DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE — Idm-E NO. 34 — DMEA NO. 627

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [x] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [x] Royalty Audits
- [x] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab) waived
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 2 : Reports
- [x] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [x] Field Team Semi-Annual Report for Certified Project
- [x] Field Team Interim Reports
- [x] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No. _____ : Maps (Use pocket folder or envelope)

Folders No. 3 : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E34, Docket DMA-627 (zinc), dated June 28, 1951, with

Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as the Hayden Mine and the Hibernia and May Queen Claims located in Lake County, Colorado, during the period December 7, 1955, through November 6, 1961.

A certification of discovery or development was issued on December 16, 1954, and, in accordance with Amendment No. 10 and Annex I of the contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 12 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated November 29, 1954, indicated accepted costs under the exploration contract amounting to $42,659.52 with the Government's contribution, on a 50 percent basis, being $21,329.76.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established no sales of production subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to Government royalty through December 6, 1955, to be $27,685.64. The royalty account as of December 6, 1955, was:

Total Royalty Payable	$1,355.43
Total Royalty Paid	1,355.78
Overpayment of Royalty	$ .35

At November 6, 1961, the royalty account of this project was found to be:

Total Royalty Payable	$1,355.43
Total Royalty Paid	1,355.78
Overpayment of Royalty	$ .35

November 8, 1961

E. D. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

The Operator produced and shipped from the two claims (Hibernia and May Queen) under the exploration project contract during the period from June 1952 through April 1955. Thereafter, from June 1955 to November 16, 1955, a sub-lessee by the name of James Roberts shipped from the Hibernia Claim. A prior Royalty Audit Certificate and a Report of Royalty Review covered all of these sales of ores containing lead, zinc, silver, gold, and minor amounts of copper. A summary of these shipments to the Resurrection Mining Company and the American Smelting and Refining Co., both of Leadville, Colorado, follows:

Shipper Purchaser	Cadwell A.S.&R.	Cadwell Resurrection	Roberts Resurrection	Totals
Short Dry Tons	291.2090	644.0540	376.7575	1,312.0205
Gross Value	$3,703.14	$15,824.63	$9,529.96	$29,057.73
Deductions	355.49	623.35	393.25	1,372.09
Proceeds	$3,347.65	$15,201.28	$9,136.71	$27,685.64
Royalty Due	$ 149.62	$ 760.07	$ 445.74	$ 1,355.43
Royalty Paid	149.62	760.07	446.09	1,355.78

Royalty was not deducted by the purchasers. All royalty remittances, both for its own and the sub-lessee's shipments, were made by the Operator. The overpayment of $.35 was made on mine lot H-4, settlement date September 29, 1955.

The files indicate that, although operations have been carried on and shipments have been made from other portions of the Hayden Mine, the claims under the exploration project have been inactive since 1955.

Under the terms of Annex I, attached to and made a part of Amendment No. 10, the royalty provisions of the contract were revised and the royalty expiration date extended to twelve years. However, the Landlord's Subordination Agreement, executed July 23, 1951, by the Resurrection Mining Company, specifically limits the owner's subordination of interests to 10 years from the date of the exploration project contract.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(a) The files indicate that all production from the claims under the contract has been accounted for and property royalty thereon, except as indicated, has been paid;

(b) No ore has been produced from the claims under the contract since 1955; and

(c) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

MME Form 22
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DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name and Address

Mr. S. C. Phillips -- Cadwell Mining Co.

Box 803

Cortez, Colorado

Contract No.	Docket No.
Idm-E34	DMEA 627

Prepared by (Signature)	Date
Hugh M. Connors	11-6-61

Hugh M. Connors

Yes	No	
		1. (a) Does the Operator stockpile ore subject to royalty repayment?
		(b) If so, is segregation and identification procedure adequate?
		2. (a) Does the Operator commingle production subject to DMEA or OME royalties with exempt production?
		(b) If so, is the allocation of the commingled production equitable?
		3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?
		(b) If so, are adequate records maintained on such material to protect the Government's interest?
		4. Are the assay controls in effect adequate?
		5. Does the manner of disposing of production give the Government its fair royalty returns?
		6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?
		7. Does the Operator buy from or sell to other Operators?
		8. Current status of property. (Check one).
		Operating.
	X	Inactive.
		Abandoned.

12-6-55 Date of last production if not operating.

Comment on items 1(b), 2(b), 3(b), and 4 to 6, if answer is No:

84861-60

DEFENSE MINERALS EXPLORATION ADMINISTRATION
ADMINISTRATIVE AND AUDIT DIVISION

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REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, DMEA Field Team, Region III, Denver, Colorado, pertaining to Contract IDMA-534, Docket No. DMA-627, dated June 28, 1951, as amended, with

Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

for the purpose of determining the amount of royalties due the United States Government on sales of gold, silver, lead and zinc ores from property referred to as the Hayden Shaft, located in Lake County, Colorado, near Leadville, during the period June 28, 1951 to December 6, 1955.

A Certification of Discovery or Development was issued December 16, 1954, and in accordance with the contract, royalty is payable on the gross revenue from sales realized from all production from the land described in Article 2 of the contract during a maximum period of twelve years from the date of the contract.

A Report of Review in lieu of a final audit dated November 29, 1954, indicated total accepted costs under the exploration contract amount to $42,659.52, with the Government's contribution on a 50 percent basis being $21,329.76.

My review included a conference with Mr. Robert L. Bolmar, Mining Engineer, Bureau of Mines, Denver, Colorado, who recently made an examination of the project.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(a) This account was previously audited by Mr. Donald T. Finch, DMEA Auditor, as indicated by his first royalty audit report dated December 20, 1954, for the period June 28, 1951 to October 30, 1954.

(b) The examining engineer is of the opinion that sales of all ore produced during the period June 28, 1951 to December 6, 1955, for which settlement sheets have been released, have been properly accounted for.

(c) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of additional royalty which might be disclosed.

The review established the total net sale of gold, silver, lead and zinc ores to be $27,685.64. Royalty due the United States Government at established contract rates is $1,355.43. The royalty paid and the balance of overpayment follows:

Total Royalties Paid	$1,355.78
Total Royalties Due	1,355.43
Royalties Overpaid	$ 0.35

May 7, 1956

T. H. Brading, Auditor

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CAMPBELL MINING COMPANY

Contract IUMA-E34 Docket No. DMA-627

BALANCE OF ROYALTIES OVERPAID

Lot No. H-4	Total Net Value $1,928.60 @ 5%	$96.43
	Royalties Paid	96.78
	Royalties Overpaid	$ 0.35

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Check Sheet of Examining Engineer

Operator's Name Cadwell Mining Company

Address 2450 Kendall Street

Edgewater, Colorado

Exploration Contract No. [illegible] Docket No. [illegible]

		Check One Yes	Check One No
1. (a)	Does the Operator stockpile ore subject to royalty repayment?		X
(b)	If so, is segregation and identification procedure adequate?		
2. (a)	Does Operator commingle production subject to DMEA royalties with exempt production?		X
(b)	If so, do you consider the allocation of the comingled production equitable?		
3. (a)	Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		X
(b)	If so, are adequate records maintained on such material to protect the Government's interest?		
4.	Do you consider the assay controls in effect are adequate?	X	
5.	Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	X	
7.	Does the Operator buy from or sell to other Operators?	X	
8.	Comment on any item 2 (b) to 6 if answer is No.		

R. L. Bolmer

Date April 18, 1956

Mining Engineer
R. L. Bolmer

Defense Minerals Exploration Administration
Contract Administration and Audit Division

First Royalty Audit Certificate

I have examined the records and sales documents pertaining to the sale of Gold, Silver, Copper, Lead and Zinc ores for the period July 3, 1952 to October 30, 1954 by

Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

produced from the Hayden Shaft located in Lake County, Colorado, near Leadville, under the terms of Contract I-DMA-834, Docket No. DMA 627.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit established the total net sales of Gold, Silver, Copper, Lead and Zinc ores for this period to be $4,912.32. Royalty on these sales is due the U.S. Government at the contract rate of 5%. Royalty received on these sales is $1.80 in excess of the amount due. The royalty paid and balance of overpayment follows:

Total Royalties Paid	$247.42	
Total Royalties Due	245.62	
Balance (Overpayment)		$1.80

Dated: December 20, 1954

Donald T. Finch
Donald T. Finch
Auditor

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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First Royalty Audit Report

I. Introduction

On December 1, 1954, an audit of royalty payments received covering the period July 3, 1953 to October 30, 1954, was made of the production records and ore sales accounts pertaining to Contract I-DMA-E54, Docket DMA 627, with the

Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

covering a project of exploration for Zinc ore on property known as the Hayden Shaft, located in Lake County, Colorado, near Leadville.

The production records and ore sales amounts pertaining to this contract are in the possession of Mr. Albert W. Steeber who resides at 2515 Eaton Street, Edgewater, Colorado. Mr. Steeber is also employed by the Rio Grande Fuel Company and may be contacted at its office at West 2nd Avenue and Santa Fe Drive, Denver, Colorado.

During the course of the audit Mr. Steeber was consulted when necessary.

Mr. W.M. Traver, Chief, Mineral Resources Branch, Mining Division, and Mr. M. E. Salsbury, Mining Engineer, U.S.B.M., were both of material assistance in connection with this audit.

II. General Information

This royalty audit was made simultaneously with a Report of Review dated November 29, 1954, issued in connection with the termination of the Exploration Contract. At the time of this audit no Certificate of Discovery had been issued. It is understood that the issuance of a Certificate of Discovery has been recommended and is in process at the present time.

The total accepted cost of the Exploration Project was $42,659.52, in which the Government participated 50% or $21,329.76.

Gold, Silver, Lead, Zinc, and minor amounts of Copper are involved in the production and sales of ores subject to royalty repayments.

Production subject to D.M.E.A. repayment royalties under this contract is limited to production from two patented mining claims known as Hibernian, U.S.M.S. No. 466, and May Queen, U.S.M.S. No. 448. Production involved in this audit was incidental to the exploration operations.

The Cadwell Mining Company has some production from several other claims which, while not subject to D.M.E.A. royalty, are subject to U.S.B.M.

royalties in connection with the Leadville Drainage Tunnel project of the Bureau of Mines.

During the period July 3, 1952 to October 30, 1954, the company sold a total of 18 shipments of ore to the Resurrection Mining Company, operators of a concentrator at Leadville, Colorado. All of these shipments, which totalled 687.7655 dry weight tons, were subject to U.S.B.M. royalties. Only six of these shipments, which totalled 192.7155 dry weight tons, were subject to D.M.E.A. repayment royalties.

The Executive Officer of the D.M.E.A. Field Team, Region IV, is also Chief of the Mining Division, U.S. Bureau of Mines, Region IV.

In his dual capacity in this case he has received copies of settlement sheets for all purchases by the Resurrection Mining Company from the Cadwell Mining Company. He has also received periodic inspection reports from the Chief, Mineral Resources Branch, Mining Division, Region IV, U.S.B.M.

Periodic inspections are made of the mining operations and production including confirmation of purchase records of the Resurrection Mining Company. These inspections by representatives of U.S.B.M. are made every 30 to 60 days and are made to confirm that all production subject to Government royalties, either U.S.B.M. or D.M.E.A. or both, are properly accounted for.

For example, Mr. Salsbury, Mining Engineer, advised the Auditor his last physical inspection of the Cadwell Mining Company property was made August 25, 1954 and at that time he examined the records of the Resurrection Mining Company purchases of ore from the Cadwell Mining Company.

Mr. W.M. Traver, Chief of the Mineral Resources Branch, U.S.B.M., Region IV, advised me that he made the same detailed type of examination on October 21, 1954.

Both of the above representatives of the Bureau of Mines were of the definite opinion that all production of the Cadwell Mining Company that is subject to D.M.E.A. royalties is being properly accounted for.

Accounting records submitted by the Cadwell Mining Company for examination both for exploration operations and for production and sales have been more or less informal memoranda and work sheet summaries. So long as operations are in the development stage such memoranda records are adequate. Should volume of production increase these records would be considered inadequate.

Production records submitted for this royalty audit consisted of an abstract summary sheet of total production and sales of ore for the period July 3, 1952 to October 30, 1954. This record has been reconciled in detail with the copies of settlement sheets and inspection reports which are on file in the Office of the Chief of the Mining Division, U.S. Bureau of Mines, Region IV, who is, as previously stated, also Executive Officer of the D.M.E.A. Field Team, Region IV.

III. Scope of Audit and Findings

The audit was limited to determining the accuracy and propriety of royalty payments received by the Finance Officer during the period July 3, 1952 to October 30, 1954, and a determination that all indicated sales of ores subject to repayment royalties under the exploration contract and amendments, for which settlement sheets had been released, have been properly accounted for.

The extent of the audit and the findings follow.

A. Conference with the Examining Engineer, U.S.B.M.

This conference disclosed the following:

The operator does not stockpile ore subject to D.M.E.A. repayment royalties; neither are low grade ores, tailings or middlings stockpiled.

The operator does not commingle ores subject to D.M.E.A. repayment royalties with other production. Other production is from different sites than those involved in the exploration contract.

The assay controls in effect are considered adequate.

The manner of disposing of production is considered as giving the Government its fair royalty returns.

Periodic examinations indicate the operator is properly reporting the production of ores subject to D.M.E.A. repayment royalties.

There has been no indication that sales of ores have been made by the operator to other than the Resurrection Mining Company at Leadville, Colorado.

B. Audit of Settlement Statements.

During the audit, a statement of royalty payments received (Schedule 1) was prepared from copies of settlement sheets received by the Executive Officer, D.M.E.A. Field Team, Region IV. This statement is made a part of this report.

All data shown on Schedule 1 was confirmed by detailed recomputation. This data was also reconciled with the Abstract of Production submitted by the Cadwell Mining Company for audit.

Deductions allowed consisted of transportation charges and Federal tax thereon paid by the purchaser to Fussell Transportation Co. and Control Assay Fees paid to W.H. Smith. These payments were deducted from the gross purchase prices paid for ores received. A tabulation of these deductions follows:

Transportation	$136.36	
3% Federal Tax	4.70	
Assay Fees	33.50	
Total Allowable Deductions		$194.56

The settlement sheet dated February 24-27, Purchaser's No. 5094, Operator's No. M1, reflects an overpayment for D.M.E.A. royalty of $1.80.

The Executive Officer's copy of the settlement sheet showed a smelter value of $451.34. This figure properly computed shows $415.34. The latter figure was used by the purchaser in effecting net settlement.

The Executive Officer of the D.M.E.A. Field Team, Region IV, in a letter dated July 1, 1954 addressed to the Cadwell Mining Company, submits a tabulation of "Royalties Due", "Royalties Paid", and "Balance Due". This letter which requested payment of the "Balance Due", through oversight computed royalties due on this settlement sheet using the erroneous amount. The company paid the amount requested in the Executive Officer's letter with the result that there is an overpayment received of 5% of $36.00 or $1.80.

IV. Conclusions

Analysis of the operator's production subject to D.M.E.A. royalties follows:

Gross Weight	416,960 lbs.
Average Percent of Water	7.56%
Weight of Water	31,529 lbs.
Net Dry Weight	385,431 lbs.
Tons Dry Weight	192.7155 Tons
Gross Value Net of Treatment	$5,106.88
Allowable Deductions	194.56
Net Value	$4,912.32

Average Value Per Ton (Dry Weight)		$26.49	
Royalty Percentage		5%	
Royalties Due	$245.62		
Royalties Received	247.42		
Overpayment			$1.80

The audit has confirmed the accuracy and propriety of the royalty payments received by the Finance Officer during the period July 5, 1952 to October 30, 1954. It has also determined that all indicated sales of ores subject to D.M.E.A. royalties under the exploration contract, for which settlement sheets have been released, have been properly accounted for except the overpayment discussed in the previous section of this report.

Dated: December 20, 1954

Donald T. Finch

Donald T. Finch

Statement of Royalty Payments Received
Cadwell Mining Company
Exploration Contract I-[redacted]-[redacted]54, Docket [redacted] No. 627
Schedule No. 1

Date	Smelter's Lot No.	Producer's Lot No.	Gross Weight Pounds	Dry Weight Pounds	Dry Weight Tons	Proceeds Net of Treatment Charge	Deductions Allowed	Deductions Disallowed	Net Proceeds	Net Value Per Ton	Royalty Percentage	Royalty Due	Royalty Received	Balance Royalty Due
Ressurection Mining Company														
1952														
July 3	4291	1	114,030	110,723	55.3615	$1,270.55	$44.04		$1,226.51	$22.16	5%	$ 61.33	$ 61.33	
Sept. 22	4413	2	87,770	83,645	41.8225	1,269.73	39.40		1,230.33	29.42	5%	61.52	61.79	$ (.27)
1954														
Feb. 24 - 27	5094	E-1	35,470	31,888	15.9440	415.34	20.70		394.64	24.75	5%	19.73	21.53	(1.80)
Mar. 5 - 17	5110	E-2	64,550	57,772	28.8860	843.47	31.94		811.53	28.09	5%	40.58	40.31	.27
Mar. 22 - 30	5134	E-3	56,530	49,181	24.5905	516.89	28.84		488.05	19.85	5%	24.40	24.40	
Apr. 13 - 30	5169	E-4	58,610	52,222	26.1110	790.90	29.64		761.26	29.15	5%	38.06	38.06	
			416,960	385,431	192.7155	$5,106.88	$194.56		$4,912.32			$245.62	$247.42	$(1.89)

( ) = Red Figure

File Copy
Surname
Hoffland
Chandler
Johnson
Kiilsgaard
Selfridge
Fitzsimmons

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

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

To: Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Pursuant to the provisions of Exploration Project Contract No. Idm-434, dated June 28, 1951, Docket No. DMA-627, hereinafter called the "contract", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Drifting to the northeast of the Hayden shaft on the No. 5 level has proven the existence of lead-zinc ores occurring as a replacement within the Peerless shale formation, on the land cited in the contract.

Dated DEC 1 6 1954

THE UNITED STATES OF AMERICA

By C. M. Mitchell
Administrator, Defense Minerals Exploration Administration

WRGriswold/er (rewritten 12/13/54)
Copy to:
Docket
Irving Gumbel, Dr.,MD,EPS
Mr. Hedges, 4604
Mr. Kiilsgaard, 5224
Admr. R. File
Op. Committee
Base Metals
Cont.Adm.&Audit Div.
Finance Office
Region IV (2)
Mr. F. E. Johnson
Mr. W. R. Griswold
Mr. Fred Searls, Jr. Pres. of Resurrection Mng Co.
Chron

DEPARTMENT OF MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

Department of the Interior
Defense Minerals Administration
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REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

pertaining to Exploration Project Contract No. Idm-E34, Docket No. DMA 627, including Amendments Nos. 1 through 10, for the period June 28, 1951, to November 1, 1954, covering a project for exploration of zinc ore on property known as Hayden Shaft, located in Lake County near Leadville, Colorado.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Executive Officer of the DMEA Field Team, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a Final Audit of the Operator's accounts and records for the following reasons:

(a) All costs incurred have been previously audited (see Second Interim Audit covering period June 28, 1951 to November 30, 1952, dated December 3, 1953, by Donald T. Finch, DMEA Auditor.)

(b) No exploration work under the contract was done by the Operator subsequent to November 30, 1952, and review involved only examination of Amendment No. 10 to the contract and Liquidation Settlement approved November 1, 1954.

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

Total cost as billed by Contractor:		$43,161.75
Less: Proceeds from Property Disposition:		481.28
Net cost as claimed by Contractor:		$42,680.47
Exceptions: (Schedule attached)		
By DMEA Finance Officer	$20.95	
Herewith	None	20.95
Total Accepted Cost		$42,659.52

The contract calls for a 50% participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twenty-One Thousand Three-Hundred-Twenty-Nine and 76/100ths Dollars

- $21,329.76 -

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has or will accept the project as having otherwise met the terms of the contract.

Dated: November 29, 1954

Donald T. Finch

Donald T. Finch, Auditor

SCHEDULE OF EXCEPTIONS

Cadwell Mining Company Docket DMA 627 Contract Idm-E34

By DMEA Finance Officer:
(See Second Interim Audit Report)

Depreciation claimed by operator for use of air compressor and receiver during November, 1952. Supervising Engineer reported this equipment was not used for the project in November, 1952.	$15.59
Payroll Taxes applicable to payroll which had been previously disallowed and payroll claim adjusted by operator.	5.32
Mill adjustment or "Breakage"	.04
Total Exceptions	$20.95

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

SECOND INTERIM AUDIT CERTIFICATE

I have examined the records and transactions of:

Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

ABC
Petty

pertaining to Exploration Contract I-DMA-E34, Docket No. DMA 527, including Amendments Nos. 1 through No. 9, covering a project of exploration for zinc ore, located in Lake County near Leadville, Colorado, and commonly known as the Hayden Shaft, for the period June 28, 1951 to November 30, 1953.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit disclosed the following facts in regard to the amount to be paid the Contractor:

Total Cost per MF-104		$43101.[illegible]
Exceptions:		
Prior to Audit	$2[illegible].91	
This Audit	None	[illegible]
Total Accepted Cost		$43140.84

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Twenty-One Thousand Five Hundred Seventy and 42/100 Dollars

-$21,57[illegible].42-

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Dated: December 3, 1953

Donald J. Finch
Donald J. Finch, Auditor

SECOND INTERIM AUDIT REPORT

I. INTRODUCTION

On November 30, and December 1, 1953, a second interim audit (covering the period June 28, 1951 to November 30, 1952) was made of the records and accounts of operations pertaining to Contract I-DMA-834, Docket No. DMA 627, including Amendments Nos. 1 through 9 with the

Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

covering a project of exploration for zinc ore located in Lake County, near Leadville, Colorado and generally known as the Hayden Shaft.

The accounting records pertaining to this contract are in the possession of Mr. E. W. Lumberg, Secretary and Treasurer of the company who is also a bookkeeper at the First National Bank of Denver, Colorado. Mr. Lumberg submitted the available records to the DMEA office and was available for consultation when necessary.

II. GENERAL INFORMATION ON RECORDS

The source documents covering the costs of this project are recorded on Monthly Summary sheets which are the basis for the preparation of the Monthly MF-104 Reports. This audit, therefore, involved in general, a check of the source documents against the Monthly Summary sheets and reconciliation of these sheets with the corresponding MF-104 reports. Costs are recorded on a combination of cash and accrual basis.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety, and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher, for the month of November, 1952.

In view of the previous audit covering the period June 28, 1951 to June 28, 1952, except as otherwise indicated, this audit was restricted to the costs claimed by the Operator since that later date. This operator ceased authorized exploration operations in November, 1952. (See Amendment No. 9 to the Exploration Contract)

The first interim audit report reflected unadjusted disallowances totaling $1808.05. During the period June 29 to November 30, 1952, the Certifying Officer made additional disallowances amounting to $6[illegible]8.59. The Operator has adjusted its totals to date for all of these disallowances except two, totaling $20.91 applicable to the November 1952 MF-104.

Because of the volume of these disallowances and the Operator's method of bookkeeping, it was necessary to make complete and detailed analyses of all elements of costs for the period June 29 to November 30, 1952. The major portion of these analyses required three days. This audit report reflects corrections in accounting distribution for the entire period June 28, 1951 to November 30, 1952.

The extent of the audit and the findings under each of the "Items of Cost" follow:

(1) Independent Contracts

Not applicable.

(2) Labor and Supervision

(A) Labor

All charges under this item for the period June 29 to November 30, 1952, were checked against the recordings on the Monthly Summaries and against the Payroll sheets. The number of employees and rates of pay were within the limits authorized by the Exploration Contract and Amendments. All payroll extensions for the months of July and September were recomputed.

The acceptable total charges for Labor as of November 30, 1952 are as follows:

Balance June 28, 1952 per Previous Audit Report	$14275.26
Period June 29 to November 30, 1952	4633.07
Acceptable Total	$18908.33

(B) Supervision

All charges for this item for the period June 29, to November 30, 1952 were recorded on the monthly payrolls which were examined. These charges represent the salary of a working foreman at a rate authorized by the contract.

The acceptable total charges for Supervision as of November 30, 1952 are as follows:

Balance June 28, 1952 per previous Audit Report	$5000.00
Period June 29 to November 30, 1952	2016.03
Acceptable Total November 30, 1952	$7016.03

(C) Technical Services

Not applicable.

(3) Operating Materials and Supplies

All charges for operating materials and supplies for the period June 29 to November 30, 1952 were supported by invoices which were examined. An analysis of these charges follows:

	Balance June 28, 1952 per Previous Audit Report	Period June 29 to November 30, 1952	Accepted Totals
Timber	$1625.38	$182.21	$1807.59
Explosives	1113.60	470.75	1584.35
Pipe	455.31	---	455.31
Track	828.40	---	828.40
Other Supplies	3239.94		3239.94
Transportation of Supplies	164.20	10.11	174.31
Small Tools & Miscel. Supplies		91.20	91.20
Fuel & Compressor Oil		23.39	23.39
Vent Tube		483.48	483.48
Bits, Steel & Conditioning of Steel		92.80	92.80
Lamps & Charger		103.37	103.37
Rubber Clothing		30.65	30.65
Total Other Supplies	$3404.14	$895.00	$4299.14
Total Materials & Supplies	$7426.23	$1547.96	$8974.19

Power

All charges for the period June 29 to November 30, 1952 for electric power were supported by invoices from the Public Service Company of Colorado, which were examined.

The acceptable total power cost consists of:

Balance June 28, 1952 per Previous Audit Report	$1[illegible].88
Period June 29 to November 30, 1952	523.[illegible]
Acceptable Total November 30, 1952	$1762.01

(4) Operating Equipment

(A) Rental

Not applicable.

(B) Purchases

Not applicable.

(C) Depreciation

All charges for Depreciation of Operating Equipment for the period June 29 to November 30, 1952 were examined. These charges were on equipment and at rates authorized by Amendment No. 4 to the Exploration Contract. No logs of equipment use were available, however, the monthly reports submitted by the Supervising Engineer indicated the equipment was in use on the project. An analysis of the account follows:

Balance June 28, 1952 per Previous Audit Report		$20[illegible].79
Period June 29 to November 30, 1952		
1 Bench Grinder	$1[illegible].00	
4 Ore Cars	100.00	
1 Cage	120.46	
1 Air Compressor	233.32	
1 Slusher Hoist	73.48	
1 Shaft Hoist	389.74	
1 Jack Hammer	23.00	
1 Water Pump	34.68	
1 Jack Leg	13.00	
1 Air Receiver	14.0[illegible]	
1 Blower & Motor	38.99	
1 Ford Stake Bed Truck	21.26	1[illegible].93
Acceptable Total November 30, 1952		$3944.72

The Certifying Officer disallowed $15.59 Depreciation for November 1952. This amount represents the amount of depreciation claimed by the Operator for use of the Air Compressor and Receiver which the Supervising Engineer reported as not being used for the project in November 1952. The disallowance is confirmed.

(5) Initial Rehabilitation and Repairs

Not applicable.

(6) New Buildings and Improvements

Not applicable.

(7) Miscellaneous

(A) Repairs to Equipment

All charges for repairs to equipment for the period June 29 to November 30, 1952 were supported by invoices which were examined. Analysis of the acceptable costs follows:

Balance June 28, 1952 per Previous Audit Report	$317.0[illegible]
Period June 29 to November 30, 1952	
Repairs to:	

Compressor	$72.49	
Slusher Hoist	48.44	
Drills	109.05	
Truck	3.80	$233.78
Acceptable total November 30, 1952		$551.47

(B) Sampling and Analysis

During the period June 29 to November 30, 1952 charges to this category were for 8 assays which were supported by an invoice which was examined.

Acceptable charges consist of:

Balance June 28, 1952 per Previous Audit Report	$61.12
Period June 29 to November 30, 1952	7.75
Acceptable total November 30, 1952	$68.87

(C) Payroll Taxes

All charges for payroll taxes for the period June 29 to November 30, 1952 were confirmed by recomputation. These taxes are for F.I.C.A. at 1½%. The acceptable charges as follows:

Balance June 28, 1952 per Previous Audit Report	$292.56
Period June 29 to November 30, 1952	68.85
Acceptable total November 30, 1952	$361.41

The Certifying Officer disallowed $5.32 for payroll taxes on Salaries and Wages which had been disallowed as not applicable to the project. The Operator's records have been adjusted for the Salaries and Wages disallowed, but not for the applicable payroll taxes. This disallowance is confirmed.

(D) Workmen's Compensation Insurance

The charges for Workmen's Compensation Insurance during the period June 29 to November 30, 1952 were confirmed by recomputation. The Operator's files indicated the applicable rate at $3.44 per one hundred dollars of applicable payroll. The acceptable total consists of the following:

Balance June 28, 1952 per Previous Audit Report	$677.26
Period June 29 to November 30, 1952	231.75
Acceptable Totals November 30, 1952	$909.01

(E) Transportation

The balance shown on the Operator's MF-104 has been confirmed and has been shown in this report under Materials and Supplies.

(F) Plowing Road

There were no charges to this element of cost during the period June 29 to November 30, 1952. The previous audit report reflected an acceptable charge of $20.00.

IV. CONCLUSIONS AND RECOMMENDATIONS

This audit has disclosed that all costs, as charged to this project, with the exception of the disallowances itemized under items (4)(C) Depreciation, and (7)(C) Payroll Taxes, in the preceding section of this report, are reasonable and proper under the terms of the contract and Amendments Nos. 1 through 9.

The total to date shown on the November 30, 1952 MF-104(A) report agrees with the MF-104 report. It is suggested that elements of operational costs be adjusted to reflect the disallowances listed in this report.

The adjustments between items of cost as shown on the November 1952, prior disallowances confirmed by the audit and approved amounts are summarized as follows:

	Totals to Date MF-104 Nov.,1952	Distri-bution Corrected	Prior Dis-allowances	Accepted Totals
Independent Contracts				
None	--------	-------		--------
Labor and Supervision				
Labor	$18808.33	$18908.33		$18908.33
Supervision	7716.63	7616.63		7616.63
Technical Services	--------	-------		--------
Operating Materials & Supplies				
Timber	1949.04	1807.29		1807.29
Explosives	1443.35	1584.35		1584.35
Pipe	455.01	455.01		455.01
Track	828.40	828.40		828.40
Supplies	4120.83	4299.14		4299.14
Power	1785.61	1785.61		1785.61
Operating Equipment				
Rental	-------	-------		-------
Purchase	--------	-------		-------
Depreciation	3960.31	3960.31	$15.59	3944.72
Initial Rehab litat on & Repairs	------	------		-------
New Buildings & Improvements	------	------		-------
Miscellaneous				
Repairs to Equip.	554.72	551.47		551.47
Sampling & Analysis	68.87	68.87		68.87
Payroll Taxes	366.73	366.73	5.32	361.41
Workmen's Compensation	909.61	909.61		909.61
Transportation	174.31	-------		------
Plowing Road	20.00	20.00		20.00
Totals	$43161.75	$43161.75	$20.91	$43140.84

At the conclusion of the audit, the findings were discussed with Mr. E. W. Lumberg, Secretary-Treasurer, and Mr. W. H. King, Executive Officer, DMEA, Field Team, Region IV.

December 3, 1953

Donald T. Finch

Donald T. Finch, Auditor

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of:

CADWELL MINING COMPANY

2450 Kendall Street

Edgewater, Colorado

SEP 3 1952

pertaining to Exploration Project Contract No. idma-E34, Docket No. DMA 627, for the period of June 28, 1951, to June 30, 1952.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The Audit disclosed the following facts in regard to amount to be paid the Contractor:

Total Cost as Billed by Contractor		$34,616.82
Exceptions (See Audit Report for) (details)		
During this Audit	$1672.63	
Prior to this Audit	135.42	1,808.05
Total Accepted Cost		$32,808.77

The Contract calls for a 50 percent participation of Exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Sixteen Thousand four-hundred and four Dollars and 39/100

-$16,404.39-

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

September 3, 1952

Donald T. Finch

Donald T. Finch
Auditor, Region IV

Cadwell Mining Company
Exploration Project Contract
No. IDMA-E-34
Docket DMA 627

I. INTRODUCTION

An Audit was made on August 25 to 29, 1952 of Defense Minerals Exploration Contract No. E34, Cadwell Mining Company. The records pertaining to this contract are in the possession of Mr. E. W. Lumberg, Secretary-Treasurer. Mr. Lumberg is a bookkeeper at the First National Bank, Denver, Colorado. The exploration work is being done through the Hayden Shaft, May Queen and Hibernian patented claims located near Leadville, Colorado. Leadville is approximately 125 miles from Denver, Colorado. The Audit covered the period June 28, 1951 (contract date) through June 30, 1952 of the contract that continues until June 28, 1953. Mr. Lumberg submitted the available records to the DMEA office and was available for consultation when necessary.

II. EXTENT AND SCOPE OF AUDIT

1. Labor

Payrolls for the period of June 28, 1951 through June 30, 1952 were examined and computed for accuracy. Rates of pay were compared with the contract and amendments. A survey of wage scales in effect in the Leadville area prepared by the Bureau of Mines was also examined in order to determine if the operator's wage scale conformed with the provisions of amendment No. 3 to the Contract.

The Operator employes four men and a mine superintendent. Payroll data submitted for examination consisted of a monthly summary sheet showing number of shifts for each employee and total wages earned with withholdings deducted and net amount due. These summary payrolls were used to support transfers of cash from the company's bank account at the First National Bank, Denver, Colorado to the company's bank account at

the Commercial Bank at Leadville, Colorado. In addition to the payroll summaries, the operator submitted card records for each employee showing earnings and withholdings for the calendar year, 1951.

Mr. Lumberg advised that the payroll summaries were prepared by the mine superintendent and so far as he knew, no daily record was kept except on a temporary and memorandum basis.

2. Supervision

The salary of the mine superintendent was compared with the contract and was found to be equal or lower than the rate specified.

3. Operating Materials and Supplies

(Timber, Explosives, Pipe, Track, Other Supplies, and Power)

All invoices for the captioned items of cost for the period of June 28, 1951 through June 30, 1952 were examined. Supplies are purchased as needed and are charged direct to the project, net of cash discounts if any.

A random examination of cancelled bank checks in payment of these invoices was made.

4. Operating Equipment

(Depreciation)

All charges for depreciation (rental) for the period of June 28, 1951 through June 30, 1952 were checked and compared with the provisions of the Contract and of Contract Amendment No. 4.

5. Miscellaneous

(Repairs to Equipment, Sampling and Analysis, Payroll Taxes, Workmen's Compensation, Plowing Road)

All invoices or other accounting support for the items listed above were examined for the period June 28, 1951 through June 30, 1952.

6. Contingencies

(Transportation)

All invoices for transportation were examined for the period of June 28, 1951 through June 30, 1952. It was suggested to Mr. Lumberg that he show this item as a charge to the appropriate Supplies accounts.

III. FINDINGS

The records as maintained prior to this Audit by the Cadwell Mining Company were inadequate. Accounting distribution of costs to various accounts had been in many instances, carelessly made. For example the item of Payroll Taxes as shown on the MF104 form contained charges for overtime, for Plowing road, and a long-distance telephone call.

Invoices and other accounting support were not referenced as to applicable cancelled bank checks or as to account distribution. This data was assembled without regard to sequence in a large envelope for each month.

No analysis or summary sheet of any kind was submitted for examination. So far as could be determined, the operator does not maintain a conventional set of accounting records. The operator was therefore, requested to prepare Monthly analysis and distribution sheets, reference each invoice as to check issued in payment thereof, and as to account distribution. It was suggested that the foregoing monthly analysis be made so as to reflect the elements of costs as reflected on the MF-104 form currently in use.

Mr. Lumberg complied with the outlined requests. It is interesting to note the operator did not retain any invoices applicable to the months of May and June, having filed these items with the applicable MF-104.

Analysis of the invoices for this month was, therefore, made by Mr. Lumberg in the DMEA office since the filed data had become an integral part of the Finance Officer's records. It was suggested to Mr. Lumberg that the operator submit certified copies of documentation when filing future MF-104 forms.

Because of the conditions of the operator's records, it was necessary for the Auditor to reconstruct all totals to date as shown on the MF-104 for June, 1952.

The total to date on the MF-104 for June, 1952 does not include a total of $23.31 shown on a March, 1952 Supplemental MF-104 and which was accepted by the Finance Officer.

Exceptions taken during the Audit amounted to $1672.63 and Exceptions taken by the DMEA Finance Officer prior to the Audit and which had not been reflected on the operator's records, amounted to $135.42. These exceptions cover the period of June 28, 1951 through June 30, 1952. They are itemized by months on Schedule A attached.

It is believed the exceptions as listed are, for the most part, self explanatory. Attention is, however, directed to the exceptions of the Salary of $50.00 paid for July and August, 1951 to the Secretary-Treasurer. Exhibit A of the contract provides for office expense. The operator, however, does not maintain an office and the Exhibit A does not provide for a salary for Mr. Lumberg. From the condition of the records prior to the audit, there is no indication that any worth while accounting services were rendered.

Exceptions to Workmen's Compensation Insurance were based on the excess of such charges over the rates for Workmen's Compensation and for Occupational disease.

Amendment No. 3, effective April 1, 1952 provides for compensation

for a bookkeeper not to exceed $30.00 per month. As of June 30, 1952, the operator had not submitted a claim for such compensation.

Because of the many exceptions and changes in distribution discovered during the audit, Schedule B attached was prepared. This schedule shows the totals to date as shown on the operator's filed MF-104, the data shown on the operator's March Supplemental MF-104, the corrected distribution of the operator's data as filed, exceptions prior to audit, exceptions during audit and corrected totals to date as of June 30, 1952.

In order to facilitate reconciliation with previous filings by this operator, schedule C attached was prepared. This schedule shows exceptions taken prior to the audit which the operator had accepted and had reflected in its subsequent filings.

No further exceptions are taken, the costs being reasonable, proper and within the terms of the contract and amendments.

IV. RECOMMENDATIONS

The Audit Certificate, prefacing this report, reflects the amount of the costs properly chargeable to this project through June 30, 1952.

SCHEDULE "A"
Cadwell Mining Company
Exceptions

1951

	During Audit		Prior to Audit	
July				
Purchases Prior to Contract				
Repairs	$ 66.47			
Tools	116.24			
Supplies	182.98			
Pipe	810.36			
Workmen's Compensation Insurance Applicable to April, 1951	44.00			
Total Costs incufred prior to Contract date of 6/28/52	$1220.05			
Supplies (returned mdse)	4.33			
Supplies (No invoices)	4.60			
Supplies (Net Sales Tax on Company equipment)	9.51			
Transportation on Company Equipment under depreciation schedule	60.00			
Transportation (No Invoice)	2.09			
Insurance on Compressor	2.70			
Salary paid to Sec. & Treasurer	50.00			
Total Exceptions June		$1353.28		
August				
Salary paid to Sec. & Treasurer			$50.00	
Long Distance phone call	5.72			
Insurance on Compressor	2.70			
Prepaid Freight & Sales Tax applicable to Company equipment on Depreciation Schedule	16.15			
Total Exceptions August		24.57		$50.00
September				
Overcharge workmen's compensation Insurance	85.44			
Insurance on Compressor	2.70			
Total Exceptions September		88.14		
October				
Insurance on Compressor	2.70			
Travel Expense Mine Super.	19.60			
Total Exceptions October		22.30		
November				
Rental Framing Saw			3.50	
Duplication for overtime charges			59.69	
Insurance on Compressor	2.70			
Property Insurance	97.55			
Personal item charged to Supplies	5.61			
Total Exceptions November		105.86		63.19

SCHEDULE "A" (con't)
Cadwell Mining Company
Exceptions

	During Audit		Prior to Audit	
1951				
December				
Rental (Depreciation) Framing Saw			$ 3.50	
Overcharge-Workmen's Compensation Insurance	$ 8.54			
Insurance-Compressor	2.70			
Total Exceptions, December		$11.24		$ 3.50
1952				
January				
Overcharge Workmen's Compensation Insurance	$ 4.63			
Insurance-Compressor	2.70			
Total Exceptions-January		7.33		
February				
Overcharge Workmen's Compensation Insurance	2.26			
Insurance-Compressor	2.70			
Total Exceptions February		4.96		
March				
Overcharge Workmen's Compensation Insurance	4.12			
Insurance, Compressor	2.70			
Total Exceptions March		6.82		
April				
Overcharge Workmen's Compensation Insurance	9.95			
Supplies:-No invoice	3.12			
Insurance-Compressor	2.70			
Total Exceptions April		15.77		
May				
Overcharge Workmen's Compensation Insurance	6.83			
Insurance-Compressor	2.70			
Supplies:-no invoice	7.31			
Total Exceptions, May		16.84		
June				
Supplies			6.43	
Liability Insurance: Auto			9.60	
Insurance-Compressor			2.70	
Overcharge Workmen's Compensation Insurance	9.32			
Supplies:-No Invoices	6.20			
Total Exceptions June		15.52		18.73
TOTAL EXCEPTIONS FOR PERIOD OF JUNE 28, 1951 THROUGH JUNE 30, 1952		$1672.63		$135.42

CADWELL MINING COMPANY

SCHEDULE "B"

CORRECTED TOTALS TO DATE-FORM MF104

JUNE, 1952

E 34

	MF 104 TOTALS TO DATE 6/30/52 AS FILED	SUPPLE-MENTAL MF 104 MARCH 1952	CORRECTED DISTRI-BUTION OF OPERATOR'S DATA	EXCEPT-IONS PRIOR TO AUDIT	EXCEPT-IONS DURING AUDIT	MF 104 CORRECTED TOTALS TO DATE 6/30/52
LABOR	$16793.90	$ 10.00	$14334.95	$ 59.69		$14275.26
SUPERVISION	3154.00		5704.00	50.00	$50.00	5604.00
TIMBER	309.00		1625.08			1625.08
EXPLOSIVES	1064.60		1113.60			1113.60
PIPE			1265.37		810.36	455.01
TRACK			828.40			828.40
SUPPLIES	7243.23		3486.18	6.43	239.81	3239.94
POWER	1261.86		1261.86			1261.86
PURCHASE OF OPERATING EQUIPMENT	2879.79					
DEPREC. EQUIPMENT.			2879.79	7.00		2872.79
REPAIRS TO EQUIPMENT	202.20		384.16		66.47	317.69
SAMPLING & ANALYSIS	61.12		61.12			61.12
PAYROLL TAXES	386.02	13.31	292.56			292.56
LIABILITY INSURANCE	9.60		9.60	9.60		-0-
WORKMEN'S COMPENSATION	852.35		852.35		175.09	677.26
INSURANCE-COMPRESSOR	32.40		32.40	2.70	29.70	-0-
TRANSPORTATION	245.89		245.89		81.69	164.20
PROPERTY INSURANCE	97.55		97.55		97.55	-0-
TOOLS			116.24		116.24	-0-
PLOWING ROAD			20.00			20.00
PHONE			5.72		5.72	-0-
TOTALS	$34593.51	$23.31	$ 34616.82	$ 135.42	$1672.63	$32808.77

SCHEDULE "C"

CADWELL MINING COMPANY— E 34

EXCEPTIONS BY FINANCE OFFICER WHICH OPERATOR ACCEPTED AND ADJUSTED ITS FORMS MF - 104

1951			
December			
Labor	$ 10.00		
Long-Distance Telephone Call	4.63		
Total December, Adjusted by Operator on Form MF 104 for February, 1952		$ 14.63	
1952			
January			
Equipment Rental (Depreciation)	3.50		
Duplication of Overtime Charges	34.29		
Total January, Adjusted by Operator on Form MF 104 for February		37.79	
February			
Personal Property Taxes	86.70		
Total February, Adjusted by Operator On Form MF 104 for March		86.70	
May			
Overcharge, Payroll Taxes	.50		
Total, May adjusted by Operator on Form MF 104 for June		.50	
TOTAL EXCEPTIONS BY FINANCE OFFICER WHICH OPERATOR ACCEPTED AND ADJUSTED ITS FORMS MF 104 FOR THE PERIOD OF JUNE 28, 1951 THROUGH JUNE 30, 1952			$ 139.62

Docket Copy

DEPARTMENT OF THE INTERIOR
RECEIVED
FEB 12 1954

EXPLORATION PROJECT CONTRACT
CADWELL MINING COMPANY
DOCKET NO. DMA-627

AMENDMENT NO. 10

It is agreed this 12th day of February, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Cadwell Mining Company, that Exploration Project Contract I-DMA-E34, Docket No. DMA-627, dated June 28, 1951, as amended, is further amended, effective October 1, 1953, as follows:

1. a. Work under the contract shall be suspended during the period beginning October 1, 1953, and ending not later than June 28, 1954.

b. No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government.

c. The Operator, at his own cost and expense, without contribution by the Government, during the period of suspension shall preserve the project work and any property in which the Government has an interest.

d. The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred if there had been no suspension of work.

2. In Article 3 of the contract, the period 3 years, provided by Amendment No. 8, is deleted, and the period "3 years and 6 months" is substituted.

3. The provisions of Annex I, attached hereto and made a part hereof, are substituted for the provisions of Article 14 of the contract form.

4. It is of the essence of this contract that work be resumed on or before June 28, 1954; and if the work is not resumed within the time limited, in a manner required to bring the project to completion as required:

a. All obligation of the Government to contribute to costs not incurred before October 1, 1953, shall be and is hereby terminated except for necessary and reasonable

costs and expenses incurred in—

(1) preserving and disposing of property to the cost of which the Government has contributed, and

(2) making and rendering reports, accounts, and winding-up and settlement actions provided for in the contract.

b. The Operator shall promptly perform all winding-up and settlement actions provided for in the contract, including the disposal of any facilities, buildings, fixtures, equipment, or other items to the cost of which the Government has contributed; and shall promptly render to the Government a final report and a final accounting.

c. All rights of the Government with respect to a percentage royalty under the provisions of Annex I, attached hereto, shall be and are preserved.

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C P Mitteudorf
Administrator, Defense Minerals Exploration Administration

Burton Hoffman Chamberlin

CADWELL MINING COMPANY

By S. C. Phillips

EXPLORATION PROJECT CONTRACT
CARBIDE MINING COMPANY
DOCKET NO. [illegible]

RECEIVED
[illegible] 8 - 1954

ANNEX X

The following provisions are in lieu of Article 14:

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by this contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other amounts realized from the sale or other disposition of any such production (including any bonuses, premiums, allowances, or other benefits), in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) percent of any such net amounts, plus one-half ($\frac{1}{2}$) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of

No. 9

AMENDMENT OF CONTRACT: No. I-DMA-E34

AEKone 8/4/53 Rubin

Contract Docket No. DMA 627, dated June 28, 1951, between the United States of America and Cadwell Mining Company is hereby amended as follows:

> Whereas operations under Contract I-DMA-E34 were recessed during the month of November 1952, now therefore execution of this document constitutes authorization for a recess of operations under the contract contingent on the following conditions:
>
> 1. Work under the terms of the contract shall be resumed on, or before, October 1, 1953.
>
> 2. The operator hereby releases and agrees to save harmless the Government from all claims and demands arising out of circumstances or conditions that may develop at the site of the DMEA project during the period operations are recessed.
>
> 3. The operator agrees to preserve and protect the Government's interest in the work performed to date from any and all causes resulting from the recess of operations, to the best interest of the parties concerned, without cost to the DMEA project.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated JUL 23 1953

CADWELL MINING COMPANY

By R. W. Lumberg

UNITED STATES OF AMERICA

By W. H. King
W.H. King, Executive Officer,
DMEA Field Team, Region IV

Seal

Docket Copy

EXPLORATION PROJECT CONTRACT
CADWELL MINING COMPANY
DOCKET NO. DMA-627

AMENDMENT NO. 8

It is agreed this 3rd day of July, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Cadwell Mining Company, each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract I-DMA-E34, Docket No. DMA-627, dated June 28, 1951, as amended, between the parties hereto, be further modified and amended as of said date as follows:

1. In Article 3 of the contract form, the words "2 years" are changed to read "3 years."

2. Wherever they appear in Article 14 of the contract form, the words "ten (10) years" are hereby changed to "eleven (11) years."

This amendment shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. A. Mittendorf
Administrator, Defense Minerals
Exploration Administration

CADWELL MINING COMPANY

Oscar Rubin
Chairman

By E. W. Lumberg

No. 7

AMENDMENT OF CONTRACT: No. I-DMA-E34

Contract Docket No. DMA 627, dated June 28, 1951, between the United States of America and Cadwell Mining Company is hereby amended as follows, effective October 17, 1952:

> Referring to the Amendment dated January 28, 1952, which amended paragraph 1 of EXHIBIT "A" - Exploration Project, attached to Exploration Project Contract Form MF-200, further referring to said Amendment, first paragraph under the statement "Insert the following:", add the following:
>
> "Surveying, engineering, or work incident thereto, is an allowable cost of the project, to the extent approved by the DMEA representative, when such work is a necessary prerequisite in the preparation of maps and assembling data in the formulation of drilling or drifting plans.
>
> "Costs of such work may be charged to funds allocated to drilling or drifting as the case may be. Such work may include the cost of removal and replacement of track and pipe as required to accomplish geophysical surveys. Such costs will be recorded as a separate item of work in the breakdown of costs on Form MF-104A under the heading of "Engineering and Planning."
>
> "The Government shall be furnished with a complete report, including maps, of any work performed which benefited from incident cost in which the Government participated."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated November 19 1952

CADWELL MINING COMPANY

By L. W. Lumberg

(Seal)

UNITED STATES OF AMERICA

By W. H. King

Executive Officer, DMEA
Field Team, Region IV

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 22, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMA 627, Contract I-DMA-E34 (Lead-zinc), Cadwell Mining Company (Hayden shaft), Lake County, Colorado

The attached original and four copies of a letter from R. B. Patrick, superintendent of the underground operation of the subject contract, constitutes a request for authority from DMEA representatives and agreement to government participation in a geophysical program in the north drift on the fifth level of the Hayden shaft where exploration is now in progress.

It is the opinion of the field that the program proposed will prove of sufficient benefit to the project to justify fully the expense involved and I recommend that you authorize the work whenever Dr. Brant's crew is available. It is assumed five days' labor will be required for removal and replacement of the track and pipe and the project labor force will be employed on other work concerned with exploration or in assisting the geophysicists for the two days required to make the survey.

/s/ W.M. Traver, Jr.

W.M. Traver, Jr.

enclosures

WMT:amh
cc WHKing
E34
DMEA Chron.

407 East 8th Street
Leadville, Colorado
October 17, 1952

Mr. W. L. Traver, Jr.
United States Bureau of Mines
Building 20, Denver Federal Center
Denver, Colorado

Dear Sir:

Mr. Lundberg has asked me to give you the following information concerning the proposed geophysical work in the north drift, Hayden shaft fifth level. The Cadwell Mining Company is requesting that the delay in advancing the drift be allowed under the lean now in effect.

The work will be an electrical survey conducted by the geophysical crew now doing work for the Resurrection Mining Company and employed by the Newmont Mining Company. They are under the direction of Dr. Brant who has been employed by Newmont for several years doing mining geophysical exploration.

It will be necessary to remove all track and pipe from the drift so that there will be no possibility of obtaining false anomolies. This will take about two days. About two days will be necessary for the survey and three to replace the track and pipe. This makes a total of seven days in which no advance will be made. This is a rather insignificant expense in comparison with the benefits which may be gained.

The geophysical crew will be doing surface work until weather conditions make this impossible. They propose to do the work at the Hayden following the beginning of winter.

Yours truly,

Cadwell Mining Company

R. B. Patrick

R. B. Patrick, Supt.

No. 6

AMENDMENT OF CONTRACT: No. I-DMA-E34

Contract Docket No. DMA 627, dated June 28, 1951, between the United States of America and Cadwell Mining Company is hereby amended as follows, effective as of the date of said contract:

> Referring to Amendment No. 2, dated January 28, 1952, which amended "EXHIBIT A - Exploration Project," paragraph 1, following the paragraph headed by the statement "Insert the following:" add the following:
>
> Raising to explore favorable ore horizons, to the extent and at locations approved by the DMEA Representative, may be substituted in lieu of an equal footage of the authorized footage of drifts and crosscuts.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated September 25th, 1952

CADWELL MINING COMPANY

By E. W. Lumberg

UNITED STATES OF AMERICA

By W. H. King
Executive Officer - DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado

September 4, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMA 627, Contract I-DMA-E34, Cadwell Mining Company, Hayden shaft, Park County, Colorado - Amendment to contract

Please find enclosed the original and five copies of M. H. Salsbury's memorandum recommending an amendment to the subject contract to provide for a raise to the Peerless shale, not to exceed 50 feet.

Doris C. Davies,
for W. M. Traver, Jr.

Enclosures

WMT/bam

cc 5
E34
DMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Leadville, Colorado
August 18, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: M. H. Salsbury

Subject: DMA 627, Contract I-DMA-E34, Cadwell Mining Company, Hayden Shaft, Park County, Colorado - Amendment to contract

I visited the Hayden mine this morning and found that Mr. Patrick wants to put up a raise on a small streak (about 1/2-inch wide) showing galena and sphalerite to find out what it does in the shale beds of the Pearlens, some 20 to 30 feet above. The streak was cut at about 400 feet from the shaft and strikes east and west, dipping steeply to the south. As I recall the contract, no raising is provided for. If this is so, the operators should request an amendment to cover the proposed work. It is a good piece of exploration and I will recommend it.

for Doris C. Davies,
M. H. Salsbury
Mining Engineer

cc 5
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DMEA Chrom.

COPY

2450 Kendall Street
Edgewater, Colorado
August 19, 1952

Mr. J. H. East, Regional Director
U. S. Bureau of Mines
224 Custom House
Denver, Colorado

Re: DM-A-627 Contract I-DMA-E-34

Dear Mr. East:

We request an amendment of our contract to drive a fifty-foot raise four hundred feet from the shaft into the shale beds following a small fissure that rises into the peerless shale.

Very truly yours,

THE CADWELL MINING COMPANY

/s/ S. C. Phillips
S. C. Phillips, Pres.
by NPD

No. 5

AMENDMENT OF CONTRACT: No. I-DMA-E34

Contract Docket No. DMA 627, dated June 28, 1951, between the United States of America and Cadwell Mining Company is hereby amended as follows, effective August 13, 1952:

Referring to Amendment No. 4, dated May 27, 1952, which amended "EXHIBIT C" attached to Exploration Project Contract Form MF-200, under the caption "EXHIBIT C - Operating Equipment," subheading "(a) To be purchased", delete the word "None" and in lieu thereof substitute the following:

4	Wheat, Model GZW, Miners Lamps at $24.95 each	$99.80
4	Number 586 Lamp Chargers at $12.50 each	50.00
1	Electric Time Clock Regulator	6.75

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated September 23, 1952

CADWELL MINING COMPANY

By L. W. Lumberg

UNITED STATES OF AMERICA

By W. H. King
Executive Officer - DMEA
Field Team, Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado

August 25, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMA 627, Idm-E34, Cadwell Mining Company (Hayden shaft), Lake County, Colorado - Amendment to contract

Attached please find the original and five copies of R. D. Berkenkatter's memorandum recommending an amendment to the contract allowing purchase of operating equipment (mine lamps), at a total cost of about $156.55. I agree with the recommendation.

W. M. Traver, Jr.

W. M. Traver, Jr.

Enclosures

WMT/bam

cc 5
E34
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado

August 25, 1952

Memorandum

To: Chief, Colorado Branch, Mining Division, Region IV

From: Richard D. Berkenkotter

Subject: DMA 627, Idm-E34, Cadwell Mining Company (Hayden shaft), Lake County, Colorado - Amendment to contract

S. C. Phillips, president of Cadwell Mining Company has submitted a request for an amendment to the subject contract to purchase the following operating equipment:

4 G2W Wheat miners' lamp spot reflectors at $24.95 each	$99.80
4 586 lamp chargers at $12.50 each	50.00
1 Electric time clock to regulate the charging hours for the battery units	6.75
Total	$156.55

In view of the facts that the above equipment costs are not excessive and that the efficiency of the workman concerned will be increased and their working conditions and safety bettered, an amendment allowing this purchase is recommended. Purchase of the required lamps will be to the Government's benefit as a partner in the exploration contract.

Receipted invoices supporting the equipment purchases should be required.

Richard D. Berkenkotter
Richard D. Berkenkotter
Mining Engineer

RDB/bam

cc WHKing (5)
E34

_C_O_P_Y_

2450 Kendall St.
Edgewater, Colorado
August 13, 1952

Mr. J. H. East, Regional Director
U. S. Bureau of Mines
224 Custom House
Denver, Colorado

Re: DMA-627
Contract I-DMA-E-34

Dear Mr. East:

We request an amendment of our contract to purchase the following supplies:

(1)	Four G 2 W	Wheat Miners Lamp Spot Reflectors @ $24.95 each----------	$99.80
(2)	Four 586	Lamp Chargers @ $12.50 each-------	50.00
(3)	One	Electric Time Clock to regulate the charging hours for the battery units----------	6.75

Thank you for your attention of the above.

Very truly yours,

THE CADWELL MINING COMPANY

/s/ S.C. Phillips - by N.S.D.

S.C. Phillips, Pres.

No. 4

AMENDMENT OF CONTRACT: No. I-DMA-E34

Contract Docket No. DMA 627, dated June 28, 1951, between the United States of America and Cadwell Mining Company is hereby amended as follows, effective April 1, 1952:

Referring to "EXHIBIT C" Attached to Exploration Project Contract Form MF-200, delete the said exhibit in entirety and in lieu thereof substitute the following:

EXHIBIT C - Operating Equipment

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
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(a) To be purchased:

None

(b) To be rented:

None

(c) To be furnished by the operator:

Item	Value		Allowable Monthly Depreciation Rate
1 Bench Grinder	$ 150.00		$ 2.50
4 Ore Cars (@ 375.00 ea.)	1500.00	(@ $6.25 ea.)	25.00
1 Cage	1700.00		28.33
1 Air Compressor	3500.00		58.33
1 Slusher Hoist	1102.00		18.37
1 Tugger Hoist	1000.00		16.67
1 Shaft Hoist	5500.00		91.66
1 Air Trammer	2000.00		33.33
1 Mucking Machine	3200.00		53.33
1 Jackhammer	345.00		5.75
1 Stoper Drill	610.00		10.17
1 Jackleg	195.00		3.25
1 Air Receiver	210.00		3.50
1 Water Pump	520.00		8.67
1 Truck (Ford stake bed)	250.00		5.00
1 Blower (complete with motor)	550.00		9.17

Depreciation for each item of the above listed equipment is allowable only for the months during which the equipment is used for the benefit of the Project.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government

may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated May 27, 1952.

gwo

CADWELL MINING COMPANY

By S C Phillips

UNITED STATES OF AMERICA

By W. H. Kemp
Executive Officer - DMEA

No. 3
Docket Copy
Lead, Zinc

AMENDMENT OF CONTRACT: No. I-DMA-E34

Contract Docket No. DMA-627, dated June 28, 1951, between the United States of America and Cadwell Mining Company is hereby amended as follows, effective April 1, 1952:

> Referring to "EXHIBIT D - Labor and Supervision" attached to Exploration Project Contract Form MF-200, under "Classification" add the following: "Bookkeeper - not to exceed $30.00 per month"; and "Mucker" and "Timberman" the daily wages of which will not exceed the prevailing rates being paid in the Leadville Mining District.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated May 27, 195__.

CADWELL MINING COMPANY

By S C Phillips

UNITED STATES OF AMERICA

By W. H. King
Executive Officer - DMA

jwr

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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JUN 2 1952

SJS

AMENDMENT OF CONTRACT: No. I-DMA-[illegible]

Contract Docket No. DMA-647, dated June 28, 1951, between the United States of America and Cadwell Mining Company, is hereby amended as follows, effective as of the date of said contract.

Referring to paragraph 1, Exhibit A, Exploration Project attached to Exploration Project Contract form NF-200, delete the following:

> "The exploration project to consist of continuing the present retimbering program in the Hayden Shaft from end of the new timber at the date of this contract to the bottom of the shaft, to drive 1500 feet of drift from the bottom level of the shaft to explore the length of the claims and to drill a maximum of 5250 feet of diamond drill hole to explore favorable limestone horizons above and below the drifts."

Insert the following:

> "The exploration project to consist of continuing the present retimbering program in the Hayden Shaft from the end of the new timber at the date of this contract to the bottom of the shaft, and to drive approximately 1500 feet of drifts and crosscuts. This drifting and crosscutting may be on any or all of the three lower levels. A maximum of 5250 feet of diamond drill holes may be drilled to explore favorable limestone horizons above and below the drifts. Rehabilitation of the three lower levels is an allowable cost of the project."

Referring to Exhibit A, Exploration Project, under the title, "The program to consist of the following projects:" Article (2), delete the following: "Drifting on 400 foot level of Hayden Shaft 1500 feet @ $21.00 per foot." Insert the following: "Rehabilitating the three lower levels. Drifting and crosscutting on the three lower levels of the Hayden Shaft, 1500 feet at $21.00 per foot."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 11 of the contract form.

Dated January 28 1952.

CADWELL MINING COMPANY

By [illegible]

FEB 1 1952

UNITED STATES OF AMERICA

By [illegible]

Executive Officer - DMEA

[illegible] No. [illegible]

Contract [illegible] No. [illegible], dated June [illegible], 1952, between [illegible] Lumber and Mining Company, is hereby amended as follows, effective as of the date of said contract.

[illegible] paragraph [illegible], Article [illegible], Conservation Project [illegible] Section [illegible] of Contract Form M-[illegible], delete the [illegible] to read:

"The conservation project, as amended or continuing [illegible] the [illegible] existing [illegible] in the Hayden Creek [illegible] of the [illegible] Lumber at the date of this contract [illegible] the [illegible] of the stream, to drive 1500 feet of earth from the [illegible] level of the ghost to [illegible] the length of the [illegible] and to install a maximum of 5250 feet [illegible] which [illegible] to maintain favorable [illegible] conditions [illegible] below the dam."

Insert the following:

"The [illegible] project to consist of constructing the [illegible] retaining [illegible] in the Hayden Creek [illegible] the end of the [illegible] of the dam of this contract [illegible] the bottom of the [illegible] approximately 1500 feet of [illegible] and [illegible] the three lower levels. A maximum of 5250 feet of [illegible] may be installed to maintain favorable [illegible] conditions below the dam. Rehabilitation of the three lower levels is [illegible] case of the project."

[illegible] Article A, [illegible] project, under the title, "The [illegible] consist of the following [illegible]" Article (2), delete the [illegible] consisting of 1,000 feet level of Hayden Creek 1500 feet [illegible] 1,000 feet." Insert the following: "Rehabilitating the three lower levels, including the [illegible] on the three lower levels of the [illegible], 1500 feet [illegible]."

[illegible] shall [illegible] be considered to increase the estimated total cost of the project, nor [illegible] the Government [illegible] the [illegible] of the contract [illegible] the provisions of Article [illegible] of the contract [illegible].

[illegible] _____, 1952.

[illegible]

[illegible]

[illegible]

DEFENSE MINERALS ADMINISTRATION
WASHINGTON, D.C.
OCT 22 11 00 AM '51

R + R

AMENDMENT OF CONTRACT: No. I-DMA-[illegible]

Contract Docket No. DMA-627, dated June 28, 1951, between the United States of America and Fadwell Mining Company is hereby amended as follows, effective as of the date of said contract:

1. The schedule in Exhibit "B" attached to the contract form under the title "Labor and Supervision" amended to provide for payment of labor at the wages prevailing in the Southwest Districts instead of the maximum daily rates listed in Exhibit "B".

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may pay or the percentage of the costs which the Government may pay under the provisions of Article 13 of the contract form.

Dated September 24, 1951.

CARMEL MINING COMPANY

By [illegible]

UNITED STATES OF AMERICA

By [illegible]
Executive Officer - DMA

MF-200
(April 1951)

Docket No. DMA 627
Commodity Zinc

I-DMA-E34

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 28th 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] Cadwell Mining Company
2450 Kendall Street
Edgewater, 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 Lake described as follows: [3] Hibernian USMS No. 466 and May Queen USMS No. 448, two patented mining lode claims situated in Sec. 19, T9S, R79W in Leadville (California) Mining District.

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 (30) days from the date of this contract shall commence work on a project of exploration for [5] zinc ore; 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.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* 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 50 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 $44,961.00, which is 50 percent of the agreed estimated total cost of this project, $89,922.00.

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~~ sextuplet the day and year first above written.

Cadwell Mining Company
(Operator)

By J. C. Phillips

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals Administration

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

EXHIBIT A - Exploration Project

The exploration project to consist of continuing the present retimbering program in the Hayden Shaft from end of the new timber at the date of this contract to the bottom of the shaft, to drive 1500 feet of drift from the bottom level of the shaft to explore the length of the claims and to drill a maximum of 5250 feet of diamond drill hole to explore favorable limestone horizons above and below the drifts.

The program to consist of the following projects:

(1) Retimbering of Hayden Shaft 200 feet @ $80.00 per foot	$17000.00
(2) Drifting on 400 foot level of Hayden Shaft 1500 feet @ $21.00 per foot	31500.00
(3) Diamond drilling on 400 foot level of Hayden Shaft 30 holes x 175 feet average length @ $6.00 per foot	31500.00
Total	$79900.00

The above costs for retimbering, drifting, and diamond drilling is to include all direct costs of labor, supplies, utilities, supervision, and office expense.

In addition to the above costs, the following costs are allowable as calculated and shown under Exhibits B and C:

Additional facilities	(Exhibit B)	$5000.00
Equipment rental	(Exhibit C)	2922.00
Total for Project		$87922.00

EXHIBIT B - Fixtures and Improvements

The project involves the installation of water lines and power lines into the premises which is estimated as follows:

Water line - 800 feet @ $4.00 per foot	$3200.00
Power line - 600 feet @ $3.00 per foot	$1800.00

The Government will participate in the actual cost of the above fixtures to a maximum of $2500.00. No other costs for fixtures and improvements are allowable under this contract.

EXHIBIT C

The project involves use of the following operating equipment:

ITEM	PRICE	ITEM	PRICE
Bench Grinder	$ 150.00	Hoist	$ 5500.00
Ore Cans	2180.00	Air Pump	900.00
Cage	1700.00	3-Jack Hammers	1035.00
Air Compressor	3500.00	2-Stoper Drills	1220.00
Slusher Hoist	1102.00	Air Receiver	210.00
Tugger Hoist	1000.00	3-Jack Legs	585.00
Air Trammer	2000.00	Water Pump	520.00
Mucking Machine	3200.00		
		Total	$24802.00

The Government will participate in use of the above equipment as a rental cost on the basis of an average amortization period of 60 months with allowable costs on actual purchase price computed on the months of actual use on the exploration project. The maximum allowable will thus be $24802/60 months = $413.36 x 24 months = $9922.00.

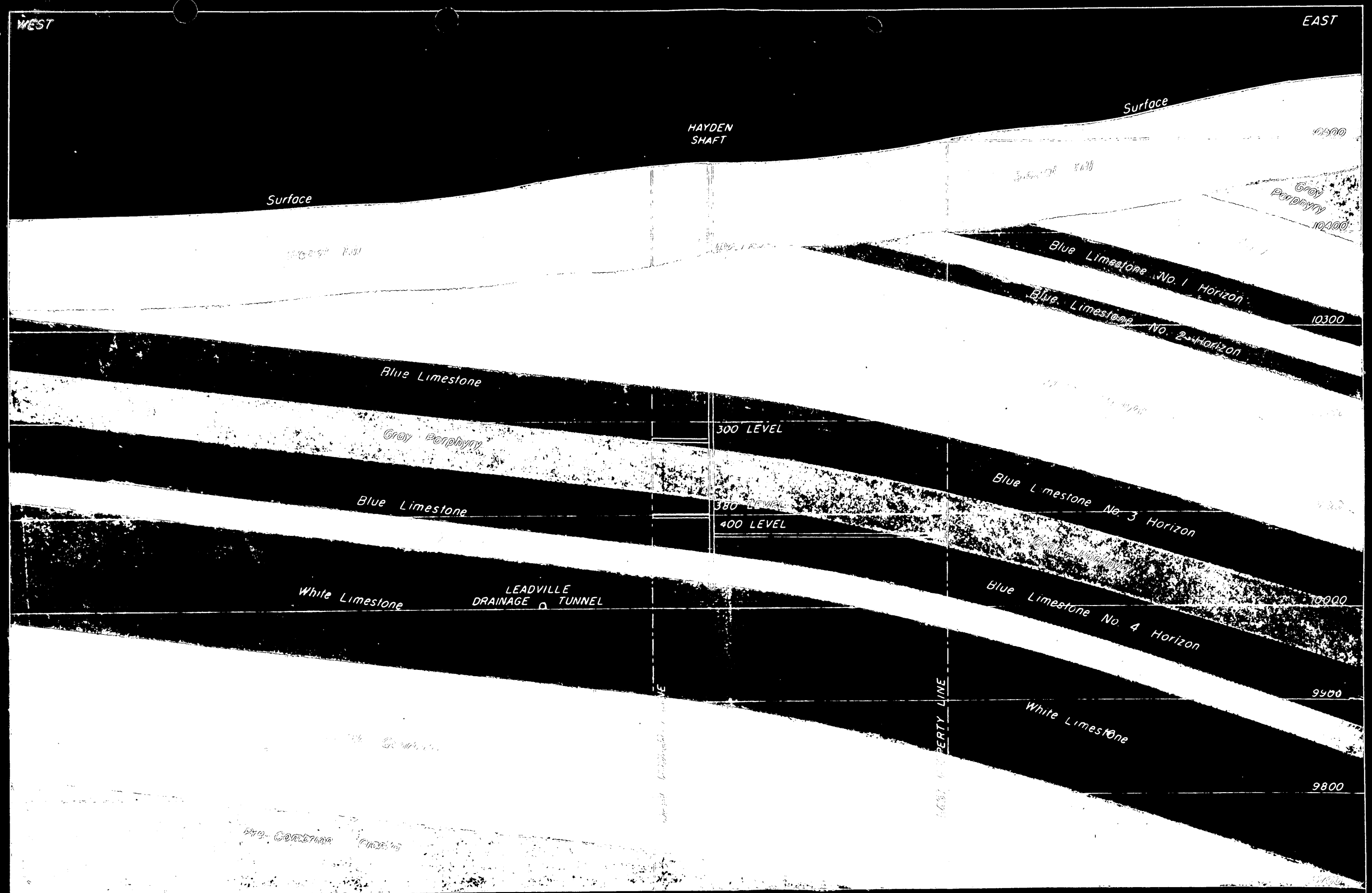
EXHIBIT D - Labor and Supervision

Classification	Wages
Shaft man	$13.00 per day
Miner	$12.00 per day
Hoistman	$10.50 per day
Top man	$ 9.00 per day
Superintendent	$500.00 per month

EXHIBIT E

No rehabilitation or repairs of existing facilities except retimbering of Hayden Shaft shown in Exhibit A is required. The only costs to be allowed for rehabilitation or repairs of existing facilities are those shown under project (1) of Exhibit A.

PROPERTY MAP
SCALE 1" = 300'



GENERALIZED EAST - WEST GEOLOGICAL CROSS - SECTION THROUGH THE HAYDEN SHAFT

SCALE 1" = 100'

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 LAKE, state of COLORADO, described in a certain Exploration Project Contract dated June 28, 1951, between the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated June 12, 1950, 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, as outlined in Paragraph 14 of form MF-200 dated April, 1951, and entitled "EXPLORATION PROJECT CONTRACT", said paragraph being as follows:

"14. Repayment by Operator. If, upon 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 successors 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 ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent additional for each full fifty cents ($.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 such discovery or development."

The undersigned further agrees that if the 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 Contract.

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

Dated this 23rd day of July, 1951.

RESURRECTION MINING COMPANY

by Fred Searls Jr.
Pres.

TF

ASSIGNMENT OF LEASE

THIS ASSIGNMENT OF LEASE, made this _____ day of June, 1951, by and between

S. C. PHILLIPS
E. W. LUMBERG
SAMUEL C. PHILLIPS,
the present Lessees,

to

THE CADWELL MINING CO.,
a Colorado Corporation,

and

approved by written consent of Lessor,

RESURRECTION MINING COMPANY,
a Delaware Corporation.

WITNESSETH:

That the present Lessee is now incorporated as a Colorado Corporation under the name of The Cadwell Mining Co.; that said Corporation is to assume and carry on the operations of the present Lessee and is, therefore, desirous of assuming the lease of the present Lessee in toto.

[illegible] consideration therefor of mutual promises

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: Common (e)	Number of Shares Held in Applicant Corporation: Preferred (f)	Life Insurance Carried for Benefit of Applicant: Amount (g)	Life Insurance Carried for Benefit of Applicant: Net Cash Surrender Value After Loans (h)
Sterling C. Phillips	Pres.	$500 Per Mo.	$50,000	36,703	None	Complete Coverage under State Compensation as required by law	
Sam Phillips	V.-Pres.	None	25,000	1	Authorized	Not active in Working mine	
Mrs. Norma Dougherty	A. V.-Pres.	None	25,000	6,000	"	Not Active	
E. W. Lumberg	Sec. & Treas.	$500.00 per Mo.	15,000	1	"	Complete Coverage under State Compensation as required by law	
	Total	None	x x x x x	42,705	None	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 100,000 Shrs.	$ $100.00	$ 47.905	$ One Mill .001 Ea.	47,905	None
Preferred stock None	$ None	$	$		

*Indicate period covered.

10. Production: Developing

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 by any available report on the geology and ore reserves.

GENERAL TECHNICAL DATA

1. Materials Produced:

   Lead, Zinc and Manganese

   By-products - Silver

2. Hayden Shaft

   a. Linear Feet of Shafts - 450
   b. Linear Feet of Drifts and Crosscuts - 2350
   c. Linear Feet of Tunnels or Adits - 1500
   d. Linear Feet of other mine openings - None

   Mine is flooded below 325 Ft. level; will be drained by tunnel.

3. (a) Distance and direction from nearest town and shipping point - 1.5 miles East of Leadville, Colorado

   (b) Mining District - Leadville (California District)

   (c) Township 9 South, Section 19, Range 79 West

   (d) Lake County, Colorado

4. (a) Property is now in operation; operated by The Cadwell Mining Company

   (b) Operating as Lessee

5. Number of years in production - None, rehabilitating mine shaft. Production will begin August - 1951.

6. Experience of Operators

   Mine is managed by R. B. Patrick, who has been with Resurrection Mining Co. for eight years. Mr. Patrick has experience as an assayer, mine sampler, shift boss and stope engineer.

   Sam Phillips, Vice-President has 30 years in mining industry and is thoroughly acquainted with all phases of mining and related projects.

7. History (Detailed information available in Report of R. T. Walker, Consulting Mining Geologist, which has previously been submitted.)

(a) 1910 - zinc 86% recovered 2,156 tons
1911 - zinc carbonate 87% recovered 1840 tons
1912 - zinc carbonate and lead oxidized 1,402 tons
1915 - zinc carbonate 1,955 tons
1917 - zinc carbonate and lead 333 tons
1918 - zinc wet 2,800 tons

(b) Mine is leased from the Resurrection Mining Co. and is situated in the heart of the Fryer Hill-Carbonate Hill tract, which according to official production statistics has produced some $225,000,000 in silver-lead-zinc ore.

Property was located some 70 years ago, operated intermittently during the next 45 years. It has been inactive during the last 25 years.

(c) Report of R. T. Walker previously furnished.

11. Estimated Production - 75-100 tons per day.

12. Mineral Reserves - In development stage
According to experience in neighboring properties there are large ore bodies containing lead and zinc.
White Limestone unexplored in Hibernian - May Queen ground, experience in neighboring properties suggests it has good possibilities.

13. Access Roads - County road in good condition; kept open all winter and 1½ miles to Leadville, Colo. Private road from County artery to mine is well kept and open all winter

14. Water Supply

Adequate supply from City of Leadville water line which is within 600' of shaft and sufficient for all seasons of the year.

15. Power

Sufficient electric power available at shaft from lines of Public Service Co. of Colo. Only minimum consumption requirement used thus far - monthly charge $35.00.

16. Labor

1 - Hoistman

1 - Topman

1 - Miner

1 - Shaftman

1 - Superintendent

17. Equipment and Facilities

Two new buildings, headframe, hoist, compressor, hand tools & Welding Equipment.
Buildings & Headframe in good repair - photo of same in report of R. T. Walker, Consulting Mining Geologist--previously submitted.
Tools and hoist are in good repair.

18. None

(*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) Developing					
Indicated (probable)					

(*c*) If placer: Not Applicable

(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.

Cadwell Mining Co
(Name of company)

By Sterling C Phillips
(Signature of authorized official)

5/31/57
(Date)

Pres
(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

dmd 627

Form NSRB-146
(Nov. 1950)

UNITED STATES GOVERNMENT

FORM APPROVED
BUDGET BUREAU NO. 25-R002

APPLICATION FOR GOVERNMENT LOAN UNDER SEC. 302 OF DEFENSE PRODUCTION ACT OF 1950

AMOUNT OF LOAN REQUESTED

TERMS OF LOAN REQUESTED

DATE OF APPLICATION

NAME AND ADDRESS OF APPLICANT (Street, City, Zone, State)

THE CADWELL MINING CO.
Leadville, Colorado

2450 Kendall Street
Denver 14, Colorado

TO BE FILLED IN BY DELEGATE AGENCY

(DATE RECEIVED)

COMM.

AGRIC.

INT.

D.T.A.

FILE NO.

INSTRUCTIONS

Application should be filed with the Department of Commerce, Department of Agriculture, Department of Interior, or the Defense Transport Administration, whichever has the primary interest in the facilities, products, or processes involved. However, for convenience of the applicant, he may file with any government agency with which he has contract or other pertinent relationships and such agency will arrange for the transmittal of the application to the appropriate office.

Submit four (4) signed copies of the application. Name and address of applicant should be stamped or typed for identification of each sheet of the application and all accompanying papers. When a question is inapplicable, this should be so stated on the form. Additional sheets may be attached in answering any questions or in providing other supporting information.

1. PURPOSE OF LOAN

Give a brief general statement of the purpose of the loan requested, including in the table below estimated amounts for such major purposes as land acquisition, building construction, purchase of plant, purchase of equipment, working capital, repayment of debt, etc. Statement should make clear whether funds will be used for expansion of capacity, development of technological processes, or production of essential materials.

General Statement To complete exploration and development of the leased mining claims held by the Company at Leadville, Colorado for the purpose of mining strategic and critical metals and minerals for the national defense, such as lead, zinc, and manganese. All as shown by the report of Walker and Walker, Consulting Mining Geologists, Leadville, Colorado, which is submitted herewith.

NATURE OF EXPENDITURE	AMOUNT
Retimbering, drifting, and drilling in the Hayden Shaft as set forth on Page 5 of the report of Walker and Walker.	$75,000.00
Total amount applied for	$75,000.00

2. PROPOSED METHOD FOR REPAYMENT OF LOAN

State sources of funds, and proposed schedule of repayment

Repayment to be made by a percentage of the net profits from all metals and minerals removed and produced through the operation of the property.

3. NATURE OF BUSINESS AND DESCRIPTION OF PROJECT

Describe fully the business activity for which the funds are intended. In so doing, identify the materials and services to be produced, describe the facilities and processes involved, and explain in detail any research activity and the nature of the results expected. Attach blueprints and specifications, if available, and furnish other technical details to the extent that they are not covered elsewhere in the application.

As set forth in the report of Walker and Walker hereto attached.

4. **Relationship to National Defense.** Explain carefully how the expenditure of the funds will contribute to national defense. As a part of such explanation, the following questions should be answered to the extent possible:

(a) What evidence exists as to current shortages of the materials or services to be produced?

Lead, zinc, and manganese are critical materials that are necessary and essential to national defense.

(b) What evidence exists as to future shortages of the materials or services to be produced?

The national defense will require all of these metals or minerals that can be produced.

(c) Are such shortages, if any, regional or national in scope?

National

(d) In what respects will the use of the funds aid directly in expediting the carrying out of government defense contracts? (A listing of defense contracts, if any, held by applicant is required in item 8 below.)

Production of essential metals and minerals.

4. Relationship to National Defense - Continued

(e) In what respects will the use of the funds aid indirectly in expediting the carrying out of government defense contracts or related operations?

Will provide essential metals and minerals.

(f) Are there available alternative methods or facilities to accomplish the same purpose as that for which these funds are intended? (For instance, unused capacity, possibility of multiple shift operations, idle facilities, readily convertible equipment, sub-contracting?) If answer is yes, explain why alternatives are not used.

No.

5. Maximum Designed Production

List separately materials or services identified in item 3 (a)	Unit of measure (b)	Maximum designed production with existing facilities (c)	Average percentage of maximum designed production used in quarter preceding filing of application (d)	Maximum designed production including use of funds applied for (e)
	INAPPLICABLE			

6. Employment

(a) Number currently employed at location(s) where funds are to be used. (Use pay period ending nearest 15th of month preceding filing of application.)

Five men employed on single shift.

(b) Maximum feasible employment with existing facilities.

(1) Single shift operation.

5 men or more.

(2) Multiple shift operation (specify how many shifts).

15 or more men on three shifts.

(c) Estimated additional employees required by the use of the funds applied for.

20 or more.

7. Timing

(a) On what date(s) are the requested funds needed? Immediately.

(b) On what expected date(s) will applicant begin to use such funds and obtain output from the use of such funds? Wherever possible, give planned schedule of output.

Expect to explore and continue development immediately on receiving funds.

8. Output from the use of funds applied for will be for the following purposes:

a. For the following principal prime defense contracts (if any) with the United States Government:

Date of contract (a)	Contracting Government Agency (b)	Program symbol (2 digits) or other contract identification (c)	Materials or services (d)	Delivery date(s) (e)	Amount *(Dollars)* (f)
		INAPPLICABLE			

b. For the following subcontracts (if any) with U.S. Government prime defense contractors:

Date of contract (a)	Materials or services (b)	Supplied to *(Give name and address of firm)* (c)	Delivery date(s) (d)	(e) Government agency receiving end product or services (f) Program symbol (2 digits) or other contract identification	Amount *(Dollars)* (g)
		INAPPLICABLE		(e) (f)	
				(e) (f)	
				(e) (f)	

c. For the following classes or types of customers not covered by contracts listed above (list materials or services to be provided and, wherever possible, also indicate final product use):

INAPPLICABLE

9. **Feasibility**

(a) Estimate anticipated requirements for manpower, equipment, raw materials, energy, fuel, transportation facilities, water supply, housing, community facilities, and other factors of production, for (1) preparation of the facilities and (2) actual operation thereof. (The estimates may be limited to those factors of substantial significance to the preparation and operation of the facilities for which the funds are intended.)

INAPPLICABLE

(b) Discuss and evaluate the availability of each of the above factors in the area(s) where the funds will be used.

INAPPLICABLE

10. The following applications for necessity certificates for tax amortization (Under Section 124A of the Internal Revenue Code) for facilities at the location(s) covered by this application have been filed since January 1, 1950.

Date of application (a)	Government file number (b)	(Estimated) Total of facilities in dollars on each application (c)	(d) If final action has been taken, give date of	
			Issuance	Denial
	INAPPLICABLE			

11. **Recent Efforts to Obtain Credit**

(a) Banks— List names and addresses of all Banks of Deposit of Applicant within the last 5 years: *(Mark with an asterisk (*) bank or banks in which deposits are now kept)*

- **First National Bank of Denver**
  17th and Stout Streets
  Denver, Colorado

- **Commercial Bank at Leadville**

11. **Recent Efforts to Obtain Credit** - Continued

(b) State efforts to obtain credit, within 60 days preceding date of application, from banks, the Reconstruction Finance Corporation, or other sources, results, and reasons if refused. (NOTE.— Section 302 of the Defense Production Act of 1950 states that a loan may be extended "only to the extent that it is not otherwise available on reasonable terms." Accordingly, Applicant should show that it has applied to each bank named in (a) above, or explain the reason for not doing so. The fact that a loan of the particular maturity and terms applied for is refused by a bank or banks is not sufficient to comply with the statute, if credit on reasonable terms is available. State whether a bank will participate in the loan, and if so, state name of bank and amount of participation. Full particulars must be given.) List the names and addresses of banks and other lending institutions to which applications for credit have been made, and in each case state date of application, amount of credit available, if any, maximum term for which credit is available, what consideration, if any, was given to possible guarantee of loan under Federal Reserve Regulation V, and reason for refusal or reason loan was not obtained. Indicate whether or not application was definitely refused for further credit on any basis.

This type of project is not eligible for credit from private lending agencies.

12. What other forms of government financial assistance, if any, have been received or requested by the applicant in connection with the purposes of the loan herein applied for? If applicant plans to request such assistance in the future, give details.

NONE

13. HISTORY, MANAGEMENT, LEASED AGREEMENTS, INSURANCE, ETC. **Information given in Walkers' Report.**

These subjects should be fully covered in statements attached hereto. Outline past management experience or other basis for showing competence of the Applicant to perform in accordance with expressed purpose of the application. If plant was purchased, state price, form and terms of payment, date of purchase, from whom and under what circumstances purchase was made. If it is proposed to construct or acquire new facilities (including equipment), state estimated cost and basis of such estimate, form and terms of payment, and from whom purchases of facilities will be made. State whether Applicant, or the business or plant, has been in receivership, bankruptcy, Chapter X, XI or XII, in hands of creditors, committee, or whether Applicant has effected a compromise with creditors, and if so, discuss fully. Indicate whether business is conducted in leased premises and whether any facilities are leased from others and describe terms of any lease agreements. List type and amount of insurance carried on plant property. Describe briefly any pending or threatened litigation affecting Applicant. **Full coverage by State Compensation Insurance.**

14. NAMES AND ADDRESSES OF OFFICERS, DIRECTORS, OR PARTNERS, AND IN ADDITION, IF A CORPORATION, THE FIVE LARGEST STOCKHOLDERS IF 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 Applicant (d)	Number of shares held in applicant: Common (e)	Number of shares held in applicant: Preferred (f)	Life insurance carried for benefit of Applicant: Amount (g)	Life insurance carried for benefit of Applicant: Net cash surrender value after loans (h)
S. C. Phillips	"D" Pres.	None		35,300			
Sam Phillips	"D" Vice-Pres.	"		1			
L. V. Lamberg	"D" Sec.-Treas.	"		1			
Norm Dougherty		"		5,000			
Forest Thomas		"		500			
Madge Reynolds		"		450			
Don McPherson		"		500			
Vernon Phillips		"		100			
	Total		x x x x x	42,300		x x x	x x x

15. 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	$ 100,000 shares	$	$ .001	42,300	None
Preferred stock	$ None	$	$		

16. PURCHASE AND SALES RELATIONS WITH OTHERS

Does Applicant buy from, sell to, or use the services of, any concern or partnership in which an officer, director, large stockholder, or partner of the Applicant has a substantial interest? If not, so state. If so, give names of such officers, directors, stockholders, and partners, and names of such concerns or partnerships.

No

Does any officer, director, large stockholder, or partner of Applicant receive any commission, bonus, or other payment in cash or services from any concern or partnership with which Applicant has business dealings? If not, so state. If so, give names of such officers, directors, stockholders, or partners and amounts of such commissions, bonuses, or payments.

No

17. COMPENSATION SCHEDULE

INSTRUCTIONS: The schedule shall show the amount of compensation being paid to all employees of Applicant receiving compensation at a rate in excess of $10,000 per annum, including employees paid on a part-time basis where the rate of compensation exceeds $10,000 per annum computed on a full-time basis. If Applicant is a corporation, the schedule should show the compensation, regardless of amount, being paid to all officers, directors, and such stockholders as have an interest in Applicant's business of 10 percent or more. If Applicant is a partnership, the schedule should show the compensation being paid to, or being withdrawn by, all partners for their personal use. If Applicant is an individual, the schedule should show the amount being withdrawn by Applicant for his personal use. In each case the listed person's connection with the business should be indicated (i.e., whether an officer, director, stockholder, partner, owner, etc.). The calendar basis for the compensation should likewise be shown. Attorneys or firms of attorneys on a regular retainer or salary basis should be included. The schedule should include a separate notation indicating the source and amount of any compensation being paid by a company or firm directly or indirectly controlling, affiliated with, or controlled by, Applicant. If the space provided herein is insufficient, the schedule should be continued on the reverse side or appropriate continuation sheets should be attached.

17. **COMPENSATION SCHEDULE** - Continued

The term "compensation", as used herein and such schedule, shall include all salaries, fees, bonuses, commissions, retainers, regular drawing accounts, and other payments, direct or indirect, in money or otherwise, for personal services.

Name (a)	Position (b)	Compensation paid during previous fiscal year (c)	Present compensation (d)
To date the company has been engaged solely in development work utilizing capital realized through stock subscriptions. No compensation has been paid any officer and cannot be paid until development work is finished and the mines start production. Expenditures have been made solely for necessary labor, materials and incidental expenses.			

18. **COLLATERAL**

(a) The applicant offers the following described collateral as security for repayment of the loan applied for.

Description (a)	Date acquired (b)	Cost (c)	Book Value (Net) (d)	Appraised* value (e)
Property now held: Company holds mining leases only.				
To be acquired:				

* This column need be filled in only if a recent appraisal has been made. If so, identify appraiser below.

Name (a)	Title (b)	Date (c)
NONE		

(b) Describe existing liens, if any, on property listed above.

NONE

EXHIBIT A - CURRENT FINANCIAL STATEMENT

As of _____

(Date not more than 30 days prior to date of application)

ASSETS

CURRENT ASSETS

1. Cash ..... $ _____
2. Notes receivable ..... $ _____
   Less reserve for doubtful notes ..... _____
3. Accounts receivable:
   Current .....
   Past due not over 4 months .....
   Past due over 4 months ..... _____ $ _____
   Less reserve for doubtful accounts ..... _____ _____
4. Inventories:
   Raw materials .....
   Work in process .....
   Finished goods .....
   Less reserve for inventory losses ..... _____ _____
5. Other current assets (describe) _____ _____

Company was organized as a Colorado Corporation on October 19, 1950.

Company is engaged in development work under a mining lease and it is impossible to state any fixed value on the lease, except as stated in the report of Walker and Walker.

TOTAL CURRENT ASSETS ..... $ _____

FIXED AND OTHER ASSETS

6. Plant used in business:
   Land .....
   Buildings ..... _____
7. Machinery ..... _____
8. Equipment, furniture, and fixtures ..... _____ $ _____
   Less reserve for depreciation ..... _____ _____
9. Investments—stocks and bonds ..... _____
10. Investments in affiliated companies ..... _____
11. Receivables due from affiliated companies ..... _____
12. Real estate not used in business ..... _____
13. Due from officers, directors, employees, stockholders ..... _____
14. Deferred charges ..... _____
15. Other assets ..... _____

All expenses have been paid to date from capital obtained from stock subscriptions.

TOTAL ASSETS ..... $ _____

LIABILITIES

CURRENT LIABILITIES

16. Notes payable (see schedule 1, page 10):
    Banks ..... $ _____
    Trade creditors ..... _____
    Officers, stockholders, relatives ..... _____
    Insurance companies ..... _____ $ _____
17. Accounts payable ..... _____
18. Other current liabilities:
    Delinquent taxes { Real estate ..... $ _____
    Delinquent taxes { Federal ..... _____
    Wages and salaries ..... _____
    Due officers ..... _____
    Accrued interest, rent, taxes, wages, etc ..... _____
    _____ _____ _____

TOTAL CURRENT LIABILITIES ..... $ _____

FIXED AND OTHER LIABILITIES

19. Machinery liens ..... _____
20. Mortgage debts (see schedule 2, page 10) ..... _____
21. Bonds or debentures (see schedule 2, page 10) ..... _____
22. Other liabilities ..... _____

NET WORTH

23. Common stock (if Applicant is incorporated) ..... $ _____
24. Preferred stock (if Applicant is incorporated) ..... _____
25. Surplus (if Applicant is incorporated) ..... _____ _____
26. Capital and Surplus Account (if Applicant is partnership or individual) ..... _____

TOTAL LIABILITIES ..... $ _____

27. Contingent liabilities (explain) _____ $

NOTE.— Submit copy of last available audit or of financial statement at close of last fiscal period (if such date differs from date of above statement).

SCHEDULE I - Notes Payable (in detail)

Name and address	Maturity	Amount	State amount and character of collateral	Name of guarantor(s) and/or endorser(s)
	NONE			

SCHEDULE 2 - Mortgage Debt (real estate and/or chattels) or Bond Issue

Names and addresses of holders	Date of maturity	Interest rate	Unpaid principal amount	Date to which interest is paid
	NONE		$	
TOTAL	X X X X X X X	X X X X X X	$	X X X X X X X X X X X X X X X X

If mortgage secures a bond issue, state whether bonds are principally held by management and/or stockholders or by others, and attach copy of mortgage indenture.

EXHIBIT B - CONDENSED COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For years ended _____

(Insert date of end of fiscal year)

(000.00 omitted)

	(Figures for 3 preceding years) 19	19	19	Current year as of date of Exhibit A
1. Net sales				
2. Cost of goods sold				
3. Gross profit on sales (line 1 minus line 2)				
4. Other income (itemize)				
5. Total (line 3 plus line 4)		INAPPLICABLE		
6. Salaries (officers or partners)*				
7. Selling and all other expenses				
8. Total of lines 6 and 7				
9. Profit or loss before depreciation and Federal taxes (line 5 minus line 8)				
10. Depreciation				
11. Federal Income and Excess Profits Taxes				
12. Net profit or loss (line 9 minus lines 10 and 11)				
ANALYSIS OF SURPLUS				
13. Total surplus at beginning of period				
14. Net profit or loss for period				
15. Line 13 plus line 14 if profit; line 13 minus line 14 if loss				
Add:				
16. Surplus paid in during period				
17. Surplus resulting from revaluation of assets				
18. Other additions to surplus (itemize)				
19. Total of lines 15 to 18, inclusive				
Deduct:				
20. Dividends				
21. Other charges to surplus (itemize)				
22. Total of lines 20 and 21				
23. Surplus at end of period (line 19 less line 22), MUST AGREE WITH SURPLUS AS SHOWN IN BALANCE SHEETS				

* To include all payments of any kind (commissions, bonuses, withdrawals) to officers or partners.

NOTE—If years included in the above tables are not adequately representative of applicant's financial experience, information may be submitted for additional years.

EXHIBIT C - CONDENSED COMPARATIVE STATEMENT OF CONDITION

For years ended _____
(Insert date of end of fiscal year)

(000.00 omitted. Use figures to nearest thousand. For instance, the figure $3,489.36 should be written as 3; the figure $3,689.36 should be written as 4)

ASSETS	(Figures for 3 preceding years) 19	19	19	Current year as of date of Exhibit A
CURRENT ASSETS:				
1. Cash				
2. Receivables (after deducting reserves)				
3. Inventories				
4. Other current assets:				
TOTAL CURRENT ASSETS				
FIXED AND OTHER ASSETS:				
5. Plant accounts (before depreciation):				
Machinery, equipment, etc.				
Delivery equipment				
Real estate and buildings used in business				
6. Other assets (as investments, real estate not used in business, etc.):				
TOTAL ASSETS				
LIABILITIES				
CURRENT LIABILITIES:				
8. Notes payable				
9. Accounts payable				
10. Accrued liabilities				
11. Other current liabilities:				
TOTAL CURRENT LIABILITIES				
FIXED AND OTHER LIABILITIES:				
12. Mortgage debts				
13. Debentures				
14. Other fixed liabilities:				
RESERVES:				
15. Reserve for depreciation				
16. Other reserves:				
NET WORTH:				
17. Common stock (issued) (if Applicant is incorporated)				
18. Preferred stock (issued) (if Applicant is incorporated)				
19. Surplus (if Applicant is incorporated)				
20. Capital and surplus account (if Applicant is partnership or individual)				
TOTAL LIABILITIES				

NOTE— If years included in the above table are not adequately representative of applicant's financial experience, condition statements may be submitted for additional years.

EXHIBIT D

AGREEMENT AS TO COMPENSATION FOR SERVICES RENDERED OR TO BE RENDERED TO APPLICANT IN CONNECTION WITH APPLICATION AND/OR LOAN

To induce the United States Government and its agencies to make a loan under Sec. 302 of the Defense Production Act of 1950 to THE CARBON MINING CO. (hereinafter called "Applicant") and in consideration of the making of a loan to Applicant, the undersigned, having been retained by Applicant for the purpose of rendering professional or other services in connection with its application for a loan or loans, hereby represents, warrants, and agrees that the undersigned has not been paid, has not made any agreement with the Applicant to be paid, and has not procured any person to pay or agree to pay, and will not, directly or indirectly, charge or receive any bonus, fee, or commission in any form in connection with the said application for, or the obtaining of, the loan applied for by the Applicant, or any compensation in any form for services rendered or to be rendered in connection therewith except for the services and in the amounts stated below:

Name	Description of services	Amount paid	Amount to be paid
Kassoll & Crandell Attorneys at Law 720 Majestic Building Denver 2, Colorado	Legal Services as attorneys for applicant in all matters involving company business. No contingent fees will be charged on this loan application.		

To induce the making of the loan and the employment of the undersigned by Applicant, the undersigned hereby further warrants, covenants and agrees, upon the consideration herein specified, and in consideration of the employment of the undersigned by Applicant, as above recited, that if the amount of compensation stated above for any such services shall not be deemed reasonable by any agency of the United States Government, the undersigned will reduce the charge for such services to such amount as shall be deemed reasonable by such agency, and will not, directly or indirectly, charge or collect from the Applicant or any other person, any sum in excess of the amount so deemed reasonable; and that if the undersigned has heretofore collected, from the Applicant or any other person, as compensation for any such services, any amount deemed by such agency to be unreasonable, the undersigned will refund to Applicant or such other person such sums as are in excess of the amount deemed reasonable. The undersigned further warrants, covenants and agrees that if the amount of the compensation for any such services is not determinable at the date of application, or is not stated above, it will not collect or charge any sum as compensation for such services without the prior written approval of the Government agency with which this application is officially filed as to the nature of the services for which such compensation is to be paid and the amount of such compensation.

KASSOLL and CRANDELL

Witness: _____ By: Ralph E. Crandell, Partner

Address of witness: _____

Dated _____, 19____

NOTE—Corporations must execute foregoing certificate in corporate name, by duly authorized officer, and seal must be affixed and duly attested; partnerships must execute in firm name, together with signature of a general partner. If no compensation is paid or to be paid for services rendered in connection with application or loan, this should be so stated and the Applicant should sign this Exhibit.

CERTIFICATION

The Applicant hereby certifies that the statements made in the foregoing application, and all exhibits and documents submitted in connection therewith, are true and correct statements to the best of Applicant's information and belief and are submitted as a basis for credit. The Applicant agrees to reimburse any agency of the United States Government upon demand for any expenses incurred in connection with or arising out of this application or any loan made pursuant hereto.

Dated _____, 19____

Witness: _____ (For individual applicants)

_____ (Signature)

Witness: _____ (For partnership applicants)

_____ (Full name of firm)

By _____, a general partner.
(Signature)

(For corporate applicants)

(CORPORATE SEAL)

THE CARBON MINING CO.
(Full corporate name of Applicant)

Attest: E. W. Lumbey, Secretary (Signature) (Title)

By S. C. Phillips, President (Signature) (Title)

The United States Criminal Code, 18 U.S.C., Sec. 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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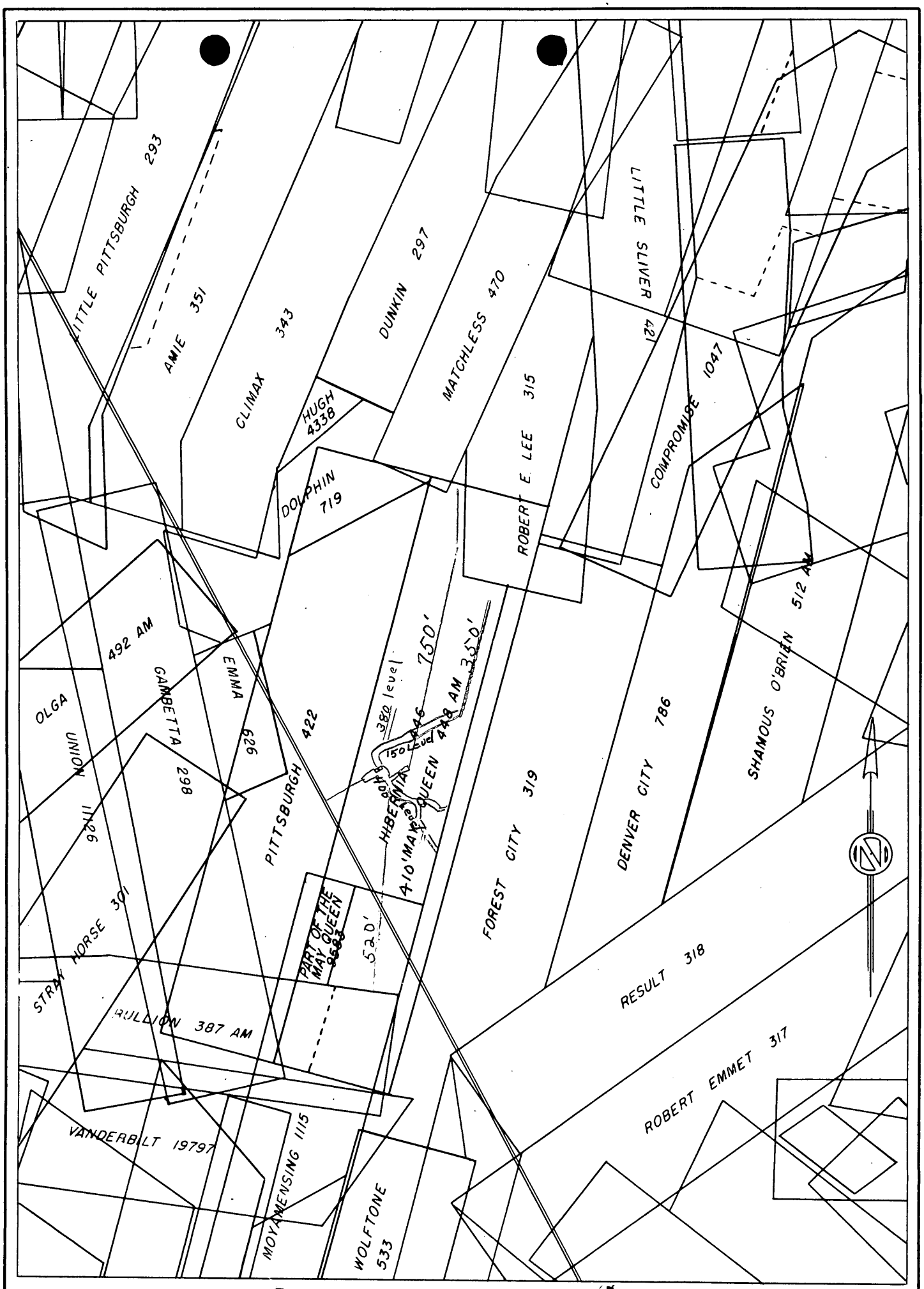
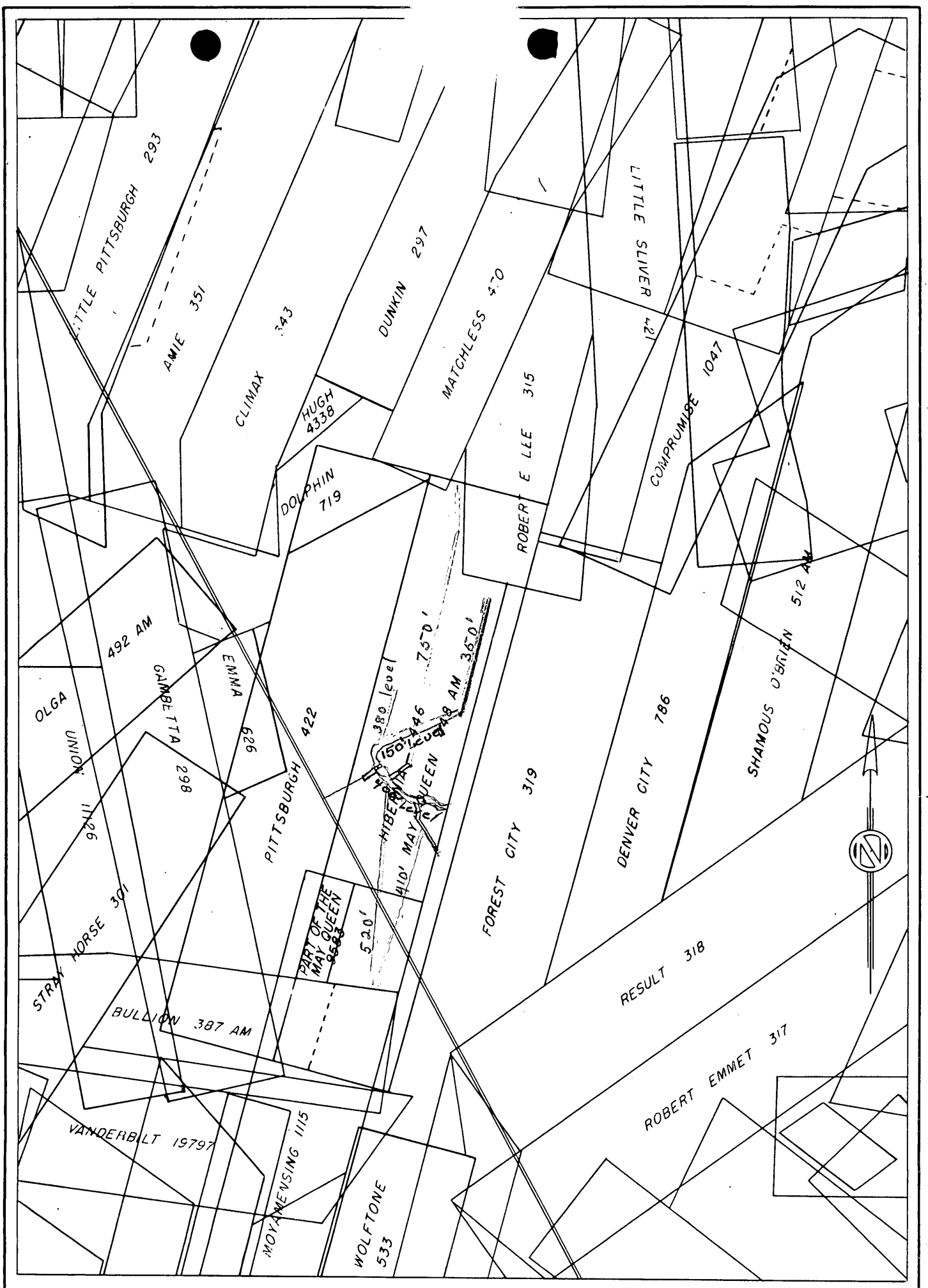


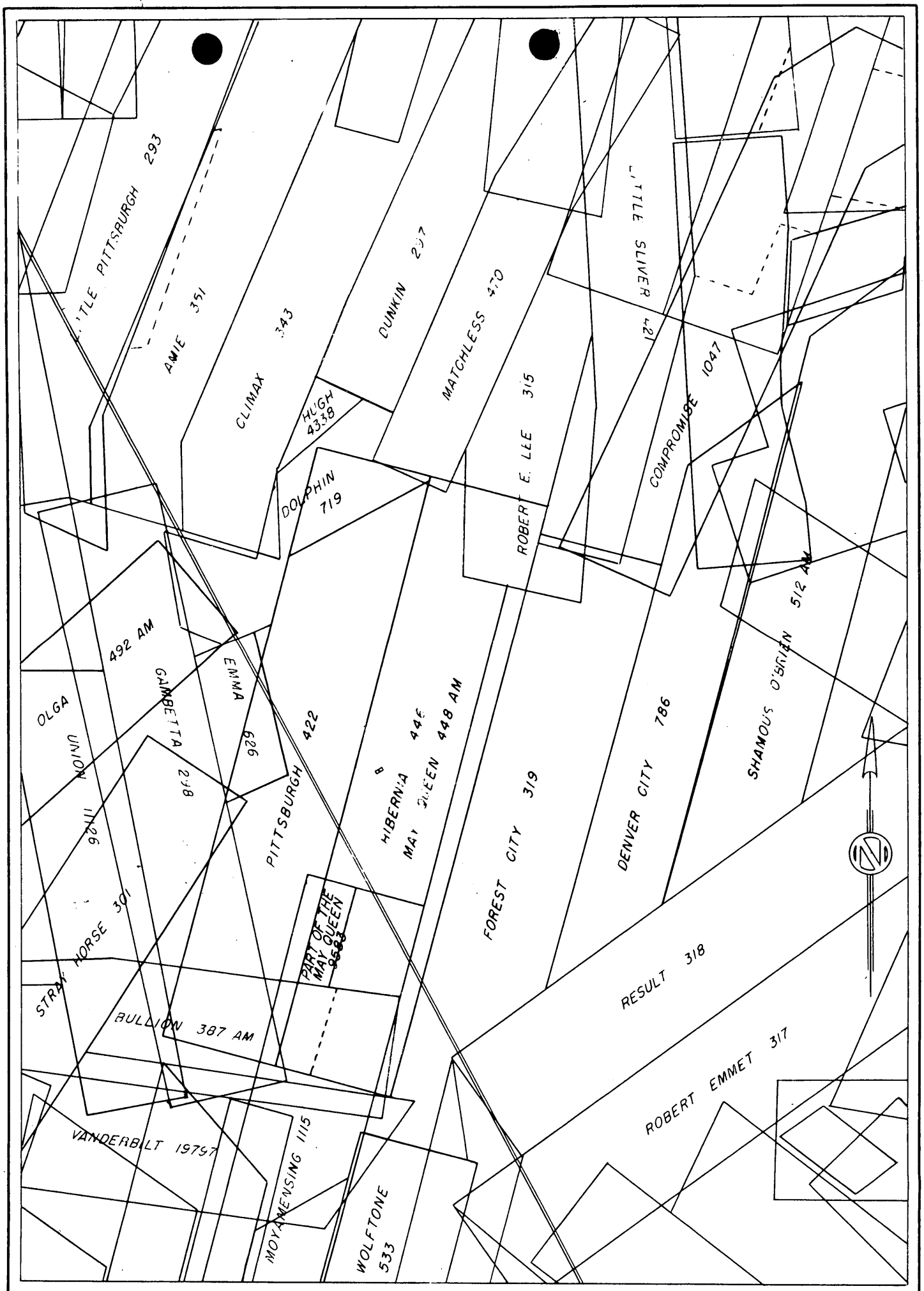
PROPERTY MAP
SCALE 1" = 300'

RBP



PROPERTY MAP
SCALE 1" = 300'

RBP



PROPERTY MAP
SCALE 1" = 300'

RBP

R E P O R T

On The

CADWELL MINING COMPANY
LEADVILLE, COLORADO.

By

WALKER & WALKER

Looking westerly showing the headframe and hoist-house of the Hayden Shaft, with the Sawatch Range in the distance.

WALKER AND WALKER
CONSULTING MINING GEOLOGISTS

ROBERT T. WALKER
WOODVILLE J. WALKER

BOX 917
LEADVILLE, COLORADO

The Cadwell Mining Company.

The Cadwell Mining Company is a Colorado corporation, organized October 19, 1950, with a capitalization of 100,000 shares of $.001 par value per share. The officers of the company are as follows:

S. C. Phillips, President and Director.

Sam Phillips, Vice-President and Director.

E. W. Lumberg, Secretary-Treasurer and Director.

On June 12th, 1950, the Resurrection Mining Company, of Leadville, Colorado, leased to the Cadwell Mining Company, for a period of five years, the two following contiguous patented lode mining claims, situated in Section 19, Township 9 South, Range 79 West, in the Leadville (California) Mining District, Lake County, Colorado:

Hibernian,	U. S. Survey No.	446,	4.480	acres.
May Queen,	" "	448,	3.220	"
			7.700	acres.

These two claims are situated in the heart of the Fryer Hill - Carbonate Hill tract, which, according to official production statistics, has produced some $225,000,000 in silver-lead-zinc ore, or - since the tract covers about a square mile - an average of about $350,000 per acre. In addition to these two claims, the position of which is shown in red on the accompanying claim map, the Resurrection Mining Company has also agreed to lease to the Cadwell Mining Company its other holdings in the vicinity (tinted pink on the claim map), whenever the Cadwell Mining Company is in

a position to actively explore them.

This property was located some seventy years ago, and was operated intermittently and on a small scale during the next forty-five years, principally by leasers, with a production of some 15,000 tons of zinc carbonate ore during this period. It has been inactive during the last twenty-five years. It is developed by the Hayden shaft, some 450 ft. deep, from which levels take off at 100 ft., 150 ft., 300 ft., 380 ft. and 400 ft. below the collar. The bottom of this shaft lies about 150 ft. northerly from and 20 ft. above the proposed course of the Leadville Drainage Tunnel, which is expected to be completed to this point within a few months. This will afford a convenient connection, therefore, for ventilation and water disposal.

During the past six months, the Cadwell Mining Company has erected a headframe at the Hayden shaft, has built a hoist house, has installed an electrically driven hoist, has purchased an electrically driven compressor, and is engaged in retimbering the shaft, - this work having now been completed to a depth of 250 ft., and progressing downwards at the rate of about two feet a day.

The geology of the property is illustrated on the accompanying generalized cross-section. Nearly all of the ore of the Leadville Mining District has come from two Palaeozoic limestone formations, known as the Blue Limestone and the White Limestone, which are separated by a thin quartzite member known as the Parting Quartzite. The underlying Sawatch Quartzite and Pre-Cambrian Granite, together with the Tertiary intrusive porphyries, known as the White Porphyry and the Gray Poprhyry, are very scantily mineralized.

The ore-bodies are principally of "blanket" or "manto" type, and consist of recumbent pipe-like, ribbon-like and sheet-like masses of ore, of irregular outline, replacing the limestone beds. The general trend of the ore-bodies in this area appears to be easterly-westerly, but there are connections between them, forming a net-like pattern of mineralization. In the sulphide zone, the ore-bodies consist of massive pyrite, marmatite and galena, containing more or less gold and silver. In the oxidized zone the gold, silver and lead remain on the site of the original ore-body, but the zinc migrates into the limestone walls, where it forms replacement bodies of zinc carbonate. This area is covered with glacial till to a depth, ranging from 50 to 200 ft., which completely masks all former outcrops. Most of the ore-bodies, however, do not outcrop. There are, therefore, no surface clues whatever to the position of the underlying ore-bodies, and they have been found in the past, and will continue to be found in the future, chiefly by systematic exploration through underground workings, supplemented to some extent by diamond-drilling from such workings. The same method must be employed in the Hibernian - May Queen ground.

It will be noted, by reference to the accompanying generalized geological cross-section, that, in this property, the Blue Limestone has been split, by three porphyry sills, into four horizons, named, from the top downwards, No. 1, No. 2, No. 3 and No. 4. The No. 1 and No. 2 horizons, which coalesce to the north and pinch out to the south, have, in neighboring ground, produced bonanza ore-bodies of oxidized ore, containing lead and very high silver values. A small tonnage of such ore has been mined from these horizons at

the northern end of the Hibernian-May Queen property, but over most of its area these horizons have been removed by erosion, and where they still remain, on the eastern edge of the property, they are not known to have been explored and consequently still offer possibilities.

The No. 3 and No. 4 horizons, according to experience in neighboring properties, contain larger ore-bodies, which carry more lead and zinc but less silver than those in Horizons Nos. 1 and 2. Some secondary zinc carbonate ore-bodies have been mined in the No. 4 horizon in the Hibernian-May Queen ground, in the vicinity of the Hayden shaft, but the positions of the original ore-bodies, from which they were derived, and which should still contain gold, silver and lead, do not seem to have been found, and hence still offer possibilities, together with other as yet unknown ore-bodies in unexplored parts of these horizons within the property. In this property, the ore-bodies in these horizons are apt to be oxidized along the western or up-dip edge, but may be sulphide along the eastern or down-dip edge.

The White Limestone is entirely unexplored in the Hibernian-May Queen ground, and experience in neighboring properties suggests that it has good possibilities. The ore in this formation is apt to be a massive zinc-lead sulphide ore, carrying relatively low silver values.

The proposed plan of exploration work in this property is to complete the retimbering of the Hayden shaft down to its bottom; then, on the 400 ft. level, to drive a drift northerly for the full length of the claim, staying within the No. 4 Horizon of

the Blue Limestone, if possible, and also to drive a similar drift southerly for the full length of the claim in this direction, making a total of about 1,500 ft. of drifting on this level. The best method of intercepting manto ore-bodies in limestone formations is to put a grid of closely spaced diamond drill-holes across their general trend, in the favorable horizons; and this is the plan, which it is proposed to follow here. From these drifts, at intervals of 100 ft., diamond drill-holes would be driven vertically upwards to the top of the No. 3 horizon and vertically downwards to the bottom of the White Limestone. These diamond drill-holes would average about 175 ft. in length, and, there being 30 of them, the total footage of diamond drilling would be about 5,250 ft. The expense of this program is estimated as follows:

Finishing retimbering the Hayden shaft: 200 ft. @ $60 per ft.:	$ 12,000.00
Drifting on 400 ft. level: 1,500 ft. @ $20 per ft.:	30,000.00
Diamond drilling from 400 ft. level: 30 holes @ average depth of 175 ft.: 5,250 ft. @ $5.00 per ft.:	26,250.00
Contingencies:	6,750.00
Total:	$75,000.00

If and when ore is encountered in the diamond drilling, it will then be a simple matter to devise a plan for reaching and developing it.

As a whole, the chances of success in such a proposed campaign of exploration in the Hibernian-May Queen ground are regarded as very favorable, The property has been only scantily explored, so that most of the favorable horizons within it are still virgin. Yet the existence of ore-bodies within it has already been established

while it is surrounded on all sides by productive properties. The density of mineralization in this general area, indicated by the average former production of $350,000 per acre, should be enough to provide substantial rewards in the event of success attending the exploration program.

Leadville, Colorado.
January 25, 1951.

Walker & Walker,
by R. T. Walker
R. T. Walker.

NAME OR T... ...AND R...

	RUN STOP	RUN STOP
Mr. Peck Rm 2234, DSR	RUN STOP	RUN STOP
Mary Ratliff Room 4211 GSA Bldg.	RUN STOP	RUN STOP
Kalogaris	RUN STOP	RUN STOP
~~5222 Int~~	RUN STOP	RUN STOP
Mail & files, DMEA 4450, Int.	RUN STOP	RUN STOP
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1. Use blocks consecutively, one at a time.
2. Void previous block.
3. Write clearly.

NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM		NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM	
Cleaning Lager Bldg	RUN / STOP	[illegible] Rm 5232	RUN / STOP
	RUN / STOP	[illegible] (48)	RUN / STOP
Ryan Rm 5212 Bldg.	RUN / STOP	THE DIRECTOR	RUN / STOP
[illegible] Rm 5230 654 Bldg	RUN / STOP	THE DIRECTOR ROOM 5243, GSA	RUN / STOP
(20) [illegible] Office	RUN / STOP	4 [illegible]	RUN / STOP
[illegible]	RUN / STOP	[illegible]	RUN / STOP
[illegible]	RUN / STOP	Mr Cohen + Hass Rm 190 Executive Bldg.	RUN / STOP
[illegible] Helwick Room 1318	RUN / STOP	U.S. Civil Service [illegible]	RUN / STOP
[illegible] Reed 2212 Rm. [illegible]	RUN / STOP	Mr. Hamel Room [illegible] Bldg.	RUN / STOP
[illegible] 1242 - N [illegible] 2218	RUN / STOP	[illegible] 3233	RUN / STOP

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16—38949a-2

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

PROJECT SUMMARY REPORT

By: J. W. Alt April 23, 1956

1. Docket No. DMA-627 (Lead-Zinc)
Contract No. I-DMA-E34
Property: Hayden Shaft
Lake County, Colorado

Operator: Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Operator's Property Rights: Lessee - Date of Lease May 12, 1950.
Assignment of Lease June, 1951.
Landlord's Subordination Agreement dated July 23, 1951.

2. Contract dated June 28, 1951. To complete - 2 years.

Work Authorized

Retimbering of Hayden Shaft - 200 feet @ $60.00/ft.	$12,000.00
Drifting on 400 foot level of Hayden Shaft, 1,500 feet @ $21.00/ft.	31,500.00
Diamond drilling on 400 foot level of Hayden Shaft, 30 holes X 176 feet average length @ $6.00/ft.	31,500.00
Total	75,000.00
Additional facilities	5,000.00
Equipment rental	9,992.00
Total of estimated cost of project	$89,992.00
Government's participation, 50%	$44,996.00

Amendments

No. 1 Dated September 24, 1951.

Amended to allow for payment of Labor at the rates prevailing in the Leadville District.

Amendments (continued)

No. 2 Dated January 28, 1952.

Delete the following in Article (2) of Exhibit "A".

"Drifting on 400 foot level of Hayden Shaft, 1500 feet @ $21.00/ft." Insert the following "Rehabilitating the three lower levels. Drifting and crosscutting on the three lower levels of the Hayden Shaft, 1500 feet at $21.00/ft.

No. 3 Effective date, April 1, 1952.

Under "Exhibit D - Labor and Supervision" add the following: "Bookkeeper - not to exceed $30.00 per month"; and "Mucker" and "Timberman" the daily wages of which will not exceed the prevailing rates being paid in the Leadville Mining District.

No. 4 Effective date, April 1, 1952.

Changes "Exhibit C" item (c) Operating Equipment to be furnished by the Operator.

No. 5 Effective date, August 13, 1952.

Under the "Exhibit C - Operating Equipment", subheading "(a) To be purchased", delete the word "None" and in lieu thereof substitute the following:

4 Miners Lamps	$	99.80
4 Lamps chargers		50.00
1 Electric time clock regulator		6.75

No. 6 Dated September 25, 1952.

Allows raising to explore favorable ore horizons.

No. 7 Effective date, October 17, 1952.

Allows for the cost of surveying, engineering, or work incident thereto.

No. 8 Agreed date, July 3, 1953.

Extends completion time from 2 to 3 years. Royalty payment period increased from ten to eleven years.

Amendments (continued)

No. 9 Dated July 23, 1953.

Allows a recess of operations and that work shall be resumed on or before October 1, 1953.

No. 10 Effective date, October 1, 1953.

Recess operations from October 1, 1953 and ending not later than June 28, 1954.

Extend completion time from 2 years to 3 years and 6 months.

If work is not resumed on or before June 28, 1954, the contract is automically terminated.

Annex I increases the royalty payment period from ten to twelve years.

Work Completed:

Retimbering of the Hayden, vertical two compartment shaft	- 145 feet
Rehabilitating drifts and crosscuts	- 349 feet
Drifting and crosscutting	- 861 feet
Raising	- 17 feet
Total cost as submitted by Operator	$43,161.75

Work on the project was started June 28, 1951.

By Amendment No. 10 the contract was automically terminated June 28, 1954 when the Operator failed to resume work. No work under the terms of the contract was done after November 1952.

3. Audit Certificate (Report of Review) dated November 29, 1954.

Total cost as billed by the Contractor	$43,161.75
Less: Proceeds from Property Disposition	481.28
Net cost as claimed by Contractor	42,680.47
Exception: By DMEA Finance Officer	20.95
Total accepted cost	$42,659.52
Government's participation @ 50%	$21,329.76

Operator's final report - On September 29, 1955, Field Team waived the requirement that Operator provide final report.

Field Team final report - U. S. Geological Survey, dated January 27, 1955. (Received October 10, 1955)

Final Engineering report - October 14, 1954 (Received October 10, 1955)

4. Certification date December 16, 1954.

The work done under the terms of the contract resulted in the discovery of a small orebody, estimated to contain 600 tons of a sulphide lead-zinc-silver ore having a value of more than $25.00 per ton.

5. Comments.

Operations under the terms of the contract were conducted efficiently and in accordance with acceptable mining practice.

The ore deposit discovered by the Government assisted exploration is in the Cambrian Peerless Shale formation. This formation is made up of alternating strata of dark colored shale and sandy limestone. It appears that the limestones were more favorable to the depostion of sulphide minerals at the horizon of the north drift..

The Field Team states: "It is concluded that the exploration was carried on in an efficient and miner-like fashion, the results of which have contributed appreciably to the geologic knowledge of the area. It has resulted in the production of some ore sufficient to warrant Certification of Discovery or Development, and there will doubtless be more production when metal prices are favorable.

"The more materially beneficial aspects of the project may be realized in the future if some core holes are drilled upward from points along the drifts and crosscuts.

"Additional Government financially assisted exploration is not considered justified nor is it recommended at the present. The contract should be terminated by the Administrator in the usual manner."

J. W. Alt

J. W. Alt

JWAlt/er 4/24/56

Copy to: Docket
Base Metals
Chron.

☒ Audited

WO[redacted] ANALYSIS SHEET - DMEA PROJECT [redacted]

☒ Actual Cost

☒ Certified

Analysis as of 12/30/54
Incl. Voucher for Nov. 1952.

☐ Agreed Unit Costs

Nam[redacted] CADWELL MINING COMPANY.

Docket No. 627

State COLORADO

Commodity ZINC

Idm-E No. 34

1485 29.36

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	1485 1,500'	$31,500.00	869'	$25,509.97	$25,222.49
Raising	500'		17'	433.80	433.80
Shafts					
Winzes					
Drilling (Specify) Diamond	5,250'	31,500.00			
Sur[redacted]e Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation		21,422.00		17,197.03	17,003.23
New Building, Improvements, etc. Water Power Lines		5,000.00			
Other (Specify) Engineering		500.00		487.29	
Totals		$89,922.00		$43,140.80	$42,659.52

(Supplies) Property Proceeds $481.28

Automatic Termination 6/28/54.
Final Field Team Reports received 10/10/55.
Sta[redacted] Operations to June 30, 1955 = $639.65
" " " " due = 911.96
Agency

Prepared by [signature]

X copied

71626

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible]	500
7/30	Talbot	800
	Selfridge	120
7/30	[illegible]	110
	[illegible]	100
7/30	[illegible]	220

JUL 3 0 1963

Newmont Mining Corporation
300 Park Avenue
New York 22, New York

Re: DMEA-627 (Lead-Zinc)
Cadwell Mining Co.
Hayden Mine
Lake County, Colorado
Contract Idm-E34

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated December 16, 1954, all minerals mined or produced from June 28, 1951, to June 28, 1963, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property or any future production therefrom. We, therefore, are closing our books and records on this contract.

The above relates to the Landlord's Subordination Agreement signed by the Resurrection Mining Co. on July 23, 1951, under the Defense Minerals Exploration Administration program which has been succeeded by the Office of Minerals Exploration program.

Sincerely yours,

George Fumich, Jr. (gfa)

Director

MMerrithew/mm
7/29/63
cc: Director's Reading File
Region III
CA&A Division
Docket
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	
7/30	[illegible]	220

July 29, 1963

Memorandum

To: The Files

From: Chief, Division of Minerals

Subject: DMEA-627 (Lead-Zinc)
Cadwell Mining Co.
Hayden Mine
Lake County, Colorado
Contract Idm-E34

The Operator, Cadwell Mining Co., has persistently failed to reply to our Form 63's, though we know (from a return card attached to a registered letter) that it received our requests. Therefore, we do not consider it proper that this company should be provided with our usual letter of release; see our November 21, 1962, memo to Region III.

W. R. Griswold

W. R. Griswold

WRGriswold/mm
cc: Diredtor's Reading File

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 25 1963

DATE	INITIALS	CODE
7/25	[illegible]	800
		500

July 23, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-627 (Lead-Zinc)
Contract Idm-E34
Cadwell Mining Co.
(Hayden Mine)
Lake County, Colorado

I have again checked with Bud Franz, State Mine Commissioner, and he informed me that there is no activity at the Hayden Mine. No work has been done on this property for several years.

Upon receipt of an answer to your letter to Newmont Mining Corporation dated June 25, 1963, I recommend that the files be closed on this contract.

Hugh M. Connors

Hugh M. Connors

NEWMONT MINING CORPORATION
300 PARK AVENUE
NEW YORK 22, N.Y.

July 3, 1963

United States Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Attention: Mr. F. M. Murphy

Dear Sirs:

Re: DMEA-627 (Lead-Zinc)
Cadwell Mining Company

Replying to your inquiry of June 25, 1963 this is to advise that in October 1958, Resurrection Mining Co., one of our wholly-owned subsidiaries, sold to Cadwell Mining Company all of the properties previously leased to them, apparently being the same properties as were subject to your captioned contract. The pertinent claims are listed on the attached schedule.

Oct 1958 to Nov 6, 1961

We therefore have no information as to production from those properties subsequent to that date and accordingly return herewith the forms enclosed with your letter.

Yours very truly,

Jacques L. Leroy

Jacques L. Leroy
Secretary

Enclosures

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 8 1963

DATE	INITIALS	CODE
9/8		800
		120
		100
7/8		110
		500
	Murphy	500

SCHEDULE

Name of Claim	U. S. Survey No.
Hibernian	446
May Queen	448
Amie	351
Dunkin	297
Hugh	14338
Dolphin	719
Gambetta	298
Stray Horse	301 AM
Ida Nyce	313
Pittsburgh	422
Part of the May Queen	9583
Emma	626
Bullion	387
Ypsilanti	662
Heytrossar	1844 AM

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

Re: DMEA-627 (Lead-Zinc)
Cadwell Mining Co.
Hayden Mine
Lake County, Colorado
Contract Idm-E34

JUN 25 1963

Newmont Mining Corporation
300 Park Avenue
New York 22, New York

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

F. M. Murphy

F. M. Murphy, Acting Chief
Division of Minerals

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 8 1963

DATE	INITIALS	CODE

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. From Nov. 6, 1961, to June 28, 1963 ~~XXXXX~~ , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☐

2. From Nov. 6, 1961, to June 28, 1963 ~~XXXXX~~ , has there been any production from the land subject to the contract? Yes ☐ No ☐

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value
_____	_____	_____

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore	_____	Tons	_____	_____
Concentrates	_____	Tons	_____	_____
Other	_____	Tons	_____	_____

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☐

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value
_____	_____	

Submitted by:

Name _____ Title _____

Address _____ Date _____

4511

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/24	on leave	500
6/25	Tallant	800
	Selfridge	420
6/25	Dixson	110
	Smith	100
		420

JUN 25 1963

Newmont Mining Corporation
300 Park Avenue
New York 22, New York

Re: DMEA-627 (Lead-Zinc)
Cadwell Mining Co.
Hayden Mine
Lake County, Colorado
Contract Idm-E34

Gentlemen:

Under the terms of the referenced contract the period during which production is subject to the Government's percentage royalty expires on June 28, 1963.

We have written to Cadwell Mining Company requesting information on production subsequent to November 6, 1961; however, these requests were not acknowledged.

A Landlord's Subordination Agreement signed by Fred Searls, Jr. for Resurrection Mining Co. is part of the subject contract. Our understanding is that your corporation was a part owner of this company at the time the agreement was signed. Also, we have recently been advised that your corporation and American Smelting and Refining Company now have control of the Hayden Mine property.

If our information on the present ownership of the property is correct, will you kindly complete two copies of the enclosed MME Form 63 and return them to this office.

Sincerely yours,

F. M. Murphy mm

F. M. Murphy, Acting Chief
Division of Minerals

Enclosures

FMMurphy/mm
6/24/63
cc: Director's Reading File
Region III (2)
Docket
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	Hansbro	500
12/5	Talbot	800
	GCS	130
12/6	Johnson	110
11	Smith	100
		220

DEC 5 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-627 (Lead-Zinc)
Cadwell Mining Co.
Hayden Mine
Lake County, Colorado
Contract Idm-E34

Thanks for your November 29 memorandum concerning Cadwell Mining. We see little purpose in your going further into the matter at this time.

George C. Selfridge (gla)

WRGriswold/mm
12-5-62
cc: Director's Reading File
~~XXXXXX~~
Docket
Code 500

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 3 1962

DATE	INITIALS	CODE
12/3		800
		120
	Grawell	500
		250

November 29, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-627 (Lead-Zinc)
Contract Idm-E34
Cadwell Mining Company
(Hayden Mine)
Lake County, Colorado

This responds to your memorandum of November 21, 1962 on the subject project. I telephoned Mr. Bud Franz, State Mine Commissioner, and his records show that his last inspection of this property was on September 24, 1957 and that the Cadwell Mining Company was then in possession of the property but were not in production. The Cadwell Mining Company reported to him that they had spent $70,000.00 in improvements and exploration.

Mr. Franz stated that it is his understanding that the Newmont Mining Corporation and ASARCO now have control of the property. At the present time there is not one single mining operation in Lake County, since Climax is shutdown because of the strike.

Is it your thought that at this particular time we should go further into this matter since the termination date for the payment of royalty is June 28, 1963 at which time a thorough inspection will be made?

Hugh M. Connors

Hugh M. Connors

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	Griswold	500
11/26	Talbut	800
	GCS	130
11/26	Johnson	110
	Jensen	100
		220

NOV 2 1 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-625 (Lead-Zinc)
Cadwell Mining Co.
Hayden Mine
Lake County, Colorado
Contract Idm-E34

We have been unable to get any reply to our Form 63's which have been sent three times to Mr. S. C. Phillips over the past six months. The last one (September 24) was sent registered mail and the receipt was signed by Hazel L. Phillips. Address used was Box 803, Cortez, Colorado.

Ordinarily we would now try to contact the signer of the Landlord's Subordination Agreement but in this instance it was the Resurrection Mining Co., which we believe is now out of business. Hence, would you be kind enough to advise us if you have any knowledge of this property since November 6, 1961, the date of your last check sheet.

If you are unable to provide anything we shall then, as a last resort, get in touch with the Newmont Mining Corporation, who were a part owner of the defunct Resurrection, and perhaps they might be able to dig up something for us.

George C. Selfridge (gla)

WRGriswold/mm
11-20-62
cc: Director's reading File
Docket
Code 500

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 20 1961

DATE	INITIALS	CODE
11/20	[illegible]	800
"		~~500~~
	[illegible]	500
		220

Building 20 - Federal Center
Denver 25, Colorado

November 15, 1961

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMA-627 (Zinc)
Contract Ida E34
Caldwell Mining Company
(Hayden Mine)
Lake County, Colorado

Enclosed is the original of the Report of Royalty Review on the subject property dated November 8, 1961 covering the period December 7, 1955, through November 6, 1961.

Original signed by

Hugh M. Connors

Attachment
HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. E34
Chron

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

NOV 8 1961

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMA-627 (Zinc)
Cadwell Mining Company
Hayden Mine
Lake County, Colorado
Contract Idm-834

The original and one copy of a Report of Royalty Review covering the subject contract are attached. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Attachments

EDTalbert/ama
November 8, 1961

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

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/1	gab	220

NOV 1 1961

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMA-627 (Lead-Zinc)
Cadwell Mining Company
Hayden Shaft
Lake County, Colorado
Contract Idm-E34

This Division is preparing a Report of Royalty Review on the subject contract. Accordingly, your submission of an original and one copy of MME Form 22, Check Sheet of Examining Engineer, will be appreciated.

It appears that this project has been inactive since 1955. If this is so, please make an appropriate statement under item 8 of MME Form 22.

EDTalbert/ama
November 1, 1961

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

43683

224 New Customhouse
Denver 2, Colorado

August 28, 1957

CERTIFIED MAIL

Resurrection Mining Company
Leadville
Colorado

Attention: Accounting Department

Re: Docket DMEA 627 (Lead-Zinc) Contract Idm-E34 Cadwell Mining Company (Hayden Mine) Lake County, Colorado

Gentlemen:

Enclosed is your check No. 481 dated August 23, 1957, for $1.32 which was incorrectly made payable to this agency.

From copies of settlement sheets attached to your check, the royalty of $\frac{1}{4}$ of 3% of the total net value of the ore should be made payable to the Bureau of Mines in that it pertains to Drainage Tunnel Royalty and not DMEA Royalty.

Please make the necessary corrections and send your check for $1.32 to the Bureau of Mines, Room 224, New Customhouse, Denver, Colorado.

Very truly yours,

E. N. Harshman
Acting Executive Officer

Enclosure
MHM:eh
cc: Sec. Op. Comm. (2)
Finance Office, Region III
Royalty E34
Corres. E34
Marshall
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 3 1957

DATE	NOTES	CODE
9/3	Q	220
9/6	[illegible]	800
9/4	Jura	~~500~~

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 28 1957

DATE	INITIALS	CODE
1-28	C	220
1/28		800
		225

224 New Customhouse
Denver 2, Colorado

January 24, 1957

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Docket DMEA 627 (Zinc), Contract Idm-E34, Cadwell Mining Company (Hayden Mine), Lake County, Colorado

Dear Mr. Phillips:

The Denver office, American Smelting & Refining Company advises us that it has recently received production by your company from the Hayden mine area for which no royalty is indicated to be paid to DMEA.

Undoubtedly, this production is being made from land not subordinated to the Government under Contract I-DMA-E34. To clarify the records however, please verify this by a letter to this office.

Royalty is due the Government on all production from the Hibernian USMS No. 466 and May Queen USMS No. 488 patented mining lode claims.

Very truly yours,

Original signed by
W. M. TRAVER

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

MHM/vj

cc: Royalty File E34
Corres. File E34
Sec. Opr. Comm. (2)
J. F. Shaw (2)
Marshall
Chron.

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

MAY 1956

Mr. Thomas N. Bunding
DMEA Auditor
234 New Customhouse Building
Denver 2, Colorado

Re: Report of Royalty Review
[illegible]-234, DMA-427
Cadwall Mining Company

Dear Mr. Bunding:

Receipt is acknowledged of your corrected Report of Royalty Review covering the above-cited project.

The Report is acceptable and normal distribution may be effected.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
May 10, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

224 New Customhouse
Denver 2, Colorado

RECEIVED
MAY 7 - 1956

May 2, 1956

E. E. Shoppell
605 Denham Building
Denver 2, Colorado

Re: Royalty payments, Docket DMEA 627 (Lead-Zinc), Cadwell Mining Company, Hayden Mine, Lake County, Colorado, Contract Idm-E34

Dear Mr. Shoppell:

As per your request by telephone of this date we are enclosing a photo copy of three calculation cards pertaining to royalty shipments by Cadwell Mining Company under Contract Idm-E34.

Yours very truly,

W. M. TRAVER

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

Enclosures

RDB/vj

cc: Royalty Eile E34
Sec. Opr. Comm. (2)
J. F. Shaw (2)
Chron.

Talbert
Chambers

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

APR 23 1956

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

Re: Report of Royalty Review
Idm-234, DMA-427
Cadwell Mining Company

Dear Mr. Breding:

The recently received copies of your Report of Royalty Review, covering the referenced project, are returned herewith for revision as indicated below:

1. The period covered by the review should be indicated in the first paragraph.

2. Royalty is payable on "gross revenue from sales" and not "net proceeds", as stated in the second paragraph. (See Art. c of Annex I.)

3. Royalty is payable on all production from the land described in Article 2 of the contract and not just "production as a result of such discovery or development" as also stated in the second paragraph. (See Art. b of Annex I.)

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
April 23, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.E.S.

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

RECEIVED DEC 19 1955

224 New Customhouse
Denver 2, Colorado

December 14, 1955

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Royalty payments, DMEA Docket 627 (Lead-Zinc), Contract Idm-E34, Cadwell Mining Company, Hayden mine, Lake County, Colorado

Dear Mr. Phillips:

We request payment of royalties due the DMEA on the following shipments of ore made from the Hayden mine:

Lot No.	Purchaser	Royalty Rate	Royalty Due
H-5	Resurrection Mining Co.	5.0%	$19.66
H-6	" " "	5.0%	23.76
H-7	" " "	5.0%	40.61
H-8	" " "	3.0%	13.21
H-9	" " "	5.0%	20.52
H-10	" " "	1.5%	0.98
	Total Royalty Due		$118.74

As in the past, checks are to be made payable to the Defense Minerals Exploration Administration and sent to the Executive Officer, DMEA Region III, Room 224 New Customhouse, Denver 2, Colorado.

Yours very truly,

E. N. Marshman
Acting Executive Officer
DMEA Field Team, Reg.III

By J. W. Townsend

RDB/vj
cc: Royalty File E34
Sec. Opr. Comm. (2)
J. F. Shaw (2)
Berkenkotter
Chron.

OFFICIAL FILE COPY
O. M.
RECEIVED
DATE
4-9 C 220
" 110
" EEF 800
4-10 500
225

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration
224 New Customhouse
Denver 2, Colorado

April 6, 1959

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Semiannual Report of Certified Project for the period July 1, 1958 through December 31, 1958

DMEA Docket ~~654~~ 627 (Lead-Zinc)
Contract Idm-E 34
Cadwell Mining Company
Lake County, Colorado

Enclosed are the original and three copies of the subject report prepared in conformance with instructions contained in memorandum of January 6, 1956 from this office, Memorandum 29, and Special Notice in Minutes of Operating Committee Meeting No. 692.

J. W. Townsend

Enclosures
HMC/ff

cc: Semiannual Report File Idm-E 34
Harshman
Buel
Chron.

OME, REGION III

Statement in Lieu of Semiannual Report

Reporting Period	July 1 - Dec. 31, 1958
Docket and Contract Number	Docket 634, Contract Idm-E34
Operator	Cadwell Mining Company, Lake County, Colo.

The project has been inactive during the reporting period [x]

Pertinent data relative to the subject contract has remained unchanged since the last report [x]

Remarks:

Mr. R. Snow, president, stated that no work was performed on the subordinated Hibernian and May Queen claims during the reporting period. The company expects to resume operations possibly in May 1959.

Signed Edward W. Buel

Date 3-12-59

Edward W. Buel

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED
OCT 27 1955

October 26, 1955

Re: DMA 627, I-DMA-E34
Cadwell Mining Co.
Hayden Shaft
Lake County, Colorado
$42,659.52 - Zinc-Lead

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team Final Report.

The sum of $89,922.00 was approved for expenditure under the contract, and a net of $42,659.52 was spent.

The object of the work was to explore a hitherto unexplored horizon in an area adjacent to the Hayden shaft and the Leadville Drainage Tunnel. The proposed work involved reconditioning of the shaft and drifts, drifting, crosscutting, raising, and diamond drilling. Ten amendments to the contract were made.

Work completed at the time of termination of the contract consisted of:--

145 feet of rehabilitation Hayden shaft
349 feet of rehabilitation drifts and crosscut
861 feet of drifting
17 feet of raising

The work resulted in the discovery of a small ore body, 600 tons, from which shipments amounting to 194.42 tons were made during the life of the contract. Royalty payments in the amount of $274.42 were made to the Government.

The discovery and shipments justified the issuance of a certificate of discovery, but the Field Team recommends that no further Government-assisted work be done.

I agree to the certification and concur with the recommendation of the Field Team.

N. E. Nelson

N. E. Nelson

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

224 New Customhouse
Denver 2, Colorado

October 17, 1955

Betty

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Royalty payments, DMEA Docket 627 (Lead-Zinc), Contract I-DMA-E34, Cadwell Mining Company, Hayden Mine, Lake County, Colorado

Dear Mr. Phillips:

On September 15, 1955 we sent you a letter in which the current amount of royalty due under DMEA Contract Idm-E34 was established at $261.11. To date we have had no reply to our request for payment.

Subsequent to the above date we received settlement sheets for Lot No. H--4 for which royalty due amounts to $96.78.

We have been reluctant to force payment of this account by more drastic means than our letters of request. To date you have consistently been far behind in the handling of this matter; therefore, we must insist that payment be brought current by your check for $357.89 and all future DMEA royalties be paid when due.

Yours very truly,

W. M. Traver

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

RDB/vj

cc: Royalty File E34
Sec. Opr. Comm. (2)
J. F. Shaw (2)
Berkenkotter
Chron.

Selfridge
Johnson

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

OCT 14 1955

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

Re: Docket No. DMA-627 (Lead-Zinc)
Cadwell Mining Company
Hayden mine
Lake County, Colorado
Contract No. Idm-E34

Dear Mr. Traver:

Reference is made to the semi-annual report of certified project related to the subject contract. Washington received only the original and two copies of the report. Do you have another copy which you could send us? As you know, all reports should be submitted to Washington in quadruplicate.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

Approved:

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

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

GCSelfridge/asf (10/14/55)
Copy to: Docket
Admr. R. File
Mr. Kiilsgaard, Rm. 5222
Mr. Bishop, Rm. 3617
Mr. Selfridge
Mr. Griswold
Oper. Com.

R.C.S.

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

RECEIVED
OCT 6 - 1955

224 New Customhouse
Denver 2, Colorado

September 29, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Field Team, DMEA, Region III

Subject: Docket DMA 627 (Zinc), Contract I-DMA-E34, Cadwell Mining Company, Hayden shaft, Lake County, Colorado

Enclosed find the following final reports covering exploratory work completed under Contract I-DMA-E34:

1. Original and three copies of the final engineering report by the Bureau of Mines.

2. Original and three copies of the final geologic report by the Geological Survey.

By our letter to the Operator, dated September 29, 1955, two copies of which are also enclosed, we waived the Operator's requirement to provide the Government with a final report.

Project work began on June 28, 1951, and was continued through October, 1952. The project was automatically terminated on June 28, 1954, under the provisions of the suspension-termination clause in Amendment No. 10. Project work consisted of 143.3 feet of shaft rehabilitation, 394 feet of drift and crosscut rehabilitation, 861 feet of drifting and 17 feet of raising. Total accepted project costs, reflecting salvage value of jointly purchased equipment and supplies, as reported in the final Report of Review by the Contract Administration and Audit Division, total $42,659.52. Government contribution amounted to 50 percent, or $21,329.76.

The project resulted in a discovery of an estimated 600 tons of lead-zinc ore with an average value of $25.45 per ton. A Certification of Discovery or Development was issued by the Administrator on December 16, 1954.

F. TEAM FINAL RPT

W. M. Traver
W. M. Traver

Reviewed by
DMEA OPERATING COMMITTEE
10-10-55
(Date)

E. N. Harshman
E. N. Harshman

Enclosures

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CERTIFIED MAIL

224 New Customhouse
Denver 2, Colorado

September 29, 1955

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Docket DMA 627 (Lead-Zinc),
Contract I-DMA-E34

Dear Mr. Phillips:

In accordance with the authority delegated this office, we hereby waive the requirement stipulated in Article 5(b) of Contract I-DMA-E34 which obligates you to provide the Government with an adequate geologic and engineering report in quintuplicate.

Very truly yours,

W. M. TRAVER

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

WLD:prl
cc: Chairman, Oper. Comm. (2)
Shaw (2)
Harshman
Townsend
Corres. E-34
Chron.

10-10-55

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

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Mining Division
Date Rec'd.
OCT 27 1954
BUREAU OF MINES
Denver, Colorado

Region IV

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
October 21, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMA 627, Contract I-DMA-E34 (Lead-zinc), Cadwell Mining Company, (Hayden Shaft), Lake County, Colorado.

Enclosed are the original and eight copies of a final engineering report by Glen Walker covering the subject docket.

Walker concludes the exploration project was efficiently operated and resulted in the finding of sufficient ore reserve to warrant Certification of Discovery or Development. He recommends that no additional Government financially assisted exploration be undertaken at the present time, and that the contract be terminated by the Administrator in the usual manner.

I concur with his conclusions and recommendations.

W. M. Traver

W. M. Traver

Enclosure

WMT/mb

cc 8
E34
Chron

Reviewed by
DMEA OPERATING COMMITTEE
10-10-55

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

FINAL ENGINEERING REPORT

DMA 627, Exploration Project Contract I-DMA-E34

Hayden Shaft

Cadwell Mining Company

Lake County, Colorado

Lead-Zinc

Glen Walker, Mining Engineer
Bureau of Mines

October 14, 1954

Declassified by
DMEA CLASSIFICATION
10-10-55

DMA 627
Contract I-DMA-E34

HAYDEN SHAFT
CADWELL MINING COMPANY
LAKE COUNTY, COLORADO

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Final Engineering Report

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ILLUSTRATIONS

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DMA 627
Contract I-DMA-E34

HAYDEN SHAFT
CADWELL MINING COMPANY
LAKE COUNTY, COLORADO

FINAL ENGINEERING REPORT

By

Glen Walker

SUMMARY AND INTRODUCTION

Exploratory work for zinc at the Hayden mine, authorized under Exploration Contract I-DMA-E34, began June 28, 1951, and continued through November 1952. During this period portions of the shaft and three levels were rehabilitated; also, several hundred feet of rock excavations were completed on the No. 5 Leadville Tunnel level.

The drifting and crosscutting resulted in the discovery of sulfide lead-zinc-silver ore from which 194.42 tons, having a net value of $4,948.26, were extracted through April 1954. Royalty payments have been made to the Government in the amount of $274.42 on this ore.

The accepted expenditure incurred by the project, as indicated by the Contract Administration and Audit Division on November 30, 1952, was $43,140.84. This amount can doubtless be reduced somewhat by the liquidation of salvable equipment which originally cost $1,446.78. Government participation in the work was 50 percent of $43,140.84, or $21,570.42. Incurred costs accepted under the terms of the contract were considered justified and not excessive. Operations under the contract were prosecuted efficiently and in accordance with acceptable mining practice.

Government aid to the exploration stopped when the operation turned beyond the bounds of the contract. Currently, work on the property is following the lines of development and mining of the deposit located during the Government-assisted exploration.

LOCATION AND OWNERSHIP

The land stipulated in Article 2 of the contract includes the Hibernian M.S. 466 and the May Queen M.S. 448 lode mining claims situated in sec. 9, T. 9 S., R. 79 W., sixth principal meridian, in Leadville (California mining district), Lake County, Colorado (fig. 1). It is about 1/2 mile east of Leadville to which it is connected by a good all-weather graveled road. The underground workings are connected to the Leadville drainage tunnel on the No. 5 level.

The property is owned by the Resurrection Mining Company. A 5-year lease was granted to S. C. Phillips, E. W. Lumberg, and Samuel C. Phillips on May 12, 1950. The lease was assigned to the Cadwell Mining Company, whose principals are the above mentioned persons, on June 28, 1951.

HISTORY AND PRODUCTION

Prior to the initiation of the Government-aided exploration, operations had been very intermittent since 1880. As may be expected, production records of the erratic operations are incomplete. The Mineral Industry Division, Bureau of Mines, Region IV, indicates production from 1910 to 1918 as 10,486 tons of oxidized lead-zinc ore. It seems very probable that some of the early day production, particularly from the Hibernian claim, was recorded with that of the

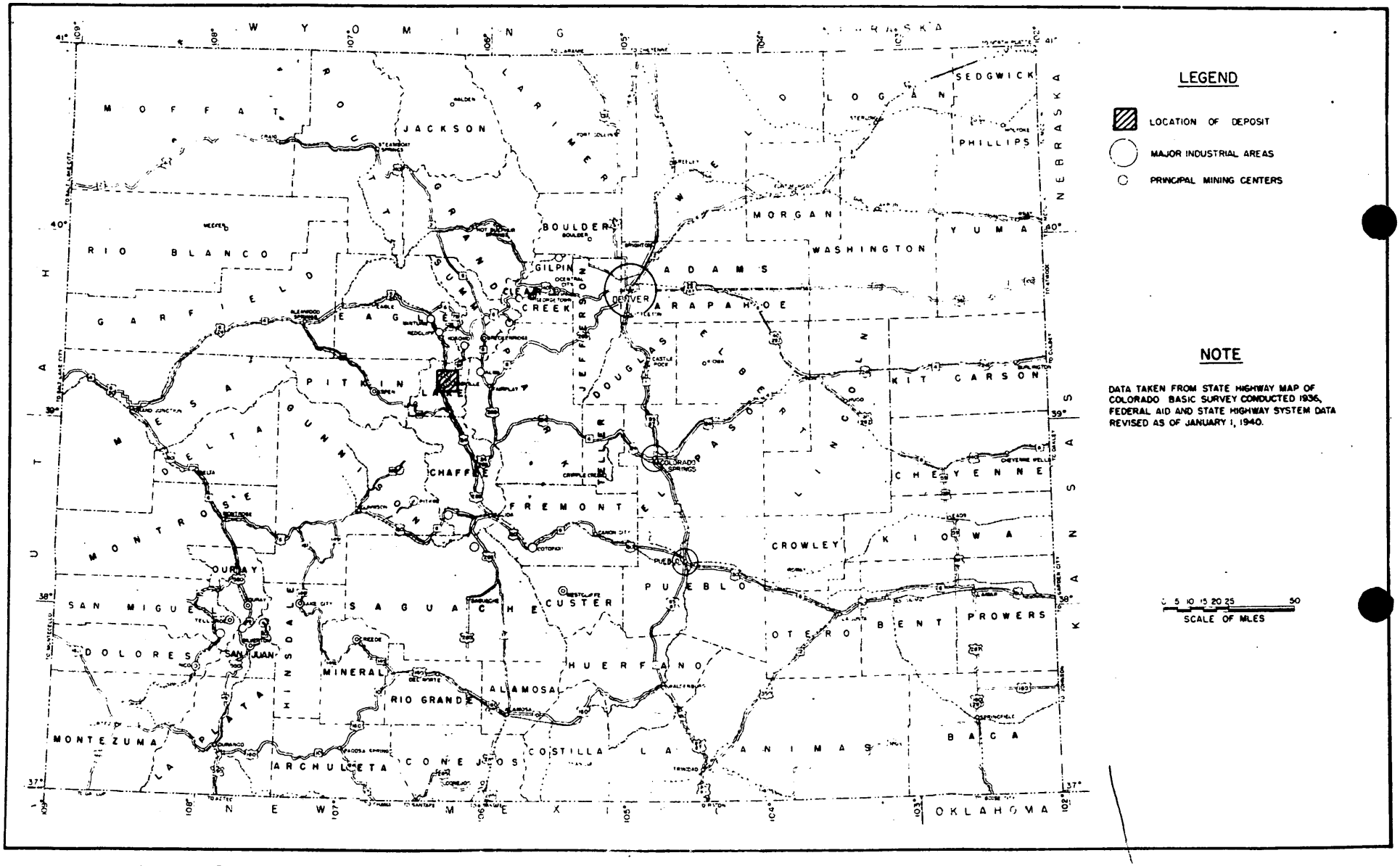

FIGURE 1 - LOCATION MAP, CADWELL MINING CO. LAKE COUNTY, COLO. (DMA 627, CONTRACT I-DMA-E34)

Pittsburg mine, which adjoins it on the west. From the inception of the subject exploration program to May 1954, 194.42 tons averaging $25.45 net per ton have been mined from the Hibernian claim. During this period, no ore has been extracted from the May Queen property.

DESCRIPTION OF THE DEPOSIT

Prior to the completion of the Government-assisted exploration, no workable deposits were definitely known on the property. Geologically, the occurrence of ore here is similar to that of the Leadville district in general. A calcareous stratum of the Peerless Cambrian Shale appears to have been partially replaced by sulfides of lead and zinc containing appreciable amounts of silver.

The following rock sequence is found in the 500-foot vertical Hayden shaft; glacial drift, high terrace gravel, White Porphyry, Dyer Dolomite, Parting Quartzite, Gray Porphyry, White (Manitou) Limestone, Gray Porphyry, and White (Manitou) Limestone. This rock series trends 15° to 30° northeast and dips generally 20° southeast. The structural features of the sediments are locally altered by faults and igneous rock intrusions. It should be noted that the above-mentioned formations do not include the Peerless Shale which normally underlies the white Limestone; but the major amount of drifting was in a northeasterly direction from the shaft on the No. 5 level, and this formation was encountered about 200 feet from the shaft and remained along the drift to the end. The drifting and crosscutting conducted east and southeast of the shaft on the No. 5 level were not productive of ore and were in the Gray Porphyry and the White (Manitou) Limestone.

WORK COMPLETED UNDER THE CONTRACT

Work under the Government contract, shown on figure 2, began June 28, 1951, with retimbering of the Hayden vertical, two-compartment shaft. This work was in progress at the time and continued to the No. 6 level, a distance of 143.3 feet. Other rehabilitation work covered by Amendment No. 2, consisting principally of cleaning portions of the bottom three levels, was pursued on completion of hoisting facilities. This work covered a total of 394 feet of drifts and crosscuts and cost $16,153.21 along with the shaft repairing. A cost for rehabilitation of approximately $30.70 per foot is indicated. This figure compares favorably with costs for similar work in this and other districts.

The rock excavation phase of the exploration totaled 861 feet of drifts and crosscuts, and 17 feet of raise which cost $26,987.63 or approximately $30.74 per foot. All of this work was performed on the No. 5 or Leadville Tunnel level. While the rehabilitation work was in progress, the Bureau of Mines was engaged in driving what is known as the Hayden Lateral from the Leadville Drainage Tunnel to the Hayden shaft. This lateral intersected the shaft 30 feet above the lowest level of the mine, which is now called the No. 6 level. A shaft station was constructed on the No. 5 level and a crosscut was started in an easterly direction. The purpose of this crosscut was to get out of the Gray Porphyry, surrounding the shaft, into the Manitou Limestone which was thought to contain ore. At a distance of about 50 feet from the shaft the porphyry-limestone contact was found and subsequently followed a total distance of about 113 feet. Although very scant

indications of ore were noted in this distance, crosscuts totaling some 60 feet were driven in this area. A 2-inch thick streak of manganiferous material intersected about 63 feet east of the shaft was reported to have assayed 26.8 ounces silver per ton; however, it became narrower as it was followed along its strike.

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During the last part of March 1952, work was stopped in the area east and south of the shaft but was started in a northerly direction from the No. 5 level shaft station. At 77 feet from this point the Gray Porphyry-Manitou Limestone contact was cut. The strike of the contact here is N.75° E. and the dip 35° north. The limestone beyond is unusually hard, strikes N. 50° E. and dips 30° Southeast. Work in this north trending "drift" was continued for a total distance of 596 feet from the shaft station under the contract. At 145 feet from the station the Manitou formation was left and Gray Porphyry was again encountered. This contact strikes N. 60° E. and dips 30° Southeast. The porphyry remained along the drift for about 60 feet where the Peerless Shale was contacted. The strike of this formation is about the same as the course of the drift, N. 15° E.; it dips about 20° to the east.

During May 1952, at a distance of 217 feet from the shaft station, a significant discovery of lead-zinc sulfide ore was made. For a distance of about 15 feet along the lower left corner of the drift, the ore deposit had a thickness ranging up to 3 feet. A sample of this material is reported to have assayed 20.8 ounces silver per ton, 15.9 percent lead, and 12.3 percent zinc. Crosscuts driven west or up dip into this deposit resulted in shipments of several tons of ore which netted slightly over $24.00 per ton. Along the course of the north drift beyond the ore deposit, the Peerless Shale formation

became more shaly and timber was required for a distance of about 40 feet. The Peerless Shale formation at the horizon of the drift is what might be termed a shaly limestone, with the thickness of the limestone strata greatly exceeding the shale; however, locally the reverse is true. At 268 feet from the shaft station another, but thinner, ore deposit was encountered and followed about 25 feet. Short crosscuts on the east or down-dip side of the drift in this ore revealed that it has very limited lateral extent. A ½-inch streak of sulfides was encountered at 392 feet from the station on which a 17-foot raise was driven. The face of this raise is in Gray Porphyry; the mineralized streak did not penetrate it. Several other thin fissures of sulfides were cut between this point and 447 feet from the shaft; their general trends are about N. 60° E. with steep north dips. At 596 feet from the shaft station, the north drift was stopped by the contractor in favor of a "long hole" drilling campaign. This latter type of prospecting was not specified in the Government contract; therefore, their participation ceased at this juncture.

About a month later the contractor decided to have a geophysical survey made along the north drift which necessitated the removal of pipe and track. The Government elected to participate in the removal of this equipment.

DESCRIPTION OF THE DISCOVERY

The ore deposit discovered by the Government-assisted exploration is in the Cambrian Peerless Shale formation. This formation is made up

of alternating strata of dark colored shale and sandy limestone. It appears that the limestones were more favorable to the deposition of sulfide minerals at the horizon of the north drift. The portion of the ore deposit between the property line and the west side of the drift measured approximately 30 feet x 15 feet x 2 feet thick and contained in excess of 90 tons of ore that netted $2,456.84. Considerably more than this amount of ore has been produced from beyond the west side line of the Hibernian Claim on the Pittsburg Claim. Likewise, down dip or east of the drift, more than 100 tons have been produced. From the above facts, it is apparent that the deposit contained approximately 200 tons of measured ore having a net value of more than $25.00 per ton. The general characteristics of this type deposit (replacement in sediments) makes a projection of its size and shape highly conjectural. It is, therefore, inferred, that the ore remaining is equal to approximately twice that extracted, or 400 tons; the grade should be comparable to that mined.

EXPENDITURES

At the end of each calendar month, for the duration of the project, the contractor submitted an itemized cost account of expenses incurred by the work. At the end of November 1952, the Contract Administration and Audit Division of the Defense Minerals Exploration Administration made an audit of the contractor's accounts and concluded that $43,140.84 was the total allowable expense according to the contract. A corrected distribution of the accepted incurred expenses of the project to the

various items of cost is as follows:

Labor and Supervision		$26,524.96
Operating Materials and Supplies:		
Timber	$1,807.29	
Explosives	1,584.35	
Pipe	455.01	
Track	828.40	
Other Supplies	3,239.94	
Transport of supplies	174.31	
Small tools and Miscell. Supplies	91.20	
Fuel and Compressor oil	23.39	
Ventilation tubing (canvas)	483.48	
Steel, bits and conditioning	92.80	
Lamps and Charger	163.37	
Rubber Clothing	30.65	
Total		8,974.19
Power (electric)		1,785.61
Depreciation of Operating Equipment		3,944.72
Miscellaneous:		
Repairs to equipment	551.47	
Sampling and Analysis	68.87	
Payroll taxes	361.41	
Workmen's Compensation Insurance	909.61	
Plowing Road	20.00	
Total Miscellaneous		1,911.36
GRAND TOTAL		$43,140.84

The Government's contribution was 50 percent of the above, or $21,570.42. The items that appear to have a possible salvage value are pipe, track and electric miner's lamps with charger. The total original cost of these materials was $1,446.78, for which the Contractor has bid $481.00 on these items. All the operating equipment used on the project was owned by the contractor; therefore, there is no inventory of equipment in which the Government participated in the cost.

Termination of the project is subject to a final audit by the Contract Administration and Audit Division.

CONCLUSIONS AND RECOMMENDATIONS

It is concluded that the exploration was carried on in an efficient and miner-like fashion, the results of which have contributed appreciably to the geologic knowledge of the area. It has resulted in the production of some ore sufficient to warrant Certification of Discovery or Development, and there will doubtless be more production when metal prices are favorable.

The more materially beneficial aspects of the project may be realized in the future if some core holes are drilled upward from points along the drifts and crosscuts.

Additional Government financially assisted exploration is not considered justified nor is it recommended at the present. The contract should be terminated by the Administrator in the usual manner.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver 2, Colorado

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OCT 6 - 1955

January 27, 1955

Date Rec'd,
JAN 28 1955
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket 627 (lead-zinc), Contract Idm-E34, Cadwell Mining Co., Lake County, Colorado

Enclosed are the original and 8 copies of a final geologic report by D. R. MacLaren, U. S. Geological Survey, on the above subject exploration project.

MacLaren describes the geologic aspects of the completed exploration program and recommends that a Certification of Discovery be issued. Additional exploration with Government funds is not recommended.

The recommendations made in MacLaren's report are justified by data contained in that report.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (9)

Reviewed by
DMEA OPERATING COMMITTEE
10-10-55

CADWELL MINING COMPANY

LAKE COUNTY, COLORADO

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DMEA DOCKET 627

CONTRACT Idm-E34

Final Geologic Report

10-10-55

By D. R. MacLaren
U. S. Geological Survey

CADWELL MINING COMPANY
LAKE COUNTY, COLORADO
DMEA Docket 627
Final Geologic Report

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INTRODUCTION

The Cadwell Mining Company, 2450 Kendall Street, Edgewater, Colorado, and the Defense Minerals Exploration Administration signed contract Idm-E34 on June 28, 1951, the purpose of the contract being to explore for lead and zinc ores at the Hayden shaft, Leadville, Colorado. The contract provided for retimbering the Hayden shaft from a depth of 220 feet to the bottom, drifting a total of 1,500 feet from the shaft on the 400-foot level, and diamond drilling a total of 5,200 feet above and below from the 400-foot level, at an estimated total cost of $89,922.00 (Government's share 50 percent or $44,961.00). The contract was amended ten times, those amendments directly affecting the work plan allowed drifting, crosscutting, and diamond drilling from any or all of the three lowest mine levels (amendment No. 2), authorized raising, footage to be charged against total allowed drifting (amendment No. 6), authorized surveying, engineering, removal and restoration of track incident to a geophysical survey to be made by the operator, the cost of these items to be charged against drifting, crosscutting, and raising (amendment No. 7), extended the effective period of the contract from two to three years and the Government's lien on royalties from 10 to 11 years (amendment No. 8), authorized a recess from November 1952 to October 1, 1953, (amendment No. 9), and

extended the recess from October 1, 1953 to June 28, 1954, and the Government's lien on royalties another six months (amendment No. 10).

Work began June 28, 1951, and continued without interruption through November 1952. On September 27, 1954, it was recommended by the Bureau of Mines examiner that a discovery be certified. The contract was terminated after the final period of recess expired June 28, 1954, without a resumption of work.

During the life of the contract 145 feet of rehabilitation was completed in the Hayden shaft, 349 feet of drift and crosscut were made accessible on the lower three levels, and 861 feet of drift and 17 feet of raise were driven on and above the 5th or Leadville Drainage Tunnel level. It is concluded that this work resulted in the discovery of a small body of lead-zinc ore estimated by the Bureau of Mines Engineer to contain about 600 tons having an average value of more than $25.00 per ton. It is recommended that no more Government funds be spent on this property at this time.

GEOLOGY

The geology of the Leadville district is well known. The oldest rocks are granite, gneiss, and schist of pre-Cambrian age overlain by quartzites, dolomites, limestones, and shales ranging in age from Upper Cambrian to Pennsylvanian. The rocks are faulted and intruded by many sills, dikes, and a few stocks of porphyry, as well as by a few pipe-like bodies of volcanic breccia.. Exploration was limited

to the 5th level where the only rocks encountered are the Peerless shale member of the Sawatch formation, Upper Cambrian in age, the Manitou limestone of Lower Ordovician age, and the Grey porphyry of Tertiary age.

The Peerless shale consists of about 45 feet of alternating thin layers of shale and light-grey to white magnesian limestone. Replacement deposits of low grade lead-zinc-silver ores have been found in the upper 20 feet of the Peerless which is mostly impure white limestone, with some beds having a reddish cast. The Manitou limestone, about 110 feet thick, overlies the Peerless with which it has a more or less gradational contact. Three stratigraphic units recognized in the Manitou are 2 feet of light-grey limestone and greenish shale at the base, 60 feet of granular light-grey limestone and chert in the central part, and 30 feet of grey limestone with fossil casts and some chert at the top. The Grey porphyry is an intrusive mass of irregular outline and occurrence. Near the shaft it appears to be dike-like, while north of the shaft it appears as a sill between the Peerless shale and the Manitou limestone.

On the 5th, or Leadville Drainage Tunnel level, a drift was driven 220 feet in a northeasterly direction from the Hayden shaft (fig. 1). The drift is in Grey porphyry for about 60 feet. It then crosses a contact into the Manitou limestone, in which it continues for another 35 feet to the breast. A branch drift was driven along the porphyry-limestone contact the strike of which swings from about S. 12° E. in the branch drift. The dip of the contact varies from 20° SW to 50° S.

At a distance of 32 feet the contact is shifted about 2 feet into the south wall of the drift by a normal fault that strikes N. 36° W. and dips 70° to 80° SW. Beyond the fault the drift was continued in Manitou limestone for about 72 feet at which point it crossed another contact into Grey porphyry. This contact strikes N. 29° E. and dips 70° to 75° SE. A second fault of undetermined displacement, striking N. 19° E. and dipping 65° NW was encountered about 32 feet beyond the first one. Five feet beyond the second porphyry-limestone contact the branch drift was discontinued. About 25 feet back from the breast of the branch drift a second branch was driven southeast for about 25 feet. This branch was stopped after it crossed the porphyry-limestone contact. This phase of the exploration was to test the ground below stopes in the Blue limestone higher in the mine. As only a few small pockets of silver-bearing manganese and iron oxides were found in this area, it was decided to drift northerly from the shaft to explore the Peerless formation which is mineralized where it is cut by the Leadville Drainage Tunnel.

The north drift was driven 86 feet on an initial bearing of N. 2° W. A survey indicated that at this bearing the drift would soon cross the west side line of the Hibernian claim and enter ground not controlled by the operator. Therefore, the drift was turned and driven on a bearing of N. 17° E. for about 510 feet with Government assistance. At this point the operator did some long hole drilling and had a geophysical survey made. At 520 feet the operator drove a short crosscut to the east and a raise from the crosscut. The Government did not participate in any of these operations.

Except for a small patch of Manitou limestone along the west wall, the north drift is in Grey porphyry for the first 80 feet. At 80 feet it crosses a porphyry-limestone contact and is in Manitou limestone for the next 68 feet. The contact strikes N. 75° E. and dips from 5° to 40° NW, while the limestone beds strike N. 36° E. and dip 28° SE. Apparently this section of limestone is a pendant that has been partially engulfed by a porphyry sill because at a distance of 148 feet, the drift again crosses a limestone-porphyry contact that strikes N. 40° W. and dips 30° SW. The drift continues in porphyry for 63 feet at which point it again crosses a contact, this one striking N. 58° E. and dipping 57° to 66° SE. From this contact the drift continues in Peerless shale to the breast.

A few feet north of the porphyry-shale contact the drift encountered a heavily mineralized bed in the uppermost part of the Peerless formation. The ore bed lies in the drift floor and extends along the drift for about 25 feet, then it dives beneath the floor. Holes drilled into the drift floor show the ore bed to be 18 to 20 inches thick. A crosscut driven westward into the footwall of the ore bed shows a gradual increase in thickness of the ore to 42 inches. About 25 feet west of the drift the ore ends at a fault which strikes N. 32° E. and dips 83° SE. At first the fault was believed to be post-mineral but later work done by the operator on his own account gives evidence that the fault is pre-mineral but that some post-mineral movement has taken place. The ore body is one of massive sulfides consisting of granular pyrite heavily banded by seams of coarse-grained

galena and resinous sphalerite. Samples of the ore assay about 30 percent combined lead and zinc and about 20 ounces of silver per ton. As the fault was on or just over the west side line of the Hibernian claim, the crosscut was stopped and no raising was done on the fault. Subsequently, the operator acquired rights to the Pittsburgh claim, adjacent to and west of the Hibernian claim, and continued the crosscut on his own account, swinging it to the south. Also on his own account the operator raised from the crosscut beyond the fault but found only thin beds of ore too spotty to mine. Opposite the crosscut a flat winze followed the ore bed for about 50 feet to the east. The winze was stopped due to difficulty in handling the muck and water.

About 40 feet north of the winze another thin ore bed was encountered. At this point a crosscut was driven 50 feet to the east. The ore bed pinched out at 25 feet.

Between 80 and 130 feet north of the east crosscut the drift crossed a series of six normal faults of small displacement that strike N. 15° to 30° W. Five of the faults dip from 72° to 79° SW and one dips 80° NE. At about 125 feet north of the crosscut a mineralized fissure one-half to one inch thick strikes S 85° E. and dips vertically. A raise was driven on the fissure to a height of 17 feet where the fissure ended against overlying porphyry. At a distance of 165 feet north of the crosscut the drift encountered the first of three small closely spaced mineralized stringers, striking N. 55° E. and dipping

60° NW. No other mineralization was encountered, and at a distance of 596 feet from the starting point the drift was discontinued.

Near the porphyry-shale contact the shale beds strike about N. 75° E. and dip 10° SE. As the drift is followed north the strike of the beds gradually swings to N. 15° E. near the point where the contract was terminated. The dip is about the same, steepening slightly to 13° SE. After the contract was terminated, the operator continued the drift to the north, turning slightly to the northwest and at the final breast the strike of the beds is N. 62° W. and the dip is 22° NE.

CONCLUSIONS AND RECOMMENDATIONS

It is concluded that the discovery of a small ore body, estimated by the Bureau of Mines to contain about 600 tons having a value of more than $25.00 per ton, has resulted from this project. It is understood that the operator intends to drift from the bottom of the shaft to explore the downward continuation of the ore body still evident in the discontinued winze. Because of the possibility of the intended drifting resulting in a considerable expansion of the apparently small discovery, it is recommended that a discovery be certified and that no further Government funds be spent on this project at this time.

REFERENCES

Emmons, S. F., Geology and mining industry of Leadville, Colo. (with atlas): U. S. Geol. Survey Mon. 12, 1886.

Loughlin., G. F., Guides to ore in the Leadville district: U. S. Geol. Survey Bull. 779, 1926.

Emmons, S. F., Irving, J. D., and Loughlin, G. F., Geology and ore deposits of the Leadville mining district, Colo.: U. S. Geol. Survey Prof. Paper 148, 1927.

Behre, C. H., Jr., Revision of structure and stratigraphy in the Mosquito Range and the Leadville district, Colo.: Colo. Sci. Soc. Proc. vol. 12, pp. 37-57, 1929.

RECEIVED
OCT 1 - 1955

CERTIFIED MAIL

224 New Customhouse
Denver 2, Colorado

September 29, 1955

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Docket DMA 607 (Lead-Zinc),
Contract I-DMA-K34

Dear Mr. Phillips:

In accordance with the authority delegated this office, we hereby waive the requirement stipulated in Article 5(b) of Contract I-DMA-K34 which obligates you to provide the Government with an adequate geologic and engineering report in quintuplicate.

Very truly yours,

W. M. Trever
Executive Officer
DMA Field Team
Region III

WMTr:prl
cc: Chairman, Oper. Comm. (2)
Shaw (2)
Hershman
Townsend
Corres. K34
Chron.

File Copy
Surname

J. Ad.
Irwin
Selfridge
K Brown
Mittendorf

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

SEP 26 1955

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

Re: Docket No. DMEA-627 (Zinc)
Cadwell Mining Company
Hayden Shaft
Lake County, Colorado
Contract No. I-DMA-E34

Dear Mr. Traver:

This is with reference to your memorandum, dated September 9, in which you request our concurrence to waive the Operator's final report. We concur with you and you have our approval to waive this report.

As the project was automatically terminated by Amendment No. 10 when the Operator failed to resume work on June 28, 1954, and as no work has been done under the terms of the contract since November 1952, will you please advise us when we may expect to receive the final Field Team report as we would like to close our files on this terminated project.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED:

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

N. E. Nelson
Member, Geological Survey

JWAlt/er 9/23/55
Copy to: Docket
Admr & File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

R.C.B.

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

RECEIVED
SEP 19 1955

224 New Customhouse
Denver 2, Colorado

September 15, 1955

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Royalty payments, DMEA Docket 627 (Lead-Zinc), Contract I-DMA-E34, Cadwell Mining Company, Hayden Mine, Lake County, Colorado

Dear Mr. Phillips:

Your check for $241.30 is hereby acknowledged. We have credited this amount to your royalty account, the status of which is now as follows:

Lot Number		Royalty Due
H-15	Resurrection Mill	$ 30.54
H-1	Resurrection Mill	16.28
H-2	Resurrection Mill	110.37
H-3	Resurrection Mill	103.92
	Total Royalty due	$261.11

DMEA royalty payments are due the U. S. Government upon your receipt of payment by the mill; therefore royalty due on the earlier shipments listed above is considerably overdue.

Yours very truly,

W. M. TRAVER

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

RDB/vj

cc: Royalty File E34
J. F. Shaw (2)
Sec. Opr. Comm. (2)
Berkenkotter
Chron.

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

RECEIVED
SEP 15 1955

224 New Customhouse
Denver 2, Colorado

September 9, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA 627 (Zinc), Contract I-DMA-E34, Cadwell Mining Company, Hayden Shaft, Lake County, Colorado

Project work under Contract I-DMA-E34 ceased on November 30, 1953. Amendment No. 10 extended the completion period to December 1, 1954, and provided a recess period to end not later than June 28, 1954. The project was never reactivated and on July 1, 1954, the Operator was notified by letter from this office that under the provisions of Amendment No. 10 the project was automatically terminated on June 28, 1954. Because we believed in the Operator's intention to continue the project work, we processed the Operator's monthly progress report and voucher for November, 1953, early in January, 1954. We did take into account all disallowances recommended by the Second Interim Audit Report by the Contract Administration and Audit Division released to this office on December 21, 1953.

Final disposition of jointly purchased supplies was mutually settled and the Operator remitted a check to this office covering Government equity in full on the agreed salvage value. A final Report of Review by the Contract Administration and Audit Division, released to this office on December 10, 1954, took into account the settlement of this Government equity and reported the final accepted cost of the project.

The Administrator issued a Certification of Discovery or Development to the Operator on December 16, 1954. The final engineering report was received in this office on October 21, 1954, and the final geologic report was received on January 28, 1955. We requested the Operator to submit his final report by our letters dated July 1, 1954, September 10, 1954, May 17, 1955, and July 29, 1955, copies of which were sent to you. The Operator has not indicated that he intends to comply and we have no funds withheld from payment that might offer an inducement.

To close out our files on this terminated contract, we intend to waive the Operator's requirement for a final report on the basis that

the final engineering and geologic reports fully cover the completed project work and that a final report from the Operator will contribute little to the information already on hand. We request your concurrence.

We are enclosing the following data relative to the disposal of jointly purchased supplies that was withheld from distribution pending receipt of the Operator's final report and the closing out of the contract:

1. Three copies of the Operator's bid dated September 23, 1954.

2. Three copies of a memorandum, dated October 1, 1954, from the inspecting engineer recommending acceptance of the bid.

3. Three copies of a memorandum recommending approval from the Supervising Engineer, dated October 1, 1954.

4. Three copies of a letter to the Operator, dated October 8, 1954, wherein the Executive Officer, Region III, accepted the Operator's bid.

5. Three copies of a letter to the Operator, dated November 1, 1954, from the Executive Officer, Region III, acknowledging receipt of the Operator's check for Government interest in the jointly purchased supplies.

6. Three copies of a formal assignment and transfer of the Government's interest in such supplies to the Operator, signed by the Executive Officer, Region III, on November 1, 1954.

7. Three copies of a memorandum to the Fiscal Office, Region III, dated November 1, 1954, whereby the Executive Officer transmitted the Operator's check to be credited to the contract account.

Wm. Traver

W. M. Traver

Enclosures

CADWELL MINING COMPANY

RECEIVED
SEP 1 5 1955
Mining Division
Date Rec'd.
SEP 27 1954
BUREAU OF MINES
Denver, Colorado

S.C.PHILLIPS, President
2450 Kendall St.,
Denver 14, Colorado

To: W.H.King, Executive Officer
DMEA Field Team, Region IV

Re: Docket No.DMA-627 (Lead-Zinc)
Contract No. I-DMA-E34

PROPOSAL RELATIVE TO SETTLEMENT

			Cost
Pipe			$ 455.01
Track			828.40
2- 1" Sleeves	@	.20	.40
1- 1" Union	@	.58	.58
3- 1" 90° Elbows	@	.20	.60
2- 1" 6" Nipples	@	.16	.32
2- 1" Valves	@	1.75	3.50
2- 1" Tees	@	.30	.60
4- 1½" Sleeves	@	.32	1.28
2- 1½" Unions	@	1.02	2.04
2- 1½" 90° Elbows	@	.62	1.24
2- 1½" 6" Nipples	@	.25	.50
2- 1½" Valves	@	2.30	4.60
2- 1½" Tees	@	.93	1.86

Total Cost $1,300.93

To retain the above items, we hereby respectfully offer $ 481.28 in full settlement of contract.

CADWELL MINING COMPANY

By: S C Phillips
S.C.Phillips, President

Signed this 23rd day of September, 1954.

711

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

RECEIVED
SEP 15 1955

Region IV

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
October 1, 1954

Memorandum

To: Executive Officer, DMRA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMA 627 (lead-zinc), Contract I-DMA-334, Cadwell Mining Co. (Hayden shaft), Lake County, Colo.

Enclosed are the original and eight copies of Glen Walker's memorandum recommending acceptance of the contractor's offer of $481.28 in liquidation of jointly-owned equipment and supplies on the above contract.

The recommendation has my approval.

W. M. TRAVER

W. M. Traver

Enclosures

WMT/iei

cc: ✓8
DMA 627
DMRA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

RECEIVED
SEP 15 1955

Region IV

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
October 1, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMA 627 (lead-zinc), Contract I-DMA-K34, Cadwell Mining Co. (Hayden shaft), Lake County, Colo.

Enclosed are the original and eight copies of Glen Walker's memorandum recommending acceptance of the contractor's offer of $151.26 in liquidation of jointly-owned equipment and supplies on the above contract.

The recommendation has my approval.

W. M. TREVER

W. M. Trever

Enclosures

WMT/lei

cc: 4
DMA 627
DMEA Chron.

RECEIVED
SEP 1 1955

224 New Customhouse
Denver 2, Colorado

October 8, 1954

Mr. S.C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Docket DMEA 627 (Lead-Zinc)
Contract I-DMA-E34

Dear Mr. Phillips:

Consistent with the authority delegated to this office under Order No. 2684 from the Office of the Secretary, Department of the Interior, the United States of America acting through the Department of the Interior, Defense Minerals Exploration Administration does hereby accept your bid and proposal dated September 23, 1954, in the amount of $481.28, in the liquidation of the jointly owned material, listed in your bid and proposal of September 23, 1954, which was acquired under Contract I-DMA-E34.

Upon receipt of a check made payable to the Defense Minerals Exploration Administration in the amount of $240.64, for the Government's interest in the transaction, a formal release and assignment of the material involved will be forwarded to you.

Very truly yours,

W H King

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

JWT:jp
cc Subject
Chron
WMTraver
AHKoschmann
MF 104 (5)
JWTownsend

RECEIVED
SEP 1 5 1955

224 New Customhouse
Denver 2, Colorado

November 1, 1954

Mr. S.C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
[illegible], Colorado

[illegible] (Page Mine)
Contract I-DMA-E34

Reference is made to our letter of October 25, 1954 wherein we acknowledged receipt of your check in the amount of $240.64. Please disregard the matter discussed in the letter referred to.

Incoming checks, especially those without letters of transmittal, are routed direct to the Royalty Payment Section for reconciliation and recording on royalty payment records. In this instance a few days elapsed before it came to our attention that the check was in reality rendered by you in conformance with our letter of October 8, 1954 in settlement of the Government's interest in the jointly owned property acquired under the contract.

Enclosed is a formal assignment and transfer of the Government's interest in the property acquired under Contract I-DMA-E34.

11/2
bk rec'd.
J J Stokes

Very truly yours,

W H King

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

Enclosure

JWT: jp
cc Subject
Royalty
Green
Trever
Christensen
Townsend

RECEIVED

SEP 1 5 1955

To: Mr. S.C. Phillips, President
Cadwall Mining Company
2450 Kendall Street
Edgewater, Colorado

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, for a valuable consideration hereby sells, assigns, transfers and sets over to you all of its right, title and interest in all property acquired under Exploration Project Contract No. I-DMA-E34, Docket No. DMA 627, dated June 28, 1951.

Dated November 1, 1954

THE UNITED STATES OF AMERICA

By W.E. King
W.E. King, Executive Officer
DMEA Field Team, Region IV

cc: Subject
Chron
MF-104 (5)
Finch
Townsend

RECEIVED

SEP 1 [illegible] 1955

[illegible] Lew Customhouse
Denver 2, Colorado

[illegible] 1, 1954

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA 627 (Lead-Zinc), Contract I-DMA-[illegible],
Cadwell Mining Company, Lake County, Colorado

Enclosed is check from the operator in the amount of $[illegible].6[illegible] drawn in favor of the Defense Minerals Exploration Administration which was rendered by the operator in the settlement of the Government's interest in property acquired under the contract.

Please credit the contract account in the amount of the check.

W. H. King

Enclosure

JHE:jp
cc Subject

RECEIVED
SEP 2 1955

224 New Customhouse
Denver 2, Colorado

August 31, 1955

Betty

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty Payments - DMEA Docket 627 (Lead-Zinc), Contract I-DMA-E34, Cadwell Mining Company, Lake County, Colorado

Enclosed is Cadwell Mining Corporation check No. 834 in the amount of $241.30 in full payment of royalties due on the following lots:

Lot No.		Royalty Due
H-10	Resurrection Mill	$76.87
H-11	American Smelting & Refining Co.	41.06
H-12	American Smelting & Refining Co.	44.35
H-12(Correction)	American Smelting & Refining Co.	5.80
H-12	Resurrection Mill	14.81
H-13	American Smelting & Refining Co.	6.25
H-14	American Smelting & Refining Co.	28.49
H-15	American Smelting & Refining Co.	23.67
	Total Amount	$241.30

Settlement sheets covering these shipments of ore were forwarded to your office previously.

W. M. TRAVER

W. M. Traver

Enclosure

vj
cc: Royalty File E34
J. F. Shaw (2)
Sec. Opr. Comm. (2)
Royalty Report File
Chron.

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

224 New Customhouse
Denver 2, Colorado

August 18, 1955

CERTIFIED MAIL

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Royalty payments, DMEA Docket 627 (Lead-Zinc), Contract I-DMA-E34, Cadwell Mining Company, Hayden Mine, Lake County, Colorado

Dear Mr. Phillips:

Reference is made to letter of July 1, 1955 from Mrs. Norma P. Dougherty, Acting Secretary of Cadwell Mining Company, which states in part that payment of delinquent royalties due as requested in our letter to you dated June 25, 1955 would be made within the following week (July 3-9, 1955). As of this date this payment has not been received.

In addition to the amount of $241.30 requested in our June 24th letter the following royalty amounts are due on the shipments listed:

Lot No.		Royalty Due
H-15	Resurrection Mill	$ 30.54
H-1	Resurrection Mill	16.28
H-2	Resurrection Mill	110.37

We believe that this office has been very lenient in allowing sufficient time for you to check prior records to substantiate our claim; therefore, we will expect a firm commitment from you by September 1, 1955 as to when this royalty matter of $398.49 will be taken care of.

Very truly yours,

W. M. TRAVER

W. M. Traver

RDB/vj
cc: Royalty File E34
J. F. Shaw (2)
Sec. Opr. Comm. (2)
Mrs. Norma P. Dougherty, Act. Sec'y
Berkenkotter
Chron.

RECEIVED
AUG 22 1955

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

RECEIVED
AUG - 1 1955

224 New Customhouse
Denver, Colorado

July 29, 1955

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: DocketDMA 627 (Lead, Zinc)
Contract I-DMA-E34

Dear Mr. Phillips:

Your attention is called to our letter of May 17, 1955 requesting your final report of work completed under project Contract I-DMA-E34. Article 13 of the contract reads in part, ".... 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."

Receipt of your report would be appreciated and would speed up our closing out this account.

Very truly yours,

W. M. Traver

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

WLD:dja

cc: Chman.Op.Comm.(3)
Shaw (2)
Harshman
Townsend
Subject
Chron

DMEA
Date Rec'd.

JUL 8 1955

BUREAU OF MINES
Denver, Colorado

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
July 8, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw

Subject: DMEA 627 (Uranium) Contract Idm-K34, Cadwell Mining Company - status of operations and ore shipments.

Enclosed are the original and nine copies of a memorandum from M. H. Salsbury covering the status of operations and ore shipments of the Cadwell Mining Company.

John F. Shaw
John F. Shaw
Supervising Mining Engineer

Enclosures

cc 9
K34
Chron

JFS/cm

DME
Date Rec'd
JUL 8 1955
BUREAU OF MINES
Denver, Colorado

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
July 5, 1955

Memorandum

To: John F. Shaw

From: M. H. Salsbury

Subject: DMEA 627 (Uranium) Contract Idm-K34, Cadwell Mining Company - status of operations and ore shipments.

On a trip to Leadville, Colorado, in connection with the Leadville Drainage Tunnel, the Hayden mine of the Cadwell Mining Company was found to be again in operation with James Roberts of Leadville as the lessee. A Hayden employee stated that the operation had been resumed as of May 17, 1955, and the lessee was engaged in mining ore on the Hibernian claim, Survey No. 446, which is subject to DMEA royalty.

During a routine visit to the mill office of the Resurrection Mining Company to check ore shipments made by the Cadwell Mining Company, it was found that one shipment Mine lot H-15, mill lot 5695, is shown on the mill records which was not in the DMEA files in Denver. The Resurrection showed that their check number 118851 in the amount of $12.36 had been issued in payment of Leadville Drainage Tunnel royalty, but there is no record of the receipt of the same in the Region III office. The shipment is also subject to a DMEA royalty computed at $30.51 which is due and payable in addition to the royalty due on other shipments for which payment has been requested from the operator. This information has been transmitted by phone to the Region III DMEA office for further action by them.

M. H. Salsbury
M. H. Salsbury
Mining Engineer

cc WMTraver
(orig/with 9)
K34
Chron

MHS/em

RECEIVED

JUL - 8 1955

[illegible]

[illegible] DENVER [illegible] COLORADO

[illegible] 1955

United States Dept. of the Int.
Bureau of Indian Relocation Adm.
224 Cir Building
Denver 2, Colorado

Att: [illegible] Trevor

Re: Royalty Payments, BIA Docket 627 (Lend-Lease), Contract I-BIA-E34, Caldwell Shine Company, Lake Powell, Colorado.

Gentlemen:

Our former Secretary-Treasurer has not taken care of the matter [illegible] since his resignation, I am trying to place [illegible] many matters that he has overlooked. He did [illegible] I have not [illegible] the copies necessary for me to complete these [illegible].

[illegible] very sorry that these royalties to you have not been paid, [illegible] possible, [illegible] this following week, we [illegible].

[illegible] for [illegible] time.

[illegible]

[illegible]

[illegible] Secy.

[illegible]

Sect.

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

RECEIVED
JUL - 1 1955

224 New Customhouse
Denver 2, Colorado

June 29, 1955

Alt
Betty

Mr. F. R. Bochatey
Resurrection Mining Company
Leadville, Colorado

Re: Royalty Payment, DMEA Docket 627 (Lead-Zinc), Contract I-DMA-E34 Cadwell Mining Company, Lake County, Colorado

Dear Mr. Bochatey:

We understand that Cadwell Mining Company has made a shipment to the Resurrection Mill under Mine Lot No. H-15 (Mill Lot No. 5695). Mel Salsbury, one of our engineers, informs us that your records show payment made to the United States Government by your voucher number 118851 amounting to $12.36 and applicable to payment of Leadville Drainage Tunnel royalty. Our records show it has not been received.

Please advise us if you have cancelled check no. 118851. If not, this check and settlement sheets have evidently been lost in the mail.

Very truly yours,

W. M. Traver

W. M. Traver

RDB/vj

cc: Royalty File E34
J. F. Shaw
Sec. Opr. Comm. (2)
Berkenkotter
Chron.

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

RECEIVED
JUN 30 1955

224 New Customhouse
Denver 2, Colorado

June 28, 1955

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Cadwell Mining Company, Docket DMA 627 (Lead-Zinc), Contract Idm-E34

Enclosed is a copy of a memorandum from M. H. Salsbury to John F. Shaw regarding the status of operations at the Cadwell Mining Company.

W. M. Traver

W. M. Traver

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado

May 27, 1955

Memorandum

RECEIVED
JUN 30 1955

To: John F. Shaw

From: M. H. Salsbury

Subject: DMA 627 (Lead-zinc), Contract Idm-E34, Cadwell Mining Company, Hayden Mine, Lake County, Colorado -- Present status of operations

The Hayden Mine was visited May 25, 1955, during an inspection of the Leadville Drainage Tunnel, but the operation was shut down. Representatives of the Cadwell Mining Company were not available, but James Roberts of Leadville, who has just taken over the mine on a split-check leasing arrangement, was contacted and informed the writer that he was planning to start operations as soon as Cadwell paid up labor bills owing for work done prior to the date of his lease.

Smith and McEachern, who had been working under a split-check lease, shipped two cars from exploration in the vicinity of the American Smelting and Refining Company crosscut near the Downtown lateral of the Leadville tunnel, to the Arkansas Valley Smelter. The shipments did not prove to be minable ore. The results, as obtained at the smelter office, were as follows:

Lot No.	Ounces per ton Au	Ag	Pb percent	Zn percent
E-1	--	6.3	2.6	1.2
E-2		4.7	2.2	0.6

The shipments incurred a deficit and no payment, which would be subject to a tunnel drainage royalty, is due.

Mr. Edward Kelly, chief clerk at the smelter, stated that Eugene Bond had served notice on them that he represents certain owners of claims from which Lots E-1 and E-2 had been mined, and directed them to withhold payment of any tunnel drainage royalty on ore returns. This is similar to action taken by Bond some time ago in regard to ore shipped from the Pittsburgh claim group.

M. H. Salsbury
M. H. Salsbury
Mining Engineer

cc: W. M. Traver (9)
J. H. East, Jr. (4)

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

RECEIVED
JUN 30 1955

224 New Customhouse
Denver 2,Colorado

REGISTERED

June 24, 1955

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Royalty Payments, DMEA Docket 627 (Lead-Zinc), Contract I-DMA-E34, Cadwell Mining Company, Lake County, Colorado

Dear Mr. Phillips:

To date we have received no reply to our letters dated April 13, 1955, April 26, 1955 and May 17, 1955, in each of which we requested payment of DMEA royalties due. Subsequent to our May 17, 1955 letter we received settlement sheets for Lot No. H-12. We note that you have used the same lot number (H-12) for a shipment made to the American Smelting and Refining Co. on April 3, 1955 and to the Resurection Mill on May 25, 1955. We understand that a similar double shipment was made under Lot No. H-15 although we have not as yet received settlement sheets for Lot No. H-15 to the Resurection Mill.

A recapitulation of royalties due to date on production under DMEA Contract I-DMA-E34 is as follows:

Lot No.		Royalty Due
H-10	Resurrection Mill	$76.87
H-11	American Smelting & Refining Co.	41.06
H-12	American Smelting & Refining Co.	44.35
H-12(Correction)	American Smelting & RefiningCo.	5.80
H-12	Resurrection Mill	14.81
H-13	American Smelting & Refining Co.	6.25
H-14	American Smelting & Refining Co.	28.49
H-15	American Smelting & Refining CO.	23.67
	Total Due	$241.30

This letter will constitute a formal demand for royalty payment in the amount of $241.30 which is considerably overdue. Make your check payable to the Defense Minerals Administration and send to the Executive Officer, DMEA Region III, Room 224 New Customhouse, Denver 2, Colorado. Please also send us four copies of settlement sheet for Lot No. H-15 (Resurrection Mill) and payment for DMEA and Leadville Drainage Tunnel royalties on this shipment.

DMEA royalty is normally due at the time you receive settlement from the mill or smelter and we would appreciate your efforts to keep this account current.

Yours very truly,

W. M. TRAVER,

W. M. Traver

RDB/vj

cc: Royalty File E34
Sec. Opr. Comm.(2)
J. W. Shaw
Berkenkotter
Chron.

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

224 New Customhouse
Denver 2, Colorado

May 17, 1955

Mr. S. C. Phillips, President
Cadwell Mining Company, Inc.
2450 Kendall Street
Edgewater, Colorado

Re: Docket DMA-627 (Lead-Zinc)
Contract I-DMA-E34
Cadwell Mng. Co.

Dear Mr. Phillips:

Your attention is directed to the provision under Article 13 of Exploration Project Contract form MF-200 (April, 1951) on which Contract I-DMA-E34 is prepared relative to your rendering of the comprehensive geologic and engineering report pertaining to work completed under the contract.

We are desirous of closing this account at an early date, therefore we will appreciate your prompt attention to the rendering of the required report. Five copies of your report are to be submitted instead of the four copies as mentioned under Article 13 of the contract form.

Very truly yours,

W. M. TRAVER,

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

JWT:sr

cc Chairman Op. Comm. (3)
Harshman
Shaw
Townsend
Subject
Chron

724 New Customhouse
Denver 2, Colorado

May 17, 1955

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Royalty Payments - DMEA Off
(Lead-Zinc), Contract I-DM-1
Cadwell Mining Company, Lake
County, Colorado

Dear Mr. Phillips:

Receipt is acknowledged of settlement sheet and royalty payment for Leadville Drainage Tunnel royalty on ore shipped under Lot No. H-15 in the amount of $9.69.

This is to advise that DMEA royalty is also due on this shipment in the amount of $23.0[illegible], and Lots Nos. H-10, H-11, H-12, H-12 Correction, H-13 and H-14, with a total amount of $28[illegible].4[illegible], including Lot No. H-15.

Please give this matter your immediate attention.

Yours very truly,

W. M. TRAVER

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

vj

cc: J. F. Shaw
R. D. Berkenkotter
Royalty File E34
Chron
Sec. Operating Committee (2)

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

JAN - 3 1955

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

Re: DMA-627, Idm-E34
Cadwell Mining Company
Lake County, Colorado

Dear Mr. Finch:

Receipt is acknowledged of your First Royalty Audit Certificate and Report covering the above-cited Exploration Project Contract.

The Report is acceptable and normal distribution may be effected.

Sincerely yours,

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

WBorovies/wb
January 3, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

File Copy
Surname

Griswold
Chamberlin
Johnson
Kiilsgaard
LeFurgy
F C Johnson

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

DEC 16 1954

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Docket No. DMA-627 (Lead-Zinc)
Cadwell Mining Co.
Hayden Shaft
Lake County, Colorado
Contract No. Idm-E34

Dear Mr. Phillips:

Transmitted herewith is a certification of discovery or development related to the Exploration Project Contract No. Idm-E34, dated June 28, 1951, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the Certification, all production from the land described in the contract after June 28, 1951, the date of the contract, is subject to the Government's percentage royalty as set forth in the said contract until the sum which the Government has advanced as its participating interest is repaid, or until June 28, 1963, whichever occurs first.

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

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

Base Metals
W. R. Griswold
Chron.
Mr. Fred Searls, Jr. Pres.

Op. Committee
Cont.Adm.&Audit Div.
Finance Office
Region IV (2)
Mr. F. E. Johnson

Mr. Gumbel, Dr., DM, EPS
Mr. Hedges, 4604
Mr. Kiilsgaard, 5224
Admr R. File

Docket

File Copy
Surname
Griswold
Chambers
Johnson
Kiilsgaard
Gilfoldge
F E Johnson

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

DEC 16 1954

Mr. Irving Gumbel, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. DMA-627 (Lead-Zinc)
Cadwell Mining Co.
Hayden Shaft
Lake County, Colorado
Contract No. Idm-E34

Dear Mr. Gumbel:

Enclosed is a copy of a certification of discovery or development related to Exploration Project Contract No. Idm-E34.

The contract was dated June 28, 1951, with the Government participating to the extent of 50 percent in an exploration project estimated to cost $89,922.00. Actual expenditures to date (subject to final audit) have totalled $43,140.84, with the Government's share being half of such amount, or $21,570.42.

The total amount of work provided for under the contract consisted of shaft retimbering, rehabilitation of three tunnel levels, 1500 feet of crosscutting and drifting, and 5250 feet of diamond drilling. Work actually done consisted of 143 feet of shaft retimbered, 394 feet of tunnel rehabilitation, 861 feet of drifts and crosscuts and 17 feet of raising.

The discovery consisted of lead-zinc ores occurring as a replacement deposit in sedimentary rocks. So far insufficient work has been done to make a tonnage estimate of such ore.

Sincerely yours,

C. O. Mittendorf (for)
Administrator

WRGriswold/er
(12/10/54)
Copy to: Docket
Cont.Adm.&Audit
Reg. IV (2)
Base Metals
Admr R. File
Op. Committee
Mr. Hedges (4604)
Mr. Kiilsgaard
F. E. Johnson
W. R. Griswold
Chron.

Enclosure

File Copy
Surname.
Griswold
Johnson
Kiilsgaard
Selfridge
F E Johnson

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

DEC 1 6 1954

Mr. Fred Searls, Jr., President
Resurrection Mining Company
14 Wall Street
New York 5, New York

Re: Docket No. DMA-627 (Lead-Zinc)
Cadwell Mining Company
Hayden Shaft
Lake County, Colorado
Contract No. I-DMA-E34

Dear Mr. Searls:

For your information, we are enclosing a copy of a certification of discovery or development covering the cited property, which has been sent to the Cadwell Mining Company. We are also enclosing a copy of our letter of transmittal of this certification.

The above is with reference to the Landlord's Subordination Agreement signed by your company, dated July 23, 1951.

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

Enclosures 2

WRGriswold/er (12/9/54 & rewritten 12/15/54)
Copy to:
Docket
Admr. R. File
Op. Committee
Mr. Hedges (4604)
Mr. Kiilsgaard (5224)
Mr. Thayer (5216, GAS)
Base Metals
Region IV (2)
Chron.

File Copy
Surname

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

Mr. Fred Searls, Jr., President
Resurrection Mining Company
14 Wall Street
New York 5, New York

Re: Docket No. DMA-627 (Lead-Zinc)
Cadwell Mining Company
Hayden Shaft
Lake County, Colorado
Contract No. I-DMA-K34

Dear Mr. Searls:

For your information, we are enclosing a copy of a certification of discovery or development covering the cited property, which has been sent to the Cadwell Mining Company. We are also enclosing a copy of our letter of transmittal of this certification.

Sincerely yours,

Administrator

Enclosure

WRGriswold/er (12/9/54)

Copy to: Docket
Admr. R. File
Op. Committee
Mr. Hedges (460#)
Mr. Kiilsgaard (5227)
Mr. Thayer (5216, GSA)
Base Metals Div.
Region IV (2)
Chron.

Talbert

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

DEC - 7 1954

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

Re: Idm-F34, DMA-627
Cadwell Mining Company

Dear Mr. Finch:

Receipt is acknowledged of your Report of Review covering the above-cited Exploration Project Contract.

The Report is acceptable and normal distribution may be effected.

Sincerely yours,

(Signed) E. D. Talbert

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

WBorovies/wb
December 6, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

RECEIVED
SEP 30 1954

224 New Customhouse
Denver 2, Colorado

September 27, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 627 (Zinc), Contract I-DMA-E34, Cadwell Mining Company, Hayden Shaft, Lake County, Colorado

Enclosed are four sets of data consisting of the following material relative to the issuance of a Certification of Discovery or Development as a result of the DMEA exploration work performed under the subject contract:

(a) Memorandum dated September 4, 1954 from Glen Walker, Mining Engineer, U.S. Bureau of Mines, recommending a Certification of Discovery or Development.

(b) Form A with suggested description of the Certification of Discovery or Development.

(c) Transmittal of the foregoing from the Chief, Minerals Resources Branch, Mining Division, Region IV, dated September 24, 1954.

This office concurs in the recommendation of the examining engineer that a Certification of Discovery or Development be issued.

W. H. King

W. H. King

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DEPARTMENT OF THE INTERIOR
Minerals Administration
RECEIVED
SEP 30 1954

Mining Division
Date Rec'd.
SEP 24 1954
BUREAU OF MINES
Denver, Colorado

Region IV

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
September 24, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMA 627, Contract I-DMA-E34 (Zinc), Cadwell Mining Company (Hayden shaft), Lake County, Colo.

Enclosed are the original and eight copies of Glen Walker's memorandum covering Certification of Discovery or Development on the subject contract.

Drifting N. 15° E. from the Hayden shaft on the No. 5 level encountered ore at about 220 feet from the shaft. Mining up and down dip in Peerless shale from the drift has yielded about 194.5 tons of ore upon which the contractor has paid $247.42 in Government royalty.

Certification of Discovery or Development is recommended and copies of Form "A" with suggested description of the discovery are included for your approval and submission to the Administrator as a suggestion for certification of the project.

W. M. Traver

W. M. Traver

enclosures

WMT/kp

cc 8
E34
Chron

JJ

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DEPARTMENT OF THE INTERIOR
Minerals Administration
RECEIVED
SEP 30 1954

Region IV

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
September 24, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: Glen Walker

Subject: DMA 627, Contract I-DMA-E34 (Zinc), Cadwell Mining Company (Hayden shaft), Lake County, Colo.--Certification of Discovery or Development

Rehabilitation of the vertical shaft under terms of the contract began June 28, 1951. This work was in progress at the time the Government contract went into effect. Drifting on the No. 5 level (Leadville tunnel level) began in December 1951 when 26 feet was driven east from the shaft station. The project as outlined in the contract included the continued retimbering of the Hayden shaft and the driving of approximately 1,500 feet of drifts, crosscuts, and raises on the lower three levels; a maximum of 5,250 feet of diamond core drill hole to explore favorable limestone horizons both above and below the drifts. Rehabilitation of the bottom three levels was also an allowable cost of the project. The contract stipulated a maximum expenditure of $89,922.00; 50 percent, or $44,961.00, was the Government's share. The duration of the contract was originally 2 years, but an additional year, to June 28, 1954, was provided by amendments.

Through October 1952, the work completed and approved under the contract totaled 143.3 feet of shaft retimbered, 394 feet of old drifts rehabilitated, 861 feet of drifts and crosscuts driven, and 17 feet of raise. The expenditure for this work, as audited in November 1952, was $43,140.84, which indicates a cost of approximately $30.70 per foot of rehabilitation and $30.74 per foot of solid excavation. Work by the contractor continued beyond October 1952, but because of its nature, it was not approved by the Government for reimbursement. The rehabilitation was unproductive of ore discoveries; likewise, 227 feet of drifts and crosscuts driven easterly and southeasterly from the shaft on the No. 5 level. Ore was encountered about 220 feet N. 15° E. of the shaft on the No. 5 level along the lower left side of the drift for a distance of about 14 feet; it varied in thickness up to 3 feet. Two crosscuts were driven at this point to determine

the lateral extent of the deposit up-dip in the Peerless formation. The drift was continued on the same trend approximately 481 feet without finding appreciable amounts of ore. The 17-foot raise was driven from this drift at a point about 396 feet from the shaft on a 1/2-inch wide stringer which ended at the overlying porphyry.

From the northeast drift 194.42 tons of ore were mined before May 1954, which netted $4,948.26 or an average of $25.45 per ton. To date, the contractor has paid royalty to the Government in the amount of $247.42 for repayment of the exploration participation.

On the basis of the above-mentioned production, Certification of Discovery or Development is recommended.

Glen Walker

Glen Walker
Mining Engineer

GW/kp

cc 8
E34
Chron

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

FORM A

To: 1/ Cadwell Mining Co., 2450 Kendall St., Edgewater, Colorado

Pursuant to the provisions of Exploration Project Contract No. I-DMA-~~ibn~~ E34, dated June 28, 1951 (Docket No. DMA 627), hereinafter called the "contract," between you and the United States of America, hereinafter called the "Government", to establish and fix the Government's percentage royalty on production and its lien thereon and on the mineral deposit which is the subject of the exploration project, the Government considers and therefore certifies that a discovery or development has resulted from the work from which commercial production of ore may be made.

The Government's estimate of said discovery or development is particularly described and delimited as follows:

Exploratory drifting to the northeast of the Hayden shaft on the No. 5 level (Leadville tunnel level) has proven the existence of commercial lead-zinc-silver ore on the land cited in Article 2 of the contract.

Dated: _____

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals
Exploration Administration

1/ Insert full name of operator as it appears in the Exploration Project Contract.

21254-3

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

FORM B

To: 1/ _____

_____

Pursuant to the provisions of Exploration Project Contract No. Idm _____, dated _____, (Docket No. _____), hereinafter called the "contract" between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made, has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

_____

_____

_____

_____

_____

_____

Dated: _____

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals
Exploration Administration

1/ Insert full name of operator as it appears in the Exploration Project Contract.

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

Department of the Interior
Defense Minerals Administration
RECEIVED
SEP 13 1954

224 New Customhouse
Denver 2, Colorado

September 10, 1954

REGISTERED

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Docket DMEA 627 (Lead-Zinc)
Contract I-DMA-E34

Dear Mr. Phillips:

Reference is made to our letter of July 1, 1954 wherein we outlined the procedure you are to follow in effecting the disposition of the jointly owned property acquired under Contract I-DMA-E34. Further reference is made to the last paragraph of our letter of July 1 wherein we requested advice at your earliest convenience as to the approximate date we could expect to receive your final engineering and accounting report and proposal relative to the settlement of the Government's interest in the property acquired under the contract.

We are desirous of closing this account at an early date therefore will appreciate receipt of the above mentioned material which is a requisite under the terms of the contract.

If the matter is not satisfactorily resolved by September 25, 1954, we will be forced to take such action as is indicated.

Very truly yours,

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

JWT:jp
cc Subject
Chron
Chairman, Oper. Comm.
WMTraver
AHKoschmann
JWTownsend

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENTS
AS OF AUGUST 31,1954

OPERATOR

Cadwell Mining Company

CONTRACT NO.

E-34

DOCKET NO.

627

RECEIVED DURING AUGUST

$ -

TOTAL RECEIVED

$247.42

DATE OF LAST RECEIPT

7/16/54

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENTS
AS OF JULY 31,1954

OPERATOR

Cadwell Mining Company

CONTRACT NO.

E-34

DOCKET NO.

627

RECEIVED DURING JULY

$124.30

TOTAL RECEIVED

$247.42

DATE OF LAST RECEIPT

7/16/54

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

224 New Customhouse
Denver 2, Colorado

July 15, 1954

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: Royalty-Cadwell Mining Company, Docket No. DMA 627, Contract No. E34, Colorado

Enclosed is check in the amount of $124.30 from Cadwell Mining Company, which covers payment of royalty on the following Lot Numbers:

Lot No.	H-1	$21.53
	H-2	40.58
	H-3	24.40
	H-4	38.06
		$124.57
	Less Credit on Lot No.2	.27
		$124.30

You have already received settlement sheets for the above-mentioned Lot Numbers.

W. H. King

Enclosure

es

cc: Royalty File E34
Sec. to the Oper. Comm. (2)
Traver
Chron.

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

Defense Minerals Administration
RECEIVED
JUL 7 - 1954

224 New Customhouse
Denver 2, Colorado

July 1, 1954.

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMA-627 (Lead-Zinc), Contract No. I-DMA-E34, Cadwell Mining Company (Hayden shaft), Lake County, Colorado.

Enclosed for your information is the following material relative to the status of the subject contract:

1. Original and three copies of a memorandum from M. H. Salsbury, dated June 28, 1954, and transmittal thereof from the Chief, Minerals Resources Branch, Mining Division, Region IV, dated June 29, 1954.

2. Three copies of a letter from this office to the Operator, dated July 1, 1954, calling his attention to the provisions of Amendment No. 10, relative to action to be taken in closing the account inasmuch as work was not resumed on or before June 28, 1954, as stipulated in Amendment No. 10.

W. H. King

W. H. King

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
June 29, 1954

Mining Division
Date Received
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED JUN 30 1954
JUL 7 - 1954
BUREAU
Denver, Colorado

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMA 627, Contract I-DMA-E34, (Lead-zinc), Cadwell Mining Company, (Hayden shaft), Lake County, Colorado

Enclosed are the original and seven copies of M. H. Salsbury's memorandum covering the status of the subject contract.

The pertinent points are that the recess expired June 28, 1954, and apparently no action has been taken by the contractor to resume operations. Also, royalty was not paid on ore mined as a result of Government assisted exploration on the Hibernian claim.

W. M. Traver

W. M. Traver

Enclosures

WMT/ici

cc: 7
E34
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 7 - 1954

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
June 28, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: M. H. Salsbury

Subject: DMA 627, Contract I-DMA-E34, (Lead-zinc), Cadwell Mining Company, (Hayden shaft), Lake County, Colorado

The Hayden mine was visited June 24, 1954, during an inspection of the Leadville Tunnel.

The operators had stopped the underhand stoping operation below tunnel level and were driving a drift into the Matchless claim at tunnel level. They were also driving on the first level to reach an orebody which was reported to have been left by previous operators.

The operators' representative, John Smith, reported that they are planning to unwater the sixth level, some 30 feet below tunnel level, and drive under the orebody in the underhand.

No plans for resumption of DMEA exploration were mentioned by Smith. The recess authorized under Amendment No. 10 of the contract expires June 28, 1954.

In the first six months of 1954, 6 shipments of ore have been made to the Resurrection mill. Two of these were from the Pittsburgh claim and the Resurrection Mining Company's one-fourth of the tunnel drainage royalty was deducted at the mill and paid to the Government. On the other four lots, from the Hibernian claim, all of the tunnel drainage royalty was paid but no DMEA royalty on this ore, which was found during a Government-assisted exploration project, was deducted at the mill.

for W. M. Weaver
M. H. Salsbury
Mining Engineer

MHS/ici

cc: 7

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 2 1954

224 New Customhouse
Denver 2, Colorado

July 1, 1954

REGISTERED
MAIL

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Docket No. DMA-627 (Lead-Zinc), Contract No. I-DMA-E34

Dear Mr. Phillips:

Your attention is directed to the provisions of Amendment No. 10, Contract I-DMA-E34, specifically Item 4 and all sub-items thereunder, wherein it is stipulated to the effect that if work is not resumed on or before June 28, 1954 the Operator shall promptly render final reports and perform all winding up and settlement actions provided for in the contract. Inasmuch as this project has been inactive since November 1952, we are desirous of closing the account at an early date.

By the terms of your exploration project contract with the Government, the Government acquires an interest in any property paid for or purchased with funds contributed jointly by the Operator and the Government. Such property includes: all facilities, buildings, fixtures, equipment, or other items costing more than $50 each; materials and supplies considered in groups or categories (such as pipe, or explosives, or rails, or drill steel), if the original cost of the remaining categories of materials or supplies exceeded $50; and equities in any installment-purchase contract or rental-purchase contract.

It is your responsibility to make the best possible disposition of the property for the benefit of the Government. Every reasonable effort must be made to realize its full value. By the terms of your contract, if it is necessary to accomplish such disposition of property, you are required to dismantle it, sever it from the land, and remove it for the purposes of sale. Reasonable efforts to accomplish the sale might include: (1) advertising in newspapers, periodicals, and posting notices in public places; (2) canvassing users or dealers in such property; and (3) negotiating with the original vendor for accepting the return of the property.

Should you wish to retain the property, or in effect sell it to yourself, you may do this only after having first made every

reasonable effort to procure a price higher than you yourself are willing to pay. In the case of an incompleted installment-purchase or rental-purchase agreement, the contract itself is the property to be disposed of. You are not authorized to complete the purchase of the equipment covered by such incompleted contracts for your own account without reference to the Government's interest. Consultation should be had with the Government's agents with respect to the disposition of equities in any installment-purchase or rental-purchase contracts.

In a proper case the Government will approve of and join in the sale of property for the joint account of the Operator and the Government. You are requested to advise this office in advance of the proposed disposition of any such property so that we may advise you if the Government will approve thereof.

We will appreciate advice at your earliest convenience as to the approximate date we can expect to receive your final engineering and accounting report and proposal relative to the settlement of the Government's interest in property acquired under the contract.

Very truly yours,

W H King

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

JWT:cwm

cc: Contract
Administrator, DMEA (3)
AHKoschmann
WMTraver
Chron.
JWTownsend

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 8 - 1954

224 New Customhouse
Denver 2, Colorado

July 1, 1954

(ce)

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Royalty payments, DMEA Docket 627 (Lead-Zinc)
Contract I-DMA-E34, Lake County, Colorado

Dear Mr. Phillips:

Concerning the payment of DMEA royalty only under Contract I-DMA-E34, our records are as follows:

Lot No.	Smelter Value	Allow. Deduct.	Net Value	Tons	Value Per Ton	Royalty Rate	Royalty Due	Royalty Paid
1	1270.55	44.04	1226.51	57.0150	21.51	5.0%	61.33	61.33
2	1269.73	39.40	1230.33	41.8825	29.38	5.0%	61.52	61.79
3			NOT DMEA					
4			"	"				
5			"	"				
6			"	"				
7			"	"				
8			"	"				
9			"	"				
10			"	"				
11			"	"				
H-1	451.34	20.70	430.64	15.9440	27.01	5.0%	21.53	
P-1			NOT DMEA					
H-2	843.47	31.94	811.53	28.886	28.09	5.0%	40.58	
P-2			NOT DMEA					
H-3	516.89	28.84	488.05	24.5905	19.85	5.0%	24.40	
H-4	790.90	29.64	761.26	26.110	29.16	5.0%	38.06	
							$247.42	$123.12
					Balance still due			$124.30

Please send a check in the amount of $124.30 to W. H. King, Executive Officer, DMEA, Region IV, Room 224 New Customhouse, Denver 2, Colorado. Check should be made payable to the Treasurer of the United States.

Very truly yours,

W. H. King

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

RDB:es
cc: Royalty File E34 , Chron.
Sec. to Oper. Comm.
Traver
Christensen
Berk

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENTS
AS OF JUNE 30,1954

OPERATOR

Cadwell Mining Company

CONTRACT NO.

E-34

DOCKET NO.

627

RECEIVED DURING JUNE

$ *

TOTAL RECEIVED

$123.12

DATE OF LAST RECEIPT

2/3/53

* Indicates project has repaid the Government in full

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENTS
AS OF MAY 31, 1954

Operator

Cadwell Mining Company

Contract No.

E - 34

Docket No.

627

Received During May

- - -

Total Received

$123.12

Date of Last Receipt

2/3/53

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENTS
AS OF APRIL 30, 1954

Operator

Cadwell Mining Company

Contract No.

E-34

Docket No.

627

Received during April

None

Total Received

$ 123.12

Date of Last Receipt

2-3-53

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROYALTY REPAYMENTS
AS OF MARCH 31, 1954

Operator

Cadwell Mining Company

Contract No.

E-34

Docket No.

627

Received During Feb. & March

--

Total Received

$ 123.12

Date of Last Receipt

2-3-53

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

224 New Customhouse
Denver 2, Colorado

March 5, 1954

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA 627 (Lead-Zinc), Contract I-DMA-E34, Cadwell Mining Company, Hayden Shaft, Lake County, Colorado

Enclosed are the Government, Division, and Docket copies of Amendment No. 10 to Contract I-DMA-E34 which was prepared in Washington and signed by you for the Government to authorize a recess of operations from October 1, 1953 to not later than June 28, 1954, extend the period for completion of the project work from three years to three years and six months, and amend article 14 of the contract form by substituting the provisions of Annex I attached to and made a part of the amendment.

Copies of the amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King

W. H. King

Enclosures

FILE COPY
SURNAME:

500

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

FEB 12 1954

J. W. Gill
Griswold
Chamberlin
Rubin
Hoffmann
Selfridge
Fitzhugh

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

Re: Docket No. DMA-627 (Lead-Zinc)
Cadwell Mining Company
Hayden Shaft
Lake County, Colorado
Contract No. I-DMA-E34

Dear Mr. King:

We are enclosing the original and five copies of Amendment No. 10 to the above contract, signed by this office for the Government. This amendment pertains to your memorandum of January 15, 1954.

If the amendment meets with your approval, kindly present it to the Operator for approval and signature, and when completed, distribute in the usual manner. In the event that the amendment is not satisfactory and cannot be amended within your delegated authority, return all copies with your recommendations concerning any modification.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Enclosures 6

WRGriswold/bjl (2/3/54)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JHB)

D. M. Larrabee
Member, Geological Survey (JHB)

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

R.C.S. 2-12-54

Mr. George Selfridge
Feb. 8, 1954
(Unattended service after 4:15)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 9 1954

DN 235 BUREAU MINES 2-8-54 4-24 PM

~~EXERXX~~
~~EXERXXXXXXXXXXXX~~

GEORGE C SELFRIDGE, DMEA

REURTT FEBRUARY 8, OUR MEMO JANUARY 15, DOCKET DMA-627, CADWEKXXXX CADWELL MINING COMPANY, CONTRACT IDM-E34, PROJECT CAN BE CERTIFIED ON BASIS OF DISCOVERIES TO AXXX DATE.

W H KING

Denver, Colo.

FEB 9 8 35 AM '54

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

FILE COPY
SURNAME:

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

AGENCY: DMEA

Originator: JWAlt/bjl
Ext. 3669 Rm: 4058

Date: February 8, 1954

To: W. H. King, Executive Officer DMEA Field Team, Region IV, Denver, Colorado

Reurmemo January 15, 1954, Docket DMA-627, Cadwell Mining Company, Contract Idm-E34. Before we prepare Amendment No. 10 please advise whether or not this property could be certified on basis of discoveries to date.

George C. Selfridge
Chairman, Operating Committee

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

R.C.S. 2-8-54.

FILE COPY
SURNAME:

500

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

No. 5. in R.R.

January 22, 1954

Memorandum

To: Chief Counsel

From: Base Metals Division

Subject: Amendment to allow Operator an extension of recess of operations and an extension of time to complete the work of Contract No. I-DMA-534, Docket No. DMA-627, Cadwell Mining Company, Hayden Shaft, Lake County, Colorado

Will you please prepare Amendment No. 10 to allow the Operator an extension of 6 months to complete the work of the contract. The date of the contract is June 28, 1951 and was to be completed in 2 years. Amendment No. 8 extended the completion time from 2 to 3 years. Amendment No. 10 would extend the completion time to 3 years and 6 months, or to December 28, 1954.

Amendment No. 10 should include a provision to allow the Operator to recess the operations to June 28, 1954, with a provision that if work is not resumed on that date, that the contract be terminated. Amendment No. 9 allowed the Operator to recess the work to October 1, 1953.

Please refer to W. H. King's memorandum of January 15, 1954, and to copies of letters from the Operator dated January 7, 1954 and December 21, 1953.

/s/
J. W. Alt

JWAlt/bjl

Copy to: Docket
Base Metals
Chron.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 22 1954

224 New Customhouse
Denver 2, Colorado

January 18, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA-627 (Lead-Zinc), Contract Idm-E34, Cadwell Mining Co., Hayden Shaft, Lake County, Colorado

Receipt is acknowledged of your letter of January 14, 1954, relative to the inactivity of work under the subject contract.

Matter for your consideration and appropriate action was forwarded to you by our memorandum of January 15, 1954, relative to extension of the recess period and extension of the period for completion of work under the contract.

W H King
W. H. King

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

224 New Customhouse
Denver 2, Colorado

January 15, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA 627 (Lead-Zinc), Contract I-DMA-E34, Cadwell Mining Company, Lake County, Colorado

In conjunction with information contained in our memorandum of December 7, 1953, we are enclosing the original and four copies each of two letters dated December 21, 1953 and January 7, 1954 from E.W. Lumberg, Secretary, Cadwell Mining Company, wherein request is made that the recess of operations be extended to June 28, 1954, and that the period for completion of work under the contract be extended to January 1955.

The matter is not within the authority delegated to this office, therefore we are forwarding the letters for your consideration and appropriate action.

Should an amendment be prepared to extend the recess period to June 28, 1954, we suggest that recitation be incorporated to the effect that if work is not resumed by that date the contract is automatically terminated.

W H King
W. H. King

Enclosures

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
JAN 18 1954

Cadwell MINING COMPANY

Field Office
LEADVILLE, COLORADO

• 2475 GRAY STREET
• DENVER 14, COLORADO

January 7, 1954

Mr. W. H. King
U. S. Bureau of Mines
224 New Custom Bldg.
Denver 2, Colorado

Re: Docket DMA 627--Contract I-DMA-E34

Dear Mr. King:

We desire a six-month extension on the above named contract which will bring the expiring date to January, 1955.

This is in addition to the recess asked for in the letter addressed to you on December 21st requesting that the time for recess be extended to June 28, 1954.

Thank you again for your consideration.

Yours very truly,

E. W. Lumberg
E. W. Lumberg, Secretary by N.D.

EWL/nd

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

Cadwell MINING COMPANY

Field Office
LEADVILLE, COLORADO

2475 GRAY STREET
DENVER 14, COLORADO

Mining Division
Date Rec'd
DEC 23 1953
BUREAU OF MINES
Denver, Colorado

December 21, 1953

Mr. W. H. King
U. S. Bureau of Mines
224 New Custom Bldg.
Denver 2, Colorado

Re: Docket DMA 627--Contract I-DMA-E34

Dear Mr. King:

We desire an additional recess on our above contract to extend to June 28th, 1954, at which time we will be in a position to continue exploration on the Hibernian property, which the contract effects.

At the present time lead and zinc values do not warrant the expenses envolved in driving f or exploration purposes only.

Within a short time, we will furnish your office with a definite program.

Thank you for your cooperation and consideration in this matter.

Yours very truly,

E. W. Lumberg

E. W. Lumberg, Secretary nd

EWL/nd

FILE COPY
SURNAME

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

JAN 14 1954

Mr. W. R. King, Executive Officer
[illegible] Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. [illegible]-627 (Lead-Zinc)
Cadwell Mining Co.
Hayden Shaft
Lake County, Colorado
Contract No. Idm-[illegible]34

Dear Mr. King:

Referring to the above docket, you wrote us on December 7, 1953, that the operating company planned to have a stockholders' meeting to formulate plans for future action. Since this contract has been in default since October 1, 1953, and the project has been inactive since November 1952, will you kindly point out to the Operator that it is incumbent upon it to take positive action, in one form or another.

Sincerely yours,

George C. Selfridge (JHB)
Chairman, Operating Committee

[illegible]V.D:

J. H. Hedges
Member, Bureau of Mines (JHB)

T. P. Thayer
Member, Geological Survey (JHB)

WRGriswold/hmj
(1-11-54)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Division
Mr. Kinkel
Mr. Bishop
Chron.

R.C.S.
1-14-54

FILE COPY
SURNAME:

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

DEC 14 1953

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

Re: Idm-E34, DMA-627
Cadwell Mining Company

Dear Mr. Finch:

Reference is made to your audit of the above-cited project, transmitted to this office by your letter of December 4, 1953.

The audit is accepted and may be distributed as usual.

I would like to call your attention to the table under Item (3) Operating Materials and Supplies. Better indentation and spacing would improve its presentation and be less confusing to the reviewer.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
December 14, 1953

Copy to: Docket
Admr. Reading File
Mr. Chambers

12-14-53

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

224 New Customhouse
Denver 2, Colorado

December 7, 1953

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA 627 (Lead-Zinc), Contract I-DMA-E34, Cadwell Mining Company, Hayden Shaft, Lake County, Colorado

Reference is made to your letter of November 20, 1953, wherein you request advice regarding the status of work under the subject contract.

Work was not resumed on or before October 1, 1953, as stipulated in Amendment No. 9. We have made numerous inquiries of the operator by telephone and have been unable to obtain any definite information as to their plans relative to resuming work. However, Mr. Lumberg, the Secretary-Treasurer of the company, visited this office December 5 and advised that a stockholder's meeting would be held within the next week or two, at which time definite plans would be formulated of which we would be advised.

W. H. King

FILE COPY
SURNAME:

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

500

NOV 20 1953

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

Re: Docket No. DMA-627 (Lead-Zinc)
Cadwell Mining Company
Hayden Shaft
Lake County, Colorado
Contract No. I-DMA-E34

Dear Mr. King:

Will you please advise us regarding the status of the above contract. By Amendment No. 9, work under the terms of the contract was to be resumed on or before October 1, 1953. As work on this contract has been recessed since November 1952, we are naturally anxious to know if the company has resumed operations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

JWAlt/bjl (11/18/53)

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

R.C.G. 11-23-53

FILE COPY
SURNAME:

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

N.S. in R.R.

SEP 25 1953

Cadwell Mining Company, Hayden Shaft, Lake County, Colorado
Docket No. DMA-627, Contract No. I-DMA-E34, (Lead-Zinc)

Date of Contract - June 28, 1951, to complete - 2 years.

Amendment No. 8 - Extends completion time from 2 to 3 years.
Amendment No. 9 - Work under the terms of the contract shall be resumed on or before October 1, 1953. Operations were recessed during the month of November 1952.

Work provided in the contract and estimated costs

(1)	Retimbering of Hayden Shaft - 200' @ $60.00/ft.	$ 12,000.00
(2)	Drifting on 400-foot level of Hayden Shaft 1,500' @ $21.00/ft.	31,500.00
(3)	Diamond drilling on 400-foot level of Hayden Shaft, 30 holes X 175 feet average length @ $6.00/ft.	31,500.00
	Total	$ 75,000.00
	Additional facilities (Exhibit B)	5,000.00
	Equipment rental (Exhibit C)	9,922.00
	Total for project -	$ 89,922.00

The exploration project is to consist of continuing the present retimbering program in the Hayden Shaft from end of the new timber to the bottom of the shaft, to drive, 1,500 feet of drift from the bottom level of the shaft to explore the lengths of the claims, and to drill a maximum of 5,250 feet of diamond drill hole to explore favorable limestone horizons above and below the drifts.

Several amendments have changed the work to be done.

The work done to the time of recessing the project in November, 1953 consisted of: drifting 281', crosscutting 48', raising 17', shaft rehabilitation 200', and drift rehabilitation 394'. The costs of the work completed have been higher than the estimated costs, but are satisfactory.

$43,140.84 has been expended, leaving a balance of $46,781.16.

During the recessed period, the Operator did some work which was not chargeable to the contract.

In the exploration work some lead, zinc and silver ore was discovered.

We believe that the project has merit and that the Operator should be given the opportunity to continue the work of the project, but that the work should be resumed not later than October 1, 1953.

/S/
Jacob W. Alt

P. S. The Field Team report in conclusion states: "The Hayden shaft is located in the heart of an area with a record of high production. There has been considerable production on the property itself from the Blue limestone horizon. While there is some opportunity of finding more ore in the Blue limestone, inasmuch as the maps available show considerable territory undeveloped, the main opportunities for new ore are in the White limestone horizon wh ch is totally undeveloped. This proposed development program would explore the White limestone and might contribute substantially to the production of lead and zinc."

Two shipments of ore have been made; one shipment of 55.36 tons assayed Au. 0.03, Ag. 10.80, Pb. 7.50, Zn. 6.50, the second one of 44.88 tons assayed Au. 0.025, Ag. 12.70, Pb. 10.0, Zn.9.20.

JWAlt/hmj
(9/14/53)

CC to: Docket
Mr. Mittenderf
Mr. E. E. Johnson
Mr. Keating
Mr. Selfridge
Mr. Alt
Mr. Griswold
Chron.

To date there has not been enough work done to be able to evaluate the project.

August 13, 1953

Memorandum

To: Mrs. Birmingham, Statistics and Control Division, DMEA

From: Hazel Berry, Operating Committee, DMEA

Subject: Amendment to Contract

Attached is the following docket copy of an amendment to a contract which has been reviewed and approved by the Commodity Division, Contract Administration and Audit Division, and the Legal Division:

CADWELL MINING COMPANY, DMEA-627, Idm-E34, Amendment No. 9, copy of letter dated July 6, 1953, from the Operating Committee to the Field office, and memorandum from the Base Metals Division, dated August 3, 1953.

Attachment

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

224 New Customhouse
Denver 2, Colorado

August 12, 1953

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMA-627 (Lead-Zinc), Contract I-DMA-E34, Cadwell Mining Company, Lake County, Colorado

In reference to the letter from the Chairman of the Operating Committee, dated August 6, 1953, enclosed are the original and two copies of Amendment No. 8 to the subject contract which were returned to us today. This amendment extends the life of the contract from 2 years to 3 years and changes the period of Government repayment from 10 years to 11 years.

Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King

W. H. King

Enclosures

Coe
8-17

500

J.W. Alt.
Mr. Selfridge.
Mr. Kinkel
Mr. Bishop

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

AUG 6 1953

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

Re: Docket No. DA-627 (Lead-Zinc)
Cadwell Mining Company
Hayden Shaft
Lake County, Colorado
Contract No. I-DMA-834

Dear Mr. King:

On July 6, 1953, we sent you Amendment No. 8 to the above contract for the Operator's signature. To date we have not received the signed copy of this amendment from your office. Will you please advise us regarding the status of this amendment.

We have received Amendment No. 9, dated July 23, 1953, which has been executed by your office.

Sincerely yours,

George C. Selfridge
(S)
Chairman, Operating Committee

APPROVED:

W. M. Hedges
Member, Bureau of Mines

A. R. Kinkel, Jr.
Member, Geological Survey

JWAlt/hmj (8/3/53)
CC to: Docket
Adm. R. File
Op. Committee
Mr. Kinkel
Mr. Bishop
Base Metals Div.

R.C.G. 8-5-53

August 3, 1953

Hazel:

Amendment No. 9 to Contract No. Idm-E34, Docket No. DMA-627, Cadwell Mining Company has been approved by the Base Metals Division

Betty Lackhoff

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

224 New Customhouse
Denver 2, Colorado

July 23, 1953

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 9 to Contract I-DMA-E34, Docket DMA-627, Cadwell Mining Company, Lake County, Colorado (Zinc)

Enclosed are the original and two copies of Amendment No. 9 to the subject contract which has been executed by this office to authorize a recess of operations from November 1952 to October 1953. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

Also enclosed are three sets of data in reference to the amendment.

W. H. King

Enclosures

RECEIVED
AUG 10 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

FILE COPY
SURNAME:
500

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

JUL 6 1953

D. W. Alt.
Mr. Selfridge

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

Re: Docket No. DMA-627 (Lead-Zinc)
Cadwell Mining Company
Hayden Shaft
Lake County, Colorado
Contract No. I-DMA-334

Dear Mr. King:

Enclosed are the original and five copies of Amendment No. 8 to the above contract, signed by this office for the Government.

If the amendment meets with your approval, kindly present it to the Operator for signature and, when executed, distribute in the usual manner. In the event that the amendment is not satisfactory return all copies with your recommendation concerning any necessary modification.

Should it be necessary to make an amendment allowing the operations to be recessed, this is your authority to prepare such an amendment.

Sincerely yours,

George C. Selfridge

(2/15)

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines (2/15)

A. R. Kinkel, Jr.

Member, Geological Survey (2/15)

JWAlt/hmj
(7/1/53)
CC to:
Docket
Op. Committee
Adm. R. File
Base Metals Division
Mr. Kinkel
Mr. Bishop
Chron.

R.C.S.
7-6-53

FILE COPY
SURNAME: 500

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

Q. W. Gel.

July 1, 1953

Memorandum

To: The Administrator

From: Chief, Base Metals Division

Subject: Justification for Amendment No. 8 to Docket No. DMA-627, Contract No. I-DMA-E34, Cadwell Mining Company, Lake County Colorado. (Lead-Zinc)

In concurrence with the Field Team this office approves of allowing the Operator an extension of time to complete the work of the contract. Amendment No. 8 would extend the completion time from 2 years to 3 years or from June 28, 1951 to June 28, 1954.

Operations under the contract were recessed during the month of November 1952. The Operator states that it will be impossible to resume operations prior to October 1953.

W. R. Griswold

Attachment

JWAlt/hmj
(7/1/53)
CC to: Docket
Op. Committee
Base Metals
Chron.

FILE COPY
SURNAME:

J. W. Alt.

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

June 29, 1953

M.S. in R.R.

Memorandum

To: Chief Counsel

From: Chief, Base Metals Division

Subject: Amendment No. 8 to Docket No. DMA-627, (Zinc)
Contract No. I-DMA-E34, Cadwell Mining Company
Lake County, Colorado

Will you please prepare Amendment No. 8 allowing the Operator an extension of time to complete the work of the contract. This amendment would extend the completion date from June 28, 1953 to June 28, 1954.

The date of the contract is June 28, 1951, and was to expire in 2 years, or on June 28, 1953. Operations under the contract were recessed during the month of November, 1952. The Operator states that it will be impossible to resume operations prior to October 1953.

We wish to have the amendment include the provision that the time period for repayment to the Government be extended from 10 to 11 years.

W. R. Griswold

Attachment

JWAlt/hmj
(6/29/53)
CC to: Docket
Base Metals
Chron.

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

224 New Customhouse
Denver 2, Colorado

June 19, 1953

Memorandum

To: C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA 627 (Lead-Zinc), Contract I-DMA-E34, Cadwell Mining Company, Lake County, Colorado

Enclosed are three copies of a letter dated June 9, 1953 from S. C. Phillips, President, Cadwell Mining Company, relative to recess of operations under the subject contract. Operations under the contract were recessed during the month of November,1952.

The operator, in his letter, indicates that it will be impossible to resume operations prior to October, 1953. The contract was for a two year period, which will expire June 28, 1953. Therefore, an extension of the life of the contract beyond the two year period was also involved.

The diamond drilling phase of the contract remains to be completed to the extent of unexpended funds allocated under the contract.

We believe a one year extension of the contract should be adequate to permit completion of the project work. Since the extension of the completion date of the contract is not within the authority delegated to this office, we are forwarding the matter for your consideration and appropriate action.

W. H. King

W. H. King

Enclosures

[illegible] MINE [illegible]
2000 Kendall Street
Lakewater, Colorado

June 9, 1953

Mr. W. H. King
U. S. Bureau of Mines
286 Post Custom Bldg.
Denver 2, Colorado

Re: Docket EMA 037
Contract I-DMA-286

Dear Mr. King:

In reply to your letter of May 29, 1953, normal operations under our exploration project contract ceased in December, 1952, when your representative did not approve of long-hole drilling in the Drainage Tunnel.

Your representative gave us permission to use an idle air compressor. After obtaining a motor, converting it and obtaining an unloader valve and were in position to use the air compressor, your representative informed us that he could not officially loan the air compressor to us so it was returned. Thus we are asking for a recess as we have not had sufficient air to operate a core drill.

We desire a recess until we can obtain an air compressor which we expect to have in operation by October, 1953, and will then desire to resume exploration operations under our exploration project contract.

Very truly yours,

S. C. Phillips
W. C. Phillips, President by H. R. Dougherty
Mgr. V.P.

cep/rgs

DEPARTMENT OF THE INTERIOR
[illegible]

[illegible]

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

224 New Customhouse
Denver 2, Colorado

June 12, 1953

Betty

Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Docket No. DMA-627
Contract I-DMA-E34

Gentlemen:

Reference is made to the geophysical survey which was made in conjunction with the DMEA exploration work authorized under Contract I-DMA-E34 and in which the Government participated in the costs of removing track and pipe which was a prerequisite to performing the geophysical work.

Authorization to include the incident costs of the geophysical survey as an allowable cost of the DMEA exploration project is contained in Amendment No. 7 dated November 19, 1952.

In that respect you are referred to the last paragraph of Amendment No. 7 which stipulates that the Government shall be furnished with a complete report, including maps, of any work performed which benefited from incident cost in which the Government participated.

Inasmuch as the Government did participate in costs incident to performing the geophysical survey we will appreciate receipt of the required report on the work at your earliest convenience.

Very truly yours,

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

JWT:jp
cc Contract
Chron
WMTraver
AHKoschmann
JWTownsend
COMittendorf

DOCKET COPY

/ C O P Y /

224 New Customhouse
Denver 2, Colorado

May 29, 1953

Mr. S. C. Phillips, President
Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Docket DMA 627
Contract I-DMA-E34

Dear Mr. Phillips:

Receipt is acknowledged or your letter of May 26, 1953, in reply to our letter of May 22.

Before an amendment can be prepared to authorize a recess of operations under your exploration project contract it will be necessary for you to supply the date that operations ceased and the date on, or prior to which, normal operations will be resumed. Authorization for recess of operations cannot be granted except for a specific period.

Your justification for the recess should contain the reason why the work cannot be continued at the present time.

Very truly yours,

/s/ W. H. King

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

JWT:jp
cc Contract
Chron
WMTraver
AHKoschmann
JWTownsend

THE CADWELL MINING COMPANY
2450 Kendall Street
EDGEWATER, COLORADO

May 26, 1953

Mr. W. H. King
U. S. Bureau of Mines
224 New Custom Bldg.
Denver 2, Colorado

Re: DM-A-627 Contract I-DMA-E-34

Dear Mr. King:

Due to the inability to core drill at this time, we request that authority be granted to suspend work under the above contract.

In the event that authority is granted, you will be notified at some future date when we desire to resume exploration work and use the remaining period of time under the contract.

Your prompt attention in this matter will be appreciated.

Yours very truly,

S. C. Phillips

S. C. Phillips, President

COPY

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

224 New Customhouse
Denver 2, Colorado

May 22, 1953

Cadwell Mining Company
2450 Kendall Street
Edgewater, Colorado

Re: Docket No. DMA 627
Contract I-DMA-E34

Gentlemen:

Our records indicate that the last Form MF-104, Operator's Monthly Report and Voucher, received from you for work under Contract I-DMA-E34, was for the month of November 1952, on which you were reimbursed for the Government's participation in the cost of the work in the amount of $267.61. In addition, we have been informed that no work has been performed under the contract subsequent to that period.

The contract stipulates that all work is to be completed within a period of two years from the date of the contract, which in effect, would be June 1, 1953.

In order to keep the contract in force beyond June 1, 1953, it will be necessary for you to obtain an amendment to the contract to extend the completion date. Moreover, a recess of operations without authority may be considered to be a default of article "3. Exploration Project" of Exploration Project Contract Form MF-200.

We will appreciate early advice as to your intentions relative to resumption of operations. If it is your desire to keep the contract in force, it will be necessary for you to request an extension of the completion date, and authorization for the recess period, stating the date operations ceased, and the date on or prior to which, that normal operations will be resumed.

Your request in the above matters must contain a justification for the recess period and whatever extension of completion time that will be necessary to enable completion of the approved work. Please furnish this office with the original and five copies of your advice on the matter, or any request for an amendment to the contract.

Very truly yours,

W. H. King

W. H. King
Executive Officer
Field Team, Region IV

JWT:es

cc: Contract
Chron.
Sec. to the Oper. Comm.
Traver, Koschmann (2)

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

Pos

224 New Customhouse
Denver 2, Colorado

November 19, 1952

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 7 to Contract I-DMA-E34, Docket DMA 627, Cadwell Mining Company

Enclosed are the original and two copies of Amendment No. 7 to Contract I-DMA-E34. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

Also enclosed are three copies of a letter from the operator requesting this amendment and three copies of a memorandum from a Bureau of Mines engineer recommending this amendment.

W. H. King

W. H. King

Enclosures

cc 11-24

RECEIVED
DEC 1 - 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
NOV 24 1952

DOCKET COPY

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

224 New Customhouse
Denver 2, Colorado

SEP 25 1952

September 25, 1952

Memorandum

To: C. O. Mittendorf

From: Executive Officer, Field Team, Region IV

Subject: Amendment No. 6, Contract I-DMA-E34, DMA Docket 627, Cadwell Mining Company

Enclosed are the original and two copies of Amendment No. 6 to Contract I-DMA-E34. A copy of this amendment has been given to the Operator, the Fiscal office of Region IV, and a copy has been retained for our files.

Also enclosed are three copies of a letter from the Operator requesting this Amendment and three copies of a memorandum from the Bureau of Mines engineer recommending this amendment.

W. H. King

W. H. King

Enclosure

RECEIVED
OCT 28 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

9/29/5

DOCKET COPY

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

224 New Customhouse
Denver 2, Colorado

September 23, 1952

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 5 to Contract No. I-DMA-E34, Cadwell Mining Company, Docket No. DMA 627

Enclosed are the original and two copies of Amendment No. 5 to Contract No. I-DMA-E34. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

Also enclosed are three copies of a letter from the operator requesting this amendment and three copies of a memorandum by Richard D. Berkenkotter, Bureau Engineer, recommending this amendment.

W. H. King

W. H. King

Enclosure

RECEIVED

OCT 28 1952

GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

SdS
9/29/32

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

224 New Customhouse
Denver 2, Colorado

May 27, 1952

Memorandum

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

From: Executive Officer, Field Team, Region IV

Subject: Amendments to Contract I-DMA-E34, Docket DMA 627, Cadwell Mining Company

Enclosed are the original and two copies of each of two amendments to Contract I-DMA-E34, Docket DMA 627. Copies of each of these two amendments have been given to the operator, the Fiscal Officer, Region IV, and copies have been retained for our files.

W. H. King

W. H. King

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration
JUN 2 1952

505

C
O
P
Y

April 30, 1952

Memorandum

To: C. O. Mittendorf

From: Base Metals Division

Subject: February Monthly Progress Reports

United Mining & Leasing Corporation, DMA-744

Patterson Shaft has been completed to 176'. No significant mineralization has been found. Expended to date $12,420.00 of total $20,000.

Bachelor Development Co. DMA-1243X:

Exploration on 200' level completed at 402' - 38' driven during February.

200' stope laid out with ore assaying Au. 0.035, Ag. 6.5oz Cu. 0.20%, Pb. 11%, Zn 8.5%.

Exploration drift on 300' level advanced 28'.

$36,167.11 spent to date of total $72,503.00.

Cadwell Mining Co., Docket DMA 627:

The drift following the Gray Porphyry Manitou Limestone was driven 55' during the month to a point 125' east of the Hayden Shaft. No significant mineralization was found.

$23,608.92 expended to date from a total of $89,922.00

/S/ D. E. Moulds

D.E. Moulds

C
O
P
Y

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

Contracts & Audit Copy

224 New Customhouse
Denver 2, Colorado

January 29, 1952

Memorandum

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

From: Executive Officer, Field Team, Region IV

Subject: Amendment to Contract I-DMA-E34, Docket DMA 627, Cadwell Mining Company

Enclosed are the original and two copies of an amendment to the above contract.

Copies of this amendment have been given to the operator and to the Fiscal Officer, Region IV, and we have retained a copy for our files.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
Defense Minerals Exploration
RECEIVED
FEB 1 1 1952
FEB 4 1952

FILE COPY
SURNAME:

Moulds
F. Johnson

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

OCT 29

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

Re: Docket No. 627
Cadwell Mining Company
Exploration Project Contract
1-DM-.34
Amended September 24, 1951

Gentlemen:

Enclosed for recording in your office is the original of the amended Exhibit A to the Exploration Project Contract between the operator named in the above reference and the Government of the United States.

Sincerely yours,

(signed) FRANK E. JOHNSON (fw)

Acting Director
Production Expansion Division

87 10/29

Enclosure-1

DEMoulds/jem
10-25-51

cc to: Adm. Reading File
Reports & Records
Messrs. Mittendorf, Glund
Mr. Moulds
Field Team, Region IV (2)
Docket

PED

Mr. Howlett

DEPARTMENT OF THE INTERIOR
RECEIVED
OCT 24 1951
Defense Minerals Administration,
Production Expansion Division.

DEFENSE MINERALS ADMINISTRATION
WASHINGTON, D.C.
Oct 24 11 00 AM '51

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

224 New Customhouse
Denver 2, Colorado

October 16, 1951

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: Amendment to Contract I-DMA-E34, DMA Docket 627, Cadwell Mining Company

Enclosed herewith are the original and two signed copies of an amendment to the contract as listed above.

Copies of this amendment have been sent to the operator and to the Fiscal Office, Region IV.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

My dear Senator Johnson:

I am pleased to report to you that the Defense Minerals Administration of this Department has recently entered into a contract with the Cadwell Mining Company, operating in your state for the exploration of possible sources of zinc ore.

The contract provides that the Government will participate in the expense of this work up to 50% of the cost thereof.

This type of assistance is provided for under section 303 of the Defense Production Act.

The Defense Minerals Administration will be glad to furnish you any further details you may desire regarding the matter.

Sincerely yours,

Secretary of the Interior

Hon. Edwin C. Johnson
United States Senate
Washington 25, D. C.

DEMoulds/bjs
Written 8/9/51
cc to: Messrs. Secy's Reading File
Adm. Reading File
Mittendorf-Olund
Moulds
Reports and Records
Docket copy ✓
Chron. copy

Identical letter sent to:
Sen. Eugene D. Millikin
Rep. Wayne N. Aspinall

FILE COPY
SURNAME:

Moulds
Mittendorf
Moody

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

Production Expansion Division, DMA
C. O. Mittendorf, Dir.
5371 4640

1420137 Salaries & Expenses, Defense Production Activities, Interior, 1952 (10.1)
August 9, 1951

J. H. East, Executive Officer Region IV, DMA, 224 New Customhouse Bldg., Denver, Colorado
DMA Docket 627, Contract I-DMA-834, Cadwell Mining Company

Landlord's Subordination Agreement executed by Resurrection Mining Company to accompany subject contract is approved. Date of contract to be inserted in first paragraph.

RECEIVED
AUG 9 1951
Clerical Service

C. O. Mittendorf (H. H.)

DEMoulds/meh
cc to: Reports & Records
Mittendorf, Olund
Moulds
Docket

C. O. Mittendorf, Director
Production Expansion Division

2061

FILE COPY
SURNAME:

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

Transfer Mittendorf 8/100

August 9, 1951

A.E.C.

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

Re: Docket DMA 627
Exploration Project Contract
Idm-E34
Cadwell Mining Company
Edgewater, Colorado

Gentlemen:

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

Sincerely yours, BJ 8/17

C. O. Mittendorf (J.M.)

C. O. Mittendorf, Director
Production Expansion Division

Enclosure-1

DEMoulds/bjs
cc to: Adm. Reading File
Reports and Records
Field Team, Region IV (2)
Mr. Billings
Mr. McKnight
Mr. Mittendorf, Mr. Olund
Mr. Moulds
Docket copy
Chron. copy

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

August 6, 1951

REGISTERED MAIL

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA Docket 627, Contract I-DMA-E34, Cadwell Mining Company, Lake County, Colorado

Herewith are the original and two copies of the above executed contracts. One copy is being retained for DMA Files and one copy is being held for the operator to be given to him as soon as the Subordination Agreement is checked and approved.

The Subordination Agreement has been rewritten by the Resurrection Mining Company, which is the reason for holding it up, pending Washington approval.

Since the project is already active and the first statement, MF-104, is due we need early advice regarding the Subordination Agreement in order to be able to approve payments.

Please advise by teletype.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 6 1951

FILE COPY
SURNAME: Mittendorf

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

Typed June 28, 1951

6/29/51
Carried by Mr. East personally & no committee signature were on it.

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

Re: Docket No. DMA 627
Cadwell Mining Co.

Dear Mr. East:

Please find herewith six (6) copies of contract for subject exploration project. As you will note, the contract has been revised from the one filled out and signed by Mr. S. C. Phillips and forwarded by your office. This revision was required by legal standards and involves minor changes in the exhibits and allowable rental with a corresponding decrease in maximum amount.

The contract has been signed by Mr. James Boyd, Administrator, with exploration number and effective date as shown.

The contract requires an executed Landlord's Subordination Agreement between the Resurrection Company and Cadwell Company to be attached to each copy of contract and signing by a duly authorized official of the Company in the presence of yourself or member of the DMA staff without any changes to its contents. If any provisions are unsatisfactory to the operator, the contract must be returned to this office for re-execution.

After signing of the contract, one copy is to be given to the Contractor and two copies retained by your office; one for your files, and one for the finance section. The remaining copies, including the original, are to be sent to this office as soon as possible.

Enclosures 6

Sincerely yours,

C. O. Mittendorf

APPROVED:

C. O. Mittendorf, Director
Production Expansion Division

Chairman, Coordinating Committee

Member, Geological Survey

Member, Bureau of Mines

DEMoulds/meh
cc: Adm. Reading File
Mr. Moon
Messrs. Mittendorf, Olund
Mr. Herres
Mr. McKnight
Mr. Strobel
Mr. Moulds
Field (2)
FILES
Chron. File

Docket 627

856

FILE COPY
SURNAME:

Guthrie

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

June 27, 1951

Memorandum

To: C. C. Mittendorf

From: J. L. Hofflund

Subject: Cadwell Mining Company exploration contract -- Docket No. DMA-627

This office has reviewed the contract in the above-styled case and finds it satisfactory in form for execution subject to the obtaining of an appropriate subordination agreement from the lessor.

At the time of execution the effective date should be inserted in the contract.

Your file is returned herewith.

J. L. Hofflund
General Counsel

Attachments

RRGuthrie/ema

Copy to: Administrator's Reading File
L. F. Strobel
R. R. Guthrie
J. L. Hofflund
Chron.
Files

DMA 627

856

RESURRECTION MINING COMPANY
OFFICE OF SECRETARY
14 WALL STREET
NEW YORK 5, N. Y.

June 19, 1951

Mr. James Boyd, Administrator
Defense Metals Administration
Department of the Interior
Washington 25, D. C.

Dear Mr. Boyd:

Before leaving for Africa yesterday, Fred asked me to reply to your letter to him of June 12th regarding the proposed mining operation on the Hibernian and May Queen Lease. In view of your letter, Resurrection Mining Company is willing to sign the subordination agreement as soon as a revision in the terms of the lease is agreed upon with the Cadwell Mining Company. We appreciate your statement that this is a matter for the parties themselves, and I have no doubt we can arrange it.

Fred asked me to send you the enclosed copy of the letter from Mr. Fred Wise dated June 14, 1951 summarizing results of study by Dr. Hal Norman of this property.

As soon as the lease arrangements have been clarified, I will forward the subordination agreement, which Fred has already executed.

With all good wishes,

Sincerely,

Carroll Searls

Carroll Searls

CS:CE
encl.
cc/Mr. Fred Wise

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 21 1951
LANDON F. STROBEL
Executive Secretary

C
O
Y

RESURRECTION MINING COMPANY
P. O. Box 936
Leadville, Colorado

June 14, 1951

Mr. Fred Searls, Jr.
Room 1501 - 14 Wall Street
New York 5, New York

Dear Fred:

Pursuant to your suggestion concerning participation by the Resurrection in the Hibernian in lieu of the government, Norman has gone over the situation and all data available on it.

There are no maps available on the Hibernian-May Queen other than the rather sketchy maps shown by Walker in his report. The story Hall got from Patrick, who is on the job as superintendent for Phillips, Lumberg and Phillips, is that the senior Phillips' father worked the north end of the Hibernian under lease, which section he has a map of. Through some controversy he gave up the lease. However, he always told his son that there was some high grade silver ore in the north end that he had left and covered over and gave him the map showing the locale of it. The present lease was obtained by the parties concerned with the idea of following up this story and they originally intended to work from the 150 Level of the Hayden Shaft to gain access to this area. The work as outlined in Walker's report and as suggested for the government loan seems to be an afterthought.

The U.S.G.S. professional paper 148, plate 45, shows the stoped areas in the Leadville district in the Fryer Hill area. It shows that most orebodies mined were in the Blue Lime and that none were mined from the Hibernian-May Queen area. The closest mining to the west was in the Blonger workings which are connected to the Hayden Shaft. West of these and not shown on the map, a fairly substantial production was made from the Blue Lime in the Ponsardine. Norman attributes no production in the Hayden in the Blue Lime to the fact that most of the Blue Lime in this area has been eroded away or replaced by sill dike intrusions. There is the possibility of a fair amount of Blue Lime on the north end of the property but he feels that the lack of much Blue Lime on most of the property precludes the possibility of production from that horizon.

Norman's study of the Fryer Hill area and the current work in the drain tunnel indicates that most of the structures that cause bedded ore in the Blue Lime have a northeastern trend. The drain tunnel has currently passed through the Hibernian claim and is within some 400 to 500 feet of the Robert Emmett Shaft. At 8600 ft. the drain tunnel passed through the contact of the Sawatch and Peerless, at which point it showed some bedding out at the contact with a weak vein headed toward our Dolphin claim. At about 8800 ft. it started through the Hibernian and was in the White Limes

for the total distance across the claim. No structure of any note was cut while passing across this claim. One open vug structure containing some manganese but no mineralization was encountered.

The current program of the Bureau of Mines is to make connection to the Robert Emmett Shaft for ventilation and drainage. Apparently this shaft has connections to quite a few workings toward the downtown area and should drain a considerable bit of country. However, they do not know whether their appropriation will suffice to reach this objective nor are they sure that they will get additional mines. If they are unable to make this connection they will try for a connection to the Blonger Shaft. Apparently this shaft is down to the horizon of the drain tunnel and they pass within some 30 ft. of it. Where the tunnel went through the Hibernian, it was some 150 ft. south of the Hayden Shaft. Currently the water is standing in the Hayden at 340 ft. below the surface and is going down by virtue of tunnel drainage at the rate of approximately 2½ inches per day. However, if the tunnel is connected to the Blonger, it should drain the Hayden rapidly. As near as can be determined from the meager data at hand, the drain tunnel is probably some 80 ft. below the bottom of the Hayden Shaft.

By virtue of the fact that the drain tunnel has already cut the horizons which Walkers recommend we drill without any evidence of any structure, it would seem a rather long bet to explore these to the north. It would also seem that if there is a chance for ore, it would occur probably at the Sawatch-Peerless contact, which would mean going below the bottom level of the existing Hayden workings. All in all, it looks like a rather wildcat scheme to drift the White Limes with as little information as we are able to obtain on this, with the distinct possibility that if there is ore it will be below the proposed workings.

All the showings that were cut in the drain tunnel in the vicinity of our ground would indicate possibilities of ore on our Dolphin and Pittsburgh claims and possibly on the Amie and Dunkin claims but nothing was uncovered to make it attractive to work on the Hibernian.

In addition, the northeastern trend of the known ores in this area with the rather narrow ground we have to work on might well uncover ore striking out of our ground that would be more advantageous to other parties than to us.

Sincerely yours,

FW:ejp

Fred Wise

FILE COPY
SURNAME:

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

June 14, 1951

AIR MAIL

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

Re: Docket No. DMA-627
Cadwell Mining Company
Leadville, Colorado

Dear Mr. East:

Pursuant to telephone conversation of June 7, 1951, with Mr. W. D. McMillan, we are sending you a copy of Mr. Fred Searls' letter relative to the above exploration project. This copy is for the information of your office.

This letter presents questions relative to the ability of the subject company to satisfy two criteria required for exploration project assistance by the Government.

(1) The subject company does not have an authorized lease on the area in which the exploration work is to be done.

(2) The availability of labor for exploration is questionable in relation to requirements for production of critical metal within the district.

Upon receipt of the letter by this office, Mr. Herres of the Supply Division was consulted and it was decided to present this matter to you by phone to avoid further processing of the contract until the above questions were answered satisfactorily.

The question of the lease will have to be worked out by the Cadwell Mining Company and the Resurrection Mining Company to their mutual satisfaction. It is not the intent

Case 627

856

FILE COPY
SURNAME:

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

Whitendorf
Stuted 6/13

June 12, 1951

Mr. Fred Searls, Jr., President
Resurrection Mining Company
14 Wall Street
New York 5, New York

Dear Fred:

Reference is made to your letter of June 4, 1951, regarding the Landlord's Subordination Agreement in connection with the Cadwell Mining Company's proposed mining operation on the Ethelmian and Big Quaker Lease.

The application was initially presented by the Cadwell Mining Company, S. C. Phillips, President, for a government loan, and stated that the property was held by mining lease and that labor was available. The Field Team from Region IV, Denver, examined the property and recommended it for exploration project assistance.

The Hayden shaft represents a different problem than other exploration requests due to the fact that underground examination is impossible until the shaft is rehabilitated and the work is truly exploration in a favorable mineralized area. An additional factor considered in the project is the importance of the shaft to the Leadville Drainage Tunnel which is approximately alongside of the shaft at the present time. As the shaft is bottomed at about 60 feet above the level and 140 feet northeast, it would be advantageous to have a connection with the shaft as an aid to ventilation and for safety reasons. The connection is feasible only if the shaft is unwatered and rehabilitated.

The subordination agreement is required for protection of the Government funds in event a discovery of commercial ore is made as a result of the exploration project, and should the lease be cancelled or terminated prior to the 10-year period and subsequently the owner should mine the ore discovered. If no commercial deposits are discovered, or even if they are discovered and not worked, there is no obligation to repay the loan to the Government.

1 Mar 6227

8256

The question of the lease will have to be worked out to the mutual satisfaction of the parties involved, as it is not the intent of Defense Minerals Administration to press any leasing action which is considered to be a mutual arrangement expected prior to an application for Government assistance.

In regard to the labor, the Field Team is reviewing the situation to determine if the labor stated to be available is capable of and willing to accept productive jobs with the Climax Molybdenum or Resurrection Mining Companies.

We trust that we have made our position clear in regard to the exploration project of the Cadwall Mining Company, and we appreciate the opportunity presented of clearing up all phases of the project before proceeding with final action.

Very truly yours,

JAMES BOYD
Administrator

DEB:ldz/GMC

cc: Files
Adm. Reading File
Mr. Strebel
Mr. Mittendorf
Mr. Moulds
Field Team, Region XV (2)
Mr. McKnight
Mr. Herres
Mr. Moon

Mr. Hoffland

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

(Dictated by Mr. East,
signed in his absence)

June 6, 1951

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA Docket 627, Cadwell Mining Company

We are enclosing the signed contracts, form MF-200, for the Cadwell Mining Company, Docket 627.

Mr. E. W. Lunberg, Secretary and Treasurer, has advised that Mr. Fred Searl, Jr., President of the Resurrection Mining Company, will deliver to Administrator James Boyd the Subordination Agreement. Please attaching this Subordination Agreement with the contract.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

RECEIVED

JUN 11 1951

GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED

JUN 11 1951

LANDON F. STROBEL
Executive Secretary

Department Of The Interior
Defense Minerals Administration

Dear Sirs:

In reference to the landlords subordination agreement by the resurrection mining company, of Leadville, Colorado to Cadwell Mining Company lessee, this grant will be made at the office of Mr. James Boyd, Director in Washington D. C. by Fred Pearl Jr. President of the Resurrection Mining Company.

Sincerely yours,

E. W. Lumberg Sec. and Treas.

E. W. Lumberg

MF-200
(April 1951)

Docket No. DMA _____
Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this _____ day of _____, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] THE CADWELL MINING CO., a Colorado Corporation
2450 Kendall Street
Edgewater, 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 Lake described as follows: [3] Two Patented Lode Mining Claims, situated in Sec. 19, Township 9 South, Range 79 West in the Leadville (California) Mining District, Hibernian, U. S. Survey No. 466, 4.480 Acres; May Queen, U. S. Survey No. 448, 3.220 Acres
with respect to which the Operator represents and undertakes:

(*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 immediately days from the date of this contract shall commence work on a project of exploration for [5] lead and zinc MANGANESE shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] 2 yrs. 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.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* 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 ---50--- 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 $---50,000.00---, which is ---50--- percent of the agreed estimated total cost of this project, $---100,000.00---.

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 ----------

---CADWELL MINING CO---
(Operator)

By L C Phillips

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

Headframe Buildings - Power House & Tool House

Cable 600 Feet

Sheave Wheel

Rail 1400 Feet

Rail Bender

Electrical Equipment total approx. $1500.00

EXHIBIT "D"

The following are the schedules of rates of labor and supervision that are presently in effect in these operations:

S. C. PHILLIPS	PRESIDENT	$500.00
E. W. LUMBERG	SEC. AND TREAS.	$500.00

Labor and Supervision for Retimbering Shaft

Hoist Man	$ 10.50 per day
Top Man	9.00 " "
Miner	12.00 " "
Shaft Man	13.00 " "
Superintendent	500.00 per month

Drifting

Hoist Man	10.50 per day
Top Man	9.00 " "
Two Miners	11.00 " " each
Superintendent	500.00 " month

Diamond Drilling

Contract will run about $6.00 per foot.

EXHIBIT "E"

The present buildings on this project consist of a tool house, and a hoist house with electric light and power facilities only. The buildings are in good repair and no immediate rehabilitation

EXHIBIT "A"

The proposed plan of exploration work in this property is to complete the retimbering of the Hayden Shaft down to its bottom; then, on the 400 Foot level, to drive a drift Northerly for the full length of the claim, staying within the No. 4 Horizon of the Blue Limestone, if possible, and also to drive a similar drift Southerly for the full length of the claim in this direction, making a total of about 1,500 Feet of drifting on this level. The best method of intercepting mano ore-bodies in limestone formations is to put a grid of closely spaced diamond drill-holes across their general trend, in the favorable horizons; and this is the plan, which it is proposed to follow here. From these drifts, at intervals of 100 Feet, diamond drill-holes would be driven vertically upwards to the top of the No. 3 Horizon and vertically downwards to the bottom of the white limestone. These diamond drill-holes would average about 175 Feet in length, and, there being 30 of them, the total footage of diamond drilling would be about 5,250 Feet. At the 150 foot level it is also proposed to do about 350 to 400 feet of drifting in an attempt to locate silver, lead ore. Three maps are attached showing the proposed project.

EXHIBIT "B"

At the present time it is not proposed to provide any additional buildings but it will be necessary to provide a water line and additional electric line into the premises:

Estimated Cost:

Water Line	800 Ft. @ $4.00 per Ft.	= $ 3200.00
Electric lines	600 Ft. @ $3.00 " "	= 1800.00.

EXHIBIT "C"

Operating Equipment

Leased Equipment

Air compressor at rate of $135.00 per month

Equipment to be purchased

Bench Grinder	$150.00
Ore cars	2180.00
Cage	1700.00
Air Comp.	3500.00
Slusher Hoist	1101.60
Tuggar Hoist - One Ton	1000.00
Air Trammer	2000.00
Mucking Machine	3200.00
Hoist	5500.00
Air Pump	900.00
Three-Jack Hammers #40	1035.00
Stopers R. 38 #85	550.00
Stopers R. 48 #100	670.00
Air Receiver	210.00
Three-Jack Leg	585.00
Pump Water	520.00
	$24,801.60

Equipment Furnished by Operator

Hoist

Air Pipe 250' of 3"

Timbers Approx. $450

Small tools, axes, saws, wrenches, picks, bars

Welding Equipment

or repairs are contemplated.

The proposed work by The Cadwell Mining Co. on this property is to:

1. Complete the retimbering of the Hayden Shaft to the bottom.

2. To drive a drift northerly on the 400 Ft. level and a similar drift southerly.

3. Diamond drilling at 100 Ft. intervals.

Estimated Cost:

Retimbering 200 Ft. @ $60 per Ft.	$12,000.00
Drifting 1,500 Ft. @ $20 " "	30,000.00
Drilling 30 Holes @ Average Depth of 175 Ft. 5,250 Ft. @ $6 per ft.	31,500.00
Contingencies	1,500.00
	$75,000.00

RESURRECTION MINING COMPANY
OFFICE OF SECRETARY
14 WALL STREET
NEW YORK 5, N. Y.

DMA-627

June 4, 1951.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 6 1951
LANDON F. STROBEL
Executive Secretary

Mr. James Boyd,
Defense Minerals Administrator,
Department of the Interior,
Washington 25, D. C.

Dear Jim:

We have just received from the Mine Superintendent of this company at Leadville a file on a proposed exploration project contract between the Defense Minerals Administration and the Cadwell Mining Company, a Colorado corporation.

From this, it would appear that the Cadwell Mining Company is applying for payment by the United States Government of one-half of an estimated $100,000, to be spent on the project of development of the Hibernian and May Queen patented claims in the Leadville District, title to which is held by Resurrection Mining Company. The project apparently consists of proposed drift of 1,500 ft. on or about the 400-ft. level of the Hayden shaft, located on the Hibernian claim, with extensive subsequent diamond drilling from the drift. The application is supported by a report on the Cadwell Mining Company, signed by Walker & Walker--R. T. Walker, and dated January 25, 1951.

The file includes copies of a Landlords Subordination Agreement, which it is requested this company should execute, and which--if effective--would subordinate all right, title, and interest in this property to the provisions of the exploration project contract desired by the Cadwell Mining Company. You are doubtless familiar with the terms of the Subordination Agreement, concerning which counsel for this company gives the following opinion:

"Memo: Re: Hibernian and May Queen Lease Exploration Project thereunder and Landlords Subordination Agreement.

RECEIVED
JUN 6 1951
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

Resurrection Mining Company
Office of Secretary
14 Wall Street
New York 5, N. Y.

June 4, 1951.

Mr. James Boyd,
Defense Minerals Administrator,
Department of the Interior,
Washington 25, D. C.

Dear Jim:

We have just received from the Mine Operations Department of this company at Leadville a file on a proposed exploration project contract between the Defense Minerals Administration and the Cadwell Mining Company, a Colorado corporation.

From this, it would appear that the Cadwell Mining Company is applying for payment by the United States Government of one-half or an estimated $100,000, to be spent on the project of development of the Hibernian and May Queen patented claims in the Leadville District, title to which is held by Resurrection Mining Company. The project apparently consists of proposed drift of 1,500 ft. on or about the 400-ft. level of the Hayden shaft, located on the Hibernian claim, with extensive subsequent diamond drilling from the drift. The application is supported by a report of the Cadwell Mining Company, signed by Walter S. Walker--?. T. Walker, and dated January 25, 1951.

The file includes copies of a Landlords Subordination Agreement, which it is requested this company should execute, and which--if effective--would subordinate all right, title, and interest in this property to the provisions of the exploration project contract entered by the Cadwell Mining Company. You are doubtless familiar with the terms of the Subordination Agreement, concerning which counsel for this company gives the following opinion:

"Re: Hibernian and May Queen Lease
Exploration Project Interpleader
and Landlords Subordination
Agreement.

RECEIVED
JUN 5 1951
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

"Submitted with report of Walker & Walker, dated Jan. 25, 1951.

"The file includes Exploration Project contract between The Cadwell Mining Co. and the Defense Minerals Administration, reciting that the Operator (Cadwell Mining Co.) is the lessee of the Hibernian & May Queen Lodes. The Government undertakes to advance half of costs up to an aggregate of $50,000 advanced by it.

"Repayment is to be made at 1½% of net smelter returns up to $8 per ton of ore, and ½% more for each 50¢ per ton in excess of $8 up to 5% of return.

"The Subordination Agreement requires the Landlord, if the lease be terminated, to assume all of the obligations of the Lessee to make repayment to the U. S. A. and to do no act that may contravene or conflict with the prior lien and claim of U. S. under the Exploration Contract.

"The effect will be to put a lien up to $50,000 upon the leased property for a period up to 10 years.

"It would appear that the benefits that may be received by the Lessor do not justify this contract."

While the application of the Cadwell Mining Company has apparently been pending for some time (Walker & Walker's report being dated January 25, 1951), this company--although owner of the property--has had no previous knowledge of the application. It would appear that the applicant, Cadwell Mining Company, does not in fact have any lease on the Hibernian and May Queen claims. This company entered into an Agreement of Lease on June 12, 1950 (pre-Korea) with Messrs. S. C. Phillips, E. W. Lumberg, and Samuel C. Phillips, extending a lease on these claims but containing the provision (Paragraph 30)

"submitted with report of Walker & McNair, dated Jan. 25, 1951.

"The File includes Exploration Project contract between The Cadwell Mining Co. and the Defense Minerals Administration, recitting that the Operator (Cadwell Mining Co.) is the lessee of the Hibernian & May Queen Lodes. The Government undertakes to advance half of costs up to an aggregate of $50,000 advanced by it.

"Repayment is to be made at 1½% of net smelter returns up to $8 per ton of ore, and ½% more for each $04 per ton in excess of $8 up to 5% of return.

"The Subordination Agreement requires the landlord, if the lease is terminated, to assume all of the obligations of the lessee to make repayment to the U. S. A. and to do no act that may contravene or conflict with the prior lien and claim of U. S. under the Exploration Contract.

"The effect will be to put a lien up to $50,000 upon the leased property for a period up to 10 years.

"It would appear that the benefits that may be received by the Lessor do not justify this contract."

While the application of the Cadwell Mining Company has apparently been pending for some time (Walker & Walker's report being dated January 25, 1951), this company--although owner of the property--has had no previous knowledge of the application. It would appear that the applicant, Cadwell Mining Company, does not in fact have any lease on the Hibernian and May Queen claims. This company entered into an Agreement of Lease on June 12, 1950 (pre-Korea) with Meagre, E. C. Phillips, E. V. Lumberg, and Samuel C. Phillips, extending a lease on these claims but containing the provision (Paragraph 30)

that the "rights of the Lessee under this lease shall not be subject to assignment, except with the written consent of the Lessor; and in the event any such assignment without the Lessor's consent is made, whether voluntary or involuntary, the same shall constitute grounds for termination of all rights hereunder.." This corporation has had no previous knowledge of any effort on the part of its lessees to assign this contract, and has had no knowledge of or business with the Cadwell Mining Company.

While Walker & Walker have been employees of this corporation under a long-term contract, they have written this report supporting the application of the Cadwell Mining Company, without advice to this corporation; and this corporation does not share the highly optimistic opinions of the ground under discussion, expressed in the said report. We also expressly deny the statement in the said report that in addition to the Hibernian and May Queen claims, this corporation agreed to lease any other ground whatsoever, either to the Cadwell Mining Company, or to the actual parties to the Lease Agreement dated June 12, 1950. We did not recommend to the other parties to this Agreement that they take a lease on the Hibernian and May Queen claims, nor do we make any representation to the United States Government that it will ever be repaid the sums, for which application is made by the Cadwell Mining Company.

The Climax Molybdenum Company is now short approximately 200 men and, consequently, producing at less than capacity. Resurrection Mining Company is also shorthanded. We do not believe that diversion of labor to the Leadville Drainage Tunnel and to speculative developments, such as the Hibernian claim, is in the interests of increased production of metals, needed for the defense effort. It is our belief that the shortage of molybdenum, particularly, is critical.

We regret that the parties to the Lease Agreement of June 12, 1950 failed to consult or discuss their project with us at an earlier stage; and also that Walker & Walker did not consult us in the premises.

that the rights of the lessee under this lease shall not be subject to assignment, except with the written consent of the lessors; and in the event any such assignment without the lessor's consent is made, whether voluntary or involuntary, the same shall constitute automatic for termination of all rights hereunder." This corporation has had no previous knowledge of any effort on the part of its lessees to assign this contract, and has had no knowledge of or business with the Cadwell Mining Company.

While Walker & Walker have been employees of this corporation under a long-term contract, they have written this report supporting the application of the Cadwell Mining Company, without advice to this corporation; and this corporation does not share the highly optimistic opinions of the ground under discussion, expressed in the said report. We also expressly deny the statement in the said report that in addition to the Hibernian and Gay Queen claims, this corporation agrees to lease any other ground whatsoever, either to the Cadwell Mining Company, or to the actual parties to the lease agreement dated June 12, 1950. We did not recommend to the other parties to this agreement that they take a lease on the Hibernian and Gay Queen claims, nor do we make any representation to the United States Government that it will ever be repaid the sums, for which application is made by the Cadwell Mining Company.

The Climax Molybdenum Company is now short approximately 200 men and, consequently, producing at less than capacity. Resurrection Mining Company is also short-handed. We do not believe that diversion of labor to the Lexington Drainage Tunnel and to speculative developments, such as the Hibernian claim, is in the interests of increased production of metals, needed for the defense effort. It is our belief that the shortage of molybdenum, particularly, is critical.

We regret that the parties to the lease agreement of June 12, 1950 failed to consult or discuss their project with us at an earlier stage; and also that Walker & Walker did not consult us in the premises.

However, we appreciate that Defense Minerals Administration may be under pressure, based--we believe --on erroneous judgment of certain Congressional groups, to extend assistance to such projects as the one under discussion. It is probably no worse than a great many others, for which assistance has been solicited of your agency.

Therefore, if you advise that it is the considered opinion of yourself or of your subordinates, charged with the administration of this particular part of your duties, that this corporation should execute the Landlords Subordination Agreement and give legal standing to a lease from this corporation to the Cadwell Mining Company, we shall take the necessary action. Please advise us of your wishes.

Very truly yours,

Fred Searls Jr.

Fred Searls, Jr.
President

cc--Wise
Greenlee

FS:imd

FILE COPY
SURNAME:

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

Written of

May 14, 1951

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

Re: DMA-627 - Cadwell Mining Co.
Leadville, Colorado

Dear Mr. East:

We have the above subject application for exploration project aid which has been recommended by your office subject to applicant's ability to match funds with the Government.

The original application was for $75,000 for the project and the company stated their willingness and ability to participate on a 50-50 basis in this amount. The Field Team report, however, states that equipment in the amount of $25,000 will be required which will result in a project of $100,000. It, therefore, appears that the applicant should be advised fully as to equipment cost allowable under Section 11 of MO-5 and the applicant's ability to participate in the full amount determined in event the project is certified.

Information necessary for full consideration and certification under "Exploration Project Contract" requirements, Form MF-200, is also lacking and should be furnished as shown under the following headings.

Exploration Project (Exhibit A)

A statement describing fully the proposed exploration project and time schedule for the various phases of shaft rehabilitation, drifting and diamond drilling.

Maps approximately 8" x 10½" showing the proposed exploration project in plan and section and in relation to present workings.

Property map showing the claims under lease and location of surface plant and shaft collar.

Fixtures and Improvements (Exhibit B)

Detailed list of additional facilities, buildings and fixtures to be purchased, installed or erected with estimated cost and salvage value at the conclusion of the exploration project. If nothing of this nature is required, it should be so stated.

Operating Equipment (Exhibit C)

Detailed list of operating equipment divided into categories of items to be rented, purchased or furnished by the operator to be used for the exploration project. This list must show allowable rental, purchase price or rental value, as the case may be, for each item, and estimated salvage value at the conclusion of the exploration project.

Labor and Supervision (Exhibit D)

An itemized schedule of labor required for each phase of the project; retimbering shaft, drifting and diamond drilling. The schedule to show number, classification and maximum wages or salaries for labor and supervision. If based on contract, the price per foot or other unit and basis for determination of contract rate.

Rehabilitation and Repairs (Exhibit E)

A detailed schedule of existing facilities, buildings, installation and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put in useful and operable condition, with the estimated cost of each. If none of this work is contemplated, it should be so stated.

A detailed breakdown of the various phases of the work listed below into labor, supplies, materials, equipment, engineering, and supervision:

Retimbering	200 ft.
Drifting	1500 ft.
Drilling	5250 ft.

Also required is "Landlord's Subordination Agreement" for the leased property, Form NF-202, and subordination agreements on existing encumbrances, if any.

It is our understanding that the Leadville Drainage Tunnel has or will make this project feasible by lowering the water table to permit the exploration and subsequent production to proceed without excessive pumping cost; also, that the exploration project will receive active Field Team participation in frequent examination and planning of the work.

Receipt of the above information in triplicate will expedite consideration of the project for exploration project certification.

Sincerely yours,

C. O. Mittendorf, Director
Production Expansion Division

DEMoulds/fw
cc to: Admr Reading File
~~Dep. Admr. File~~
Mr. Strobel
~~Mr. Lyon~~
Mr. Herres Mr. Moon
Mr. Mittendorf, Mr. Olund
FILES Mr. McKnight
Mr. Moulds

FILE COPY
SURNAME:

ALBrokaw
McKnight
Mote
Herres

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

May 9, 1951

Re: Docket DMA-627

C. O. Mitterdorf

Memorandum

To: Production Expansion Division

From: Lead-Zinc Branch, D. M. A.

Subject: Approval of exploration loan
Cadwell Mining Company
Leadville, Colorado

Submitted herewith is a report and recommendation by the Field Team, for an exploration loan of $100,000 for a project at the Hayden shaft. The applicants have indicated that they will be able to enter into a "matching fund" program. The application and field team's recommendations are in sufficient detail to permit contract negotiations without further review by the Lead-Zinc Branch. The Lead-Zinc Branch concurs with the Field Team's recommendation, approving this application.

Otto Herres

Otto Herres, Chief
Lead-Zinc Branch

Attachment
ALBrokaw:emp
5/9/51 G
Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
L. B. Moon
R. H. Mote
L. F. Strobel
T. Lyon
Directors reading file 4214 GSA
Br. reading file 4214 GSA
Files

Binder 6 of 4

B

856

LANDON F. STROBEL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

April 27, 1951

DM-Site Exam. Rpt.

Memorandum

To: Landon Strobel, Executive Secretary, Defense Minerals Administration

From: DMA Field Team, Region IV

Subject: DMA Docket 627, Cadwell Mining Company, Hayden Shaft, Leadville, Lake County, Colorado

We are enclosing the investigation report of the Cadwell Mining Company, DMA Docket 627.

This project has been recommended for an exploration loan, providing the operators can secure the necessary matching funds.

J. H. East, Jr.

J. H. East, Jr.

A. H. Koschmann

A. H. Koschmann

Attachments

APR 30 1951

BUREAU OF MINES
WASHINGTON, D. C.

APR 30 10 04 PM '51

of this office to press any leasing action which is considered to be a mutual arrangement executed prior to an application for Government assistance.

We will appreciate receipt of a recommendation from your office relative to future action on the subject project as soon as convenient.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

APPROVED:

Chairman, Coordinating Committee

Member, Bureau of Mines

Member, Geological Survey

DEMoulds/GMcC
cc: Files
Adm. Reading File
Mr. Strobel
Mr. Moon
Bur. Mines Commodity Expert
Geol.Survey " "
Mr. Moulds
PED File
Chron. File
Field Team, Region IV (Orig. and 1 copy)

CADWELL MINING COMPANY
HAYDEN SHAFT
LEADVILLE, LAKE COUNTY, COLORADO

DEFENSE MINERALS ADMINISTRATION REPORT
DMA DOCKET 627

APPROVED:

J. H. East, Jr

A. H. Koschmann

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
JAMES BOYD, ADMINISTRATOR

Mining Division
Region IV

April 27, 1951

Memorandum

To: BMA Field Team, Region IV

From: Chief, Mining Division

Subject: BMA Docket 627, Gudwell Mining Company, Hayden Shaft, Leadville, Lake County, Colorado

The geologic and engineering reports have been reviewed. It is noted that it is proposed that the loan be increased $25,000 to permit purchase of equipment and construction not provided for in the application. It is also noted that the work is all exploration or preparation for exploration.

There seems to be some doubt whether the operators can raise 50 percent of the total amount. However, it is recommended that a contract be entered into on a matching basis to accomplish the work outlined, providing the operators are financially able to carry their share of the cost.

F. W. Allsman

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
460 New Customhouse
Denver 2, Colo.

March 30, 1951

Memorandum

To : Field Team, DMA, Region IV

From : Supervising Geologist, Colorado-Wyoming

Subject: Docket DMA 627 - Hayden Mine, Cadwell Mining Company, Leadville, Colorado.

Attached is the geologic report on the Hayden mine of the Cadwell Mining Company, Leadville, Colorado, by Ogden Tweto, and the summary and recommendations by Ogden Tweto and M. H. Salsbury regarding this property, requested by the Operating Committee.

I concur in the recommendations.

A. H. Koschmann

A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Attachment

Mining Division
Region IV

April 9, 1951

Memorandum

To: DMA Field Team, Region IV

From: Chief, Mining Division

Subject: DMA Docket 427, Hayden mine, Cadwell Mining Company, Leadville, Colorado

I have reviewed the report by Ogden Tweto and M. H. Salsbury on the application of the Cadwell Mining Company for a loan of $75,000 to explore in the vicinity of the Hayden shaft at Leadville. Since the work is entirely exploration or preparation for exploration, the officials of the company were interviewed with the idea of changing the application from a direct loan to an exploration grant.

E. W. Lunberg, secretary and treasurer, and one of the directors, stated that the company is willing and believes they can raise 50 percent of the needed capital. It is recommended that a contract be drawn on the basis of an exploration grant.

P. T. Allsman

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

By Ogden Tweto and M. H. Salsbury

Very little can be seen in the Hayden mine (Hibernian-May Queen claims) of the Cadwell Mining Company. The shaft has been repaired to a depth of 250 feet, and the second level has been opened up for 160 feet, but these workings are all in a thick sill of White porphyry that overlies the segment of the Blue limestone in which exploration work is planned. The plan outlined in the application (driving a drift the length of the claim and diamond drilling up and down) is essentially "wildcat" exploration. However, the limestone or dolomite formations that contain most of the Leadville ore bodies are known to be present and unexplored on the Hibernian-May Queen property, and mines on both sides of the property worked extensive ore bodies in the lower segment of the Blue limestone. The property thus seems promising and a good place to do exploration of the type outlined in the application. The work done thus far by the Cadwell Company has been done efficiently and well; supervision is competent and capable of carrying out the proposed program; the plans for repair of the shaft and exploration of the 400-foot level are good, and the cost estimates of $75,000 are reasonable for the work to be performed. Provision is not included, however, in the application for purchase of the new equipment required or construction of an ore bin, estimated as an additional $25,000.

It is recommended that a "matching funds" exploration loan be granted, in this case on a 50 percent basis, for a total of $100,000.

D. M. A. Docket 627

Geologic report on the

Hayden Mine
(Hibernian and May Queen claims)
of the
Cadwell Mining Company
Leadville, Colorado

By
Ogden Tweto

March 1951

Geology

CADWELL MINING COMPANY
HAYDEN SHAFT
LEADVILLE, LAKE COUNTY, COLORADO

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Geologic report on the Hayden mine

By Ogden Tweto[1]

Preface

The location, operation, plans for development, and geologic setting of the Hayden mine of the Cadwell Mining Co. of Leadville, Colorado, are well set forth in the application and accompanying report by Walker and Walker, and will not be repeated here. The Hayden mine presents a different problem than most DMA requests because little can be seen of the mine, and the request is primarily for funds for mine rehabilitation and exploration rather than development or production. Moreover, opening of the mine is of importance to the Leadville Drainage Tunnel, and this adds a factor of desirability to the Hayden project independent of the production outlook for the mine itself.

Geology

The geologic setting of the Hayden mine is well shown by Walkers' report and accompanying map and section. There is nothing I can add to this except to point out that information gathered to compile sections along the Drainage Tunnel suggests that there is only one lower "Blue limestone" horizon rather than the two shown as Blue Limestone No. 3 and No. 4 horizons on Walkers' section. The Gray porphyry sill apparently lies between the Parting quartzite and the Blue limestone, rather than splitting the Blue limestone. Thus there is one thick layer of Blue limestone rather than two thinner layers separated by Gray porphyry as shown by Walkers' section.

1/Geologist, Mineral Deposits Branch, U.S. Geological Survey, Denver, Colo.

All that can be seen in the mine at present is White porphyry, which is altered, soft, and chalky. The shaft is in White porphyry to a depth of 250 feet, the lowest point to which it has been repaired. The drift on the second or 150-foot level, the only workings open, is also in White porphyry for the 160 feet opened up thus far. The porphyry contains many narrow ribbons or lenses of altered and oxidized dolomite, all of about the same orientation and dipping parallel to the general dip of the beds in this area. Most of the dolomite is more or less mineralized and assays several percent zinc, which is evidently in the form of carbonate. The mineralized material is highly ferruginous, and most of it is a sticky clay that shows little resemblance to the original dolomite. Ore was evidently mined from one of the upper limestone beds (Blue limestone No.2 horizon of Walkers' section) through this level, and the owners of the Cadwell Co. have directed reopening of the level in order to get at some oxidized ore - presumably lead-silver - that is supposed to have been left in the early days. It is not unlikely that some such ore will be found, but the quantity is not likely to be large.

Appraisal and recommendations

With so little to be seen at present, no known reserves, and so little known of the past history of the mine, the proposals outlined in the application and in Walkers' report must be classed as "wild-catting". However, almost every major ore body in Leadville was discovered by similar "wild-catting", in many cases with less to go on than the Hayden affords, and it can be said that the Hayden or Hibernian-May Queen ground is promising ground for wildcat exploration. A portion of the Blue limestone at least 75 feet thick is known to be present in the lower part of the mine. This was productive within the relatively small area of the lower Hayden workings,

and also in the Blonger mine to the northwest and in the Denver City mine to the east. It is the same segment of the Blue lime that, down-dip (east) from the southern end of the May Queen claim, contained the extensive ore bodies forming the northern part of the very highly productive Robert Emmet-Mikado-Greenback-Wolftone area.

The lower Blue lime horizon has not been explored on the Hibernian-May Queen ground except in the small area near the Hayden shaft, in about the center of the 1500-foot claim. Considering the presence of large and profitable ore bodies in this same limestone farther east or downdip, as from the Denver City southward, exploration to the south as outlined in the report of Walker and Walker seems emminently desirable, although there may be question as to applicability of the DMA program as currently set up to such an exploration venture. The lower Blue limestone has not been explored north and northeast of the mine; considering the productivity of the two upper layers of the Blue limestone in this northern area, exploration of the lower one is also a promising venture. The Manitou or White limestone and the underlying dolomitic shales and sandstones of the Peerless formation are virtually unexplored on the Hibernian-May Queen ground as well as on most of the remainder of Fryer Hill. These formations are generally held to constitute the most promising unexplored ground on Fryer Hill because large ore bodies were found in them at other places in the Leadville district after mining on Fryer Hill had almost ceased. They were not explored during the early-day mining because of difficulties with water encountered in the few shafts sunk to the White limestone. This water problem has now been removed by the Drainage Tunnel.

The distribution of ore bodies in the limestones or dolomites seems to be erratic. A structural control probably exists, but the geology of the mines of the Fryer Hill area has never been studied in detail, chiefly because too few mines have been open at any one time in the last 50 years. A "trend" of ore bodies running west-northwest through the Hayden mine is suggested by Walkers' map. However, the map is incomplete in this respect, and if the extensive stopes north of the Robert Emmet, and west and southwest of the Hayden, in the Blonger, Gambetta, and Ponsardine mines (the latter on the Stray Horse claim) were shown, this "trend" would not seem so obvious. Thus there may be no "trend" running through the Hayden, as Walker and Walker seem anxious to show, but if ore bodies in the central part of the Hibernian-May Queen claims are not part of a belt, then arguments for exploring the northern and southern parts of the property are strengthened, not weakened.

In summary, the work proposed in the Hayden mine is of a "wildcat" nature, but this is a promising area in which to do such wildcatting. It is recommended that the loan be granted for the program outlined in the application, provided DMA funds can be used for a program of this type. If the program does not come within the scope of present lending policy, then it is recommended for an exploration loan when a program for such loans is formulated. As exploration of the type planned must be guided or modified by the geologic conditions found as the work advances, provision should be made for geologic supervision of the program.

CADWELL MINING COMPANY
HAYDEN SHAFT
LEADVILLE, LAKE COUNTY, COLORADO

Engineering Report

By M. H. Salsbury
Mining Engineer
U. S. Bureau of Mines

Engineering

CADWELL MINING COMPANY
HAYDEN SHAFT
LEADVILLE, LAKE COUNTY, COLORADO

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ENGINEERING REPORT

By

M. H. Salsbury
Bureau of Mines

INTRODUCTION

Personnel of the U. S. Geological Survey and the Bureau of Mines visited the operation of the Cadwell Mining Company, Leadville District, Lake County, Colo., on March 15, 1951, and checked the proposals as submitted in DMA Docket 627. The docket makes application for a loan of $75,000 for the purpose of retimbering the Hayden shaft, extending the 400-foot level a distance of 1500 feet, and developing the property further by diamond core drilling.

ACKNOWLEDGMENTS

Acknowledgment is made to R. T. Walker, of Walker and Walker, mining geologists, for geological information and to R. B. Patrick, local manager of the Cadwell Mining Company, who made the company's facilities available and furnished information concerning the equipment and operating plans.

LOCATION, TOPOGRAPHY, AND PHYSICAL FEATURES

The operations of the Cadwell Mining Company are located on the May Queen claim, survey number 448, and the Hibernia claim, survey number 446, in the "Fryer Hill" area one-half mile east of Leadville. There is a good county road, maintained the year around, within a

short distance of the Hayden shaft through which operations are carried on. The property is within three miles of the milling facilities of the Resurrection Mining Company and the Arkansas Valley smelter of the American Smelting and Refining Company.

Climatic conditions are marked by long severe winters and cool summers. Operations can be carried on, however, throughout the year with little difficulty.

HISTORY AND PRODUCTION

The property has been operated intermittently since 1880, the last work having been done about 1925. Most of the work appears to have been done by various lessees.

The production record is incomplete. The records of the Economics Division, Region IV, of the U. S. Bureau of Mines, from 1910 to 1918 list a total of 10,486 tons of oxidized lead-zinc ore mined from the property during this period. This was apparently predominately zinc ore. No other data are available.

OWNERSHIP AND EXTENT

The claims, with an area of 7.7 acres, are owned by the Resurrection Mining Company and leased to the Cadwell Mining Company for a period of five years from June 12, 1950, on a graded royalty basis, running from 10 to 25 percent of the net return from ore with a net value of from $10.00 to $35.00 after freight hauling and treatment charges have been deducted. The Cadwell Mining Company has been promised a lease on adjoining Resurrection ground, if needed, but some adjacent claims are owned by other parties and have not been leased or optioned.

PRESENT STATUS

The property is developed by the Hayden shaft, about 450 feet deep, with five levels, and by the May Queen shaft on which there is no available information. Of these workings, the first 250 feet of the Hayden shaft through the surface wash and into White porphyry and 160 feet of the second level, all in White porphyry, are accessible. The shaft was retimbered for 250 feet during the last year and the second level is being cleaned up currently. This work is being done at the direction of S. C. Phillips, president of the Cadwell Mining Company, to reach an area concerning which he has information based on a map and data from his grandfather, now deceased, an early day lessee on the property. The exact objective is obscure so far as the local management is informed. This would not be a proper project for the expenditure of DMA funds.

The property is equipped with a 75-foot headframe, shaft house, tool shed, 50-HP electric hoist, mine cars, and auxiliary tools. They are of excellent construction and the entire operation shows good management.

DEVELOPMENT PLANS AND REQUIREMENTS

It is proposed to finish retimbering the shaft to the bottom, some 200 feet additional, develop the 400-foot level by drifting along the length of the claim 1500 feet, and then explore the White limestone by a suitable pattern of diamond drill holes.

The bottom of the Hayden shaft is about sixty feet above the level and 140 feet northeast of the centerline of the Leadville Drainage Tunnel. It would be advantageous from the standpoint of tunnel operations to have a connection with the Hayden shaft as an

aid to ventilation and for safety reasons and such a connection is feasible if the Hayden shaft is rehabilitated to the bottom.

To carry out this program it will be necessary to obtain a substantial amount of equipment listed in the loan application but not provided for in the cost estimates.

Diamond drilling would be done under contract and would not necessitate purchase of equipment.

A crew of five men per shift, including mine foreman and shift boss, would be required until the shaft retimbering is completed, and thereafter ten men per shift could be employed.

Shaft work should be completed within 4 months from the start on a one shift basis and lateral development should be completed within 8 months more on a one shift basis. Drilling should take not over 6 months additional, or a total of 18 months, which is within the two-year requirement for DMA exploration contracts.

PRODUCTION PLAN

It would be impossible to estimate the cost of mining any ore deposits discovered or to outline mining methods and rate of production until the ore bodies are explored and evaluated.

COST OF PROJECT

The loan application supplement, Item 3, estimates the cost of the proposed project as follows:

Retimbering, 200 feet at $60 per foot	$12,000.00
Drifting, 1,500 feet at $20 per foot	30,000.00
Core Drilling, 30 holes, average depth 175 feet, 5250 feet at $5 per foot	26,250.00
Contingencies	6,750.00
Total	$75,000.00

No provision is made for cost of equipment, but the supplement also states that it will be necessary to obtain mine cars, a cage or skip, pipe, rail, rock drill equipment, slusher, tugger hoist, water pump, and an air compressor, and to construct a suitable ore bin.

The cost of this equipment, if purchased new, and the ore bin construction would total at least $25,000. It is evident the applicant has underestimated the total cost of the project by this amount.

Following a meeting attended by S. C. Phillips, President and Director, E. W. Lumberg, Secretary, Treasurer, and Director, P. B. Patrick, Manager, of the Cadwell Mining Company, with the examining engineer, the company representatives stated their willingness to commit their organization to a "matching funds" exploration loan for $75,000. A loan for a larger sum would probably require further negotiations.

COMPETENCE OF APPLICANT

The local management under the direction of R. B. Patrick, with R. T. Walker as consulting geologist, is competent. These men are recognized in the Leadville District as experienced, trustworthy men.

The quality of the construction in the surface plant and the shaft retimbering at the Hayden shaft shows skill and adequate supervision.

CONCLUSIONS

The Hayden shaft is located in the heart of an area with a record of high production. There has been considerable production on the property itself from the Blue limestone horizon. While there is some

opportunity of finding more ore in the Blue limestone, inasmuch as the maps available show considerable territory undeveloped, the main opportunities for new ore are in the White limestone horizon which is totally undeveloped. This proposed development program would explore the White limestone and might contribute substantially to the production of lead and zinc.

The local personnel of the Cadwell Mining Company is capable of carrying the proposed development to a successful conclusion.

The shaft, when retimbered, would prove advantageous to the Leadville Drainage Tunnel if connection is made, providing an escapeway and supplying ventilation.

RECOMMENDATIONS

It is recommended that a loan for $100,000 be approved for the purposes stated in the application, with the Defense Minerals Administration supplying 50 percent of the funds required.

The development program should be supervised by DMA personnel and no diversion of funds allowed for the project presently being conducted on the second level.

Requirements should include repairing and retimbering the Hayden shaft to the bottom to provide for a connection from the Leadville Drainage Tunnel.

FILE COPY
SURNAME:

McKnight
Mote
Herres

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

February ~~20~~ 28, 1951

Memorandum

To: Executive Officer Field Team, Region IV
Through Operating Committee and
Director, Supply Division

From: Lead-Zinc Branch, DMA

Re: Docket DMA-627

Subject: Application of
The Cadwell Mining Company
S. C. Phillips, President
2450 Kendall Street
Denver 14, Colorado
Hibernian and May Queen Mines

Commodity: Zinc, lead, manganese

This docket has been reviewed promptly in view of your remarks on the relationship of this project to the Leadville drainage tunnel. We are in accord with the comments you have made indicating that a great amount of value will be received from having this escape way and ventilation for the tunnel. However, we are reluctant to approve the application on that basis alone. From the geologic standpoint the application appears to us to be sound, but in view of Tweeto's familiarity with the district the report could stand a quick office check. The engineering aspects of the proposal will be left to your recommendation.

Other things being equal, we will be inclined to give considerable weight to your recommendation of the project in its relations to the drainage tunnel.

OTTO HERRES

OTTO HERRES, Chief
Lead-Zinc Branch
Defense Minerals Administration

APPROVED:
DMA Operating Committee

C. O. MITTENDORF

LOWELL B. MOON, Chairman

J. H. Hedges

/s Olaf N. Rove
Olaf N. Rove

ETMcKnight:emp
G-2/20/51
Copies to: Chief, Lead-Zinc Branch
Geological Survey - McKnight
J. H. Hedges
R. H. Mote
Strobel
Mittendorf
2 copies to Executive Officer
Regional Field Team, Region IV
Files

FILE COPY
SURNAME:

McKnight
Herzes
Mittendorf
Lyon
Orson

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

February ~~26~~ 28, 1951

Re: Docket DMA-627

E. C. Phillips, President
The Cadwell Mining Company
2450 Kendall Street
Denver 14, Colorado

Dear Mr. Phillips:

Your application (Docket DMA-627) for a Government loan under the provisions of the Defense Production Act of 1950 has been reviewed by the Lead-Zinc Branch of the Defense Minerals Administration. Before final decision can be taken on your request it will be necessary to obtain additional information on your property. Your application, therefore, has been referred to the appropriate field office with the request that the needed information be supplied to us.

Very truly yours,

/s Zorn Lyon

Acting Director
Supply Division
Defense Minerals Administration

ETMcKnight:emp
G-2/20/51
Copies to: Chief, Lead-Zinc Branch
Geological Survey - McKnight
J. H. Hedges
R. H. Mote
Strobel
Mittendorf
2 copies to Executive Officer,
Regional Field Team, Region IV
Files

LANDON F. STROBEL

dma 627

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

BUREAU OF MINES
WASHINGTON, D.C.
FEB 13 10 08 AM '51

February 7, 1951

Memorandum

To: Operating Committee, Defense Minerals Administration, Washington, D.C.

From: Regional Director, Region IV

Subject: Application for Government loan for the Cadwell Mining Company

We are attaching the application for a Government loan from the Cadwell Mining Company, at Leadville, Colorado. This property is utilizing the Hayden shaft~~s~~, which is nearly on the line with the Leadville Drainage Tunnel. This is our reason for calling it to your attention.

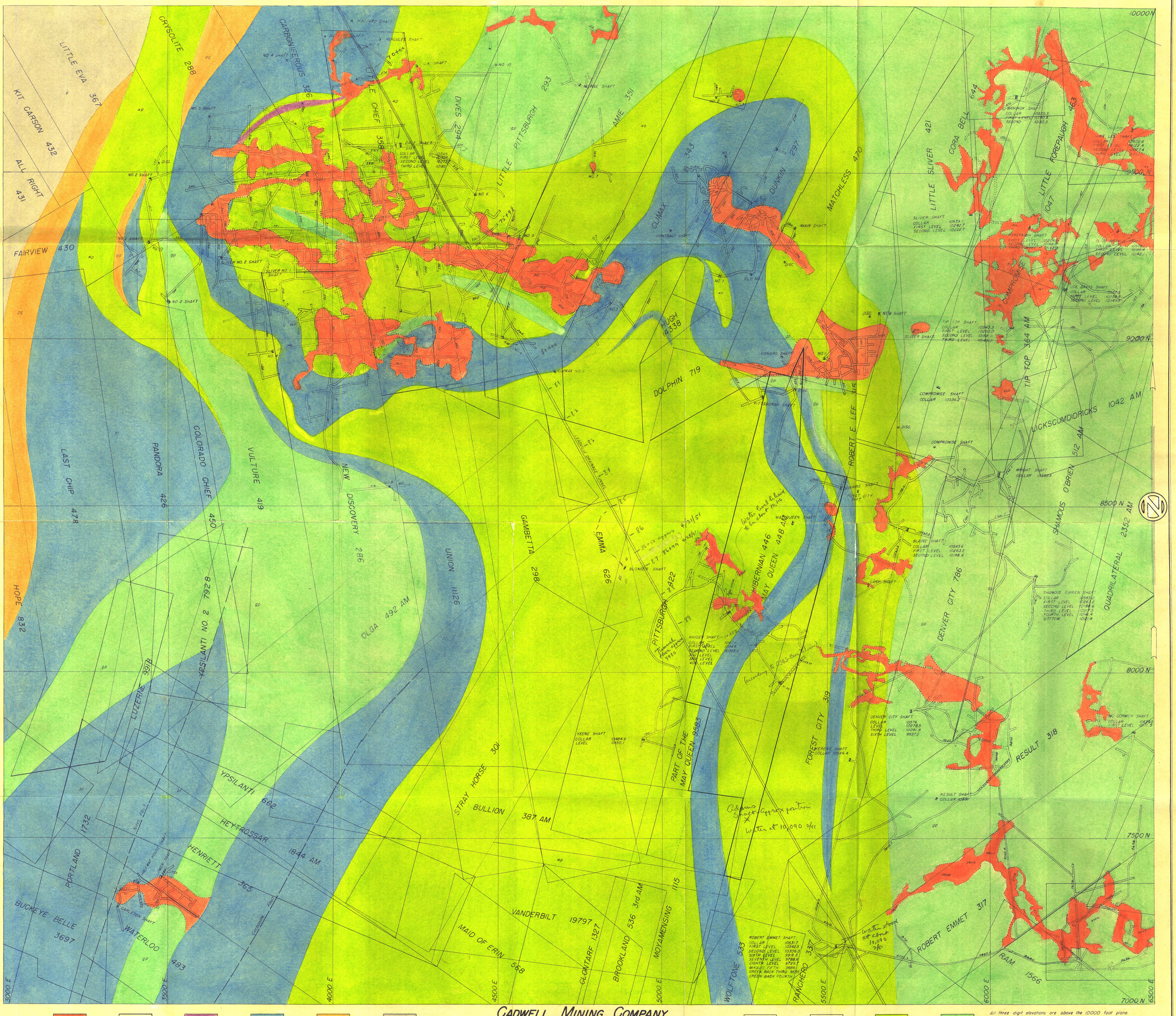
The Hayden shaft is about 100 feet off the line of the tunnel and perhaps 20 feet above the tunnel. If the Operating Committee acts favorably on this property and the Hayden shaft is reached by the Leadville Tunnel, it will provide ventilation for the tunnel and will also provide an escape-way for the tunnel workers.

I have not read the application nor do I know anything concerning the property. I am not trying to influence the Operating Committee in their final decision, but I would like to expedite the action on this.

J. H. East, Jr.

J. H. East, Jr.

Attachment



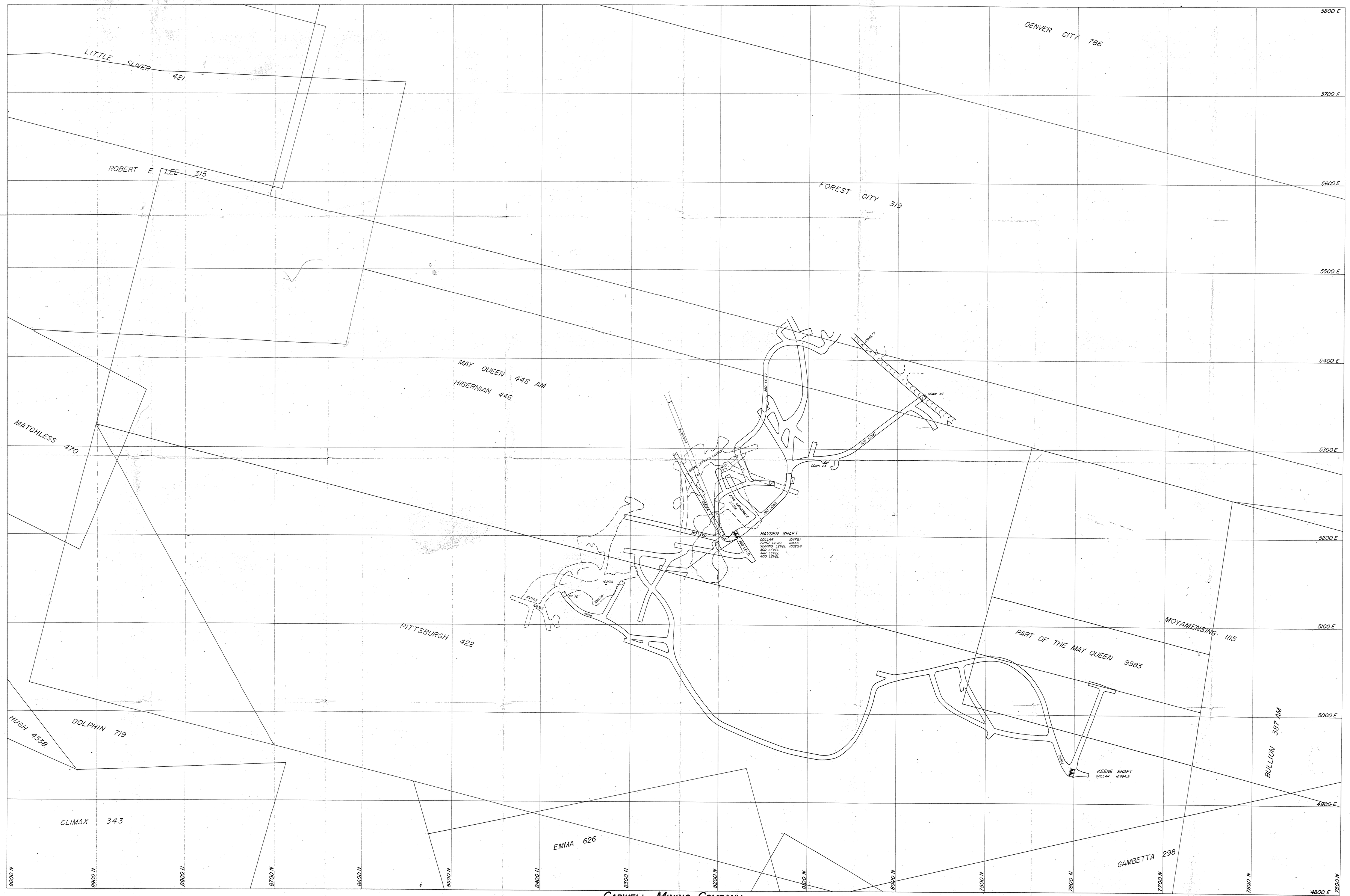
Orebodies in Blue Limestone | Orebodies in White Limestone | Weber Formation | Blue Limestone | Parting Quartzite | White Limestone | Sawatch Quartzite | Pre-Cambrian Granite | White Porphyry | Gray Porphyry

CADWELL MINING COMPANY
LEADVILLE, COLORADO
FRYER HILL AREA

SCALE 1" = 100' JANUARY 15, 1951

All three digit elevations are above the 10000 foot plane. Geology shown is the outcrop of formations if all loose material were removed. It is taken from the atlas accompanying the monograph by S.F. Emmons and Professional Paper 148 of the U.S.G.S.

R.B.P.



CADWELL MINING COMPANY

LEADVILLE, COLORADO

COMPOSITE LEVEL AND STOPE MAP OF THE HAYDEN SHAFT

SCALE 1" = 30' JANUARY 20, 1951

R.B.R.

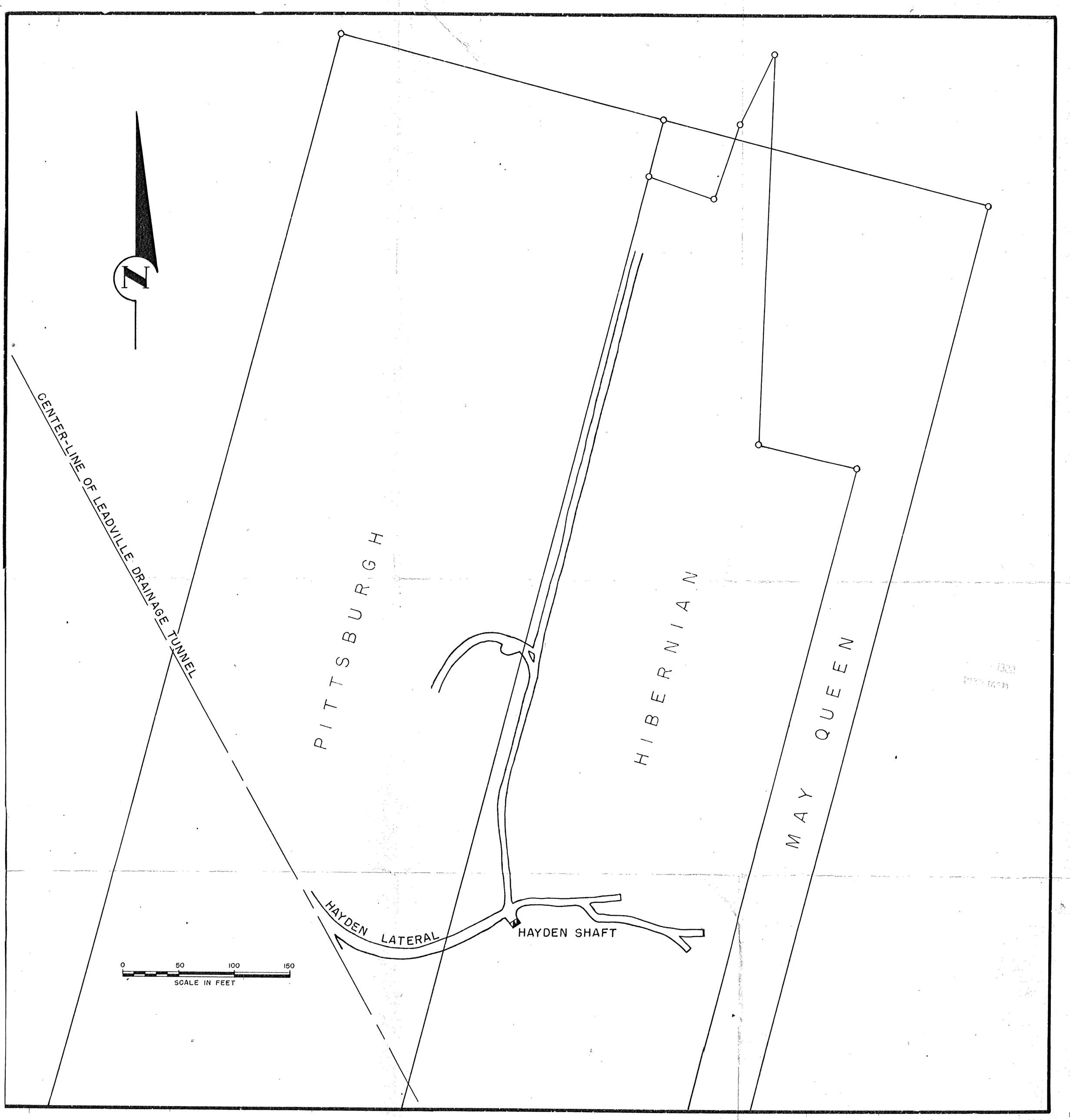
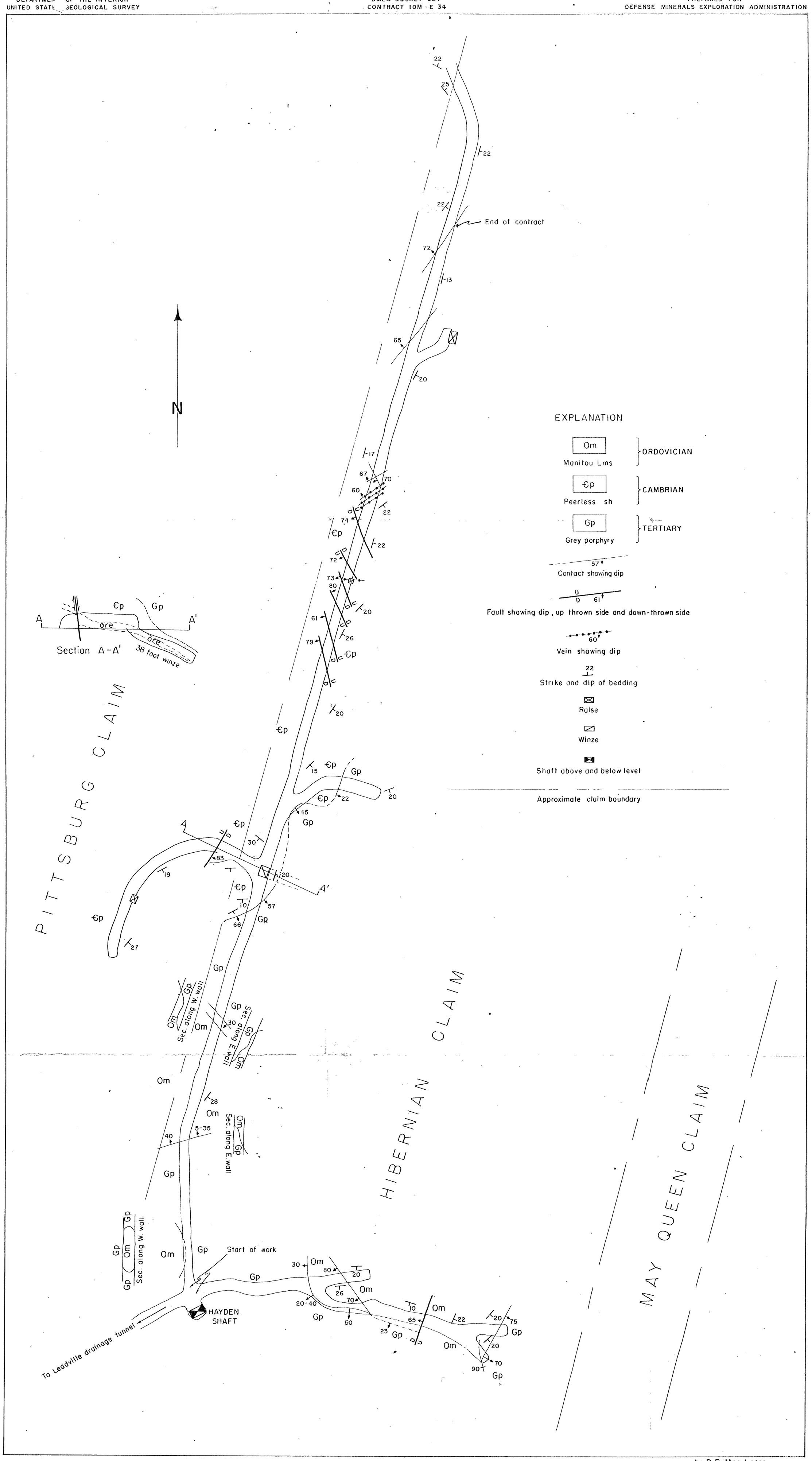


FIGURE 2 - WORK COMPLETED BY THE CADWELL MINING COMPANY, LAKE COUNTY, COLO. (DMA 627, CONTRACT I-DMA-E34)



by D.R. Mac Laren
after Ogden Tweto October 1954

Figure 1 Plan at 5th Level, showing geology, Hayden Shaft, Cadwell Mining Company, Lake County, Colorado

30 20 10 0 30 60 FEET