UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

~~Terminated~~ (or cancelled) without certification. DMEA No. 1167X

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

Left Side

Certificate of Audit (Final).

Interim Audit(s).

Report of Review.

Termination Notice or Agreement.

✓ Decision Notice.

Assignment of Contract.

✓ Contract Amendments (latest on top).

✓ Contract with all exhibits and annexes.

Owner's Consent to Lien.

Subordination Agreement.

Leases and assignments of leases.

✓ Application and attachments.

Schedule of Collections.

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

Right Side

Project summary.

Work completed analysis.

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

Final Field Team Report. (Tab)

Operator's Final Report.

Interim Reports.

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

Settlement Sheets.

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

Maps in folder number _____

Operator's Monthly Reports in folder number _____

wb
Reviewer's Initials

7973

DOCKET COPY

Department of the Interior
Defense Minerals Administration
RECEIVED
NOV 3 1953

Talbot
A C Kane

NOTICE OF RESCISSION OF EXPLORATION PROJECT CONTRACT, UNDER THE TERMS OF THE CONTRACT, BEFORE WORK IS BEGUN

Mr. Henry E. Kolego
P. O. Box 342
Silverton, Colorado

Operator under Exploration Project Contract Idm-E163
Docket No. DMA 1107A, dated September 26, 1951

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, under the terms of the above mentioned contract, hereby rescinds the contract on the following grounds:

In the opinion of the Government, you have failed to prosecute operations pursuant to the terms of the contract in that you have failed to commence work under the terms of the contract or Amendment No. 1, dated September 26, 1952.

Dated this 4th day of November, 1953.

UNITED STATES OF AMERICA

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

GOVERNMENT COPY

No. 1

AMENDMENT OF CONTRACT: No. IDM-E163

Contract Docket No. DMA 1167X, dated September 26, 1951, between the United States of America and Henry E. Kolego is hereby amended as follows, effective as of the date of said contract:

> Referring to article "3. Exploration project" of Exploration Project Contract Form MF-200, delete the figure "30" and in lieu thereof substitute "360," delete "12 months" and in lieu thereof substitute "24 months."

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 26, 1952

Henry E. Kolego

Henry E. Kolego

UNITED STATES OF AMERICA

By W. H. King

Executive Officer-DMEA

DEPARTMENT OF THE INTERIOR
Minerals Administration
Release RECEIVED
SEP 29 1952

(June 19

Docket No. DMA 1167X
Commodity Lead, Zinc, Copper

Idm-E163

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

RECEIVED NOV 8

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 26th day of September, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2]
Henry E. Kolego
Box 342
Silverton, Colorado

hereinafter called the "Operator," as follows:

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

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Colorado, County of San Juan described as follows: [3]
PORCUPINE LODE, Mineral Survey No. 1292, Situated in Porcupine Gulch, Cement Creek Area, Animas 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:
None

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

3. *Exploration project.* The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for [5] lead, zinc, copper ores; 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] 12 months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

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

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

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

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

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

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

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

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

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

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

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $7,300.00, which is 50 percent of the agreed estimated total cost of this project, $14,600.00.

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

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

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

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

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

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

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

Executed in sextuplicate the day and year first above written.

Henry E. Kolego
(Operator)

By Henry E Kolego

THE UNITED STATES OF AMERICA

By C O Mittendorf

Director, Production Expansion Division
Defense Minerals Administration

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

EXHIBIT "A"

Performance of Work

Work will consist of:

(a) Improve and open approximately 1½ miles of access road from the county road to the portal of the drift. Part of this work to consist of rehabilitation of existing roadway and the remainder will consist of new construction. Approximately 1½ months will be required to complete this work.

(b) Cleaning out and retimbering the portal and approximately 190 feet of drift. It is estimated that 1 month will be required to complete this work.

(c) Extend the drift approximately 300 feet to explore for new ore bodies along the vein. Approximately 4½ months will be required to complete this drift.

Time required for the project will be 7 months, working one shift per day, six days per week. Due to adverse weather, 12 months will be required to complete the project.

The direction and extent of this drift is to have prior approval of Government Field Engineers.

Total cost of the above project will not exceed $14,600.

Estimated Cost of the Project

(a) Road Construction	
Labor	$1,008.00
Supervision	600.00
Rental of Equipment	
Bulldozer	1,000.00
Compressor	525.00
Depreciation of equipment	66.00
Miscellaneous supplies, including explosives	450.00
Total estimated	$3,649.00
(b) Clean out and Retimber (approximately 190 feet)	
Labor	$ 672.00
Supervision	400.00
Rental of equipment - Compressor	350.00
Depreciation of equipment	36.00
Supplies; rails, ties, timber, explosives, etc.	500.00
Total estimated	$1,958.00
(c) Drifting (approximately 300 feet)	
Labor	$3,024.00
Supervision	1,800.00
Rental of equipment - Compressor	1,575.00
Depreciation of equipment	324.00

Supplies; pipe and fittings	340.00
Rail, ties, track spikes, bolts, etc.	445.00
Explosives	900.00
Timber	300.00
Drill steel and bits	170.00
Miscellaneous; including air and water hose, small tools, etc.	115.00
Total estimated	$8,993.00

(d) Total cost of project $14,600.00

Fixtures and Improvements (Estimated)

Improve and open road $3,649.00

Operating Equipment (Estimated)

To be rented by operator:

(a)	Bulldozer @ $50.00 per day, 20 days	$1,000.00
(b)	310 cfm Compressor @ $350.00 per month, 7 months	2,450.00
	Total	$3,450.00

Depreciation on equipment: (to be furnished by the Operator)

(a)	1 Jackhammer @ $14.00 per month, 1½ months	$ 21.00
(b)	2 Drifters or 2 Stopers @ $36.00 per month, 4½ months	162.00
(c)	2 Mine cars @ $6.00 per month, 5½ months	33.00
(d)	½ Ton pickup truck @ $30.00 per month, 7 months	210.00
	Total	$426.00

To be purchased:

None

Labor and Supervision (Estimated)

2 Miners @ $12.00 per day
1 Supervisor @ $400.00 per month
Includes all supervision, engineering, mapping, bookkeeping, etc.

Rehabilitation and Repairs (Estimated)

Clearing out and retimbering approximately 190 feet of drift $1,958.00

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

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

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

DO NOT FILL IN THIS BLOCK

Docket No. dma - 1167 X

Date received 5/14/51

Participation

Henry E. Kolego
Box 342
Silverton, Colorado

Name and address of applicant

Date May 7, 1951

FILL IN THIS BLOCK

Date of application May 7, 1951

Estimated cost $23,437

Mineral or metal Lead, zinc, copper with some gold and silver

Percentage of Government participation 50%

Location of mine 4 miles N. of Silverton, San Juan County, Colorado

Date of filing MF-100 - - -

DMA Docket Number, if available dma - 1167 X

INSTRUCTIONS

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

THE APPLICANT

All papers attached hereto

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

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

Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.

How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

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

16—64067-1

THE PROPERTY

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

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

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

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

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

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

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

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

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

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

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

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

THE EXPLORATION

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

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

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

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

THE REQUIREMENTS AND COSTS

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

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

CERTIFICATION

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

Henry E. Kolego
(Name of ~~company~~ individual)

By Henry E Kolego
(Signature of authorized official)

May 7, 1951
(Date)

General Manager
(Title)

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

*Same as footnote on page 1.

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

Henry E. Kolego,
Box 342
Silverton, Colorado

The Applicant

1. The applicant is an individual.

2. (Inapplicable)

3. (Inapplicable)

4. Applicant has had mining experience since 1926, employed in various capacities in the Western States of the U. S., as well as in Europe and Africa, with the exception of four years spent in the Corps of Engineers in the Armed Forces of the United States.

5. I am the owner of the property.

6. There are no claims, liens, or encumbrances against the property.

7. (Inapplicable)

8. Attached hereto.

9. I am prepared to invest my share of the expenses in the proposed project. Yes, it is sufficient to pay my part of the cost of the project.

The Property

10. The proposed project will be carried out on the Porcupine Lode, Mineral Survey No. 1292, situated in the Animas Mining District, San Juan County, State of Colorado.

(Both areas are the same)

11. The name of the property has always been known as the "Porcupine".

12. The Porcupine Lode is located about 4 miles North of Silverton, up Cement Creek in Porcupine Gulch. The county road goes up Cement Creek past the mouth of Porcupine gulch. There is an old road starting at the mouth of Porcupine gulch going in a northerly direction towards a mine in Minnesota gulch, that with some work could be used part way, a switchback constructed and about 3/4 of a mile of new road constructed to the Porcupine lode. Very little of this new work is in rock. The

Denver & Rio Grande railroad comes to Silverton. The county road is in good condition the year around.

13. The supply of water comes down the gulch from higher elevations and is plentiful all the year around. Power is not now available but the power line is approximately 5000 feet away.

14. There are no existing useable facilities, equipment, buildings or structures now on the property.

15. The most practical way the ore could be milled would be to have a mill constructed in close proximity of the mine, about two miles away where there is sufficient good water for milling purposes.

16. (a) As far as can be determined the tunnel is approximately 189 feet long, and it was mined only at the portal and along the surface of the outcrop and packed down the gulch with burros. The miners sorted out the heavy zinc ores and shipped only the high grade lead ores for their silver content. The mining of this property was discontinued in the early 1890's during the Silver Panic.

(b) The Porcupine vein is a continuation of the Monarch vein (one of the Anglo-Saxon group) which is supposed to be a high grade lead vein. The Anglo-Saxon property has been developed by two main tunnels, the lower one driven immediately above the county road in a westerly direction for a distance estimated to be probably over 2000 feet. The upper tunnel has been driven in a direction North 64 degrees West, a distance of 2300 feet, when it turns approximately 20 degrees more westerly and continues for a distance of about 200 feet to its breast. At a point about 930 feet from the portal of the tunnel, two drifts have been driven, it is reported, on a good size vein, carrying copper ore. The northerly drift is 600 feet long, and the southerly one 500 feet long. Both of these tunnels are headed towards the Porcupine Lode.

Henry E. Koleg
Box 542
Silverton, Colorado

17. The mine is not in production.

18. The entire length of the drift (189 feet) is on ore averaging five feet in width containing a good grade of lead, zinc and some copper with gold and silver.

19. None.

The Exploration

20. The exploration will be conducted for further development of lead, zinc, copper and gold and silver.

21. About a mile and a half of road must be constructed, the portal of the tunnel must be cleaned out and retimbered and development work vigorously prosecuted. Approximately 7 months would be consumed in undertaking the above work.

22. The following assay report, from the surface of the outcrop for a width of 3 feet, was personally taken by the applicant:

oz Au	oz Ag	%Pb	%Cu	%Zn
0.03	11.6	9.6	1.5	14.2

An engineer's report on the Monarch vein, which is on the same vein as the Porcupine, gave the following results:

oz Au	oz Ag	%Pb	%Cu	%Zn
.14	247.5	15.5	2.7	34.8

The Requirements and Costs

23. (a) Labor--2 miners @$12 a day plus overtime for 7 months $ 4704
1 bookkeeper @ $350 per mo. for 7 mos. 2450
(b) Supervisor @ $600 per mo. for 7 mos. 4200
(c) Purchase of:
4 T. of 20# rails @ $120 per T. 480
750 ft. of 2" galv. pipe 450
750 ft. of 1" galv. pipe 300
(d) Cost of rental for equipment which the operator proposes to rent:
310 CFM Compressor @ $350 per mo. for 7 mos. 2450
(e) Rental value of items of equipment which the operator now owns and which will be devoted to the work:

Henry E. Kolegd
Box 342
Silverton, Colorado

(2 Liners, 2 stopers, 1 jackhammer, 2 mine cars, drilling steel, water hose, ½ T. pickup, new spare parts for jackhammer and stoper, drilling bits, pipe fittings, hand tools and other items too numerous to mention). Rent at $728 per mo. for 7 mos.	$ 5096
(f) Road work: Rent of bulldozer for 20 days @ $50 per day amounts to $1000 plus $450 for explosives	1450
(g) Opening of portal of tunnel, retimbering, 26 days	600
(h) Drifting of 292½ feet (26 days in a work month, 5 ft. every round every other day for 4½ mos.)	1257
Total cost	$23,437

24. As soon as the project is approved, work will commence on the proposed road, which will take approximately 1½ months. After that, work will progress to the opening of the portal of the tunnel, including retimbering of the portal, this will take about 1 month. For the next 4½ months, approximately 292½ feet of drifting will be done for the purpose of opening up additional ore bodies. Work will commence as soon as the project is approved and will continue as long as weather permits, with work resuming in the spring again as soon as weather permits. The total cost of the project as stated above will amount to approximately $23, 437. These figures are approximate, and will, no doubt, be revised.

HENRY E[illegible]OR [illegible]S. TAIMI KOLEGO
BOX 398
TELLURIDE, COLORADO

IN ACCOUNT WITH
The Burns National Bank of Durango, Colorado

Dma - 1167 X

C. F. HOECKEL CO., DENVER, COLO.

	CHECKS		DEPOSITS	DATE	No. of Checks Paid	BALANCE
	Amount Brought Forward			FEB23'51		71.95*
	12.00-			FEB23'51	1	59.95*
	8.75-			FEB26'51	2	51.20*
	6.34-	5.00-	139.81	FEB28'51	4	179.67*
	70.00-	8.90-		MAR 2'51	6	100.77*
	6.70-	40.00-		MAR 3'51	8	54.07*
	7.34-			MAR 5'51	9	46.73*
	25.00-			MAR 7'51	10	21.73*
			109.28	MAR13'51	10	131.01*
	5.88-			MAR14'51	11	125.13*
SC	1.10-			MAR14'51	12	124.03*
	25.00-			MAR17'51		99.03*
	8.00-			MAR19'51	14	91.03*
	17.00-			MAR20'51	15	74.03*
	7.25-			MAR21'51	16	66.78*
	8.75-			MAR24'51	17	58.03*
	20.00-	9.49-		MAR26'51	19	28.54*
	6.34-		147.76	MAR27'51	20	169.96*

Approximate bank balance today (May 4, 1951)	169.96
Savings bonds, maturity value	125.00
Savings account	75.00
Assets (mining machinery)	9610.00
Total assets	$9979.96

No Liabilities

KEY

SC Service Charges
EX Exchange
EC Error Corrected
RET Returned Item
CC Certified Check
DM Debit Memo
CM Credit Memo
LST List of Checks
OD Overdraft

PLEASE EXAMINE THIS STATEMENT AT ONCE. IF NO ERROR IS REPORTED IN TEN DAYS THE ACCOUNT WILL BE CONSIDERED CORRECT. ALL ITEMS ARE CREDITED SUBJECT TO FINAL PAYMENT.

PHOTOGRAPHS OF ALL THE CHECKS LISTED ABOVE ARE RETAINED FOR OUR DEPOSITORS CONVENIENCE AND PROTECTION.

IF YOUR ACCOUNT FOR THE PREVIOUS MONTH WAS SUBJECT TO A SERVICE CHARGE, THE CHARGE IS INDICATED ON THIS STATEMENT OPPOSITE THE SYMBOL S. C.

LAST AMOUNT IN THIS COLUMN IS YOUR BALANCE

Form MF-100
(March 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

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

NOT TO BE FILLED IN BY APPLICANT

Docket No. DMA-1167

Date received 5/31/51

Henry E. Kolego
Box 342
Silverton, Colorado

Name and address of applicant

Date May 26, 1951

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) Necessity Certificate pursuant to the provisions of Sec. 124–A (Amortization Deduction) of Internal Revenue Code, 1950, (5) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (6) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

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

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

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

   If not in production or operation, estimated date when production will begin _____
6. Experience of operators:
   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project.
7. History:
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

JUN 5 1951

16—63792-1

9

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

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

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

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

*Indicate period covered.

10. Production:

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

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

12. Ore or Mineral Reserves:

(a) Describe the ore or mineral deposit briefly. Accompany the application by any available report on the geology and ore reserves.

Henry E. Ko[illegible]go
Box 342
Silverton, Colorado

1. Materials produced:

   (a) Lead, zinc, copper, gold and silver.
   (b) None.

2. Porcupine and Anglo-Saxon group of claims. Lode mines.

   (a) On the Porcupine: 189 feet of drift.
   (b) On the Anglo-Saxon: Refer to Enc. 1. (Adjoining Property)

   The mines are not flooded. After proper development work the mines should be capable of producing 80 to 90 tons per 24 hours.

3. (a) Both of the properties are located four miles north of Silverton, up Cement creek.
   (b) Animas Mining District.
   (c) Mineral District No. 7
   (d) San Juan County, State of Colorado.

4. (a) Property is not in operation.
   (b) I will operate this property as an owner.

5. Unknown number of years in production.
   Approximately 90 days after finances are deposited in bank.

6. Refer to Enc. 2. (Experience of Management)

7. (a) On the Porcupine, the tunnel is approximately 189 feet long, and it was mined only aththe portal and along the surface of the outcrop and packed down the gulch with burros. The miners sorted out the heavy zinc ores and shipped only the high grade lead ores for their siver content. The following assay report, from the surface of the outcrop for a width of 3 feet, was personally taken by the applicant:

oz Au	oz Ag	%Pb	%Cu	%Zn
0.03	11.6	9.6	1.5	14.2

   The mining of this property was discontinued in the early 1890's during the Silver Panic.

   (b) Refer to Enc. 1 (Adjoining Property)

   (c) None at the present time.

8. Applicant is not a corporation.

9. None

10. No production at present.

11. Not applicable.

Henry E. Kolego
Box 542
Silverton, Colorado

12. (a) The vein occurs in andesite and rhyolite formation. The rhyolite is on the footwall of the vein, and the andesite on the hanging wall. The vein is running in a northerly and southerly direction, averaging 5 feet in width of a good grade of ore, with the strike in a westerly direction. The length and depth of the vein is as yet undetermined. The vein contains a complex ore of lead, copper, gold, silver and zinc with the zinc ore predominating on the footwall and the lead on the hanging wall. The ores contain a small amount of tungsten. This ore is very easily treated.

    (b) No information.

13. An access road of about one mile has to be constructed from the present county road. The proposed site of the new mill is two miles from the mine, or the mill that could be acquired is nine miles away. Silverton, the county seat, the point of supply and residence, is four miles away.

14. Water supply, from mountain streams, are ample all year long.

15. Not applicable.

16. None employed at present. After operations are in full swing, I will need: 4 miners, 2 trammers, 2 timbermen, 1 compressor operator, 1 blacksmith, 1 mine mechanic, 3 mill operators, 1 mill mechanic, and a mill supt.

17. There are no buildings on the property. The following equipment I now own which are in serviceable condition:

    2 Gardner-Denver D-99 drifters (hand cranked)
    2 Gardner-Denver 71 stopers
    1 Ingersoll-Rand jack hammer
    100 ft. of air hose
    100 ft. of water hose
    1-20 gal. water pressure tank
    1-1 T. mine car
    1-3/4 T. mine car
    1 upright column, arm and saddle for drifter
    1-½ T. 4-wheel drive Dodge pickup
    Repair parts for drifter, stoper and jack hammer
    Tools such as picks, shovels, hammers, vises, anvils, etc.

18. For economical operations it would be advisable to obtain a mill at the earliest opportunity. Such a mill is available in the immediate vicinity, and can be acquired for a reasonable figure.

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

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

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

TOTAL ORE OR MINERAL RESERVES

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

(*c*) If placer:

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

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

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

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

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

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

13. Access Roads:

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

14. Water Supply:

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

15. Power:

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

16. Labor:

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

17. Equipment and Facilities:

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

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

CERTIFICATION

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

Henry E. Kolego
(Name of ~~company~~ XXX applicant)

By Henry E Kolego
(Signature of authorized official)

May 26, 1951
(Date)

General Manager
(Title)

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

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 6 1953

224 New Customhouse
Denver 2, Colorado

November 4, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMA 1167X (Lead-Zinc-Copper), Contract Idm-E163, Henry E. Kolego, San Juan County, Colorado

Enclosed are three copies of "Notice of Rescission of Exploration Project Contract, Under the Terms of the Contract, Before Work is Begun" which has been issued in conformance with advice contained in a letter from the Chairman of the Operating Committee, dated October 5, 1953, in that the operator did not reply to the Field Team's letter of October 8, 1953, of which a copy was furnished to the Chairman of the Operating Committee.

The original of the notice has been forwarded to the operator by registered mail, a copy has been given to the Fiscal Officer, Region IV, and a copy retained for our files.

W. H. King

W. H. King

Enclosures

cc 11-6

RECEIVED
NOV 16 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

Department of the Interior
Defense Minerals Administration
RECEIVED
OCT 12 1953

224 New Customhouse
Denver 2, Colorado

October 8, 1953

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMA 1167 (Lead-Zinc-Copper), Contract Idm-E163, Henry E. Kolego, Porcupine Lode, San Juan County, Colorado

Enclosed is a copy of a letter from the Field Team to Mr. Henry E. Kolego which has been prepared in conformance with the advice contained in your letter of October 5, 1953.

W. H. King

W. H. King

Enclosure

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

Department of the Interior
Defense Minerals Administration
RECEIVED
OCT 1 - 1953

224 New Customhouse
Denver 2, Colorado

October 8, 1953

Mr. Henry E. Kolego
P. O. Box 342
Silverton, Colorado

Re: Docket No. DMA-1167X
Contract Idm-E163

Dear Mr. Kolego:

Reference is made to your letter of September 9, 1953, wherein you request an amendment to Contract Idm-E163 to authorize the driving of a new crosscut to the vein in lieu of rehabilitating an existing tunnel, as is presently authorized in the contract.

Further reference is made to your estimated unit costs of performing the work. The total estimated cost of the project, computed on the basis of your estimated unit costs, is as follows:

1 - 1½ mile road construction @ $0.88 per foot...	$6,969.60
2 - 300 feet crosscutting @ $57.44 per foot.....	17,232.00
Total estimated cost.....	24,201.60
Funds presently allocated to the project.....	14,600.00
Additional funds necessary to complete the project.....	$ 9,601.60

In that additional funds would be required to complete the project which involves the exploration for minerals no longer authorized under DMEA regulations, your request for the amendment to Contract Idm-E163 was forwarded to our washington office for a ruling in the matter.

We have been advised that it would be quite out of order to provide additional funds in this instance.

This project has been held in abeyance for over two years. Therefore, unless you can give us satisfactory assurance that work will begin in the near future and be continued to the objective of the contract, it will be necessary for the Government to rescind the contract under the provisions of article 7(b) of Exploration Project

Contract Form MF-200 (June 1951) on which Contract Idm-E163 is prepared.

If we do not hear from you by November 1, 1953, we will take it that you are unable or no longer interested in performing the exploration work under the terms of the contract and will take steps to rescind the contract as outlined above.

W. H. King

W. H. King

A. H. Koschmann

A. H. Koschmann

DMEA Field Team, Region IV

JWT:jp
cc Contract
Chron
Chairman, Operating Committee
WMTraver w/copy Chairman's ltr Oct. 5 (by separate memo)
AHKoschmann w/copy Chairman's ltr Oct. 5
JWTownsend

FILE COPY
SURNAME:

Raymond
Selfridge
Martin
Agtone
H. Johnson

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

OCT - 5 1953

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

Re: Docket No. DMA 1167 (lead-zinc-copper)
Henry E. Kolego
Porcupine Lode
San Juan County, Colorado
Contract No. Idm-E163

Dear Mr. King:

This will acknowledge your letter of September 23, 1953, with enclosures, referring to the above project.

Under our present instructions from the Office of Defense Mobilization, we may only provide an increase of funds for lead-zinc projects when it appears to be definitely to the best interest of the Government to do so. It would, therefore, be quite out of order for us to so provide in this instance.

This project has been held in abeyance for two years, and at this time there seems little likelihood of its becoming active in the near future. Therefore, unless the Operator can give you satisfactory assurance that work will begin in the near future, we feel the project should be terminated by you.

Sincerely yours,

George C. Selfridge
(JNB)

Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JNB)

A. R. Kinkel, Jr.
Member, Geological Survey (JNB)

WRGriswold/hmj (10/1/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Chron.

R.C.L. 10-5-53

Box 342
Silverton, Colorado
September 5, 1955

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

Dear Sir:

Re: Docket DMA-1187X
Contract Iom-E163

I would like an amendment to the above contract to be given authorization to drive a crosscut to the vein which would be in lieu of rehabilitating the existing tunnel.

Following is the breakdown of the estimated cost of the road work and the cost per foot for crosscutting and drifting:

Road Construction--Approximately 1½ miles of access road

$ .20	per	ft.	for	labor (3 men at $1.50 per hr.)
.08	"	"	"	supervision ($400 per mo.)
.01	"	"	"	part time bookkeeper ($50 per month)
.25	"	"	"	bulldozer rental ($50 per day)
.08	"	"	"	compressor rental ($400 per mo.)
.013	"	"	"	Steel bits (depreciation)
.081	"	"	"	dynamite, fuse and caps
.02	"	"	"	air and water hose (rental)
.002	"	"	"	jack hammer (depreciation)
.065	"	"	"	compressor men ($1.50 per hr.)
.031	"	"	"	compressor diesel fuel @ 19 cents per gal.
				pony motor gasoline @ 24 cents per gal.
				compressor grease
.014	"	"	"	compressor and diesel motor oil
				jack hammer oil
.02	"	"	"	depreciation on 4-wheel drive pickup.
.014	"	"	"	gasoline and oil for pickup-gas @ 24 cents per gal., oil @ 19 cents per qt.
$ .88				Total cost per foot.

Drifting is computed at 50 feet of drifting per month.

$15.00	per	foot	for	drifting (contract letting)
8.00	"	"	"	supervision ($400 per month)
1.00	"	"	"	part time bookkeeper ($50 per month)
6.75	"	"	"	compressor man ($1.50 per hr.)
8.00	"	"	"	compressor rental ($400 per mo.)
3.00	"	"	"	mucking machine rental
3.50	"	"	"	dynamite, fuse & caps
3.20	"	"	"	rails, spikes, fish plates, track bolts & ties
1.15	"	"	"	steel and bits (depreciation)
2.47	"	"	"	diesel fuel (3500 gals.)
1.24	"	"	"	1" & 2" galvanized pipe & fittings
1.175	"	"	"	square set timber (4704' @ .75 M.)
.07	"	"	"	compressor oil (240 gals.)
.054	"	"	"	pony motor gas (48 gals. @ $.34)
.01	"	"	"	diesel & compressor motor grease
.50	"	"	"	depreciation on 2 drifting machines
.07	"	"	"	drifting machine parts (repairs)
.05	"	"	"	water & air hoses (depreciation)
.02	"	"	"	mucking machine parts (repairs)
.80	"	"	"	depreciation on 4-wheel drive pickup
1.40	"	"	"	gasoline & oil for pickup (gas @ $.4; oil at $.19 per qt.)
.08	"	"	"	machine oil (Leyner machines)
.10	"	"	"	depreciation on 8 mine cars
.046	"	"	"	60 & 80 penny nails
$57.456	Total cost per foot.			

Enclosed please find map showing the proposed crosscut in relation to the existing workings.

The proposed access road leaves the County Highway in Cement Creek approximately 500 feet south of where the Porcupine Creek crosses the County Highway and continues in a Northwesterly direction toward Minnesota Gulch for 3/4 of a mile at a grade of from 5 to 7%, then the switchback is to be constructed and the road continues for another 3/4 of a mile in a southwesterly direction to the portal of the proposed crosscut.

Very truly yours,

Henry E. Kolego

Henry E. Kolego

FILE COPY
SURNAME:

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

AUG 27 1953

Mr. [illegible] King, Executive Officer
[illegible] Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMA 1167 (Lead-Zinc-Copper)
Henry [illegible] Polego
Porcupine Lode
San Juan County, Colorado
Contract No. Idm-3163

Dear Mr. King:

The exploration contract for the above project was dated September 26, 1951, with work to start within 30 days. Later the operator was given until October 1,1952 to start work, with the project to be completed September 26, 1953.

As far as we know, work has still not been started, aside from the initial clean-up work mentioned in Mr. Scott [illegible]. Hazen's memo of August 21, 1952. We note in your July 1953 resume' of operating projects that this Operator has again requested an extension of the starting date.

We would question the advisability of again making such extension, unless the operator was prepared to start work in the very near future. Otherwise, it would appear necessary to terminate the contract.

Sincerely yours,

Ernest Wm. Ellis
ES

ACTING Chairman, Operating Committee

APPROVED:

M. H. Kline ES
Member, Bureau of Mines

D. M. Larrabee
ES
Member, Geological Survey

WRGriswold/hmj
(8/25/53)
CC to: Docket
Adm. R. File
Op. Committee
Mr. Kinkel
Mr. Bishop
Chron.

8-27-53

FILE COPY
SURNAME:

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

N.S. in P.P.

SEP 25 1953

Henry E. Kolego, San Juan County, Colorado
Docket No. DMA 1167, Contract No. Idm-E163

Contract dated September 26, 1951, total amount $14,600.00.

Contract calls for road construction, tunnel rehabilitation and 300 feet of drifting.

No work has been started, other than a little bit of tunnel clean-up. Operator has again asked for postponement of the starting date but as of August 27, we advised Mr. King that it would seem logical to terminate the contract, unless Operator could start in the very near future.

W. R. Griswold

W. R. Griswold

P. S. The field report is only of a general nature, giving the project only blanket endorsement. The target is vague "to explore for new ore bodies along the vein."

Nevertheless we gain the impression that the vein is strong, with good possibilities, though high altitude is a handicap.

WRGriswold/hmj
(9/16/53)
CC to: Docket
Mr. Mittendorf
Mr. F. E. Johnson
Mr. Selfridge
Mr. Alt
Mr. Keating
Mr. Griswold
Chron.

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

224 New Customhouse
Denver 2, Colorado

September 23, 1953

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMA-1167 (Lead-Zinc-Copper), Contract Idm-E163, Henry E. Kolego (Porcupine Lode), San Juan County, Colorado

Reference is made to your letter of August 27, 1953, wherein you request advice as to the status of work under the subject contract.

For your information in the matter, enclosed is one copy each of the following correspondence:

1. Letter to the operator dated June 10, 1953, from this office.

2. Letter in reply to the above from the operator dated June 26, 1953, wherein the operator requests an amendment to the contract to extend the starting date and change the work outlined to driving a crosscut instead of drifting on the vein as the contract stipulates.

3. Memorandum dated July 28, 1953 from the Chief, Mineral Resources Branch, Mining Division, Region IV, to this office, transmitting a memorandum report from W. L. Dare relative to the operator's request of June 26, 1953.

4. Letter from this office to the operator, dated August 6, 1953, requesting additional information pertaining to his request of June 26, 1953.

5. Letter from the operator dated September 9, 1953, which is in reply to our letter of August 6, 1953, and wherein the operator supplies information relative to the costs of performing the work.

In conjunction with the foregoing, and material which has a bearing on the matter, you are referred to the memorandum report from Scott W. Hazen, Jr., which was forwarded to the Secretary of the Operating Committee by our memorandum of September 16, 1952.

If the contract is to be maintained in force it appears from the engineer's reports that it will be necessary to amend the contract to effect a more practical program. The existing contract was approved for a total

estimated expenditure of $14,600.00; however, under the proposed modified program and based on the operator's estimate of unit costs the road work will cost $6,969.60 and the crosscutting $17,232.00, or a total estimated cost of $24,201.60 which is $9,601.60 in excess of presently authorized costs.

As the project involves a commodity which is now removed from the list of minerals for which DMEA exploration assistance is permissible, we are in doubt as to how to proceed in the matter of the operator's request for a revision of the work program.

When you have reviewed the enclosed and referenced material we will appreciate advice as to the procedure we are to follow.

W. H. King

W. H. King

Enclosures

C
O
P
Y

224 New Customhouse
Denver 2, Colorado

August 6, 1953

Mr. Henry E. Kolego
P. O. Box 342
Silverton, Colorado

Re: Docket DMA-1167X
Contract Idm-E163

Dear Mr. Kolego:

Reference is made to your letter of June 26, 1953, second paragraph, wherein you request an amendment to the contract to authorize crosscutting to the vein which would be in lieu of rehabilitating the existing tunnel.

Please submit your proposal in sextuplicate with attached map which will show the access road and the relation of the proposed crosscut to the tunnel which is to be rehabilitated.

There is now available a short form of contract which places all work on a unit cost basis in which the Government would, in your case, participate on a 50-50 basis on the agreed upon unit costs of performing the work. For instance, based on an estimate of the costs involved, the road work could be cited at so much for the complete job, and reimbursement to you would be made when the entire work was completed. On the crosscutting and drifting, reimbursement to you would be on the basis of an agreed unit cost per foot for the work actually performed.

This type of contract eliminates the necessity for the operator to document all costs and eliminates the various accounting problems which are involved in the contract on the cost incurred basis.

If the short form type of contract would be acceptable to you, your proposal for the change in the work description should include a breakdown of your estimate for doing the road work and the cost per foot for doing the crosscutting and drifting.

When we receive the above mentioned material we will forward the matter to the Washington office, DMEA, for their consideration.

Very truly yours,

John F. Shaw
For W. H. King
Executive Officer, DMEA
Field Team, Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
July 28, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMA 1167X, Contract Idm-E163 (Lead-zinc), Henry E. Kolego (Porcupine lode), San Juan County, Colorado - Request for amendment

Enclosed are the original and five copies of W. L. Dareb memorandum recommending the subject amendment to permit crosscutting instead of drifting and to extend the starting date to July 15, 1954.

W. M. Traver

W. M. Traver

enclosures

WMT/cb

cc: 5
E163
DMEA Chron.

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
July 28, 1953

Memorandum

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

From: W. L. Dare

Subject: DMA 1167X, Contract Idm-E163 (Lead-zinc), Henry E. Kolego (Porcupine lode), San Juan County, Colorado - Request for amendment

Henry E. Kolego, in a letter to the Region IV Executive Officer, dated June 26, 1953, requested an amendment to contract Idm-E163 to allow for an extension of the starting date and completion period, and to allow for crosscutting to the vein rather than reopening and rehabilitating the old lower Porcupine adit. Kolego reported that in his original proposal he requested crosscutting to the ore shoot and had submitted a map showing its proposed location. The contract, drawn up in Washington without a field examination, outlined a program based upon cleaning out and retimbering the existing lower adit, with 300 feet of drifting on the vein. Because the old portal is in a sharp, steep gulch at an elevation of about 10,800 feet, Kolego has always maintained that as a result of frequent snow and rock slides the cost of keeping the portal open will prove excessive.

S. W. Hazen, Jr., and R. D. Berkenkotter visited the property in August 1952, and in Hazen's memorandum dated August 21, 1952, he pointed out the hazardous location of all three portals and recommended that the operator be given authority to drive a crosscut in lieu of rehabilitating the existing winze. From a suitable point north and out of the gulch at approximately the same elevation,

Hasen estimated that a maximum of 250 feet of crosscutting would be required.

It is realized that driving the crosscut to the ore shoot will cost more than the estimated $1,958.00 allotted in the contract for cleaning out and rehabilitating the 190 feet of adit. On the basis of cost per foot, the allocated sum allows but $10.31 per foot of rehabilitation. Hasen reported that the lower portal is completely covered by slide material and its location would not be known except by the evidence of dump material. From what has been learned of the rehabilitation costs on other DMEA projects in this area, and of the present condition of the portal, it is believed that the cost per foot of the rehabilitation will greatly exceed that allocated and will equal, if not exceed, the unit cost of new advance. Because of this, and because of the saving that would be realized in the event of future snow and rock slides with the possible loss of surface equipment and supplies, it is recommended that the operator be given authorization to crosscut to the vein.

The operator states in his letter that his ability to proceed with the contract will depend upon the availability of a nearby mill to handle his custom ore. He states that he will have to produce when he cuts ore so as to lighten the financial strain of the road work and crosscutting. At the present time it is believed thatthe Mayflower mill of the Shenandoah-Dives Mining Company will possibly

be in operation by next summer. There is also the possibility that the U. S. Metals Corporation mill may be in a position to mill his ore at that time.

Kolego is very sincere and is a hard worker. It is believed that additional starting time should be incorporated into the contract. It is recommended that the starting date be set as July 15, 1954, and the completion period be extended to November 15, 1954. There is a chance that he may put in the road this summer and be ready to begin his crosscutting when access is possible next spring.

R.R. McLellan for
W. L. Dare
Mining Engineer

WLD/cb

cc: 5
E163
DMEA Chron.

C
O
P
Y

Box 342
Silverton, Colo.
June 26, 1953

United States Department of the Interior
Defense Minerals Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket DMA 1167X
Contract Idm-E163

Attention: Mr. W. H. King

Dear Mr. King:

Referring to your letter of June 10, 1953, I am unable to proceed with the contract at this time unless the prices of metals improved, and we had a custom mill in the near vicinity. The Pride Mill does take custom ore but it is booked solid. In other words, if I start the necessary work I would have to be able to ship ore immediately for the work on roads, drifting, etc. would be quite a financial drain and I would have to be sure of some income after encountering the ore.

If it were possible to be granted another Amendment to extend the starting date, I would also like to have another Amendment to the effect of driving a cross-cut instead of drifting on the vein as the Contract stipulates. This property is situated in the Red Mountain pocket country and the bodies of ore occur in chimneys or pockets. As far as I can determine the ore encountered in the Porcupine occurs in a chimney. When I applied for the loan I sent a map showing the proposed cross-cut, but somehow or other it went through as a drift on the vein.

If it were possible to obtain the two Amendments I would make every effort to take advantage of the loan.

Sincerely yours,

/s/ Henry E. Kolego

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

DOCKET COPY

224 New Customhouse
Denver 2, Colorado

June 10, 1953

Registered Mail

Mr. Henry E. Kolego
P. O. Box 342
Silverton, Colorado

Re: Docket DMA 1167X
Contract Idm-E163

Dear Mr. Kolego:

Your attention is directed to article "3. Exploration Project" of Exploration Project Contract Form MF-200, which as amended by Amendment No. 1, stipulates that the exploration work shall commence within 360 days from the date of the contract. The period in which work was to be started would therefore expire on or about September 2[illegible], 195[illegible]. In order to keep the contract in force beyond that date it will be necessary for you to obtain another Amendment to further extend the starting date.

We all realize the conditions which effect the start of work. However, unless we are given assurance that work will be commenced in the near future and be continued to a satisfactory completion, it will be necessary to terminate the contract in conformance with article "17 (b)" of Exploration Project Contract Form MF-200. Unless we receive a satisfactory explanation from you by June 30, 1953, we will consider that you are no longer interested in performing the exploration work and will take the necessary steps toward terminating the contract.

Yours very truly,

W. H. King

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

JWT:ld

cc: Chairman, Operating Committee
Townsend
Traver
Koschmann
Contract
Chron.

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

224 New Customhouse
Denver 2, Colorado

September 26, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 29 1952

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 1 to Contract No. Idm-E163, (1167)
Henry E. Kolego

Enclosed are the original and two copies of Amendment No. 1 to Contract No. Idm-E163. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

Three copies of the memorandum recommending that this amendment be approved were sent to the Secretary to the Operating Committee on September 16, 1952.

W. H. King
W. H. King

Enclosures

SDS
cae
9/29/52

RECEIVED
OCT 9 - 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

224 New Customhouse
Denver 2, Colorado

September 16, 1952

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Contract Idm-E163, Docket No. DMA 1167X, Henry E. Kolego, (Lead-Zinc).

Enclosed are three copies of a letter to Henry E. Kolego, notifying him that the starting date of his contract has been extended. Also enclosed are three copies of a memorandum by Scott W. Hazen, Jr., Bureau Engineer, recommending this extension.

W. H. King
W. H. King

Enclosures

SdS
9/22/52

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

224 New Customhouse
Denver 2, Colorado

September 16, 1952

Mr. Henry E. Kolego
Box 342
Silverton, Colorado

Dear Mr. Kolego:

This is to advise you that the date of starting work under contract Idm-E163 will be advanced to October 1, 1952, and the date of completion of the contract will be advanced to September 26, 1953.

A formal amendment will be transmitted to you for signature at a later date.

Very truly yours,

W. H. King

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMA 1167X, Contract Idm-E163 (Lead-Zinc), Henry E. Kolego, applicant; Porcupine lode, San Juan County, Colorado

Attached please find the original and five copies of Scott W. Hazen, Jr.'s memorandum recommending extension of the subject contract through September 26, 1953. This is considered necessary due to the short working season in the San Juan region.

Hazen also suggests that the contractor be advised to request an amendment to authorize a different approach to his exploration program than originally proposed. This he has outlined in his last paragraph.

I am in agreement.

W. M. Traver, Jr.

W. M. Traver, Jr.

attachment

WMT/amh

cc 5
E163
DMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado
August 21, 1952

Memorandum

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

From: Scott W. Hazen, Jr.

Subject: DMA 1167X, Contract Idm-K163 (Lead-zinc), Henry E. Kolego, applicant; Porcupine lode, San Juan County, Colorado

An examination of the Porcupine mine was made by Scott W. Hazen, Jr., and R. D. Berkenkotter in company with Kolego on August 14, 1952. This examination was made in conformance with the letter from the Executive Officer, Field Team, Region IV, dated June 9, 1952, at which time the starting time of the exploration project contract Idm-K163 was extended to September 1, 1952.

During June and July of 1952, Kolego has cleaned out a trail to the mine and packed in wheelbarrow, mucking plates, and small tools. He has removed the accumulated snow and debris which covered the upper portal of the Porcupine mine as a result of a snowslide during the past winter.

An examination of the three portals to the three levels of the mine finds that they are all situated in a hazardous location with respect to snowslides and water runoff from the higher ridges above the mine. It is considered inadvisable to utilize the existing caved lower tunnel for access to the ore body known to exist in the mine. Kolego is of the same opinion as the DMEA representative that a new portal and crosscut should be driven to get under the ore body. This can be started from a safe location at approximately the same

elevation as the lower tunnel portal. It will be very little longer than the 190 feet of rehabilitation and retimbering which are allowed by the contract. The period of completion will be longer than the estimated one month for rehabilitating the 190 feet as allowed by contract. However, it is doubtful that the one month would be sufficient to do the rehabilitation of the existing lower tunnel. It is felt that the cost of the new crosscut would be about the same as the actual rehabilitation cost.

Examination of the mine shows that the upper portal was started on the vein where ore outcropped in a steeply cut gully which was eroded by water. This portal was completely obliterated last winter by snowslide and water runoff. Kolego has now completely mucked this out and retimbered the portal to gain access to the mine. This upper level was driven to the north along the vein for approximately 150 feet. The ore shoot failed to continue beyond a distance of 50 to 60 feet although a reasonably strong vein was followed for the remainder of the distance of the drift. At about 50 feet from the portal a winze has been sunk on the ore a distance of about 50 feet. This winze has been intersected by a lower second level which also was started from an exposed position in the face of a rather steep cliff in the bottom of a gully. This portal has been completely covered by debris from slides and water runoff. A small stope has been mined almost to surface from this level. Very good grade lead-zinc ore is exposed on the level and in the stope. From this second level a winze has also been sunk on the ore an unknown distance, but it is estimated to be approximately 50 feet deep. It is now partially filled with water. A third level has been driven toward the ore body and, presumably, has encountered

the ore, but it is not known if this lower level has been holed to the winze. It is rather doubtful as the water in the winze was probably above the level of this lower tunnel and would, presumably, drain out if the tunnel was connected. This lower tunnel is also in the middle of a gulch and its actual location is unknown except for the evidence of the dump. The location of the portal is completely covered by snowslide and water runoff debris.

The ore body which is exposed on the two levels and in the two winzes in the Porcupine mine is of sufficient size and excellent grade lead-zinc ore to warrant continuation of the project. It is recommended that Kolego be notified by letter that he may proceed and that the date of the starting of the contract be made October 1, 1952, and the date of completion of the contract, September 26, 1953. This latter date is the full two-year period for the contract and is considered necessary because of the short working season. Work which can be accomplished this fall will probably be no more than the building of the road and possibly starting of the crosscut portal. It will probably be necessary to amend the contract to drive a new crosscut to the ore body in lieu of rehabilitation of an existing drift and to allow drifting on the vein at this lower level commensurate with the amount of money remaining after the crosscut has been driven. The contract will then consist of item (a), construction of the road, which will remain the same; item (b), crosscutting approximately 250 feet to the vein, which will be substituted in lieu of rehabilitation; and item (c), drifting, the extent of which will be reduced according to the amount of money remaining after the crosscut is completed.

Scott W. Hazen, Jr.,
Mining Engineer

SWH:dd
cc 5, E163, Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado

July 21, 1952

Memorandum

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

From: S. W. Hasen, Jr.

Subject: DMA 1167X (Lead-zinc), Contract Idm-E163, Henry E. Kolego; applicant; Porcupine lode, San Juan County, Colorado

The applicant was contacted at Silverton, Colorado, on July 15, 1952, and the subject application was discussed. Kolego has started brushing out a trail to the mine and cleaning out the portal which was covered by a snowslide. He is doing this work on his own, subject to opening the portal and examining the underground workings.

If the underground workings indicate the advisability of continuing, Kolego will go ahead with the project. He is preparing the trail at this time in lieu of doing any road work until he determines the advisability of continuing. He expects to have the portal open by August 15 at which time the Defense Minerals Exploration Administration representatives and Kolego can make a joint examination of the mine and determine if the project should be activated.

S. W. Hasen, Jr.

S. W. Hasen, Jr.

SWH/bam

cc: WHKing-2
General
Chron.

400

FILE COPY
SURNAME:

Moulds
F.E. Johnson

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

G.E.C. -

NOV 7 1951

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

Re: Docket DMA 1167X
Exploration Project Contract
Idm E163
Henry E. Kolego
Silverton, Colorado

Gentlemen:

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

Sincerely yours,
(signed) FRANK E. JOHNSON (for)

Acting Director
Production Expansion Division

Enclosure-1

F.J.
11-7

Typed: 11-1-51
DEMoulds/hmj
cc to: Reports and Records
Adm. Reading File
PED
Mr. Moulds
Docket

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

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

224 New Customhouse
Denver 2, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 29 1951

October 26, 1951

REGISTERED MAIL

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: Contract Idm-E163, DMA Docket 1167X, Henry E. Kolego, Porcupine Lode, Mineral Survey No. 1292, Situated in Porcupine Gulch, Cement Creek Area, Animas Mining District, San Juan County, Colorado

Enclosed herewith are the original and three copies of Contract Idm-E163 as listed above.

One copy of the contract has been mailed to the operator and one copy has been retained for DMA files.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

OFFICIAL FILE COPY

400 Q.E.C. 10-30

FILE COPY
SURNAME:

400

Mittendorf

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

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

Re: Docket No. DMA 1167X
Henry E. Kolego
Silverton, Colorado

Dear Mr. East:

Please find herewith six copies of contract for the subject exploration project. The contract has been signed for the Government and bears register number and effective date as shown.

The allowable costs of supervision and rental of equipment furnished by the operator have been decreased and the total amount of the project reduced from $23,437 to $14,600. The only map at hand of the property is a plat of Survey No. 1292, Mineral District No. 7, Porcupine Lode showing the claim boundaries and a discovery tunnel approximately 190 feet long. As this map has little engineering importance, it was not made a part of the contract.

The contract is to be signed by Mr. Kolego 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 the contract, one copy is to be given to the operator and one copy retained for your files. The remaining copies, including the original, are to be returned to this office as soon as possible.

A copy of the contract required by the Regional Finance Office will be forwarded directly by the Washington Finance Section.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosures-6
APPROVED:

Chairman, Coordinating Committee

Member, Bureau of Mines

Member, Geological Survey

DEMoulds/meh
Typed: 9/26/51
cc to: Reports and Records
Adm. Reading File
Messrs. Mittendorf, Olund
Mr. Moon Mr. McKnight
Mr. Moulds Mr. Gowen
Mr. Billings Region IV
Docket

FILE COPY
SURNAME: 140

Guthrie

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

September 24, 1951

Memorandum

To: Director, Production Expansion Division

From: General Counsel

Subject: Henry E. Kolego exploration contract -- Docket No. DMA-1167X

The proposed exploration contract in this case is approved as to legal form and sufficiency for signature on behalf of the Government subject to:

1. Proper signature by the applicant.

2. Proper dating prior to delivery.

3. Government approval of any subcontracts under which work upon the project is to be performed.

Your file is returned herewith.

J. L. Hofflund
General Counsel

Attachment
RRGuthrie/ema

Copy to: Reports & Records
J. L. Hofflund
R. R. Guthrie
Chron.

a.s.c -

SEP 7 1951

Re: [illegible]A-1167

Porcupine property
San Juan County, Colorado
Direct loan-$184,400
Lead- Zinc

Memorandum:

To: Reports and Records Unit
Administrative Management Division

From: Chief, Lead-Zinc Branch

Subject: Denial of direct loan

The applicant has requested a loan of $184,400 for the purchase of additional mining property, the purchase of mining and milling equipment and for working capital for the development of a property in San Juan County, Colorado.

No proven reserves of strategic minerals have been developed on this property, therefore, the Lead-Zinc Branch recommends that the application be denied.

The applicant has also made application (DMA-11671) for an exploration loan of $23,437 which has been forwarded to the Production Expansion Division with the recommendation of approval by the Lead-Zinc Branch. It is recommended that the applicant be advised that if the exploration loan is approved and if the subsequent exploration work develops proven reserves, then the property could become eligible for consideration for a direct loan.

Returned herewith is the following docket material:
three copies Form [illegible]-146 and enclosures
three copies Form [illegible]-100 .
claim map.

cc: Chief, Lead-Zinc Br.
S. T. McKnight 4204 GSA
R. H. Mote
Reports & Records
Dir. R. file 4214 GSA
Br. R. file 4212 GSA
DMA docket files
Source [illegible], Dr., Region [illegible] (2)

AHCampbell:rw
8/31/51

T. P. Billings, Chief
Lead-Zinc Branch

Director, Supply Division

SEP 11 1951

SEP 7 1951

[illegible]

Mr. Henry L. Colage
Box 342
Silverton, Colorado

Dear Mr. [illegible]:

Your application for a direct Government loan of $104,400 for purchasing mining and milling equipment and for working capital for the development of the Porcupine property in San Juan County, Colorado, has been reviewed by the Defense Minerals Administration.

A necessary qualification for a direct loan is that the applicant should have proven reserves of strategic minerals in large enough tonnage to secure the loan. No loan can be approved until an adequate reserve is established. As the Porcupine property does not contain proven reserves in sufficient amounts to secure a loan of the amount you request, I regret that the loan cannot be approved at this time.

Your application for a direct loan will be placed in a temporary inactive status, however, pending action by the Production Expansion Division on your application (4[illegible]) for an exploration loan of $23,437. If the exploration loan is approved and the resulting exploration develops proven reserves, then the property would become eligible for further consideration for a direct loan. At such a time further information will be required of you.

Very truly yours,

Tom Lyon

[illegible], Director
Supply Division

Copies to: [illegible] Region IV (2)
Chief, [illegible]
E. T. McKnight 4214 DMA
R. H. Hote
Reports & Records
Dir. r. file 4214 DMA
Br. r. file 4214 DMA
DMA docket files

AHCampbell:rw
8/31/51

SEP 11 1951

5

6/5/51
Herres
McKnight
Matt

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. DMA-1167

Commodity Lead-zinc-copper

To Production Expansion Div.

Total Amount $23,437.00

Govt. Participation 50% (11,718.50)

1. Name and Address of Applicant Henry E. Kelego, Box 342, Silverton, Colorado

2. Location of Property Porcupine Lode, Mineral Survey No. 1292, Animas Mining District, 4 miles north of Silverton, San Juan County, Colorado

3. Mineral or metal Lead-zinc-copper-silver-gold Is it listed in Section 9 of MO-5? Yes

If not, application will be rejected.

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

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

a) Good Good (see attached report by W. S. Burbank, Geological Survey).

b) Poor

c) None

d) Don't know—needs field examination

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

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

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

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

*question numbers are those of MF-103

Re: DMA-1167X

Memorandum concerning item 22 of Form MF-103, Application for Aid in an Exploration Project (DPA, 1950).

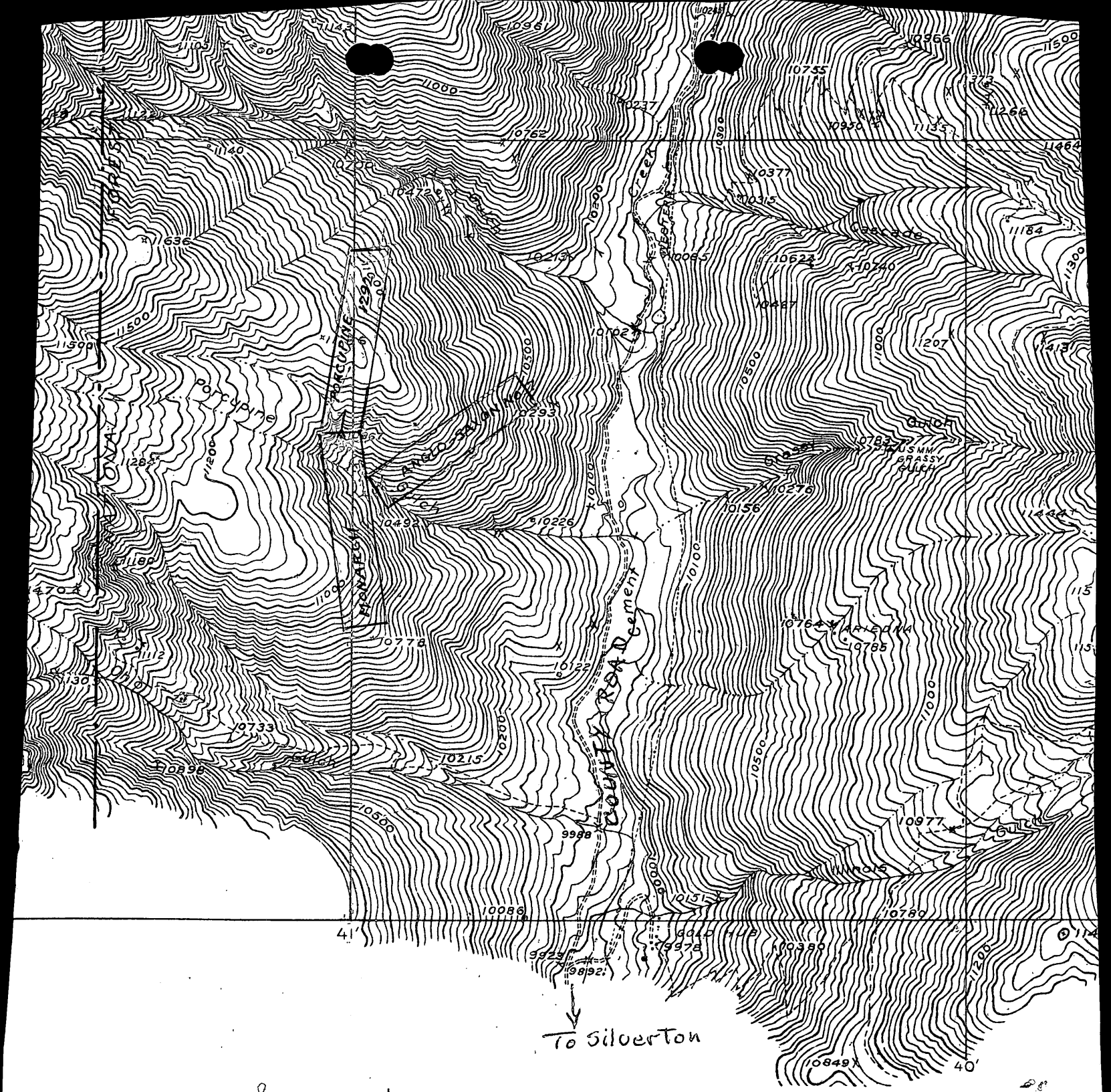
Subject: Geological basis of exploration project, on the Porcupine Lode, Porcupine Gulch, Cement Creek area, Silverton, Colorado, DMA-1167X.

The Porcupine vein, which the applicant proposes to explore is one of a series of northerly-striking veins on the east slope of Ohio Peak. They lie in the Silverton volcanic series in andesitic rocks relatively favorable to vein formation and in a mineralized belt that extends from near Silverton for about 7 miles north, more or less parallel to Cement Creek.

There is no geologic data available on the Porcupine vein itself other than that supplied by the applicant. From general geologic considerations and from some data available on the nature of the ore in the nearby May Day vein (Bureau of Mines, Info. Circular 7554, pp. 87,88, 1950) and in the old Kansas City mine, it is believed that veins of this area are worthy of exploration as possible future sources of lead, zinc, and copper. They are (1) relatively accessible to eventual deeper level development from the Cement Creek road, an all-weather road from Silverton, (2) the ore shoots are relatively high in zinc and lead (in about equal proportions or with as much as 2 zinc to 1 lead) and contain recoverable copper, It therefore appears desirable to encourage further exploration in this mineralized belt to determine the vertical and lateral extent of commercial ore shoots. Should such shoots of ore be found, about 800 to 1000 feet of back could be obtained by a crosscut 2000 feet more or less in length from an altitude of 10,100 feet at the county road. The portal of the applicant's tunnel lies at about 10,860 feet altitude. (See attached topographic map).

It is therefore recommended that the loan of $23,437 (50% Government participation) be granted without additional field examination at this time.

W. S. Burbank
Geologist - GS



8 Scale $\frac{1}{12000}$

0.5 0 1 Mile

2000 3000 4000 5000 6000 7000 8000 9000 Feet

Contour interval 25 feet
Datum is mean sea level

Chattanooga Mining Area
Colo. (East).
U.S. GEOL. SURVEY

7. Are subordination agreements necessary? No

a) MF-201? _____

b) MF-202 _____

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

a) Available manpower Yes

b) Equipment and supplies Available in general area
(Question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* Yes

d) Water (question 13)* Yes

e) Power (question 13)* Yes

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

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

_____

Is a field check needed on this point? No

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

a) Is the project adequately described? No

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

b) Is there an adequate map or sketch of the proposed work? Map shows only claim. and location of present tunnel.

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

If not, what part of it is? _____

_____

_____

_____

10. Exhibit A.

(a) The applicant proposes the following work which is described in general under Item 21 of the application and in more detail under item 23:

Construction of about 1 1/2 miles of road from the present county road to the portal of the tunnel. Opening of portal of tunnel and retimbering tunnel.

Drifting about 300 ft. from present face of tunnel which is believed to be 189 ft. from the portal.

Is this part a worthwhile exploration project? _____

d) Are the cost estimates detailed? Yes

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? No If so, attach a draft.

e) Are the cost estimates reasonable? Supervision and bookkeeping combined, are too high.

f) Should more information be requested from applicant? No

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

11. Exhibit B (question 23-d)*

a) Is it applicable? Yes

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

c) Is a field check needed? No

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

a) Is it applicable? Yes

b) Sufficient data? No If so, attach a draft.

c) Are rents and charges reasonable? see attached draft

d) Is a field check needed? No

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

a) Are there sufficient data? Yes

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

c) Is the schedule excessive for the work proposed? Amount of caving unknown

d) Are the proposed wages and salaries reasonable? Wages are O.K. Salaries are high.

e) Is a field check needed? No

11. Exhibit B.

(b) 1 1/2 miles of road repair and construction:

Rental of bulldozer for 20 days at $50.00 per day.....	$ 1,000.00
Explosives.....	450.00
Total	$ 1,450.00

12. (c) Some of the equipment owned by applicant, and listed for use on rental basis, is not needed for the exploratory work set forth, e. g., 5 drilling machines. Items like these and 10 (e), high supervisory and bookkeeping costs could be adjusted when contract is being negotiated.

14. Exhibit E (question 23-c)*

a) Is it applicable? No structure or building repairs listed.

b) Sufficient data?

c) Reasonable?

d) Field check needed? No

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

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation.
Recommended for approval on geologic basis - E.J.L.
Concurred in subject to minor adjustments - G.A.A.

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

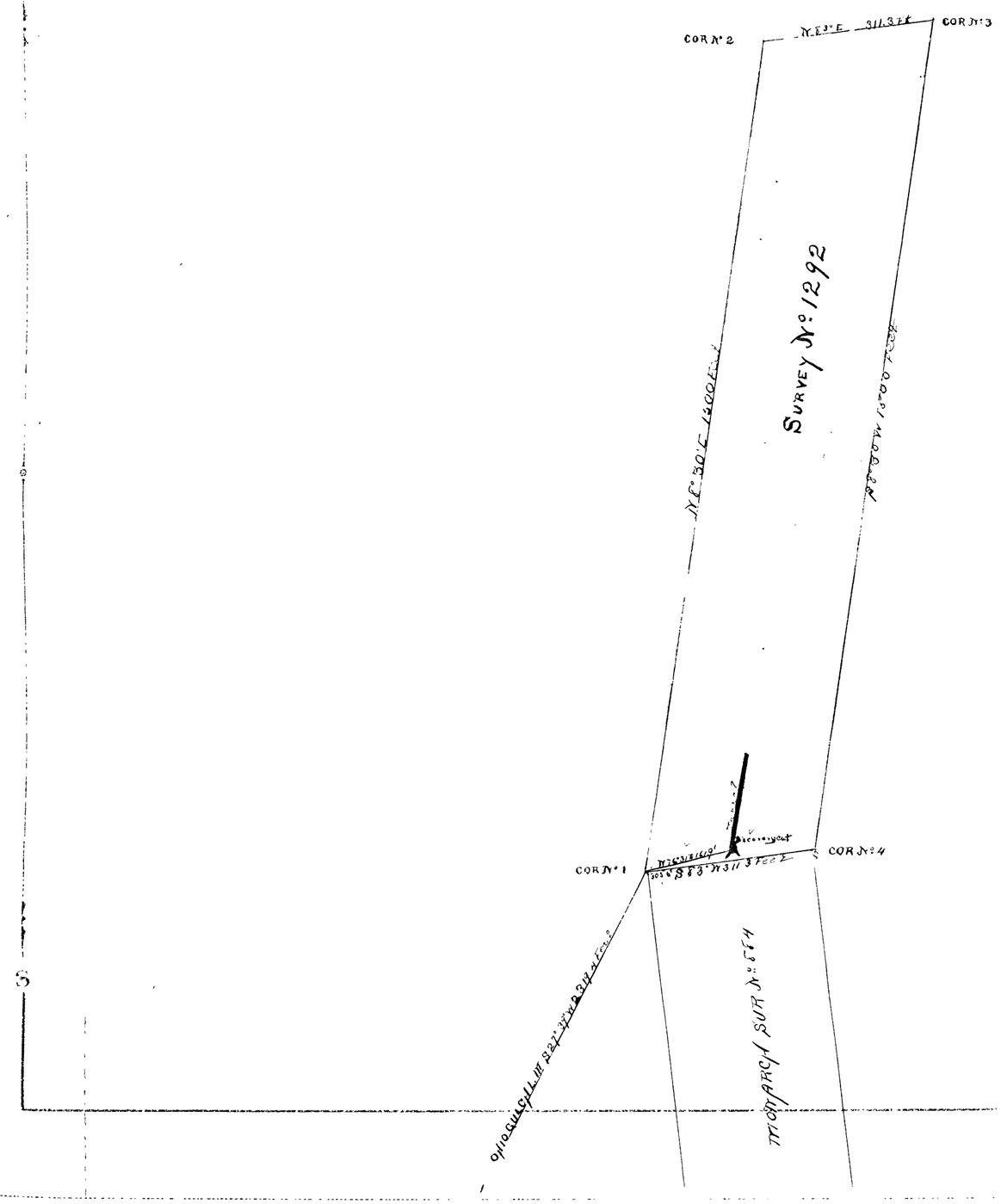
Reviewed by: Erwin J. Lyons - GS

G. A. Apell - BM

Date 6/11/51

approved
Tom Lyon

97692



SURVEY No. 1292

Mineral District. No. 7

PLAT

OF THE CLAIM OF

F. T. RODD ET AL

UPON THE

PORCUPINE LODE

ANIMAS MINING DISTRICT

SAN JUAN COUNTY.

STATE OF COLORADO.

Containing an area of 10.33 Acres

Scale of 200. Feet to the inch

Variation East

SURVEYED BY

JAMES DYSON

U.S. Deputy Mineral Surveyor.

OCTOBER 7th 1882

The original Field Notes of the Survey of the Claim of F. T. Rodd et al upon the Porcupine Lode from which this plat has been made, have been examined and engrossed, and are on file in this office, and I hereby certify that they furnish such an accurate description of said Mining Claim as will if incorporated into a patent serve fully to identify the premises, and that such reference is made therein to natural objects, and permanent monuments as will perpetuate and preserve the locus thereof. I further certify that the value of the labor and improvements placed thereon by the applicant or their grantors, is not less than Five Hundred Dollars, and that said improvements consist of a disc, cut and tunnel

as appears by the affidavit of the deputy surveyor. And I further certify that this is a correct Plat of said Mining Claim made in conformity with said original field notes of the survey thereof.

U.S. Surveyor General's Office
Denver Colorado
Dec. 12 1882

Albert Johnson
U.S. Surveyor General for Colorado