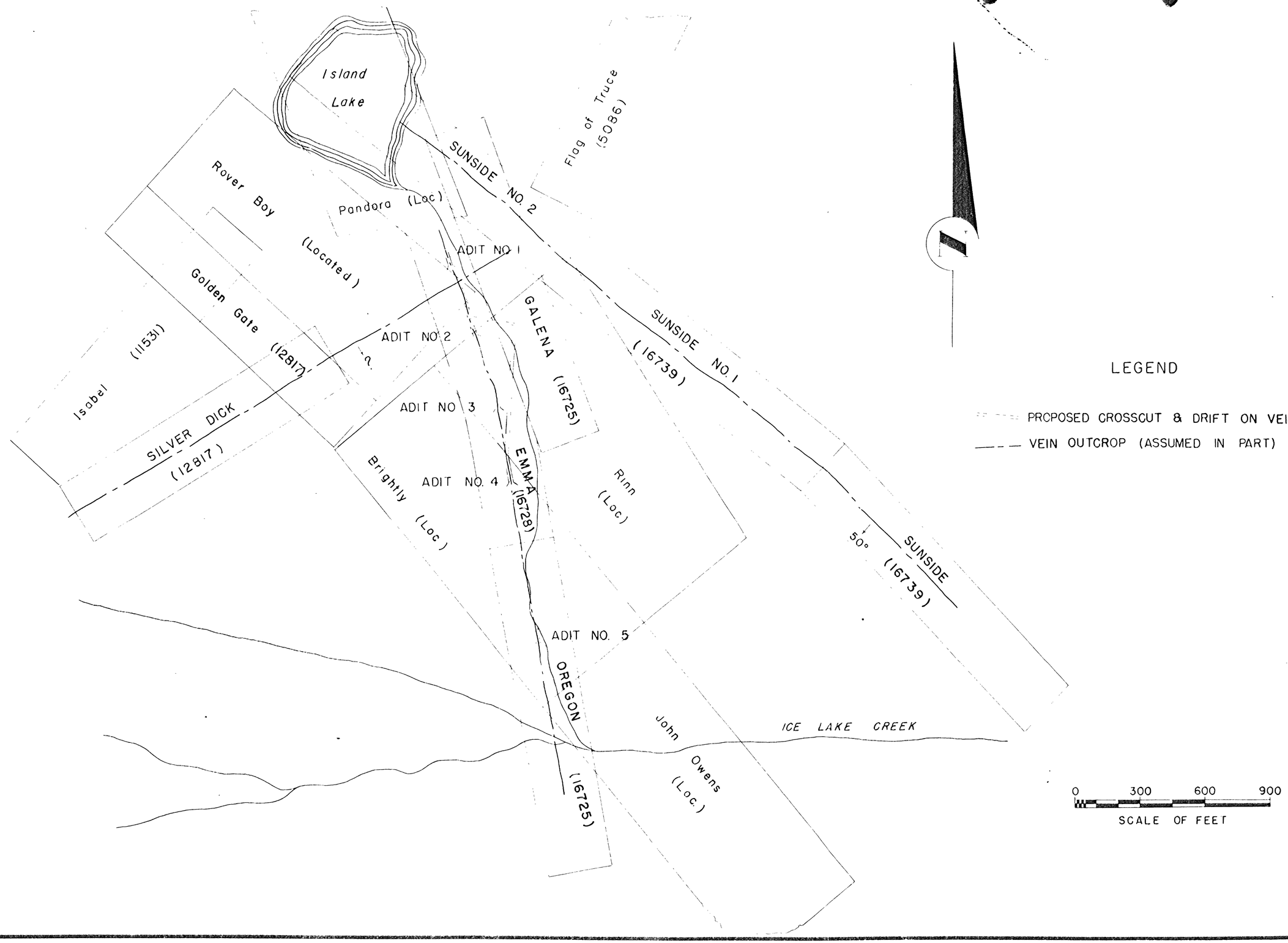

FIG. CLAIM MAP EMMA, OREGON, GALENA GROUP SAN JUAN COUNTY, COLO. DMA 473