DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE — Idm-E NO. 448 — DMEA NO. 2280

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

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

Right Side

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

Folders No. 3 : Maps (Use pocket folder or envelope)

Folders No. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E448, Docket DMEA-2280 (lead-zinc), dated November 17, 1952, with

The Utze Lode Company
P. O. Box 500
Salida, Colorado

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Madonna Mine located in Chaffee County, Colorado, during the period June 12, 1959, through June 27, 1962.

A certification of discovery or development was issued on June 22, 1953, and, in accordance with Article 6 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated May 8, 1953, indicated accepted costs under the exploration contract amounting to $49,362.00 with the Government's contribution on a 50 percent basis being $24,681.00.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through June 11, 1959. Accordingly, as of June 27, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$ -0-
Total Royalty Paid	-0-
Balance of Royalty Due	$ -0-

E. D. Talbert, OMS Auditor

July 20, 1962

Idm-E448 The Utze Lode Company DMEA-2280

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator or its successor in interest shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of 28 patented claims located in sec. 4, T. 49 N., R. 6 E., Monarch Mining District. At the time the contract was executed, the Operator was the owner of the claims, all of which also were included in Contract Idm-335, Docket DMA-1050, dated June 28, 1951, with the same Operator. A certification of discovery or development under the prior contract, to which the Government contributed $10,000.00, was issued on June 20, 1952; however, no minerals were produced during the 10 year royalty repayment period under that contract.

Exploration work under this contract was completed on February 27, 1953, but some exploration work was continued into March 1953 by the Operator on its own account. However, the pumps were pulled and the mine was closed down about May 1, 1953.

No ores were produced during the exploration work. Subsequent inspections of the property and inquiries have disclosed no activity on the property. In a June 27, 1962, letter the Operator advised that "We have not sold the mine nor have we shipped since the exploration work was done", but adds that "the property has been purchased for two years of back taxes".

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

(1) The files indicate that the property has been inactive since 1953; and

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

225

JUN 19 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado pertaining to Contract Idm-E448, Docket No. DMEA 2280, dated November 17, 1952, with

The Utze Lode Company
P. O. Box 500
Salida, Colorado

for the purpose of determining the amount of royalties due the U. S. Government on the sales of lead-zinc, from property referred to as Madonna Mine, located in Chaffee County, Colorado, during the period November 17, 1952 to June 11, 1959.

A Certification of Discovery or Development was issued on June 22, 1953 and accordingly royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of Final Cost Audit indicated accepted costs under the exploration contract amounting to $49,362.00 with the Government's contribution on a 50 percent basis being $24,681.00.

No royalty has been paid to the Government to date in connection with this contract.

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

(a) According to the Field Team's Semi-Annual Report of certified project for the period January 1, 1953 to June 30, 1953, operation ceased about March, 1953; no ore has been shipped since November 17, 1952. (The date of the exploration contract). Subsequent semi-annual reports of the Field Team during the period July 1, 1953 to December 31, 1958, indicate the property inactive and no operations or ore shipments are anticipated in 1959.

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

June 11, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

FILE COPY
SURNAME: 500

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

Chamberlin
Jackson
Ontiveros
Kimball
Hedges
Johnson

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

To: Mr. Harold A. Roster, Treasurer
The Utze Lode Company
P. O Box 500
Salida, Colorado

Pursuant to the provisions of Exploration Project Contract No. Idm-148, dated November 17, 1952, Docket No. [illegible]-2280, hereinafter called the "Contract" between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and the lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made, has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Submarginal zinc, silver and lead ores with auxiliary amounts of gold and copper, occurring in the Madonna mine, were found and partly delimited.

Dated JUN 2 2 1953

WRGriswold/hmj
(6/8/53)

THE UNITED STATES OF AMERICA

By C O Mittendorf
Administrator, Defense Minerals Exploration Administration

CC to: Docket
Cont. Admin. & Audit Div.
Region IV (2)
Finance Office
Base Metals Div.
Edmund F. Mansure, Adm. GSA
Adm. Reading File
Operating Committee
Mr. Hedges, Rm 4604
Mr. Thayer, Rm 5216, GSA Bldg.
Mr. F. E. Johnson
Mr. Griswold
Chron.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Utze Lode Company
Salida, Colorado

pertaining to Exploration Project Contract No. Idm-E448, Docket No. 2280 DMEA ~~2020~~, and amendment No. 1, covering a project for exploration of Lead & Zinc, for the months of November, 1952 to February, 1953.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of costs claimed with the contract and pertinent schedules, consultation with the Government representative who visited and examined 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:

(1) The administrative costs to the Government of an audit would be excessive in relation to the estimated amount of the possible disallowances thereunder.

(2) The contract provides 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	$49,362.00
Exceptions:	None
Total Accepted Cost	$49,362.00

The contract calls for a 50 per cent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Twenty-four thousand six hundred eighty-one and 00/100 Dollars

-$24,681.00-

is considered valid and proper.

Dated: May 8, 1953

T. H. Brading, Auditor

a Efron
1/14/53
Hoffland

No. 1

AMENDMENT OF CONTRACT: No. Idm-E448

Contract Docket No. DMEA 2280, dated November 17, 1952, between the United States of America and The Utze Lode Company is hereby amended as follows:

> Referring to Article 9 of Exploration Project Contract Form MF-200(A); after the following, "All diamond drilling is to be done with NX," insert the following: ", BX,".

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum".

Dated December 29 1952.

THE UTZE LODE COMPANY

By Howard R. Koster (Jed)

UNITED STATES OF AMERICA

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 21 1952

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2280

COMMODITY Lead-Zinc
Idm-F448

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 17th day of November, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] THE UTZE LODE COMPANY, A Colorado Corporation
Harold R. Koster, Salida, Colorado, Treasurer, and
Colorado Representative
P. O. Box 500, Salida, Colorado

hereinafter called the "Operator," as follows:

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 Chaffee, described as follows:[3]

See Annex No. 1

the Operator represents and undertakes:[4]

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

None

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

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 - 60 - days from the date of this contract shall commence work on a project of exploration for[5] Lead and Zinc

in or upon the described land; and shall bring the project to completion within a period of six months from the date of this contract. 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 the project.*—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 fifty (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 $24,750, which is 50 percent of $49,500, the agreed, estimated total cost of the project 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.

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.

16—66329-1

MAPS in folder #3

(*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.

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* **All diamond drilling is to be done with NX or AX size bits with the object of obtaining cores not smaller than AX size. All drill cores must be stored properly in acceptable core boxes. Cores must be split and one half retained for the use of DMEA.**

Executed in sextuplicate the day and year first above written.

The Ute Fuel Company
(Operator)

By Edward C. Brandt, Pres.

THE UNITED STATES OF AMERICA

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

I, Clifton M. Brandt, certify that I am the secretary of the corporation named as Operator herein; that Edward C. Brandt President, who signed this contract on behalf of the Operator, was then 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.

Clifton M. Brandt
Secretary

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

ANNEX NO. 1

Claim	Patent No.	Claim	Patent No.
Hawkeye	7923	Canton	2430 AM
Fairview	5009	Eureka	2432
Silent Friend	1322	Watago	2433
J. B. Keller	1463	Strip	7535
Lillie A.	1971	Sheboygan	2431
Croesus	1324	Cloud	7192
Robert Wilson	1323	Eclipse No. 2	7193
Great Expectations	2192	Little Laura	7191
Kuter	1979	Mayflower	2064 A
Little Hope	2248	Santa Rosa	2065
Cherubin	1111	New York	2063 A
Madonna	1110	Oxford	4986 A
Whats Left	2308	Great Republic	2491
Seraphin	2692	Clinton	7521

EXHIBIT A

Description of the Work

The work consists of 400 feet of drifting on the 590-foot winze level on an approximate bearing of N. 60° W. from the station.

Three diamond drill stations will be cut in the drift, one at 150 feet, one at 300 feet, and one at 400 feet from the station. These stations are to be timbered as necessary and be large enough to accomodate 10-foot pulls.

Diamond drilling in the total amount of 1750 feet will be authorized. The exact location, direction, and dip of the various diamond drill holes will depend on findings as drilling progresses, therefore the location, direction, and dip of all drill holes must have prior written approval of the DMEA representative.

Figure 1 and Figure 2 are attached and are hereby made a part of Exhibit "A". Figure 1 shows the drift, the diamond drill stations and the tentative locations of the diamond drill holes, in relation to the property lines.

Estimated Costs of the Work

Drifting 400 feet at $65.00 per foot, including timbering where necessary and any and all other costs involved in drifting -	$26,000.00
Cutting three diamond drill stations at $833.33 each 1/ including all costs of timbering and excavation -	2,500.00
Diamond drill 1750 feet at $12.00 per foot includes any and all costs for reaming, casing, casing loss, cementing and time lost -	21,000.00
TOTAL COST -	$49,500.00
Government participation, 50%	$24,750.00

1/ The completion of each station constitutes a unit of work.

Form MF-103
(Revised June 1951)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.1.

MF-103 Should Be Filed With General Technical Data Form MF-100

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

Not To Be Filled in by Applicant

Docket No. DMEA-2280
Metal or Mineral
Date Received 12-12-51
Amount $
Participation (Government %)

DEC 12 1951
DEPARTMENT OF THE INTERIOR
Defense Mineral Administration
RECEIVED

Name and address of applicant

Little Lode Company, a Colorado Corporation
Box 500
Alamosa, Colorado

Date Dec. 12, 1951

If you have already filed MF-100, give date filed 3/19/51, type of assistance requested Diamond Drilling

DMA Docket Number (if available)

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four copies each, of the signed application form, General Technical Data Form MF-100, and answers to questions as specified, to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive office thereof, with your name and address on each sheet of the application and all accompanying papers. If you have previously filed MF-100, it is not necessary to file it again. However, you should indicate in space provided above the type of assistance previously applied for (loans, procurement contracts, etc.) and DMA Docket Number, if available. *When a question is inapplicable it should be so stated in the form.* Additional sheets should be attached in answering any questions or in supplying additional information. IF YOU CANNOT ANSWER A QUESTION, SO STATE.

SEE DETAILS OF ANSWERS ATTACHED. ALL MAPS ON FILE UNDER DMA-1050.

1. (*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*) If you are not the owner of the property, submit a copy of the lease, purchase option, or other agreements under which you are authorized to operate the property with each copy of your application.

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

   NOTE: (1) 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 (*c*) 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.

   (2) If applicant is not the owner of the property or if there are any liens or encumbrances against the property, copy of agreements of claimants, lienors, encumbrances, and lessors subordinating their interests in the property to the interest of the Government under the Exploration Project Contract will be required for attachment to the Contract.

2. (*a*) What metals or minerals do you expect to find?

   (*b*) Furnish statement of the geologic features of your property, giving type of ore deposit and reasons for expecting to find commercial ore bodies. Illustrate with maps or sketches. If you have a geologic or engineering report, or assay maps showing width and grade, please send them with application, stating whether or not you wish to have them returned.

The information requested in questions 3, 4, 5, 6, 7, 8, and 9 below should be answered specifically and in detail, as this information will be attached to and incorporated as part of the Exploration Project Contract, if such contract is entered into with you by the Government.

ANSWER EACH QUESTION ON SEPARATE SHEETS OF PAPER AND SUBMIT A COPY OF EACH ANSWER FOR EACH COPY OF YOUR APPLICATION.

3. (*a*) Describe fully the proposed work and give the total cost of the project.

   (*b*) State the time required to start the project and to complete it.

4. Submit a map or sketch of the property involved showing a plan (and cross section, if needed) of the present mine workings and the *location of the proposed exploration work* as related to geologic features, such as contacts, veins, ore-bearing beds, etc.

5. Furnish an itemized list 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.

6. Furnish a detailed list of additional facilities, buildings, and fixtures to be purchased, installed, or erected by you, with the estimated cost of each item.

7. Furnish a detailed list of operating equipment, separated into items to be—

   (*a*) Rented

   (*b*) Purchased

   (*c*) Furnished by you

   with the rental, purchase price, or depreciation of each item, as the case may be, to be charged as a cost of the project.

8. Furnish an itemized schedule of labor, by numbers and classes (miners, muckers, etc.) and of supervisors by numbers and positions, with the maximum wages or salaries to be paid to each.

9. Furnish a detailed list with estimated cost of each item for materials, supplies, engineering, assaying, accounting, power, water, utilities, and any other items not provided for above.

10. (*a*) How much are you prepared to invest in the proposed project?

    (*b*) Is this amount sufficient to pay your part of the cost of the project, in accordance with the regulations on Government participation (Sec. 9 of MO–5)?

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

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.

Utze Lode Company
(Name of company)

By Harold R. Koster
(Signature of authorized official)

December 12, 1951
(Date)

Harold R. Koster,
Treasurer & Colorado Agent
(Title)

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

U. S. GOVERNMENT PRINTING OFFICE 16—64067-2

APPLICATION FOR GOVERNMENT LOAN

In Excess of $50,000

Name and Address of Applicant

The Utze Lode Company, a Colorado Corporation
Box 500, Salida, Colorado

Date of Application

November 22, 1951

Amount of Loan

$120,000

Terms of Loan Requested

Repayment from ore

If you have already filed MF-100, give dates filed March, 1951, type of assistance requested Diamond Drilling, DMA Docket Number (if available) DMA #1050, $20,000 Exploration Loan was granted, Contract IDm E-35.

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1. PURPOSE OF LOAN:

The diamond drilling under the DMA Exploration Loan and the U. S. Bureau of Mines program in 1948 has indicated two bodies of high grade ore 200 feet below the bottom working level of the Madonna mine. The purpose of this loan is to develope this ore by winze sinking, drifting, and cross cutting, and diamond drilling from 500' to 600' levels. Holes to be determined as work progresses.

Nature of expenditure		Amount
Diamond drilling 2,000 feet	@ $10.00 per foot	$20,000.00
winze sinking	250 ft. @ $200.00 per ft.	$50,000.00
350 ft. of drifting	@ $ 40.00 per ft.	14,000.00
150 ft. of cross cutting	@ $ 40.00 per ft.	6,000.00
mine equipment		30,000.00
Full amount applied for		$120,000.00

2. PROPOSED METHOD FOR REPAYMENT OF LOAN:

At the present time, we owe the Government $10,000 for the diamond drilling done under DMA 1050, Contract IDm E-35. This is the only indebtedness against the Company, and we would recommend, if the entire $120,000 is loaned to us under a Develpment Loan, that all net profit after taxes, be paid on the DMA 1050 and the new loan.

3. ALTERNATIVE METHODS OF FACILITIES:

No alternative methods than proved in new loan, however, we believe it would be advantageous to contract the entire sinking of the winze, including labor, and materials, and to contract the drift and crosscut as well.

4. OWNERSHIP OF PROPERTY:

All claims are owned outright and there is no indebtedness against the property except the DMA 1050 account. All maps and titles have been examined by the Bureau of Mines in 1947 and 1948 and the same maps were used for the DMA exploration program in 1951. Attached is a complete financial statement as of November 1, 1951. There has been no expense as to stock sale or no promotion fees paid. All items on the attached statement can be verified and all buildings and machinery are carried at below sale value mark. The Utze Lode Company, during WorldWar 11 and up to the present has spent approximately $150,000.00 for new facilities, surface plant, mining equipment, rehabilitation and exploration. The Company furnished miners, compressor man, compressed air, power pumping, etc for the U. S. Bureau of Mines diamond drilling project in 1948 when ore was first found at depth.

5. LEGAL DESCRIPTION OF PROPERTY:

Legal description is on file with DMA Docket 1050, and the U. S. Bureau of Mines. (obtained other one-half interest in Hawkeye Groupas of November 9, 1951)

6. SAMPLING AND ASSAYING:

The Bureau of Mines sampled and assayed their drill core and sludge in 1948. Assays of DMA drill core and sludge samples were made by C. O. Parker of Denver. DMA hole 2A sludge sample assayed 0.035 oz. gold, 0.91 oz. silver, 0.9 percent lead, 10.4 percent zinc. The core sample for the same footage, 5 ft., assayed 0.025 oz. gold, 2.9 oz. silver, 0.9 percent lead and 46.8 percent zinc. DMA hole 3A: very little core was recovered but drilling showed 3 ft. of zinc ore from which small pieces of core indicated a grade equal to that of 2A. In addition there is 6 ft. of pyrite carrying gold and silver.

7. CLIMATE:

Favorable climatic conditions prevail. Workers live in Salida 18 miles east of the mine which is 1 mile off Highway 50, and only 1/8 of a mile off the road kept up by the Colorado Fuel and Iron Corporation at their limestone quarry.

8. NEEDED FACILITIES AND LABOR:

(a) The surface plant is modern and complete. The following equipment is needed.

1. Pumping estimated cost $13,500.00
present pumping capacity is not sufficient for any more mining at depth. The winze can be unwatered during the winter or before the spring run-off but not after the run-off begins. The diamond drilling has encountered heavy water flow under high pressure below the bottom winze level. Sinking of the winze and drifting is expected to increase the water flow to at least 500 gpm. A new electric driven pump is required with a capacity of 600 gpm at 650 foot head. The Warner Company of Denver has given an estimated cost of $13,500.00 for this pump.

2. Air Compressor 450c.f.m. -electric $ 6,500.00
At present an electric powered compressor is being rented to furnish air for the DMA drilling. The Company has a 110 c.f.m. electric compressor but this size is suitable for supplemental capacity only.

3. Mucking Machine estimated $ 3,200.00
Necessary for efficient progress on drifting and cross cutting.

4. 10 Mine Cars - 1 ton capacity estimated $ 2,000.00
These cars will be necessary to supplement 8 company cars in order to furnish service for mucking machine.

5. Air Trammer estimated $2,200.00
The winze is 1400 feet from the waste dump at the portal of the No. 6 adit on transportation level. Mechanical trumming will be needed to keep pace with the mucking machine.

6. Ventilation pipe and blower estimated $2,600.00
TOTAL $30,000.00

(b) It is proposed that all of the development loan work, winze sinking, drifting, and cross cutting be done on contract basis. With this arrangement, the company will only need to provide supervision engineering and compressor-surface men.

1 Superintendent	$500.00 Mo.
1 Engineer-Geologist Part time	$200.00 Mo.
1 Foreman	$400.00 Mo.
1 to 2 compressor-surface men (1 per shift)	$250.00 Mo.

8. NEEDED FACILITIES AND LABOR (cont.)

When the development has been completed and production can start, it is estimated that the following will be needed. This is based on a 50-ton per day production to be reached within 60 days after development is completed. Two shifts are contemplated as pumping will be continuous.

1 Superintendent	$500.00 Mo.
1 Engineer-geologist part time	$200.00 Mo.
1 Foreman (can be night shift man)	$400.00 Mo.
2 Compressor-surface men	$250.00 Mo.
1 Watchman-pumpman 3rd shift	$200.00 Mo.
2 Hoistman-pumpman	1.65 Hr.
4 Trammers	1.50 Hr.
2 Miners- development drifting contract	1.65 Hr.
2 Miners- development raising contract	1.65 Hr.
8 Miners- production stoping	1.65 Hr.

(c) The mine is not being operated at present other than participation in DMA exploration program. There are no known ore reserves for production other than that found at depth.

9. EXPLORATION AND/OR DEVELOPMENT:

1. Winze sinking, 250 feet at $200.00 per foot $50,000.00
The bottom of the 3-compartment winze at present is about 400 ft. The diamond drilling has shown the ore body to be from 125 to 225 feet below the bottom of the winze. It is considered advisable to sink the winze 250 ft. to a depth of 650 ft. and cut a station between 600 and 625 ft. This will allow sufficient sump depth for water and also give about 100 ft. of stoping height above this new level.

It is considered advisable to contract this winze sinking with the contractor furnishing everything with the possible exception of compressed air. The estimated cost of this work is $200.00 per foot. This is in reality a framed timber 3-compartment shaft with pump column to carry along. The Company did some sinking about 1945 and it cost $125.00 per foot. Costs have gone up a great deal since then. Local labor rates are up 65 cents per hour. Although no bids have been given on the work, other winzes smaller in size and only stull timber with no water problem are being bid at $75.00 per foot for labor only. Most estimates for these smaller stull are $150.00 per foot so the estimated cost of $200.00 per foot, we believe, is reasonable.

2. Drifting, 350 feet at $40.00 per foot $14,000.00
This is to drive northwesterly to the ore body indicated by drilling. This is from the station cut between 600 and 625 feet in the winze. The cost of this drifting is estimated at $40.00 per foot. Average drifting cost from various operators in other districts is $30.00 per foot. This is based on a per foot cost of contract labor at $15.00, explosives $3.00, supervision $3.50, company labor $4.00, supplies $3.50, transportation-power etc. $1.00. In addition to these costs, the Madonna operation will require pumping $2.30, hoisting $3.00, hoisting $3.00 and extra tramming $2.20 per foot.

3. Cross cutting, 150 feet at $40.00 per foot $ 6,000.00
To start from the above drift, item 2, and develope an ore body found along a fault zone east of the winze by the Bureau of Mines diamond drilling project in 1948. The cost of cross cutting is estimated at the same rate as the drifting.

Only 4 diamond drill holes have been drilled into the area, three of these have encountered ore, the fourth was drilled to determine the position of the Madonna fault and not for the ore body. The three holes in ore indicate 25,000 tons of ore. If the hold now being drilled, encounters ore, this tonnage will be almost doubled. Although pyrite has been found in the ore body, this is considered as ore as the custom mill which will bry the ore will also buy pyrite.

9. EXPLORATION AND/OR DEVELOPMENT (cont.)

Mining method will be determined after developing the ore and conditions of ground and water are known. Probably, it will be stull or square set stope system. It may be necessary to use slusher for mucking from stopes if ore body, replacement type is flat.

10. MINING:

No rehabilitation will be necessary other than installation of new pump and compressor. The bottom of the winze will, of course, have to be cleaned out. Buildings and other facilities are excellent and adequate.

Development Cost

Owing to the fact that all waste materials have to be hoisted 600 ft.
Estimated cost of drifting -- $40.00 a foot
Estimated cost of cross cutting -- $36.00 a foot
Estimated cost of raising -- $21.62 a foot
Cost per ton, drifting (on a 50 ton day basis) -- $9.16
Cost per ton, cross cutting -- $8.21
Cost per ton, raising -- $5.94

Operating Cost

Stoping, per ton -- $6.53
Pumping, per ton -- $ .55
Hoisting, per ton --$ .47
Tramming, per ton --$ .48
Surface labor, per ton - $ .44
Underground upkeep, per ton -- $ .33
Total is $8.80 per ton
Incidentals 10%, or $ .88 per ton, or a total of $9.68 per ton.

Overhead Cost

Supervision - - - $ .56 a ton
Assaying - - - $ .10 a ton
Legal Work - - - $ .03 a ton
Engineering - - - $ .20 a ton
Office expense & bookkeeping- - $ .19 a ton
Taxes - - - $ .06 a ton
Depreciation - - $ .15 a ton
Incidentals - - $ .01 a ton
TOTAL - - - $1.30 a ton

Total Development Cost (partial tonnage - - - - - - - - - - $3.50 a ton
Total Operating Cost - $9.68 a ton
Total Overhead Cost - $1.30 a ton
Total Cost of Ore - $14.48 a ton

From samples taken by engineers and assays on the ore that would be blocked out, under the present prices, should average better than $30.00 net smelter from which there would have to be $4.00 transportation charge, or $24.00 net ore at the mine, or approximately $10.00 per ton, net.

11. MILLING:

(a) Not applicable.

(b) Yes

1. Resurrection Mill at Leadville, Colorado, which is approximately 60 miles from mine.

2. None
3. None
4. Ore would be hauled by truck at a rate of approximately $4.00 per ton.
5. $24.00 a ton.

(c) Not applicable.

12. SMELTING:

Not applicable.

13. TIMING:

(a) The project should be started as quickly as possible. The mine only makes approximately 170 gallons of water per minute from October 1, to May 1, and the sinking of the winze should be done immediately.

(b) Contracts will be let as soon as possible, after the new loan is approved.

14. CERTIFICATE OF NECESSITY:

Have not filed.

15. EFFORT MADE TO OBTAIN CREDIT:

(a) First National Bank of Salida, Colorado, and National Bank and Trust Company of Hartford, Connecticut. Neither institution will loan money on mining. Tried to get a loan from the Reconstruction Finance Corporation before the diamond drilling was completed, and was refused. There are no funds available for this loan.

16. FEDERAL AID:

No additional loan will be necessary if a Development Loan of $100,000 is granted.

17. MANAGEMENT, INSURANCE, ETC.:

All buildings are properly insured. The Company carries $250,000 level limits of liability. We have never had or been in receivership, bankruptcy, or in the hands of creditors. We have paid every bill on the first of the month following the order of that commodity. There are no litigations whatsoever. See statement attached.

18. NAMES AND ADDRESSES OF OFFICERS OF CORPORATION:

Name & Address	Title	Salary	Yat. Worth	No. Shares Common Stock	Life Insurance Carried
Edward S. Goodwin 962 Main Street Hartford, Conn.	Pres.	None	Unknown	2420 shares	None
Eduard C. Brandt 50 Forest Street Hartford, Conn.	Secy.	None	Unknown	340 shares	None
Harold H. Koster Box 500 Salida, Colorado	Treas.	None	Unknown	1575 shares	None
Henry S. Griswold 626 Wolcott Hill Rd. Wethersfield, Conn.	Asst. Treas.	None	Unknown	850 shares	None
	TOTAL	None		5055 shares	None

19. CAPITAL STOCK ISSUES:

Item	Authorized	Outstanding	Par Value	No. Shares Outstanding	Dividend Rate
Common Stock	$200,000.00	$139,650.00	$10.00	13,965	50¢
Preferred Stock	None	None	None	None	None

20. PURCHASE AND SALES TRANSACTIONS WITH OTHERS:

(a) Just insurance from Harold R. Koster, Inc., and is approximately $200.00 a year.

(b) No.

21. COMPENSATION SCHEDULE:

No officers receive salaries.

22. COLLATERAL:

(a) Ore blocked out and shipped.
Future Production Description - Approximately 25,000 tons of ore indicated by diamond drilling.
Date expected to Reach Full Production - July 1, 1952 or 30 days after completion of Development program.
Gross Value of Ore - Unknown
Net Value Before Taxes - $200,000.00

(b) No existing liens.

23. CURRENT FINANCIAL STATEMENT:

Attached financial statement as of November 1, 1951.

24. CONDENSED COMPARATIVE STATEMENT OF INCOME AND EXPENSES:

Have Not produced

25. CONDENSED COMPARATIVE STATEMENT OF CONDITION:

Have not produced.

THE UTEP LODE COMPANY
Balance Sheet
~~December~~ 31, 1951

Assets

Current Assets:			
Cash - First National Bank, Salida, Colorado			$ 1,716.02
Cash - Hartford, Connecticut Trust Company			457.38
Total Current Assets:			2,173.40
Fixed Assets:			
Development Costs and Property:			
Madonna Claims		24,399.35	
Madonna Development Costs		87,790.24	
Operating Costs		21,767.22	
		133,956.71	
Equipment and Buildings:			
Mine Buildings & Ore House - Madonna	9,099.57		
Mine Shaft Construction	14,818.43		
Mine Equipment	13,941.65		
Truck	1,270.92		
Office Furniture and Fixtures	126.64		
	39,257.21		
Less - Reserve for Depreciation	13,524.03	25,733.18	
Total Fixed Assets:			159,689.89
Deferred Charges and Deposits:			
Supplies		1,500.00	
Deposited Compensation Insurance		377.65	
Total Deferred Charges and Deposits			1,877.65
Total Assets:			163,740.94

LIABILITIES

Current Liabilities:		
Withholding Tax	34.50	
Social Security	7.31	
Monies advanced by Harold R. Foster, Inc.	1,641.11	
Accounts payable - owing Wallace Rogers on contract	880.08	
Total Current Liabilities		2,563.00
Deferred Contingent Liabilities		
Monies advanced by U. S. Government paid by royalty only		6,553.89
Capital Stock and Surplus:		
Issued and Outstanding Stock	143,000.00	
Paid in Surplus	34,285.71	
	177,285.71	
Earned Surplus - Deficit	22,661.66	154,624.05
Total Liabilities		163,740.94

Supplemental Information Concerning Monies Requested to Finish Project of Madonna Mine

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Contract by Eugene D. Bishopp to sink the shaft in addordance with the specification from the present level to the 650' level cutting a station at the 500' level and a station at the 600' level, allowing a 50' sump. The shaft to be timbered clear down to the bottom of the sump. Bishopp will drift 400' at $40.00 a foot. Said drift to cross cut, being 5 X 7. Will furnish all materials equipment and labor, except as is hereinafter provided.
Total price $57,277.50

Not included in the above is as follows:
1500' of 20 lb. track. This track would replace the present 16 lb. rail from the portal to the shaft and would be placed from the shafts on the 600' level to the ore. Bishopp agreed to lay said track providing the materials will be furnished him. Also 600' of 1" pipe, 600' of 3" pipe.
Total cost for materials to be furnished . . . . . $ 3,000.00

He estimated that it will take between three and four months, so during this three and four months of contract work, it would be necessary to have one mine superintendent at $350 a month . . . . . $ 1,050.00

Repairs and supplies @ $150 per month, total for three months . . . . $ 450.00
Estimate amount of power to be furnished . . . . . $ 2,000.00
It will require two men to do work so that the Company would be represented on each shift, in addition to the superintendent. . . . . $ 1,200.00 ?
It would require bookkeeping and office expense incidental to the exploration work @ $75.00 per month or . . . . . $ 225.00
Telephone costs would be . . . . . $ 300.00 –
Fuel oil and heat would be . . . . . $ 150.00
Compensation would be . . . . . $ 60.00 – a labor
It would require timber to rehabilitate the 3rd level and ties for the new rail . . . . . $ 1,000.00
It would require one months mining for two men to rehabilitate the 3rd level . . . . . $ 500.00
Engineers services @ $200.00 a month . . . . . $ 600.00
Renting of mucking machine . . . . . $ 600.00 –

Equipment that would be needed:
20 cars . . . . . $ 4,000.00 ?
One large received to be placed at the top of the shaft . . . . . $ 1,000.00
One air compressor . . . . . $ 6,500.00 ?
One air trammer . . . . . $ 3,200.00 – rec.
One deep well pump installation . . . 250 gpm . 650 head . . . . . $13,500.00 –
One centrifugal pump as a stand-by pump . . . . . $ 1,200.00

The following items should be considered as credit on the exploration program which are owned by the Utze Lode Company:
Deep well pump until new one is installed
Hoist
Present 8 cars
Present centrifugal pump
Other items as shown in Part 2 of Bishopp's contract.

Eugene Deland Bishopp
861 - 19th Street
Boulder, Colorado

COPY

November 19, 1951

Harold R. Koster, Treas.,
Utze Lode Mining Co.,
Box 500,
Salida, Colorado.

Dear Sir:

The accompanying Contract Outline covers the points raised in discussion between ourselves on November 11th relative to the development work contemplated by your company and is to be construed as a bid for this work subject to the limitations and stipulations specified.

In order that your company may judge the capability of myself as an individual contractor the following list of names of people with whom I have been formerly associated are submitted for checking of performance and charabter:

Wm. Loach, Pres. First National Bank, Boulder, Colo.

Fred Peterson, Proj. Mgr., Winston Bros. Co., Loveland, Colo.
or
Ray Rasey, Vice Pres., Winston Bros. Co., Monrovia, Calif.

Wm. Broderick, Pres., Western Paving Co., Denver, Colo.

John Austin, Pres., John R. Austin Constr. Co., Denver, Colo.
or Austin, Gravel Company, Loveland, Colo.

John East or Paul Allsman, Distr. 1V U. S. Bureau of Mines,
Denver, Colo.

George Highley or Gerald Samson, U. S. Bureau of Reclamation,
Loveland, Colo.

As a sub-contractor the writer has successfully completed contracts for three short tunnels and two shafts under Bureau of Reclamation management. The prime contractors were the Western Paving Co., Winston Bros. Co., and Mittry Constr. Co.

Following investigation of myself each of these companies waived the posting of bond.

Sincerely yours,

S/Eugene D. Bishopp
Eugene D. Bishopp

Eugene Deland Bishopp
861 - 19th Street
Boulder, Colorado

COPY

Contract Agreement Outline

This Contract, made and entered into this _____ day of _____ 1951, by and between the Utze Lode Mining Co. of Salida, Colorado hereinafter called "OWner" and Eugene D. Bishopp, an Individual of Boulder, Colorado hereinafter called "Contractor", do each agree to the following conditions and stipulations:

I

The Work

		Approx. quan.	Unit Price	Total
Item 1	Shaft	250 ft. 13½ X 7' ⅛	$96.00	$24,000
Item 2	Station Cutting	201 cu. yds.	$30.00	$ 6,030
Item 3	Cross Cutting	400 linear ft. (5' X 7')	$40.00	$16,000
Item 4	Timbering, Shaft			
	50 sets 10" X 10". (4'6" - cpts)	750 bd.ft./set- 37.5Mbm		
	Lagging - 3"	555 " " " 27.75 Mbm		
	Blocks & Wedges	1.00 "		
	500 lin. ft. cage guides 3" X 6"	1.00 "		
	Lagging - 2" dividers, landings	4.00 "		
		71.25 "	$150	$10,687.50
	(delivered cost $75Mbm)			
	20 ladders 12' - Furnish & install		$5	$100
	Hanger bolts 200 " "		$2	$400
	Lag screws, guides " "			$40
	Spikes " "			$20
				$57,277.50

Roof Bolts: optional to timbering in X Cut @ $2 per ft. if used.

Eugene Deland Bishopp
861 - 19th Street
Boulder Colorado

COPY

II

Contractor to Furnish: Labor, materials, tools, supplies and all equipment necessary to the performance of the work. Equipment now installed in mine shall be made available for work at following rental rates at contractor's option:

Deep well pump and piping	$100	per Month	
Hoist	$100	" "	
8 1 ton mine cars	10	ea. "	
15 Battery lamps	1	" "	
Elec Grinder	8	" "	
Blacksmith Shop	25	" "	
Sinker Drills	30	ea. "	
Hose and lubricators	100	" "	
Blower and Vent now installed	50	"	
Saw. air or electric	15	"	
Mine car loader, single shift	300	"	50% ea. add. shift
Compressors: 110 CP elec.	90	"	
220 CP "	150	"	
Sinking pump 2" elec	40	"	
Water " 1" "	12	"	
Single Drum Air Hoist	80	"	

III

Owner to Furnish: In addition to above all buildings, track now in use, etx. shall be used by the contractor at no charge. Owner also agrees to furnish sixteen more mine cars similar to ones now on property at above rental rates, and also to furnish permanent vent tube, three inch air line, one inch water line, and rail with ties at no cost to contractor except that contractor s hall install permanently for owner.

Estimated cost of these to owner:

Vent tube, used	600' @ .50 - $300
3" pipe, new	600' @ .85 - $510
1" " "	600' @ .20 - $120
20 lb. rail, new	3000' @$170 ton -$1700.

It is also suggested that owner purchase an air trammer for permanent use on tunnel level in which case contractor would rent from owner at rate of $300 per month. Cost of trammer about $3200.

Eugene Deland Bishopp
861 - 19th Street
Boulder, Colorado

COPY

IV

Financing of Work, Records & Accounts, Final Settlement:

Bond to be furnished by contractor shall ve a performance bond in the amount of fifty percent of the contract total. In addition the owner will retain 10% of monies earned untill date of completion and acceptance of work by owner, but retained percentage shall be paid contradtor within thirty days of completion.

If contractor so elects posting of bond shall be waived, but owner can retain twenty five percent of total earnings untill completion to insure satisfactory performance.

Before commencement of work contractor will ve furnished adequate proff that funds to complete work are on hand and available to owner to meet contractor's demands as work progresses.

Payment of work shall be made to contractor on a bi-monthly basis and within three days following quantity determination by owner. If a development loan is obtained from U. S. Government then only the owner's share of payment will be due on the bi-monthly basis since the U. S. Government pays for vouchers presented on a monthly basis only.

Contractor shall furnish monthly payroll reports or any cost data required for owner's records.

V

Completion of Work:

This contract will be undertaken with the aim in view of completing stipulated work within one hundred twenty days following notification to proceed by owner, and contractor's assurance that funds are available.

A penalty of thirty dollars per day for all time over the allotted one hundred twenty days will apply provided owner does not interfere with development operation in any way and provided ground conditions are normal; "ground conditions" means that rock shall be of such character that spiling is not necessary and that flow of water is not in excess of 250 GPM while shaft sinking is in progress.

If flow of water in excess of 250 GPM is encountered during shaft sinking then owner and contractor will asssume cost of pumping this excess amount on a fifty -fifty basis. If a volume of water is encountered that makes shaft sinking operation impossible according to an empire, then contractor may discontinue contract and request payment of work done. Dewatering and any retimbering of present workings so that work may begin willbe responsibilityof owner, or contractor will perform such work at cost.

Eugene Deland Bishopp
861 -19th Street
Boulder, Colorado

COPY

VI

Labor Conditions: Contractor will be responsible for recruiting labor and shall endeavor to maintain relations that will be conducive to uninterrupted work. He shall pay at least the local wage scale.

Interruption of work due to a general strike in the locality and not limited to the operation of the contractor will waive the penalty clause in paragraph V and extend the completion date by the amount of time lost during strike.

VII

Liens, Claims, Liability for Injury & Damage:

Contractor Workman's Compensation Insurance shall be placed in effect when work begins and owner shall be protected from all labor claims and liens; the owner shall be protected from liability by any act of contractor while in prosecution of his contract by a General Liability Insurance policy in the amount determined by the owner and the contractor.

Safety Rules:

VIII

Contractor shall observe mine safety laws and regulations as set forth by the U. S. Bureau of Mines and shall maintain working conditions that are conducive to safety and good housekeeping.

IX

Termination of Contract: If contractor fails to prosecute work diligently, or fails in any way to perform the conditions specified in this contract, or becomes insolvent, or shall make a filing for bankruptcy, or shall become so involved in labor difficulties of his own making that work ceases, owner shall have the right to cancel contract following one weeks notice and assume work in any manner he chooses.

In the event Contractor shall die or be adjudged incompetent prior to the completion of work hereunder, then this contract can be terminated by owner and the representative of the estate of the contractor shall have no claims against owner except for the payment, in accordance with the terms hereof, for work actually performed prior to the date of such termination.

X

Assignment: Contractor shall not sublet or assign the work, or any part thereof, or any moneys to become due hereunder, without first obtaining written permission from owner.

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

January 6, 1954

Project Summary Report

By: W. R. Griswold

1. DMEA 2280 (Lead-Zinc)
   Contract No. Idm-E448
   Madonna Mine
   Chaffee County, Colo.

   Operator: Utze Lode Co.
   P. O. Box 500
   Salida, Colorado

   Operator's Property rights: Owner of 28 patented claims as described in the contract.

2. Contract dated: November 17, 1952
   Completion date: January 17, 1953

Work Authorized:

400 ft. drifting @ $65	$ 26,000.00
3 diamond drill stations @ $833.33	2,500.00
1,750 ft. diamond drilling @ $12/ft.	21,000.00
	$49,500.00
Government's participation - - - -	$24,750.00

Amendments:

No. 1 12/29/52 Changes bit size for diamond drilling from NX to BX. No change in project cost.

Work Completed:

400 ft. drifting @ $65	$ 26,000.00
3 diamond drill stations @ $833.33	2,500.00
1738.5 ft. of diamond drilling @ $12	20,862.00
	$49,362.00
Government's participation - - - -	24,681.00

Work completed in February, 1953.

3. Audit certificate issued May 8, 1953. No exceptions.

4. Certificate of discovery issued June 22, 1953.

Ore estimates: A reserve of 5,000 tons of decidedly sub-marginal ore was indicated. The grade of such ore is stated to be 0.03 ounces of gold, 5.3 ounces of silver, 0.10 per cent copper, 0.80 per cent lead and 4.7 per cent zinc.

Comments:

The Work was done in a proper manner, through the unit costs allowed under the contract seem to have been unusually high.

The general purpose of the project was to explore, at a new lower horizon, for lead, zinc ores. It was hoped that, as had been the case in the higher and productive levels, such ores would be found along the Madonna fault, in the dolomitic rocks. The contact of the dolomites and the underlying granite was also explored by the project.

In general, the results were negative and we would not recommend any further exploration work on this property.

In the early days the mine had produced around a quarter of a million tons of a good grade lead ore (probably about 15 per cent lead), most of such production having come from the oxidized ores.

W. R. Griswold

W. R. Griswold

[✓] Audited

[✓] Certified

Na[illegible] Utza Lode Co.

State Colorado

ORK ANALYSIS SHEET - DMEA PROJ[illegible]

Analysis as of 12/1/54
Incl. Voucher for Feb. - 53

Commodity Lead-zinc

[✓] Actual Cost

[ ] Agreed Unit Costs

Docket No. 2280

Idm-E No. 448

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	400	26,000.00	400	26,000.00	26,000.00
Raising					
Shafts					
Winzes					
Drilling (Specify) Diamond	1,750	21,000.00	1,738.5	20,862.00	20,862.00
Su[illegible]ce Excavation					
Underground Excavation D.D. Station		2,500.00		2,500.00	2,500.00
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify)					
Totals		49,500.00		49,362.00	49,362.00

Prepared by [illegible]

71626

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	Arnold	500
11/19	Talbert	800
	Sebrey	120
11/19	Johnson	110
11/19	Fumich	100
		220

The Utsa Lode Company
P. O. Box 500
Salida, Colorado

NOV 19 1962

Re: DMEA-2280 (Lead-Zinc)
The Utsa Lode Company
Madonna Mine
Chaffee County, Colorado
Contract Idm-E448

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated June 22, 1953, all minerals mined or produced from November 17, 1952, to November 17, 1962, were subject to the Government's percentage royalty as set forth in the contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

Director

MMerrithew/mm
11-19-62
cc: Director's reading file
CA&A Division
Region III (2)
Docket
Code 500

43683

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

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 16 1962

DATE	INITIALS	CODE
11/16	[illegible]	800
		140
	Returned	500
		220

November 13, 1962

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMEA-2280 (Lead-Zinc)
Contract Idm-E448
The Utze Lode Company
(Madonna Mine)
Chaffe County, Colorado
EXPIRATION OF DMEA CONTRACT PAYING ROYALTY

I visited the subject property November 6, 1962 and found the windows and the doors of the mine builings all boarded up. I have passed this property many times in the past two years and I have never seen any signs of mining activities.

The Report of Royalty Review dated July 20, 1962 indicates that no royalty is due the Government. I recommend that the files be closed on this contract.

Hugh M. Connors

Hugh M. Connors

Write closing letter if not already done

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY O. M. E RECEIVED JUL 26 1962		
DATE	INITIALS	CODE
7/26	gla	500
		2nd

July 24, 1962

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMEA-2280 (Lead-Zinc)
Contract Idm-E448
The Utme Lode Company
(Madonna Mine)
Chaffe County, Colorado

Attached is the original Report of Royalty Review on the subject contract dated July 20, 1962 covering the period June 12, 1959, through June 27, 1962.

Original signed by

Hugh M. Connors

Attachments
HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E448
Chron

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

JUL 20 1962

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-2280 (Lead-Zinc)
The Utze Lode Company
Madonna Mine
Chaffee County, Colorado
Contract Idm-8448

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

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

(b) One copy for your files.

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

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

Enclosures

EDTalbert/ama 7-20-62

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

43683

HAROLD R. KOSTER
PRESIDENT

F. WALLACE KOSTER
SECRETARY-TREASURER

HAROLD R. KOSTER, INC.
and
SALIDA FINANCE COMPANY
Insurance - Real Estate - Loans
BOX 500 ESTABLISHED 1923 PHONE KE 9-2550
SALIDA, COLORADO

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 12 1962

DATE	INITIALS	CODE
7/13	[illegible]	800
7/16	~~Received~~	500
		220

July 9, 1962

W. R. Griswold, Chief
Division of Minerals
United States Dept. of Interior
Office of Minerals Exploration
Washington 25, D. C.

Re: DMEA-2280 (Lead-Zinc)
The Utze Lode Company
Madonna Mine
Chaffee County, Colorado
Contract Idm-E448

Dear Mr. Griswold:

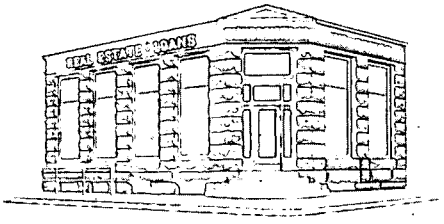
Thanks for your kind letter and I do appreciate it. I still believe that we should do some diamond drilling and maybe we could get some money raised to do the diamond drilling to explore that which we think is there. Naturally, then the government would not only get back this contract, but the others, because we owe it to you if we get some ore out of that place, and I think that a new company might be able to do that very thing.

Yours truly,

HAROLD R. KOSTER, INC.

By Harold.

HRK:vas



E Form 7
0-58)

OFFICIAL FILE COPY

Date	Surname	Code
	Griswold	500
7/5	Talbert	800
7/5	On leave	120
"	Johnson	110
		~~100~~
		220

JUL 5 1962

Mr. Harold R. Koster
The Utze Lode Company
P. O. Box 500
Salida, Colorado

Re: DMEA-2280 (Lead-Zinc)
The Utze Lode Company
Madonna Mine
Chaffee County, Colorado
Contract Idm-E448

Dear Mr. Koster:

Thank you for forwarding us the MME Form 63 report. Concerning the time limit you mention on the property, the Government's lien expires November 17, 1962.

You may be very sure that we sincerely regret that the project resulted in "lost money" to your group. We realize that you tried most sincerely to make the project a success. However, we are sure you realize that the OME cannot participate to an extent greater than 50 percent of the cost in an exploration project; hence, we could not consider further work on this property unless you were prepared to carry half of the cost.

Sincerely yours,

/s/ W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

WRGriswold/hb
7/3/62)
cc to: Docket DMEA-2280
Director's Reading File
Region III (2)
CA&A Division
Code 500 (blue)

43683

HAROLD R. KOSTER
PRESIDENT

F. WALLACE KOSTER
SECRETARY-TREASURER

HAROLD R. KOSTER, INC.
and
SALIDA FINANCE COMPANY
Insurance - Real Estate - Loans
BOX 500 ESTABLISHED 1923 PHONE KE 9-2531
SALIDA, COLORADO

FILE COPY
O. M. E
JUL 2 1962

7/2 800
120
100
110
500

June 27, 1962

Mr. W. R. Griswold, Chief
Division of Minerals
Washington, D. C.

Re: DMEA-2280 (Lead-Zinc)
The Utze Lode Company
Madonna Mine
Chaffee County, Colorado
Contract Idm-E448

Gentlemen:

Enclosed you will please find two copies of the report which you requested. We have not sold the mine nor have we shipped since the exploration work was done. You will recall, just about the time the exploration work was done, the price of lead and zinc dropped and the owners of the Utze Lode did not have money to carry on, in fact we had to mortgage the machinery and also the property has been purchased for two years of back taxes. It is a sad affair, and it was a wonderful possibility that did not materialize, but we, the stock holders spent some $350,000 in good earnest money, with no promotions and we tried to make it a success. It is my understanding that our time limit is up and that we will get a complete release from the above mentioned contract as we did on the other contract which time has expired.

I wish that there was some way that we could still do some diamond drilling down to prove or dissaprove the many geological reports that there is a large basin of ore underneath the Madonna. I still believe in the property, but we have no money to carry on. I appreciate the work that was done by the exploration of our government. It was done with all sincerity and honesty; however I still believe that if the government would give this mine the proper exploration work and further exploration wrok, that it might be possible that the contracts that have and are expiring, could be repaid which we would be glad to do if the mine ever could produce ore. It is if we will have to loose everything we had in it, because of the Chattel Mortgage on the equipment and tax sales on the property. This has lost money to good citizens.

Yours truly,

THE UTZE LODE COMPANY

By Harold

HRK:vas

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

OFFICIAL FILE COPY
O. M. E
JUL 2 1962
DATE

JUN 15 1962

Re: DMEA-2280 (Lead-Zinc)
The Utze Lode Company
Madonna Mine
Chaffee County, Colorado
Contract Idm-E448

Mr. Harold R. Koster
P. O. Box 500
Salida, Colorado

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

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

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since February 3, 1960, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since February 3, 1960, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value
	None	

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons	None	
Other		Tons		

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

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

Disposition of Material	Quantity	Value
None		

Submitted by:

Name Harry R Kotter Title Sec (Colo Rep.)

Address Box 500 Leadville Colo Date 6/26/62

4511

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/22	G	220
6/23	[illegible]	500
		225

JUN 19 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-2280 (Lead-Zinc)
The Utze Lode Company
Contract No. Idm-E448

Your Report of Royalty Review on the subject contract is acceptable and distribution of the regional copies is authorized.

EDTalbert/ama
June 19, 1959

Copy to: Docket
Director's Reading File
Code 800

43683

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

RECEIVED
JUN 28 1956

224 New Customhouse
Denver 2, Colorado

June 26, 1956

Mr. Harold R. Koster, President
Harold R. Koster, Inc.
Box 500
Salida, Colorado

Re: Docket DMEA 1050 (Lead-Zinc), Contract I-DMA-E35, Utze Lode Company (Madonna mine), Chaffee County, Colorado

Docket DMEA 2280 (Lead-Zinc), Contract Idm-E448, Utze Lode Company (Madonna mine), Chaffee County, Colorado

Dear Mr. Koster:

Enclosed is a photocopy of our letter dated July 11, 1955 which will answer in part the questions asked in your letter of June 15, 1956.

The Government participated in the amount of $10,000.00 on Contract E35 and the amount of $24,681.00 on Contract E448. You have made no royalty payments; therefore, the total amount due the Government as a result of the issuance of Certification of Discovery or Development is $34,681.00.

A provision to protect the Governments interest by agreement to make royalty payments on production at the rates prescribed in the contract should be included in any legal instrument drawn between you and buyer or lessee. You are reminded however, that you will remain liable as surety for the payment of the Government's royalty unless such liability is waived by the Administrator. This is in answer to your question regarding the amount of indebtedness to the Government which must be made known to a prospective buyer.

Should you transfer your interest in the subject property, a signed copy or photostat of a signed copy of the instrument must be submitted to this office.

In answer to your question regarding the sale of dumps, this agency considers disposition of dump material to be production subject to the same royalty rates as other forms of production.

We enclose one copy of DMEA Order 1, Amended, and trust the information contained therein, with the information contained in this letter, satisfatorily answers your questions pertaining to cited contracts.

Yours very truly,

W. M. TRAVER

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

Enclosures

MHM/vj

cc: Royalty File E35
Royalty File E448
Sec. Opr. Comm. (2) w/cys. oper. ltr
J. F. Shaw (2) w/cys. oper. ltr.
Marshall
Chron.

HAROLD R KOSTER
PRESIDENT

F. WALLACE KOSTER
VICE PRESIDENT

WILLIAM TALIAFERRO
SECRETARY TREASURER

HAROLD R. KOSTER, INC.
and
SALIDA FINANCE COMPANY
Insurance - Real Estate - Loans
BOX 500 ESTABLISHED 1923 PHONE 500
SALIDA, COLORADO

DMEA
Date Rec'd.
JUN 18 1956
BUREAU OF MINES
Denver, Colorado

June 15, 1956

x 2 Contracts. Utze Lode
Look up

Mr. W. N. Traver, Jr., Chief
Mineral Resource Branch, Mining Division
Regional 4, Building 20
Room 137
Denver Federal Center
Denver 14, Colorado

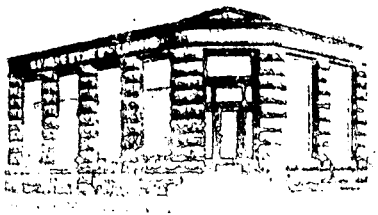
Re: D.M.E.A. Contracts
Madonna Mine, Chaffee
County, Colorado

Dear Bill:

Several times I have written you and today I have been trying to find the agreement in writing where we are liable for the money expended on the Madonna Mine and also how that amount is to be paid. I cannot find my copy of it. Most likely it is back in Hartford, Connecticut and I have an inquiry concerning how the money is to be paid back if metal is shipped from the mine.

It was my understanding that it is to be paid back at a certain royalty out of ore that was found or exploited or within a certain district of the diamond drilling holes.

I would appreciate it if you can enlighten me as to where I can find the statement of indebtedness to my Government. I am not trying to get out of it, but I am trying to find out just how this has to be paid back and where it was signed or by the Utze Lode. The question I had in mind was two different ideas; one was in



case we wanted to dispose of the dumps with zinc carbonates, would we be liable for a royalty through the Government and in case we did sell the mine how much indebtedness would we have to advise the purchasers and under what conditions the money had to be paid back to the Government?

We would appreciate this information as soon as possible so that I can give it to the individuals requesting same. I note that I have a statement from your office stating that no commercial ore was found whatsoever and I am wondering if that statement had anything to do with the final settlement.

I appreciate that I am taking up your time, Bill, but I would appreciate hearing from you just concerning the amount of indebtedness that you feel the company owes the DMEA and also the requirements of repayment and what portion of the mine does it cover. don't feel know

I would appreciate hearing from you as soon as possible. Some individual has it in their head now they can separate that zinc carbonate up on the old dumps. The USGS from Washington maintains there are about 30,000 tons of materials that would run anywhere from 16 to 40% in zinc and if this individual thinks he can separate it he will want to make a deal with us under a royalty or purchase.

We would appreciate hearing from you as soon as possible so that if a deal can be made we will know how to transact the deal. Thanks in advance for all the trouble I am putting you to.

Yours truly,

HAROLD R. KOSTER, INC.

By Harold

HRK:SV

C O P Y

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

C O P Y

224 New Customhouse
Denver 2, Colorado

July 11, 1955

Mr. Harold R. Koster
Harold R. Koster, Inc.
Post Office Box 500
Salida, Colorado

Re: DMA-1050 (Lead-Zinc), Contract I-DMA-E35
Utze Lode Company, Chaffee County, Colorado
and
DMEA-2280 (Lead-Zinc), Contract Idm-E448
Utze Lode Company, Chaffee County, Colorado

Dear Mr. Koster:

Reference is made to your letter of June 27, 1955 which I interpret as an inquiry as to the present status of the two captioned Government loans with regard to Utze Lode Company's liability to the Government.

Contract I-DMA-E35 dated June 28, 1951 was certified in accordance with Article 14 of the contract. Therefore you are obligated to pay the Government a percentage royalty on production within 10 years from June 28, 1951 until the Government participation on this loan is repaid or said 10 years have elapsed, whichever occurs first.

Contract Idm-E448 dated November 17, 1952 was certified in accordance with Article 6 of the contract on June 22, 1953. The recitation regarding repayment of the obligation to the Government is essentially the same as for Contract I-DMA-E35.

Utze Lode Company's liability in the event of sale or disposal of the property, identified in Article 2 of both contracts, is explained in Article 15 of Contract I-DMA-E35 and Article 7 of Contract Idm-E448. Both, and especially the latter, appear to be complete, and answer your questions specifically.

If, as indicated in the last paragraph of your letter, you are interested in submitting an application for a loan to further explore the Madonna mine, we will be pleased to furnish you with the application forms.

Very truly yours,

W. M. Traver

WMT:sr
cc Sec. Op. Comm. (2)
Subject E35)w/cpy ltr
Subject E448)from Operator
Harshman)
Chron

C
O
P
Y

HAROLD R. KOSTER, INC.
and
SALIDA FINANCE COMPANY

Salida, Colorado

June 27, 1955

Mr. W. N. Traver, Chief
Mineral Resources Branch
Building 20, Room 137
Denver Federal Center
Denver 14, Colorado

Dear Bill:

In the contract for exploration work, it is my understanding that unless the mineral is blocked out in a commercial quantity and quality that the government releases any leases on the property. Since this is true of the Madonna would you mind advising me as to your understanding, write this, have this released, made up, and sent to us. We have been trying to sell the Madonna Mine, but have not had any luck.

I personally believe that there should be further diamond drilling done to either prove it up conclusiverly or give it back to the Indiana. I would appreciate it, Bill, if you would give this your immediate attention and please write me concerning your thoughts on this matter.

Yours truly,

Harold initld/ S.V.

Harold R. Koster

HRK:SV

FILE COPY
500 SURNAME:

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

Selfridge
Griswold
Clemens
Martin
Griswold
Hedges
Johnson

JUN 22 195

Mr. Edmund F. Mansure, Administrator
Defense Materials Procurement Agency
General Services Administration Building
Washington 25, D. C.

Re: Docket No. DMEA 2200 (Lead-Zinc)
The Utes Lode Company
Madonna Mine
Chaffee County, Colorado
Contract No. Idm-E448

My dear Mr. Mansure:

Enclosed is one copy each of a "Certification of Discovery or Development" and a final report by the Field Team, both related to Exploration Project Contract No. Idm-E448.

This is the second certification issued on the same property. The first certification, a copy of which was transmitted to Defense Materials Procurement Agency on July 1, 1952, was issued on June 20, 1952, in connection with Contract No. Idm-E35. Diamond drilling under this contract indicated a small tonnage of submarginal lead-zinc ore.

The present contract, which was dated November 17, 1952, provided for a project consisting of 400 feet of drifting, the cutting of three diamond drill stations, and 1,750 feet of diamond drilling, estimated to cost $49,500.00. All of the work was completed with the exception of 11.5 feet of the diamond drilling at a cost of $49,362.00, of which 50 per cent, or $24,681.00, was the Government's share. Only submarginal ore was encountered in the area of the 6th winze level. It probably represents an extension of the submarginal ore previously certified.

The discovery may be described as zinc, silver, lead ores, with auxiliary amounts of gold and copper, occurring as replacements near a dolomite-granite contact. An estimate of these indicated ores, which are partly delimited, is 5,000 tons, with a grade of 0.03 ounces gold, 5.3 ounces silver, 0.10 per cent copper, 8.80 per cent lead, and 4.70 per cent zinc.

Sincerely yours,

C. O. Mittendorf
Administrator

WBGriswold/GCSelfridge/hmj/esf
(6/19/53)

CC to: Docket
Adm. R. File
Op. Committee
Base Metals Div.
Cont. Admin. & Audit Div.
Region IV (2)
Mr. Hedges, Rm 4604
Mr. Thayer, Rm 5216 GSA
Mr. F.E.Johnson
Mr. Griswold
Chron.

Enclosures-2

FILE COPY
SURNAME:

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

Mr. Edmund F. Mansure, Administrator
Defense Materials Procurement Agency
General Services Administration Building
Washington 25, D. C.

Re: Docket No. AMA 2280 (Lead-Zinc)
The Utze Lode Company
Madonna Mine
Chaffee County, Colorado
Contract No. Idm-E448

My dear Mr. Mansure:

Enclosed is one copy each of a "Certification of Discovery or Development" related to Exploration Project Contract No. Idm-E448 and a final report by the Field Team.

The contract was dated November 17, 1952, with the Government participating to the extent of 50 per cent in an exploration project estimated to cost $49,500.00. Total actual expenditure was $49,362.00 with the Government's share being $24,681.00.

By reason of the contract, the total program of work consisted of 400 feet of drifting, the cutting of three diamond drill stations and 1,750 feet of diamond drilling. All outlined work was actually completed, except that accomplished footage of diamond drilling totaled 1,738.5. Submarginal ores were encountered in the area of the 6th winze level of the Madonna mine.

The discovery may be described as zinc, silver, lead ores, with auxiliary amounts of gold and copper, occurring as replacements near a dolomite-granite contact. An estimate of these indicated ores, which are partly delimited, is 5,000 tons, with a grade of 0.03 ounces gold, 5.3 ounces silver, 0.10 per cent copper, 0.80 per cent lead and 4.70 per cent zinc.

Sincerely yours,

Administrator

WRGriswold/hmj
(6/9/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Div.
Cont. Admin. & Audit Div.
Region IV (2)
Mr. Hedges, Rm 4604
Mr. Thayer, Rm 5216, GSA Bldg
Mr. F. E. Johnson
Mr. Griswold
Chron.

Enclosures-2

Note and

FILE COPY
SURNAME:

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

Mr. Harold R. Koster, Treasurer
The Utze Lode Company
P. O. Box 500
Salida, Colorado

JUN 28 1953

Re: Docket No. DMA 2280 (Lead-Zinc)
Madonna Mine
Chaffee County, Colorado
Contract No. Idm-E448

Dear Mr. Koster:

Transmitted herewith is a "Certificate of Discovery or Development" related to the Contract No. Idm-E448 on the subject mine.

By the terms of the Exploration Project Contract and of the Certification, all production from the property described in the contract, after November 17, 1952, the date of the contract, is subject to the Government's percentage royalty as set forth in the said contract until the sum of $24,681.00 which the Government has advanced as its participating interest has been repaid or until November 17, 1962, whichever should occur first.

Payments should be made to Mr. W. H. King, Executive Officer, DMA Field Team, Region IV, 224 New Customhouse Building, Denver 2, Colorado. Checks should be drawn in favor of the Treasurer of the United States. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward the checks to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser and the price and charges, certified to be correct by the purchaser.

You are requested to notify Mr. King of any changes in ownership or production rights that might affect the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period, please notify Mr. King at six-month intervals that such is the case.

WRGriswold/hmj (6/8/53)
CC to: Docket
Cont. Admin. & Audit Div.
Region IV (2)
Base Metals Division
Edmund F. Mansure, Adm. GSA
Adm. R. File
Op. Committee
Mr. Hedges, 4604

Sincerely yours,

C. O. Mittendorf
Administrator

Enclosures

Mr. F. E. Johnson
Mr. Thayer, 5216, GSA Bldg.
Mr. W. R. Griswold

FILE COPY
SURNAME:

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

JUN 22 1953

Memorandum

To: The Administrator

From: Chief, Base Metals Division

Subject: Certification of Discovery or Development,
Docket No. MMA 2280 (Lead-Zinc)
The Utze Lode Company
Madonna Mine
Chaffee County, Colorado
Contract No. Idm-E448

The Exploration Project Contract was dated November 17, 1952 and, in essence, continued the work previously done under Docket No. MMA 1050, Contract No. I-MA-635, which has already been certified.

The work program consisted of 400 feet of drifting, the cutting of three diamond drill stations and 1,750 feet of diamond drilling of which 1,738.5 feet was actually done. The other outlined work was completed.

The submarginal ores indicated by such work consisted of 5,000 tons with a grade of 0.03 ounces gold, 5.3 ounces silver, 0.10 per cent copper, 0.60 per cent lead and 4.70 per cent zinc.

W. R. Griswold

W. R. Griswold

Attachments

WRGriswold/hmj
(6/8/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Div.
Chron.

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

224 New Customhouse
Denver 2, Colorado

June 4, 1953

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA-2280 (Lead-Zinc), Utze Lode Company, Madonna Mine, Chaffee County, Colorado, Contract Idm-E448

Reference is made to a letter dated May 19, 1953 from the Acting Chairman of the Operating Committee regarding the final Field Team report on Docket DMEA 2280.

The final engineering and geologic reports were transmitted to the Chairman of the Operating Committee on May 18, 1953.

W. H. King

W.H. King

FILE COPY
SURNAME:

500

Drama
Martin
H. Johnson

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

MAY - 9 1953

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

Re: Docket No. DMA-2280 (Lead-Zinc)
Utze Lode Company
Madonna Mine
Chaffee County, Colorado
Contract No. Idm-5448

Dear Mr. King:

We have received your letter of May 8, 1953, recommending a certification of discovery for the above project.

In making such certifications, it is desirable that we first have the Final Field Team Report. In lieu of this, in case the final report might be long delayed, we should have a summary of the project results.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (SAB)

APPROVED:

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

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

WRGriswold/bjl (written 5/15/53)

Copy to: Docket
Admr. R. File
Oper. Committee
Base Metals
Mr. Bishop
Mr. Kinkel
Chron.

MDA 5-19-53

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

224 New Customhouse
Denver 2, Colorado

May 18, 1953.

Memorandum

To: Secretary to the Operating Committee

From: Field Team, DMEA, Region IV

Subject: Docket No. DMEA-2280, Contract Idm-E448 (Lead-Zinc), Utze Lode Company (Madonna Mine), Chaffee County, Colorado.

Enclosed are the following final reports pertaining to work accomplished 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 Geological Survey.

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

Work under the contract was completed February 27, 1953, and final payment has been made to the Operator in conformance with the Report of Review by the Contract Administration and Audit Division, dated May 8, 1953.

Data pertaining to a certification of discovery was forwarded to Washington by memorandum dated May 8, 1953.

W. H. King
W. H. King

Ogden Tweto
for A. H. Koschmann

Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 22 1953

FINAL
F.T. REP.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
200 New Customhouse
Denver 2, Colorado

Mining Division
Date Rec'd.
MAY 15 1953
BUREAU OF MINES
Denver, Colorado

May 15, 1953

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 2280, Utze Lode Company, Madonna Mine, Chaffee County, Colorado.

Attached are 8 copies of the final geological report by E. N. Harshman covering exploration Contract Idm-E448 (DMEA Docket 2280), Utze Lode Company, Chaffee County, Colorado.

In April 1951 the Utze Lode Company applied for government assistance (DMA Docket 1050) to explore for zinc-lead ore in the Madonna mine. This resulted in the discovery of a small amount of ore. In January 1952 the Company applied for further government assistance, which was approved (Contract Idm-E448), and a small amount of ore was found. The total estimated amount of ore found through government assistance is about 21,000 tons. Harshman, therefore, recommends that a certification of discovery be made.

I concur in this recommendation.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAY 22 1953

A. H. Koschmann
A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Enclosures (8)

Reviewed by
DMEA OPERATING COMMITTEE
5-29-53
(date)

UTZE LODE COMPANY

MADONNA MINE

CHAFFEE COUNTY, COLORADO

DMEA DOCKET 2280

Final Geologic Report

Reviewed by
DMEA OPERATING COMMITTEE
5-29-53
(date)

By E. N. Harshman
U. S. Geological Survey

UTZE LODE COMPANY
CHAFFEE COUNTY, COLORADO

INTRODUCTION

In April 1951 the Utze Lode Company applied for Government assistance, DMA Docket 1050, to explore for zinc-lead ore in the Madonna mine near Monarch, Chaffee County, Colorado. In the report dated June 6, 1951, C. S. Robinson, U. S. Geological Survey, and Scott W. Hazen, Jr., U. S. Bureau of Mines, recommended approval of a modified program of drifting and diamond drilling, estimated to cost $20,000. Contract I-DMA-E35 was signed on June 28, 1951, and exploration began July 15, 1951.

Exploration accomplished under this contract consisted of 7 drill holes with a combined length of 2004 feet. These are numbered 1-A to 7-A and shown on figure 3 in the engineering report. The Utze Lode Company drilled 3 additional holes, at their expense, with a combined length of 216 feet. They are shown on figure 3 as holes Nos. 8-A, 9-A, and 10-A.

In a final project report, dated February 15, 1952, Robinson and Hazen estimated that exploration at the Madonna mine (Contract I-DMA-E35) resulted in the discovery of about 16,000 tons of sub-marginal ore containing 0.03 ounces of gold and 5.30 ounces of silver per ton, 0.80% lead, 4.70% zinc, and 0.10% copper. It was concluded that additional government exploration assistance was warranted.

In January 1952 the Utze Lode Company applied for further Government assistance, DMEA Docket 2280, to explore for zinc-lead ore below the 380 foot winze level in the Madonna mine. They requested a loan of $120,000

to be used in sinking the winze from the 380-foot winze level to the 600-foot winze level, drifting 350 feet northwest and 150 feet east on the 600-foot winze level, and drilling 2000 feet of exploratory drill holes. Robinson and Hazen reviewed the request and concluded that the amount and grade of any ore that might be discovered would be insufficient to justify the Government's participation in the program. They suggested a plan of exploration from the 380-foot winze level, at an estimated cost of $44,000.

Subsequently, the Utze Lode Company asked that their application for assistance be held in abeyance to allow them to sink the winze to a total depth of 600 feet.

The winze was completed in late October 1952 at which time M. G. Dings and E. N. Harshman, U. S. Geological Survey, and Scott W. Hazen, Jr., U. S. Bureau of Mines, examined the mine. A program of exploration from the 600-foot winze level, submitted by the Utze Lode Company, was discussed with their representative at the mine. With the approval of the applicant, slight changes were made in the requested program and in a subsequent memorandum report, exploration estimated to cost $49,500 was recommended. Exploration Contract Idm-E448 was signed November 17, 1952. Exploration started November 19, 1952, and was completed February 27, 1953.

GEOLOGY

The Madonna mine is located on the east slope of the Sawatch Range, Chaffee County, Colorado. Here pre-Cambrian granites are overlain by a thick sedimentary series which includes the Manitou dolomite, Harding quartzite, and Freemont dolomite, all of Ordovician age, the Devonian

Chaffee formation, the Mississippian Leadville limestone, the Pennsylvanian Belden shale, and the Pennsylvanian-Permian Minturn formation. Erosional remnants of the Cambrian Sawatch quartzite have been found locally between the pre-Cambrian granites and the Manitou dolomite. The area is one of considerable folding and faulting and the largest ore bodies occur as replacement deposits along the major faults.

The Madonna mine workings expose pre-Cambrian granites, Manitou dolomite, Harding quartzite, and Fremont dolomite in a folded block bounded by the Madonna fault on the southwest and the Mayflower fault on the northeast. The Madonna fault strikes northwest and is in part a high-angle reverse fault and in part a high-angle normal fault (fig. 4). The maximum displacement is estimated to be about 300 feet. Mine workings along the Mayflower fault are inaccessible but available data indicate that the Mayflower is a high-angle reverse fault with a displacement of about 200 feet.

The principal ore bodies in the Madonna mine occur in limestone and dolomite along the Madonna fault. Minor ore bodies, usually low grade, are found along the granite-Manitou limestone contact and along minor faults in either limestone, dolomite, or granite.

The ore mined above the 6th adit level is oxidized and consists of soft, porous limonite with cerussite, smithsonite, calamine, cerargerite, argentite, residual grains and masses of silver-bearing galena, free gold, and malachite. Secondary ore minerals decrease in amount with increasing depth, and on the 6th winze level all recognizable ore minerals are primary. Common primary sulfides are pyrite, sphalerite, chalcopyrite, and galena. Silver and very minor amounts of gold accompany the sulfide minerals.

EXPLORATION

Exploration by the Utze Lode Company, under Contract Idm-E448, was limited to work on or from the 6th winze level of the Madonna mine. This exploration, shown on Figure 4, consists of a 400-foot drift, 3 diamond drill stations, and 12 diamond drill holes with a combined length of 1738.5 feet. Additional work, also shown on Figure 4, was done by the applicant on the 5th and 6th winze levels.

A summary of the diamond drill exploration program follows:

Drill hole No.	Bearing	Inclination	Length
DDH 101	S. 35° W.	-60°	103.5'
DDH 102A	N. 65° E.	horizontal	114.0'
DDH 102B	N. 52° E.	+ 2½°	143.0'
DDH 103	S. 17° W.	+ 4°	142.0'
DDH 104	S. 16° E.	+40°	202.0'
DDH 105	N. 35° E.	-65°	81.0'
DDH 107	S. 15° E.	+ 3°	104.0'
DDH 108	vertical	vertical	141.0'
DDH 109	S. 77° W.	+ 3°	129.0'
DDH 110	N. 7° E.	-65°	230.0'
DDH 111	S. 50° E.	-45°	72.0'
DDH 112	N. 42° W.	-50°	277.0'
		Total	1738.5'

The purpose of the four hundred foot drift was to establish 3 diamond drill stations from which the Madonna fault and the granite-dolomite contact could be explored. The objectives of the drilling program were to determine the location, attitude and ore potentialities of the Madonna fault, to locate and explore for ore along the granite-dolomite contact, to explore for a downward extension of the sub-marginal zinc-lead ore body certified under the prior exploration contract, and to explore for material of ore grade near it.

The exploration program resulted in the discovery of sub-marginal ore on the 6th winze level of the Madonna mine, but failed to find high grade

ore associated with it. Low grade ore was cored in diamond drill holes Nos. 107 and 108. Subsequently, the Utze Lode Company, at their expense, crosscut to the ore found in drill hole No. 107 and explored inthe immediate vicinity of that ore (fig. 4). This sub-marginal ore body lies along the granite-dolomite contact and it is probably the downward continuation of the sulfide body certified under the prior exploration contract.

As exposed in the crosscut the mineralized zone is 6-8 feet wide, strikes about N. 80° W. and dips 20°-30° N. Pyrite is the principal sulfide mineral; sphalerite, chalcopyrite and galena are present in relatively minor amounts. The sulfides occur in lenticular masses and small stringers separated by zones of altered granite. In contrast to the limestone replacement ore bodies on the upper levels, the low grade ore bodies on the lower levels appear to have resulted from fissure filling and replacement in the granite.

Throughout the lower levels of the mine, the granite-dolomite contact is characterized by considerable pyrite deposited in small stringers or massive lenses in the granite. This widespread pyrite mineralization, in contrast to rather restricted deposition of lead, zinc, and copper sulfides along the contact, suggests an earlier period of pyrite deposition followed by deposition of base metal sulfides.

The Madonna fault was explored by diamond drill holes Nos. 101 and 103. No ore was found in either hole. The apparent lack of large ore bodies along the fault may be due to unfavorable structural conditions resulting from the reversal of dip of the fault shown in Figure 4. However, insufficient exploration has been accomplished along the Madonna fault to definitely ascertain its potentialities as an ore horizon.

In addition to finding sub-marginal ore, the exploration revealed considerable basic data on the position and attitude of certain faults and contacts. These data are shown by structural contouring on Figure 4. The contours are based on data obtained from unsurveyed drill holes and thus may be somewhat in error.

ORE RESERVES

The first exploration contract at the Madonna mine, 1-DMA-E35, resulted in the discovery of an estimated 16,000 tons of indicated and inferred submarginal ore. The second contract, 1dm-E448, was completed in February 1953 and resulted in an increase of about 5,000 tons in the estimated ore reserves.

For simplicity of calculation the estimated ore reserves have been divided into 4 blocks as shown on Figure 4. Block A is based on data from diamond drill holes Nos. 2M, 2A, 3A, 7A, and 107, and on data secured from the crosscut driven by the Utze Lode Company. Block B assumes a 75 foot extension of block A upward along the granite-dolomite contact and the Madonna fault. Block C is based on data from diamond drill holes Nos. 108, 111, and 3A. Block D is based on geologic inference, assuming that conditions are favorable for ore deposition in the downfaulted block explored by drill holes Nos. 109, 110, and 112.

A summary of ore reserves follows:

Block	Classification	Dimensions in feet	Tons*
A	Indicated	200 x 150 x 6	10,000
B	Inferred	200 x 75 x 6	5,000
C	Inferred	$\frac{75 \times 75 \times 6}{2}$	1,000
D	Inferred	200 x 50 x 6	5,000
		Total	21,000

*-Calculations based on 12 cubic feet per ton and reduced 1/3 (waste factor).

The tenor of the ore, as shown by assays of available samples has been very erratic and any average of such samples should be considered only as an approximation.

Assays of samples secured during the recent exploration follow:

Location	Width	oz. Au	oz. Ag	% Pb	% Zn	% Cu
DH 107	7'*	0.15	0.92	0.43	7.30	0.15
590 x cut	4.3'	0.04	4.80	1.40	2.20	2.65
590 x cut	4.4'	0.04	3.60	0.65	2.25	0.59

*-17 feet of continuous sample corrected to actual vein width

CONCLUSIONS AND RECOMMENDATIONS

1. The latest exploration program at the Madonna mine resulted in an increase in the estimated reserves of submarginal ore from 16,000 tons to 21,000 tons. At present metal prices the mining and treatment costs will far exceed the value of the ore and only under emergency conditions can the Madonna mine be considered as a potential source of lead, zinc, or copper.

2. Basic geologic data secured during exploration from the 590-foot winze level indicates that structural conditions in the area explored are not favorable for deposition of large ore bodies. Additional small low grade ore shoots may be found along the Madonna fault and the granite-dolomite contact.

3. Exploration commensurate with the probable importance of any ore find at the Madonna mine has been accomplished with the aid of 2 exploration loans. No additional Government assistance, either for exploration or production, is recommended.

4. Certification of a discovery is recommended since an estimated 21,000 tons of submarginal ore was discovered by exploration accomplished under contracts I-DMA-E35 and Idm-E448.

MADONNA MINE
Preliminary Drill Logs (Summary)

DDH 101

Bearing S. 35° W.
Started January 21, 1953
Completed January 24, 1953

Inclination -60°
Total depth 103.5 ft.
Core recovery 80%

0-85 feet	GRANITE, white, medium-grained, jointed.
85-103.5 feet	GRANITE, pink, medium to coarse-grained, jointed. Madonna fault cut at 85 feet.

DDH 102A

Bearing N. 65° E.
Started January 24, 1953
Completed January 26, 1953

Inclination horizontal
Total depth 114.0 ft.
Core recovery 61%

0-72 feet	GRANITE, white, medium-grained.
72-74.8 feet	LIMESTONE, pyritic.
74.8-114 feet	LIMESTONE, gray, jointed (6 inch limestone inclusion at 79.5 feet).

DDH 102B

Bearing N. 52° E.
Started January 26, 1953
Completed January 28, 1953

Inclination +2½°
Total depth 143 ft.
Core recovery 56%

0-32.1 feet	GRANITE, white, jointed medium-grained.
32.1-61 feet	LIMESTONE and GRANITE in alternate bands.
61-86 feet	GRANITE, altered, jointed. 6 inch pyrite veinlet at 86 feet.
86-115 feet	LIMESTONE and GRANITE in alternate bands.
115-143 feet	GRANITE, altered and jointed.

DDH 103

Bearing S. 17° W.
Started January 29, 1953
Completed January 31, 1953

Inclination +4°
Total depth 142 ft.
Core recovery 61%

0-67 feet	LIMESTONE, gray, jointed.
67-132 feet	GRANITE, white, jointed, altered. At 71 feet a 2 inch stringer of pyrite. At 132 feet some pyrite and chalcopyrite in gouge--probably Madonna fault.
132-142 feet	GRANITE, hard, fresh, gray, jointed.

DDH 104

Bearing S. 16° E. — Inclination +40°
Started February 3, 1953 — Total depth 202 ft.
Completed February 8, 1953 — Core recovery 87%
(Hole deepened February 26 to 27, 1953.)

0-126.3 feet	LIMESTONE, gray, medium bedded, jointed.
126.3-136 feet	GRANITE, altered, jointed.
136-202 feet	GRANITE, slightly altered, jointed. 6 inches of gouge at 153 feet.

DDH 105

Bearing N. 35° E. — Inclination -65°
Started February 26, 1953 — Total depth 81 ft.
Completed February 27, 1953 — Core recovery 63%

0-52 feet	LIMESTONE, gray, jointed.
52-58 feet	No core (contact).
58-81 feet	GRANITE, slightly altered, white, jointed, medium-grained.

DDH 107

Bearing S. 15° E. — Inclination +3°
Started February 9, 1953 — Total depth 104 ft.
Completed February 10, 1953 — Core recovery 79%

0-60 feet	LIMESTONE, gray medium-bedded, jointed.
60-64 feet	LIMESTONE, altered, pyritic.
64-71 feet	LIMESTONE, altered, mineralized by 4 to 6 inch bands of pyrite, sphalerite, and trace of galena.
71-77 feet	GRANITE, altered, mineralized by bands of pyrite and sphalerite.
77-85 feet	GRANITE, altered, pyritic.
85-86.5 feet	SPHALERITE, CHALCOPYRITE with some GALENA.
86.5-104 feet	GRANITE, jointed and slightly altered.

DDH 108

Bearing vertical — Inclination vertical
Started February 15, 1953 — Total depth 141 ft.
Completed February 18, 1953 — Core recovery 72%

0-54 feet	LIMESTONE, slightly altered, contains $CaCO_3$ seams.
54-76 feet	GRANITE, altered, some pyrite contact at 54 feet mineralized by pyrite and trace of sphalerite.
76-130 feet	LIMESTONE, thin bedded, jointed some pyrite on FAULT CONTACT at 76 feet.
130-135 feet	No core but heavy pyrite with sphalerite in drill cuttings.
135-141 feet	LIMESTONE, vuggy, pyritic.

DDH 109

Bearing S. 77° W.
Started February 4, 1953
Completed February 9, 1953

Inclination + 3°
Total depth 129'
Core recovery 88%

0-51 feet	LIMESTONE, gray, medium-bedded, jointed.
51-61 feet	LIMESTONE, gray, cherty, jointed.
61-129 feet	LIMESTONE, blue-gray, thin bedded, jointed--some chert.

DDH 110

Bearing N. 7° E.
Started February 11, 1953
Completed February 15, 1953

Inclination -65°
Total depth 230 ft.
Core recovery 85%

0-187 feet	LIMESTONE, medium bedded, gray, jointed.
187-211 feet	LIMESTONE, medium bedded, gray, pyrite disseminated in core.
211-215 feet	PYRITE, in contact zone of granite and limestone.
215-230 feet	GRANITE, slightly altered, jointed.

DDH 111

Bearing S. 50° E.
Started February 18, 1953
Completed February 19, 1953

Inclination -45°
Total depth 72 ft.
Core recovery 84%

0-56.5 feet	LIMESTONE, gray, jointed, medium bedded. Some oxidation on joints.
56.5-57.5 feet	CONTACT ZONE, some pyrite and sphalerite.
57.5-72 feet	GRANITE, gray to white, medium grained, jointed.

DDH 112

Bearing N. 42° W.
Started February 20, 1953
Completed February 25, 1953

Inclination -50°
Total depth 276 ft.
Core recovery 83%

0-95 feet	LIMESTONE, blue-gray, jointed oxidized along joints, 12 to 20 feet, and 34 to 58 feet. Open joints 31 to 34 feet and 70 to 72 feet.
95-185 feet	LIMESTONE, blue gray, leached along joints, somewhat vuggy.
185-276 feet	LIMESTONE, bluish, cherty, and vuggy. ?

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
May 7, 1953

Mining Division
Date Rec'd
MAY 7 - 1953
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMEA 2280, Contract Idm-E448 (Lead-zinc), The Utze Lode Company, Inc. (Madonna mine), Chaffee County, Colorado - Final Engineering Report

Please find enclosed the original and eight copies of the subject final engineering report which will also serve for your preparation of a recommendation for certification of ore discovery.

W. M. Traver

W. M. Traver

enclosures

WMT/cb

cc: 8
E448
DMEA Chron.

Reviewed by
DMEA OPERATING COMMITTEE
5-29-53
(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

DMEA 2280, Exploration Project Contract Idm-E448

The Utze Lode Company, Inc., Contractor

Madonna Mine

Chaffee County, Colorado

Lead-Zinc

Scott W. Hazen, Jr., Mining Engineer
Bureau of Mines

May 6, 1953

Reviewed :
DMEA OPERATING C[illegible]E
5-29-53
(date)

DMEA 2280
Contract Idm-E448

THE UTZE LODE COMPANY, INC.
MADONNA MINE
CHAFFEE COUNTY, COLORADO

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*See figure with geological report

TABLE

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DMEA 2280
Contract Idm-E448

THE UTZE LODE COMPANY, INC.
MADONNA MINE
CHAFFEE COUNTY, COLORADO

FINAL ENGINEERING REPORT

By

Scott W. Hazen, Jr.

SUMMARY AND INTRODUCTION

The Utze Lode Company spent over $100,000.00 rehabilitating the Madonna mine from 1945 to 1947 and in an exploration program comprising winze sinking and drifting which failed to find commercial ore. Subsequently, at the request of the owners, the mine was examined by Bureau of Mines engineers who recommended a diamond drilling program. Work was started by the Bureau of Mines in January and completed in June of 1948. The objective of the Bureau program was to explore various faults at depth near their intersection with the dolomite-granite contact and to trace the Madonna fault ahead of existing workings. Eighteen diamond core drill holes, designated as M-1 through M-18 (fig. 3), were completed and disclosed silver-lead-zinc ore at depths of 100 to 150 feet below the lowest mine workings.

After completion of the Bureau of Mines program, the owners did some drifting to the northwest on the No. 6 adit level at the end of 602 drift (fig. 3) and some drifting along the Mayflower fault at the end of 601 drift. A large oxidized zone containing low-grade lead-zinc values was encountered by the company work in 602 drift.

In April 1951, the Utze Lode Company applied to the Defense Minerals Administration for assistance in the form of a $20,000.00 exploration loan, DMA 1050. The company proposed a total of 2,000 feet of diamond drilling, part of which was to explore the Madonna fault from the 380-foot winze level and the remainder to be drilled from the No. 6 adit level to explore the large oxidized zone in 602 drift and to drill two or three deep holes down into the vicinity of the ore body found by the Bureau of Mines drilling below the lowest winze workings. The company also proposed 100 feet of drifting to extend drift 602 and 50 feet of drifting to extend drift 601. Modifications of the proposal, recommended by the Defense Minerals Administration examining team, were acceptable to the applicant. Contract I-DMA-E35 was signed and diamond drilling was begun in July 1951. Diamond drilling was substituted for the drifting in 602 drift at the request of the contractor.

Loan funds were exhausted in November 1951 after completion of 2004 feet of diamond drilling in seven holes. The company completed three more drill holes, 8-A, 9-A, and 10-A, in 601 drift at its own

expense. All of these drill holes are shown on figure 3 and are designated as holes 1-A through 10-A. Drill hole 2-A from the 380-foot winze level and holes 3-A and 7-A from drift 602 extended the known limits of the deep ore body found in 1948 by the Bureau of Mines drilling. A certificate of discovery was issued to the Utze Lode Company as a result of the Defense Minerals Administration drilling, certifying a submarginal ore body. The final engineering report estimated the ore body to contain 5,000 tons of indicated and 10,000 tons of inferred submarginal ore.

The Utze Lode Company applied for a second Defense Minerals Exploration Administration exploration loan of $120,000.00 in December 1951, DMEA 2280. This request included sinking the winze 250 feet, drifting northwest for 350 feet on the proposed 600-foot winze level to establish diamond drill stations, drifting 150 feet eastward on the proposed new 500-foot winze level, and doing about 2,000 feet of diamond drilling from the proposed 600-foot winze level.

The Defense Minerals Exploration Administration examining team concluded that the submarginal ore found by drilling up to that time was worthy of more exploration but did not justify expenditure of all the money requested, and the team considered the winze sinking actually as preparation for mining rather than exploration. As an alternative, the examining team suggested 400 feet of drifting to the northwest on the existing 380-foot winze level to establish

diamond drill stations and approximately 2,000 feet of diamond drilling from this level to explore for downward extension of the known ore body. The applicant then decided to sink the winze with its own funds and requested that loan application DMEA 2280 be held in abeyance until the winze was completed to the No. 6 winze level.

Sinking was started in April of 1952, but the shaft was flooded out twice. It was finally completed in October 1952 to the 590-foot winze level at a reported cost of approximately $225.00 per foot, plus extra for stations on the 470-foot winze level and the 590-foot winze level.

The applicant then requested that application DMEA 2280 be reconsidered and modified to 400 feet of drifting northwesterly on the new 590-foot winze level and to cut three diamond drill stations, including approximately 1,750 feet of diamond drilling from these drill stations, at a total revised cost of $49,500.00. This program was approved and contract Idm-E448 was signed on November 17, 1952.

Drifting started from the shaft on the 590-foot winze level November 19, 1952, and the 400 feet of drift was completed on January 19, 1953. Diamond drilling was started on January 21 and 1,738.5 feet completed on February 27, 1953. The drill holes completed under this contract are numbered from 101 to 112 and are shown on figure 3 and on figure 4 with the gological report.

The contract was prepared on short form MF-200 (A), with drifting costs at $65.00 per foot and diamond drilling at $12.00 per foot. These costs reflect the high overhead for pumping and labor, including compressorman, hoistman, and pumpman for each shift.

This exploration was located in the same area and within the same ore zone as the previous exploration--DMA 1050, contract I-DMA-E35. Results of the new exploration modify the earlier work. Ore reserve estimates given in this report include all reserves developed as a result of the two projects.

Estimates of ore reserves are discussed under "Description of the Discovery" and the ore blocks are shown on figure 3. Ore reserves are estimated at 10,000 tons of indicated ore and 11,000 tons of inferred ore. The grade of the ore is low, and it is, therefore, considered to be submarginal at this time. The erratic values as shown by sampling preclude anything but a guess as to an average for the grade of the ore. An estimate of the grade is 0.035 ounce of gold and 3.0 ounces of silver per ton, 0.6 percent copper, 1.0 percent lead, and 5.0 percent zinc.

The Utze Lode Company is discouraged after expending such a large amount of money and not finding a big high-grade ore body. It has not realized a return on the amount of expensive dead work and preparation needed to get into a position from which exploration can begin. The primary objective of the diamond drilling programs has been structural information in order to determine exploration targets

where ore may be expected. In comparison with the upper main levels, each of which has several thousand feet of drifting, the winze levels have practically no exploratory drifting. Driving to the east on the 470-foot winze level should be continued to explore the dolomite-granite contact at the Mayflower and other faults. The drift driven along drill hole 107 should be continued westward along the ore, and the north-south fault should be followed to its intersection with the Madonna fault. This drifting to the west is considered the best exploration. Possibilities for ore should increase as the drifting approaches the Lake fault. Future work by the Government is recommended only if a significant emergency arises wherein lower grade zinc-lead-copper ores are needed or average chances for developing higher grade ores through more exploration can be justified.

As a result of the Defense Minerals Exploration Administration exploration, a certificate of discovery is recommended.

LOCATION AND OWNERSHIP

The Madonna mine is in the Monarch Mining District, Chaffee County, Colo., about 1 mile by road west of the town of Monarch (fig. 1). The property lies adjacent to the limestone quarry of the Colorado Fuel and Iron Corporation. Improved gravel roads extend from the main quarry road to the Madonna mine buildings and ore bin. A narrow-gauge branch of the Denver and Rio Grande Western Railroad extends from Salida, Colo., to the limestone quarry. Monarch has

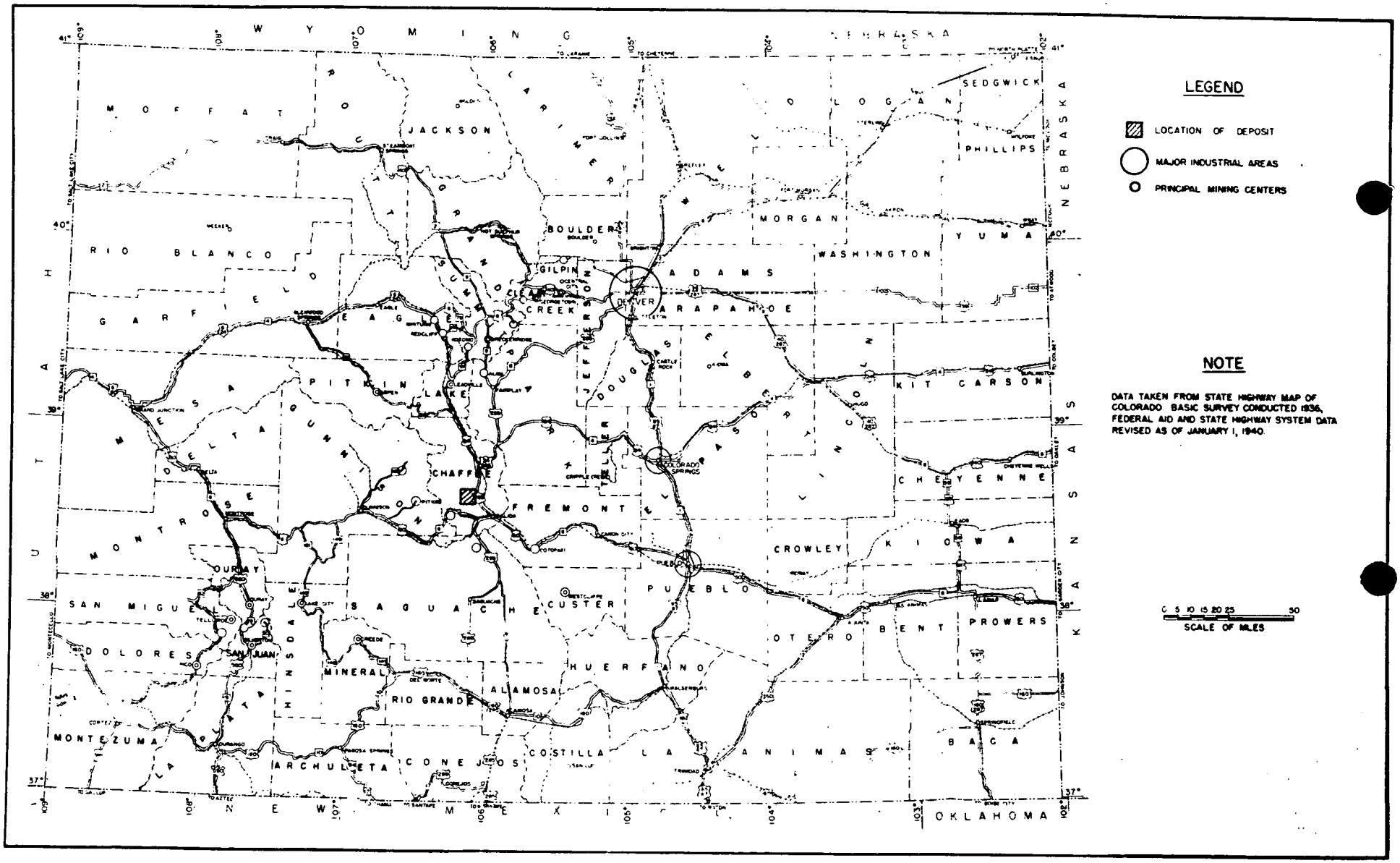

FIGURE 1. - LOCATION MAP, UTZE LODE COMPANY, MADONNA MINE, CHAFFEE COUNTY, COLO. (DMEA 2280).

only a few houses and is on U. S. Highway 50 which is paved and maintained throughout the year. Salida, 19 miles east of Monarch, has a population of approximately five thousand and is a source of mine supplies and labor.

Electric power and telephone service are maintained at the Madonna mine. An ample supply of water is available from the mine and from the South Arkansas River.

At the time of the signing of contract Idm-E448, the property consisted of twenty-eight patented claims, six claims held by location, and three mill sites. During the life of contract Idm-E448, Harold R. Koster, Colorado representative of the Utze Lode Company, verbally reported that the company had purchased the Mistletoe patented mining claim, which is located in the middle of the company holdings (fig. 2). One or two letters had been written to the owners of the Mistletoe claim a few years ago asking about purchase of the claim, but no real effort was made until drill hole 107 under contract Idm-E448 encountered ore. The claim was purchased immediately. It is recommended, and the company will undoubtedly agree, that this claim should be included with the company holdings in the certification. The patented claims are shown on figure 2.

HISTORY AND PRODUCTION

Discovery of ore at the Madonna mine was made in 1879, and, after several changes in ownership and reorganization, the property under the ownership known as the Colorado Smelting Company began production in 1882. The mine operated continuously until 1894, and during this period five successively lower adits were driven for development. The low silver prices of 1894-95, together with the poor showing on the fifth level, caused the operation to close until 1910, after which the mine was operated by lessees. The leasing system accounted for all development on the No. 6 adit or transportation level, as well as some newwork on the upper levels, and produced one-sixth of the total output of the mine. The mine was inactive from 1924 until the Utze Lode Company acquired the property in 1942. The Utze Lode Company started operations in 1945, with rehabilitation of the No. 6 level and "new shaft". The property has never included a mill, and all ore produced has been shipped directly to different smelters. Table 1 lists the yearly production from the mine.

TABLE 1. - Production of the Madonna mine - 1912 to 1924

Year	Gross weight, short tons	Per-cent mois-ture	Fine ounces		Pounds			Net smelter return
			Au	Ag	Pb	Cu	Zn	
To 1911	232,828		4,652.074	1,275,595.84	78,394,885	112,362	5,740,000	$4,823,240.97
1912	5,177	16.9	467.78	56,935.45	388,546	1,465		39,008.04
	* 812	16.5			25,369		405,995	10,395.20
1913	2,878	15.2	69.92	8,243.77	214,063	3,003		10,465.31
	* 608	18.4					278,956	5,454.27
1914	3,739	17.2	1,257.52	98,473.92	71,368			55,735.09
	* 286	7.6			57,619		169,490	4,031.63
1915	3,812	16.3	968.05	81,160.30	204,790			45,542.57
	* 1,816	10.4			64,256		953,570	40,670.30
1916	2,586	17.2	36.73	6,112.25	270,485			12,218.86
	* 3,463	13.4			22,241		1,768,548	88,353.93
1917	8,120	11.4	843.53	94,572.10	591,326	16,042		91,087.80
	* 1,400	14.9					721,553	23,777.50
1918	3,157	16.0	54.31	10,963.01	416,754	10,068		30,218.78
	* 1,277	14.3					681,642	24,029.36
1919	1,306	16.3	33.82	5,311.09	159,814	5,893		10,817.08
	* 638	16.5					321,892	8,895.12
1920	858	17.8	19.29	2,598.82	81,793			8,260.92
	* 666	25.8					237,389	6,682.02
1921	225	13.0	3.86	873.69	129,070			3,595.57
1922	808	11.8	13.26	4,050.24	276,321	5,790		14,727.43
	* 195	15.9					98,505	1,602.55
1923	361	17.4	24.035	2,997.78	91,470			6,398.18
1924	146	17.1		819.31	39,479			2,867.99
Total to 1924	277,162		8,444.179	1,648,707.57	81,499,649	534,623	11,377,476	$5,368,076.47

*Production above No. 6 level.

DESCRIPTION OF THE DEPOSITS

The Madonna ore deposits occur in the Ordovician dolomites as mineral fillings in fault fissures and as replacement deposits, which are thought to be subsequent to the faulting and folding as indicated by absence of displacement of the known ore bodies due to faulting. In ore zones where replacement ore bodies have been found, a flattening in the dip of the bedding is usually apparent. In the upper horizons of the mine these ore bodies were found along both sides of the Harding quartzite between the Manitou and Fremont dolomites, whereas, on the sixth level and below, the ore bodies have occurred along faults and along the Manitou dolomite-granite contact, principally where faults cross the contact. The dolomite lying next to the granite at the contact is quite cherty, and the ore appears to be mostly in the granite.

The dolomite was deposited on the basement granite. After deposition, tilting occurred and, later, an overthrust fault formed a northerly plunging syncline. Major faults in the Madonna area are the Mayflower and Madonna faults. The Madonna is a reverse fault with its southwest side apparently upcast, causing a vertical displacement of 400 to 500 feet. Its dip varies between 75° west and 75° east. Dips above the fourth level, which is inaccessible, are probably westerly, while near the fifth level they are easterly, changing again to westerly at the sixth level. Below the 305-foot winze level the fault again rolled to show an easterly dip. These changes in dip can be associated with the ore.

The Mayflower fault, dipping 60° to 70° west, lies 500-800 feet northeasterly from the Madonna. The two faults diverge toward the north. Several minor faults occur in the downfaulted, or Graben, structure between the Madonna and Mayflower faults.

Strong oxidation and leaching processes probably resulted in the deposition of minerals down dip, and in the Madonna ore shoot oxidation has extended through a vertical range of at least 1,500 feet. Oxide minerals were present in drill core from tests 500 feet below the No. 6 adit level.

Pyrite is the most abundant of the minerals, with sulfides of zinc, silver, lead, and copper present quantitatively in the order named although copper values increased to major importance on the 590-foot winze level. Gold has not been important except in an apparent secondary enrichment zone below the No. 6 adit level near the 305-foot winze level.

The source of the mineralizing solutions which formed the Madonna ore bodies is not definitely known, but Crawford[1/] reports the probable source as from a large quartz monzonite batholith which lies about 2-1/2 miles northwest of the Madonna mine and has an exposed surface of about 200 square miles.

1/ Crawford, R. D., Geology and ore deposits of the Monarch and Tomichi Districts, Colorado Geological Survey, Bulletin 4, 1913.

The early-day operators of the Madonna mine developed several levels beginning with the "zero" level on top of the mountain and then progressively worked down the mountain side, driving successively longer adits to reach the ore bodies. The No. 6 adit or transportation level, which is now used, was driven by lessees. Each of the upper levels has several thousand feet of workings. The No. 6 adit level is shown on figure 3. Lessees also sank an "old winze" from the No. 6 adit level and drove a 188-foot sublevel along the Madonna fault. This area caved and a "new winze" was sunk in the dolomite away from the fault area. A 230-foot and a 305-foot winze level had been opened from this new winze before the mine was acquired by the Utze Lode Company. Both of these levels were confined to work on the Madonna fault. The Utze Lode Company reopened these two winze levels but did not find commercial ore. The company sank the winze to a depth of 390 feet and opened a new winze level at 380 feet. A short drift on the Madonna fault found some low-grade pyritic ore. Operations were closed down in 1947.

The earlier diamond drilling by the Bureau of Mines and the first Defense Minerals Administration exploration project (DMA 1050, contract I-DMA-E35) found an ore body along the Madonna fault west of the winze. However, these drill holes, M-2 and 2-A (fig. 3, and fig. 4 with the geological report), were drilled parallel to and along the fault. They were drilled from the 380-foot winze level, the lowest level at that time. The only other drilling site available

for making a check on the ore found was on the No. 6 adit level and required drill holes 600 feet long. Two of these deep check holes were drilled in the first Defense Minerals Administration exploration project. One of these holes, 3-A (fig. 3, and fig. 4 with the geological report), encountered some zinc-lead mineralization in several feet of pyrite. This mineralization was on the dolomite-granite contact. In 1952, between the two Defense Minerals Exploration Administration exploration loans, the company sank the winze to 600 feet, drove a 30-foot sump drift east from the winze at the 600-foot level, and cut stations at 470 feet and at 590 feet. It drove eastward on the 470-foot winze level to explore the dolomite-granite contact and to check the ore found in Bureau of Mines diamond drill hole M-7. A small body of lead ore was found at the junction of the dolomite-granite contact and a north-south fault. Drifting northward along the fault revealed some pyrite mineralization, and a short side drift to the east encountered a massive pyrite body which was not explored. All these workings are shown on figure 3. The 400 feet of drift on the 590-foot winze level was driven under Defense Minerals Exploration Administration exploration contract Idm-E448. After completing this contract, the company drove a short drift to open the mineralized contact found in drill hole 107. It followed the drill hole through the mineralized zone and then continued with a short inclined raise and more drift to explore along the ore body (fig. 3, and fig. 4 with the geological report).

WORK COMPLETED UNDER CONTRACT

The Utze Lode Company excavated and timbered a large station 30 feet long on the 590-foot winze level. The 400 feet of drift under the contract Idm-E448 started at the northwest corner of the station and was driven N. 59° W. Three diamond drill stations were cut in the drift—station 1 at 142 feet, station 2 at 300 feet, and station 3 at 400 feet.

The winze had encountered the dolomite-granite contact at 470 feet and was sunk in granite from 470 to 600 feet. The drift under contract Idm-E448 crossed the dolomite-granite contact at about 180 feet. The contact was quite flat. The drift continued in dolomite and practically followed along the strike of the beds to the end of the drift at 400 feet. Although the granite gave much trouble from sloughing and overbreak during winze sinking and required extra timbering and cribbing, the portion of the drift in the granite has held so far without timbering. The diamond drill stations were timbered. Drifting and drill stations were completed January 19, 1953, and diamond drilling started January 21. Drifting was done on two shifts and diamond drilling on three shifts per day, 7 days per week. The company used subcontractors for both jobs but had to furnish compressor men, hoistmen, and pumpmen for each shift on the 7-day-per-week basis.

Diamond drilling was completed on February 27. The holes drilled are tabulated as follows:

Defense Minerals Exploration Administration
diamond drill holes, contract Idm-E448

Drill hole number	Bearing	Inclination	Depth, feet
101	S. 35° W.	-60°	103.5
102A	N. 65° E.	horizontal	114
102B	N. 52° E.	+2.5°	143
103	S. 17° W.	+4°	142
104	S. 16° E.	+40°	202
105	N. 35° E.	-65°	81
106	not drilled		
107	S. 15° E.	+3°	104
108	vertical	vertical	141
109	S. 77° W.	+3°	129
110	N. 7° E.	-65°	230
111	S. 50° E.	-45°	72
112	N. 42° W.	-50°	277
	Total footage		1,738.5

Drill hole 101 was directed to cut the Madonna fault and crossed it at 82 to 84 feet.

Drill hole 102A was directed to cut a northwest-southeast fault near the dolomite-granite contact to test for continuation of the ore found east of the winze at this same intersection on the 470-foot winze level. The dolomite-granite contact flattened much more quickly than expected and swung to the north; the hole, consequently, passed back into the granite and was discontinued by the operator before reaching the fault. Permission was requested and given to change

the bearing and drill hole 102-B, which also penetrated granite after following along the contact for some distance. This hole was also stopped by the operator before reaching its objective. It would probably have re-entered dolomite and cut the fault at the desired point but the casing was removed and the hole could not be deepened. Pyrite mineralization was found along the dolomite-granite contact in both holes and increased in amount as the hole approached the fault. The original objective was not reached, but the pyrite found indicates that the fault undoubtedly is mineralized.

Drill hole 103 was drilled to check the dolomite-granite contact and the Madonna fault beneath the ore found in the earlier drilling. No mineralization was found at either the contact or the fault. The granite was heavily altered and only an approximate location can be given for the Madonna fault. A sharp change from altered to hard granite was found at 132 feet, but this assumed position of the fault indicates it makes an extremely sharp turn. Where more exact determination of the position of the fault has been made, the granite has been heavily altered on both sides for some distance from the fault. There is, however, a possibility that the fault may be composed of several planes of movement in this particular area where it does make a decided swing in strike from east to southeast.

Drill hole 104 was directed to cut the mineralization found by the earlier drilling which had cut the ore parallel to and along the contact. The new hole was planned to cut the mineralization at an

angle, rather than parallel to the ore, but it did not pass through any mineralization. The dolomite-granite contact was cored and recovered in a solid piece of core and was not mineralized. The hole was continued for some distance into the granite without penetrating any mineralization. The dolomite was cherty, and this may account partially for absence of mineralization at the contact. However, barren spots are found within the ore zone and the drill hole could have passed through one of these small barren areas.

Drill hole 105 was drilled to determine the location of the dolomite-granite contact and the possibilities of mineralization down dip along the contact. It showed the contact to be flattening rapidly to the north. No mineralization was found. From the results of hole 105, it was decided to omit hole 106 as it was considered too shallow and a duplication of hole 105.

Although the drill holes were laid out and numbered in the sequence in which they were recommended to be drilled, the operator elected to drill hole 109 as the first hole from station 3. This hole had been laid out as a tentative location only for one hole in that general direction, to be dependent upon findings in the other holes. Drill hole 110 was drilled next, followed by hole 108, and finally hole 107 was drilled.

Drill hole 107 was directed to cut the dolomite-granite contact and the Madonna fault. Ore was encountered on the contact and in

the granite a few feet from the contact. The hole was not extended far enough to cut the Madonna fault. The ore found was low-grade and contained mostly pyrite, with zinc, lead, and chalcopyrite in the order given, although chalcopyrite was predominant in places. Gold and silver values were low. Two types of pyrite are present--one is hard and massive and the other is a very fine-grain, brassy-colored, poorly consolidated pyrite which forms a soft sandy mass.

The core was split and the operator had a split assayed. The analyses are given in the following tabulation:

Drill hole 107 sample data

Sample number	Footage from	Footage to	Interval, feet	Analyses: Ounces per ton Gold	Silver	Percent Copper	Lead	Zinc
1	60.0	64.0	4.0	0.015	0.7	tr.	0.4	7.9
2	64.0	66.0	2.0	.02	.8	0.3	.6	17.5
3	66.0	69.0	3.0	.015	.7	.4	.7	16.6
no sample	69.0	70.0	1.0					
4	70.0	71.6	1.6	.02	.6	.015	.6	.9
no sample	71.6	73.5	1.9					
5	73.5	75.2	1.7	.045	3.2	.3	.5	1.8
no sample	75.2	76.0	.8					
6	76.0	77.0	1.0	.04	2.7	.3	.6	2.7
no sample	77.0	85.7	8.7			granite		
7	85.7	87.2	1.5	.065	6.9	3.1	.7	15.1
Average	60.0	77.0	17.0* (uncorrected)	0.015	0.92	0.15	0.43	7.3

*Corrected width of ore is 6.4 feet

The company later drove a drift to the drill hole and followed along it to cut the ore shown in the drill hole. The drift was converted to an inclined raise for a short distance, and then, by more drifting, the ore was followed for a short distance up the contact. The full width of the ore was not exposed in the small raise and upper drift. Two Bureau of Mines samples cut on opposite sides of the upper drift and 8 feet from the end of the drift assayed as follows:

Assay number	Interval, feet	Ounces per ton		Percent		
		Gold	Silver	Copper	Lead	Zinc
SWH-123	4.3	0.04	4.8	2.65	1.4	2.2
SWH-124	4.4	.04	3.6	.59	.65	2.5
Average	4.35	0.04	4.2	1.76	1.1	2.35

The ore appears to be mostly in the granite and is pockety. The dolomite at the contact is cherty and has not been replaced to any extent.

Drill hole 108 was drilled vertically from station 3. The hole encountered the dolomite-granite contact at 54 feet. Some mineralization was noted from 55 to 60 feet, but core recovery was poor. From 60 to 75 feet some pyrite mineralization was evident in the granite. At 75 feet the hole re-entered dolomite, and from 75 to 78 feet more pyrite was noted. The hole continued in dolomite, and from 122 to 130 feet the dolomite carried some pyrite. More mineralization was noted by the driller from 130 to 135, but no core was recovered. The

dolomite present from 135 to 141 feet also contained some pyrite. The hole was lost at this point. The drilling contractor reported encountering very fine-grained unconsolidated pyrite, and it washed so readily that the drill rods stuck. The rods were finally recovered, but the hole had been cased and the casing could not be removed. Since AX drilling was not coring the mineralized zone in the caving hole, it was decided that reducing to EX would be impractical. Sludges were so heavily contaminated by the caving pyrite that they were not reliable. It was evident that ore similar to that subsequently found in hole 107 was present in hole 108 at the lower, downfaulted contact.

Drill hole 109, as noted earlier, had been set up as a tentative hole to be drilled in the general direction indicated. The holes were to be drilled in sequence, and the final location of hole 109 was to be dependent on the findings in holes 107 and 108. This had been pointed out to the operator, but he elected to drill hole 109 first. The hole was stopped at 129 feet by mutual consent as it was approaching the side line of the Mistletoe claim which the Utze Lode Company did not own at that time.

Drill hole 110 was directed to cut the dolomite-granite contact down dip to the north. This hole was drilled after hole 109 and gave the first indication that there was a downfaulted block west of

the drill station. The hole encountered pyrite between 212 and 215 feet and entered granite at 215 feet. A sample of this pyrite assayed 0.015 ounce of gold and 0.50 ounce of silver per ton, and 0.15 percent copper, 0.60 percent lead, and 0.60 percent zinc.

Drill hole 111 was requested by the operator and approved to check for mineralization along the contact between drill hole 108 and drill hole 3-A completed in previous drilling under contract I-DMA-E35. This earlier hole had shown some mineralization similar to that found in hole 107. Some pyrite was found in hole 111 in the granite below the contact which was cut at 45 feet.

Drill hole 112 was requested and approved to explore the extent of the downfaulted block to the northwest. It was expected to cut the dolomite-granite contact at about 200 feet. This estimate was based on the depths in holes 108 and 110. The hole was stopped in bluish dolomite at 277 feet. The core indicated the hole was bottomed in dolomite which is usually found some distance above the contact. There may be a series of faults, or the block is tilted steeply to the west.

DESCRIPTION OF THE DISCOVERY

Drill hole 107 encountered ore from 60 feet to 77 feet and from 85.7 to 87.2 feet. This ore is submarginal at present metal prices (April 1953). The ore was found along the dolomite-granite contact and in the granite. Although not demonstrated conclusively by the drilling, ore of similar nature is inferred in drill hole 108 at the contact of the downfaulted block because the fine-grained pyrite found in this hole has only been found associated with the zinc-lead-copper ore in the other drill holes.

Subsequent drifting by the Utze Lode Company to explore the ore found in drill hole 107 has shown the ore to be spotty in grade but averaging 6 to 8 feet wide along the contact. The Madonna fault was not cut in the vicinity of the ore found but the ore zone is expected to follow the fault.

From the results of drill hole 108, ore is inferred to be present on the dolomite-granite contact in the down-faulted block to the west. This block is also more favorably located for ore bodies as the dolomite is brought down so that the Madonna fault will have dolomite on the north wall at the 590-foot winze level. This, of course, will not be true if the north-south fault found in drill hole 108 is later than and offsets the Madonna fault. The relationship of these faults is unknown at this time.

Drill holes 103 and 104, which were planned to test for downward extension of the ore body previously found and already certified under DMA 1050, contract I-DMA-E35, did not penetrate ore. The similarity of the ore found in this older drilling and that found in drill hole

107 indicates they are in the same ore zone but the ore is spotty and not a large continuous body. Accordingly, ore reserve estimates are reduced from one-third to one-half to allow for these more or less small barren areas anticipated in the ore zone.

The latest drilling has revised the ore reserve estimates and the outline of the ore blocks shown on the maps accompanying the final report on the first exploration project, DMA 1050, contract I-DMA-E35.

New ore reserve blocks which supersede the reserves shown on the final report for DMA 1050, contract I-DMA-E35, are shown on figure 3 and on figure 4 with the geological report. The reserve estimates are based on drill holes and the one exploratory drift driven by the Utze Lode Company at its own expense. Indicated ore is shown as existing in a block extending from the 9,440-foot contact contour up the dip to the 9,550-foot contour which is along the Madonna fault. This gives a slope distance of 150 feet and a horizontal distance of 200 feet from near drill hole 107 eastward. The block includes the area cut by drill holes 104, 2-A, and M-2 and lies above drill holes 107 and 103. The ore zone is estimated to be 6 feet thick.

$$\frac{\text{Slope length} \quad \text{Horizontal length} \quad \text{Width}}{\text{150 feet} \times \text{200 feet} \times \text{6 feet}} = \text{15,000 tons of ore}$$
$$\text{12 cubic feet per ton}$$

Reduced by one-third = 10,000 tons of indicated ore

Within this area, drill hole 104 did not encounter ore, nor did drill hole 103 encounter ore below this area. The ore found in drill holes 107, 2-A, and M-2 is considered to be within the same ore zone, but

it is recognized that small barren areas will be present. The 15,000 tons of indicated ore is, therefore, reduced by an arbitrary one-third to 10,000 tons.

A block of ore is inferred down dip along the east or unfaulted contact between the block of indicated ore and between drill holes 107 and 108. This block is considered as a triangle with a 75-foot base along the indicated ore block. Within this area, drill holes 108, 107, and 3-A have cut the contact: hole 107 encountered ore, hole 3-A found some ore, and hole 108 encountered pyrite. The block is classed as inferred ore. It is 75 feet along the dip or slope, has a 75-foot base, and is estimated to be 6 feet thick.

$$\frac{\text{Slope length} \quad \text{Horizontal length} \quad \text{Width}}{\text{75 feet} \times \text{75 feet} \times \text{6 feet}} = 1{,}404 \text{ tons of ore}$$
$$\text{12 cubic feet per ton}$$

Reduced by one-third = 1,000 tons of inferred ore

The ore reserve estimate is reduced to 1,000 tons on the basis of pyrite being found in drill holes 108 and 3-A.

Another block of inferred ore is shown above the block of indicated ore. It is inferred on the assumption the ore will be found along the Madonna fault. This block is outlined as having a 75-foot slope length, a 200-foot horizontal length, and a 6-foot width.

$$\frac{\text{Slope length} \quad \text{Horizontal length} \quad \text{Width}}{\text{75 feet} \times \text{200 feet} \times \text{6 feet}} = 7{,}500 \text{ tons of ore}$$
$$\text{12 cubic feet per ton}$$

Reduced by one-third = 5,000 tons of inferred ore

Again reducing by one-third, the inferred ore in this block is estimated at 5,000 tons.

A third block of inferred ore is shown along the eastern limit of the downfaulted block near hole 108 from the 9,250-foot contact contour up dip to the Madonna fault on the 9,550-foot contour. This block is based on the finding of ore along other north-south faults and is inferred to be structurally favorable for ore. Drill hole 108 is inferred to have encountered ore on the lower horizon of the contact. The block is considered to be 50 feet wide and have a dip or slope length of 300 feet and a width of 6 feet.

$$\frac{\text{Slope length} \quad \text{Horizontal length} \quad \text{Width}}{\text{300 feet} \times \text{50 feet} \times \text{6 feet}} = \text{7,500 tons of ore}$$
$$\text{12 cubic feet per ton}$$

Reduced by one-third = 5,000 tons of inferred ore

The total ore reserves estimated in these four blocks is 10,000 tons of indicated ore and 11,000 tons of inferred ore. The ore is considered to be submarginal in grade and not commercial at this time.

The grade of the ore is erratic over very short distances. Examination of the mineralization exposed in the drift along drill hole 107 failed to show anything equivalent to that indicated by the core recovered from the hole. However, the short inclined raise and upper drift exposed ore similar to that found in the drill hole. The two samples cut in this upper drift, above the short inclined raise, were opposite each other but vary widely in copper and do not check closely in lead. Moving the sample point 2 feet either way could have reversed the values. The grade is estimated as 0.035

ounce of gold and 3.0 ounces of silver per ton, and 0.6 percent copper, 1.0 percent lead, and 5.0 percent zinc.

EXPENDITURES

The contract was prepared on a short form MF-200 (A) with the drifting costs at $65.00 per foot, diamond drilling at $12.00 per foot, and three diamond drill stations at $833.33 each. The cost of drifting included money for the expected timbering of the section through granite. The granite had given so much trouble in the shaft that the operator and subcontractor fully expected to timber all of the granite. However, the granite stood without too much sloughing and the drift through it was not timbered. The operator has reported verbally that his actual drifting costs were very close to $62.50 per foot, and this is probably about correct as indicated by his known labor costs and overhead. The subcontractor charged $40.00 per foot for drifting untimbered and $47.50 for timbered section. The diamond drill stations cost the operator about $3,600.00, or $1,100.00 more than was allowed. The subcontractor charged $40.00 per cubic yard for excavating, with timbering extra. All three stations were timbered. Diamond drilling cost the operator slightly over the $12.00 per foot allowed. Considerable casing was lost and footage per shift was low. The subcontractors for both drifting and drilling did not make much more than their actual costs on the contracts.

The contract approved $49,500.00 for the exploration, and a total of $49,362.00 was expended. These expenditures are subject to the routine final audit required on short-form contracts.

CONCLUSIONS

The bottom of the syncline trough under the Madonna mine workings has always been an intriguing objective for exploration because the axis and pitch of the syncline both point toward the supposed source of the mineralizing solutions, and the syncline is is cut by several north-south faults. The Lake fault, which lies west of the Madonna mine, is considered to be the main path for the solutions and, therefore, the possibilities for ore appear to be better as the Madonna fault is followed westward toward its junction with the Lake fault.

The drift driven northwesterly on the 590-foot winze level is, in reality, a crosscut and was driven to establish diamond drill stations. It was not intended as an exploratory drift or to prospect for ore. The diamond drilling program was designed to provide data on structure as well as mineralization. The drilling has prospected the syncline trough and the dolomite-granite contact but has not fully explored the Madonna fault between the shaft and the end of the drift. It has not explored westward along the contact beyond drill hole 107 as the two holes, 109 and 112, drilled in that direction did not penetrate the contact. Drill holes 102A and 102B were not extended to the fault which was their objective, but, from the pyrite found along the dolomite-granite contact, the fault is considered as mineralized. The Madonna fault has not been explored under the ore zone west of drill hole 103.

The exploration has shown that the ore zone originally found along the Madonna fault does follow down the syncline trough along the dolomite-granite contact. The downward limit of the ore along the contact has been established by the drilling for the area between the winze and diamond drill station 3 at the end of the exploration drift. Ore has been indicated in drill hole 108 and pyrite was found in drill hole 110. This indicates that the ore zone is probably present along the dolomite-granite contact in the down-faulted block to the west.

If the north-south fault found by drill hole 108 does not cut the Madonna fault, then the downfaulting may be sufficient so that the Madonna fault will have dolomite on its north wall at the elevation of the 590-foot winze level. This will bring a more favorable dolomite in contact with the ore zone at the elevation of the 590-foot winze level and may increase replacement ore above the level. The bottom bed of dolomite lying next to the granite is siliceous and cherty, which probably reduces the amount of replacement along the contact.

The ore zone found in earlier drilling has been extended. An estimate of the reserves which are presently considered to be sub-marginal amounts to 10,000 tons of indicated and 11,000 tons of inferred ore. The grade of the ore is estimated at 0.035 ounce of gold and 3.0 ounces of silver per ton, and 0.6 percent copper, 1.0 percent lead, and 5.0 percent zinc.

Although the Utze Lode Company, after spending a large amount of money, is discouraged with the poor grade of the ore shown, it overlooks the obvious fact that there has been very little exploration accomplished below the No. 6 adit level. All of the main levels above the winze have had several thousand feet of drifts which explored many possible ore locations. The 230-foot winze level has explored the Madonna fault from the winze back to the point where the fault cuts the dolomite-granite contact. No work has been done to the east under known small ore shoots. The 305-foot winze level has perhaps 300 feet of drifting on the Madonna fault, all under one known ore shoot. Again, no drifting was done to the east or west to explore for new ore bodies. Bureau of Mines diamond drilling in 1948 found some mineralization at these elevations along other faults east of the winze. The 380-foot winze level has 50 feet of drifting on the Madonna fault. Pyrite mineralization was found but no commercial ore. No other work has been done east or west. Diamond drilling has shown the old ore shoot has been bottomed and only low-grade ore left around it. Incidentally, some radioactivity has been found on the winze levels and it has been examined by the Atomic Energy Commission.

Apparently the Utze Lode Company based all its hopes on the one ore shoot and does not realize that a considerable amount of exploratory drifting is necessary to develop ore. The company believes a diamond drill hole, when completed, is final, and, if it does not encounter high-grade ore, no ore is present.

The Lake fault, which is the major fault in the region, is estimated to be 1,000 feet west of the end of the drift on the 590-foot winze level. Numerous north-south cross faults can be expected between present workings and the Lake fault. The intersection of the Madonna fault and the Lake fault should be a prime target.

RECOMMENDATIONS

As a result of the Defense Minerals Exploration Administration exploration, a certificate of discovery is recommended. The discovery can be described as low-grade zinc-lead-copper ore, with minor amounts of gold and silver, found in a vein along the Madonna fault, as a replacement in sedimentary formations, and along the contact between the dolomite and granite. Government funds have been expended in exploratory diamond drilling from the No. 6 adit or transportation level downward to depths of 200 feet below the 590-foot winze level in an area from the winze to a point 600 feet west and northwest of the winze. The Mistletoe claim should be included with the rest of the company holdings appearing on the contract. The Government is entitled to royalties from any production from the mine.

Diamond drilling has shown mineralization to be present east of the winze along the Mayflower and other faults. Drifting to the east should be continued on the 470-foot winze level to explore the dolomite-granite contact at the Mayflower and other faults.

The drift driven along drill hole 107 should be continued westward along the ore, and the north-south fault should be followed to its intersection with the Madonna fault. The Madonna fault should be followed westward, for the possibilities for ore should increase as the drifting approaches the Lake fault. Additional diamond drilling is not considered necessary at this time. When the westward drifting has been extended a few hundred feet, diamond drilling will be useful to determine the structural conditions ahead in the direction of the Lake fault.

Future work by the Government is recommended only if a significant emergency arises wherein lower grade zinc-lead-copper ores are needed or average chances for developing higher grade ores through more exploration can be justified.

Production at current 1953 metal prices is not economically feasible. If the increase in the copper content of the ore on the 590-foot winze level prevails throughout the lower portion of the ore body, the deposit may be able to produce at a profit with lead-zinc prices around 18 to 20 cents. An increase in lead content of the ore would be a definite advantage. Actual grade of the ore is indeterminate because of the small amount exposed for sampling.

dd/cb/amh

HAROLD R. KOSTER, INC. Mineral Resources Branch
Insurance--Real Estate--Loans
BOX 500 EST. 1923 PHONE 500
CORNER OF F & 2ND
SALIDA, COLORADO

Date Rec'd
APR 1 1953
BUREAU OF MINES
Denver, Colorado

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March 31, 1953

Mr. William Traver, Jr.
U. S. Bureau of Mines
Room 137, Building 20
Denver Federal Center
Denver 14, Colorado

Re: Exploration Project Contract
No. Idm-E448 - Docket No. DMEA
2280

Dear Mr. Traver:

Enclosed you will please find five copies of the Final Report for DMEA 2280.

in folder

Attached to Walter Burleson's report is a map showing the cross-cut. We would appreciate naturally, the check due from the DMEA.

It has been a pleasure to work with you gentlemen and I appreciate all the efforts. I still believe that there is a possibility of a large body of ore below the 590 level and I trust that someday our beliefs will be proven.

Thanks again, Bill, and please thank all of your good help that were so faithful in this work.

Yours truly,

THE UTZE LODE COMPANY

By Harold
Treasurer

OP's. FINAL REP.

HRK:JM

Enc.

March 31, 1938

Title: Summary Report of Exploration Work
Place: Monarch Mine, near Monarch, Colorado
Date: March 28, 1938
Owner: Vista Lode Company, Salida, Colorado
Contractors: Vista Lode Company, Salida, Colorado

This summary report is submitted in accordance with Docket P.E.P.A. #2330, Vista Lode Company, Salida, Colorado. All Government participation exploration work was completed on February 27, 1938. However, since the Vista Lode Company decided to explore the mineralization encountered in diamond-drill hole no. from 107, this (summary) report was postponed until complete information could be submitted.

All diamond-drill core resulting from exploration work is stored as requested with the United States Bureau of Mines.

Results of all core-drill samples have been submitted.

Report of work accomplished by the Company:

1. A cross-cut was driven to intersect the mineralization encountered in Diamond Drill Hole #107.

2. A drift was advanced into the mineralized area.

Approximately 47 feet southeast of diamond-drill station #2, a cross-cut drift was advanced S 58° W and it intersected D.D. Hole #107 at 69 feet. Near this intersection was also the approximate location of the limestone-granite contact; this is the same location as the mineralized area. The contact bearing was N 80° W and dipped from 26° to 28° to the north.

At the contact a cross-cut drift approximately following D.D. Hole #107 was advanced S 10° W for a total distance of 28 feet. Mineralization was present for the first 21 feet. The mineral consisted mainly of pyrite, however, some chalcopyrite and sphalerite was present with the pyrite. The gangue material showed alteration and results of fracturing. Sample number 1 was channeled from the left rib of the cross-cut drift. Content of this sample is reported further in this report. The results of core samples were submitted in the February report.

Near the breast of this cross-cut drift and owing to the presence of mineralization showing the back, a raise was advanced 11 feet above the back of the drift. At the back of the raise, the hanging wall (limestone) was in evidence. At this location the strike of the hanging wall was S 65° E and its dip was 25° northeasterly. Two samples were cut at the location of the raise.

Near the back of the raise, an incline drift (plus 10 degress) was advanced S 80° W 10 feet and continued S 18° W for 28 feet. This was the extend of the exploration work.

Throughout this incline drift pyrite mineralization was predominate. However, small seams and lenses of both sphalerite and chalcopyrite occurred near practically all fractures bearing toward the southeast. Approximate parrallelism exists among these fractures bearing S 35° E and dipping from 40 to 85 degrees to the northeast. Near the breast, a small fracture consisting of talc material was present; its bearing was S 35° E and dipped 54 degrees southwesterly. This was the only indication that any portion of the deposit structure had reversed its dip.

At different footage intervals, samples both channel and grab were taken from the drift. These results are shown further on in this report.

From the structual bedding planes of the mineralization intersected in the cross-cut drift, it is reasonably assumed that near the breast, the deposit

[illegible] in thickness. In the [illegible] of the [illegible] hanging wall [illegible] of the [illegible] was present.

Although time did not permit additional exploratory work, it was logical at this time to assume that this mineralized deposit is the same as that encountered in diamond-drill holes D.H.A. 34 and U.S.D.H.-10. As to dip indication, the general trend of this mineralized zone bears N 30° to 40° W and dips about 20° to the northwest. However, this trend could vary according to the change of the contact. The width of the mineralization is unknown. However, there is no doubt but what the area is increasing in width on its downward trend. It is safe to assume that at least diamond-drill hole number 108 (vertical) was intersecting the mineralized upper region of this deposit when drilling stopped.

It is not known through the exploration work accomplished the exact location of the Madonna fault in regards to the mineralized section developed. One might be inclined to believe it was nearby and had an influence on the deposit; also that it could be a considerable footage within the granite footwall of the deposit. It is believed by the writer that this fault is near the southwest extremity of this mineralized shoot.

REPORT OF SAMPLES

No.	Au.	Ag.	Pb.	Zn.	Cu.	Remarks
1.	0.05	4.2	0.6	1.6	0.4	6 ft. cut
2.	0.03	1.4	0.5	1.9	0.3	6 ft. cut
3.	0.03	1.2	0.6	6.9	0.2	5 ft. cut
4.	0.02	1.0	0.5	2.3	0.2	Grab Sample
5.	0.03	2.1	0.7	2.7	0.2	Grab Sample
6.	0.05	2.4	0.6	2.4	0.2	Grab Sample
7.	0.03	4.2	0.6	3.1	0.4	6½ ft. cut
8.	0.02	1.9	0.6	5.0	0.3	5½ ft. cut

1. Six-foot cut east rib of mineralized drift near contact.
2. Six-foot cut east side of incline raise.
3. Five-foot cut west side of incline raise.
4. Grab sample of muck 7 feet from incline raise.
5. Grab sample of muck 12 feet from incline raise.
6. Grab sample of muck 18 feet from incline raise.
7. Six and one-half (6½) foot cut from west rib of drift 21 feet from raise.
8. Five and one-half (5½) foot cut from breast of drift 31 feet from raise.

Results of all samples were quite discouraging. However, it is possible that the exploration drift could be in a less value of mineralization.

In the February report, one core sample was not reported. The results at that time had not been obtained from the assayer. This sample was from D.D. Hole #110. It was taken from 212 to 215 feet, but represented only 14 inches of heavy pyrite. The results were 0.015 Au, 0.50 Ag, 0.60 Pb, 0.60 Zn and 0.15 Cu.

In summarizing the exploration project, emphasis was concentrated around the exploratory work done by the Utze Lode Company. This work proved that a large mineralized shoot is trending at a low minus dip along the westerly limb of the back contact. Further that the mineralization is following the weaker portion of the granite-limestone contact. This less-firm structure could be caused from the nearby Madonna fault. Although the assay values are not of a commercial grade, the presence of chalcopyrite warrents some consideration. The chalcopyrite although occurring in small seams and lenses would not show results in the large channels samples taken. Also the results from diamond-drill hole numbers 108 (vertical minus), 110 (minus 65°) and 112 (minus 50°) shows that the basement granite is gaining depth rapidly on its northerly trend. This has definitely proven that the contact is not shallow.

Since the mineralized section is trending in a fan-like manner, it will no doubt enter the boundaries of the Mistletoe Claim. It is indeed fortunate that the Ulna Lode Company was able to acquire this Mistletoe mining claim U. S. Patented Number 9533.

Since all other maps have been forwarded to all parties concerned, you will find attached a recent map made by the writer of this mineralized section and the exploratory work accomplished.

Respectfully submitted,

W. E. Burleson

W. E. Burleson

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

224 New Customhouse
Denver 2, Colorado

May 8, 1953.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 11 1953

Memorandum

To: Administrator, Defense Minerals Exploration Administration

From: Executive Officer, DMEA Field Team, Region IV

Subject: Recommendation for Certification of Discovery. Contract No. Idm-E448, Docket No. DMEA-2280, The Utze Lode Company.

Enclosed are three copies of a recommendation for Certification of Discovery covering Contract No. Idm-E448.

W. H. King
W. H. King

Enclosures

cc
5/11

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

To: THE UTZE LODE COMPANY, A Colorado Corporation
Harold R. Koster, Salida, Colorado, Treasurer and
Colorado Representative
P. O. Box 500, Salida, Colorado

Pursuant to the provisions of Exploration Project Contract No. Idm-E448, dated November 17, 1952 (Docket No. 2280), hereinafter called the "contract" between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made, has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

Low-grade zinc-lead-copper ore, with minor amounts of gold and silver, found in a vein along the Madonna fault, as a replacement in sedimentary formations, and along the contact between the dolomite and granite. Government funds have been expended in exploratory drilling from the No. 6 adit or transportation level downward to depths of 200 feet below the 590-foot winze level in an area from the winze to a point 600 feet west and northwest of the winze. The Mistletoe claim should be added to the other company holdings appearing on the contract.

Dated: _____

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals
Exploration Administration

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 11 1953

Docket Copy

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
~~1952~~ 1953

224 New Customhouse
Denver 2, Colorado

December 29, ~~1952~~ 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 1 to Contract Idm-E448, Docket DMEA 2280, The Utze Lode Company

Enclosed are the original and two copies of Amendment No. 1 to Contract Idm-E448. 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
JAN 15 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

cc 1-2-53

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

224 New Customhouse
Denver 2, Colorado

Department of the Interior
Defense Minerals Exploration Administration

November 28, 1952

Memorandum

To: Administrator, Defense Minerals Exploration Administration
Attention: 200

From: Field Team, Region IV

Subject: Final Report, DMEA Docket 2280 (Lead-Zinc) Utze Lode Company, Madonna Mine, Chaffee County, Colorado

Enclosed are four copies of the ~~final~~ report on the subject docket.

The contract has been signed and is in effect.

W. H. King
W. H. King

A. H. Koschmann
A. H. Koschmann

Enclosures

ON-SITE EXAM.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

November 18, 1952

Memorandum

To: Field Team, Region IV

From: Acting Chief, Mining Division, Region IV

Subject: Final Report, DMEA Docket 2280, (Lead-Zinc) Utze Lode Company, Madonna Mine, Chaffee County, Colorado

Enclosed are eight copies of the final engineering report on DMEA 2280 by Scott Hazen.

The applicant has borne all costs of sinking a winze from the 380 foot level to the 600 foot level. These costs have been high, probably in excess of $200 per foot. He now proposes to drift 400 feet from the bottom of the winze and drill 1750 feet of diamond drill holes at a total cost of $49,500, Government participation $24,750.

The examining engineer recommends approval of this project and we concur in this recommendation.

W. H. King
W. H. King

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE

12-5-52
(date)

Approved
A.H. Koschmann
11/13/52

November 12, 1952

Memorandum

To: Mr. A. H. Koschmann

From: E. N. Harshman

Subject: DMEA Docket 2280, Utze Lode Company, Madonna Mine, Chaffee County, Colorado.

On October 27, 1952, in company with M. G. Dings, U. S. Geological Survey, and Scott W. Hazen, Jr., U. S. Bureau of Mines, I briefly examined the Madonna mine, particularly the recently completed interior shaft extension between the 382 and the 590 foot levels.

Early in 1952 the Utze Lode Company applied for Government assistance, DMEA Docket 2280, to explore for lead-zinc ore in the Madonna mine. They proposed to sink the interior shaft, then at the 382 foot level, an additional 250 feet, to drift 350 feet northwest and 150 feet east on the new 600 foot level, and to diamond drill 2000 feet of exploratory holes in a search for additional lead-zinc ore. Their estimated cost of the project was $120,000 (Government participation 50%). C. S. Robinson, U. S. Geological Survey, and Scott W. Hazen, Jr., U. S. Bureau of Mines, examined the mine and concluded that although additional exploration was warranted, the amount and grade of any ore that might be found would not be sufficient to justify the requested exploration program. This examining team believed that the possible ore horizons could be explored by 400 feet of drifting and 2000 feet of diamond drilling from the 382 foot level. This program, estimated to cost $44,000, was recommended by them.

Subsequently, the Utze Lode Company requested that their application for exploration assistance be held in abeyance until they completed, at their expense, the deepening of the interior shaft to the 600 foot level. The shaft is now completed to a depth of 600 feet, the lower 10 feet of which will be used as a sump.

No significant geologic data, bearing on exploration in the Madonna mine area, were obtained by sinking the shaft. The depositional contact between the pre-Cambrian granite and the Manitou limestone is exposed on the 472 foot level station, and below that point the shaft is in granite.

If exploration from the 382 foot level was justified, as recommended by Robinson and Hazen, exploration on the 590 foot level is equally justified. The objectives remain the same. Accordingly, the program of drifting and diamond drilling recommended by them has been modified to the extent necessary to meet the conditions expected on the 590 foot level. This modified exploration program follows:

1. Drift 400 feet N. 60° W. from the shaft on the 590 foot level; excavate diamond drill stations at 150, 300, and 400 feet (fig. 1).

2. Drill 10 diamond drill holes in the order of numbering and at the locations shown on fig. 1. Bearings, inclinations, and estimated depths follow:

Drill Hole No.	Bearing	Inclination	Depth
DDH 101	S. 35° W.	-60°	75'
DDH 102	N. 40° E.	horizontal	200'
DDH 103	S. 17° W.	horizontal	120'
DDH 104	S. 16° E.	+40°	125'
DDH 105	N. 35° E.	-65°	200'
DDH 106	vertical		75'
DDH 107	S. 15° E.	horizontal	130'
DDH 108	vertical		100'
DDH 109	S. 77° W.	horizontal	200'
DDH 110	N. 7° E.	-65°	180'

The bearings, inclinations, depths, and perhaps the locations of the proposed drill holes are tentative and the drilling program should be kept sufficiently flexible to permit a change in exploration objectives as supplimentary geologic data become available. It is recommended that a total of 1750 lineal feet of drilling be approved. This will allow for the drilling of one or two holes in addition to the ten holes listed above. All changes in or additions to the tentative drilling program should have prior approval of a Defense Minerals Exploration Administration representative.

It is recommended that DMEA Docket 2280 be approved for exploration as outlined above, at a cost estimated by the U. S. Bureau of Mines to be $49,500 (Government participation $24,750).

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
November 7, 1952

Memorandum

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

From: Scott W. Hazen, Jr.

Subject: DMEA 2280 (Lead-zinc), Utze Lode Company (Madonna mine), Chaffee County, Colorado - Supplemental to report dated February 27, 1952

In accordance with prior agreement, Harold R. Koster, Colorado representative of the Utze Lode Company, notified the DMEA Field Team, Region IV, that the company had completed sinking of the winze to the 600-foot level. An examination of the winze was made on October 27, 1952, in company with Nelson E. Harshman and McClellan Dings, of the U. S. Geological Survey; Walter Burleson and Harold R. Koster, of the Utze Lode Company; and Eugene Bishopp, contractor doing the winze sinking.

The winze had encountered the granite-Manitou limestone contact at approximately 470 feet below the sixth adit level, or at an elevation of 9,560 feet (collar of the winze taken as 10,030 feet) (fig. 1). A station for pumping purposes had been cut on the east side of the winze at the 470-foot level and the granite-Manitou limestone contact could be examined.

The winze was sunk to the 600-foot level where a short sump drift was being driven to the east and a 45-degree up-slope was

being cut back to the winze from this drift so the pumps could be hung east of the winze and about 12 feet above the drift bottom, or 600 feet. A station will be cut at 590 feet on the west side of the winze.

As soon as the station is cut and all pumps are set, the company intends to install new submarine cable to the pumps. Drifting will be started as soon as these jobs are completed. Bishopp has a contract with the Utze Lode Company for 400 feet of drifting and 100 feet of crosscutting on the 590-foot winze level.

The Utze Lode Company is more than willing to accept Government participation on a short form contract based on the proposals, totaling $49,500.00, as outlined in Koster's letter of June 11, 1952.

Since the drifting and crosscutting on the sixth level were included in the contract signed for winze sinking and the drifting is expected to start by November 10.

Mineralization is known to exist near the 590-foot winze level at the granite-Manitou limestone contact in the area drilled by the Bureau of Mines and the previous DMEA exploration program, DMA 1050, contract I-DMA-E35. Additional exploration is considered justifiable and a program of drifting and diamond drilling was recommended on the 380-foot winze level in the report on DMEA 2280, dated February 27, 1952.

The company wanted the Government to participate in the winze sinking but it was not recommended as the venture was expected to be too costly. Accordingly, the company, on their own account, sunk the

winze from the 380-foot level to the 600-foot level. It has been very costly, probably averaging in excess of $200.00 per foot. Water flooded out the contractor during June and it took a month to recover the winze. Water flow in the winze during the spring runoff exceeded 600 gallons per minute. Pumping has been a major cost. The company now has in excess of 1,500-gallon-per-minute pumping capacity and has purchased eight new mine cars, a new 315 c.f.m. electric-driven compressor, and a battery trammer. They have regraded the sixth adit level and laid 20-pound rail from the dump to the winze, a distance of over 1,500 feet. They are now in a position to produce any commercial ore found through exploration.

The DMEA examining team recommends the 400 feet of drifting on the 590-foot winze level. The drift should be driven from the station on an approximate bearing of N. 60° W. This will direct the drift toward the mineralized area and, though it will slightly increase the footage in granite, it will reduce the drilling footage.

Koster's proposal of 100 feet of crosscutting to the northeast will not reach the intended objective on the 590-foot winze level. The projected dip of the basement granite places the Manitou limestone contact about 150 feet to the northwest on the 590-foot winze level. It will be approximately 200 feet northeast along the granite-Manitou limestone contact to the projected position of the ore along the fault as found by Bureau of Mines diamond drill holes M-7, M-8, and M-9. The examining team does not recommend participation in this crosscutting but does recommend one diamond drill hole, estimated to be 200 feet long, to explore this projected position of the ore found 120 feet vertically higher along the fault.

Since the Utze Lode Company already has contracted for 100 feet of crosscutting, they may decide to drive the remaining distance to the expected ore body. In that case, the allotted 200 feet of drilling can be utilized elsewhere.

It will be necessary to cut three diamond drill stations in the drift, one at 150 feet, one at 300 feet, and one at 400 feet. These should be timbered as necessary and be large enough to accommodate 10-foot pulls.

Diamond drilling totaling 1,750 feet is recommended to extend mineralization and to explore for additional mineralization along the granite-Manitou limestone contact and along the Madonna fault and other faults in the area. Several diamond drill holes are tentatively located on figure 1, but geologic conditions encountered in drifting may necessitate changing these locations. The exact location, direction, and dip of the various diamond drill holes will also depend on findings as the drilling progresses and subsequent holes are, therefore, subject to change based on this information. The location, direction, and dip of drill holes should have prior approval of the DMEA representatives.

Estimated Drifting Costs

Cost estimates for drifting can be based on the previous DMEA program and costs incurred during the winze sinking.

The contractor expects to operate on three shifts during drifting and has an estimated completion time schedule of two months for the 400 feet of drifting and 100 feet of crosscutting. This appears to be optimistic considering the labor situation, water conditions,

and holidays in November and December. A reduction in the recommended program, which eliminates the 100 feet of crosscutting, will help the time schedule to some extent. It will, however, eliminate the advantage of two headings. The flattening of the granite basement has increased the length of the granite to be driven through and the granite is expected to require timbering. Considering that these factors will balance out, a period of eight weeks is used to calculate the costs for drifting.

The contractor is to furnish labor for drifting, plus powder, primers, and all drifting supplies except pipe, track, and vent tube. Timber will be furnished and placed in the drift by the contractor at an additional cost of $7.50 per foot. The drift is expected to cut 200 feet of granite, which will require timbering. The contract provides that the contractor will pay the power bill, but this was expected and contracted to be only $600.00 per month. It is now averaging $1,350.00 to $1,400.00 per month. The excess over $600.00 will have to be paid by the company. The contractor is to pay depreciation rental on equipment belonging to the Utze Lode Company.

Contract cost for drifting 200 feet, estimated, untimbered section at $40.00 per foot	$ 8,000.00
Contract cost for drifting 200 feet, estimated, timbered section at $47.50 per foot	9,500.00
Additional power cost to company $1,350.00 - $600.00 = $750.00 per month, for 8 weeks, or 2 months	1,500.00

Company labor to be furnished	
1 hoistman each shift for 3 shifts each day, 7-day week at $1.875 per hour. Hoistman also acts as pumpman and assists trammer at station. 3 men at $127.50 each per week of 56 hours - *$382.50 per week for 8 weeks =	$ 3,060.00
1 trammer each shift for 3 shifts each day, 6-day week at $1.875 per hour, includes overtime for Saturday. 3 men at $97.50 per week of 48 hours - $292.50 a week for 8 weeks =	2,340.00
1 company man who is on salary basis and stays at the mine 7 days a week acting as compressor man and helps trammer on waste dump - $90.00 per week for 8 weeks =	720.00
Supplies to be furnished by the company	
Rail, ties, fish plates, and bolts at $1.00 per foot	400.00
Pipe for air and water at $1.00 per foot	400.00
Vent pipe at $1.00 per foot for 400 feet of drift, plus 600 feet in winze, and 200 feet to fan, total 1,200 feet	1,200.00
Fittings	50.00
Equipment repair, truck cost	
Gas and oil, transportation on pipe and track, supplies	500.00
Compensation, social security, and unemployment tax on company payroll	500.00
Engineering-supervision, 10 weeks at $50.00 a week	500.00
Bookkeeping at $50.00 per month, 2-1/2 months	125.00
Total	$28,795.00
Less depreciation rental from contractor to company - $100.00 a week for 8 weeks =	-800.00
Total	$27,995.00
Cost per foot for 400 feet of drifting	$70.00

*Includes time and one-half for Saturday work and double time for Sunday.

The cost per foot proposed by the applicant was $55.00. This did not anticipate the extra timbering and higher pumping costs. In addition, the applicant included $1,500.00 for supplies and $1,500.00 for contingencies. About $2,000.00 of this should be chargeable against the drifting. This increases the applicant's estimate to $59.00 per foot.

Estimated Cost for Cutting Diamond Drill Stations

The applicant has estimated two diamond drill stations at $500.00 each, or a total of $1,000.00. The contractor is allowed $30.00 per cubic yard for excavation and timbering. This will increase the cost of cutting the three drill stations to an estimated $2,500.00.

Estimated Costs of Diamond Drilling

The diamond drilling under DMA 1050, contract I-DMA-E35, averaged $6.58 per foot for the short holes drilled, totaling 632 feet, and $11.34 per foot for the three long holes drilled, totaling 1,588 feet. This included all costs for reaming, casing, casing lost, cementing, and time lost. The drilling proposed in the project is expected to be in a more broken area and may cause more trouble than the previous short holes. There may be difficult water conditions encountered which will require extensive reaming and casing to obtain accurate samples. The contractor, on the previous drilling, did not make much money and is expected to increase his bid on this job by $0.50 per foot. Drilling is expected to take two months on a two-shift basis.

Diamond drilling 1,500 feet, AX and BX size hole	
(previous drilling actual cost, $6.58 per foot) 1,500 feet at $6.60 per foot =	$ 9,900.00
Increase expected in bid 1,500 feet at $0.50 =	750.00
Power for pumping, compressors, and hoist, estimated at $200.00 per week, 8 weeks =	1,600.00
Labor requirements	
3 hoistmen-pumpmen for 7-day week of 56 hours at $1.875 per hour, including overtime for Saturday and Sunday - $127.50 each, or $382.50 per week for 8 weeks =	3,060.00
1 compressor man on full-time-salary basis at $90.00 per week for 8 weeks =	720.00
Supplies - core boxes, equipment repair, truck cost, gas and oil	420.00
Compensation, social security, unemployment insurance	250.00
Engineering-supervision at $75.00 per week for 8 weeks	600.00
Bookkeeping - $50.00 per month, 2 months	100.00
Depreciation on equipment at $75.00 per week for 8 weeks	600.00
Total	$18,000.00
Average cost per foot for 1,500 feet of drilling	$12.00

Summary of Costs

Applicant's Proposals and Estimated Costs

Drifting 500 feet at $55.00 per foot

500 x $55.00 =	$27,500.00	
Plus supplies	1,000.00	
Plus contingencies	1,000.00	$29,500.00
Average cost per foot, $59.00		

Cutting 2 diamond drill stations

Cost $500.00 each	$ 1,000.00	
Plus supplies	500.00	
Plus contingencies	500.00	2,000.00

Diamond drilling 1,500 feet at $12.00 per foot	18,000.00
Total cost	$49,500.00

DMEA Examining Team's Proposals and Estimated Costs

Drifting 400 feet at $70.00 per foot

400 x $70.00 =	$28,000.00

Cutting 3 diamond drill stations

2 stations at $1,000.00 each	$2,000.00	
1 station at $500.00	500.00	2,500.00

Diamond drilling 1,750 feet at $12.00 per foot	21,000.00
Total cost	$51,500.00

The estimated cost of the DMEA examining team's program is shown as exceeding the $49,500.00 requested. This is caused by the $10.00 per foot higher estimated drifting cost and by 250 feet of additional diamond drilling.

It is recommended that the drifting costs be averaged at $65.00 which will reduce the cost by the necessary $2,000.00. The drilling is considered important and the footage necessary to the exploration.

There is a definite advantage in setting the project up on the short form contract.

The objective is to drive a drift on the 590-foot winze level of the Madonna mine in order to establish diamond drill stations from which diamond drilling can be done to extend an area of known mineralization certified as a discovery under DMA 1050, contract I-DMA-E35, and to explore for possible additional mineralization along the granite-Manitou limestone contact, along the Madonna fault, and along other faults that may be found in the area.

(1) Drift 400 feet from the 590-foot winze level station on an approximate bearing of N. 60° W.

(2) Cut three diamond drill stations in the drift; one at approximately 150 feet, one at 300 feet, and one at 400 feet. These stations are to be timbered as required and made large enough to accommodate 10-foot pulls as needed for the diamond drilling.

(3) Diamond drill, AX minimum core size, 1,750 feet of hole as approved by the DMEA field representatives. The first holes are tentatively shown on figure 1. All diamond drill holes

will be subject to change as to location, bearing or direction, and dip, depending on conditions encountered in drifting and diamond drilling as it progresses. Changes in each hole will be subject to prior approval of the DMEA field representatives.

Costs

Drifting 400 feet at $65.00 per foot	$26,000.00
Cutting three diamond drill stations	2,500.00
Diamond drill 1,750 feet at $12.00 per foot	21,000.00
Total	$49,500.00

Scott W. Hazen, Jr.
Scott W. Hazen, Jr.
Mining Engineer

attachment

SWH/amh

cc 8

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 21 1952

224 New Customhouse
Denver 2, Colorado

November 17, 1952

REGISTERED
#55098

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Contract Idm-E448, Docket DMEA 2280, The Utze Lode Company (Lead-Zinc)

Enclosed are the original and two copies of Contract Idm-E448. Copies of this 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

cc
11-21

RECEIVED
NOV 28 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

500
FILE COPY
SURNAME:

Moulds

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

MAY 1 1952

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

Re: Docket No. DMEA 2280
The Utze Lode Company

Dear Mr. East:

With reference to your memorandum of April 24, and the subject docket, it is our understanding from your memorandum, that this application for additional work on the Madonna Mine will be held inactive by your office until the sinking of the winze, now being accomplished by the Company at their own expense, is completed. On completion of the winze, a report concerning the feasibility of additional Government participation is to be made.

We are accordingly placing this application in inactive status, until advised by your office of further action.

Sincerely yours,

D. E. Moulds (mlf)

D. E. Moulds, Chief
Base Metals Division
Defense Minerals Exploration
Administration

J.H. 5-1-52

DEMoulds/meh/hmj
5-1-52
CC to: Adm. Reading File
Docket File Copy
Region IV
Mr. Moulds
Mr. Bishop
Mr. McKnight

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

224 New Customhouse
Denver 2, Colorado

Department of the Interior
Defense Minerals Administration
APR 28 1952

April 24, 1952

Memorandum

To: Acting Administrator, Defense Minerals Exploration Adm.
Attention: Code 210

From: Field Team, Region IV

Subject: Final Report, DMEA Docket 2280, The Utze Lode Company, Madonna Mine, Chaffee County, Colorado

The original DMEA Docket 2280 requested $120,000 to sink the present winze 250 feet, drift northwest 350 feet and 150 feet eastward on the new 600-foot winze level, and then do 2,000 feet of diamond drilling.

The examining engineers believed that additional exploration was justified and could be accomplished for $44,000 by drifting 400 feet on the present 380-foot winze level and diamond drilling at least 10 holes, totaling approximately 2,000 feet from two stations in the drift. If insufficient ore is proven, the expense of sinking the winze would be saved.

This proposal was not immediately acceptable to the Utze Lode Company, who are now sinking the winze at their own expense.

The final report is being held in abeyance until the winze is completed.

W. H. King
W. H. King for
J. H. East, Jr.

A. H. Koschmann
A. H. Koschmann

The Utze Lode Company

EDWARD S. GOODWIN
PRESIDENT
EDUARD C. BRANDT
SECRETARY
HAROLD R. KOSTER
TREASURER

11 HAYNES STREET
HARTFORD 3, CONN.

TEL. { 5-1129
2-5022

January 2, 1952

Box 500
Salida, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 7 1952

Mr. D. E. Moulds
Room 4070
Inter Building
18th and "C" Street
Washington, D. C.

Re: Loan #2280
Utze Lode Company

Dear Mr. Moulds:

Yesterday I got a letter from Mr. East asking for a little further information concerning our new project. Enclosed you will please find a copy of a letter I sent to him. I do not believe you would want this information in file, however, I want to do everything that is required as soon as possible, because we can save money on sinking the shaft.

I got a letter from the Contractor, Mr. Bishopp, and he is ready to go just as soon as we hear from Washington, and our Company is ready to hold up its share. Since the required amount is so large, we are placing the matched money in escrow not to be used for any other purpose.

Thanks again the for good work you did for us.

Yours truly,

THE UTZE LODE COMPANY

By Harold
Treasurer

HRK:JV

Enc.

December 31, 1951

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 7 1952

Box 500
Salida, Colorado

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

Re: Docket DMA 1050
Contract Idm-225

Dear Mr. East:

Thanks for your letter of December 27, 1951. The other day I wrote a letter to Charles Robinson. I spoke to him over the telephone. Each month when I sent in the report on Form MV 104, I included a narrative and the log of each diamond drill hole, and that is all on record with you. Do I need to make a new complete report, especially since each month it showed the log of the work done and how the money was expended. It also showed the ore which we encountered by diamond drilling. I would appreciate hearing from you after you interview Mr. Robinson. The core is all at the mine and he was at the mine and examined the core.

I would appreciate your calling me Collect, Wednesday after you receive this letter, if additional information is wanted because we are having so much snow that we do want to try to get the work done before the water starts to come into the mine. Also, we have a fine contract from Mr. Bishopp, who gave your name as reference and he can do it in 60 to 90 days and should we start immediately, we will save considerable money on the water. Also, just as soon as we find out that the Government will loan the money, we then can order the new pump which will be necessary for the project and that will take between three or four months for delivery. We will have our end of the finances.

Before I left for Washington, I stopped in to see you but you were out of the state and your associates advised me to go right to Washington, which I did. As you know, the proposal for the loan consisted of sinking the shaft 250' on the 500' level to cross cut over to explore the findings of the diamond drill Hole #7 of the 1948 drilling, which would be approximately 120'. Then to have a station on the 600' level and drive a drift approximately 300' to the ore which has been encountered by diamond drill Hole #2 of 1948 and No. 2A of 1951. Also it would include a cross cut of 100' on the 600' level to go Northeast, as we did on the 500' level, providing we discovered commercial ore. In the program we set up $20,000 for diamond drilling. This would be Hole #1B from the 500' level Southwest to the Madonna fault, plus or minus approximately 100'. Diamond drill Hole 2B, plus or minus Southwest from the 600' level to the Madonna fault, at the contact approximately 100'. Diamond Drill Hole 3B, - 30 from the 600' level to the Madonna fault approximately 60'. Diamond Drill Hole 4B approximately 100', -40 due West from the end of the drift at a -40. Diamond Drill Hole 5B from the end of the 600' drift Northwest with a -40 approximately 150'. Diamond Drill Hole 6B, plus or minus 120' due East from the cross cut on the 500' level and Diamond Drill Hole 7B, Northeast from the cross cut on the 600' level. The last two holes to explore

the Mayflower fault. The Diamond Drill work, of course, was to be done after the sinking of the shaft and driving of the drift and cross cutting. This was the program that was tentatively set up in Washington.

I would be very happy to come to Denver to discuss this with you at your convenience. All maps and data are now in your hands.

Yours truly,

THE UTAH LODE COMPANY

By

Treasurer

HBK:JV

The Utze Lode Company

EDWARD S. GOODWIN
PRESIDENT
EDUARD C. BRANDT
SECRETARY
HAROLD R. KOSTER
TREASURER

11 HAYNES STREET
HARTFORD 3, CONN.

TEL. { 5-1129
2-5022

Box 500
Salida, Colorado

December 26, 1951

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 2 - 1952
D.M.E.A. 2280

Mr. D. E. Moulds
Room 4070
Inter Building
18th and "C" Street
Washington, D. C.

Dear Don:

Thanks ever so much for the courtesies you extended us while we were in Washington. I trust that our Loan #2280 will go through speedily as we can get a contract to sink the shaft. The folks in the East have raised most of the money already, so it is no question about that.

While I was away, Charles Robinson of the U. S. G. S., was up and enclosed you will please find a copy of a letter which I wrote to him today. Should there be any question concerning this letter, or the loan, will you please call me Collect, as we are very anxious to get this loan through so we can start the shaft work.

Yours truly,

THE UTZE LODE COMPANY

By Harold
Treasurer

HRK:JV

Enc.

December 26, 1951

Box 500
Salida, Colorado

Mr. Charles Robinson
U. S. G. S. Division
Denver Federal Center
Denver, Colorado

Dear Mr. Robinson:

Thanks ever so much for your advise as to the information you want. I was sorry that I was not here when you were in Salida. My trip back to Washington seemed to be very, very successful, and evidently the loan procedures are going through as we did get a number of 2280. They were waiting for your report, of course. In out telephone conversation, you advised me not to give the entire log but just to give a report and the assays on the three holes that encountered the large body of ore approximately 500' to 600' below the transportation level.

You saw the cores in the core box at the mine. I think Walter Burleson, our engineer, explained to you that we were not very successful in getting a core or sludges on these deep holes, and that we had a tremendous task completing the holes and had to do many feet of cementing and casing. All of the holes drilled this time were indicated by the symbol "A".

Your previous reports on the diamond drilling done by the Bureau in 1947, showed the Diamond Drill Hole #2, which was drilled from the 384 level below the transportation level which was at the bottom of the shaft, was drilled at N80W, with a -25. This encountered some exceptionally good zinc ore at 300' and also at 325' and we have the assays on that.

In this program, we drilled a hole known as Hole #2A which was drilled ~~from the same location except with a -30 and at North 75 West.~~ This of course, would be approximately 40' deeper and also 40' to the North when the body of ore was reached. The first 257' was lime. Then we encountered iron pyrite (incidentally, Walter Burleson cut the samples and we sent the samples to W. H. Smith at Leadville). It was almost impossible to get a sludge return. The hole had to be cased and the iron pyrites packed so tightly around the drill that we thought we would loose the drill at one time. We assayed every 10' from 257' to 312'. The average of these assays in the iron pyrites, ran from .01 to .09 in gold, and from 1% to 25.8 in silver. No lead and from 1% to 4.9% in zinc. We encountered one strip of zinc and the core ran gold .025, silver 2.9, lead 0.9, zinc 46.8. The sludge for the same section ran 1.035 gold, 9.1 silver, 0.9 lead, and 19.4 zinc. This was encountered at 302' to 307.3'.

We then went to the transportation tunnel and drilled Hole #3A. This was drilled from the 602 drift on the transportation tunnel South 23 East with a -87. After the hole was surveyed, it went closer to a -89. This hole was

drilled and at the bottom of the hole we encountered the same body of zinc we did in Hole #2A. This hole encountered the ore approximately 80' to the Northwest and approximately 75' deeper than Diamond Drill Hole #2 of 1948 and #2A of 1951 encountered. No assays were taken as it would not be fair as they ran through 10' of good zinc ore very similar to the better ore of the other two holes.

From the same station as Diamond Drill Hole #3A, we drilled Diamond Drill Hole #7A, direction due East with a -84. This would throw the bottom of our hole approximately 100' to the North of the other three holes and it was an ambitious drilling. At the depth of 612', we ran into a 3" or 4" seam of iron pyrites with zinc, which disclosed that there was a tremendous body of zinc ore at the bottom of these holes and that the 7th hole just proved the ore was that far away from the Madonna Contact.

I trust this is the information that you want.

Yours truly,

THE UTZE LODE COMPANY

By

Treasurer

HRK:JV

C. O. Mittendorf
12-13-51
3:30

SPECIAL

GPO 16—41204-1

DN BUR MINES DN235 12-13-51
C O MITTENDORF

AIR MAINXXXMAIL COPY OF APPLICATION OF HAROLD KOSTER, UTZE LODE COMPANY, DMA2280 SO WE MAY PREPARE REPORT REQUESTED IN YOUR TELEPHONE CONVERSATION OF DECEMBER 12 WITH MR KOSCHMANN. SEE CAP ELLIS

PAUL T ALLSMAN

WIN PLS FOR XHECKING
END LPLS ACK
IS THE NEXT TO LAST WORD IN FIRST LINE UTZE PLS
YES OK

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 13 1951

Denver, Colorado

DEC 13 3 46 PM '51
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

THE UTZE LODE COMPANY
Hartford, Conn.

C
O
P
Y

November 22, 1952

Box 500
Salida, Colorado

Mr. John F. Shaw
For W. H. King
Executive Officer, DMEA
Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Dear Mr. Shaw:

I just received a letter from Landon Strobel and he stated he visited with you concerning the NX drilling. We feel this should be BX and he suggested that I write to you to have this corrected officially.

We would appreciate a letter from your office correcting this from NX to BX. In other words, it should read "BX or AX size bits with the object of obtaining cores not smaller than AX size."

Yours truly,

THE UTZE LODE COMPANY

By /s/ Harold
Treasurer