UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Terminated (or cancelled) without certification. DMEA No. 1528

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.

✓ Closing Letter

Termination Notice or Agreement.

Recision Notice.

Assignment of Contract.

✓ Contract Amendments (latest on top).

✓ Contract with all exhibits and annexes.

Owner's Consent to Lien.

✓ Subordination Agreement.

✓ Leases and assignments of leases.

✓ Application and attachments.

Schedule of Collections.

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

Right Side

✓ Project summary.

✓ Work completed analysis.

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

✓ Final Field Team Report. (Tab)

✓ Operator's Final Report.

✓ Interim Reports.

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

Settlement Sheets.

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

Maps in folder number _____

Operator's Monthly Reports in folder number _____

WMC

Reviewer's Initials

7973

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Shelby Johnson Mines, Inc.
716 Colorado Building
Denver, Colorado

pertaining to Exploration Project Contract No. I-DMA-E27, Docket No. DMA 1528, including Amendment Nos. 1 to 4, for the month of July, 1951, and August, 1952 to October 1952, and January 1954 to March 1954. Project was recessed by authorized amendments for interim periods. The contract covered a project for the exploration of lead and zinc on property known as Shelby Johnson mine located in Park County, Colorado.

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

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

(A) The administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowances thereunder;

(B) The Monthly Reports were supported by documentary proof of the costs ($4,981.34) incurred under contract provisions for contribution by the Government on the basis of actual costs incurred, except for the costs ($1,272.00) claimed for the month of July, 1951, which were determined to be reasonable and within the rates specified in the contract; and

(C) A large portion ($4,818.66) of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed.

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

Total cost as billed by Contractor:		$9,800.00
By DMEA Finance Officer:	None	
Herewith	None	None
Total Accepted Costs		$9,800.00

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Four Thousand Nine Hundred and no/100 Dollars - $4,900.00 - is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Date: August 19, 1954

L. H. Brading, Auditor

File Copy
Surname
J. W. Alt
Sincerel
F G Russon
Martin
Talbot

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

JAN - 3 1955

Mr. R. N. Rasmusan, President
Shelby-Johnson Mines, Inc.
716 Colorado Building
Denver 2, Colorado

Re: Docket No. DMA-1528
Contract Idm-E27

Dear Mr. Rasmusan:

We are pleased to advise you that your performance of exploration work under the subject contract has been satisfactory to the Government, and the account relating thereto has been closed. The final audited and settled account shows:

Total allowable costs incurred	$9,800.00
Total Government contribution at 50 percent	$4,900.00

Your attention is called to the provision of the contract which requires you to keep and preserve your records and accounts of this transaction for a period of three years for possible future reference.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the exploration contract. In the absence of such certification, the Government retains no claim or lien against the property or any production therefrom.

The Government is grateful for your participation in this exploration program of the Defense Minerals Exploration Administration.

Sincerely yours,

G. O. Wittendorf

Administrator

JWAlt/er 12/20/54
Copy to: Docket
Admr R. File
Op. Committee
Base Metals
Region IV (2)
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

R.C.h.

GOVERNMENT COPY

No. 4

AMENDMENT OF CONTRACT: No. I-DMA-E27

Contract Docket No. DMA 1528, dated June 27, 1951, between the United States of America and Shelby-Johnson Mines, Inc., is hereby amended as follows, effective February 5, 1952:

> Referring to the Amendment dated February 5, 1952, which amended "Article 3. Exploration Project" of Exploration Project Contract Form MF-200, void said Amendment.
>
> Referring to article "3. Exploration Project" of Exploration Project Contract Form MF-200, delete "six (6) months" and in lieu thereof substitute "thirty (30) 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 11 of the contract form.

Dated February 13, 1953, 1953.

SHELBY-JOHNSON MINES, INC.

By Everett Johnson
Everett Johnson,
Vice President

UNITED STATES OF AMERICA

By C P Mittendorf
Administrator, Defense
Minerals Exploration
Administration

GOVERNMENT COPY

No. 3

AMENDMENT OF CONTRACT: No. I-DMA-E27

Contract Docket No. DMA 1528, dated June 27, 1951, between the United States of America and Shelby-Johnson Mines, Inc. is hereby amended as follows, effective as of the date of said contract:

Referring to "EXHIBIT "D" attached to Exploration Project Contract Form MF-200 add the following: A breakdown of estimated costs is as follows:

Independent Contracts -	$7,000.00
Labor at $1.50 per hour -	800.00
Supervisor at $10.00 per day -	700.00
Power and Miscellaneous Supplies -	800.00
Preparing drill sites -	500.00

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

Dated September 16, 1952

SHELBY-JOHNSON MINES, INC.

By Everett Johnson
Vice President

UNITED STATES OF AMERICA

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 19 1952

COPY

SHELBY-JOHNSON MINES, INC.
716 Colorado Building
Denver 2, Colorado

August 19, 1952

United States of America
Department of the Interior
Defense Minerals Administration

Re: Exploration Project Contract
Docket No. D.M.A. 1528
Commodity Lead & Zinc
I-DMA-E27

Gentlemen:

We respectfully request your approval of an amendment of the above mentioned contract in the following particulars:

Exhibit D as shown by instruction 8 to show the following costs:

Labor @ $1.50 per hour, total	$800.00
Supervisor @ $10 per day, total	700.00
Power and supplies, estimated total cost	800.00
Preparing drill sites, estimated total cost	500.00

We further respectfully urge that the above mentioned amendment be made retroactive to June 27, 1951, and effective as of that date.

Yours very truly,

SHELBY-JOHNSON MINES, INC.

By /s/ Harold H. Widney
Secretary

F-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 2/13/52

REFERRED TO:

1. ~~Op. Comm. - 4624~~
2. Miss Curtis R4539
3.
4.

FOR: Send details

..... Action	..... Recommendation
..... Approval	..... Record
..... Comment	of .....
..... Conference	..... Referring
..... Consideration	to .....
..... Filing	..... Reply for signa-
..... Instructions	ture of .....
..... Investigation	..... Rewriting
..... Initials	..... Signature
..... Mailing	..... Suggestions
..... Previous correspondence	....X.... Your information

REMARKS: The amend. extends the starting and completion date of the contract, undoubtedly due to operating conditions, and is therefore approved.

Check (X) before the items needing attention.

D. E. Morlds
mch
Initials of sender.

GPO 16—63815-1

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

224 New Customhouse
Denver 2, Colorado

February 5, 1952

Memorandum

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

From: Executive Officer, Field Team, Region IV

Subject: Amendment to Contract I-DMA-E27, Docket DMA 1528, Shelby-Johnson Mines

Enclosed are the original and two copies of an amendment to the above contract.

Copies of this amendment have been given to the operator, to the Fiscal Officer, Region IV, and we have retained a copy for our files.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

JFS:ld

cc. Docket, contract, chron.

Defense Minerals Administration
RECEIVED
FEB 14 1952

BL

AMENDMENT OF CONTRACT: No. I-DMA-E27

Contract Docket No. DMA-1528, dated June 27, 1951, between the United States of America and Shelby-Johnson Mines, Inc., is hereby amended as follows:

> Referring to Article 3, Exploration project of Exploration Project Contract, Form MF-200, after the words, "to bring the project to completion within a period of" delete the following:
>
> "Six (6) months"
>
> and insert the following:
>
> "Sixteen (16) 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 11 of the contract form.

Dated February 5, 1952

jwo

SHELBY-JOHNSON MINES, INC.

By Everett Johnson V. Pres.

UNITED STATES OF AMERICA

By J. H. Smith
Executive Officer - DMA

Attest Harold H. Widney, Secretary

[illegible]
[illegible]
FEB [illegible] 1952

MW Morales reviewed and approved 2/13/52 (LB)

AMENDMENT OF CONTRACT: No. I-DMA-E27

Contract Docket No. DMA-1528, dated June 27, 1951, between the United States of America and Shelby-Johnson Mines, Inc., is hereby amended as follows:

The entire three lines of the paragraph under "Exhibit A", Exploration Project, is stricken out as of this date and the following substituted:

RECEIVED NOV 20 1951 G.A.O.

"In addition to 159 feet drilled from underground in diamond drill holes 4 and 6, and completed prior to date of this amendment, approximately 9 diamond drill holes numbered 1A through 9A at approximate locations, depths and inclinations as shown on the attached map "Enclosure C". Total footage estimated to be 1225 feet at $8.00 per foot - $9,800.00".

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

Dated November 5, 1951.

SHELBY-JOHNSON MINES, INC.

Everett Johnson - V. Pres

By Harold H. Hidey Secty.

UNITED STATES OF AMERICA

By [illegible]

Executive Officer - DMA

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

224 New Customhouse
Denver 2, Colorado

November 6, 1951

DEPARTMENT OF THE INTERIOR
RECEIVED
NOV 9 1951
Defense Minerals Administration,
Production Expansion Division,

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: Amendment to Contract I-DMA-E27, DMA Docket 1528, Shelby-Johnson Mines, Inc.

Enclosed are the original and two copies of an amendment to the above contract which provides for approximately nine diamond drill holes.

Copies of this amendment have been sent to the operator and to the Fiscal Officer, Region IV. One copy has been retained for DMA files.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

OFFICIAL FILE COPY

To		Date

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 9 1951

NOV 1 5 1951

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

Re: Docket No. [illegible] 152B
Shelby-Johnson Mines, Inc.
Exploration Project Contract I-D A-[illegible]

Gentlemen:

There is enclosed the original of an amendment dated November 5, 1951, to the captioned Exploration Project Contract which should be attached to the original contract previously sent to you.

Sincerely yours,

(Signed) FRANK E. JOHNSON

Acting Director
Production Expansion Division

Enclosure

FEKnouse/meb
11/14/51

cc to: Adar's Reading Files
Reports and Records
PED
Field Team, Reg.IV(2)
Mr. Knouse
Docket

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 1528

COMMODITY Lead - Zinc

Government's Copy
IDM-E 27

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
FEB - 1 1954

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

AMENDED
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 3rd day of December, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Shelby-Johnson Mines, Inc., a Colorado corporation
716 Colorado Building
Denver 2, Colorado

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II, attached hereto and made a part hereof:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Colorado, County of Park, described as follows:[3] Mary Adair (1688), Shelby (2930), Congress (3295), Franklin (6498), Legal Tender (6671), Little Pearl (7181), John Logan (7415), Boston City (7687), Boston City #1 (7687), Boreas (7721), Mable (7721) and Connaron (2430), patented lode mining claims, all situated in Sec.9,T.9S.,R78W, Mosquito Mining District, Park County, Colorado.

the Operator represents and undertakes:[4]

~~(a) That the Operator is the owner, in possession and entitled to possession, and the Operator's property rights are as follows: [illegible]~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent~~s~~ to Lien ~~is~~ are attached.

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.

ARTICLE 3. *Exploration project.*—The Operator, within thirty (30) days from the date of this contract shall ~~commence~~ continue work on a project of exploration for[5] Lead - Zinc in or upon the described land; and shall bring the project to completion ~~within [illegible] from the date of this contract~~ prior to June 27, 1954. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. 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.

ARTICLE 4. *Costs of ~~exploration~~ under Stage II.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 50 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $2,409.33, which is 50 percent of $4,818.66, the agreed, estimated total cost of the ~~exploration~~ in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator. See Article 9

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[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, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, 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. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: The percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations. Annex II, substituted for Article 6.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided*, that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *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 worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* (a) In Article 4, the words "Stage II" are substituted for the deleted words "the project." (b) the following paragraph is added at the end of Article 4: The agreed, estimated total cost of the project in which the Government will participate is set forth in Exhibit "A" as $9,800. The Government will pay 50 percent of these costs, as they accrue, in an aggregate total amount not in excess of $4,900.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

SHELBY-JOHNSON MINES, INC.
(Operator)

By R. N. Rasmusen, Pres.

By C O Mitchedoy
Administrator, Defense Minerals Exploration Administration

I, John D. Bryant, certify that I am the secretary of the corporation named as Operator herein; that R. N. Rasmusen, who signed this contract on behalf of the Operator, was then President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

John D Bryant - Secy. [CORPORATE SEAL]

EXPLORATION PROJECT CONTRACT
SHELBY-JOHNSON MINES, INC.
DOCKET NO. DMA-1528

ANNEX I

WHEREAS, the parties to this Amended Exploration Project Contract (hereinafter called "Amended Contract"), are also parties to Contract I-DMA-E27, Docket No. DMA-1528, dated June 27, 1951, as amended (hereinafter called the "Original Contract"); and

WHEREAS, only part of the project work described in the Original Contract has been performed and the parties desire to restate the work to be completed, and to restate their agreement;

NOW THEREFORE, it is mutually agreed that:

(1) Effective as of June 27, 1951, the Original Contract is amended and superseded by this Amended Contract which shall control the Government's claims and liens for percentage royalty, and in which all rights and obligations of both parties are merged, except that vouchers and claims for the Government's contributions to the costs of the work performed under the Original Contract shall be made as provided therein;

(2) the entire project work to be performed and the costs thereof are stated in Exhibit "A" of this Amended Contract; and

(3) the Operator hereby releases and agrees to save harmless the Government from all claims and demands arising out of the Original Contract, except as otherwise herein provided.

ANNEX I I

The following provisions are in lieu of Article 6 :

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

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

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

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

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

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

*The period "eleven years" is substituted for the period "ten years."

AMENDED
EXPLORATION PROJECT CONTRACT
SHELBY-JOHNSON MINES, INC.
DOCKET NO. DMA-1528

EXHIBIT "A"

Description of the Work

Stage I

The work under this stage is the work completed under the Original Contract and consisted of 743 feet of diamond drilling from underground and surface locations.

Stage II

The work under this stage is outlined, in part, on the attached map entitled "Figure 1 - Plan and Section, Showing Exploration Proposed By Amendment, Mable Adit ***" and consists of the following:

1. Rehabilitate the Mabel adit level from the portal to the Mabel vein, a distance of approximately 95 feet, including clearing the portal, enlarging the adit tunnel at two points as required, and removing the track and pipe from the main adit and relaying the pipe and track on the surface and in the Mabel adit.

2. Excavate and prepare a winze station at a point in the Mabel adit approved by the Government.

3. Sink a winze 42 feet on the Mabel vein, 4 feet by 8 feet in cross section in the clear, from a point in the Mabel adit approved by the Government.

4. Crosscut westerly from a point in the winze approximately 34 feet below the Mabel adit level, a distance of not to exceed 17 feet, to further explore the ore encountered in diamond drill hole No. 6A. Direction and location of crosscut to have prior approval by the Government.

All work shall be timbered as necessary, and all work shall be subject to the approval of the Government.

Estimated Costs of the Project

Stage I

743 feet of diamond drilling completed under Original Contract (subject to audit)		$4,981.34

Stage II

Agreed Unit Costs

1. Rehabilitate the Mabel Adit (item 1)	$ 777.00 1/	
2. Excavate and prepare winze station (item 2)	422.66 1/	
3. 42 feet of winze @ $72.00/ft. (item 3)	3,024.00	
4. 17 feet of crosscut @ $35.00/ft. (item 4)	595.00	
Total Agreed Unit Costs		4,818.66
Costs Stage I	$4,981.34	
Costs Stage II	4,818.66	
Agreed Estimated Total Cost of the Project		$9,800.00
Government Participation @ 50%		$4,900.00

1/ The completed work is the unit.

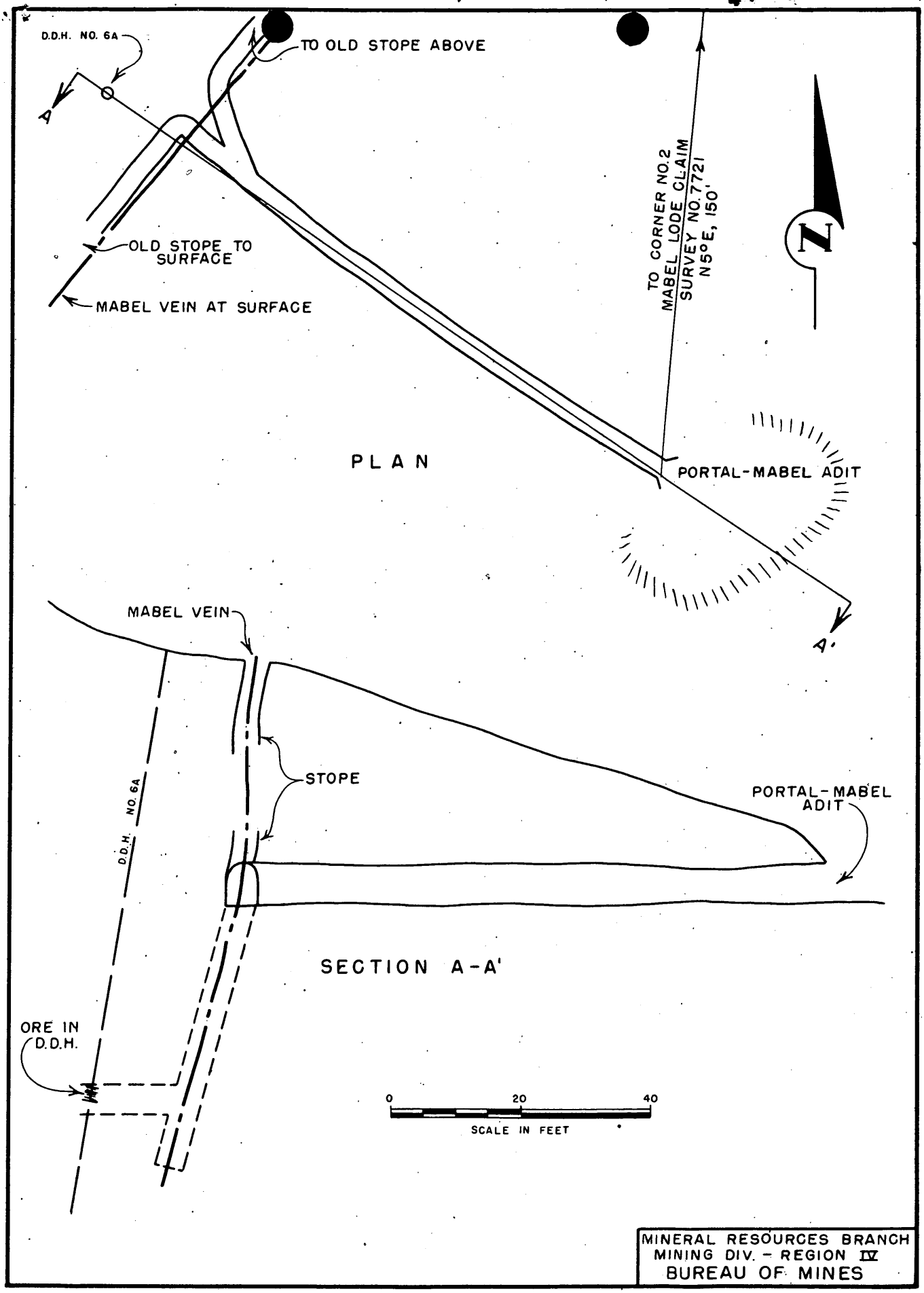


FIGURE 1 - PLAN AND SECTION, SHOWING EXPLORATION PROPOSED BY AMENDMENT, MABLE ADIT, SHELBY-JOHNSON MINES INC., PARK CO., COLO. (I-DMA-E27, DMA 1528)

MF-200
(April 1951)

Original

Docket No. DMA 1528
Commodity Lead & Zinc
I-DMA-E27

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 27th day of June, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and[2]

Shelby-Johnson Mines, Inc.
716 Colorado Building
Denver 2, 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 Park described as follows:[3]

Mary Adair (1688), Shelby (2930), Congress (3295), Franklin (6498), Legal Tender (6671), Little Pearl (7181), John Logan (7415), Boston City (7687), Boston City #1 (7687), Boreas (7721), Mable (7721) and Connaron (2430), patented lode mining claims, all situated in Sec. 9, T.9S., R78W, Mosquito Mining District, Park County, Colorado.

(*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 and Zinc; 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] Six (6) 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. Attached hereto, marked "Exhibit 'B'," is a detailed list of additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute its agreed pro-rata share of the cost. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

6. *Operating equipment.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. As to equipment purchased for the project, the Government will contribute its agreed pro-rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

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

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

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

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

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

11. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator 50 percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $4,900.00, which is 50 percent of the agreed estimated total cost of this project, $9,800.00.

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

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

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

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

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

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

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

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

Executed in triplicate the day and year first above written.

Shelby-Johnson Mines Inc
(Operator)

By Everett Johnson

THE UNITED STATES OF AMERICA

By Jones Wright

Administrator
Defense Minerals Administration

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

Original

DOCKET NO. DMA - 1528 (Lead-Zinc)

Shelby-Johnson Mines, Incorporated

Exploration Project Contract

EXHIBIT "A"

Exploration Project:

Approximately 10 Diamond Drill holes from various locations in crosscut tunnel and drifts, as shown on attached map, from 40 ft. to 225 ft. in depth. Total footage estimated to be 1,225 ft. at $8.00 per ft. $9,800.00.

EXHIBIT "B"

Fixtures and Improvements:

The cost of any additional facilities, buildings and fixtures to be purchased, installed or erected by the Operator shall not be charged as a cost of the project.

EXHIBIT "C"

Operating Equipment:

The cost of any equipment rented, purchased or furnished by the applicant shall not be charged as a cost of the project.

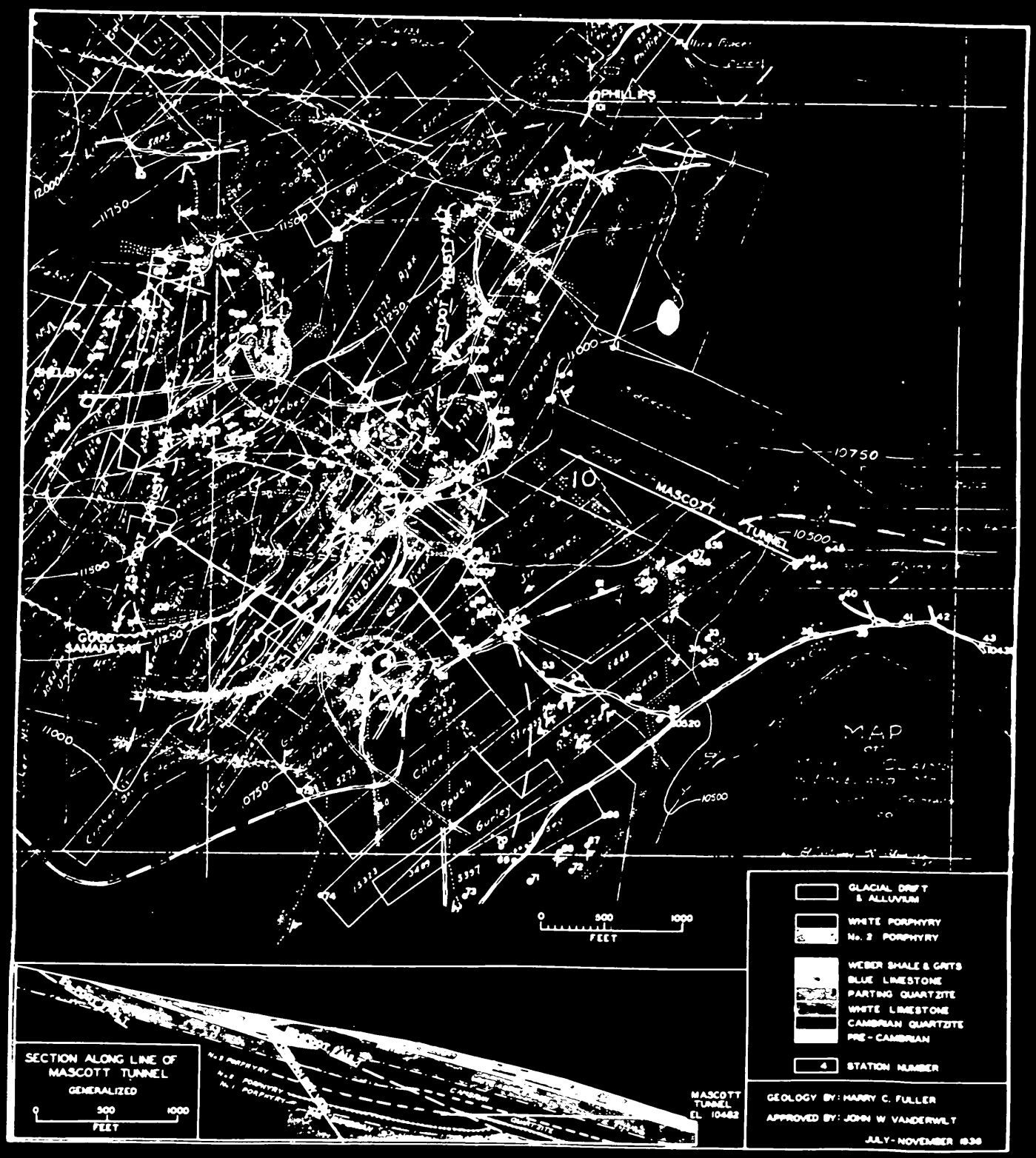
EXHIBIT "D"

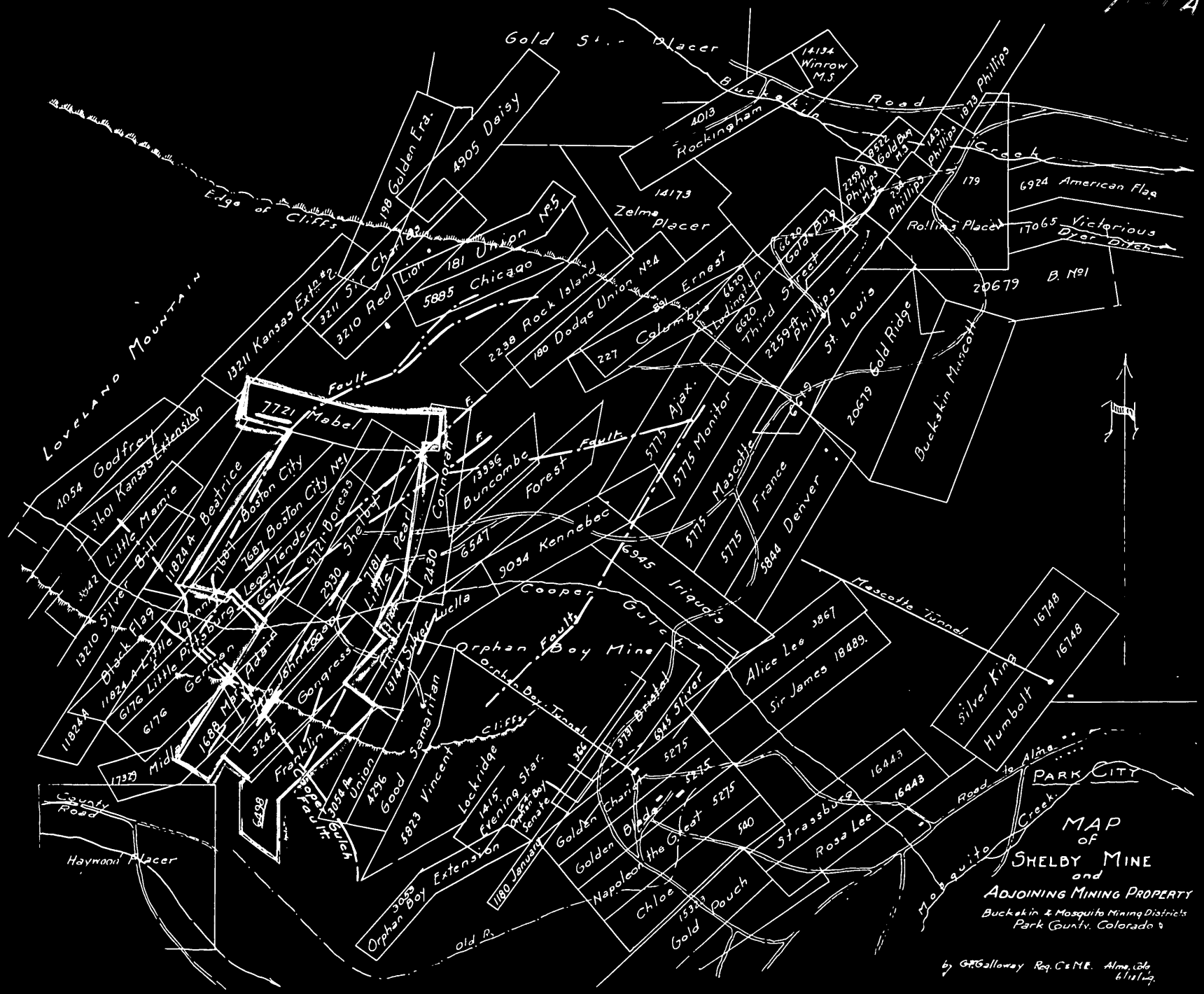
The work will be contracted and the estimated cost of $8.00 per foot includes the cost of labor, supervision and supplies.

EXHIBIT "E"

Rehabilitation and Repairs:

The cost of any necessary rehabilitation and repairs of existing facilities, buildings, installations, and fixtures to put into useful and operable condition shall not be charged as a cost of the project.


PHILLIPS
MASCOTT TUNNEL
GOOD SAMARITAN
SHELBY
Gold Pouch
Gurley
Chico
Denver
St. Louis
MAP
0 500 1000
FEET
GLACIAL DRIFT & ALLUVIUM
WHITE PORPHYRY
No. 2 PORPHYRY
WEBER SHALE & CATS
BLUE LIMESTONE
PARTING QUARTZITE
WHITE LIMESTONE
CAMBRIAN QUARTZITE
PRE-CAMBRIAN
STATION NUMBER
SECTION ALONG LINE OF MASCOTT TUNNEL
GENERALIZED
0 500 1000
FEET
MASCOTT TUNNEL EL 10482
GEOLOGY BY: HARRY C. FULLER
APPROVED BY: JOHN W VANDERWILT
JULY-NOVEMBER 1939


MAP
of
SHELBY MINE
and
ADJOINING MINING PROPERTY
Buckskin & Mosquito Mining Districts
Park County, Colorado
by G.T.Galloway Reg. C.&M.E. Alma, Colo.
6/11/14.
Gold Sun Placer
Buckskin Road
Edge of Cliffs
Loveland Mountain
Zelma Placer
Rollins Placer
Victorious
Dyer Ditch
American Flag
B. No1
Mabel
Fault
Cooper Gulch
Orphan Boy Mine
Orphan Boy Tunnel
Mascotte Tunnel
Iriquois
Ajax
Forest Fault
Buckskin Mascotte
Gold Ridge
St. Louis
Third Street
Denver
France
Mascotte
Monitor
Kennebec
Buncombe
Shelby
Boston City
Beatrice
Godfrey
Kansas Extension
Silver King
Humbolt
Alice Lee
Sir James
Strassburg
Rosa Lee
Golden Chariot
Golden Bluff
Napoleon
Chloe
Gold Pouch
Orphan Boy Extension
Lockridge
Evening Star
Good Samaritan
Vincent
Union
Franklin
Congress
Silver Wella
German
Black Flag
Little Pittsburg
Little Johnny
Legal Tender
Boreas
Little Pearl
Connecton
Rockingham
Winrow
Phillips
Gold Bug
Colombia
Ernest
Lodinalyn
Rock Island
Dodge Union
Chicago
Union
Red Lion
Sir Charles
Golden Era
Daisy
Haymond Placer
County Road
Road to Alma
PARK CITY
Mosquito Creek
Old Rd.

AGREEMENT FOR DRILLING

THIS AGREEMENT, Made and entered into this 21st day of July, A. D. 1951, by and between the Rocky Mountain Diamond Drilling Company, hereinafter called the party of the first part, and the Shelby-Johnson Mines, Inc., hereinafter called the party of the second part.

WITNESSETH:

The party of the second part has under lease certain mining property which it is desirous of drilling for the purpose of exploration, said property located in the County of Park, and State of Colorado.

The party of the first part hath covenanted and agreed with said party of the second part, its successors and assigns, to do said exploration drilling.

The covenants and conditions mutually agreed to by the parties hereto are as follows, to-wit:

(1) The party of the first part will as soon as possible, but in any case within thirty days, procede to the said property in the County of Park and State of Colorado under lease by the party of the second part, and procede to drill test holes on said property. Time shall be of the essence of this contract, and in case the party of the first part shall neglect or discontinue the work of drilling for the period of fifteen days, such neglect or discontinuance shall of itself be a forfeiture of all rights and claims of the party of the first part under this agreement without any notice or demand by the party of the second part.

(2) The party of the second part agrees to prepare room for the said party of the first part at various points

on the said property for the drilling, and party of the first part agrees and covenants to drill said test holes at those places and to the depth specified by the party of the second part.

(3) The party of the second part covenants and agrees to pay the party of the first part the sum of six Dollars ($6.00) per foot for each foot drilled, and payment will be made on the first day of the month for the footage drilled in the preceding month.

(4) Party of the second part agrees that he will guaranteé a minimum of 1200 feet of drilling, and the party of the first part agrees to do at least the 1200 feet of drilling hereinabove specified.

(5) Party of the first part agrees to furnish the necessary drilling equipment, with the understanding and agreement that size AX bits will be used, with all risk and damage to said equipment to be assumed by the party of the first part at all times until this contract is fully and finally completed.

(6) Party of the second part will furnish only the necessary power and water for the said test holes.

(7) Should party of the first part refuse to drill as per the terms of this agreement, or refuse to drill the minimum footage of 1200 feet herein provided, party of the second part may acquire the services of any competent driller to do or complete said drilling, and party of the first part hereby agrees to pay any and all costs above the herein specified six Dollars ($6.00) per foot for the 1200 footage minimum, said payment to be made on the 1st of the month for the previous months footage, and said payment to be made to the party of the second part.

(8) Should the party of the second part refuse to

fulfill any of the terms of this contract, it hereby agrees to pay the rate of Six Dollars ($6.00) per foot for all the footage done up to 1200 feet, and in addition to pay the sum of One Hundred Fifty Dollars ($150.00) as liquidated damages, said payment as provided in clause (6) and in this clause to be full and complete damages and settlement under the terms hereof.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

SHELBY-JOHNSON MINES, INC. by

Everett Johnson (SEAL)

ROCKY MOUNTAIN DIAMOND DRILLING CO. by

Wallace A. Rogers (SEAL)

Docket

APPROVAL OF SUBCONTRACT

To: Shelby-Johnson Mines, Inc.

That certain contract, 6 copies of which you have submitted with your request for approval, and of which a copy is attached, dated October 22, 1951, between you and Rocky Mtn. Dia. Drill Company for the performance of the following work: Diamond Core Drilling on the Shelby-Johnson property, Alma, Colorado, which is all or a specific element of the work described in an Exploration Project Contract dated June 27, 1951, I-DMA-E27, Docket No. DMA-1528, is hereby approved by the United States of America, subject to the following terms and conditions:

1. The Government shall not be nor be considered to be a party to said independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of said independent contract.

2. Regardless of the provisions of said independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary.

3. The said independent contract shall not have the effect of increasing the estimated total cost of the exploration project contract or the maximum amount which the Government will pay as provided in the exploration project contract.

4. Said contract supersedes the contract between you and the Rocky Mountain Diamond Drilling Company dated June 21, 1951.

Dated: August 28, 1952

THE UNITED STATES OF AMERICA

By W. K. Kemp
Executive Officer
DMEA Field Team
Region IV

COPY

SHELBY-JOHNSON MINES, INC.
716 Colorado Building
Denver 2, Colorado

August 19, 1952

United States of America
Department of the Interior
Defense Minerals Administration

Re: Exploration Project Contract
Docket No. D.M.A. 1528
Commodity Lead & Zinc
I-DMA-E27

Gentlemen:

Handed you herewith are six (6) copies of new drilling agreement which supplants and supersedes the agreement which was made effective June 21, 1951, between The Rocky Mountain Diamond Drilling Company and Shelby-Johnson Mines, Inc.

Yours very truly,

SHELBY-JOHNSON MINES, INC.

By /s/ Harold H. Widney
Secretary

CONTRACT FOR DRILLING ON THE

Shelby-Johnson Mines Inc. PROPERTY

Alma COLO.

Accompanying this Contract are "Specifications for Drilling" and bid form with Schedule of Unit Prices attached. It is estimated that performance by the contractor of the minimum amount of work guaranteed in the specifications will be accomplished by the performance of the units of work set forth in the column "Estimated quantity" in the Schedule.

This drilling program will be done at Alma, Colorado, and for the Shelby-Johnson Mines Inc. same being called the Customer in this contract, and the said drilling program being contracted by Wallace A. Rogers of Fairplay, Colo.

Contractor's Equipment and Services. The Contractor's equipment shall be such as is necessary and proper to perform the work specified, and shall include the following:

Drill capable of drilling AX, and EX holes for an undetermined number of feet; however not to exceed 250 ft. AX and not less than 50 feet AX, or more than 500 ft. EX but not less than 50 ft. EX.

The contractor's services and the expenses which he must bear, except as otherwise provided in this contract, include the following:

a- All labor, machinery, tools, pipe, casing, equipment, materials, cement, and supplies necessary and proper to do and perform everything provided in this contract.

b- The delivery of cores, sludge, and cuttings to the Customer at the drill site into containers furnished by the Customer.

c- Transportation of drilling equipment to and from the project.

d- Installation and setting of standpipe to accomodate continued drilling.

All pipe and casing shall remain the property of the contractor who may pull and salvage the same upon completion of the work or, with the written consent of the Customer's resident engineer or the contracting officer, prior thereto, unless the resident engineer or the contracting officer directs that any or all of the pipe or casing be left in the hole, in which event the title to all pipe and casing thus passing to the Customer shall be paid for by the Customer as provided by the Contractor. The contractor guarantees his pipe and casing clear and unencumbered which thus passes to the Customer.

The Customer's equipment and Services: The Customer will furnish boxes required for holding the cores and receptables for collecting and settling sludges but no other equipment.

The Customer will cut drill stations, furnish air, and water to the drill station.

Any delay time, for which the Customer is responsible, will be charged to the Customer, including air, water, and drill station delays.

The Contractor will not give any information regarding the results of the drilling to any third party.

The Contractor shall keep accurate records of drilling operations

and shall furnish the Customer with a daily log showing the inclination of holes, footage drilled, hours worked, nature of rock penetrated, feet and size of casing placed during each shift, feet of holes cemented or sealed, and pertinent information regarding the condition of each hole.

Any delay time for cementing holes or running casing is chargeable to the Customer.

All casing not recovered from holes chargeable to the Customer at cost price.

All work shall be performed with the understanding that the objective is to secure accurate samples of the formation penetrated, and shall be directed to this end. Core Barrels of the double-tube or ball bearing double tube as designated by the Customer shall be used. When approaching or drilling in material which it is desired to sample, the contractor shall use a core barrel five ft. long if instructed to do so by the Customer. Cores shall be placed by the contractor in proper sequence in core boxes provided by the Customer. Water return and sludge or cuttings shall all be discharged into receptables provided by the Customer, as directed by the Customer or the Customer's engineer. The Contractor shall make every effort to secure the highest recovery of core and sludge commensurate with good practice.

No grinding of core will be permitted. Whenever the core block occurs the rods shall be pulled regardless of length of run. When drilling in materials which it is desired to sample, upon completion of run, water shall be pumped down the hole until the return water is clear before drilling is resumed. Water shall not be circulated again through the hole until completely clear of sediment.

When in ore, and when instructed to do so by the Customer, the contractor shall block the core and pull the rods at intervals of five feet or less, provided the formation is such that this can be done.

Payments to Contractor. The Contractor shall properly certify and present invoices or vouchers either upon the completion of each hole or monthly for holes completed during the preceeding month, showing the footage drilled, and all other work which payment is claimed and the amount due. Upon the completion and acceptance of all work required under this contract, a balance then due the contractor will be paid upon the presentation of a properly executed and duly certified voucher.

ARTICLES OF SERVICE	ESTIMATED QUANTITY.	UNIT PRICE PER FOOT
a. Drilling with BX Bit		3.00 BX
b. Drilling with AX Bit		3.15 AX
c. Drilling with EX Bit		3.00 EX
d. Cementing operations (Price including cement time necessary for mixing pouring, and introducing cement in the hole, waiting for cement to set, and drilling out cement)		4.15 3.65 2.50 4.00 2.25
e. Reaming EX to AX size hole AX to BX		2.20 2.00

Delay time for all water, air, cutting stations, including cementing, casing delays ----------$3.00 per hour

Whenever the units of work performed under this contract have totaled the minimum amount guaranteed in this contract, operations with respect to any or all of the items which the customer may require in excess of the guaranteed minimum shall be performed at a reduction in the various unit prices set forth above of 5% provided the contractor has not shown a loss on the above drilling.

CONTRACT FOR DRILLING OPERATIONS

This Contract, entered into this 22nd day of Oct, 1951, by the Shelby-Johnson Mines Inc, herein called the Customer, and _____, an individual, in the state of Colorado, hereinafter called the Contractor, witnesseth that the parties hereto do mutually agree as follows:

ARTICLE 1. Statement of the work. The contractor, except as otherwise provided in the contract, shall furnish everything necessary and proper for the performance of the work and shall do and perform drilling and other operarions described in the specifications, for a money consideration which will actually be determined and paid according to the operations performed and at unit prices set forth in the schedule of Unit Prices in strict accordance with said specifications and schedule which are attached hereto and are made a part of this contract.

ARTICLE 2. Superintendence by Contractor. The Contractor shall give his personal superintendence to the work or have competent foreman or superintendant, satisfactory to the contracting officer or Customer, on the work at all times during progress, with authority to act for the contractor.

ARTICLE 3. Payments to Contractor. Payments to the Contractor shall be made as provided in the specifications and the Schedule of Unit Prices.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year above written. Date _____ of _____, 195 .

Shelby-Johnson Mines

By Everett Johnson - V. Pres.
Official Title

Two Witnesses:

_____

_____

Contractor

Wallace A. Rogers

Rocky Mtn Dia Drill Company

SPECIFICATIONS FOR CORE DRILLING

Customer _____ Address _____

1. Purpose. The purpose of this contract is to obtain for the customer AX or EX Cores, together with the sludge and cuttings produced in drilling, if Customer so desires, from the ore deposits and rock formations of the above described project.

2. Description of work. The Customer guarantees to the contractor units of work set forth in the schedule of Unit prices sufficient to result in payments for a minimum of 1000 ft. drilled.

3. Commencement, prosecution, completion.

   1. The contractor shall commence actual drilling operations with all equipment and crews required at the site of the work within 10 days after receipt of official notice to proceed.

   2. The Contractor shall at all times prosecute the work diligently, and continuously as herein provided, and in a workman like manner.

   3. The contractor shall maintain in operation one drill, not less than one shift or two eight hour shifts as preferred by the customer, per drill day, six days per week, except for days in which a national holiday may occur, in which event the work-week may be reduced by that day.

MF-203
(Revised July 1, 1953)

8

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Colorado, County of Park, described ~~as~~

~~XXXXXXXXX~~/

under "Article 2" of Exploration Project Contract Form MF-200, Docket No. DMA 1528, Contract I-DMA-E27, which has been or will be amended by Exploration Project Contract Form MF-200(A)

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Shelby-Johnson Mines, Inc.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions None

Dated this 21st day of December, 1953.

Everett Johnson [Seal]

[Seal]

[Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the explo[illegible]t contract.

3/ Mining or production from the land is not required, and in th[illegible] production there is no obligation to repay the Government.

RELEVANT CONTRACT PROVISIONS

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

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

(a) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Interior—Duplicating Sect D. C. 47318

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is the owner in fee simple of that certain parcel of ground in the county of Park, State of Colorado, described in a certain Exploration Project Contract dated 27th day of June, 1951, between the Shelby-Johnson Mines Inc.,

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

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

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

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

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

Dated this ~~June~~ 15th day of June, 1951.

Everett Johnson, Agent

U. S. GOVERNMENT PRINTING OFFICE 940768

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is the owner in fee simple of that certain parcel of ground in the county of Park, State of Colorado, described in a certain Exploration Project Contract dated June 27, 1951, between Shelby Johnson Mines, Inc., a Colorado corporation, the Lessee of said property, and the United States of America;

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

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

The undersigned agrees to commit no act, nor assert any claim under judicial process or otherwise that may contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract, **as specifically provided in Sec. 14 of Form MO 5, dated April 6, 1951.**

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

Dated this 10th day of June, 1951.

THE KENNEBEC MINING COMPANY

By A. E. Moynahan
President

ATTEST G. H. Peters
Secretary

U. S. GOVERNMENT PRINTING OFFICE 940768

MINING LEASE

THIS INDENTURE, Made and entered into this _____ day of September, A. D. 1949, by and between ROY P. JOHNSON, EVERETT JOHNSON, R. LESTER JOHNSON, and SEEKE JOHNSON, of the State of Illinois, hereinafter called the lessors, and the SHELBY-JOHNSON MINES, INC., a Colorado corporation of the State of Colorado, hereinafter called the lessee;

WITNESSETH, That the said lessors for and in consideration of the rents, covenants, and agreements hereinafter expressed to be paid, kept, and performed by the said lessee, has leased, let, and demised and by these presents do lease, let and demise unto said lessee the following described premises, lying and being in the Alma Mining District, in the County of Park, and State of Colorado:

The Shelby Lode Mining Claim, Patent Number 2930, Section 9, Township 9, Range 78 W., containing 10.33 acres, more or less, more fully described in Book 56, Page 19, of the records of Park County, Colorado.

The Congress Lode Mining Claim, Patent Number 3295, Section 9, Township 9, Range 78 W., containing 10.30 acres, more or less, more fully described in Book 58, Page 119, of the records of Park County, Colorado.

The Legal Tender Lode Mining Claim, Patent Number 6671, Section 9, Township 9, Range 78 W., containing 7.67 acres, more or less, more fully described in Book 56, Page 24, of the records of Park County, Colorado.

The Mary Adair Lode Mining Claim, Patent Number 1688, Section 9, Township 9, Range 78 W., containing 10.33 acres, more or less, more fully described in Book 24, Page 373, of the records of Park County, Colorado.

The Franklin Lode Mining Claim, Patent Number 6498, Section 9, Township 9, Range 78 W., containing 9.53 acres, more or less, more fully described in Book 37, Page 283, of the records of Park County, Colorado.

The Little Pearl Lode Mining Claim, Patent Number 7181, Section 9, Township 9, Range 78 W., containing 5.85 acres, more or less, more fully described in Book 56, Page 22, of the records of Park County, Colorado.

The Boston City Lode Mining Claim and the Boston City #1 Lode Mining Claim, Patent Number 7687, Section 9, Township 9, Range 78 W., containing in all 14.11 acres, more or less, more fully described in Book 56, Page 21, of the records of Park County, Colorado.

The Mabel Lode Mining Claim and the Boreas Lode Mining Claim, Patent Number 7721, Section 9, Township 9, Range 78 W., containing in all 10.79 acres, more or less, more fully described in Book 56, Page 23, of the records of Park County, Colorado.
The John Logan Lode Mining Claim, Patent Number 7415, Section 9, Township 9, Range 78 W., containing 3.34 acres, more or less, more fully described in Book 56, Page 20, of the records of Park County, Colorado.

TO HAVE AND TO HOLD the above described premises for the purposes of mining, from the 1st day of September, A. D. 1949, to the 1st day of September, A. D. 1974, unless sooner terminated by agreement of the parties hereto or through violation of any of the covenants and conditions herein contained, with no power to assign this lease nor to sublet the whole or any part of said leased premises herein without the written consent of the said lessors first had and obtained.

And the said lessee herein for and in consideration of the leasing of said premises aforesaid covenant and agree with said lessors to commence work on said premises within ninety (90) days from date hereinbefore expressed that said lease commences to take effect, and thereafter to work the same continuously in a thorough and minelike manner, employing at least two men underground and working at least fifteen shifts each calendar month; to keep the same securely timbered, drained, and clear of loose rock and rubbish; and to keep accurate accounts and to render statements to the lessors herein, their agent or attorney, showing the amount and character of the work done, and to pay to said lessors, their agent, or attorney, as rental for said premises royalty upon all ore taken and sold therefrom as follows, to-wit: ten per cent (10%) of the net mill and/or smelter returns upon all crude ores of the value of Thirty Dollars ($30.00) or less ton pro-

duced and sold from the premises hereinbefore described, and fifteen Per cent (15%) of the net mill and/or smelter returns upon all crude ores of a value in excess of Thirty Dollars ($30.00) per ton produced and sold from the said premises hereinbefore described and ten persent (10%) net on all concentrates or bullions produced and sold from the premises hereinbefore described. The met mill and/or smelter returns are to be the value of such ore as shown by the purchasing agent less transportation and treatment charges and such royalties aforesaid to be paid to lessors shall be paid by the ore buyer to the lessors or deposited to the credit of the lessors in such depository as the lessors shall designate. A signed copy of this instrument shall be authority taken by the ore buyer or smelter as their authority therefor, and such payments royalties shall be accompanied by a duplicate settlement sheet for such ores sold.

It is understood and agreed by and between the parties that to more advantageously and expeditiously exploit, promote, and work the premises hereinbefore described that it was necessary for the lessee herein to lease certain lands and premises from the Kennebec Mining Company, and it is understood and agreed that all work toward development of the Shelby group done by the lessee or their agents on the Kennebec property shall be construed and accepted as work done or performed on the premises leased herein under the terms of this lease as it is for the mutual advantage of all parties to the within lease.

It is further understood and agreed that said lessors, their agent or attorney shall have the right at any and all times to enter upon and descend into any and all parts of the premises to inspect the same, make surveys thereof, or take samples therefrom, and that said lessee will render to said lessors all the assistance in their power in so doing.

And the said lessee furthermore covenants and agrees to occupy and hold all side veins, spurs, feeders, cross-lodes, parallel lodes, or mineral deposits of any kind which may be discovered by the said lessee or by any person or persons working under said lessee in any manner, by vorking within or from the aforesaid premises, as the property of said lessors and as part of the premises demised, and to not allow any person not in privity within the parties hereto to take or hold possession of said premises or any part thereof under any pretense whatever, and to pay in due season all taxes and assessments levied against the demised premises on account of the production of ore under this lease.

It is further understood and agreed that in consideration of the lessee having fully complied with all the terms and provisions hereof, the said lessee in case of sale of the premises herein described shall be given the first right to purchase said property from said lessors or the interest of any one of them unless the interest of said lessors or any one of them should be sold through court proceedings in order to properly settle up the administration of an estate or to be sold through any creditors proceedings or liquidation proceedings through any court.

It is understood and agreed by and between the parties to this lease that should it be unprofitable in the opinion of the directors of the lessee herein because of labor troubles, strikes, or governmental influence or reasons beyond control of lessee herein or because of prices or other economic reasons of interest to the parties to this lease that mining operations should be discontinued pending correction of economic conditions or prices of ores, or other of the aforesaid reasons, then and in that event the lessee herein will not be required to fulfill the covenants herein relative to the working of a certain number of men or a certain number of shifts in each calendar month as hereinbefore

provided and that in the event of a discontinuance of mining operations pending economic conditions or other reasons herein specified effecting the parties to this lease, the lessee will notify the lessor, their agent, or attorney, in writing of said discontinuance as provided herein, and the provisions hereinbefore set forth on Page 2 of this lease relative to the number of men to be working underground and the number of shifts to be worked each calendar month shall, upon notice so given in writing as aforesaid, be deemed to have been waived by the lessors herein.

It is further understood and agreed by and between the parties herein that the within lease and provisions thereof may, at the option of the lessee, be renewed and extended at the expiration thereof for an additional term of twenty-five (25) years by the said lessee herein giving to the lessors, their agent, or attorney, sixty (60) days notice in writing prior to the expiration of this lease of their intention so to do, and when said intention is os expressed in writing by the lessees as aforesaid, the covenants expressed in this lease shall be binding on the parties for the additional extended period, and it is further agreed that said written notice of renewal and extension when placed in the government post office, postage prepaid, properly addressed to the lessors, shall be deemed service of notice as aforesaid.

The lessees herein agree to pay all taxes and assessments levied upon said premises during the lifetime of this lease, and lessee shall comply with the terms of the Workman's Compensation Act of the State of Colorado as amended and shall carry insurance as required by rules and regulations of the Industrial Commission of the State of Colorado so as to insure lessees and lessee's employees herein against liability and industrial accidents and to save lessors from liability therefor.

It is understood and agreed that the terms and provisions herein shall inure to the benefit and be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and the year first above written.

LESSORS

Roy P. Johnson (SEAL)
Roy P. Johnson

Everett Johnson (SEAL)
Everett Johnson

R. Lester Johnson (SEAL)
R. Lester Johnson

Seeke Johnson (SEAL)
Seeke Johnson

LESSEE

THE SHELBY-JOHNSON MINES, INC.

by R. N. Rasmusen (SEAL)
Its president

ATTEST Harold H. Widney (SEAL)
Its Secretary.

AGREEMENT OF LEASE

THIS AGREEMENT OF LEASE, Made this 1st day of August, 1949, by and between the KENNEBEC MINING COMPANY, a Colorado corporation, party of the first part, hereinafter called the Lessor, and SHELBY JOHNSON MINES, INC., a Colorado corporation, party of the second part, hereinafter called the Lessee.

W I T N E S S E T H:

That the said lessor, for and in consideration of the royalties, covenants and agreements, hereinafter reserved and by said lessee to be paid, kept and performed, has granted, demised and let, and by these presents does grant, demise and let unto the said lessee, all the right, title and interest of the said lessor in the following described property, situated in Park County, State of Colorado, to-wit:

The West 450 feet of the "Buncombe" lode mining claim, being United States Mineral Survey Lot No. 13336, the United States patent for which is recorded in Book 56, at page 96, of the records of said Park County.

The West 450 feet of the "Forest" lode mining claim, being United States Mineral Survey Lot No. 6547, the United States patent for which is recorded in Book 56, at page 38, of the records of said Park County.

The "Silver Luella" and "Finale" lode mining claims, being the United States Mineral Survey Lot No. 13144, the United States patent for which is recorded in Book 56, at page 80, of the records of said Park County.

The "Connoran" lode mining claim, being United States Mineral Survey Lot No. 2438, the United States

patent for which is recorded in Book 24, at page 389, of the records of said Park County.

And such surface rights, rights of way and tunnel rights owned by the said lessor as may be necessary to operate the foregoing lodes. An easement is hereby granted the lessee upon five acres of the surface of the above described claims for buildings and dumping facilities necessary for its Shelby Group of claims adjoining; provided, however, the lessor may use, and is hereby granted the right to use, rights of way and tunneling rights of the lessee to work the lessor's adjoining claims through such tunnels of the lessee, after the expiration of this lease

TO HAVE AND TO HOLD unto the said lessee from the 1st day of August, 1949, for and during and until the 1st day of August, 1959, unless sooner forfeited or determined through the violation of any covenant and hereinafter against the said lessee reserved.

And, in consideration of such demise the said lessee does covenant and agree with the said lessor as follows, to-wit:

To enter upon the said mine or mines or premises and work the same in mine fashion in manner necessary to good and economical mining so as to take out the greatest amount of ore possible with due regard to the development and preservation of the same as a workable mine or mines, and to the special covenants hereinafter reserved.

To work and mine the said premises, as aforesaid, steadily and continuously from the 1st day of August, 1949, and that any failure to work the said premises with at least 1200 shifts of work per calendar year may be considered a violation of this covenant.

To properly pay all persons who shall do work or shall furnish material or mining, milling, or other machinery or other fixtures for working, preservation, prospecting, or development of any mine, lode, or deposit located on any portion of said leased premises, and a failure to do so shall be considered a forfeiture of this lease.

To well and sufficiently timber the said mine or mines at all points where proper, in accordance with good mining, and to repair all old timbering wherever it may become necessary.

To allow the said lessor, its officers and its agents from time to time, to enter upon and into all parts of the said property for the purpose of inspection, and to take samples of any and all ores that may be mined for assay or other use, but not to allow any person not in privity with the parties hereto to take or hold possession of the said premises, or any part thereof, under any pretense whatever.

To occupy and hold all cross or parallel lodes, spurs, or mineral deposits of any kind which may be discovered by the said lessee, or any person under it, in any manner within the boundaries of any of said lodes as the property of the said lessor, with the privilege to said lessee of working the same as a parcel of the said demised premises.

To keep at all times the drifts, shafts, tunnels, and other workings where the said lessee may operate, thoroughly drained and clear of loose rock and rubbish unless prevented by extraordinary mining casualty.

If labor strikes shall arise preventing the said lessee from working said demised premises, or any part thereof, or if railroad strikes shall interfere with the transportation interests of the lessee as connected with the work under this lease, or if there shall arise any unforeseen contingencies connected with the workings or machinery, then the lessee shall not be required to do work while such cause exists, and shall have a reasonable time for repairing, for replacing, or adding to the plant, and if any unforeseen contingency connected with the works or machinery is not removed or remedied within a reasonable time, this lease shall terminate.

To comply in all regards with all provisions of the law of the State of Colorado in regard to mining and the prosecution of mining work upon the said mining claims.

To pay and deliver to the said lessor as royalty the following per cents of the net smelter, mill, or mint returns values of all ore extracted from the said demised premises, or any part thereof:

On all ores of the value of under $20.00 per ton, 10% royalty;
On all ores of the value of $20.00 per ton and not above $50.00 per ton 15% royalty;
On all ores of the value of $50.00 and not above $100.00 per ton, 20% royalty;
On all ores of the value of over $100.00 per ton, 25% royalty.

Upon the request of the lessor all ores shall be sold, sampled and settled for jointly by the lessor or its agents, and the lessee, and shall be sold to the person or corporation who will pay the highest price thereof.

The royalties to which the lessor shall be entitled, as aforesaid, shall be left with the purchaser

of the ores, and shall be paid to the lessor and be subject to the order of the lessor.

The lessor shall be furnished with a duplicate statement of all ores at the time each lot is settled for.

The lessee shall pay or cause to be paid such proportion of the output tax which shall be assessed against the said leased premises, during the term of this lease, as the amount of the said lessee retains of the smelter returns value of the ore extracted from the said premises bears to the gross smelter returns of ore extracted from the said premises, and the lessee shall return that amount of the output to the tax officers as taxable to such lessee.

Subject to the surface and tunnel rights hereinbefore granted the lessee for the working of the Shelby group of claims, to deliver to the said lessor the said leased premises with all appurtenances and improvements with the exception of improvements and machinery put upon the said leased premises by the lessee and appurtenant to the granted surface and tunnel rights for the working and operation of the said Shelby group of claims, in good order and condition, with all drifts, shafts, tunnels and other passages where the said lessee shall have worked thoroughly clear of loose rock and rubbish and drained, and the mine or mines ready for immediate and continued working (accidents not arising from negligence alone excusing) without demand or further notice on the said 1st day of August, 1959, at noon or at any time previous upon demand for forfeiture.

And finally, that upon the violation of any covenant or covenants hereinbefore reserved, the term of this lease shall, at the option of the said lessor, expire, and the same and the said premises shall become forfeited to the said lessor, and the said lessor or its agents may thereupon, with or without notice,

enter upon said premises and dispossess all persons occupying the same with or without process of law, and with or without force or at the option of the said lessor, the said lessee and all persons found in occupancy may be proceeded against as guilty of unlawful detainer.

And the said lessor expressly reserves to itself the property and right of property in all mineral to be extracted from said premises during the term of this lease.

At the expiration of this lease a copy of all working maps of the said premises shall be delivered to the lessor.

The lessee will at all times procure and carry such Workmen's Compensation Insurance as may be required under the laws of the State of Colorado, whereby the lessor will not be subject to the provisions of Section 328, Chapter 97, of the Colorado Statutes Annotated.

Each and every clause and covenant of this Agreement of Lease shall be construed to be binding upon and made for the benefit of the parties hereto and their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed, in several counterparts, by their respective Presidents, with their respective corporate seals hereto affixed, attested by their respective Secretaries.

KENNEBEC MINING COMPANY

By R. E. Moynahan
President

ATTEST: G. H. Robert
Secretary

SHELBY JOHNSON MINES, INC.

By R. N. Ramurew
President

ATTEST:
Harold N. Hilney
Secretary

MF-103
ril 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 1528 X

Date received 6-4-51

Participation

SHELBY-JOHNSON MINES, INC
Principal office, 716 Colo.
Bldg. Denver 2, Colo.
Field office, Fairplay Colo.

A Colorado Corporation

Name and address of applicant

Date 5/29/51

FILL IN THIS BLOCK

Date of application 5/5/51

Estimated cost $ 9800.00

Mineral or metal lead, zinc, manganese

Percentage of Government participation fifty per cent

Location of mine Mosquito Mining District, County of Park and State of Colo. on Loveland Mountain

Date of filing MF-100

DMA Docket Number, if available 1528 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

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

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

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

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

16—64067-1

JUN 7 1951

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.

Shelby-Johnson Mines, Inc. (Name of company) By Everett Johnson (Signature of authorized official)

May 29, 1951 (Date) Vice President (Title)

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

*Same as footnote on page 1.

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

ANSWERS to the APPLICANT QUESTIONS

1. Colorado Corporation

3. R.H.Rasmussen , President, DeKalb, Ill.
Everett Johnson, Vice Pres. and Ass't. Treas. Fairplay, Colo.
Major Roy Johnson, 20 S.Jersey, Dayton, Ohio. (in service)
S.Donald Crowell, Oregon, Ill.
John Bryant, DeKalb, Ill.
Harold Widney, Sec'y. and Treas. 716 Colo. Bldg. Denver 2, Colo.
Charles Jordan, Advisory Supt. Buena Vista, Colo.

Five largest stockholders are:
R.H.Rasmussen, DeKalb, Ill.
Thomas Roberts Sr. DeKalb, Ill.
Thomas Roberts Jr. DeKalb, Ill.
S.Donald Crowell, Oregon, Ill.
Mary E. Roberts, DeKalb, Ill.

4. The Shelby-Johnson Mines, Inc. has been operating as a mining Corporation for the past two years. We believe that our 800' crosscut tunnel which we have driven into Loveland Mountain is among one of the best exploration tunnels driven in Colorado in recent years. Our Corporation employs Charles Jordan as our advisory Superintendent. He is the successful co-owner and manager of the Buckskin Joe Mine located nearby,which has been a consistent producer of Zinc for the last several years. The President of our Organization holds a high position in one of the outstanding seed companies. One Director is the head of a successful insurance company. Another Director has a successful law business, and another is now a Major in the U.S.Air Corp. Previously, he was State Commander of the Ill. Air Force Reserves

5. The property is leased from the owners, but all of the owners of the Shelby property are stockholders in the Organization. Two of the owners are also directors of the Corporation.

6. I, Everett Johnson, co-owner and agent for the owners of the Shelby Property and Vice President of the Shelby-Johnson Mines Inc., do hereby state that there are no encumbrances, claims, or liens against the property.

7. The lease is in good standing.

8. Our Corporation is incorporated for $200,000. and to date we have issued only 70,611 shares of stock at $1. each. Many of the present stockholders will take more stock if necessary. The policy of the Company is not to issue or sell more stock than necessary. We have spent over $65,000. for exploration work, and to date there has been no sale of ore.

9. Equal participation with Government.

The property

10. (a) Mary Adair lode, Sur. #1688; Shelby Lode, Sur. # 2930; Congress lode, Sur. # 3295; Franklin lode, Sur. #6498; Legal Tender lode, Sur. # 6671; Little Pearl lode, Sur. #7181; John Logan lode, Sur. #7415; Boston City & Boston City NO.1 lodes, Sur. # 7687; Boreas & Nable lodes, Sur. #7721 in Mosquito Mining District, County of Park, States of Colo.
(b) Comaron lode, Sur. Lot # 2438 Book 24 page 389 Park County records. Little Pearl, lode Patent #7181; Sec. 9 Tp. 9, R. 78 W.; Book 56 page 22 Park County, State of Colo. Shelby, lode, Patent # 2930; Sec. 9 Tp. 9, R. 78 W. Book 56 page 19 Park County records, State of Colorado
11. Known formerly as Shelby property
12. Approximately 3½ mi. from Alma (SW) 2 mi. County Rd 1½ private rd. Distance to Leadville Colo. 57 mi. Good paved highway exc. 1½ mi. priv rd.
13. Sufficient to operate at all times 150 gal. developed from mine electric power cost per hr ___ Public Service Co.
14. Bunkhouse, compressor house, tool house, compressor, airlines cars, rails sufficient for efficient satisfactory operation.
15. Trucked to Leadville 57 mi. or to rail at Buena Vista 37 mi.
16. History. (a) Cross cut drift 800'; branches on veins 400'; 1500' drifts old operation; 212' shaft; operations suspended because ore bodies were exhausted
XXXX (b) Orphan Boy, Buckskin Joe now operating producing last 10 years principally high grade zinc and some gold.
(c) Dr. Norman of the New Mount Mining Co. has examined this property and reccomends diamond drilling here suggested.

17. No production.
18. Ore (a) low grade mill ore lead and zinc assaying com 17%, vein 18 ' wide: one pocket high grade lead & zinc assaying 40% lead 20% zinc approx. 10 tons.
(b) Maps submitted herewith also assay reports.
(c) 300 tons manganese grading 25% or more
19. None
20. Lodes of lead and zinc principally also gold & silver.
21. Diamond drilling as suggested by Dr. Norman and shown on maps accompanying application searching for above mentioned minerals Estimated time 90 days.
22. Mosquito Mining Dist. Maps by Fuller and Vanderbilt

23. We have arranged to contract the diamond drilling.
(a) The job will take three men; the diamond driller, a helper, and a compressor man. We estimate the total cost at [illegible] per ft. This includes the power bill.
(b) The cost of supervisors is included in the above figure.
(c) Facilities, structures, and buildings are in good condition.
(d) Only water and air line needed. Cost included in (a).
(e) none
(f) none
(g) Included in (a).
(h) Included in (a).
(i) none

24. We expect to average around 15' per day. Thus the drilling of 1[illegible]5' will require about three months. The estimated cost will be [illegible]980. As you will note the drill holes plotted show a total footage of 1000'. We are of the opinion that the drilling of these holes will give us information making it advisable to drill further. Thus we figured approximately a [illegible] additional footage.

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

224 New Customhouse
Denver 2, Colorado

October 13, 1954

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 1528 (Lead-Zinc), Contract Idm-E27 Amended, Shelby-Johnson Mines, Inc., Mabel Adit, Park County, Colorado - FINAL PAYMENT

Reference is made to our memorandum of April 23, 1954, whereby we transmitted the final Form MF-104 Operator's Monthly Progress Report and Voucher for the month of March 1954 and instructed you to withhold the amount of $100.00 from reimbursement to the operator pending receipt of the operator's final report and release of a Report of Review by the Contract Administration and Audit Division.

The operator's final report is on file in this office, therefore we now recommend that final payment to the operator be made in conformance with the Report of Review by the Contract Administration and Audit Division dated August 19, 1954, which was released to this office October 13, 1954.

Basis for final payment

Total accepted cost.....	$9,800.00
Government participation at 50%....	4,900.00
Total prior payments.....	4,799.99
Balance due the Operator.....	$ 100.01

JWT:jp
cc Subject
Chron
Sec. to Op. Comm. (2)
WMTraver
JWTownsend

W. H. King

Paid 100.01
Randel R. Cooper
Randel R. Cooper
Authorized Certifying Officer
10/22/54
DMA-SS-29

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

DEPARTMENT OF THE INTERIOR
Colorado Mineral Museum
RECEIVED
OCT 28 1954

224 New Customhouse
Denver 2, Colorado

October 26, 1954

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 1528 (Lead-Zinc), Contract Idm-E27 Amended, Shelby-Johnson Mines, Inc., Mabel Adit, Park County, Colorado.

Enclosed are two copies of a memorandum to Mr. T. A. Christensen, dated October 13, 1954, relative to final payment under the terms of the subject contract.

Final payment to the Operator in the amount of $100.01 has now been made in conformance with the Report of Review by the Contract Administration and Audit Division, dated August 19, 1954, which was released to this office October 13, 1954.

W. H. King

W. H. King

Enclosures

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

224 New Customhouse
Denver 2, Colorado

May 4, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 1528 (Lead-Zinc), Contract Idm-E27 Amended, Shelby-Johnson Mines, Inc., (Mabel Adit), Park County, Colorado.

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data pertaining to work under the subject contract for the month of March 1954.

W. H. King

Enclosures

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1954 Docket No. DMEA 1528 Contract No. DMA - P 27
Operator's Name Shelby Johnson Mines Inc Minerals Lead - Zinc
Address Alma, Colorado.
Contract Amount, $ 9800.00 Government Participation: 50% Amount, $ 4900.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Stage 1		4981.34	4981.34			
Stage 2 Item 1 Bulldozing		777.00	777.00			
Stage 2 Item 2 Crosscutting		422.00	422.00			
Stage 2 Item 4 Drifting	595.00		595.00			
Stage 2 Item 3	576.00	2448.00	3024.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1171.00	8629.00	9800.00	1171.00	8629.00	9800.00

I certify that the above bill is correct and just and that payment therefor has not been received.

Date April 16-54 *Payee Shelby Johnson Mines Inc

Per Chas W. Jordan Title Mgr.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 485.50

Signature [illegible]
(Authorized Certifying Officer)

Date 4/29/54 Vou. No. DMA 54-116
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E27 in accordance with the terms of the contract.

Signature M. H. Salabury $581.50 WMT Title Mining Engineer Date April 20, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R. A.

Signature W. H. King Title Executive Officer Date APR 28 1954

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF–104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF–104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF–104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF–104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF–200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF–200; and delete word "Independent" if the contract reported is on Form MF–200 (A). Also, report work paid for on a unit basis under contract Form MF–200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF–104 when submitted for reimbursable expenses incurred under contract Form MF–200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF–200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF–104 is required to be documented. The four copies of Form MF–104 are not to be thus supported.

Form MF–104 submitted for reimbursement under fixed price contracts on Form MF–200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF–104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form EXF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 7 - 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1954 Docket No. DMEA 1520 Contract No. IDM-227
Operator's Name Shelby Johnson Mines Inc Minerals Lead & Zinc
Address Alma, Colorado.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Stage 2 Drifting item 4	foot	595.00	17	595.00	17	595.00	17	595.00
Stage 2 item 1 Raise and adit	1	777.00	1	777.00	1	777.00	1	777.00
Raising								
Stage 2 item 2 Unit station	1		1	422.00	1	422.00	1	422.00
Winzes item 3 Stage 2	foot	576.00	8	3024.00	42	3024.00	42	3024.00
Drilling: Core Stage 1	foot			4981.84	743	4981.84	743	4981.84
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1171.00		9800.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		1171.00		9800.00				9800.00

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

Remarks: This report completes the contract.

Date April 16-54 Operator Shelby Johnson Mines Inc

Per Chas. W. Jordan Title Gen.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
MAY 7 - 1954

Administrative Audit Difference Statement

Date: April 27, 1954
Payee's
Reference: Progress Report

March, 1954

Shelby-Johnson Mines, Inc.,
716 Colorado Building
Denver 2, Colorado

Upon examination of the above Payee's reference a difference was found which made it necessary to suspend your account accordingly:

50% of the Amount Claimed	$ 505.50
Difference	$ 100.00
Amount Approved	$ 405.50

The reason for the difference was due to:

$100 is being withheld from payment the Operator pending receipt of Operator's final report and release of final report of review by the Contract Administration and Audit Division.

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N.E.Stokes
Audit Section

R-IV-B & F Form No. 4
4-15-52 D

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

224 New Customhouse
Denver 2, Colorado

April 28, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 1528 (Lead-Zinc), Contract Idm-E27 Amended, Shelby-Johnson Mines, Inc., (Mabel Adit), Park County, Colorado. Operator's Monthly Progress Report for the period March 1954.

Enclosed are the original and four copies of Form MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 per cent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

An amount of $100.00 of the payment due the Operator is to be withheld pending receipt of the Operator's final report and release of the final report of review by the Contract Administration and Audit Division.

Remarks:

Date of Report	April 16, 1954.
Date Received in Field Office	April 19, 1954.
Date Received in Region Office	April 27, 1954.

W H King
W. H. King

Enclosures

RDB:cwm

cc: Contract; Secretary to the Oper. Comm. (2); WMTraver; JWTownsend; Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 26, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMA 1588, Contract IBM-E27 Amended (Lead-zinc), Shelby-Johnson Mines, Inc. (Mabel adit), Park County, Colo.--Progress report for March 1954

Enclosed are the original and four copies of the above progress report, the third and final one under the short-form amendment--forms MF-104 and MF-104A, with narrative--and the original and six copies of M. H. Salsbury's memorandum covering his inspection of the underground progress and checking of the reporting forms. The contract is operating under an amendment prepared on short form MF-200(A) and documentation is not required.

Salsbury verified the completion of all work allowed by the contract on an inspection made March 30. The period work comprised 8 feet of winze sinking for a total of 48.0 feet and 17 feet of crosscutting as stated in the narrative and entered on the MF-104A forms. The operator completed considerable other work as described in his narrative and by the engineer in his memorandum. No claim for reimbursement is made for this work. The entries and extensions are in order on the reporting forms and operations are in conformance with the terms of the contract amendment.

Payment is approved and certified on the MF-104 forms of $585.50, or 50 percent of the total $1,171.00 claimed by the contractor.

The operator's representative has submitted a final report, and the engineer is preparing one. Subject to a final audit report by the representative of the Contract Administration and Audit Division, it is recommended that final payment be made to the contractor of all sums withheld in the usual manner after all reports are in and accepted by you.

W. M. Traver

W. M. Traver

enclosure

WMT/kp

cc 4, E27 Am., Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 21, 1954

Memorandum

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

From: M. E. Salsbury

Subject: DMA 1588, Contract IDM-M7 Amended (Lead-zinc), Shelby-Johnson Mines, Inc. (Mabel adit), Park County, Colo.--Progress report for March 1954

Progress under the subject contract was inspected on March 30, 1954, in company with D. R. Mhalaren of the Geological Survey, and Chas. W. Jordan, manager for the contractor. Forms MF-104, MF-104A, and a narrative report for March were submitted by the contractor in quintuplicate and in correct form.

Payment is claimed for 8 feet of winzing under item 3, Stage II, and 17 feet of crosscutting under item 4, Stage II of the contract. This work completes exploration authorized under the contract and is not in excess of allowable maximums.

The inspecting engineer verified 32 feet of crosscutting from the bottom of the winze, which is in excess of the amount claimed. The floor of the sublevel in the winze was measured at 38.2 feet below the collar. The contractor claims 3.8 feet more to the bottom of the sump which had been filled in when the sublevel was started. The inspector could not verify this by measurement. However, there was loose muck below the sublevel and there is no reason to doubt Jordan's statement.

On March 30, 1954, neither the ore in drill hole No. 6A, which was the objective, nor the drill hole itself had been encountered. A Brunton survey of the underground workings was made by the examining team and the probable position of the drill hole was determined to be 18 feet from the winze and 2 feet in the west wall of the crosscut. Jordan reports that one drift was driven 9 feet to the west at the 18-foot point and another 4 feet to the east. Five-foot holes radiating from these openings were drilled without encountering any mineralization or other sign of the diamond drill hole. All work after March 25 was done at the contractor's expense. The operation was closed down in April after Jordan notified the Mineral Resources

Branch of his intent. Jordan submitted a final report on the project dated April 15, 1954, in which he states that, in his opinion, the drill hole penetrated a "boulder" of ore similar to several encountered in the winze, and that sufficient work had been done to prove that there was no worthwhile ore occurrence near the drill hole. He makes a similar statement in his March narrative. The inspecting engineer concurs in this conclusion. Failure to find the drill hole probably results from slight errors in determining direction and attitude of the drill hole, which was not surveyed.

Monthly unit totals entered on forms MF-104 and MF-104A for March 1954 are correct.

All work was done in accordance with the terms of the contract.

Payment of $585.50, or 50 percent of the amount claimed, $1,171.00, is approved, subject to final audit.

M. H. Salisbury
M. H. Salisbury
Mining Engineer

MHS/kp

cc 6
M27 Am.
Chron

Alma Colorado.
April 15, 1954

Department of Interior,
Executative Office Region IV.,
Room 267 Bldg 20,
Federal Center, Denver, Colo.

Re- DMA 1528 Contract IDM -E 27
Narrative for March.

Dear Sir:-

The month of March saw the completion of the remaining eight feet of winze being sunk , then levelled and a drift driven into the vein to the west. After cutting through the vein the drift was turned North east toward the drill hole. As there was a slip running in this direction it was followed . As there was no ore or drill hole encountered at the distance of seventeen feet the drift was carried on for a distance of 32 feet past the winze. When at this point the engineers for the dDepartment arrived to check the work and also to check up on the relation of the drill hole to the drift.

The Engineers and Geologists surveyed out the work done and tied it in with the map. According to their calculations the drill hole was at a point two feet in the left wall and a distance of about eighteen feet from the winze. We then took this point as a center and drove out a five foot drift in the wall a distance of about nine feet, we then sent out five foot , feeler drill holes in various direction trying to locate the ore shown by the drill hole. This drift and drill holes gave us no information. As the drill hole might have slanted more towards the East it was thot advisable to also drift in that direction , which we did for a distance of four feet and again sent out feeler holes. We again got no results.

The area explored must have been in close proximity to the drill hole but there was no indication of there being an ore body in that location. There was little mineralization or alteration of the country rock to indicate an ore deposit. In the process of sinking the winze there was encountered at various points large boulders of very good ore, we sorted out about a mine car of it. These boulders seem to lay out in the country rock along a small fracture that was not even mineralized. It is my opinion that the drill hole went through some sort of mineralization of this order and that at the point explored there was no commercial ore body.

Yours very truly,
Shelby Johnson Mines Inc.

By Chas D. Jordan Mgr.

Form MF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1954 Docket No. DMEA 1523 Contract No. Idm-E27
Operator's Name Shelby-Johnson Mines, Inc. Minerals Lead-zinc
Address Alma, Colorado
Contract Amount, $ 9800.00 Government Participation: 50 % Amount, $ 4900.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts: Drilling Stage I		4981.34	4981.34			
Rehabilitate Mabel adit Stage II, Item 1		777.00	777.00			
Excavate & prepare winze station, Stage II, item 2		422.66	422.66			
Winzing, Stage II, Item 3	2448.00		2448.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2448.00	6181.00	8629.00			

I certify that the above bill is correct and just and that payment therefor has not been received.
Date March 12, 1954 *Payee Shelby-Johnson Mines, Inc.
Per Chas. W. Jordan Title Manager

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1224.00

Signature (Authorized Certifying Officer)

Date 3/25/54 Vou. No. 54-98

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idma-E27 in accordance with the terms of the contract.

Signature W.H. Salsbury $12,400 WM Title Mining Engineer Date March 22, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R.D.B.

Signature John F. Shaw for W. H. King Title Executive Officer Date MAR 25 1954

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form EMF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February 1954 Docket No. DMEA 1528 Contract No. Idm-E27
Operator's Name Shelby Johnson Mines, Inc. Minerals Lead-zinc
Address Alma, Coloredo

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Stage II, Item 1 Rehabilitation Mabel adit	1			777.00	1	777.00	1	777.00
Excavate & prepare winze station, Stage II Item 2	1			422.66	1	422.66	1	422.66
Winzes Stage II, Item 3	Foot	2448.00	34	2448.00	34	2448.00	42	3024.00
Drilling: Core Stage I	Foot			4981.34	743	4981.34	743	4981.34
Churn								
Auger								
~~Sinking~~								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		2448.00		8629.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		2448.00		8629.00				9800.00

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

Date March 12, 1954 Operator Shelby-Johnson Mines, Inc.

Per Chas. W. Jordan Title Manager

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

Remarks:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

March 25, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 1528 (Lead-Zinc), Contract Idm-E27 Amended, Shelby-Johnson Mines, Inc., Mabel adit, Park County, Colorado. Operator's Monthly Progress Report for the period February 1954.

Enclosed are the original and four copies of Form MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks:

Date of Report	March 12, 1954.
Date Received in Field Office	March 22, 1954.
Date Received in Region Office	March 24, 1954.

John F. Shaw
For W. H. King

Enclosures

RDB:cwm

cc: Contract
Secretary to the Oper. Comm. (2)
WMTraver
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 23, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMA 1526, Contract Idm-E27 Amended (Lead-zinc), Shelby-Johnson Mines, Inc. (Mabel adit), Park County, Colorado--Progress report for February 1954

Enclosed are the original and four copies of the above progress report, the second one under the amendment--forms MF-104 and MF-104A, with narrative--and the original and six copies of M. H. Salsbury's memorandum covering the inspection of underground progress and review of the reporting forms. The amendment is unit cost on short form MF-200(A), and documentation is not required.

Salsbury confirms the 34.0 feet of winzing shown on the MF-104A forms but not mentioned in the contractor's narrative. Work was performed satisfactorily in accordance with the terms of the amended contract and entries and extensions on the reporting forms are correct.

Payment is approved and certified on the MF-104 forms of $1,224.00, or 50 percent of the total $2,448.00 claimed by the contractor.

W. M. Traver

W. M. Traver

enclosures

WMT/kp

cc 4
E27 Amend.
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 23, 1954

Memorandum

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

From: M. H. Salsbury

Subject: DMA 1528, Contract Idm-827 Amended (Lead-zinc), Shelby-Johnson Mines, Inc. (Mabel adit), Park County, Colorado--Progress report for February 1954

Progress under the subject contract was inspected on March 5, 1954, in company with Ed Snell, foreman for the contractor. At that time the winze on the Mabel vein had been sunk 34 feet, measured from the track level of the adit tunnel.

The contractor claims payment for 34 feet of winzing at $72.00 per foot under item 3, of Stage II, exhibit "A" of the contract. This work has been verified and is approved for payment.

Small lenses of ore have been encountered along the hanging wall of the winze throughout the entire length of the winze. However, no commercial ore has been found. Eight feet of winzing under item 3, and 17 feet of crosscutting under item 4, Stage II, remain to be completed.

Monthly unit totals entered on forms MF-104 and MF-104A for February as resubmitted on March 22, 1954, are correct.

All work was done in accordance with the terms of the contract.

Payment of $1,224.00, or 50 percent of the amount claimed, $2,448.00, is approved.

M. H. Salsbury
M. H. Salsbury
Mining Engineer

MHS/kp

cc 6
827 Amend.
Chron

Alma, Colorado.
March 12, 1954.

Department of Interior,
Executative Officer Region IV
Bldg. 20 Room 137,
Federal Center, Denver, Colo.

Re- DMA 1528 Contract I-N MA -227
Stage #2 Item #3
Narrative for February 1954.

Dear Sir:-

In the completing of item 3 of Stage #2 of the above contract we encountered only a small amount of difficulty although it was a factor in slowing up the work. After getting down about twenty feet t he shots shook up a part of the foot-wall and hanging and it was deemed advisable to crib off about eight feet of this part of the winze. The hanging wall has held fairly well although due to a cross slip we have had some trouble keeping the foot-wall picked down. Ther has been so me water encountered all the way down the winze but with some dipping and the amount taken out with the muck it hasn't proven itself too troublesome.

In sinking the winze we have ~~xxxxx~~ encountered very little mineralization. At various points there were bunches of lead zinc ore of a good grade. The word bunches I think very definitely describes the mineralization, as those bunches seem to come from no where and lead no where. I definitely think that the winze is being sunk on the foot -wall of the vein in the country rock. by that I mean the hanging-wall of the winze is the foot-wall of the vein. The ore showing in 6A drill-hole is definitely in the hanging-wall side of the vein.and it may be that after we break through the vein with the drift to the drill-hole we will encounter more continuous ore. We also found on sinking that the steep dip of the vein as it was shown in the surface working and stope has changed decidedly due to a roll about fifteen feet down the winze. We find that the vein in the winze has moved towards the west about ten feet, which will reduce the contemplated distance that we will have to drive to encounter the drill hole. We also find that the winze sets about ten feet south of the drill hole.

Yours very truly,
Shelby-Johnson Mines Inc.
by Chas. F. Jordan
Mgr.

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

224 New Customhouse
Denver 2, Colorado

March 4, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 1528 (Lead-Zinc), Contract Idm-E27 Amended, Shelby-Johnson Mines, Inc. (Mabel adit), Park County, Colorado.

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data pertaining to work under the subject contract for the period December 1953 and January 1954.

W. H. King

Enclosures

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of ~~January~~ December, 1953 Docket No. DMEA 1028 Contract No. I-DMA-5 27

Operator's Name Shelby Johnson Mines Inc Mineral Pb & Zn

Address Alma, Colorado

Contract Amount, $10,800.00 Government Participation 50 % Amount, $ 4,900.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Stage 1		4981.34	4981.34			
Rehabilitating Adit Stage 2 Drifting Label	777.00		777.00			
Crosscutting 1						
Drifting						
Excavating Hinse station Stage 2	422.66		422.66			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1199.66	4981.34	6181.00	1199.66	4981.34	6181.00

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Feb 11, 1954 *Payee Shelby Johnson Mines Inc

Per Chas W. Jordan Title Opr.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 59983

Signature [signature]
(Authorized Certifying Officer)

Date 2/26/54 Vou. No. DMA 54-85

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IDM-E27 Amend in accordance with the terms of the contract.

Signature M. H. Lahlum $599.83 WMT Title Mining Engineer Date Feb 15, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R. DB.

Signature W. H. King Title Executive Officer Date FEB 19 1954

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of ~~January~~ December 1953 195~~4~~ Docket No. DMEA 1528 Contract No. I-DMA-E 27

Operator's Name Shelby Johnson Mines Inc Minerals Pb. &Zn

Address Alma, Colorado.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Foot			4981.34	743		743	498134
Churn								
Auger								
Rehabilitating Adit ~~Equipping Hoist~~	1	777.00		777.00	1	777.00	1	777.00
Trenching								
Test Pits								
Roads and Trails								
Preparing Winze station	1	422.66		422.66	1	422.66	1	422.66
TOTAL DISTRIBUTED COSTS		1199.66		6181.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1199.66		6181.00				9800.00

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

Date ~~February 11-54~~ Operator ~~Shelby Johnson Mines Inc~~

Per W. Jordan Title ~~Mgr.~~

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

February 19, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 1528 (Lead-Zinc), Contract Idm-E27 Amended, Shelby-Johnson Mines, Inc. (Mabel adit), Park County, Colorado - Operator's Monthly Progress Report for the period December 1953 and January 1954.

Enclosed are the original and four copies of Form MF-104 and MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 per cent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks:

Date of Report	February 11, 1954
Date Received in Field Office	February 15, 1954
Date Received in Region Office	February 17, 1954

W. H. King

Enclosures

RDB:cwm

cc: Contract
Secretary ;to the Oper. Comm. (2)
WMTraver
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
February 16, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMA 1528, contract IDM-R27 Amend., (Lead-zinc) Shelby-Johnson Mines, Inc. (Mabel adit), Park County, Colorado--Progress report for December 1953 and January 1954

Transmitted herewith are the original and four copies of the above progress report, the initial one under the amendment--forms MF-104 and MF-104A, with narrative--and the original and six copies of M. H. Salsbury's memorandum covering his inspection of the underground progress and checking of the reporting forms. Under the amendment, work is being performed on a unit-cost basis as outlined on short form MF-200(A), and documentation is not required.

The contractor claims payment for completion of item No. 1, rehabilitation of the Mabel adit, and for item No. 2, winze station preparation, at an allowance of $777.00 and $422.66, or a total of $1,199.66. Salsbury confirms satisfactory completion of both in accordance with the terms of the contract, and finds entries and extensions correct on the reporting forms.

Payment is approved and certified on the MF-104 forms of $599.83, or 50 percent of the total $1,199.66 claimed by the contractor.

W. M. Traver

W. M. Traver

enclosures

WMT/kp

cc: 4
R27 Amend.
Chron

Payment of $599.83, or 50 percent of the amount claimed for December 1953 and January 1954, $1,199.66, is approved.

F. W. Everett, for
M. H. Salsbury
Mining Engineer

MHS/kp

cc: 6
RRT Amend.
Chron

Alma, Colorado.
February 11, 1954

Department of Interior,
Executative Officer Region IV,
Bldg., 20 Room 137,
Denver, 14 Colo.

Re- Lma 1528 Contract I-Bm -E 27
Stage #2 Items #1 & #2
Narrative for December 1953
& January 1954.

Dear Sir:-

During the month of December 1953 work was started on the rehabilitationof the Label Adit as per Stage II item #1 of the Amended contract. During the beginning of the work we were blessed with fairly good weather which allowed us to get started on the portal and far enough underground to start a snow shed. We were also able to get the air line strung up the hill from the compressor. We were most fortunate in this as the weather turned bad and it was one difficult task getting the cars out onto the dump. We were required to constantly extend the snow shed until we had completed about firty feet. We also found that what we thot was caved muck in the Label tunnel was really the bottom of the tunnel and as it had been driven by the old timers with a wheel-borrow the grade was too steep for a car, being about a 4% grade. There was only one thing to do and that was to take up the bottom and place the entire tunnel into a good workable condition. This was more work than at first contemplated but we were able to complete it and get started on the station shortly after the first of the year.

The Item #2 of the Second stage , namely Excavating and preparing winze station was started during January 1954. There was considerable excavating to do as we had about four feet of bottom to take up at this point and also the propose winze came in under a part of an old stope that had to be timbered and held. We also found the ground rather shelley due to long exposure which required more muckin and boring down in order to make it safe for the timbering. this was also necessary as it was necessary to start our first cut-out of the winze before placing in any timbers, this we did going down about eight feet with the winze. When we had this amount of winze sunk we could then go ahead putting in our collar set and the other necessary set in the station with out taking a chance of shooting them out. We had all of this accomplished with the hoist set , the slide in and ready to start out sinking of the winze by the first of February.

Your very truly,
Shelby Johnson Mines Inc.
Chas. H. Jordan Mgr.

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

224 New Customhouse
Denver 2, Colorado

December 16, 1952 ~~Alle~~ Keating Betty

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 1528, Contract I-DMA-E27 (Lead-Zinc) Shelby-Johnson Mines, Inc., Park County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report MF-104 and 104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data for the month of October, 1952, pertaining to DMA Docket 1528, Contract I-DMA-E27, Shelby-Johnson Mines, Inc.

John F. Shaw
John F. Shaw for
W. H. King

Enclosures

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 16 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1952 Docket No. DMEA 1528 Contract No. 1-DMA-E27
Operator's Name Shelby-Johnson Mines Inc. Minerals Pb + Zn
Address Alma Colorado
Contract Amount, $ 9800.00 Government Participation 50% Amount, $ 4900.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Diamond	766.55	3662.79	4429.34			
Bulldozing						
Crosscutting						
Drifting						
Drill Sites		104.00	104.00			
(2) Labor and Supervision:						
Labor						
Supervision	100.00	390.00	490.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	866.55	4156.79	5023.34*	866.55	4156.79 -42.00	4156.79 -42.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Nov 11-52 *Payee Shelby-Johnson Mines Inc.
Per R. H. Jordan Title Agent

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
866.55 4114.79 4981.34
$ 433.27
Signature Naomi E. Stokes
(Authorized Certifying Officer)
Date 12/15/52 Voucher 53-70
(See other side)

* Previously Disallowed

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

Alma, Colorado.
November 11, 1952.

TO*** DEPARTMENT OF INTERIOR.
FROM ----SHELBY -JOHNSON MINES INC., ALMA, COLORADO. CONTRACT L- DMA- K 27
SUBJECT----NARRATIVE ATTACHED TO FORMS MF- 104 & MF 104 A.

As mentioned in previous narrative of Septembers work there was a fear that the deminishing water supply might run out before we would be able to finish up the drilling even on the upper holes . This fear was well founded and we ever had considerable difficulty in getting down D.D.hole 2A before running out of water in the tunnel. Last year late in October we had sufficient water even on the drill site late in October. By the ninth of that month this year there wasn't even a trickel out of the main cross-cut tunnel. There was no other alternative left but to haul water from Buckskin Creek, which was economically out of the question, or close down the drilling, the later we did on the eighth of October. As a consequence we were able only to finish the drilling on Hole 2A which was put down 115 feet.

Due to the shortage of water and loosing water in the hole we had considerable difficulty with stuck rods and the costs on this hole went up. The nature of the ground was simmilar to the holes previously drilled being mostly in the white lime. The hole was set out from the vein about fifteen feet in the hanging wall. After passing through mostly broken up lime at a depth of fifty feet we came into a bedding of zinc and lead ore about 18 inches in width. The ore , from appearances was a good grade of lead and zinc although it seemed to have had more zinc than we found in the ore cut in Hole 6A. I think that the contact point was about in the same horizon as we cut in 6A due to the tip of the beds it was encountered at a shallower depth.

In the five holes drilled we were able only to encounter ore in two of them. As all holes were in the hanging wall and the dip of the vein being in the neighborhood of 76 degrees I doubt if any of the holes passed through the vein proper and the ore encountered I feel certain was in beddings out from the vein in the hanging wall. I don't think that there is any great amount of ore in the area drilled but I have the feeling that there is a fair vein with perhaps two ore shoots and certain beddings that might make a small operation attractive with a high market.

Signed Shelby -Johnson Mines Inc.

by Chas. H. Jordan Agent.

DISTRIBUTION OF DIAMOND DRILLING
COSTS FOR OCTOBER 1952.
Shelby -Johnson Mines Inc

DRILLING	REAMING	CEMENTING	CASING SETTING & PULLING	CASING CHARGE	WATER HAUL
15ft @4.15 -63.25 100' @5.65 -565.00 Total $427.25	20'@2.50 $50.00	$12.00	$50.00	$15.30	$232.00

TOTAL COSTS $766.55

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

224 New Customhouse
Denver 2, Colorado

December 8, 1952

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMA Docket 1588, Contract I-DMA-227 (Lead-Zinc) Shelby-Johnson Mines, Inc., Park County, Colorado - Operator's Monthly Progress Report for the period of October, 1952

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Completion time for this contract as allowed by amendment has expired as of October 23, 1952. Operations on this property have have been suspended for the winter months but the operator intends to request another amendment to allow more time as only about half of the allotted money has been used as of the expiration date.

W. H. King
W. H. King

Enclosures

HDB:oc

cc: Contract
Secretary to the Operating Committee (2)
WMTraver
Chron.
AHKoschmann (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado
November 26, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMA 1526, Contract I-DMA-R27 (Lead-zinc), Shelby-Johnson Mines, Inc., Park County, Colorado - October 1952 progress report

Please find enclosed five copies of the above progress report--forms MF-104 and MF-104A, with required documentation--and seven copies of C. M. Harrer's memorandum covering inspection of accounts.

Inspection of the small amount of core drilling completed during October is being deferred until later on my instructions. The progress report was received in the Colorado Branch office November 20, 1952.

Harrer verifies the accounts, as reported in his memorandum.

Payment is approved of $433.27, or 50 percent of the total $866.55 claimed by the contractor, subject to Region IV audit.

W. M. Traver Jr.

W. M. Traver, Jr.

enclosures

WMT/amh

cc 4
AHKoschmann
R27
DMRA Chron.

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20
Denver Federal Center
Denver 14, Colorado
November 26, 1952

Memorandum

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

From: C. M. Harrer

Subject: DMA 1525, Contract I-DMA-827 (Lead-zinc), Shelby-Johnson Mines, Inc., Park County, Colorado - October 1952 progress report

Accounts were checked on November 21, 1952, and are allowed under the contract and drilling subcontract.

Diamond drill hole 3A was verified as completed at 117 feet during the last inspection on September 30. Completion of diamond drill hole 2A to a depth of 115 feet is approved without examination at this time since the project is closed for the winter. C. W. Jordan, agent for Shelby-Johnson Mines, Inc., verifies the depth of hole 2A in his narrative. He has a reputation for honesty.

Water was hauled to the project at a cost of $1.00 per foot of advance. It is allowed in conformance to last month's approval.

RECAPITULATION

Diamond Drill Hole	Dip of Hole	Depth of Hole	Remarks
2A	76°	115 feet	Completed in October 1952, project terminated for the season
3A	80°	117 feet)	
4A	85°	112 feet)	Completed September 1952
5A	90°	115 feet)	
6A	90°	125 feet)	

552

Work was accomplished in conformance with contract amendment No. 3, dated September 16, 1952, and expenditures of $866.55 by Shelby-Johnson Mines, Inc., during October 1952 are approved. U. S. Government participation is $433.27.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/amh

cc 6
AHKoschmann
R27
DMA Chron.

1528

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

224 New Customhouse
Denver 2, Colorado

October 30, 1952

Betty

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 1528, Contract I-DMA-827 (Lead-Zinc) Shelby-Johnson Mines, Inc., Park County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data for the month of September, 1952, pertaining to DMA Docket 1528, Contract I-DMA-827, Shelby-Johnson Mines.

W. H. King
W. H. King

Enclosures

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.3
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September 1952 Docket No. DMEA 1528 Contract No. 1-DMA-E27
Operator's Name Shelby Johnson Mines Inc. Minerals Pb + Zn
Address Alma Colorado
Contract Amount, $ 9800.00 Government Participation 50 % Amount, $ 4900.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Diamond	2390.79	1272.00	3662.79	2,348.79	1,272.00	3,620.79
Bulldozing						
Crosscutting						
Drifting						
Drill Sites		104.00	104.00		104.00	104.00
(2) Labor and Supervision:						
Labor						
Supervision	220.00	170.00	390.00	220.00	170.00	390.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
			41.56.79			
TOTALS	2610.79	1546.00	~~4052.79~~	2,568.79	1,546.00	4,114.79

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Oct 8-52 *Payee Shelby Johnson Mines Inc

Per C. W. Jordan Title Agent

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1284.39

Signature [illegible]
(Authorized Certifying Officer)

Date 10/27/52 Vou. No. DMA 53-53

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-E27 in accordance with the terms of the contract.

Signature C. M. Harper WMT Title Mining Engineer Date Oct. 10, 1952

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Signature John T. Shaw for W. H. Kerr Title Operation Officer Date 10-17-52

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 1952 Docket No. DMEA 1528 Contract No. 1-DMA-E27
Operator's Name Shelby Johnson Mines Inc Minerals Pb + Zn
Address Alma Colorado

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core Diamond	foot 469	2610.79	4.69 5.57	3882.79	628'	6.18 ~~6.24~~	1225	7300.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails Drill Sites				274.00	6	45.67	9	500.00
Total Distributed Costs		2610.79		4156.79				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs				4156.79				

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

Date Oct 8-1952 Operator Shelby-Johnson Mines Inc
Per C. W. Jordan Title Agent.

Remarks:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

Administrative Audit Reference Statement

Date: October 24, 1952
Payee's
Reference: Progress
Report - Sept. 1952

Shelby-Johnson Mines, Inc.
716 Colo. Bldg.
Denver 2, Colo.

Upon examination of the above Payee's Reference a difference was found which made it necessary to suspend your account accordingly:

Amount Claimed $2,610.79

Difference $ 42.00

Amount Approved $2,568.79

The reason for the difference was due to:

Disallowed by Sub-contract:	Setting of standpipes	15.00
	Lumite Cement (1 sack)	6.00

Contract states that the drilling contractor will stand the expense of installation and setting of standpipe and cost of cement.

Charge for moving from Hole 5A as charged by drilling sub-contractor	21.00
	$42.00

Any reclaim for deductions made above must be supported by the ORIGINAL of this form.

Very sincerely yours,

N. E. Stokes
Audit Section

B-T-R & F Form No. 4

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

October 17, 1952

Memorandum

To: T. A. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 1528, Contract I-DMA-827, (Lead-Zinc) Shelby-Johnson Mines, Inc., Park County, Colorado - Operator's Monthly Progress Report for the period of September, 1952

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been accomplished as authorized in the contract and payment is recommended as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and mathematical accuracy of computations, except for the following deductions:

Setting Standpipes		
Hole 4A - 2 hrs.	$6.00	
Hole 5A - 1½ hrs.	4.50	
Hole 3A - 1½ hrs.	4.50	
		$15.00
Hole #5A - "Requested to move off hole - 7 Hrs.."		$21.00
1 Sack Lumnite Cement		6.00
		$42.00

The subcontract, approved by DMRA, dated October 22, 1951, between Shelby-Johnson Mines and Rocky Mountain Diamond Drill Company states that the drilling contractor will stand the expense of the installation and setting of standpipe and the cost of cement. These charges billed by the subcontractor are disallowed. We can find nothing in the subcontract to allow for the charge of moving from hole #5A as charged by the drilling subcontractor.

John F. Shaw

John F. Shaw for
W. H. King

Enclosures
WLD:oc

cc: Contract
Secretary to the Operating Committee (2)
WMTraver
Chron.
Koschmann (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

XXXXXXXXXXXXXXXX

Region IV

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

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMA 1528, Contract I-DMA-E27 (Lead-zinc), Shelby-Johnson Mines, Inc., Park County, Colorado - September 1952 progress report

Please find enclosed five copies of the above progress report--forms MF-104 (revised) and MF-104A, with proper documentation--and seven copies of C. M. Harrer's memorandum covering inspection of underground progress and accounts.

The engineer inspector correctly disallows $6.00 for cement which, according to the subcontract, should be furnished without charge. He has corrected and completed the MF-104A forms.

You may not consider certification of the distribution form, showing a total of $162.59 for casing left in drill holes, as a substitute for written authority to the subcontractor to do so. In that case, the charge should be disallowed.

It is assumed you will also withheld the amount of $22.00 still due for disallowance made from the last previous account.

Harrer approves payment of $1,302.39, or 50 percent of the total $2,610.79 claimed by the contractor less the $6.00 disallowed. I am leaving the amount approved blank subject to your and the Audit and Accounts Section audit.

W. M. Traver Jr.

W. M. Traver, Jr.

enclosures

WMT/amh

cc 4
AHKoschmann
E27
DMKA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

XXXXXXXXXXXXXX

Region IV

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

Memorandum

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

From: C. M. Harrer

Subject: DMA 1528, Contract I-DMA-R27 (Lead-zinc), Shelby-Johnson Mines, Inc., Park County, Colorado - September 1952 progress report

Accounts were checked on October 10, 1952, and are allowed under the contract and drilling subcontract excepting $6100 for one sack of Lumnite cement disallowed under paragraph (a), Contractor's Equipment and Services of the subcontract with the Rocky Mountain Diamond Drilling Company.

All casing listed on invoices for diamond drill holes 3A to 6A, inclusive, totaling $162.59 is allowed and the distributions to MF-104's signed by C. W. Jordan are assumed to satisfy the contract demand for written instructions for the retention or loss of casing in the various holes.

During the August inspection which took place on September 30, 1952, diamond drill holes 3A to 6A, inclusive, were verified completed as follows:

Diamond Drill Hole	Dip of Hole	Depth of Hole
3A	80°	117 feet
4A	85°	112 feet
5A	90°	115 feet
6A	90°	125 feet

Work was accomplished in conformance with contract amendment No. 3, dated September 16, 1952, and expenditures of $2,604.79 by Shelby-Johnson Mines, Inc., during September 1952 are approved. U. S. Government participation is $1,302.39.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/ash
cc 6
AHKoschmann
R27, DMRA Chron.

Alma, Colorado.
October 8, 1952.

TO D.M.S.A. Department of Interior
FROM Shelby Johnson Mines Inc , Alma Colo. Contract I-DMA-527
SUBJECT Narrative attached to Forms MF -104 & MF-104A

The month of September was confined to drilling and moving the drill set up. With the exception of stuck casing in hole #6A and a slow depletion of the water supply in the tunnel, which required a longer time to fill water tank, the work went along smoothly. We finished and completed the following holes during the month. 6A, 5A, 4A, and 3A.

On hole 6A. we had difficulty holding water as the first 30 feet of the hole parallels an old stope. At a depth of 50 to 60 feet there was a showing of galena in the cuttings then 8 feet of silicified limestone and then the hole passed through 24 inches of what appears to be a high grade lead ore, it passed right out of the ore into the lime again and remained barren until at a depth of 91 to 115 ft there was a disseminated showing of pyrite and galena in the core and in the cuttings. We carried the hole on down to 125 feet but the last ten feet was again barren. The entire hole seemed to have been in the white lime and the last or bottom of the hole seemed to show a limey quartzite which is near the bottom of the white lime horizon.

Hole 5A was our most expensive hole per foot due to the cavey ground and the loss of the casing. It along with 4A and 3A showed no mineralization and seemed to pass through mostly a silicified lime and shale. which due to its hardness did give us excellent cores and I think we will have better than a 98% core recovery.

The water in the tunnel seems to be dropping fast and Iam only having hopes that we will have sufficient water to finish up the last two holes on this set up namely #2A and 1A.

Signed Shelby Johnson Mines Inc.

By Chas W. Jordan Agent
Chas W. Jordan

DISTRIBUTION TO MF-104 SEPTEMBER 1952 CONTRACT I-DMA - 27

SHELBY JOHNSON MINES INC ALMA, COLORADO.

Items of Cost	Total Amounts	Drilling	Setting & pulling casing	Casing left & Charged	Cement charged	Water hauled & charged @ $1.00 per ft.
Diamond Core Drilling						
Hole 6A	650.65	481.25	18.00	20.40	6.00	125.00
Hole 5A	694.89	448.25	37.50	94.14		115.00
Hole 4A	563.65	415.15	19.50	17.00		112.00
Hole 3A	481.60	457.05	13.50	31.05		Not billed y
	$2390.79	1781.70	88.50	162.59	6.00	352.00
Supervision	220.00					
	$2610.79					

SHELBY JOHNSON MINES INC

BY. Chas. W. Jordan

AGENT.

1528

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

224 New Customhouse
Denver 2, Colorado

October 30, 1952

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 1528, Contract I-DMA-827, (Lead-Zinc) Shelby-Johnson Mines, Inc., Park County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Report, and other supporting data for the month of August, 1952, pertaining to DMA Docket 1528, Contract I-DMA-827, Shelby-Johnson Mines, Inc.

W. H. King
W. H. King

Enclosures

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1952 Docket No. DMEA 1528 Contract No. 1-DMA-E27
Operator's Name Shelby-Johnson Mines Inc Minerals Lead-Zinc
Address Alma, Colorado
Contract Amount, $ 9800.00 Government Participation: 50% Amount, $ 4900.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Prep for Drilling		1272.00	1272.00			
Prep for Drilling Drillsite	104.00		104.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	170.00		170.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	274.00	1272.00	1546.00	274.00	1,272.00	1,546.00

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Sept 26-53 *Payee Shelby-Johnson Mines Inc

Per A. H. Jordan Title Agent

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 137.00

Signature [illegible]
(Authorized Certifying Officer)

Date 10/27/52 Vou. No. DMA 53-53

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. I-DMA-E21 in accordance with the terms of the contract.

Signature C. M. Harper Title Mining Engineer Date Oct 2, 1952

$137.00 $122.00

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature J. L. Thomas for W. H. King Title Executive Officer Date 10-7-52

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(*a*) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(*b*) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(*c*) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1952 Docket No. DMEA 1528 Contract No. 1-DMA-E 27
Operator's Name Shelby-Johnson Mines Inc Minerals Lead & Zinc
Address Alma, Colo

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Feet	~~254.00~~		$1272.00	159	$8.00	1225	$9,300.00 Total
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Preparing D.D. Sites	Site	274.00	6	274.00	6	$45.67	9	$500.00 Total.
TOTAL DISTRIBUTED COSTS		274.00	6					TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS				$1546.00				

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

Date Sept 26-52 Operator Shelby-Johnson Mines Inc
Per A. W. Jordan Title Agt.

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

224 New Customhouse
Denver 2, Colorado

Mining Division
Region IV

October 7, 1952

Memorandum

To: T. A. Christensen

From: Acting Chief, Mining Division, Region IV

Subject: DMA Docket 1528, Contract I-DMA-E27 (Lead-Zinc), Shelby-Johnson Mines, Inc., Park County, Colorado - Operator's Monthly Progress Report, for the period August, 1952

Enclosed are the original and four copies of Form MF-104 and Form MF-104A, Narrative Report, and Engineer's Report for the above period.

Work has been accomplished as authorized in the contract and payment is recommended as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and mathematical accuracy of computations.

The matter of the deduction for the overpayment in the past will be clarified by an on-site audit prior to last payment.

for John F. Shea
W. H. King

Enclosures
WLD:es

cc: Sec. to the Operating Committee (2)
Contract
Traver
Chron.
Koschmann (2)

REGIONAL DIRECTOR

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

Building 20
Denver Federal Center
Denver 14, Colorado
October 3, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: RMA 1588, Contract I-RMA-R27 (Lead-Zinc), Shelby-Johnson Mines, Inc., Park County, Colorado - August 1952 progress report

Please find enclosed five copies of the above progress report--forms MF-104 and MF-104A, with narrative, cost distribution prepared by the inspecting engineer, and one copy of two receipted invoices--and seven copies of C. M. Harrer's memorandum covering inspection of the underground progress and accounts.

The cumulative totals on both MF-104 forms were confirmed and entered at this office by the inspector.

According to the previous subcontract under which the first 159 feet of drilling was performed, only $6.00 per foot could be collected. Due to my misinterpretation of the contract, $8.00 was passed for payment and, as a result, the contractor owes the Government 50 percent of $318.00, or $159.00. On this report he is only being paid $137.00 and thus still owes $22.00. Accordingly, I am approving no payment. The September 1952 report will be submitted shortly and inspection has been made so it can be processed promptly and the remainder due collected. It is suggested this voucher be held up until the September report is received.

The inspecting engineer approves payment of $137.00, or 50 percent of the total $274.00 claimed by the contractor. Both he and the contractor have discussed the situation with Jim Townsend.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/amh
cc 4
AHKoechmann
R27, RMRA Chron.

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Room 137, Building 20
Denver Federal Center
Denver 14, Colorado
October 3, 1952

Memorandum

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

From: C. M. Harrer

Subject: BMA 1525, Contract I-BMA-E27 (Lead-Zinc), Shelby-Johnson Mines, Inc., Park County, Colorado - August 1952 progress report

Accounts were checked with Charles W. Jordan, agent for Shelby-Johnson Mines, Inc., at Buena Vista on September 29, 1952. Progress and general details were discussed on the property near Alma, Colorado, on September 30.

The only work reported during August was the preparation of drill sites for diamond drill holes 1-A to 6-A, inclusive, under a verbal agreement with A. Flannigan, of Alma, Colorado, and 17 days' supervision by Charles W. Jordan.

Core from underground diamond drill holes 4 and 6, 74 and 85 feet deep, respectively, was verified and inspected. It is housed in the compressor house of the Shelby mine in large core boxes.

Work was accomplished in conformance with contract amendment No. 3, dated September 16, 1952, and expenditures of $274.00 by Shelby-Johnson Mines, Inc., during August 1952 are approved. U. S. Government participation is $137.00.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/amh

cc 6
AHKosebmann
E27
BMEA Chron.

SHEEDY - JOHNSON MINES, INC CONTRACT I-DAIN-E27
DISTRIBUTION TO MR 104, August 1952

Vendor	Total Amount	(1) Prospecting & Drill Holes	(1) Diamond Drilling	(2) Labor	(2) Supervision	(3) Power & Misc. Supplies
Chas Jordan 17 days @ $10 =	$170.00	—	—	—	$170.00	—
A. Hemingway Mena, Ala. (Total expense)	$104.00	$104.00	—	—	—	—

[illegible]

Alma, Colo.
September 26 1952.

To D.M.E.A. Department of Interior.
From Shelby Johnson Mines Inc.
Subject: Narrative Attached to Forms MF-104A & MF-104
for the Month of August 1952.

The month of August was one of start and stop and adjustment with little drilling being accomplished. This was due to a number of factors, namely:- location of holes to be drilled, weather conditions, and a change in the personal of the supervision of the work from last year, when Mr. Everett Johnson was in charge and made all arrangements with the department, to myself.

The location of diamond drill holes from 1A to 6A is directly under a large snow drift which lasts most of the summer months. The early part of the summer the sites are partially covered and the later part of the summer the water makes the site a sort of bog. Work was not contemplated until the first of August. Arthur Flannagan was hired then to cut out the ddrill sites and rough out a road to get in the equipment. When he started the rains did also. We got it done under difficulty. We were ready to order in the rig when I received a call from Mr. J.W. Townsend, 224 New Custom Bldg. wanting to know about certain cost items turned in by Mr. Johnson last year.

When I agreed to supervise and look after the drilling for the Shelby Johnson, along with my regular work with the Buckskin Joe Mines, I asked them to send me all the data in regards to the drilling and agreement with the government. I received a check book, map of the drill holes, a copy of amendment of contract No. I-DMA-E27 and a contract with the Rocky Mountian Diamond Drilling Co, dated October 22 1951. I could answer nothing over the phone for Mr. Townsend. I agreed to come down to Denver. In Denver I found the only contract approved was dated June 21 1951. I knew nothing in regards to this contract. From Mr. Townsend I received a copy of the main contract and found that nothing as to costs had been submitted under Exhibit D. As I knew nothing what so ever as to what had been done last year, also that the contract with Rocky Mountian Drilling dated Oct. 22 1951 and which was for the work to be done under the amendment had not been approved, I decided that I did not wish in any way to become involved, aligned, or in any manner associated in the work done last year. The work I was to handle came entirely under the amendment therefore the only thing I could do was to have the contract of October 22, 1951 approved, submit the estimated costs under Exhibit D and then go to work when all of this was approved. The approval of all this reached me August 30th as it was signed August 28th 1952. As I felt that all this would be approved I did start with some of the work, such as finishing up drill sites, moving in the drill rig on August 25th, spotting the drill holes and etc. On August 27th we started drilling.

After the heavy snows of last winter, the continuous rains of August we thot that we would have sufficient water in a shaft near the drill sites to take care of the operation but we were badly

mistaken. After getting down 10 feet with the drill hole we found that we had sucked all the water out of the shaft down to the end of the suction valve and that the water didnot come back into the shaft after 24 hours. While we were waiting for all of the above the water that we had been fighting had dried up within a weeks time. There was no water except in the mine cross-cut tunnel. It looked like we were whipped when we got the idea of putting an old receiver on Mr. Rogers truck and hauling water from the tunnel. As the water needed would vary vary according to the condition of the ground and how the hole hold the water I made a verbal agreement with Mr. Rogers, he is with the Rocky Mountian Drilling Co, that he would haul the water. We decided to try out the proposition on DD Hole #6A. I was to guarantee him $1.50 per foot of drilling for furnishing the water. On the starting of a hole the ground is always badly fractured. It takes a truck load of water an hour. After the holes are down from 25 to fifty feet they will hold the water and it can be circulated from barrels. Then two loads a day are sufficient. We have tried to balance the cost on each hole and so far have found that about a dollar a foot will be the additional cost for the water.

In this report which will be my first I wish to bring out certain facts. In the contract with the Rocky Mountian Diamond Drilling Co. the Shelby Johnson Mines Inc. are to pay additional for certain things connected with the drilling, cementing casing and etc. They are also required to prepare the drill sites and furnish water for drilling. I take it that the government in approving the contract has approved these costs. On all surface holes the contractor furnishes power.

I also wish to state here that there is no other operation being carried on by the Shelby-Johnson Mines Inc than the drilling program outlined in the amendment and that all cost paid by them are directly against this program. So far all moneys that have been spent on the project has been done on more or less a contract basis, such as preparing drill sites, hauling water, drilling and supervision. So far there has been no Company employees and no payroll and most likely there will not be. Although circumstances may alter that.

Signed Shelby- Johnson Mines Inc

by Chas. W. Jordan Agent

Chas W. Jordan

Standard Form No. 1034a—Rev.
Form approved by
Comptroller General, U. S.
May 26, 1938
(Amended August 15, 1941)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. _____
Bu. Vou. No. DMA-18

GENERAL ACCOUNTING OFFICE PREAUDIT
Certified for payment in the sum of $_____
Comptroller General of the United States
By _____

U. S. Defense Minerals Administration
Dept. of Interior, 224 New Customhouse
(Department, bureau, or establishment)

Voucher prepared at Denver, Colorado 82/8/51
(Give place and date)

THE UNITED STATES, Dr.,

To Shelby-Johnson Mines Inc.
(Payee)
716 Colorado Building
Address Denver 2, Colorado
Payee's Account No. DMA Docket 1528

PAID BY
(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	Articles or Services (Enter description, item number of contract or general supply schedule, and other information deemed necessary) Terms net % Discount Cash _____ days	Quantity	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
		Brought forward from continuation sheet(s)					
	July, 1951	Certified "Operator's Monthly Progress Report" for the Mineral Exploration program attached:				636	.00

Shipped from _____ to _____ Weight _____ Government B/L No. _____ Total 636.00

(Payee must NOT use this space)
Differences _____
Account verified; correct for 636.00
(Signature or initials)

Contract No. I DMA E-27 Date 6/27/51 Req. No. _____ Date _____ Invoice Rec'd 8/28/51

MEMORANDUM

AUG 28 1951

Naomi E. Stokes
Authorized Certifying Officer

ACCOUNTING CLASSIFICATION (for completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n or Proj't Amount	Appropriation Amount
14X4401	Defense Minerals Administration		636.00

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. _____ dated _____, 19____, for $_____ } on Treasurer of the United States in favor of payee named above.
{ Cash, $_____, on _____, 19____, Payee _____ }
(Sign original only)

Per _____
Title _____

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.
† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the blank space below "Approved for $_____", and over his official title.

U. S. GOVERNMENT PRINTING OFFICE 16—22900a-1

METHOD OF OR ABSENCE OF ADVERTISING

(Section 3709 of the Revised Statutes)

1. After advertising in newspapers.

2. (*a*) After advertising by circular letters sent to ..... dealers.

(*b*) And by notices posted in public places.

(If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made. The notation on the certificate on the face of the voucher must be "2(*a*)(*b*)" or "2(*a*)", depending on whether or not notices were posted.)

3. Without advertising under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.

4. Without advertising in accordance with .....

5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, Supplement No. 6, General Accounting Office, Aug. 20, 1930.)

16—22900-1

MF-104
(April 1951)

[redacted] Expires 6-30-51.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

E27

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

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

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

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

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

CERTIFICATION

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

Shelby-Johnson Mines, Inc.
(Name of Company)

By Everett Johnson
(Signature of Authorized Official)

August 1, 1951
(Date)

Vice President
(Title)

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

16—64068-1

MONTHLY SUMMARY COST STATEMENT

Name of operator Shelby-Johnson Mines, Inc.
Project No. DMA 1528
Total contract amount $9,800.00
Government participation percent 50

Distribution of Expenditures for Month of July, 1951

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals to Date
Wages and salaries						
Equipment purchase [1]						
Equipment rental [2]						
Buildings						
Explosives						
Repair parts						
Other supplies						
Power						
Transportation						
Withholding taxes						
Compensation insurance						
Other insurance						
Contract work 159' at $8/ft.	$1,272.00	--	$1,272.00	1,272.00	--	1,272.00
Other (specify)						
Total	$1,272.00		$1,272.00	1,272.00		1,272.00
Totals previously reported						
Totals to date	$1,272.00		$1,272.00	1,272.00		1,272.00

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by W. M. Traver, Jr.
Amount approved for payment $1272.00/2 = $636.00
Remarks

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

16—64068-1

WMT/dd

Building 20, Denver Federal Center

Chief, Mining Division, Region IV

August 23, 1951

W. M. Traver, Jr.

DMA-1528, Contract I-DMA-E27, Shelby-Johnson Mines, Inc., July 1951 Progress Report.

Please find enclosed the subject progress report, four copies of form MF-104, with narrative, approved for payment of $636.00.

No field inspection was made on the drill hole approved was completed early in the reporting period and drilling has been recessed temporarily until the contract driller is able to employ a drill operator. The July progress will be checked when the next report is submitted.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

cc 5
E27
DMA Chron.

DIST. ENGR.
EXAMINATION
DIST. CLERK
PERSONNEL
FILES

Colorado Branch
Date Rec'd
AUG 9 1951
BUREAU OF MINES
Denver, Colorado

Fairplay, Colo.

Aug. 6, 1951

U.S.Dept. of the Interior
Defense Minerals Administration
Denver, Colo.

To Date 159.' of diamond drilling has been completed. More drilling is to follow in the near future.

A small deposit of high grade ore containing lead and a small amount of silver was found and removed from the Little Pearl Vein last winter. A diamond drill hole was driven upwards on a 60 degree angle for 74' from the tunnel level to see if this vein might have made ore in the Peerless Shale and Limestone contact. The first 15' of this hole showed signs of mineralization. However, no ore of commercial value was found in this hole. This drill hole is known as D.D.H. #4.

A hole known as D.D.H.#6 was driven downwards for a distance of 35' on the Little Pearl Vein from the tunnel level on a 70' angle. This hole was started about 8' away from the vein, and was driven downward parallel to the vein. This hole also showed a little mineralization to begin with, but no mineralization at a lower depth.

Shelby Johnson Mines INC.

Budget Bureau No. 42-R1098
Approval expires

DISTRIBUTION OF WAGES AND SALARIES FOR MONTH OF July, 1951

Not applicable

Name of operator .....
Project No. DMA .....
Total contract amount .....
Government participation percent .....

TYPE	NUMBER	MAN-SHIFTS	RATE	TOTAL
Miners			$	$
Muckers				
Trammers				
Timbermen				
Pumpmen				
Hoistmen				
Surface				
Samplers				
Assayers				
Shift bosses				
Mechanics				
Electricians				
Blacksmiths				
Carpenters				
Drill runners				
Drill helpers				
Teamsters				
Manager				
Superintendent				
Engineers				
Geologists				
Bookkeeper				
Foreman				
Clerks				
Stenographers				
Other				
TOTAL				

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

FOR GOVERNMENT USE ONLY

Checked by .....
Entered by .....
Approved by .....
Remarks .....

16—64068-1

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF July, 1951

Name of operator Shelly-Johnson Mines, Inc.
Project No. DMA 1538
Total contract amount $9,800.00
Government participation, percent 50

Item	Costs					Progress				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes 159 ft. at $8.00/foot					$1,272.00	feet	159		159	1225
Overburden										
Rehabilitation and preparation										
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals					$1,272.00					

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

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

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Wm. Traver, Jr.
Remarks Jan 6 1952

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

PROJECT SUMMARY REPORT

By: J. W. Alt May 13, 1955

1. Docket No. DMA-1528 (Lead-Zinc)
Contract No. I-DMA-E27
Property: Mabel Adit
Park County, Colorado

Operator: Shelby-Johnson Mines, Inc.
716 Colorado Building
Denver 2, Colorado

Operator's Property Rights: Lessee
Agreement of Lease dated August 1, 1949
Landlord's Subordination Agreements -
Dated June 27, 1951

2. Contract dated June 27, 1951. To complete - 6 months

Work Authorized

Approximately 10 Diamond drill holes from various locations in crosscut tunnel and drifts, from 40 feet to 225 feet in depth. Total footage estimated to be 1,225 ft. at $8.00 per foot

Total cost of project	$9,800.00
Government's participation @ 50%	$4,900.00

Amendments

No. 1 Dated November 5, 1951

Delete the entire three lines of the paragraph under Exhibit "A", and substitute. In addition to 159 feet drilled from underground and completed prior to date of this amendment, drill 9 holes from the approximate surface locations.

Total footage estimated to be 1225 feet @ $8.00 per foot -$9,800.00

No. 2 Dated February 5, 1952

Extend the completion time from six (6) months to sixteen (16) months

No. 3 Dated September 16, 1952, effective as of date of contract.

Referring to "Exhibit "D" attached to Exploration Project Contract add the following: A breakdown of estimated costs is as follows:

Independent contracts	$7,000.00
Labor at $1.50 per hour	800.00
Supervision at $10.00 per day	700.00
Power and Miscellaneous supplies	800.00
Preparing drill sites	500.00

No. 4 Dated February 13, 1953, effective February 5, 1952

Extend completion time from six (6) months to thirty (30) months.

Amended Exploration Project Contract (Short Form) - dated December 3, 1953. To complete prior to June 27, 1954

STAGE I

The work under this stage is the work completed under the original contract and consisted of 743 feet of diamond drilling from underground and surface locations.

Total cost (subject to audit)	$4,981.34

STAGE II

1. Rehabilitate the Mabel Adit	$ 777.00
2. Excavate and prepare winze station	422.66
3. 42 feet of winze @ $72.00/ft.	3,024.00
4. 17 feet of crosscut @ $35.00/ft.	595.00
Total Agreed Unit Cost	$4,818.66
Agreed Estimated Cost of the Project	$9,800.00
Government's Participation @ 50%	$4,900.00

Work Completed

Original contract 2 holes - 159 ft of diamond drilling	$1,272.00
Amendment No. 1 - 5 holes - 584 ft. of diamond drilling	3,709.34

Amended Contract (Short Form)

Rehabilitate Mabel Adit	$ 777.00
Excavate and preparing winze station	422.66
42 feet winzing	3,024.00
17 feet crosscutting	595.00
Total cost	$9,800.00

Work on the project was started in July 1951 and was completed before March 30, 1954.

3. Audit Certificate: Report of Review, Dated August 19, 1954.

Total cost as billed by contractor	$9,800.00
Total accepted costs	$9,800.00
Government participation @ 50%	$4,900.00

4. Certification date: No certification made as the project was not successful in disclosing ore.

5. Comments

The Operator anticipated the effective date of the contract and performed considerable work which was not allowed for payment by the Government. The results of the first 880 feet of drilling, including 159 feet eligible for Government participation, were practically negative. A request was made to do additional drilling from surface. After a field inspection, this work was approved, at no increase in the total cost. Two out of five holes drilled from surface to explore the manitou limestone along a fissure vein outcrop penetrated good lead-zinc mineralization in narrow widths. The results of the underground work were negative and authorized funds were exhausted.

The possibility of finding significant ore in the vicinity of the Mabel tunnel appears to have been exhausted; no additional exploration or development is warranted.

The Field Team states: "It is recommended that no Certification or Development be made, and that the project be considered as completed."

J. W. Alt

J. W. Alt

JWA/er 5/16/55

Copy to: Docket
Base Metals
Chron.

☒ - Audited

☐ Certified

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of 12/1/54.
Incl. Voucher for 4/16/54.

* ☒ Actual Cost

☒ Agreed Unit Costs

Name Shelby - Johnson Mines Inc.

Docket No. DMEA - 1528

State Colorado.

Commodity Lead - Zinc

Idaho No. 27

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	* 17	$595.00	17	$595.00	$595.00
Raising					
Shafts					
Winzes	42'	3,024.00	42'	3,024.00	3,024.00
Drilling (Specify) Diamond (Core) *	743'	4,981.34	743'	4,981.34	4,981.34
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation		777.00		777.00	777.00
New Building, Improvements, etc.					
Other (Specify) Bypass Wings Etc.		422.66		422.66	422.66
Totals		$9,800.00		$9,800.00	$9,800.00

Prepared by [illegible]

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 29 1954

December 28, 1954

Re: DMEA-1528
Shelby-Johnson Mines, Inc.
(Mable & Cannoran Veins)
Park Co., Colorado
$9,800 - Lead-Zinc

Memorandum

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

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of Final Field Team report

The Field Team has recommended that no certificate of discovery should be issued.

The results of drilling and underground exploratory development work did not disclose any significant lead-zinc mineralization on the property. Sufficient work has been done to indicate that further exploration in the Manitou limestone on the applicant's claims is not justified.

I concur with the Field Team's conclusions and recommend that a certificate of discovery should not be issued.

E. L. Newcomb

E. L. Newcomb

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

COPY

224 New Customhouse
Denver 2, Colorado

December 6, 1954

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region IV

Subject: Docket DMEA 1528 (Lead-Zinc), Contract Idm-E27 Amended, Shelby Johnson Mines, Inc., Park County, Colorado

Enclosed are the following final reports pertaining to work completed under the subject contract:

1. Original and one copy of the operator's final report.

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

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

Final payment to the operator was processed by this office October 13, 1954, in conformance with the final report of review by the Contract Administration and Audit Division dated August 19, 1954, which was released to this office October 13, 1954.

The exploration work consisted of 743 feet of diamond drilling, rehabilitation of the Mabel tunnel adit, excavation of a winze station, 42 feet of winze sinking and 17 feet of crosscutting, at a total accepted cost of $8,800.00 in which the Government participated to the extent of 50% or an amount of $4,900.00.

The exploration work did not result in a discovery or development of lead-zinc ore, therefore no certification of such is recommended.

/s/ W. H. KING
W. H. King

/s/ E. N. HARSHMAN
E. N. Harshman, for
A. H. Koschmann

Encls.

12-15-54

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Mining Division
Date Rec'd.
DEC 1 - 1954
BUREAU OF MINES
Denver, Colorado

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
November 24, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMA 1528, Contract I-DMA-E27 (Lead-zinc) Shelby-Johnson Mines, Incorporated, Park County, Colorado

Enclosed are the original and eight copies of a final report by M. H. Salsbury on the subject contract.

Salsbury concludes that mineralization disclosed in the Manitou (White) limestone along the veins explored by the project work was of no commercial importance, the Leadville (Blue) limestone is absent, and that the formations below the Manitou limestone were not tested. Additional exploration or development financed either privately or with Government assistance is not suggested and it is recommended the contract be considered as completed without Certification of Discovery or Development.

I concur with the conclusions and recommendations.

W. M. Traver

W. M. Traver

Enclosures

WMT/ici

cc: 8
E27
DMEA Chron.

Approved by
DMEA OPERATING COMMITTEE
12-15-54
(Date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

FINAL ENGINEERING REPORT

DMA 1528, Exploration Project Contract I-DMA-E27

Shelby-Johnson Mines, Inc.

Park County, Colorado

Lead-zinc

M. H. Salsbury, Mining Engineer

November 15, 1954

Reviewed by
DMEA OPERATING COMMITTEE
12-15-54
(date)

Final F.T. Rpt.

DMA 1528

Contract I-DMA-E27

SHELBY-JOHNSON MINES, INC.
PARK COUNTY, COLORADO

CONTENTS

Final Engineering Report — Page

Summary and introduction..... 1
Location, history, production, and ownership..... 2
Description of the deposits..... 4
Work completed under contract..... 5
Expenditures..... 9
Efficiency of operations..... 12
Conclusions..... 12
Recommendations..... 13

ILLUSTRATIONS

Figure		Follows Page
1	Location map, Shelby-Johnson Mine, Park County, Colo., (DMA 1528, Contract I-DMA-E27).....	2
2	Plan showing part of claims, location of core-drill holes, underground mine workings, and section A-A', Shelby-Johnson Mine, Park County, Colo., (DMA 1528, Contract I-DMA-E27).....	5
3	Section B-B', Mabel tunnel mine workings, Shelby-Johnson Mine, Park County, Colo., (DMA 1528, Contract I-DMA-E27).	5

DMA 1528
Contract I-DMA-E27

SHELBY-JOHNSON MINES, INC.
PARK COUNTY, COLORADO

FINAL ENGINEERING REPORT

By

M. H. Salsbury

SUMMARY AND INTRODUCTION

In 1951, Shelby-Johnson Mines, Inc., 716 Colorado Building, Denver, Colorado, Everett Johnson, Manager, applied for Government assistance for exploration of their leased property west of Alma, Park County, Colorado. The application for a loan under the Defense Production Act of 1950 called for exploration for lead and zinc by diamond-core drilling a total of 1,225 feet in ten holes from various underground stations in the Shelby crosscut tunnel. The project was approved by the Washington office without a field examination and on June 27, 1951, a contract on long form MF-200 was signed calling for 1,225 feet of drilling at an estimated cost of $8.00 per foot, or $9,800.00, Government participation 50 percent, or $4,900.00.

The operator anticipated the effective date of the contract and performed considerable work which was not eligible for payment by the Government. The results of the first 880 feet of drilling, including 159 feet eligible for Government participation, were practically negative, and under the management of C. W. Jordan, an experienced operator in the Alma district, a request for an amendment to authorize more drilling was submitted in line with a program outlined by the company geologist, Dr. Norman. After a field inspection, this work was approved, at no increase in the total cost. The work was done

in August, September, and October of 1952. Two out of five holes drilled from surface to explore the Manitou limestone along a fissure vein outcrop penetrated good lead-zinc mineralization in narrow widths.

All of the allowable footage had not been completed when the surface diamond drilling project was recessed for the winter, and the following year, the operator proposed underground exploration to follow up the mineralization penetrated in one of the drill holes in lieu of further drilling. A second field examination was made, and the proposal recommended for approval. This work was done from December 1953 through March 1954, during the unusually mild winter of 1953-54, under an amended contract on short-form MF-200 (A) at unit cost prices for the several items.

The results of the underground work were negative and authorized funds were exhausted. The operator considered requesting further exploration, which would have required authorization of additional funds, but decided against it, and on April 15, 1954 submitted a final narrative report.

Neither the drilling or underground exploration resulted in discovery of any significant ore. Certification of Discovery or Development is not recommended.

LOCATION, HISTORY, PRODUCTION AND OWNERSHIP

The group of patented mining claims controlled by Shelby-Johnson Mines, Inc. is located on the east shoulder of Loveland mountain, a peak in the Mosquito Range overlooking South Park, Colorado at an altitude of 11,300 feet. The property is 4 miles by County road and a short mine access road west of Alma, Colorado, via Buckskin Gulch (fig. 1). Alma is 2-1/2 hours and 86 miles from Denver, Colorado

over paved U. S. Highway 285 and Colorado State Highway 9.

The veins of the Shelby mine and vicinity were found and explored at a shallow depth, after 1873, the approximate date of the first discovery in the vicinity at the Orphan Boy mine, during the time the town of Park City was active. Details of the early history of the mine are not available It is mentioned, but not described, on page 215, Bulletin 3 of the Colorado Geological Survey, published in 1912.

Operation of the mine was not carried on continuously and the only recorded production came from operations in 1909 and 1917. For those two years, the Mineral Industry Division, Region IV, Bureau of Mines, shows a production of 22 dry tons of ore, containing a total of 1.25 ounces gold, 235 ounces silver, and 2,814 pounds of lead (assay values). This would indicate an average content of 0.05 ounce gold and 11.00 ounces silver per ton, with 6.4 percent lead, certainly not a very high-grade ore. There is no record of shipments prior to 1901 but it can be assumed they were small. The operator reported mining a small deposit of high-grade lead from the Little Pearl vein in 1950, but there is no mention of shipping results.

The property consists of the following patented mining claims in sec. 9, T. 9 S., R. 78 W., Mosquito Mining District, Park County, Colorado:

Claim	U. S. Mineral Survey number	Claim	U. S. Mineral Survey number
Mary Adair	1688	John Logan	7415
Shelby	2930	Boston City	7687
Congress	3295	Boston City No. 1	7687
Franklin	6498	Boreas	7721
Legal Tender	6671	Mable	7721
Little Pearl	7181	Cannoran	2430

Ownership of these claims is not mentioned in records of the Mineral Resources Branch, Region IV. They are under lease to the present operators and a clause in the original DMA contract stated that Owner's Consents to Lien were attached, which indicates more than one owner.

DESCRIPTION OF THE DEPOSITS

The mines on Loveland mountain were developed to explore steeply dipping fissure vein deposits and associated replacement deposits in flat-dipping sedimentary formations ranging from Cambrian Sawatch quartzite up through the Leadville or blue limestone of Carboniferous age. The downward continuations of the fissure veins into the underlying pre-Cambrian granitic rocks also contains mineable ore at some points. Major production has come from the Leadville limestone and Sawatch Quartzite. The quartzite has been intruded by porphyritic sills, one of which at least has been a factor in governing replacement deposits at the intersection of vertical veins and quartzite beds directly below the sill. Geologic sections show considerable faulting in the area and a flat-dipping thrust fault is indicated below the Shelby-Johnson workings resulting in a repetition of the beds in the Manitou, Peerless, and Sawatch formations.

The most important ore minerals are galena and sphalerite with widely varying amounts of gold and silver. In some deposits, the sulfides have been altered to Carbonates and oxides.

The development of the Shelby-Johnson property was carried on from tunnels, including the Shelby and Mabel tunnels used in the present exploration, and shallow shafts. The level of ground water is close to surface, varying considerably with the season. In early spring

all openings below tunnel levels are flooded. In late summer, fall and winter, they are almost, if not completely dry. The only geological formations explored in the Shelby Johnson mine, according to the records, were the Manitou limestone (Ordivician), which outcrops on the claims, and the underlying Peerless shale and Sawatch quartzite (Cambrian). Small ore bodies were mined in the Peerless and Sawatch formations, through the Shelby tunnel, and in Manitou limestone through the Mabel tunnel. Three vertical fissure veins have been encountered in the Shelby tunnel, the Shelby, Little Pearl, and Cannoran. Of these, only the Shelby vein has been explored by more than a few feet of lateral development. The Mabel vein appears to be an extension northward of the Shelby vein. The outcrop has not been traced or prospected for its entire length, but starting about 500 feet north of the Shelby tunnel workings, the Mabel vein has been developed by open cuts and four shallow shafts, all now inaccessible. One small stope was mined to the level of the Mabel tunnel which penetrates the vein 35 feet below the outcrop. (Figs. 2 and 3).

WORK COMPLETED UNDER CONTRACT

Exploration with Government assistance was carried on in three periods of activity from July 1951 to March 1954.

The first proposal called for diamond drilling from underground stations in the Shelby tunnel to explore the Shelby, Little Pearl, and Cannoran veins. A contract for this work on long form MF-200 was signed on June 27, 1951 calling for 10 holes and 1,225 feet of drilling at an estimated cost of $9,800.00, Government participation 50 percent, or $4,900.00.

However, the operator had completed 721 feet of drilling prior to the effective date of the contract, and only 159 feet of drilling completed after this date was eligible for Government participation.

There remained an unused, 1,066 feet of drilling, and a new proposal was made by the operator to do more drilling at surface and underground locations to carry on exploration outlined by their geologist, Dr. Norman. This was authorized in Amendment No. 1, dated November 5, 1951, but because of the lateness of the season, no work was possible until the following summer, surface operations being started in August and drilling carried on from surface until November 1952, with completion of 584 feet in 5 holes. The additional drilling underground was not undertaken. The operation was again recessed for the winter in November 1952.

On September 28, 1953, the operator proposed to substitute for the uncompleted authorized drilling, rehabilitation of the Mabel tunnel, winzing on the Mabel vein and crosscutting, all to search for a possible ore shoot indicated by mineralization shown in drill hole 6 A drilled from surface. After a field examination, an amended contract under short form MF-200 (A) authorizing the exploration proposed was signed on December 3, 1953, and all the work called for was completed before March 30, 1954.

The location and amount of drilling is shown on figure 2. The underground exploration is shown on figure 3.

TABULATION OF EXPLORATION UNDER THE CONTRACT

Diamond Drilling

Hole No.	Drill Site	(feet) Length	Bearing (approx.)	Dip	Objective
4	Shelby tunnel	74	S. 45° E.	+60°	Little Pearl vein
6	Shelby tunnel	85	N. 45° W.	-70°	Little Pearl vein
2A	Surface	115	-	-90°	Possible limestone ore horizon in hanging wall of Mabel vein
3A	Surface	117	-	-90°	" " "
4A	Surface	112	-	-90°	" " "
5A	Surface	115	N. 50° W.	-85°	" " "
6A	Surface	125	N. 50° W.	-81°	" " "
Totals 7 holes--		743 feet			

Underground exploration

Type of work	Place	Length (feet)	Objective
Rehabilitation	Mabel Tunnel	---	For access to Mable vein
Winze station	Mabel tunnel	---	Preparatory to sinking winze
Winze	Mabel vein	42	(To find ore indicated in
Crosscut	At bottom of winze	34	(drill hole 6A
Total		76 feet	

In addition, the operator performed 721 feet of core-drilling in the Shelby tunnel and 28 feet more crosscutting at the bottom of the Mabel winze in which the Government did not participate.

For all practical purposes, the results of the project were negative. Some mineralization was reported in holes 4 and 6 drilled in the Shelby tunnel to explore the Little Pearl vein, no drill logs on these holes were furnished. The drill logs for the five holes drilled from surface are available in the files of the Mineral Resources Branch at the Denver Federal Center.

The core for all holes drilled with Government assistance, is stored in Mineral Resources Branch core library at Denver Federal Center. Inspection did not disclose any significant mineralization

other than that in holes 2A and 6A. The core from the mineralized sections of these holes was split and one-half retained by the Government for analysis. The operator also had a portion analyzed, and the results of both analyses are as follows:

Hole No.	Assay for	Distance from collar (feet)	Width represented (feet)	Percent core recovery	Ounces Per Ton Au	Ounces Per Ton Ag	Percent Pb	Percent Zn
6A	Bureau of Mines	68.7-70.7	2.0	75	0.32	4.3	26.8	21.4
	Operator				0.19	3.7	27.4	23.2
2A	Bureau of Mines	50.0-51.6	1.5	33	0.02	1.7	17.9	15.2
	Operator				0.04	2.0	15.4	14.6

The outcome of drilling resulted in the conclusion by the operator that no worthwhile information would be gained by completing the full drilling program, and that a small amount of winzing and crosscutting might find ore in the hanging wall of the Mabel vein connected with the mineralization found in hole 6A. The attitude and location of this hole indicated that it had not entered the Mabel vein and there fore the mineralization might be in a limestone bed where replacement ore had been deposited by solutions moving along the vein. The Operator's manager C. W. Jordan, cited similar occurrences in the nearby Buckskin Joe mine, which he has operated for many years. The DMEA examiners concured in this, and the proposed underground work was authorized by the Region IV Field Team. The 42 feet of winzing on the Mabel vein, and the 17 feet of crosscut authorized in the amended short-form contract was completed without the discovery of more than a few small pockets of lead-zinc ore along the vein. No mineralization was found in the crosscut in the hanging wall of the vein at the bottom of the winze. Drill hole 6A had not

been located when authorized funds were exhausted, and the operator crosscutted 15 feet further at his own expense without finding the hole. After a DMEA inspection, during which the survey, on which the exploration was based, was checked, it was determined that the drill hole should be in the west wall of the crosscut at a point 18 feet from the winze, if the hole had not deviated from the bearing and dip measured at the collar. Drifts driven into east and west walls at this point, 4 feet and 9 feet respectively, and 5 foot holes radiating from these openings did not intersect hole 6A or disclose any mineralization.

Thus it was apparent that the mineralization in hole 6A was certainly not of any consequence, because enough work was done to discover any significant ore in the vicinity. The DMEA inspector concurred in this conclusion, and the work was therefore discontinued and the winze workings allowed to flood.

EXPENDITURES

Expenditures under the original contract, amendments, and the amended contract are listed below:

	Authorized work	Work actually accomplished	Cost claimed by operator	Cost approved for payment	Amount disapproved
Original contract Long-form MF-200	*1/ 1225 feet of core drilling in 10 holes	159 feet of drilling in 2 holes	$1,272.00	$1,272.00	
Amendment No. 1 to original contract	*1/ 1066 feet of core drilling in 9 holes	584 feet of core drilling in 5 holes	3,751.34	3,709.34	$42.00

	Authorized work	Work actually accomplished	Cost claimed by operator	Cost approved for payment	Amount disapproved
Amended contract short-form MF-200(A)	Rehabilitate Mabel adit	all 2/**	$777.00	777.00	---
	Excavate and prepare winze station	all 2/**	422.66	422.66	---
3/***	42 feet winzing	all	3,024.00	3,024.00	---
3/***	17 feet cross-cutting	all	595.00	595.00	---
Totals			$10,262.00	9,800.00	42.00
Government participation at 50 percent				$4,900.00	

1/ *Estimated cost per foot $8.00
2/**Unit cost price for job
3/***Unit cost price for winzing, $72.00 per foot; for crosscutting, $35.00 per foot.

The original long-form contract provided for payment at an estimated $8.00 per foot of drilling to be sub-contracted to an independent contractor, but in no case more than the actual charges by the sub-contractor. The sub-contract, made part of the original contract, called for payment at $6.00 per foot, which was interpreted by DMEA representatives to be the maximum which could be claimed. The amount claimed by the operator was the full $8.00 per foot, which was later allowed by the DMEA Contract Administration and Audit Division.

The drilling under the second proposal, authorized by Amendment No. 1 of the original contract, was placed on an actual cost basis. Amendment No. 3 defined allowable maximums for various items under Exhibit "D" of the long-form contract as follows (contract maximums were not exceeded in any instance):

	Allowable maximums	Amounts approved for payment
Independent contracts	$7,000.00	$3,625.45
Labor at $1.50 per hour	800.00	---
Supervisor at $10.00 per day	700.00	490.00
Power and miscellaneous supplies	800.00	761.89
Preparing drill sites	500.00	104.00

A new sub--contract with the Rocky Mountain Drilling Company was made a part of the DMEA contract.

The third proposal of the operator, calling for underground rehabilitation winzing and crosscutting, was authorized under an amended short-form contract with the several items on a unit-cost basis. The amount authorized by the contract, the amount claimed by the operator, and the amount approved for payment were the same--$4,818.66. Amendments No. 1 and 3 to the original contract dealt with changes in the drilling program. Amendments No. 2 and 4, together with a provision in the Amended contract, extended the expiration date of the project finally to June 27, 1954.

An Audit Report of Review was submitted by the Contract Administration and Audit Division on August 19, 1954. The Government's expenditure of $4,900.00 was accepted as valid and proper. No final audit was made because, (1) documentary proof of expenditures, where required, was furnished by the operator (2) nearly half of the expenditures were on a unit-cost basis, and (3) the administrative cost of an audit to the Government would have been excessive in relation to the estimated amount of possible disallowances. Final payment of $100.01, the amount withheld pending release of the Audit Report of Review and receipt of the operator's final report, was authorized October 13, 1954.

EFFICIENCY OF OPERATIONS

The results of core drilling were satisfactory so far as core recovery was concerned (90 percent on the holes drilled from surface). Some difficulty was experienced in brecciated limestone in holes 3A, 4A and 5A, probably due in part to an inexperienced driller employed by the sub-contractor. An insufficient supply of drilling water also caused considerable delay and expense. The sub-contractor probably had a loss on the operation, but the cost to the operator and the Government was not out of line.

The underground exploration accomplished under the amended contract was carried on efficiently and safely, and the quality of the work was excellent.

CONCLUSIONS

It is concluded that mineralization along the Mabel vein, and possibly along parallel veins, is of minor character within the Manitou limestone. Most of the ore found in this area, while associated with vertical fissure veins similar to those on the Shelby Johnson property, appears to have been found in Leadville (Blue) limestone, Sawatch quartzite, and to a lesser degree, the Peerless shale. The Leadville limestone is missing on the property and the other two formations are for the most part, below the level of tunnel workings. They have not been thoroughly explored, and the drilling done by the operator from the Shelby tunnel was not conclusive.

The possibility of finding significant ore in the vicinity of the Mabel tunnel appears to have been exhausted; no additional exploration or development is warranted financed either privately or with Government assistance.

RECOMMENDATIONS

It is recommended that no Certification of Discovery or Development be made, and that the project be considered as completed.

/ici

IN REPLY REFER TO:

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

RECEIVED
DEC 10 1954

June 4, 1954

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 1528, Shelby-Johnson Mines, Inc., Park County, Colorado

Enclosed are 9 copies of a final geologic report on the subject property by D. R. MacLaren of the U. S. Geological Survey.

Mr. MacLaren concludes that the sulfides cut by drill hole 6-A came from a 2-4 inch wide vein exposed by exploration in the drift. He further concludes that the ore is too low grade and too narrow to mine economically and that no discovery should be certified.

I concur in this recommendation.

E. M. Hausman
for A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Enclosures 9

Reviewed by
DMEA OPERATING COMMITTEE
12-15-54
(date)

SHELBY-JOHNSON MINES, INC.

PARK COUNTY, COLORADO

DMEA DOCKET 1528

Final Geologic Report

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

Reviewed by
DMEA OPERATING COMMITTEE
12-15-54
(date)

SHELBY-JOHNSON MINES, INC.
PARK COUNTY, COLORADO

INTRODUCTION

Contract Idm-E27, dated June 27, 1951, authorized Shelby-Johnson Mines, Inc., to explore for lead and zinc in the Mosquito mining district, sec. 9, T. 9 S., R. 78 W., Park County, Colorado. Exploration was to be by diamond drilling 1,225 feet of holes from underground stations in the Shelby mine, at an estimated cost of $9,800 of which the Government's share would be 50% or $4,900. In order to benefit by good weather and utilize the services of an available drilling crew, 725 feet of the proposed drilling was completed by the effective date of the contract. Subsequent to the date of the contract, only 159 feet were drilled, thus leaving 1,066 feet authorized but not drilled. At the operator's request, the contract was amended to allow 1,066 feet of drilling from the remaining stations in the Shelby mine and from new stations on the surface east of the Shelby mine. The cost of the project was not changed. After 743 feet had been drilled, the operator requested an amendment to permit cancellation of the remaining drilling and authorization to use the balance of the funds to rehabilitate the Mable adit, to winze to a depth of 42 feet, and to crosscut not more than 17 feet. The purpose of this change was to explore 2 feet of lead-zinc sulfides encountered in drill hole 6-A. The request was approved and an amended contract was drawn to cover the drilling already completed and to allow the rehabilitation, winzing, and crosscutting. Funds were exhausted and the contract terminated before the drill hole or the indicated ore was found. However, the operator continued the crosscut and did some slabbing at his own expense but without success.

It is concluded that drill hole 6-A crossed a narrow vein, found in the crosscut, at an acute angle and that the sulfides in the core came from that vein. It is recommended that no discovery be certified, and that no further funds be spent on this project.

GEOLOGY

The geology of the Mosquito mining district has been described by Singewald and Butler (1941) in U. S. Geological Survey Bulletin 911. On the claims of the Shelby-Johnson Mines, Inc., the only rock exposed on the surface is Manitou limestone , of Lower Devonian age, which strikes N. 22° E. and dips 16° S. Within a zone about 300 feet wide, three fissure veins, the Cannoran vein, the Shelby-Mable vein, and the Little Pearl vein, strike N. 40° to 45° E. and dip steeply north. The veins contain galena, sphalerite, pyrite, some chalcopyrite, tetrahedrite, and freibergite in a gangue of quartz and dolomite. The operator reports that in the Shelby mine two small pockets of high grade lead-zinc ore were mined. One pocket was a replacement in the Manitou limestone and the other was a replacement in the Peerless shale, both pockets being locallized along the Shelby vein. On the surface numerous shallow shafts and pits along the Cannoran and Shelby-Mable veins have on their dumps a slight amount of galena and sphalerite. Most of the past production in the district has come from the Manitou limestone and the underlying Peerless shale.

EXPLORATION

From the surface, five holes were drilled to explore the Mable vein, apparently the eastern part of the Shelby vein, and two holes were drilled to explore the Cannoran vein. Both holes on the Cannoran were

blanks. On the Mable vein, hole 2-A encountered one and one-half feet of vein material that assayed .02 ounces gold and 1.7 ounces silver per ton, 17.9% lead and 15.2% zinc; hole 6-A encountered two feet of vein material that assayed .32 ounces gold and 4.3 ounces silver per ton, 26.8% lead and 21.4% zinc, while the other holes were blanks. In order to explore further the ore indicated in hole 6-A, the Mable adit was rehabilitated and a winze was put down to a depth of about thirty-five feet below the level of the adit (figure 1). From the bottom of the winze a crosscut was driven about thirty feet toward the projected location of drill hole 6-A. As the contract authorized only seventeen feet of crosscutting from the bottom of the winze, the operator drove the final thirteen feet at his own expense. According to drill data supplied by the operator, the drill hole should have passed within three or four feet of the southeast wall of the crosscut. The operator put in slab rounds on each side of the crosscut but found neither the hole nor any evidence of an ore body. Referring to figure 1, section A-A', it seems most likely that the two feet of lead-zinc sulfides in the core of drill hole 6-A came from the vein, 2 to 4 inches wide, found in the crosscut. The hole cut the vein at a very sharp angle, and the resulting core could easily indicate an "ore" width of two feet.

CONCLUSIONS AND RECOMMENDATIONS

It is concluded that the most promising section of core recovered from nine drill holes represented a vein 2 to 4 inches wide, and that the apparent width of 2 feet was caused by the hole cutting the

vein at an acute angle. It is further concluded that no discovery of a significant ore body has resulted from this project.

It is recommended that no discovery be certified and that no additional funds be spent on this project.

REFERENCES

Singewald, Q. D. and Butler, B. S. (1941) Ore deposits in the vicinity of the London fault of Colorado. U. S. Geol. Survey Bull. 911, 1941.

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

224 New Customhouse
Denver 2, Colorado

December 6, 1954

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region IV

Subject: Docket DMEA 1528 (Lead-Zinc), Contract Idm-E27 Amended, Shelby Johnson Mines, Inc., Park County, Colorado

Enclosed are the following final reports pertaining to work completed under the subject contract:

1. Original and one copy of the operator's final report.

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

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

Final payment to the operator was processed by this office October 13, 1954, in conformance with the final report of review by the Contract Administration and Audit Division dated August 19, 1954, which was released to this office October 13, 1954.

The exploration work consisted of 743 feet of diamond drilling, rehabilitation of the Mabel tunnel adit, excavation of a winze station, 42 feet of winze sinking and 17 feet of crosscutting, at a total accepted cost of $9,800.00 in which the Government participated to the extent of 50% or an amount of $4,900.00.

The exploration work did not result in a discovery or development of lead-zinc ore, therefore no certification of such is recommended.

W. H. King

W. H. King

Encls.

E. N. Harshman

E. N. Harshman, for
A. H. Koschmann

Mineral Resources Branch
Date Rec'd
APR 19 1954
BUREAU OF MINES
Denver, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 10 1954

DIST. ENGR.
EXAMINER
DIST. CLERK
PERSONNEL
FILES

Alma, Colorado
April 15, 1954.

Department of Interior,
Executative Officer Region 1V.
Bldg 20 Room 137,
Federal Center, Denver, Colo.

Re- DMA 1528 Contract 1DMa - E 27
Stages #1 & #2 Narrative of Project.

Dear Sir:-

The #1 Stage of the above project consisted of Diamond drilling. Part of this drilling was done in the Shelby working underground and a part on the surface along the vein on the Mabel claim. There was accomplished in this drilling 743 feet of drill hole. The ground drilled very well and good cores were obtained in all holes drilled. In all of the 743 feet of drilling done there were only two holes that showed any promise of ore. Thses holes were #6A and #2A. In #6A there was 24inches of a good grade of lead zinc ore being expecially high in lead. In #2A there was about 18 inches of a good grade of lead zinc ore with zinc being more in prominence.

In the particular area in which the Shelby Johnson Mines are located it is characteristic for the ores to bed out from the vein and tapering down as they came to the end of the bedding. It was also characteristic of these deposits to have them increase in their lead value as they came to the end of the bedding. As Drill hole #6A was drilled in the hanging wall side of the vein at an angle about the same as the dip of the vein on the surface and 18 feet west of the vein out-crop it built up a picture of the possibility that this hole may have passed through the tail end of a bedded deposit. As the Mabel adit presented a picture of a 42 foot winze being sunk to tap this area it was thot and decided to sink this winze in preference to doing more drilling, a revised work program was applied for and granted. The Stage #2 was outlined consisting of rehabilitating the Mabel adit, cutting a winze station, sinking a winze 42 feet dip and the driving of a 17 foot drift to the drill hole. In doing this work we were able to get a better idea of the vein structure, the mineralization and the general formation. Work was started in December on this project and finished about the 25th of March.

In sinking the winze boulders of good ore were encountered in the country rock along seams. There was no quantity of ore shown at any point. The vein was a narrow quartz & calcite with very little or no mineralization and about six inches wide. We never did find the exact point of the drill hole but we did considerable exploring in what must have been a close proximity to the hole and there was no ore showing or was there any alteration of the lime-stone that would indicate that an ore body w as located in the area. As it was an ore-body we were looking for and not a drill hole with ore in it, we decided that it wouldn't be logical to spend any more money looking for the hole. It is our opinion that the drill hole passed through a boulder such as we had encountered in sinking the winze.

Yours very truly,
Shelby-Johnson Mines Inc.

By Chas W. Jordan Mgr.

FINAL REPORT

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

OCT 12 1954

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

Re: Idm-E27, DMA-1528
Shelby Johnson Mines, Inc.
and
Idm-E124, DMEA-1318X
Kenneth L. Porter

Dear Mr. Brading:

Receipt is acknowledged of your Reports of Review covering the above-cited contracts.

The revised Reports are acceptable and normal distribution may be effected.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
October 12, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.G.

Talbert

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

SEP 24 1954

AIR MAIL

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

Re: Idm-E27, DMA-1528
Shelby Johnson Mines, Inc.

Dear Mr. Breding:

Receipt is acknowledged of your letter of September 17, 1954, resubmitting your Report of Review and answering my letter of September 15, 1954 relative to the referenced project.

Your explanation for the costs claimed by the Operator on the July, 1951, MF-104 is acceptable since this MF-104 was paid prior to the issuance of instructions by DMEA requiring documentary support for the costs incurred. This MF-104 was paid under the then existing Bureau of Mines instructions dated May 10, 1951, which stated that the certifying officer "should accept the engineer's approval as to proper charges, etc."

The drilling rate of $4.15 per foot, when Operator furnishes power, also is acceptable. This subcontracted rate was overlooked in our initial review of the file. On the copy of the subcontract in our records, that rate was shown opposite "cementing operations" rather than in its proper place opposite "drilling with BX bit."

It appears, however, that the reason (B) shown in your Report of Review, as resubmitted, is in error. Under the Amended Contract, dated December 3, 1953, all work except the initial 743 feet of drilling was on an "agreed unit cost" basis.

Accordingly, it is suggested that the third paragraph of the Report of Review be revised, provided that you concur as to the facts, to read as follows:

"This review was made in lieu of a final audit of the Operator's accounts and records for the following reasons:

(a) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowances thereunder;

(b) the Monthly Reports were supported by documentary proof of the costs ($4,981.34) incurred under contract provisions for contribution by the Government on the basis of actual costs incurred, except for the costs ($1,272.00) claimed for the month of July, 1951, which were determined to be reasonable and within the rates specified in the contract; and

(c) a large portion ($4,818.66) of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed."

If you will refer to page 3 of Mr. Chambers' memorandum of February 2, 1954 or to page 7 of the recently released audit manual, you will note that reasons (a) and (b), or a variation thereof, must be given in every case where <u>any</u> of the costs claimed are under a contract provision for contribution on the basis of actual costs incurred and, also, that reason (c), or a variation thereof, must be used in every case where <u>any</u> of the costs claimed are under a contract provision for participation on the basis of agreed unit costs.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert, Acting Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
September 24, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

September 17, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
SEP 23 1954

Mr. Jay L. Chambers, Chief
Contract Administration
and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Interior Building
Washington 25, D. C.

Re: Idm-E27, DMA-1528
Shelby Johnson Mines, Inc.

Dear Mr. Chambers:

In connection with Report of Review covering subject contract the following explanations are submitted for your consideration:

The MF 104 for July, 1951 was discussed with all parties concerned. It was agreed that inasmuch as the operator had performed the work and incurred expenses other than actual drilling costs viz. power, supervision, water, etc.; further, that Exhibit D of Exhibit "A" of the contract allowed $8.00 per foot for drilling, that no disallowance be made. Attached is photostat of memo dated March 25, 1954, which is part of the working paper file initialed by John Shaw and J. W. Townsend which was made at the time of the discussion. Also attached is photostat of a portion of the driller's contract showing allowance of $4.15 per foot for drilling, which was approved by the Examining Engineer and approved by this auditor.

With reference to my reasons for Report of Review, I regret that I misinterpreted your instructions under item K(b). I thought my reason was a reasonable variation thereof. Correction has been made in line with your instructions on Report of Review.

After you have considered the matter I would appreciate hearing from you.

Sincerely,

T. H. Brading,
Auditor

THB:od
1 Incl.
Report of Review (Trip)

DEPARTMENT OF THE INTERIOR
BUREAU OF Mines
RECEIVED

3/25/54

Received contract and correspondence with Shaw and Downson for review of Amendment # 3, effective date of contract, and that Operator has supplied copies of Subcontractors Invoices, which I have advised were returned to him on advice of P.J. Adkisson that work actually was completed as checked by attorney engineers. All concerned agreed that stage # 1 costs would be accepted as having been approved. Report of Review will be completed when progress is forthcoming.

J. C. Spaulding

Letter under date

Contract Expires — DECEMBER 27, 1953
Amendment No. 4.

Allowable Maximums
See Labor and Supervision Schedule — Amendment No. 3.

Subcontract Rates

BX HOLE	$3.65 / ft.	Air furnished	$4.15/ft.	Air not furnished
AX HOLE	$3.15 / ft.	Air furnished	$3.65/ft.	Air not furnished
EX HOLE	$3.00/ft.	Air furnished	$3.50/ft	Air not furnished

Waiting and Cementing Charges — $4.00 / hr.
Delay time — $3.00 / hr.
Reaming AX to BX — 2.50 / ft.
Reaming EX to AX — 2.25 / ft.

Talbot
Chamberlin

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

SEP 1 5 1954

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

Re: Idm-E27, DMA-1528
Shelby Johnson Mines, Inc.

Dear Mr. Brading:

Returned herewith, for revision and such explanation as may be deemed necessary after consideration of the comments in the following paragraphs, are the recently submitted copies of your Report of Review covering the referenced Exploration Project Contract.

In my memorandum to all DMEA auditors, under date of February 2, 1954 on the subject of "Reports of Review in lieu of final audits", item K(b) stated that this reason, or a variation thereof, must be given in every case involving actual costs:

> "the Monthly Reports were supported by documentary proof of the costs incurred under the contract."

Since it appears that 51 percent ($4,981.34) of the costs claimed under this contract were for supervision, preparation of drill sites, and drilling under independent contract on an actual costs basis, a variation of this reason is required as one of your reasons for the review in lieu of a final audit. A satisfactory variation can be constructed in this case by merely adding the following words to the above quoted reason:

> "provisions for contribution by the Government on the basis of actual costs incurred."

The Report of Review also should be corrected by including the words "Total Accepted Cost" in the last line of the factual paragraph.

An examination of this Division's records indicates that the MF-104 for July 1951 was paid on the basis of drilling 159 feet @ $8.00 per foot, whereas the subcontract with the Rocky Mountain Diamond Drilling Company, dated June 21, 1951, provided for a flat rate of $6.00 per foot. In a memorandum dated October 3, 1952 addressed to the Executive Officer by the Chief, Colorado Branch, Mining Division, it is stated that

R.C.G.

"Due to my misinterpretation of the contract, $8.00 was passed for payment and, as a result, the contractor owes the Government 50 percent of $318.00, or $159.00." Since it appears that this overpayment was neither deducted from subsequent payments nor collected from the Operator, the need for a disallowance is indicated.

A "Distribution of Diamond Drilling Costs" attached to the October 1952 MF-104 indicates that part of the costs, on which the Government's participation was based, included 15 feet @ $4.15 per foot. The subcontract with the Rocky Mountain Diamond Drilling Company dated October 22, 1951, which was then in effect, provided rates per foot of $3.65 for BX, $3.15 for AX and $3.00 for EX. Since it appears that the 15 feet claimed at $4.15 was AX drilling, a disallowance of $15.00 is indicated.

Possibly this same type of overcharge may have been made on the September 1952 MF-104, but it is not disclosed by our files since a copy of the distribution of drilling costs was not attached to our copy of the MF-104.

Please resubmit the Forms MF-104 for the months of July 1951, September 1952 and October 1952, giving consideration to the foregoing comments; revise the Report of Review as required; and advise me by letter of your findings.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
September 15, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

224 New Customhouse
Denver 2, Colorado

August 2, 1954

Mr. R. N. Rasmussen, President
Shelby-Johnson Mines, Inc.
c/o DeKalb Agricultural Association, Inc.
310 North Fifth Street
DeKalb, Illinois

Re: Docket DMEA 1528 (Lead-Zinc)
Contract Idm-E27

Dear Mr. Rasmussen:

Reference is made to your letter of July 26, 1954, wherein you advise that your Board of Directors have decided that further exploratory work in the area where you previously worked is not advisable at this time, and you further advise that we may close the account.

A review of expenditures by the Contract Administration and Audit Division will be scheduled, and upon release of their report to this office, a final payment will be made in conformance with the terms of the contract.

You are correct in your presumption that closing of this account under contract Idm-E27 does not preclude consideration of an application for government assistance in exploration work in another area.

Very truly yours,

W. H. KING

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

JWT:mn

cc Subject
Chron
WMTraver)with
AHKoschmann)copy
Chairman, Operating Committee)opr's
JWTownsend)ltr

COPY

SHELBY-JOHNSON MINES, INC.

716 COLORADO BUILDING

DENVER 2, COLORADO

July 26, 1954

Mr. W. H. King
Executive Officer, DMEA
Field Team, Region 1V
224 New Customhouse
Denver 2, Colorado

Dear Mr. King:

Please pardon the delay in our decision concerning further exploratory work in the Shelby-Johnson mine.

Our Board of Directors have decided that further exploratory work in the area in which we previously worked is not advisable at this time, so you may close up our account.

I presume that this decision does not preclude further exploratory work in another area should we wish to do something of that nature at a future date.

Very truly yours,

/s/ R. N. Rasmusen, President
SHELBY-JOHNSON MINES, INC.

RNR;mp

310 N. Fifth Street
DeKalb, Illinois

224 New Customhouse
Denver 2, Colorado

July 21, 1954

REGISTERED

Mr. R. N. Rasmussen, President
Shelby-Johnson Mines, Inc.
c/o DeKalb Agricultural Association, Inc.
310 North Fifth Street
DeKalb, Illinois

Re: Docket DMEA 1528 (Lead-Zinc),
Contract Idn-327

Dear Mr. Rasmussen:

Reference is made to matters discussed in the last paragraph of our letter to you of May 4, 1954.

We are not permitted to withhold closing of the contract account indefinitely, therefore we will appreciate advice from you as to whether or not you intend to apply for Government assistance in additional exploration work or if you wish to consider the exploration project completed in its present status.

Very truly yours,

W. H. KING

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

JWT:jp
cc Contract
Chron
WMTraver
AHKoschmann
Chairman, Operating Committee
JWTownsend

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

224 New Customhouse
Denver 2, Colorado

May 4, 1954

Mr. R. N. Rasmusen, President
Shelby-Johnson Mines, Inc.
c/o DeKalb Agricultural Association, Inc.
310 North Fifth Street
DeKalb, Illinois

Re: Docket DMEA 1528 (Lead-Zinc)
Contract Idm-E27
Shelby-Johnson Mines, Inc.
Mabel Adit
Park County, Colorado

Dear Mr. Rasmusen:

Reference is made to your letter of April 27, 1954, attention of Mr. Traver, wherein you ask several questions relative to the merits of the referenced property and request advice if further Government help could be obtained and on what basis. Your letter with attached report from Charles W. Jordan dated April 8, 1954 was forwarded to this office for reply to you on the questions asked.

We are prohibited by law to advise you on the merits of your property, a matter which is the province of a private consulting engineer and geologist. In the event you decide that further exploration work is indicated, and you desire Government assistance, your application for additional Government assistance will be given consideration.

Should an examination of the property by Government engineers and geologists in conjunction with such an application indicate that Government participation in additional exploration work is warranted, your present contract could be amended to include additional exploration work and additional funds required.

Inasmuch as the presently approved work under the provisions of Contract Idm-E27 has been completed, and as we are desirous of closing our accounts on the exploration project at an early date, the matter relative to your request for additional funds or considering the project to be completed should be resolved without delay.

Very truly yours,

W. H. KING

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

JWT:jp
cc Contract
Chron
WMTraver
AHKoschmann w/encls
JWTownsend w/encls
Chairman, Op. Comm. w/encls

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 30, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMA 1528, contract IDM-E27 (lead-zinc), Shelby-Johnson Mines, Inc. (Mabel adit), Park County, Colorado

Enclosed are two copies each of letters from R. N. Rasmusen, President of the Shelby-Johnson Mines, Incorporated, and C. W. Jordan, their mine manager, and of my reply to Mr. Rasmusen referring his inquires to you.

W. M. TRAVER,

W. M. Traver

Enclosures

cc: w/o
E27
Chron.

WMT/ici

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 30, 1954

Mr. R. N. Rasmusen, President
Shelby - Johnson Mines, Incorporated
310 North Fifth Street
DeKalb, Illinois

Reference: DMA 1528, contract IDM-E27 (lead-zinc), Shelby-Johnson Mines, Inc. (Mabel adit), Park County, Colorado

Dear Mr. Rasmusen:

Receipt is acknowledged of your letter of April 7, 1954 enclosing Charles Jordan's letter to you and asking several questions regarding additional government assisted work and geologic opinions.

Your letter is being forwarded to Region IV Executive Officer, W. H. King for reply and I am sure you will hear from him reasonably soon.

Very truly yours,

W. M. TRAVER,

W. M. Traver
Chief, Mineral Resources Branch
Mining Division, Region IV

cc: CWJordan
WHKing (2)
E27
Chron.

WMT/ici

SHELBY-JOHNSON MINES, INC.
716 COLORADO BUILDING
DENVER 2, COLORADO

Mineral Resources Branch
Date Rec'd
APR 28 1954
BUREAU OF MINES
Denver, Colorado

April 27, 1954

United States Dept. of the Interior
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Attention--Mr. Traver

Dear Mr. Traver:

By this time you have probably heard that we have suspended operations at the Shelby-Johnson mine, and I assume that you are familiar with the work that has been done there. The enclosed excerpt from Charles Jordan's letter to me, reporting conditions, might be of interest to you in case you have not already talked to him.

Last night we had a meeting of the board of directors, who incidentally are all residents of Illinois and who naturally do not have any mining experience. We were wondering if you felt that conditions would warrant further exploration by our company, and if so, if further government help would be obtainable and on what basis.

There was one other question raised by one of our directors who has spent some time in Colorado, and that was relative to the areas explored. He is of the opinion that much of the ore previously mined in this area was found in the Peerless shale, and was wondering if our recent exploring had reached down to the Peerless shale. He also wondered in the earlier work which we had done in our other location, if the exploratory work on the Little Pearl vein had extended up into the Peerless shale.

We certainly would be glad to hear from you concerning our work and any suggestions which you may have to offer.

Yours very truly,

R. N. Rasmusen

R. N. Rasmusen, President
SHELBY-JOHNSON MINES, INC.

RNR:mp

Enc.

310 North Fifth Street
DeKalb, Illinois

April 8, 1954

Mr. R. W. Rasmusen, Pres.
Shelby-Johnson, Mines, Inc.
DeKalb, Ill.

Dear Rus:

Yesterday, the 7th, I finished closing down the work on the Shelby. I had the boys bring down all of the small tools and etc. and place them in the old Tabor cabin here. The other stuff that is too large to handle, until the road opens up, I left at the job. There isn't much of a chance that anything will be disturbed as long as the roads are in bad shape.

In my last letter to you I stated that the government engineers were here and had surveyed out the drill hole and had located us as to where we might be able to find it. We went in that direction in fact about six feet further and then put out five foot drill holes in all directions to try and locate ore. Before leaving Friday I went over the maps and etc. again and decided that the hole could be in the opposite direction, towards the vein, as well as on the west side of the drift. I had them drill that Saturday and it was shot out when I got back Monday. They also sent out a number of feeler holes in different directions. After all of this work we did not find either the drill hole or did we find ore. As I mentioned in previous letter a drill hole will divert a certain amount from the angle set at the top and the only way that a positive location can be had as to its exact position is to survey it with a special instrument that will show the change and where it takes place. We haven't one or do I think it important to get one as we were looking for an ore-body and I know that at a distance of 70 feet we couldn't have been more than five or so feet from where the hole came down and if there had been an ore body that close we would have been able to recognize it. When I first drove across the vein from the shaft I caught a break going in the direction of the hole and followed it, in fact I drove on that break a distance of 32 feet, 14 feet past the calculated point of the hole. I did this as it showed some ore, very little, and it followed in strike somewhat the strike of the vein being from five to eight feet in the hanging-wall of the vein. This drift never did show any real ore or indications of an ore body being near it.

When we were sinking the shaft, which was done on the foot-wall of the vein, we encountered at various times bunches of good ore laying in a fracture seam, just as if some bird had layed it in the rock, it didn't seem to have come from any place or to have gone any place. We had about a half mine car of the material we sorted out, one piece about 200 lbs. was a chunk of high-grade lead zinc ore. My conclusions are just this, the drill hole passed through just such a chunk of ore. Ever since I cut through the vein and ~~what~~ what we had I have not had much faith in our chances. The vein looked bad and the rock in the hanging wall side showed very little or no alteration, which I find always occur when an ore body is present. I suppose that I could have spent a couple of hundred dollars more and found the hole but I couldn't see that it would have made any difference if I did find it. It wasn't a hole I was looking for it was a body of ore and it just isn't there. It is true that veins are often barren along certain points along their strike and it may be that we cut the vein at just such a point.

COPY

[illegible] that it is to have [illegible] to the other [illegible] I hope that should one, [illegible] be [illegible] to be [illegible] body. Since you left it up to me as to what [illegible] I think that what has been indicated by the other [illegible] [illegible] I wouldn't spend money to do it and so [illegible] [illegible] we don't have done. [illegible] work is just the same as the other [illegible] have done on the Unity, we have had hundreds of good ore and good [illegible] conditions for the making of ore-bodies, even Dr. Herman couldn't [illegible] with all the information they've built his conclusions of importance. [illegible] and there is only one solution that I can see and that is the [illegible] in this particular area is just not strong enough to have made one better of importance. The old workings on the 60 ft. level of the shaft that Hamby James took out in early days wasn't much of an ore-body as the mine. I think that the grade was good. When we first started I told all of you that it was a four to one bet that we would lose our money. I got in making that remark the offs were against us in that amount of getting a payday ore but I did think we would get some ore that we could ship. I don't understand yet how we could have drawn such a goose egg as we did.

oooxoo

Sincerely yours,

Charles E. Jordan

COPY

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

500

FEB 23 1954

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

Re: Projects believed to be of indefinite status

Dear Mr. King:

The following listing shows projects in Region IV which are believed to be inactive and having an indefinite status. In some instances they may be inactive without a recessing amendment, or others may have been recessed but with the recessing period having expired. Will you kindly review such projects with a view toward taking whichever action may seem advisable in the particular cases.

We realize that you are well aware of these problems and in certain cases you have already written regarding actions which you contemplate taking. However, we list all such projects as a matter of record.

United Park City Mines, Docket DM-1099, Contract Idm-100
(your teletype Feb. 17)
United Park City Mines, Docket DM-1160, Contract Idm-71
(your teletype Feb. 17)
Kuma Metals, Inc., Docket DM-1303, Contract Idm-271
Shelby-Johnson Mines, Inc., Docket DM-1523, Contract Idm-27
(may now be active)
[illegible] Metals Corp., Docket DM-1870, Contract Idm-[illegible]
[illegible] Mineral, Docket DM-2160, Contract Idm-509
[illegible] Mines, Inc., Docket DM-2300, Contract Idm-[illegible]

Sincerely yours,

George C. Selfridge
Chairman, Loan Review Committee (JHB)

Concurred:

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

Philip W. Guild
Member, Geological Survey (JHB)

WRGriswold/bjl (2/18/54)
Copy to: Docket (7)
Admr. R. File
Op. Committee
Base Metals (7)
Mr. Bishop
Mr. Kinkel
Chron.

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

224 New Customhouse
Denver 2, Colorado

January 29, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB - 1 1954

REGISTERED

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMA 1528 (Lead-Zinc), Contract IDM-E 27 Amended, Shelby-Johnson Mines, Inc., Park County, Colorado

Enclosed are the Government, Division, and Docket copies of the amended exploration project contract which was forwarded to this office by letter from the Chairman of the Operating Committee, dated December 3, 1953, for signature by the operator. Form MF-203, Owner's Consent to Lien, is attached to the amended contract in conformance with the advice from the Chairman of the Operating Committee except that the Kennebec Mining Company were unwilling to consent to a further lien on their property, therefore only the Consent to Lien involving property described under article 2 of the contract is included.

We see no reason why the Kennebec Mining Company's Subordination Agreement was included in the original contract inasmuch as the exploration work in no way benefited the property and it was not described under article 2 of the contract.

Copies of the amended contract have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King

W. H. King

Enclosures

500 FILE COPY
SURNAME:

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

DEC 3 - 1953

J. W. Alt
Grimmel
Clemmons
Larrabee
Selfridge
H. Johnson

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

Re: Docket No. DMA 1528 (Lead-Zinc)
Shelby-Johnson Mines, Inc.
Park County, Colorado
Contract No. I-DMA-E27

Dear Mr. King:

We are enclosing the original and five copies of the Amended Contract for the above contract, signed by this office for the Government together with Annexes I and II, Exhibit "A" (2 pages) and one map. An amendment was requested in your memorandum of November 17, 1953.

Before the Amended Contract can be executed it will be necessary to obtain and attach to the contract the Owner's Consents to Lien, to replace the Landlord's Subordination Agreements.

It will be necessary to insert in the Amended Contract, in the space provided under Article 3, the number of days from the date of the contract in which work shall commence.

If the Amended Contract meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute in the usual manner. In the event that the Amended Contract is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

George C. Selfridge (JWB)
Chairman, Operating Committee

Enclosures 6
APPROVED:

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

D. M. Larrabee (JWB)
Member, Geological Survey

JWAlt/hmj (12-2-53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Division
Mr. Kinkel
Mr. Bishop
Chron.

R.C.S. 12-3-53

FILE COPY
SURNAME:

140

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

Portin

N. S. in R.R.

November 30, 1953

To: The Administrator

Through: W. R. Griswold

From: Chief Counsel

Subject: Shelby-Johnson Mines, Inc. - Docket No. DMA-1528

There is attached, in satisfactory legal form for execution, a contract covering the above-described project, subject to the attachment of the Owner's Consents to Lien, to replace the Landlord's Subordination Agreements.

Albert E. Kane

for J. L. Hofflund
Chief Counsel

Attachments

HCRubin/ema
Copy to: Docket
W. R. Griswold
H. C. Rubin
J. L. Hofflund
Chron.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 19 1953

224 New Customhouse
Denver 2, Colorado

November 17, 1953

AIRMAIL

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMA-1528 (Lead-Zinc), Contract I-DMA-E27, Shelby-Johnson Mines, Inc., Park County, Colorado

Enclosed are three sets of data relevant to an amendment to the subject contract to authorize the following:

1. Authorization of a recess of operations effective November 1, 1952.

2. Extension of the completion date of the contract an additional six months.

3. Amend Exhibit "A" attached to the contract to authorize rehabilitation of a caved adit, sinking a winze from the rehabilitated adit, and crosscut westerly from near the bottom of the winze to explore the ore disclosed by diamond drill hole No. 6A, completed prior to November 1, 1952, all in lieu of performing the balance of diamond drilling presently authorized in the contract.

Each set of the enclosed data consists of the following:

(a) Letter from the operator's agent, dated September 28, 1953, requesting authorization of a recess of operations.

(b) Letter from the operator's agent, dated September 28, 1953, requesting authorization of a change in the work program.

(c) Letter from the operator's agent, dated October 1, 1953, concerning matter under items (a) and (b).

(d) Letter from the operator's agent, dated November 10, 1953, wherein he approves the program as recommended by the examining engineer and geologist and requests a six months' extension of the period for completion of the project.

(e) Memorandum report, dated October 20, 1953, from M.H. Salsbury, and transmittal thereof dated October 22, 1953, from the Chief, Mineral Resources Branch, Mining Division, Region IV, containing recommendations relative to the operator's requests.

(f) Memorandum report, dated November 12, 1953, from D.R. MacLaren, U.S. Geological Survey, relative to the operator's requests.

Also enclosed with the three sets of data are six extra copies of Figure I for attachment to the amendment.

We recommend that Amendment No. 5 be processed to contain the following basic provisions:

1. In lieu of Article 14 of the contract form, there are substituted the provisions of Annex I, attached hereto and made a part hereof.

2. In Article 3 of the contract form, as amended, to the words "three years" add the words: "and six months".

3. During the period beginning November 1, 1952 and ending on or before January 1, 1954, the project work shall be recessed without any obligation on the part of the Government for any costs whatever, under the terms of the contract, during the period the work is recessed.

4. Modify and amend EXHIBIT "A" attached to the contract form on the following basis:

(a) Work performed under the contract, as amended, prior to November 1, 1952, for which the description and specification of the work as cited in the contract are hereby retained.

Estimated cost of work completed prior to November 1, 1952 (subject to audit) $4,931.32*

(b) Work to be completed after resumption of operations on or before January 1, 1954, as shown on Figure I attached hereto, and estimated costs thereof are as follows:

1/ 1. Rehabilitate the Mabel adit level to the Mabel vein, a distance of approximately 95 feet, including clearing the portal, enlarging the adit tunnel at two points as required, removing the track and pipe from the main adit and relaying the pipe and track on the surface and in the Mabel adit.

Estimated Cost $807.00*

1/ 2. Excavation and preparation, including required timbering of a winze station at a point in the Mabel adit acceptable to the DMEA Field Team.

Estimated Cost.....$ 433.00

3. Sink a winze on the Mabel vein, 4' x 8' in cross section, from a point in the Mabel adit acceptable to the DMEA Field Team, Region IV, a distance of 42 feet.
Estimated Cost, 42 feet at $72.00* per foot.....$3,024.00*

4. Crosscut westerly from a point in the winze approximately 34 feet below the Mabel adit level, a distance of approximately 17.3 feet to further explore the ore encountered in diamond drill hole No. 6A.

Estimated Cost, 17.3 feet at $35.00* per foot..... $ 604.68*

Total Estimated Cost of the Project $9,800.00*

Government Participation at 50% $4,900.00*

* Indicates "allowable maximum" in which the Government will participate to the extent of 50 percent of the agreed unit costs and the indicated total estimated costs.

1/ The entire work constitutes the unit of work.

Inasmuch as a part of the amendment will extend the life of the contract for a period in excess of two years, which is the limit of our authority, we are forwarding the matter for your consideration and appropriate action.

The operator desires to resume operations, if authorized, as soon as possible, therefore your early consideration of the matter will be appreciated.

JW Townsend

J. W. Townsend
For W. H. King

Enclosures

SHELBY-JOHNSON MINES, INC.

~~716 COLORADO BUILDING~~
~~DENVER, COLORADO~~
Alma, Colorado.

September 28, 1953.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 19 1953

TO W. H. King, Executive Officer
DMEA Field Team, Region IV.
224 New Custom Bldg.,
Denver , Colorado.

SUBJECT. Request for extended recess of operations under referenced contract.

Ref. Docket No. DMA 1528
Contract I-Dma -E 27
Shelby Johnson Mines Inc.

Dear Sir:-

Operations under the above contract was recess on about October 20, 1952 due to two factors namely the water supply was completely exhausted for diamond drilling on the premisis, and the cost of hauling water prohibative. also funds of the operator were getting low and had to be replenished in order to finish contract. It was also getting late in the year and freezing at that altitude had started. Work was not started during the summer due to the shortage of funds and to a feeling that a more judicious plan of operation could be carried out by the sinking of a winze than by further diamond drilling. and that funds could be more easly raised for such a project than for further diamond drilling.

The above supposition has been proven correct and during the month of September 1953 enough funds have been raised to more than match the government and it is the plan to again start operations as soon as a crew can be obtained after the first of October 1953.

We request that a recess of operations be authorized for the period from November 1 1952 to October 1 1953.

The above respectively submitted.

Shelby-Johnson Mines Inc.
Chas W. Jordan
by Chas W. Jordan Agent.

SHELBY-JOHNSON MINES, INC.
XZZXSXXCOLORADOXSPRINGS.X
XDENVER,2,COLORADOX
Alma, Colorado.

September 28, 1953.

[DEPARTMENT] OF THE INTERIOR
[Defense] Minerals Administration
RECEIVED
NOV 19 1953

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

Re: Docket No. DMA 1528
Contract I-Dma* E27

SUBJECT: Request for amendment to Referenced contract to change description of remaining work.

Dear Sir:-

The status of the referenced contract at the present time is as follows

Authorized	1225 ft Core Drilling	Government	$4,900.00	Operator	$4,900.00
Completed	743 ft. " "	Expended	2,490.66	"	2,490.66
Balance	482 ft.		$2,409.34		$2,409.34

The contract called for the drilling of Diamond Drill Holes 1A.2A. 3A. 4A. 5A. 6A. 7A. 8A. and 9A. Of these holes there has been drilled and completed diamond drill holes 2A. 3A. 4A. 5A. and 6A. With the above contract there was submitted by the Shelby-Johnson Mines Inc a map showing the location of the above named drill holes with the various elevations. As this map is as complete as any we could present at the present time we are not submitting another map with this request but will refer to the map submitted to you for a reference in the proposed new work.

By refering to the above mentioned map it will be noted that the holes from La to 6A are located along the strike of a certain vein about ten to 14ft. from the out-crop of the vein on the hanging -wall side. In the holes finished two holes namely 2A. & 6A. that encountered ore the others only showing a small amount of mineralization. On 2A the ore was encountered at 50.0 to 51.5 feet. and an assay of the core ran as follows Au 0.02 1.70 Ag 17.9 Pb and 15.2 Zn. On 6A. between 68.67 ft and 70.67 feet ore was encountered which assayed .0.32 Au 4.30 Ag, 26.8 Pb and 21.4 Zn. As stated above all of the holes drilled in the hanging wall of the vein from 10ft to 14 ft. from the outcrop, as the main vein drips to the west about 70 degrees the ore that was hit in the holes must have been encountered in beddings that lay out from the main vein on shale contacts. The sixteen years experience that I have had mining in Loveland Mountian this is very characteristic of the ore deposits. My examination of the cores of all the holes drilled, there was nothing indicated to me that the holes had passed through the main vein. My experience in the particular horizon in which we encountered the ore, namely the white lime and Peerless formation, lies in the vein from one to six feet wide with beddings going out into the hanging wall side on different shale contacts for distances of from six to twenty feet, the beddings being from five to ten feet thick near the vein then fading out in a wedge shape in the limes. From the character of the ore and the width I believe that the drill holes passed through the beddings as they were fading out, which leads us to believe that we have very substantial beds near the vein and that the vein proper might be of a commercial size.

#2 Shelby-Johnson Mines Inc.
Request Amendment Docket DMA 1528
Contract I- E27

All of this mentioned above is speculative and in order to prove up the contentions there are two thing that could be done, namely put down six or eight more drill holes nearer the vein and see that some of them crossed the vein at various points or sink a winze or shaft on the vein to the point where the drill holes encountered the ore. A study of the situation has lead us to believe that the sinking of a winze on the vein would give us more information and could be done cheaper than drilling the necessary holes., and further after the drill holes were drilled there would be no positive information until such a winze was sunk. The above conclusion was derived at by the following conditions.

Refering to the map which was previously submitted and which the Mineral Resources Branch have copies, it will be noted on the north end of the Cannoran claim , a dump , trench and caved audit with an elevation figure of 222.5 . This tunnel which is only partly caved at the portal and which could easly be cleaned out, leads back to an open stope which is marked shaft on the map with an elevation of 256.5. This is not a shaft but an open stope that caved to surface , said stope running from the tunnel to the north about seventy five feet. The elevation of the 6A drill hole is about the same at the collar as the top of the stope namely about 256.6 . Which means that the tunnel cuts the vein at 34 feet below the collar of the 6A hole. The log of the 6A hole shows that it cut the ~~xxin~~ ore at about 71 feet or 37 feet below the tunnel level. Thus a winze from the bottom of the open stope 42 feet would explore the vein for that distance open up the probable bedding and give us a sump of six feet. It can also be noted that the elevation of 2A. collar is 270.5 or 14 feet higher that the collar of 6A. which means that a drift from the winze along the vein would come in under the ore shown in that hole.

The Shelby Johnson Mines Inc has most all the necessary equipment needed. A pipe line could be ran from the compressor to the tunnel. It might be that a jackhammer for sinking would have to be rented and a hoist, a tugger would do. Due to the fact that all water in the area is completely gone in the fall Iam certain that there will be no pumping costs. I figure without any unforseen circumstances the job could be finished up by the first of the year and at a cost about as follows. Sppervision $1,200.00, Labor $2,700.00 Power $300.00, Supplies $300.00, Compensation Insurance $150.00 and rental $100.00. This would make a total $4,750.00 leaving in the contract account $59.00 for miscellanous items. Weather is always an unknown factor at this altitude but under normal conditions we should be able to finish the project by the expiration date of December 27m 1953, if after the first of November we see that we are going to be held up we will ask for an extension of time.

The above is respectfully submitted for your consideration.

Shelby Johnson Mines Inc.
Chas W. Jordan
By Chas W. Jordan, Agent.

XXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXX
Alma, Colorado.

September 28, 1953.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 19 1953

TO W. H. King, Executive Officer
DMEA Field Team, Region IV.
224 New Custom Bldg.,
Denver , Colorado.

SUBJECT. Request for extended recess of operations under referenced contract.

Ref. Docket No. DMA 1538
Contract L-Dma -S 27
Shelby Johnson Mines Inc.

Dear Sir:-

Operations under the above contract was recess on about October 29, 1952 due to two factors namely the water supply was completely exhausted for diamond drilling on the premisis, and the cost of hauling water prohibative. also funds of the operator were getting low and had to be replenished in order to finish contract. It was also getting late in the year and freezing at that altitude had started. Work was not started during the summer due to the shortage of funds and to a feeling that a/[illegible]cisme plan of operation could be carried out by the sinking of a winze than by further diamond drilling. and that funds could be more easly raised for such a project than for further diamond drilling.

The above supposition has been proven correct and during the month of September 1953 enough funds have been raised to more than match the government and it is the plan to again start operations as soon as a crew can be obtained after the first of October 1953.

We request that a recess of operations be authorized for the period from November 1 1952 to October 1 1953.

The above respectively submitted.

Shelby-Johnson Mines Inc.
Chas. N. Jordan
by Chas. N. Jordan Agent.

SEP 28 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 19 1953

TO. W.H.King, Executive Officer
DMMA Field Team, Region IV.
224 New Customhouse.
Denver, 2 Colorado.

Re: Docket No. DMA 1628
Contract I-Dma- 827

SUBJECT: Request for amendment to Referenced contract to change description of remaining work.

Dear Sir:-

The status of the referenced contract at the present time i s as follows

Authorized	1225 ft	Core Drilling		Government	$4,900.00	Operator	$4,900.00
Completed	743 ft.	"	"	Expended	2,490.66	"	2,490.66
Balance	482 ft.				$2,409.34		$2,409.34

The contract called for the drilling of Diamond Drill Holes 1A.2A. 3A. 4A. 5A. 6A. 7A. 8A. and 9A. Of these holes there has been drilled and completed diamond drill holes 2A. 3A. 4A. 5A. and 6A. With the above contract there was submitted by the Shelby-Johnson Mines Inc a map showing the location of the above named drill holes with the various elevations. As this map is as complete as any we could present at the present time we are not submitting another map with this request but will refer to the map submitted to you for a reference in the proposed new work.

By refering to the above mentioned map it will be noted that the holes from 1a to 6A are located along the strike of a certain vein about ten to 14ft. from the out-crop of the vein on the hanging -wall side. In the holes finished two holes namely 2A. & 3A. that encountered ore the others only showing a small amount of mineralization. On 2A the ore was encountered at 50.0 to 51.5 feet. and an assay of the core ran as follows Au 0.02 1.70 Ag 17.9 Pb and 15.2 Zn. On 6A. between 68.67 ft and 70.67 feet are was encountered which assayed .0.32 Au 4.30 Ag. 26.8 Pb and 21.4 Zn. As stated above all of the holes drilled in the hanging wall of the vein from 10ft to 14 ft. from the outcrop, as the main vein dips to the west about 70 degrees the ore that was hit in the holes must have been encountered in beddings that lay out from the main vein on shale contacts. The sixteen years experience that I have had mining in Loveland Mountian this is very characteristic of the ore deposits. My examination of the cores of all the holes drilled, there was nothing indicated to me that the holes had passed through the main vein. My experience in the particular horizon in which we encountered the ore, namely the white lime and Peerless formation, lies in the vein from one to six feet wide with beddings going out into the hanging wall side on different shale contacts for distances of from six to twenty feet, the beddings being from five to ten feet thick near the vein then fading out in a wedge shape in the limes. From the character of the ore and the width I believe that the drill holes passed through the beddings as they were fading out, which leads us to believe that we very substantial beds near the vein and that the vein proper might be of a commercial size.

All of this mentioned above is speculative and in order to prove up the conditions there are two thing that could be done, namely put down six or eight more drill holes nearer the vein and see that some of them crossed the vein at various points or sink a winze or shaft on the vein to the point where the drill holes encountered the ore. A study of the situation has lead us to believe that the sinking of a winze on the vein would give us more information and could be done cheaper than drilling the necessary holes., and further after the drill holes were drilled there would be no positive information until such a winze was sunk. The above conclusion was derived at by the following conditions.

Refering to the map which was previously submitted and which the Mineral Resources Branch have copies, it will be noted on the north end of the Cameron claim , a dump , trench and caved audit with an elevation figure of 222.5 . This tunnel which is only partly caved at the portal end which could easly be cleaned out, leads back to an open stope which is marked shaft on the map with an elevation of 256.5. This is not a shaft but an open stope that caved to surface , said stope running from the tunnel to the north about seventy five feet. The elevation of the 6A drill hole is about the same at the collar as the top of the stope namely about 256.8 , which means that the tunnel cuts the vein at 34 feet below the collar of the 6A hole. The leg of the 6A hole shows that it cut the main ore at about 71 feet or 37 feet below the tunnel level. Thus a winze from the bottom of the open stope 42 feet would explore the vein for that distance open up the probable bedding and give us a sump of six feet. It can also be noted that the elevation of 8A. collar is 270.5 or 14 feet higher that the collar of 6A. which means that a drift from the winze along the vein would come in under the ore shown in that hole.

The Shelby Johnson Mines Inc has most all the necessary equipment needed. A pipe line could be run from the compressor to the tunnel. It might be that a jackhammer for sinking would have to be rented and a hoist, a tugger would do. Due to the fact that all water in the area is completely gone in the fall I am certain that there will be no pumping costs. I figure without any unforseen circumstances the job could be finished up by the first of the year and at a cost about as follows. Supervision $1,200.00, Labor $2,700.00 Power $300.00, Supplies $300.00, Compensation Insurance $150.00 and rental $100.00. This would make a total $4,750.00 leaving in the contract account $59.00 for miscellaneous items. Weather is always an unknown factor at this altitude but under normal conditions we should be able to finish the project by the expiration date of December 27th 1953, if after the first of November we see that we are going to be held up we will ask for an extension of time.

The above is respectfully submitted for your consideration.

Shelby Johnson Mines Inc.

Chas. W. Jordan

By Chas. W. Jordan, Agent.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DEPARTMENT OF THE INTERIOR
Minerals Administration
RECEIVED
NOV 19 1953

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 22, 1953

Mining Division
Date Rec'd
OCT 23 1953
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMA 1528, contract I-DMA-E27 (lead-zinc), Shelby Johnson Mines, Inc., Park County, Colorado

Transmitted herewith are the original and seven copies of M. H. Salsbury's memorandum recommending a recess of operations and an amendment to the above contract to substitute rehabilitation of an existing caved adit and sinking a winze to explore the ore encountered in their core drill hole No. 6A for the core drilling authorized by contract.

Salsbury recommends authorizing a recess of the project retroactive to November 1, 1952, and extending to such a time as the request for change of exploration can be processed, probably November 15, 1953. He also recommends the change in the exploration program requested, estimating the costs as well within the funds remaining in the contract allotment and the time required as 2-1/2 months. However, he has combined the sinking and drifting or crosscutting in one estimate. As he is at the moment on annual leave and not available to make the breakdown and revision himself, I am suggesting the following unit cost amendment:

Estimated Costs

1/	1. Rehabilitation of the Mabel adit, including clearing the portal, enlarging the adit tunnel at two points, as required, removing the track and pipe from the main adit, and relaying the pipe on the surface to the Mabel adit and both track and pipe in the Mabel adit	$807.00
1/	2. Excavation and preparation, including required timbering of a winze station at a designated location in the Mabel adit	433.00

3. Sinking a winze 42 feet from the winze station on the Mabel vein at $72.00 per foot	$3,024.00
4. Drifting or crosscutting 15 feet to the vein at $35.00 per foot	525.00
Total cost of the work	$4,789.00

[illegible] $2,150 / 50% 2394.50

1/ The entire job constitutes the unit of work.

If you approve the amendment, it might be advisable to notify Jordan as soon as possible in order that he start operations immediately and perhaps finish before it is necessary to recess project work due to winter conditions.

The letters from Jordan furnished with your memorandum of October 7, 1953, instructing us to submit a report are returned also. Salsbury and the Survey geologist made a field examination of the project--Salsbury on October 14 and the geologist on October 16, 1953.

W. M. Traver

W. M. Traver

enclosures

cc 7
E27
DMEA Chron.

WMT/pam

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 19 1953

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 20, 1953

Memorandum

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

From: M. H. Salsbury

Subject: DMA 1528, contract I-DMA-E27 (lead-zinc), Shelby Johnson Mines, Inc., Park County, Colorado

The subject contractor, through their agent Charles W. Jordan, Alma, Colorado, have requested an authorization for a recess of operations from November 1, 1952, to October 1, 1953, and an amendment to the contract to permit rehabilitation of a caved adit and underground work to explore further some substantial lead-zinc mineralization encountered in drill hole No. 6A, in lieu of performing the balance of core drilling authorized by the contract. The proposed expiration date of the requested recess is already past, and should be changed to November 15, 1953, or whatever time is required to process an amendment to the contract which is being recommended for approval by the examining team.

The operator proposes to rehabilitate an old adit for access to the Mabel vein and to sink a 42-foot winze on the vein below an old stope which has been mined to surface to reach the ore cut in the drill hole. The operator's agent's estimated cost, not itemized, is $4,750.00. The unexpended balance of project funds is $4,818.68. It is also estimated that the work can be completed by December 27, 1953, which is the project expiration date. However, it is the examining engineer's opinion that the proposed work, if approved, cannot be completed before January 15, 1954, assuming that it can be started the first week in November. If the winter is unusually severe, work might have to be recessed before completion, possibly until September 1954, as the contractor states that work below a drainage opening at a reasonable cost is not feasible during the spring and summer months.

Jordan's description of ore occurrences in the area, based on his experience, suggests that the Mabel vein was a channel along which ore-bearing solutions migrated upward, depositing ore at favorable points in and along the vein and extending a short distance out into favorable beds of the limestone formations in the hanging wall.

Drill hole No. 6A apparently cuts one of these limestone replacements and drill hole No. 2A, another. Three other holes drilled on the hanging wall side of the Mabel vein between holes No. 2A and 6A were barren, although they are deep enough to have cut the same horizon. Two of these holes, Nos. 5A and 4A, are 22 feet and 38 feet, respectively, southwest of hole No. 6A and indicate that the mineralization in that hole does not extend over 20 feet to the southwest, but may extend further to the northeast. Thus the ore occurrences are probably small and scattered but probably of good grade. Assay of the split core from holes No. 6A and 2A gave the following results:

Hole No.	Assay for	Distance from collar feet	Width represented feet	Percent core recovery	oz/ton Au	oz/ton Ag	Percent Pb	Percent Zn
6A	Bureau of Mines	68.7-70.7	2.0	75	0.32	4.3	26.8	21.4
6A	Contractor				0.19	3.7	27.4	23.2
2A	Bureau of Mines	50.0-51.6	1.5	33.3	0.02	1.7	17.9	15.2
2A	Contractor				0.04	2.0	15.4	14.6

The 2 feet of ore indicated in hole No. 6A could probably be mined profitably if of reasonable extent, and, as broken, might run 12 percent lead, 10 percent zinc, with substantial gold and silver content to increase base metal value.

A Brunton survey of the adit verified Jordan's estimate of 10 to 15 feet from drill hole to vein at the level of the ore, 68.7 to 70.7 feet below the collar of the hole. The vein varies in dip but the actual distance is probably between these limits. The vein itself may contain ore at the level of the drill hole but there is no conclusive evidence that the bedded ore will be any wider than the 2-foot wide cut in the drill hole. Jordan concluded, from his experience, that the drill hole penetrated the ore near the margin and that the ore nearer the vein will probably be wider. No estimate of ore reserves is possible on the basis of present information. Refer to Figure 1.

The total of Jordan's cost estimate, not detailed, is close to the revised estimate made by the examining engineer. However, the revised estimate includes about 15 feet of drifting and/or crosscutting at the bottom of the winze to connect with the drill hole. This was not provided for in Jordan's proposal.

A breakdown of the estimate includes the following:

1. Rehabilitation of portal and adit including pipe and track.

2. Preparation of a hoisting station at the winze site.

3. Sinking 42 feet on the Mabel vein and drifting and/or crosscutting 15 feet.

Jordan proposes locating the winze at a point where the Mabel vein shows the best mineralization and this will be determined after the floor of the drift on the vein is cleaned up. If the winze can be sunk on ore worth saving, Jordan intends to do so. However, the cost of sinking is computed on the most efficient method and any extra cost incurred in saving the ore would be the contractor's responsibility and at his expense.

Jordan states that he will take stock in the Shelby Johnson Mines, Inc., as his compensation, and no charge for his services is made in the estimate. This was done to keep the cost at a minimum. He will furnish drilling and hoisting equipment at a very reasonable rental.

The cost of hauling equipment and supplies is not included as Jordan said he will furnish this item. The normal charge for technical services, bookkeeping, and hauling, if included, would raise the total cost above the amount of project funds available.

Cost Estimate

(1) Rehabilitation of Mabel adit and portal
(Estimated time for completion 2 weeks)

Independent contracts

Clearing 62 feet of portal cut, Hough loader, or equivalent, and operator, 24 hours estimated at $8.00 per hour	$192.00

Labor and Supervision

Labor

Two miners at $1.50 per hour base pay, time and one-half over 40 hours.	
Remove 1,200 feet of 2-inch pipe and 200 feet of mine track from main adit	1 day
Relaying 1,100 feet of pipe on surface and in Mabel adit	4 days
Preparing and connecting compressor at main adit	1 day

Laying track on dump and in Mabel adit	1 day		
Hauling equipment, pipe, and rail	1 day		
Cleaning up Mabel adit and slabbing walls for clearance	4 days		
Total	12 days or 2 weeks		
Two miners 2 weeks at $78.00 per week		$312.00	
Supervision			
One foreman for 2 weeks at $400.00 per month		200.00	
Technical Services			
No charge for Jordan's advisory services		---	
Total Labor and Supervision			$512.00
Operating Materials and Supplies			
Timber		---	
Explosives		12.00	
Drill steel and bits		4.50	
Power - $160.00 per month, $6.40 per day, 2 days		12.80	
Supplies, other			
Track spikes, bolts, ties		30.00	
Total Operating Materials and Supplies			59.30
Operating Equipment			
Rental			
One jackhammer drill at $30.00 per month for 1 week		7.50	
Purchase		---	
Depreciation of equipment owned and furnished by contractor			
One Ingersoll-Rand compressor and 75-hp			

electric motor, used, valued at $2,500.00, depreciation at $42.00 per month, 1 week	$10.50		
Total Operating Equipment		$ 18.00	
Initial Rehabilitation and Repairs		---	
New Buildings, Improvements, etc.		---	
Miscellaneous			
Payroll taxes and Workman's Compensation at 5 percent of payroll	$25.60		
Bookkeeping services furnished by Jordan	---		
Total Miscellaneous		25.60	
Total cost of rehabilitating 90 feet of the Mabel adit			$806,90

(2) Preparing winze hoisting station

Independent contracts		---	
Labor and Supervision			
Labor			
Two miners at $1.50 per hour base pay, time and one-half over 40 hours - 1 week at $78.00 each per week	156.00		
Supervision			
One foreman for 1 week at $400.00 per month	100.00		
Total Labor and Supervision		256.00	
Operating Materials and Supplies			
Timber	20.00		
Explosives	60.00		
Drill steel and bits	16.00		
Power - 1 week at $40.00	40.00		
Supplies, other	10.00		
Total Operating Materials and Supplies		146.00	

Operating Equipment

Rental
One jackhammer and auxiliary equipment at $30.00 per month 1 week $ 7.50

Purchase ---

Depreciation
Depreciation of equipment owned and furnished by contractor
Compressor depreciated at $42.00 per month- 1 week 10.50

Total Operating Equipment $18.00

Miscellaneous
Payroll taxes and Workman's Compensation Insurance at 5 percent of payroll 12.80

Total Miscellaneous 12.80

Total winze hoisting station preparation $432.80

(3) Sinking 4-foot by 8-foot winze 42 feet and drifting and/or crosscutting 15 feet

Independent contracts ---

Labor and Supervision

Labor

Sinking	6 weeks
Drifting and/or cross-cutting	1 week
Total	7 weeks

Two miners at $1.50 per hour base pay, time and one-half over 40 hours 7 weeks at $78.00 per week each $1,092.00

One hoistman-topman at $1.35 per hour base pay, time and one-half over 40 hours - 7 weeks at $70.20 per week	$491.40	
Supervision		
One foreman 7 weeks at $400.00 per month.	700.00	
Total Labor and Supervision		$2,283.40
Operating Materials and Supplies		
Timber	$80.00	
Explosives	90.00	
Drill steel and bits	104.00	
Power - 7 weeks at $40.00 per week	280.00	
Supplies, Other	25.00	
Repairs, at $2.00 per day, 42 days.	84.00	
Total Operating Materials and Supplies		963.00
Operating Equipment		
Rental		
One jackhammer and auxiliary equipment, 7 weeks at $30.00 per month	52.50	
One tugger hoist, cable, bucket, sheave wheel, 7 weeks at $30.00 per month	52.50	
Total rented equipment	105.00	
Purchase	---	
Depreciation of equipment owned and furnished by contractor		
Compressor, used, depreciated at $42.00 per month, 7 weeks	73.50	
Total Operating Equipment		178.50

Miscellaneous			
Payroll taxes and Workman's Compensation at 5 percent of payroll	$114.17		
Sampling and Analysis	10.00		
Total Miscellaneous		$124.17	
Total sinking, drifting and/or crosscutting			$3,549.07
Total estimated cost of work under proposed amendment			$4,788.77

Recapitulation of Costs

Independent contracts	$ 192.00
Labor and Supervision	3,051.40
Operating Materials and Supplies	1,168.30
Operating Equipment	214.50
Initial Rehabilitation and Repairs	---
New Buildings, Improvements, etc.	---
Miscellaneous	162.57
Contingencies	---
Total estimated cost	$4,788.77

Summary

1.	Rehabilitation of the Mabel adit, including cleaning the portal, enlarging the adit at two points, removing the track, and pipe from the main adit and relaying the pipe on surface and the track and pipe in Mabel adit	$ 806.90
2.	Preparation of a hoisting station at the winze collar	432.80
3.	Sinking winze 42 feet and crosscutting and/or drifting 15 feet	3,549.07
	Total estimated cost of work	$4,788.77
	Estimated average cost of winzing, drifting, or crosscutting per foot	$62.26

Estimated time for completion - 2-1/2 months

It is concluded that the proposed exploration has merit and there is a good chance of finding lead-zinc ore in significant quantity. The unexpended balance of project funds will cover the cost with the usual charges for items such as technical services and bookkeeping being furnished by Jordan without cash compensation.

Approval of the following items is recommended:

1. An amendment to contract I-DMA-E27 making the expiration date of the authorized recess November 15, 1953.

2. An amendment to extend the contract to October 1, 1954.

3. Exploration consisting of 42 feet of winzing and 15 feet of drifting and/or crosscutting at the bottom of the winze to reach the ore in the hanging wall of the Mabel vein cut in diamond drill hole No. 6A, at an estimated cost of $4,788.77.

An amendment to do the work under a short-form contract providing unit amounts of rehabilitation of the Mabel adit and for preparation of the winze station and a unit price per foot for sinking, drifting, and crosscutting is recommended. The location of the winze and the direction of drifting and/or crosscutting should be subject to approval by a Region IV DMEA representative.

for W. M. Weaver

M. H. Salsbury
Mining Engineer

cc 7
E29
DMEA Chron.

MHS/pam

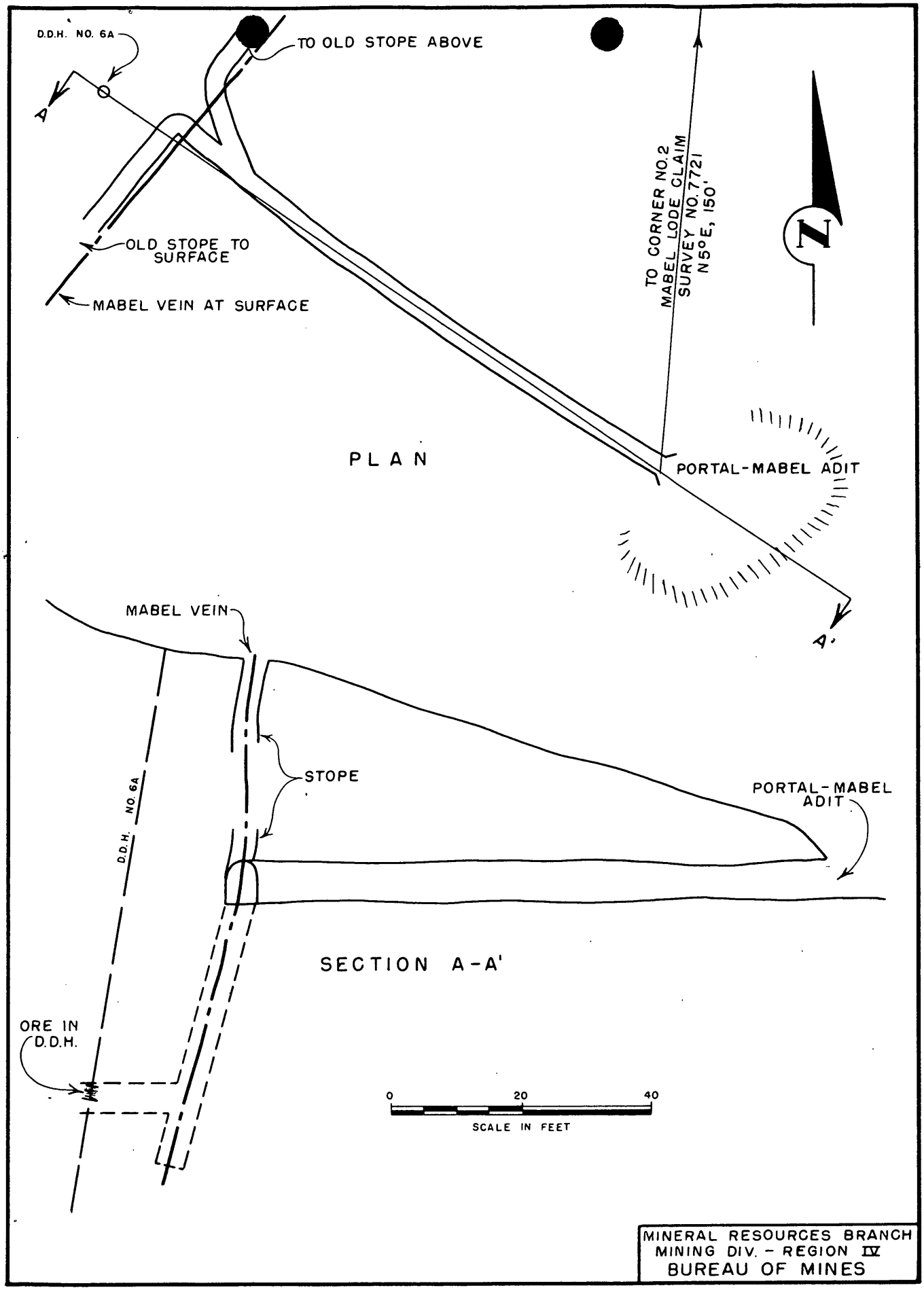


FIGURE 1 - PLAN AND SECTION, SHOWING EXPLORATION PROPOSED BY AMENDMENT, MABLE ADIT, SHELBY-JOHNSON MINES INC., PARK CO., COLO. (I-DMA-E27, DMA 1528)

November 12, 1953

Memorandum

To: Mr. A. H. Koschmann E.M.H. for AHK

From: D. R. MacLaren

Subject: DMA Docket 1528, Contract I-DMA-E27 (lead-zinc), Shelby Johnson Mines, Inc., Park County, Colorado

In a letter dated September 28, 1953, Charles W. Jordan, agent for the subject applicant, requested authorization to recess operations under contract I-DMA-E27 for the period from November 1, 1952, to October 1, 1953. In another letter of the same date, Jordan requested an amendment to the contract whereby the provision for diamond drilling not yet completed be cancelled and authorization be given to use the funds remaining for the purpose of cleaning out the Mable Tunnel and sinking a 42-foot winze to explore a mineralized zone encountered in diamond drill hole 6-A. A 2-foot sample of the drill core, taken by the U. S. Bureau of Mines examiner, assayed 0.32 ounces gold and 4.30 ounces silver per ton, 26.8% lead and 21.4% zinc. The drill hole cut the mineralized zone about 15 feet from the Marble vein on the hangingwall side. The mineralization is in Manitou limestone, five feet above the probable contact between the Manitou limestone and the Peerless shale. Three other holes drilled on the hangingwall side of the vein at distances of 20 feet, 38 feet, and 124 feet, respectively, southwest of hole 6-A, did not encounter any ore although the holes were deep enough to pass through the ore horizon indicated in hole 6-A. This would limit the southward extent of the deposit to less than 20 feet. There is no evidence upon which to estimate how far it may extend to the northeast. Past experience of the operator indicates that the Mable vein has been a channel of access for ore bearing solutions that have formed small

replacement deposits at favorable horizons in the limestone. It is reasonable to suppose that the ore showing in drill hole 6-A indicates such a deposit, and therefore it is recommended that the request to use remaining funds to clean out the Mable tunnel and to sink a 42-foot winze be approved. It is also recommended that the requested recess be approved but that its duration be extended to include the time necessary to process these amendments.

SHELBY-JOHNSON MINES, INC.

~~XXXXXXXXXXXXXXXXXXXXXXXX~~
~~XXXDENVER, COLORADOXXX~~

Alma, Colorado.

Mining Division
Date Rec'd
NOV 12 1953
BUREAU OF MINES
Denver, Colorado

November 10, 1953.

Mr. W. H. King, Exe Officer DMEA.
Field Team, Region lV.
224 New Custom Bldg.,
Denver, Colo.

Re: Docket No. DMA 1528
Contract I-DMA-E27 (Lead Zinc)

Dear Mr. King:-

Iam in receipt of your letter of November 5, 1953 relating to the change in the above contract and a proposed new contract. We hereby approve and accept the change of the contract and the agreed unit cost as outlined in said letter of November 5, 1953.

Due to climatic conditions at the point of operation , namely at an elevation of 11,300, this time of year , it is imperative that work begin as soon as possible, we therefore ask that commencement of operations begin as soon as approval of the contract is made. Further due to the unknown factors in climatic conditions at this elevation compeletion of the project is difficult to estimate. The above contract expires December 27, 1953, due to the delay in the approval in the change in contract and the above mentioned climatic conditions, we are requesting that the termination of contract be extended six months to June 27, 1954.

Yours very truly,
Shelby Johnson Mines. Inc.
by Chas. W. Jordan Agent.

6 cc

SHELBY-JOHNSON MINES, INC.

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
~~DENVER 2, COLORADO~~
Alma, Colorado.

Mining Division
Date Rec'd
OCT 5 - 1953
BUREAU OF MINES
Denver, Colorado

October 1 , 1953.

Mr. W.H.King, Executave Officer
DMEA Field Team, Region IV.
224 New Custom Bldg.,
Denver, 2 Colo.

Dear Mr. King:-

Re. Docket No DMA 1528
Contract I-DMA-E27.

Thanks for your letter of Sept. 22nd and you will find enclosed six copies of request for amendment to referenced contract to change proposed work with the estimate of costs. You will also find six copies requesting recess of operations.

There is and has been a shortage of labor in this district and also difficulty in obtaining a proper forman for the work. I think that I will have this all lined up by the end of this next week. Iam also advised by the President of Shelby-Johnson Mines Inc that they have been successful in obtaining the necessary fund to accomplish our objective on this new project and I will get things rolling just as soon as I can obtain a crew.

I realize that approval by the government of the enclosed requests may take some time but would appreciate if approval is made that it is done so as of October 1 1953. The fall is the ideal time to do any work on this project as the water completely dries up at this time of year and stays so until about the first of May. I do want to get under cover and going before the middle of November so will start as soon as possible,

Very truly yours,
Shelby - Johnson Mines Inc
by. Chas. W. Jordan
agt.

5 cc

FILE COPY
SURNAME:

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

JWAlt
Griswold
Selfridge
Hedges
Kinkel
Rubin
Rewritten by

140

DMEA

J Alt/HCRubin
2919 4627

14X3923.070-- orking Fund, DMEA

. H. King, Executive Officer, DMEA Field Team, Reg. IV, Denver, Colorado

Reurtt October 29, 1953, Docket DMA-1926, Contract I-DMA-227, Shelby-Johnson Mines, Inc., authority granted to prepare amendment

to recess operations from November 1, 1952, to November 15, 1953. Agreement should contain new royalty provisions, and eleven-year period for repayment should be substituted for ten-year period.

George C. Selfridge

Chairman, Operating Committee
Defense Minerals Exploration
Administration

JWAlt/HCRubin/emd
11/2/53
Copy to: Docket
Adm. R. File
Op. Comm
Base Metals
Mr. Bishop
Mr. Kinkel
Audits.
J. L. Hofflund
H. C. Rubin
chron.
pending

SENT
NOV 3 1953
Clerical Service Section

FILE COPY
SURNAME:

D.Y.I. Cee
Original
Selfridge
Hubbard
Kinkel

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

INTERIOR DEPARTMENT
Agency: DMEA

Originator: JWAlt/bjl
Ext: 3669 Room: 4058

Date: October 30, 1953

To: W. H. Fing, Executive Officer, DMEA Field Team, Region IV, Denver, Colorado

Reurtt October 29, 1953, Docket DMA-1528, Contract DMMA-E27, Shelby-Johnson Mines, Inc., authority granted to prepare amendment to recess operations from November 1, 1952 to November 15, 1953.

George C. Selfridge
(GCS)
Chairman, Operating Committee

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kinkel
Chron.

Mr. C.O. Mittendorf
10-29-53
3:18 PM.

Department of the Interior
Defense Minerals Administration
RECEIVED
OCT 30 1953

BUR MINES DN 235 10-29-53 11-11 AM

C O MITTENDORF

REFERENCE DMA 1528, CONTRACT I-DMA-E27, SHELBY-JOHNSON MINES, INC., OPERATOR REQUESTS AUTHORIZATION OF RECESS OF OPERATIONS EFFECTIVE NOVEMBER 1,1952 WITH WORK TO BE RESUMED ON OR BEFORE NOVEMBER 15,1953 PENDING RESOLVING MATTERS RELEVANT TO BALANCEE OF WORK TO BE PERFORMED UNDER THE CONTRACT. PLEASE TELETYPE AUTHORIZATION FOR PREPARATION OF AMENDMENT.

J H KING

Denver, Colo.

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 of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMA 1528 (Lead-Zinc), Contract I-DMA-E27, Shelby-Johnson Mines, Inc., Park County, Colorado

Reference is made to your letter dated September 11, 1953, wherein you request advice regarding the status of the subject contract.

During the early part of July of this year, Mr. John D. Bryant, agent for Shelby-Johnson Mines, Inc., visited this office and orally indicated the operator's interest in continuing the exploration project to completion. For later information in the matter we are enclosing one copy each of the following correspondence relevant to resumption of work under the contract:

1. Letter from Charles W. Jordan, dated September 2, 1953, to Mr. W. M. Traver.

2. Letter from Charles W. Jordan, dated September 11, 1953, to Mr. W. M. Traver.

3. Letter from this office, dated September 22, 1953, to Mr. Charles W. Jordan, advising him on matters requested in the last paragraph of his letter of September 11, 1953.

The matter will be held in deferment in this office pending receipt of a reply to our letter of September 22, 1953.

W. H. King

W. H. King

Enclosures

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

224 New Customhouse
Denver 2, Colorado

September 22, 1953

Mr. Charles W. Jordan, Agent
Shelby-Johnson Mines Inc.
c/o Buckskin Joe Mines, Ltd.
Alma, Colorado

Re: Docket No. DMA 1528
Contract I-DMA-E27

Dear Mr. Jordan:

Reference is made to your letter of September 11, 1953 to Mr. W. M. Traver, which was forwarded to this office for appropriate action.

If you are desirous of having the referenced contract amended to change the description of the remaining work, it will be necessary for you to apply for an amendment to the contract, outlining in detail the proposed work, and the estimated costs thereof. Your request should be submitted in sextuplicate, and be accompanied by a map, or maps, which depict the work performed to date under the contract, and that proposed for the future.

Our records indicate that the contract will expire December 27, 1953. If you will be unable to complete the project work by that date, it will be necessary for you to apply for an extension of the contract for the period necessary to enable you to complete the work.

Also, an extended recess of operations must be authorized by the Government through a formal amendment to the contract. Therefore, plea se submit in sextuplicate a request for the recess of operations stating the date operatinns were suspended and the date on or by which operations will be resumed.

Very truly yours,

W. H. King

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

JWT:es

cc: Contract
Chairman Oper. Comm.
Chron.
Townsend
Traver
Koschmann (2)

C
O
P
Y

SHELBY-JOHNSON MINES, INC.
716 Colorado Building
Alma, Colorado
September 11, 1953

Mr. W. M. Traver, Chief
Mineral Resources Branch
Region #IV, Mining Division
Federal Center, Denver, Colo.

Reference DMA 1528 Contract I-DMA-E27
Shelby-Johnson Mines Inc.

Dear Bill:-

I note in regards to the above contract that there is $2,409.34 left in the project fund. I have received a letter from the President of the Shelby-Johnson and he wished that I find out if there is any possibility of having this remaining amount transferred from Diamond drilling to a mining exploration project such as I mentioned in my letter to you of September 2nd.

If there is such a possibility would you be kind enough to send me the dope as to what should be done and to whom we should take up the matter.

Very truly yours,

(signed) Chas. W. Jordan

Agent for Shelby-Johnson Mines Inc.

BUCKSKIN JOE MINES, LTD.

C
O
P
Y

Alma Colorado
September 2, 1953

Mr. W. M. Traver, Chief
Mining Division, Region IV
Bureau of Mines
Denver, Colo.

Ref. BMA 1528, Contract I-BMA-E27

Dear Bill:

I am in receipt of your letter of August 31st asking for our assay of the split cores from the Shelby-Johnson Mines Inc. They are as follows.

D. H. 2A .04 Au 2.0 Ag 15.4% Pb. & 14.6% Zn
D. H. 6A .19 Au 3.7 Ag 27.4% Pb. & 23.2% Zn

These are excellent assays and according to my ploting came from bedded ores that lay out from the fissure from 10 to 12 feet. Due to the width of the core and the high lead assay from my experience here, leads me to believe the drill passed through the bedding at a point where it began to pinch down. From this same experience I would surmise that near the fissure the bedding would be from four to seven feet thick. There is a small tunnel about thirty feet below the collars of the drill holes and from this tunnel level it would be only about a forty foot winze to open up this ore. If sunk on the vein it might be possible to sort out a fair part of the sinking costs in ore, which wouldn't make it a too expensive an operation if done in the fall when there is very little water in the area. With this thot in mind I took a grab sample of some ore on the dump of a little shaft that was sunk between the two drill holes on vein. It assayed as follows:-Au 0.12, Ag 1.9, Pb 8.5%, and 29.1 % Zn. Also not bad ore.

The officials of the Shelby-Johnson mines have written me in regards to finishing up our drilling contract. I have written them to the effect that I thot it would be smarter to do this sinking instead of any further drilling. I think that to make the drill holes of any definite value there should be at least four or five more holes put down in addition to what we have now outlined. For a small amount of additional money the winze could be sunk, a knowledge of the bedding obtained as well as a knowledge of the vein as you sunk on it. If the bedding lay at a greater depth perhaps more drilling would be advisable before undertaking a sinking job but as it is I personally think the winze more advisable than further drilling.

With kindest personal regards, I am

Sincerely yours,
(signed) Chas. W. Jordan

If you have assayed your half of the core I would appreciate knowing how they check with us. If you have checked the cores would also like to know what you think is the horizon they are out in. I figured they were in the white lime just under the parting.

500 FILE COPY
SURNAME:

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

N. S. in R.R.

SEP 25 1953

Shelby-Johnson Mines, Inc., Park County, Colorado (Lead-Zinc)
Docket No. DMA-1528, Contract No. I-DMA-E27

Date of Contract - June 27, 1951, to complete - 6 months.
An amendment changed the completion time from 6 months to 16 months.

Amendment No. 4 changed the completion time from 6 months to 30 months.

Work provided in the contract consisted of:

Approximately 10 diamond drill holes from various locations in crosscut tunnel and drifts from 40 ft. to 225 ft. in depth. Total footage is estimated to be 1,225 ft. at $8.00 per ft. Total estimated cost of the project is $9,800.00.

Upon the completion of 2 diamond drill holes of 159 feet from underground, the contract was amended to allow the Operator to drill approximately 9 diamond drill holes from surface locations.

Work under the terms of the contract was started in July 1951. Two diamond drill holes were completed that month.

In August, September and October of 1952, 5 diamond drill holes were drilled for a total of 584 feet. In October 1952 the work of the project was recessed because of winter conditions.

The last MF-104 report is for the month of October 1952, and shows that $4,981.34 was expended which leaves an unexpended balance of $4,818.66.

To our knowledge no work has been done on the project since October 1952.

On June 10, 1953, Mr. King wrote to the president of this company inquiring as to their plans relative to resuming work under this contract. He states: "That unless we hear from you within 30 days from the date of this letter we will consider that you are not interested in completing the balance of the authorized work and will take the necessary steps toward terminating the contract in conformance with Article '16' of Exploration Project Contract, Form MF-200".

On September 11, 1953, we wrote to Mr. King inquiring about the status of this contract.

It is our opinion that unless the Operator has started work, this contract should be terminated.

Jacob W. Alt

P. S. This docket does not contain a Field Team report. The commodity specialists, A. J. Bodenlos, USGS, and G. A Apell, USBM, in their recommendation state: "Owing to the mineralization of the area, the geologic possibility of finding ore is moderately good. The chances of finding large bodies is limited."

Of the five holes drilled from surface, ore was encountered in two of them. These beds of zinc-lead ore were about 18 inches wide.

Since we have no Field Team report it is impossible to evaluate this project.

JWAlt/hmj
(9/14/53)
CC to: Docket
Mr. Mittendorf
Mr. F. E. Johnson
Mr. Selfridge
Mr. Keating
Mr. Alt
Mr. Griswold
Chron.

FILE COPY
SURNAME:

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

J. W. Alt
Raymond
Selfridge
Hedges
Hatterley

SEP 11 1953

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

Re: Docket No. DMA 1528 (Lead-Zinc)
Shelby-Johnson Mines, Inc.
Park County, Colorado
Contract No. I-DMA-527

Dear Mr. King:

Will you please advise us regarding the status of the above contract. The last progress report (MF-104) in our files is for the month of October 1952.

In your letter of June 10, 1953, to Mr. R. M. Rasmusen, President, Shelby-Johson Mines, Inc., you inquired as to the company's plans to complete the work authorized by the contract. You also stated: "Unless we hear from you within 30 days from the date of this letter we will consider that you are not interested in completing the balance of the authorized work and will take the necessary steps toward terminating the contract in conformance with Article '16' of Exploration Project Contract, Form MF-200."

We would appreciate hearing from you regarding this contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

9-11-53

APPROVED:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

JWAlt/hmj
(9/9/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Chron.

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

DOCKET COPY

22h New Customhouse
Denver 2, Colorado

June 10, 1953

Registered Mail

Mr. R. M. Rasmussen, President
Shelby-Johnson Mines, Inc.
c/o DeKalb Agriculture Association
DeKalb, Illinois

Re: Docket DMA 1528
Contract I-DMA-E27

Dear Mr. Rasmussen:

We inquired of your representative here in Denver, Mr. Harold H. Widney, 716 Colorado Building, as to the company's plans relative to resuming work under Contract I-DMA-E27, and for the answer to our question we were referred to you for reply.

We will appreciate receipt of advice from you at your earliest convenience regarding your company's plans in completing the work authorized by the contract, and the probable date on which you expect to resume operations.

Unless we hear from you within 30 days from the date of this letter we will consider that you are not interested in completing the balance of the authorized work and will take the necessary steps toward terminating the contract in conformance with article "16" of Exploration Project Contract, Form MF-200.

Yours very truly,

W. H. King

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

JWT:ld

cc: Chairman, Operating Committee
Harold H. Widney, 716 Colorado Building, Denver, Colorado
Townsend
Koschmann
Traver
Contract
Chron.

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

224 New Customhouse
Denver 2, Colorado

March 5, 1953

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 4 to Contract I-DMA-E27, Docket DMA 1528, Shelby-Johnson Mines, Inc.

Enclosed are the original and two copies of Amendment No. 4 to Contract I-DMA-E27. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King
W. H. King

Enclosures

cee
3-9.

FILE COPY
SURNAME:

500

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

Mr. Alt
Keating
Chandler

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

Re: Docket No. DMA-1528 (Lead-Zinc)
Shelby-Johnson Mines, Inc.
Park County, Colorado
Contract No. I-DMA-E27

Dear Mr. King:

This responds to your memorandum dated January 27, 1953, to me, concerning the above described project.

The Secretary of the above-referenced company states that:

"Owing to the short working season at the Shelby-Johnson mine caused by severe weather conditions, the necessary work could not be completed last season. Lack of water last season still further shortened the period during which work could be done."

The Operator has asked that the completion time be extended through December 31, 1953. The date of the contract is June 27, 1951. Amendment No. 4, prepared by you, allows the Operator to complete the project in 30 months, which would be on December 27, 1953.

Apparently you are in agreement that the completion time should be extended beyond the 2-year limitation as you have prepared Amendment No. 4, which I am signing for the Government and returning the original and five copies herewith.

Sincerely yours,

Administrator

JWAlt/bjl (written 2/10/53)
Copy to: Docket
Admr. R. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Mr. Alt
Chron.

Enclosures 6

500

FILE COPY
SURNAME: Alt
Keating
Kane
Chambers

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

Rewritten 2/12/53

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

FEB 13 1953

Re: Docket No. DMA-1528 (Lead-Zinc)
Shelby-Johnson Mines, Inc.
Park County, Colorado
Contract No. I-DMA-E27

Dear Mr. King:

This responds to your memorandum dated January 27, 1952, to me, concerning the above described project.

The Secretary of the above-referenced company states that:

> "Owing to the short working season at the Shelby-Johnson mine caused by severe weather conditions, the necessary work could not be completed last season. Lack of water last season still further shortened the period during which work could be done."

The Operator has asked that the completion time be extended through December 31, 1953. The date of the contract is June 27, 1951. Amendment No. 4, prepared by you, allows the Operator to complete the project in 30 months, which would be on December 27, 1953.

Apparently you are in agreement that the completion time should be extended beyond the 2-year limitation as you have prepared Amendment No. 4. The original and five copies of this Amendment have been signed by the Administrator for the Government and are being returned to you for signature and distribution.

Sincerely yours,

George C. Selfridge (JWB)
Chairman, Operating Committee

Enclosures 6

APPROVED:

Joe M. Reagan (JWB)
Member, Bureau of Mines

D. M. Lemmon (JWB)
Member, Geological Survey

JWAlt/hmj (2-12-53)

CC to: Docket File Copy
Op. Committee
Mr. Alt
Mr. Bishop
Admr. File Copy
Base Metals
Mr. Kinkel

J.N. 2-13-53

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

224 New Customhouse
Denver 2, Colorado

January 27, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 2 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMA 1528 (Lead-Zinc), Contract I-DMA-E27, Shelby-Johnson Mines, Inc., Park County, Colorado

Enclosed are the original and five copies of Amendment No. 4 to the subject contract to extend the completion time to thirty (30) months from the date of the contract. Also enclosed are three copies of the operator's request for the Amendment.

Inasmuch as the extension of time is beyond the two year limitation we are forwarding the Amendment for your execution.

W. H. King
W. H. King

Enclosures

cae
2/2/53

SHELBY-JOHNSON MINES, INC.
716 COLORADO BUILDING
DENVER 2, COLORADO

January 22, 1953

U. S. Bureau of Mines
224 New Custom Building
Denver, Colorado

Attention: Mr. W. H. King, Executive Officer
of Field Team DMEA

Dear Mr. King:

On behalf of Shelby-Johnson, we respectfully request that Shelby-Johnson's contract with the Bureau of Mines, which expired October 27, 1952, be extended through December 31, 1953.

Owing to the short working season at the Shelby-Johnson mine caused by severe weather conditions, the necessary work could not be completed last season. Lack of water last season still further shortened the period during which work could be done.

Yours respectfully,

SHELBY-JOHNSON MINES, INC.

By Harold W. Hidey
Secretary

Executed in sextuplicate

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: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, Field Team, Region IV

Subject: Amendment No. 3 to Contract I-DMA-E27, Shelby-Johnson Mines, Inc., Docket DMA 1528, (Lead-Zinc)

Enclosed are the original and two copies of Amendment No. 3 to Contract I-DMA-E27. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

Also enclosed are three copies of a letter from the operator requesting this amendment.

W. H. King

W. H. King

Enclosures

RECEIVED
OCT 6 - 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

SEP 1 1952

gdg
9/22/52

COPY

SHELBY-JOHNSON MINES, INC.
716 Colorado Building
Denver 2, Colorado

August 19, 1952

United States of America
Department of the Interior
Defense Minerals Administration

Re: Exploration Project Contract
Docket No. D.M.A. 1528
Commodity Lead & Zinc
I-DMA-E27

Gentlemen:

We respectfully request your approval of an amendment of the above mentioned contract in the following particulars:

Exhibit D as shown by instruction 8 to show the following costs:

Labor @ $1.50 per hour, total	$800.00
Supervisor @ $10 per day, total	700.00
Power and supplies, estimated total cost	800.00
Preparing drill sites, estimated total cost	500.00

We further respectfully urge that the above mentioned amendment be made retroactive to June 27, 1951, and effective as of that date.

Yours very truly,

SHELBY-JOHNSON MINES, INC.

By /s/ Harold H. Widney
Secretary

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

224 New Customhouse
Denver 2, Colorado

August 28, 1952

Memorandum

To: C. O. Mittendorf

From: Executive Officer, Field Team, Region IV

Subject: DMA Docket 1528, Contract I-DMA-E27 (Lead-Zinc) Shelby-Johnson Mines Company

Enclosed in triplicate is our approval and copies of a drilling contract between Shelby-Johnson Mines, Inc., and Rocky Mtn. Dia. Drill. Company for performance of diamond core drilling work under the subject contract.

W. H. King
W. H. King

Enclosures

RECEIVED
SEP 5 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

COPY

SHELBY-JOHNSON MINES, INC.
716 Colorado Building
Denver 2, Colorado

August 19, 1952

United States of America
Department of the Interior
Defense Minerals Administration

Re: Exploration Project Contract
Docket No. D.M.A. 1528
Commodity Lead & Zinc
I-DMA-E27

Gentlemen:

Handed you herewith are six (6) copies of new drilling agreement which supplants and supersedes the agreement which was made effective June 21, 1951, between The Rocky Mountain Diamond Drilling Company and Shelby-Johnson Mines, Inc.

Yours very truly,

SHELBY-JOHNSON MINES, INC.

By /s/ Harold H. Widney
Secretary

FILE COPY
SURNAME:

410

F.E. Knouse
F.E. Johnson

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

NOV 15 1951

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

Re: Docket No. DMA 1528
Shelby-Johnson Mines, Inc.
Exploration Project Contract I-DMA-527

Gentlemen:

There is enclosed the original of an amendment dated November 5, 1951, to the captioned Exploration Project Contract which should be attached to the original contract previously sent to you.

Sincerely yours,

11-19

(signed) FRANK E. JOHNSON (for)

Acting Director
Production Expansion Division

Enclosure

FEKnouse/meb
11/14/51

cc to: Admr's Reading Files
Reports and Records
PED
Field Team, Reg. IV(2)
Mr. Knouse
Docket

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

224 New Customhouse
Denver 2, Colorado

November 6, 1951

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: Amendment to Contract I-DMA-E27, DMA Docket 1528, Shelby-Johnson Mines, Inc.

Enclosed are the original and two copies of an amendment to the above contract which provides for approximately nine diamond drill holes.

Copies of this amendment have been sent to the operator and to the Fiscal Officer, Region IV. One copy has been retained for DMA files.

J. H. East, Jr.

J. H. East, Jr.

Enclosures

JFS:ld

cc: DMA docket, contract, chron.
Koschmann

FILE COPY
SURNAME 110

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

August 1, 1951

G.E.C.

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

Re: Docket No. DMA-1528
Shelby-Johnson Mines, Inc.
Exploration Project Contract
No. I-DMA-E27

Dear Mr. McAtee:

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

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosure (1)

FEJohnson/ecl

cc to: Reports & Records
Messrs. Mittendorf - Olund
Admr's. Reading File
J. H. East, Jr., Region IV (2)
Lyon
Billingsley
Johnson
Docket

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

July 20, 1951

Memorandum

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

From: Executive Officer, DMA Field Team, Region IV

Subject: Exploration Project Contract I-DMA-E27, DMA Docket 1528,
Shelby-Johnson Mines, Inc., Park County, Colorado

We are enclosing original and two copies of the above contract, as requested in your letter dated June 28.

All contracts have been signed and the maps, exhibits and Landlord's Subordination Agreements are attached. Three copies of Lease Agreement with Kennebec Mining Company and three copies of the Labor Contract are also enclosed.

The operator has been furnished one copy and we have retained two copies in this office, one for DMA files and one for the Fiscal Office.

J. H. East, Jr.

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUL 23 1951
Executive Secretary

JUL 24 1951

FILE COPY
SURNAME:

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

AIR MAIL

JUN 28 1951

Mr. J. H. East, Jr.
Executive Officer
DMA Field Team, Region IV
Denver 2, Colorado

not stripped in R. S. R.

Re: Docket No. DMA-1528
Shelby-Johnson Mines, Inc.
Exploration Project Contract

Dear Mr. East:

There are enclosed an original and five copies of Exploration Project Contract No. I-DMA-E27, dated June 27, 1951, with the captioned company, and attached copies of Exhibits "A" to "E" inclusive, and maps.

In order to expedite the completion, the Contract has been signed by Mr. Boyd and is approved, subject to obtaining satisfactory Subordination Agreements and approval by the Government of the subcontract under which the labor will be supplied.

Please contact the Operator and if the contract is satisfactory, have the proper official sign the original and five copies. On receipt of six executed copies of the Subordination Agreement and two copies of the labor contract, if these documents are in order, attach copies of Exhibits and Subordination Agreement to each copy of the contract.

The original and two copies of the completed contract with all attachments should be forwarded to my office as well as a copy of the labor contract. One copy of the complete contract and attachments should be given to the Operator. This will be his authority to proceed with the project, so it should not be given to the Operator until he has supplied satisfactory Subordination Agreements and copies of the labor contract. One complete copy of the contract and attachments should be furnished

to the Finance Officer, Bureau of Mines, for your Region. The other copy of the contract with attachments is for your files.

The Operator should be requested to notify you when he expects to start work on the project so that a member of the Field Team can arrange to visit the property at that time or shortly thereafter.

If you have any questions regarding the foregoing, please do not hesitate to call on me.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

APPROVED:

Tom Lyon

Chairman, Coordinating Committee

M W Knight

Member, Geological Survey

Lowell B. Moon

Member, Bureau of Mines

FEJohnson/ecl

cc to: Messrs. Mittendorf - Olund
Strobel
Lyon
Rove
Moon
Johnson
F I L E S

FILE COPY
SURNAME:

Guthrie

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

June 26, 1951

Memorandum

To: C. O. Mittendorf

From: J. L. Hofflund

Subject: Shelby-Johnson Mines, Inc. exploration contract -- Docket No. DMA-1528

This office has reviewed the contract in the above-styled case and finds it in satisfactory for execution subject to:

1. The obtaining of satisfactory subordination agreements.

2. The approval by the Government, as provided in paragraph 4 of the exploration contract, of the subcontract under which the labor is to be supplied.

At the time of execution the effective date should be inserted in the contract.

Your file on the case is returned herewith.

J. L. Hofflund
J. L. Hofflund
General Counsel

Attachments

R.R.Guthrie/ema

Copy to: L. F. Strobel
R. R. Guthrie
J. L. Hofflund
Chron.
Files

Brought for meeting 6/5/51 Herrera

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. 1528X

Commodity Lead-zinc

Total Amount $ 9,800

Govt. Participation 50%

1. Name and Address of Applicant Shelby-Johnson Mines, Inc. 716 Colorado Bldg. Denver 2, Colorado

2. Location of Property Mosquito Mining District, Park County Colorado. (This area actually is part of Alma district and is 3½ miles west of the town of Alma).

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

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 See attached statement

b) Poor

c) None

d) Don't know—needs field examination

e) Is there an alternative and favorable project? (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? In part - see attached explanation

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

*question numbers are those of MF-103

4. (a) The Shelby mine is in Paleozoic sedimentary rocks which rest on pre-Cambrian gneisses and schists and which have been intruded by dikes of various composition. (Singewald and Butler, U.S.G.S. Bull. 911, 1941). The Paleozoic rocks are Cambrian quartzites, shales, and limestones, overlain by Ordovician, Devononian, and Mississippian limestones and quartzites. The strata dip downslope on the southeast flank of Loveland Mountain; they have been faulted by the major Cooper Gulch thrust and smaller reverse faults, all of which likewise dip southeast.

Veins in this area carry lead, zinc and silver (Bur. Mines War Min. Report 194, 1943), and of the number of small producers in the vicinity, the closest is the Orphan Boy which lies just to the east.

The applicant proposes to drill some 1225 feet from various sites on the drift of the Shelby vein and on the crosscut to the vein, as shown in the map accompanying the report. These are planned to cut the Shelby and smaller veins at depths from 40 to 235 feet.

Owing to the mineralization of the area, the geologic possibility of finding ore is moderately good. The chances of finding large bodies is limited.

6. The lease attached to the report covers the ground containing the veins but does not cover the adit into the workings. Apparently the adit is cut on ground controlled by the Kennebec Mining Company and it is said that the applicants have rights in this area. Drilling will all be on ground covered by the attached lease.

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 Contract work - diamond drilling

b) Equipment and supplies Sufficient - part of contract
(Question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* Good roads to project

d) Water (question 13)* Abundant

e) Power (question 13)* Furnished by contractor

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

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

_____

Is a field check needed on this point? No

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

a) Is the project adequately described? Yes

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

b) Is there an adequate map or sketch of the proposed work? Yes

_____

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

If not, what part of it is? _____

_____

_____

_____

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? Yes If so, attach a draft. Diamond drilling 12x25 at $8.00/ft $9,800.00

e) Are the cost estimates reasonable? Yes

f) Should more information be requested from applicant? No

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

11. Exhibit B (question 23-d)*

a) Is it applicable? No

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

c) Is a field check needed?_____

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

a) Is it applicable? No

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

c) Are rents and charges reasonable?_____

d) Is a field check needed?_____

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

a) Are there sufficient data? Yes, for contract drilling

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

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

d) Are the proposed wages and salaries reasonable? Yes contract work

e) Is a field check needed? No

14. Exhibit E (question 23-c)*

a) Is it applicable? No

b) Sufficient data?

c) Reasonable?

d) Field check needed?

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 from engineering stand point G.A.A. (BM)

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: A. J. Bodelos

G. A. Apell (BM)

Date 6/19/51

97692

16. It is recommended on the basis of mineralization in the area that the application be approved. Although the holes seem long on the minor veins exposed in the crosscut, the total sum requested is small and the more thorough work should determine possibilities on all the veins.

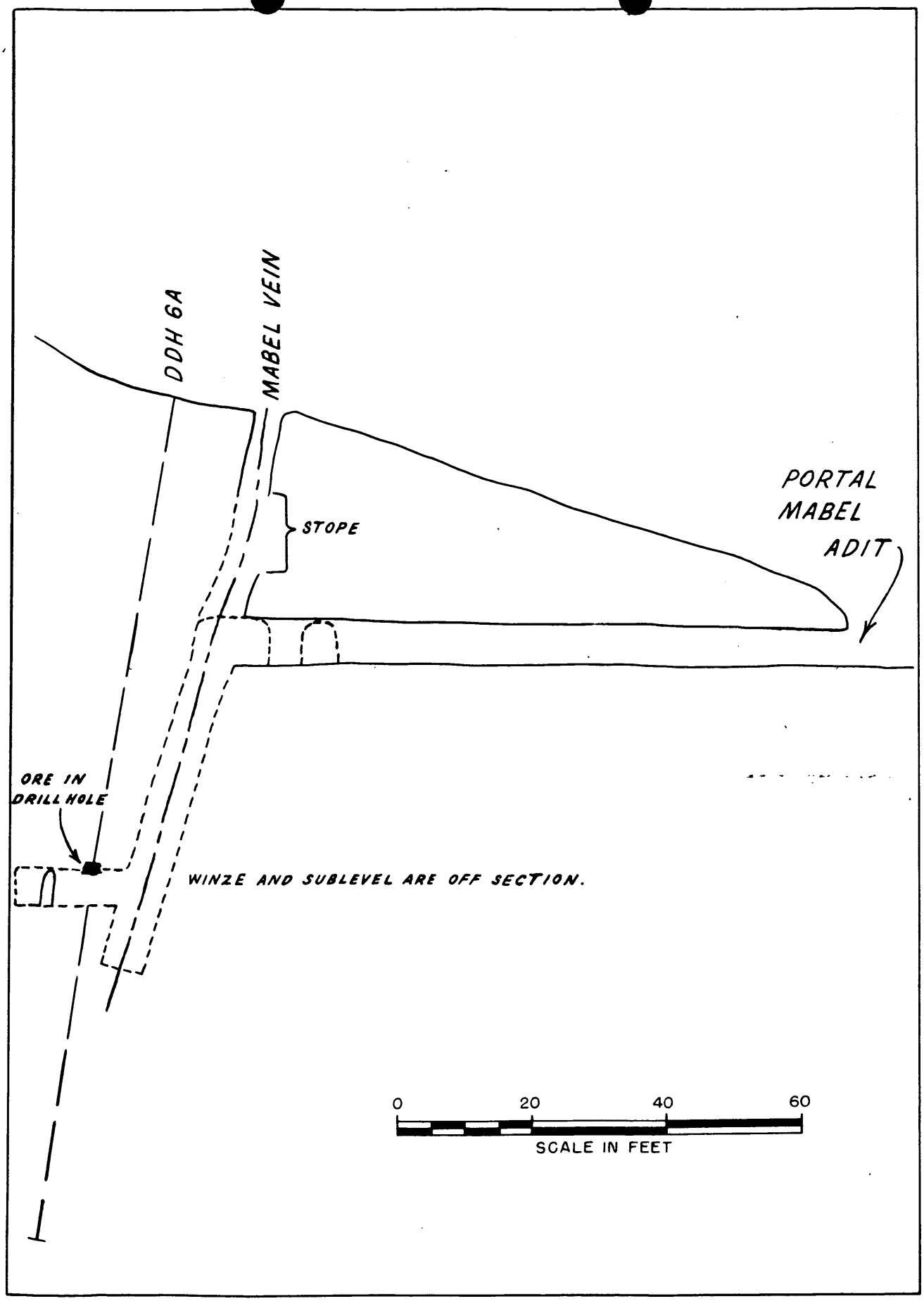


FIGURE 3 - SECTION B-B', MABLE TUNNEL MINE WORKINGS, SHELBY JOHNSON MINE, PARK COUNTY, COLO. (DMEA 1528, CONTRACT I-DMA-E27)

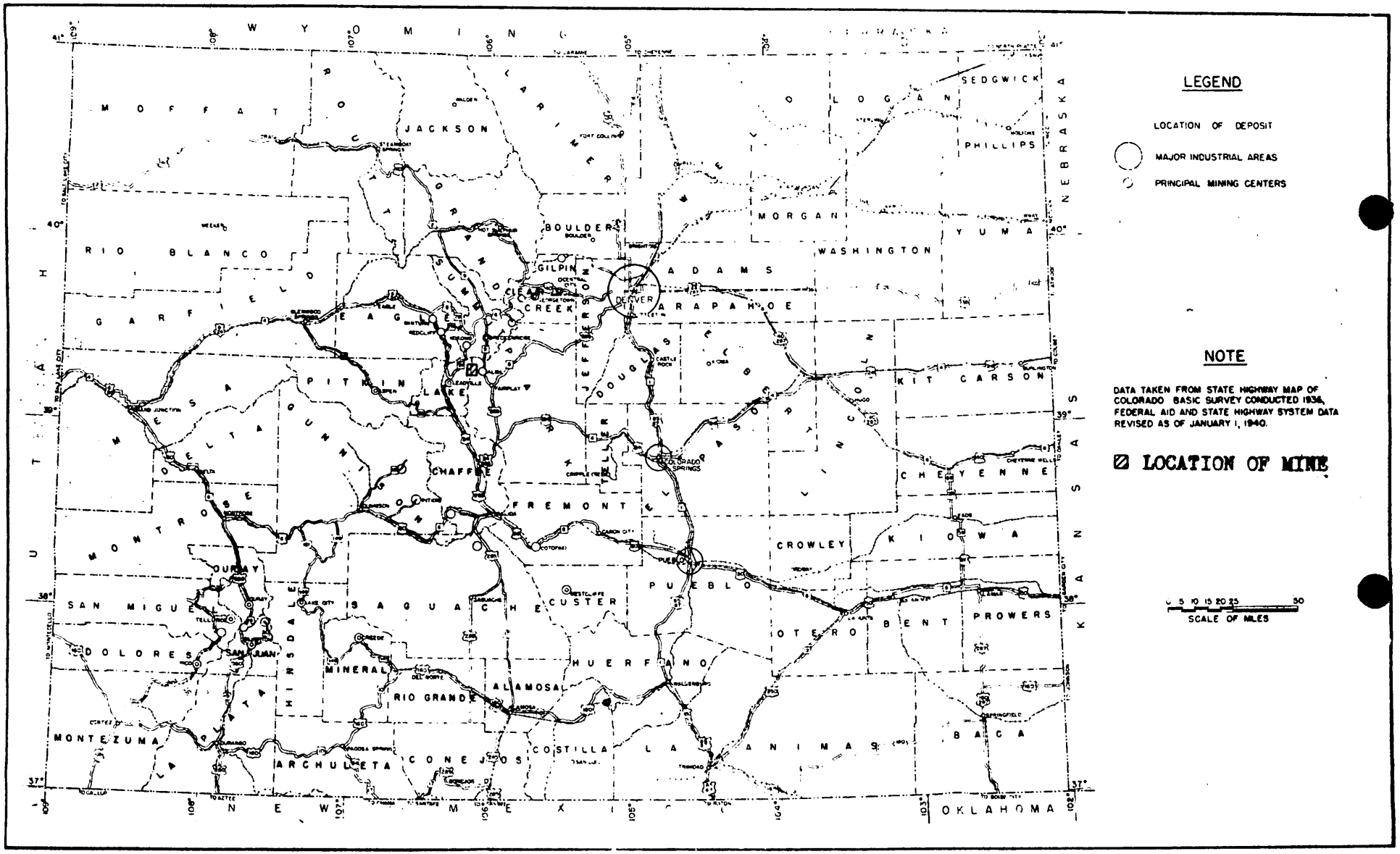
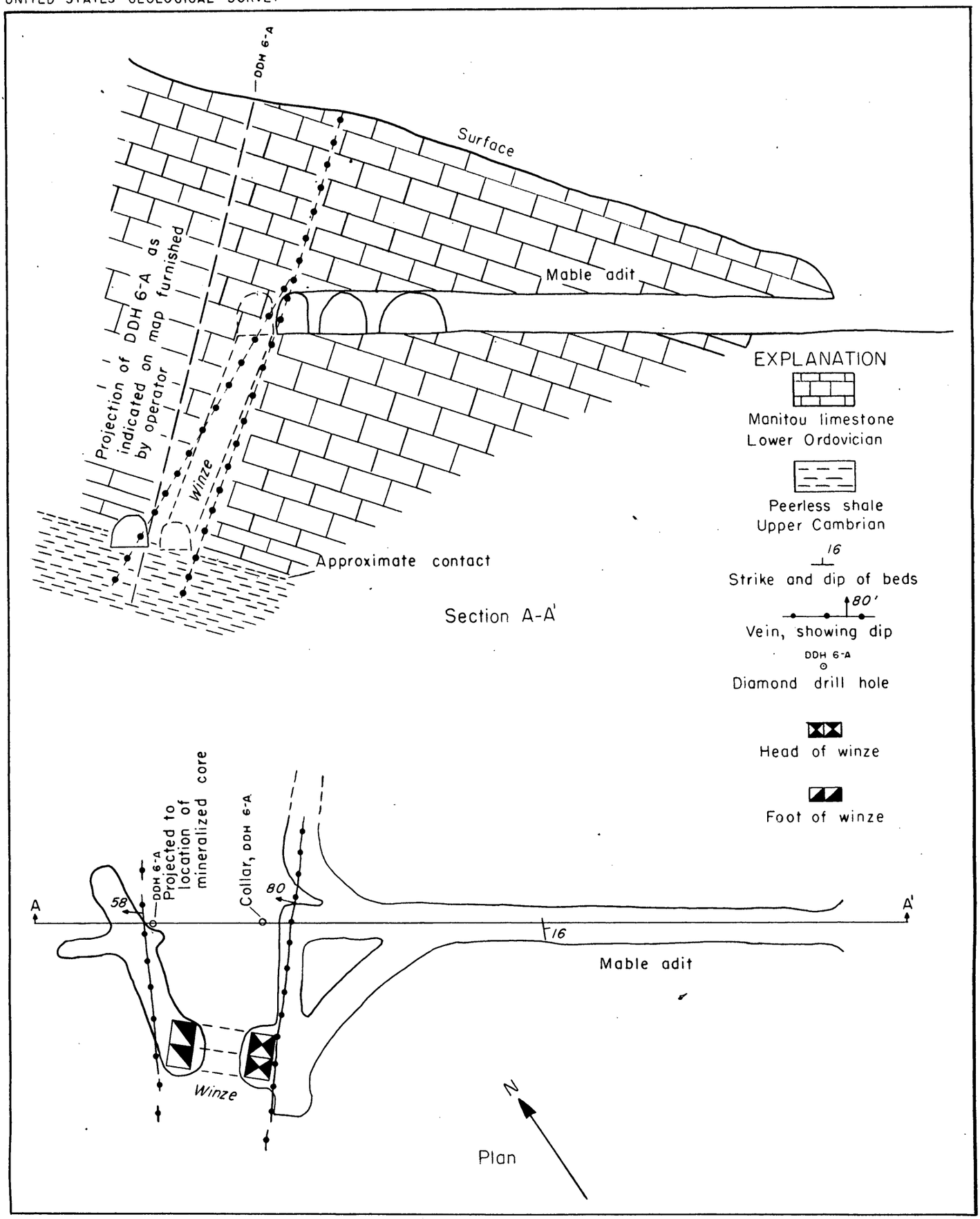


FIGURE 1 - LOCATION MAP, SHELBY JOHNSON MINE, PARK COUNTY, COLO. (DMA 1528, Contract I-DMA-B-27)



By D. R. MacLaren, May 1954

FIGURE 1 PLAN AND SECTION SHOWING RELATION OF MABLE ADIT TO EXPLORATORY DDH 6-A, WINZE, AND CROSSCUT, SHELBY-JOHNSON MINES INC., PARK COUNTY, COLORADO

20 0 20 Feet

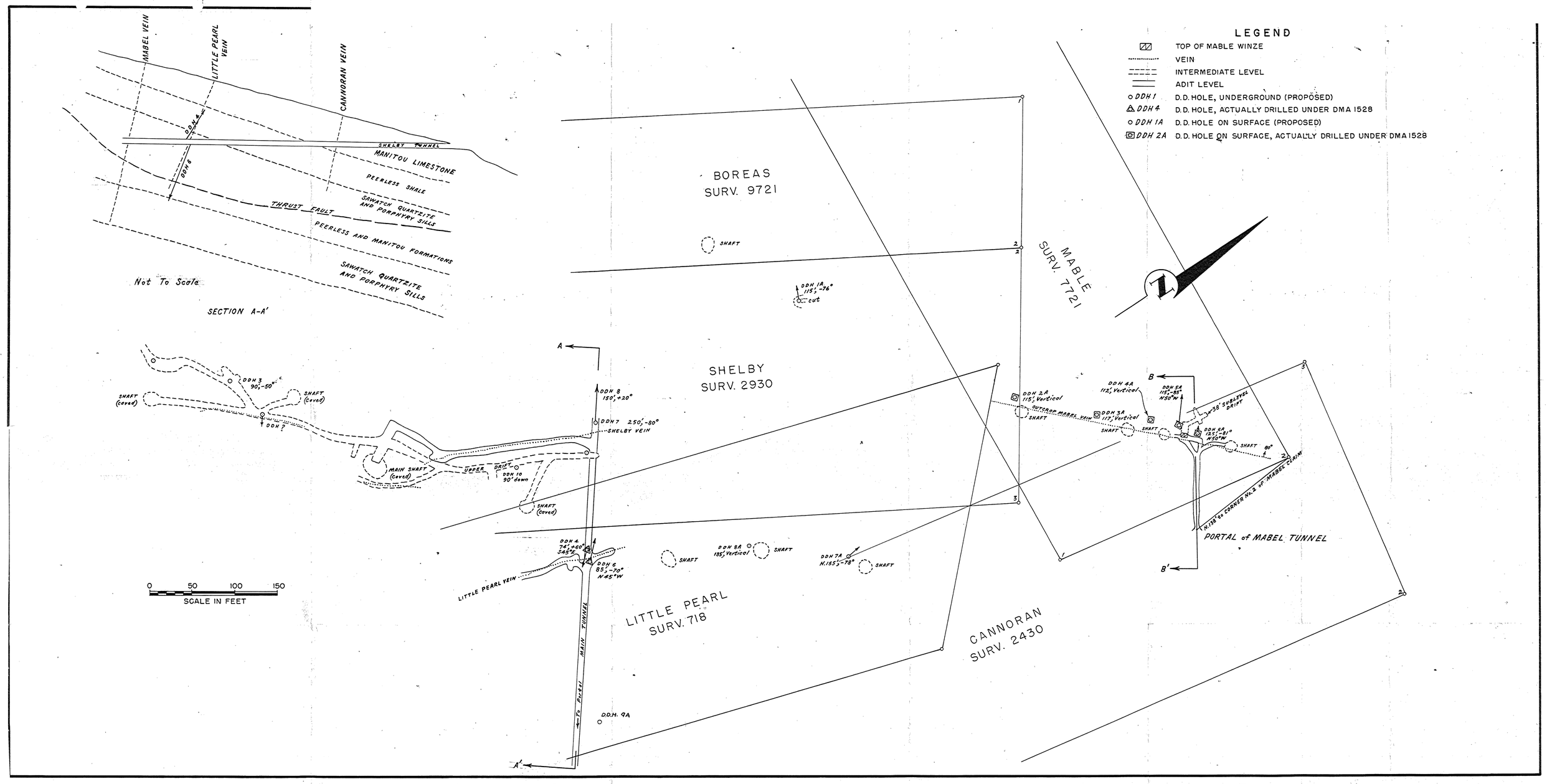
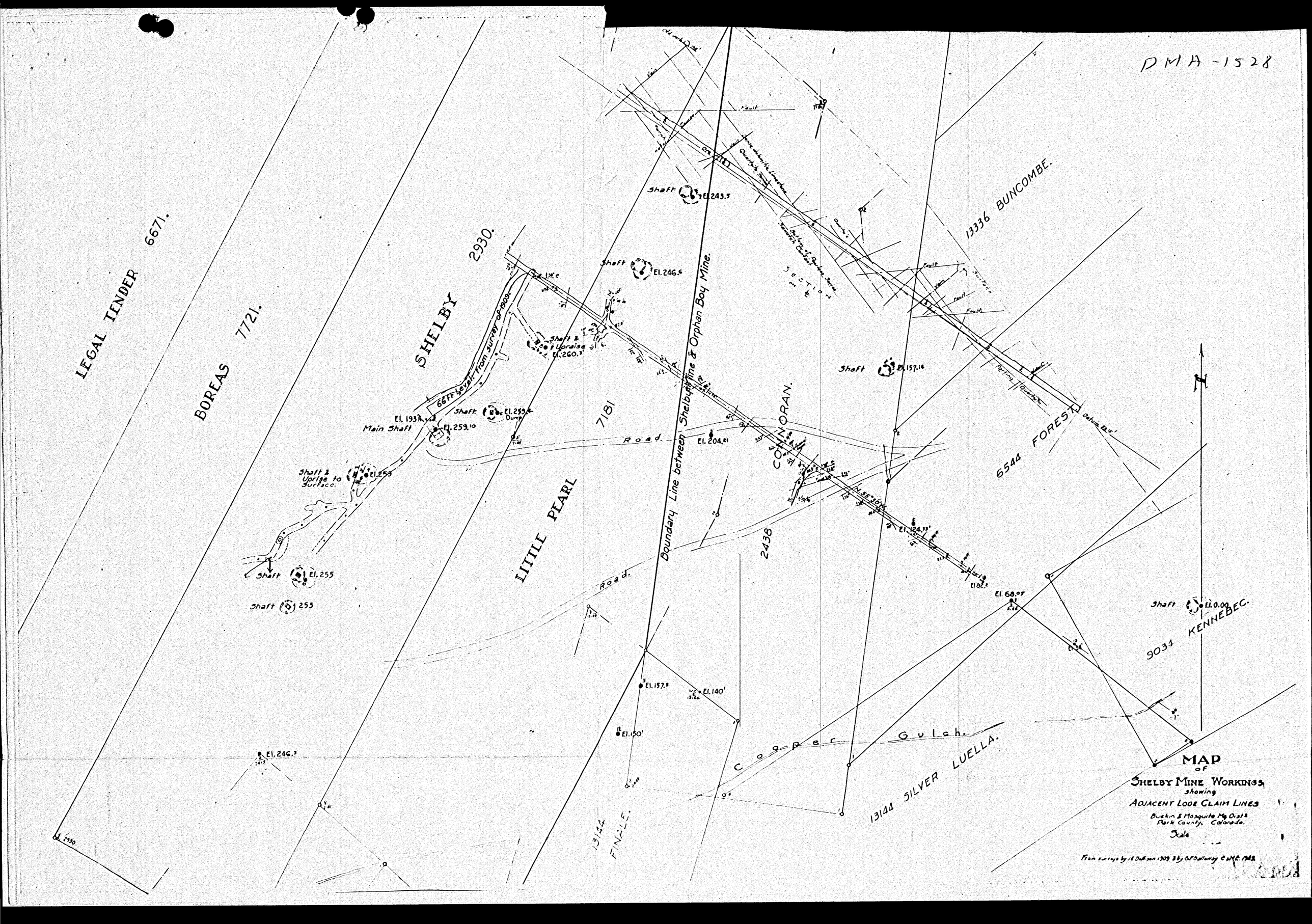
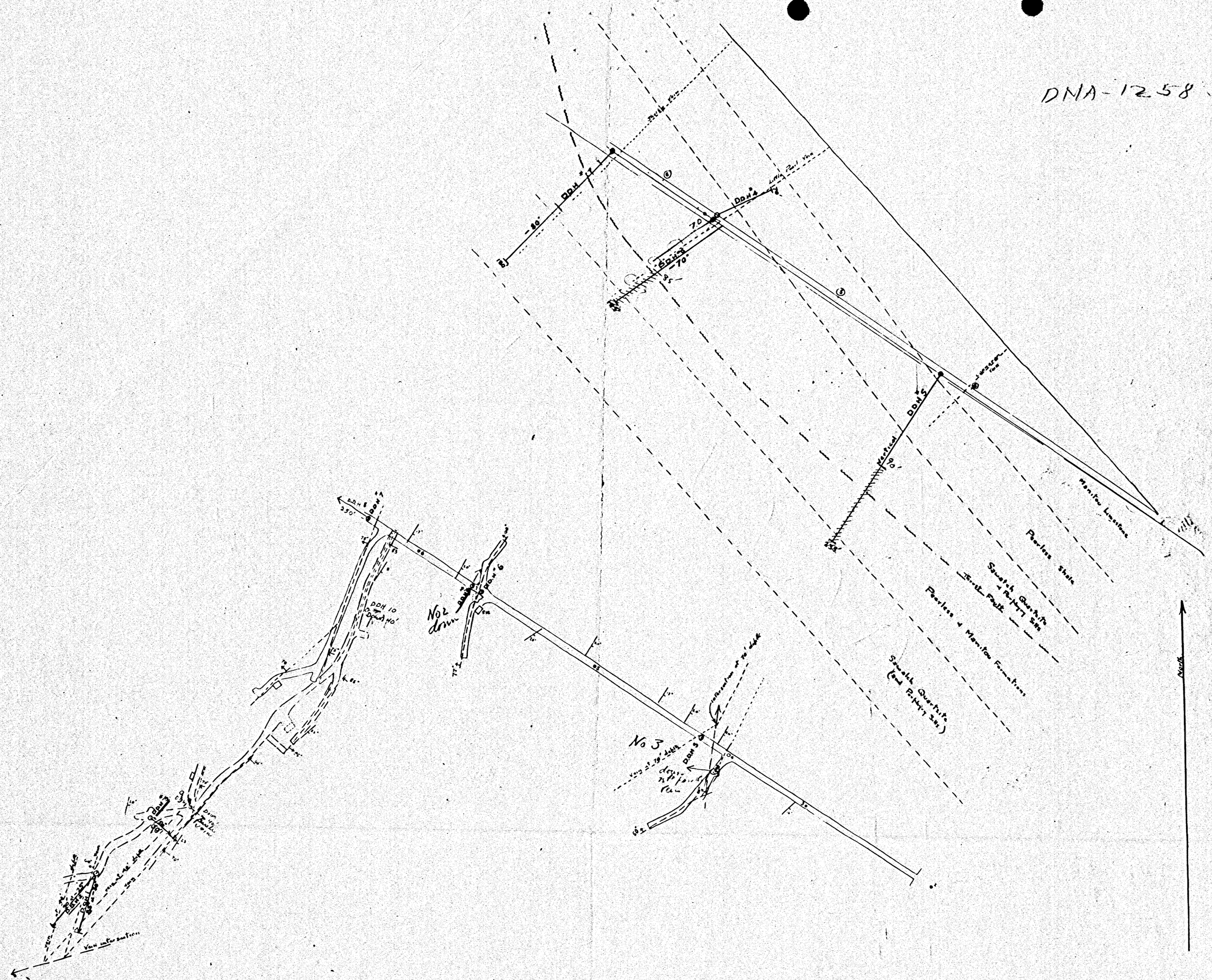


FIGURE 2 - PLAN SHOWING PART OF CLAIMS, LOCATION OF CORE DRILL HOLES, UNDERGROUND MINE WORKINGS, AND SECTION A-A', SHELBY JOHNSON MINE, PARK COUNTY, COLO. (DMA 1528, CONTRACT I-DMA-E27)

DMA-1528


LEGAL TENDER 6671.
BOREAS 7721.
SHELBY 2930.
LITTLE PEARL 7181
COLORAN.
6544 FOREST
13336 BUNCOMBE.
9034 KENNEBEC.
2438
13144 SILVER LUELLA.
13144 FINALE.
Boundary Line between Shelby Mine & Orphan Boy Mine.
Road.
Road.
Cooper Gulch.
Section of
Shaft El. 243.5
Shaft El. 246.5
Shaft & Uprise El. 260.3
Shaft El. 157.16
Shaft El. 259.4 Dump
El. 193.8
Main Shaft
El. 259.10
66 ft. level from survey of 1900.
El. 204.81
Shaft & Uprise to Surface.
El. 259
Shaft El. 255
Shaft 253
El. 246.3
El. 157.9
El. 140'
El. 150'
El. 68.07
Shaft El. 0.00
Vein
Fault
Quartz
Surface
N
MAP
OF
SHELBY MINE WORKINGS
showing
ADJACENT LODE CLAIM LINES
Buckin & Mosquito Mg Dist
Park County, Colorado.
Scale
From surveys by J.E. Dallman 1909 & by G.F. Ballaway & W.R. 1912

DNA-1258

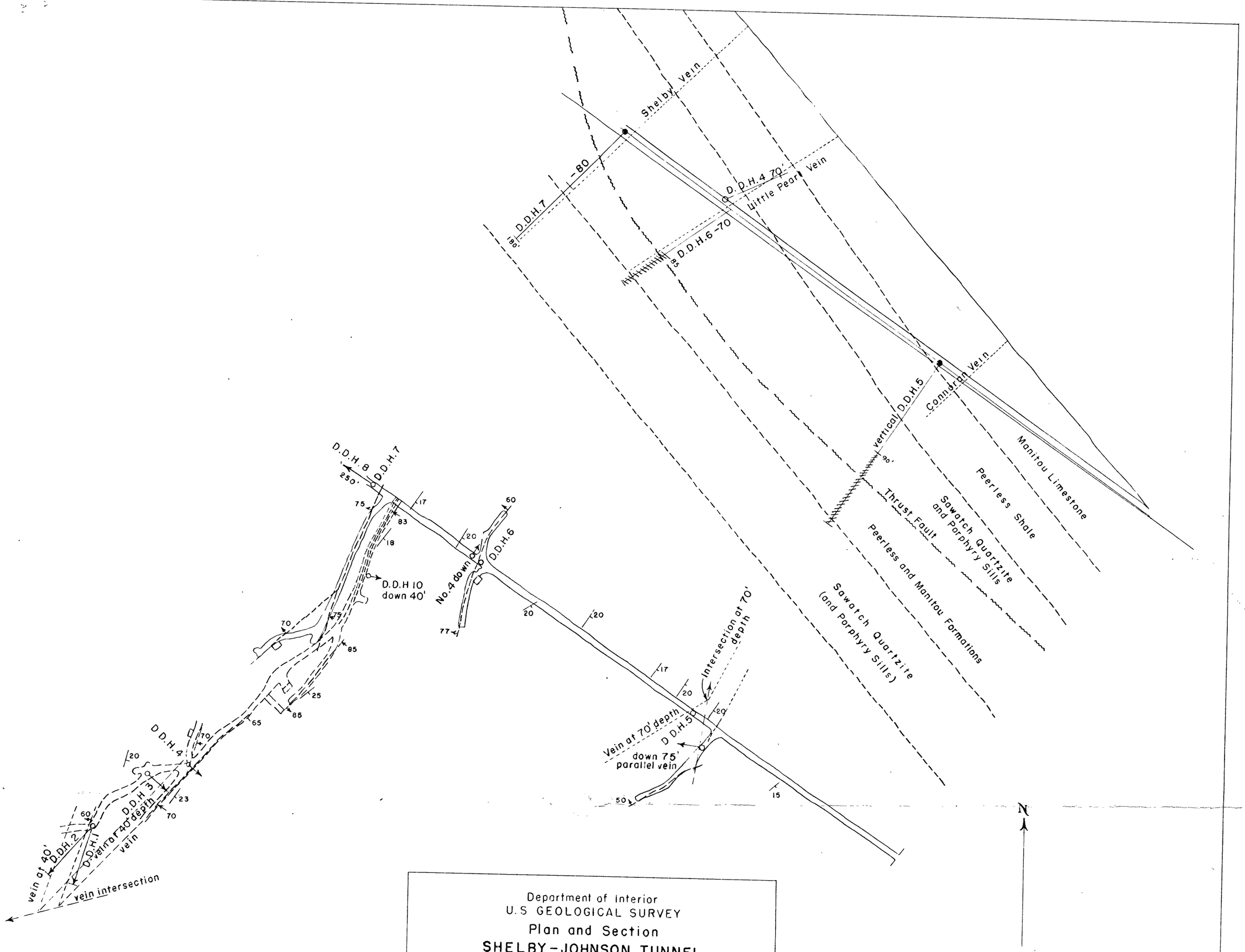


PLAN and SECTION

SHELBY JOHNSON TUNNEL

showing proposed Diamond Drill Holes; section is an approximation only

SCALE



Department of Interior
U.S GEOLOGICAL SURVEY

Plan and Section

SHELBY-JOHNSON TUNNEL

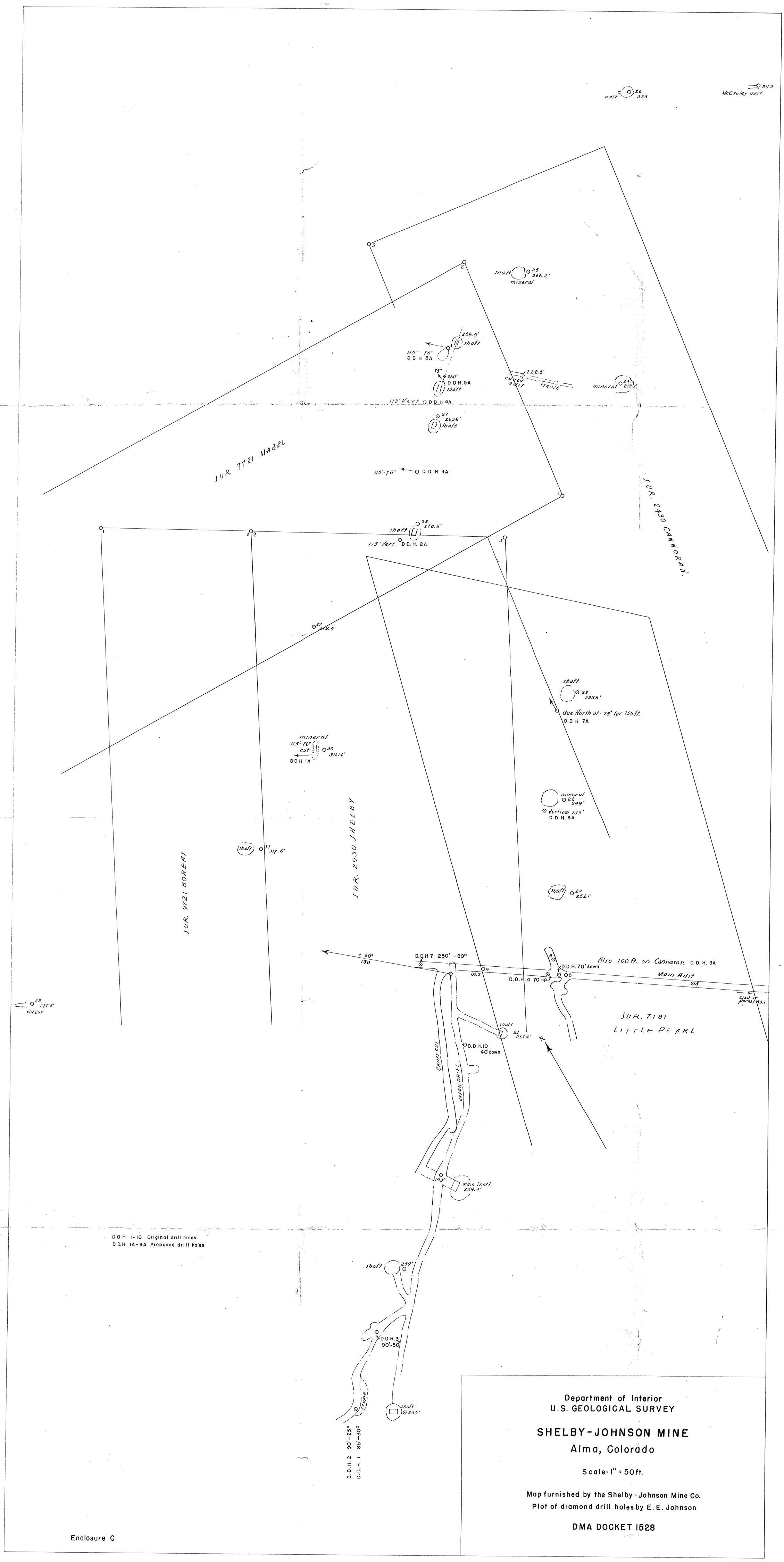
showing proposed Diamond Drill Holes

(section is an approximation only)

DMA DOCKET 1258

Map furnished by the Shelby-Johnson Mine Co.

Enclosure B



Department of Interior
U.S. GEOLOGICAL SURVEY

SHELBY-JOHNSON MINE

Alma, Colorado

Scale: 1" = 50 ft.

Map furnished by the Shelby-Johnson Mine Co.
Plot of diamond drill holes by E. E. Johnson

DMA DOCKET 1528

Enclosure C

"D" TUNNEL LEVEL
QUEEN OF BRONZE MINE
TAKILMA, OREGON
Scale-1"=40'
January 29, 1951
By W.A.R.

From Map by R.H. Clarke - Dec. 1929. Geology by W.A.R.

El. 2200