DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE — Idm-E NO. 396 — DMEA NO. 2444

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [x] ~~Terminated~~ - Certified + Rescinded
- [ ] 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 - 1-29-53
- [ ] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [x] Recision Notice - 1-29-53.
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [ ] Project summary (final)
- [ ] Work Completed analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [x] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team ~~Report~~ MEMO (Tab) - 3-24-53
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab) 6-2-52.
- [x] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 1 : Reports
- [x] Analysis of Semi-Annual Inspection Reports - Corres.
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

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

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

Folders No. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

Rescinded

17963

GOVERNMENT'S COPY

140

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 6 1953

RESCISSION OF EXPLORATION PROJECT CONTRACT AND "CERTIFICATION OF DISCOVERY AND DEVELOPMENT"

This Agreement entered into this 29th day of January, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government", and Outlet Mining Company, a limited partnership composed of John R. Jackson, William T. Jackson and Gavin W. Skinner, General Partners, hereinafter called the "Operator",

WITNESSETH THAT:

WHEREAS, the undersigned are parties to that certain exploration project contract dated September 3, 1952, No. Idm-E396, Docket No. DMEA-2444, which provides among other things, for contribution by the Government to the cost of a certain exploration project therein described, for lead; and

WHEREAS, the Operator, in the early stages of the work provided for in said contract, made a discovery or development from which production has resulted and will result, and the Operator therefore desires no contribution whatever from the Government;

NOW THEREFORE, it is understood and agreed as follows:

1. Said exploration project contract dated September 3, 1952, No. Idm-E396, Docket No. DMEA-2444, shall be and is hereby rescinded, revoked and cancelled as of the date of the contract, without any obligation whatever, one party to the other, the same as if the said contract had never been entered into.

2. The Operator shall return to the Government its check in the sum of $751.75 heretofore delivered to the Operator to cover its claim for the Government's contribution to costs incurred.

3. The Government hereby certifies and the Operator agrees that a discovery or development has resulted from work under the said contract from which production has been and may be made, as follows: Lead ore has been

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 6 1958

discovered and developed in such amounts as to cause the Operator to go into immediate production and to continue operations for its own account without participation by the Government as far as the exploration work specified in the contract is concerned, but because the Government has not been required to contribute to the cost of the exploration work, the Government acquires no right to a percentage royalty, or lien for the payment thereof, or any claim whatever, against the property described in the contract or against said production.

IN WITNESS WHEREOF, this Agreement is entered into as of the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mittendorf
Administrator, Defense
Minerals Exploration
Administration

OUTLET MINING COMPANY

By John R. Jackson

By William T. Jackson

By Gavin W. Skinner

Sas

No. 1

AMENDMENT OF CONTRACT: No. Idm-E396

Contract Docket No. DMEA 2444, dated September 3, 1952, between the United States of America and Outlet Mining Company is hereby amended as follows, effective as of the date of said contract:

> Referring to EXHIBIT "A" attached to Exploration Project Contract Form MF-200(A), caption "Description of the Work", delete all matter following thereafter which pertains thereto and in lieu thereof substitute the following:
>
> "Drift from the Phoenix tunnel in either direction on the Phoenix vein to the extent approved by the DMEA representative, but not to exceed a total of 725 feet. Said approval is dependent on conditions and extent of mineralization encountered as the drift progresses."
>
> The proposed work is shown on the attached map which is made a part of this Amendment.

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 November 5 1952.

OUTLET MINING COMPANY

By William T. Jackson

John R. Jackson

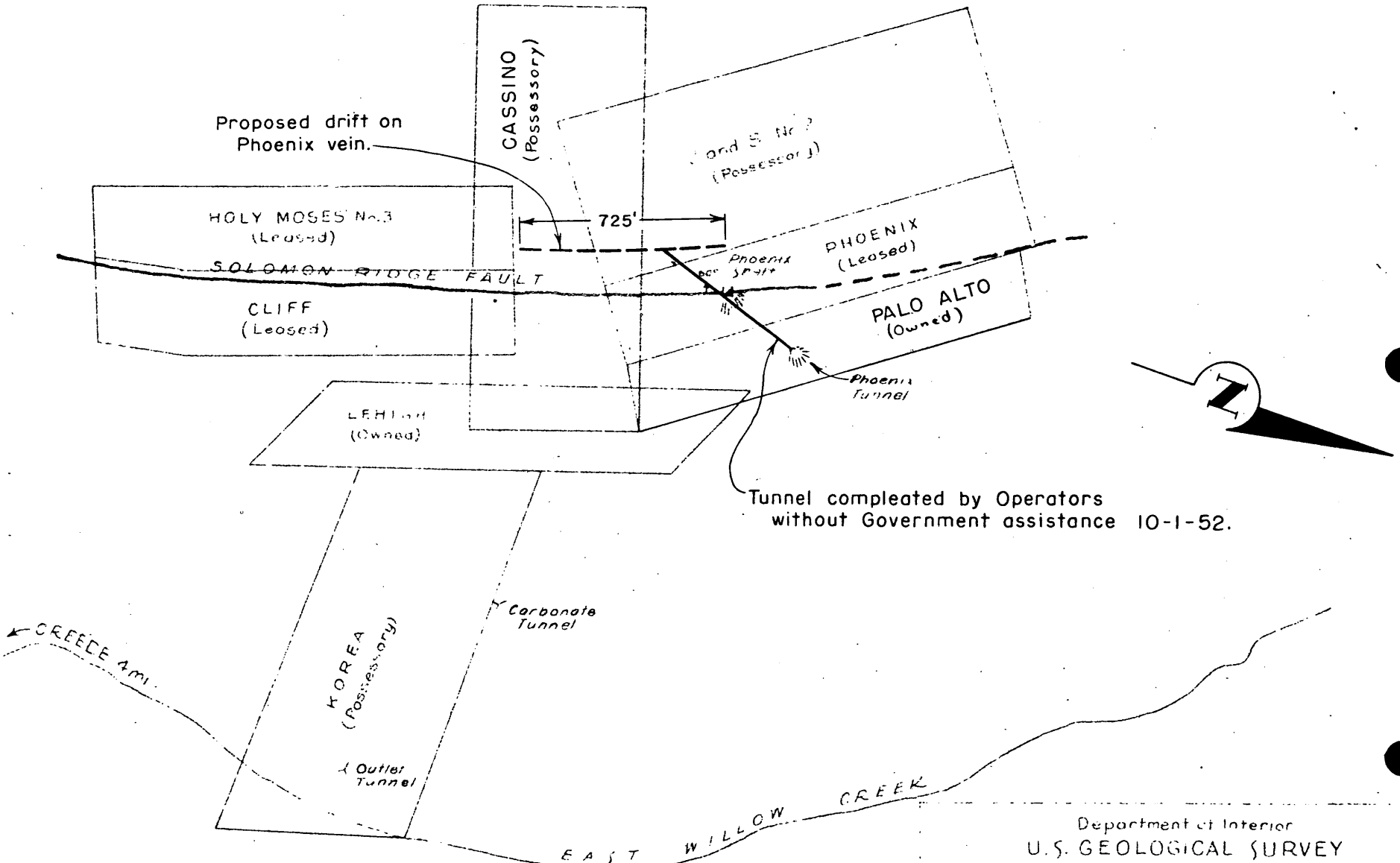
By Gavin W. Shumm

UNITED STATES OF AMERICA

gws

By W. H. King

Executive Officer, DMEA
Field Team, Region IV



Department of Interior
U.S. GEOLOGICAL SURVEY

CLAIM MAP
OUTLET MINING COMPANY
DMEA Docket 2414

SCALE
200 0 500

May 1952

Base by applicant. Geology by D.R. MacLaren
After W.H. Emmons and E.S. Larson

CONTRACT IDM-E396

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 8 1952

GOVERNMENT COPY

MF-200 (A)
(February 1952)

DOCKET NO. [redacted]EA 2444

COMMODITY Lead

Idm-E396

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 3rd day of September, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Outlet Mining Company, a limited partnership, John R. Jackson, Gavin W. Skinner, and William T. Jackson, General Partners, Box 75, Creede, 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 Mineral, described as follows:[3] The Phoenix Lode Mining Claim, U. S. Survey No. 7743 held under lease. The Palo Alto Lode, U. S. Survey No. 8560 owned by partnership.

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:~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien 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 sixty (60) days from the date of this contract shall commence work on a project of exploration for[5] lead

in or upon the described land; and shall bring the project to completion within a period of eight (8) 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 $5,618.75, which is fifty (50) percent of $11,237.50, 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.

(*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* _____

Executed in sextuplicate the day and year first above written.

Outlet Mining Co.
(Operator)
By John R. Jackson, Gen. Partner
Gavin H. Skinner Gen. Partner
Wm. T. Jackson, Gen. Partner

THE UNITED STATES OF AMERICA
By W. H. King
Executive Officer, DMEA
Field Team, Region IV

I, Wm. T. Jackson, certify that I am the ~~secretary~~ Treasurer of the corporation named as Operator herein; that John R. Jackson & Gavin H. Skinner, who signed this contract on behalf of the Operator, was then General Partners 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.

Wm. T. Jackson
Treasurer

[CORPORATE SEAL]

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

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Colorado, County of Mineral, described as follows 1/

The Phoenix Lode Mining Claim U. S. Survey No. 7743

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

2/ Outlet Mining Company, a limited partnership

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

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

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

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 5,618.75, or ten years have elapsed from the date of the contract.

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

Dated this 21st day of August, 195 2.

The Moffat Estate Company [Seal]

By [signature] President [Seal]

By J. Churchill Owen Secretary [Seal]

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

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 six 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) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

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

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

(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, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

(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.

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

EXHIBIT A

Description of the Work

Extend the Phoenix tunnel approximately 625 feet to cut the Phoenix vein and drift approximately 50 feet in each direction on the Phoenix vein.

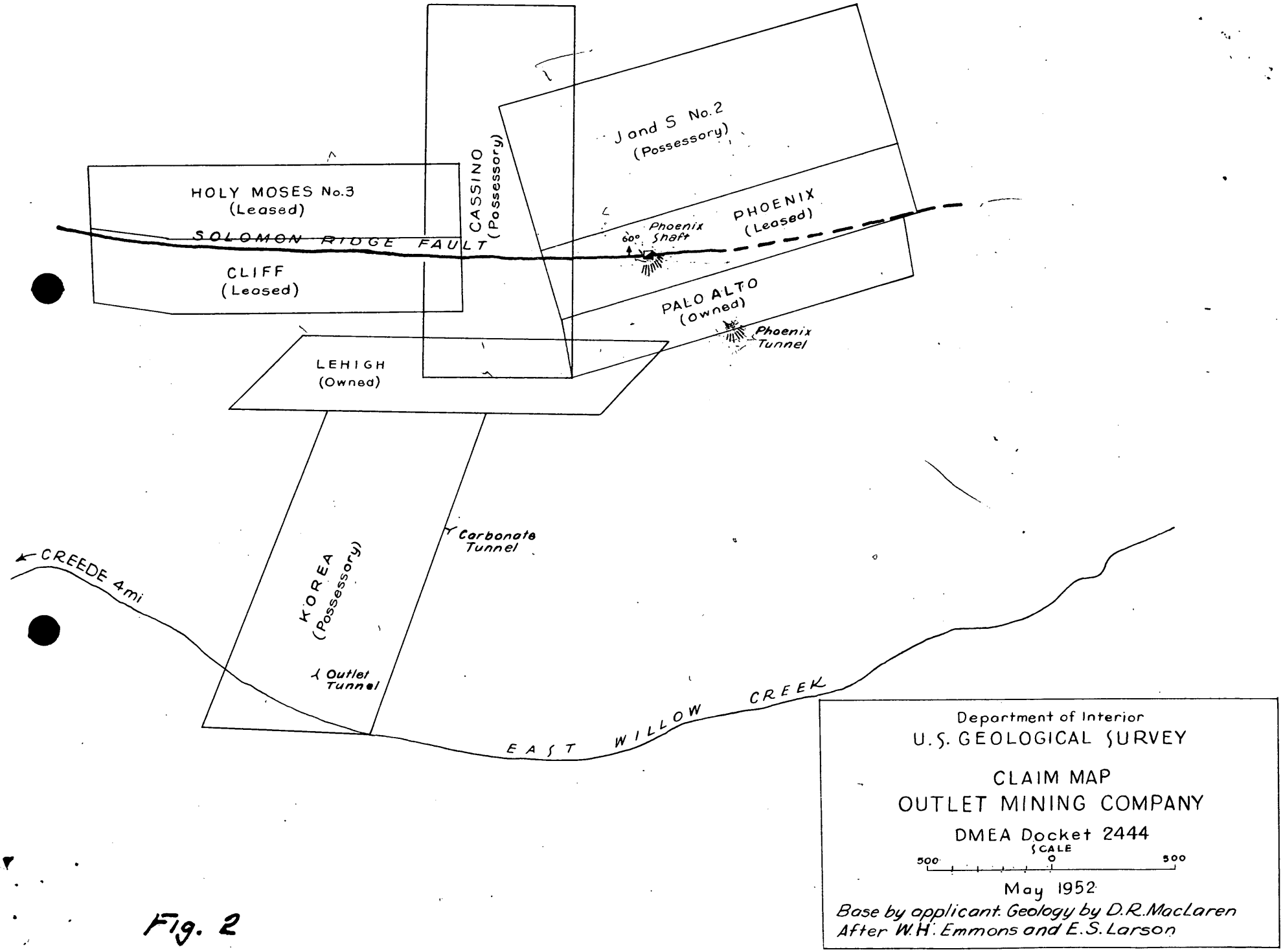
The location of the Phoenix vein in relation to the property lines is shown on Figure 2 which is attached.

Figure 3 is a plan map showing the proposed work.

Figure 4 is a section through the proposed tunnel.

Estimated Costs of Project

725 feet of drifting and crosscutting at $15.50 per foot	
Total estimated cost -	$11,237.50
Government's participation at 50% -	5,618.75


HOLY MOSES No.3
(Leased)
SOLOMON RIDGE FAULT
CLIFF
(Leased)
CASSINO
(Possessory)
J and S No.2
(Possessory)
PHOENIX
(Leased)
60°
Phoenix Shaft
PALO ALTO
(Owned)
Phoenix Tunnel
LEHIGH
(Owned)
Carbonate Tunnel
KOREA
(Possessory)
Outlet Tunnel
CREEDE 4mi
EAST WILLOW CREEK
Department of Interior
U.S. GEOLOGICAL SURVEY
CLAIM MAP
OUTLET MINING COMPANY
DMEA Docket 2444
SCALE
500
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May 1952
Base by applicant. Geology by D.R.MacLaren
After W.H. Emmons and E.S. Larson

Fig. 2

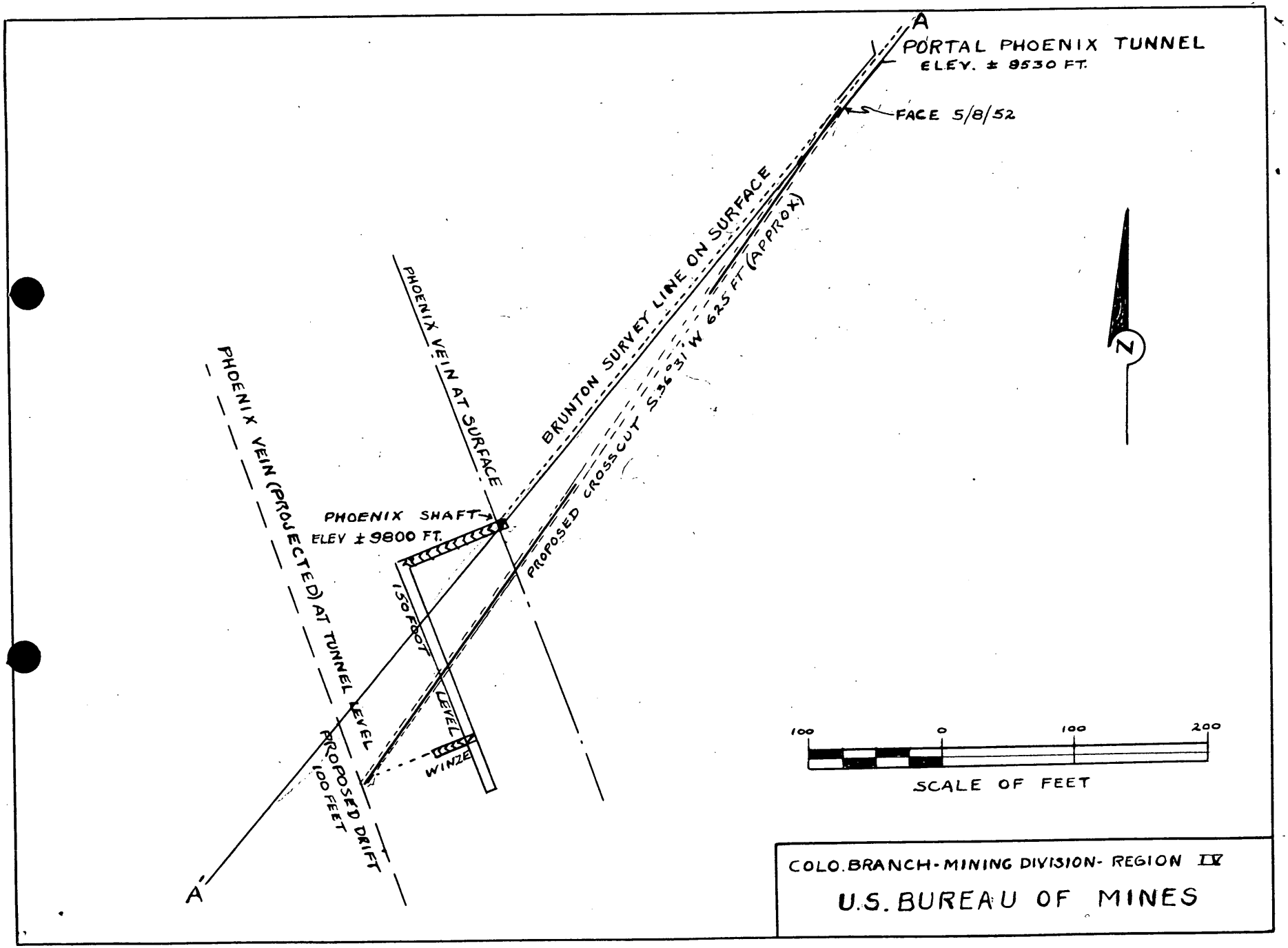
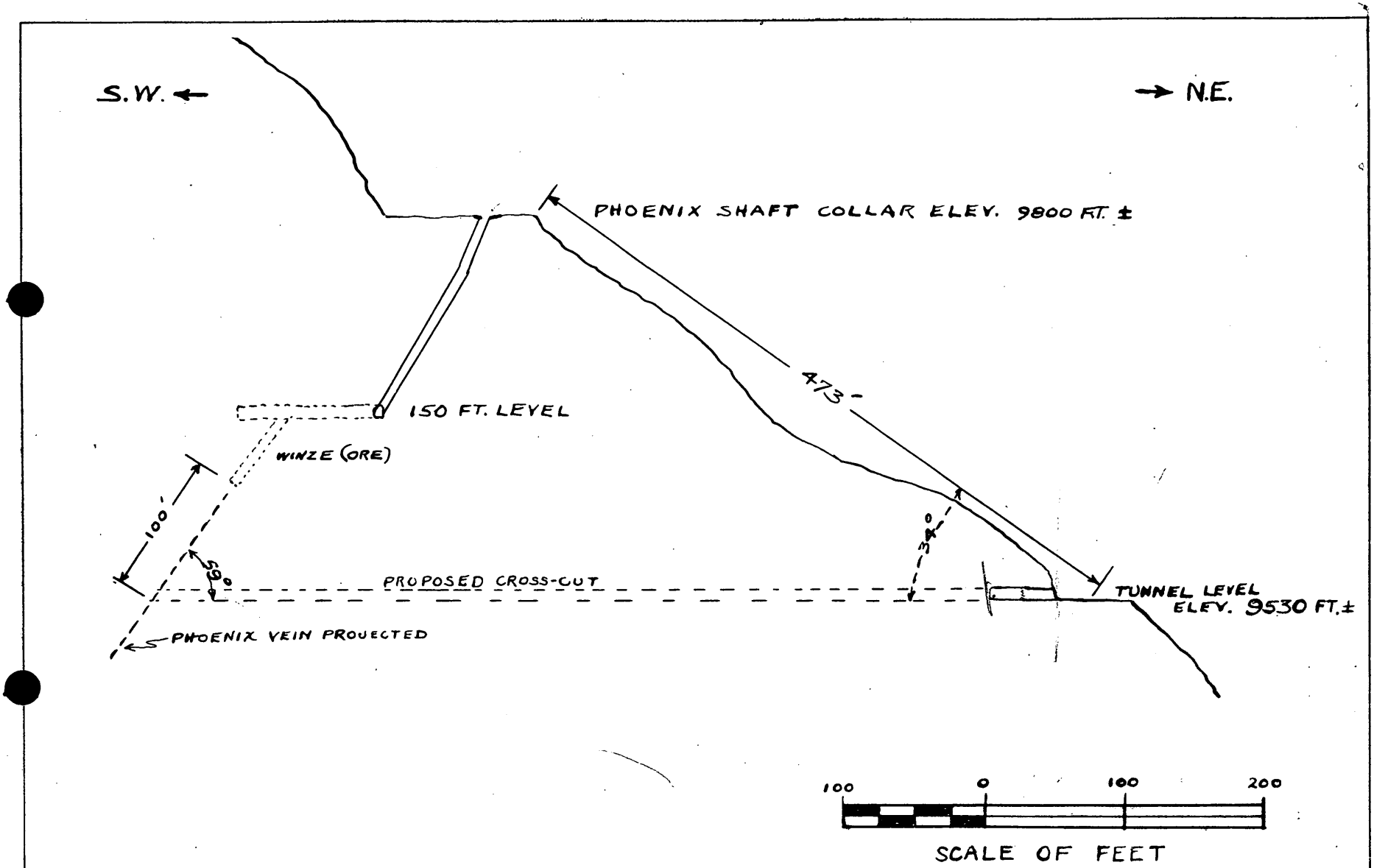


FIGURE 3 - PLAN PHOENIX MINE-OUTLET MINING CO., MINERAL CO., COLO- DMEA-2444



COLO BRANCH- MINING DIVISION-REGION IV
U.S. BUREAU OF MINES

FIGURE 4- SECT. AA' PHOENIX MINE-OUTLET MINING CO., MINERAL CO., COLO.- DMEA-2444

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-2444
Metal or Mineral
Date Received 3-24-52
Amount $
Participation (Government %)

Name and address of applicant

OUTLET MINING COMPANY
CREEDE, COLORADO

by John R. Jackson
Gen. Partner

Date 2/20/52

If you have already filed MF-100, give date filed _____, type of assistance requested _____,

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.

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.

DEPARTMENT OF THE INTERIOR
Reference
MAR 24 1952

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.

OUTLET MINING COMPANY
(Name of company)

By x John R. Jackson
(Signature of authorized official)

February , 1952
(Date)

John R. Jackson,
General Partner
(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

Question No. 1-(a) PROSPECT PEAK LODE, #7713, PASO [illegible] LODE [illegible], #1862, CUCHARA MILL LODE patented—located in [illegible], page 131, Huerfano Co.

(b) Records in [illegible], only one copy of [illegible], suggest you contact [illegible], [illegible] Building, [illegible] Colorado. PASO [illegible] & CUCHARA owned by United Mining Co.

(c) see (a)

Question No. 2-(a) Have developed vein for 105' South from 150' shaft [illegible]. Last entire distance in vein from 6" to 8", some [illegible].

(b) Consult [illegible] VOLCANICS AND ORE DEPOSITS OF THE [illegible] DISTRICT, COLORADO. United States Geological survey pages 131 and 132

Question No. 3-(a) We intend to drive a tunnel from a point on the [illegible] to the North on the [illegible] to strike the vein at a depth of 200' [illegible]. We estimate the distance to be 375' through a solid formation, no timbering will be necessary until we strike the vein, after striking the vein we will drift and raise to our present workings.

(b) We will start as soon as weather permits, estimated time to complete tunnel, 60 days.

Question No. 4- Rough maps and drawings enclosed.

Question No. 5- We have no buildings or equipment at proposed site of tunnel this is included in estimated cost of project.

Question No. 6- Compressor house and blacksmith shop, [illegible] house and [illegible] house, estimated cost for all $750. [illegible]

Question No. 7-(a) Rental equipment for use at shaft—Compressor 105cfm, jack-hammer—[illegible], air and water hoses, pressure tank—all at $275 per month

(b) To be purchased—Compressor [illegible]cfm—[illegible]. Including drill with hoses and drill steel—$770. 12 [illegible] with [illegible] and [illegible]—$1100. 1000' 16lb rail—$530. 300' 2" piping and 300' ¾" water line—[illegible]. [illegible] as blacksmith [illegible]—[illegible].

(c) 1 [illegible] Hoist, [illegible] cable, [illegible] tank [illegible], 150' 1½" piping, 300' ¾" water line, lumber, saws, axes, shovels and picks, carpenter tools, 1 mine car [illegible], [illegible] car [illegible].

Question No. 8- General partners of United Mining Company shall act as supervisors and miners until such a time as more men can be employed, one will be in local office and two at mine. Maximum salary [illegible].

Miners (inclusive, timbermen, machine men) [illegible] $2.00 hr
Laborers (trammers, muckers, outside labor) " $1.60 hr

Question No. 9- Engineering—$100 Assaying—[illegible] Explosives—$1000 Timbers and lumber—$1000

Question No. 10-(a) We are prepared to expend $9500 in this project.

(b) DMEA [illegible] [illegible] or being half of estimated cost.

Question No. 11- Due to the altered condition of the hanging wall on the North side of shaft it is a continuous hazard, must be retimbered and constantly maintained, maintaining the shaft to be in accord with existing safety regulations is expensive and is never considered entirely safe. Would be used as a ventilating shaft and emergency exit upon completion of tunnel.

Form MF-100
(May 1951)

U[redacted]DEPARTMENT OF THE INTER[redacted]
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

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

NOT TO BE FILLED IN BY APPLICANT

Docket No. DMEA-2444

Date received 3-24-52

Outlet Mining Co.
Creede, Colorado
by John R. Jackson
Gen. Partner

Name and address of applicant

Date 2/30/52

INSTRUCTIONS

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

GENERAL TECHNICAL DATA

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

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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MAR 24 1952

5. Number of years in production _____

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

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

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation: Common (e)	Number of Shares Held in Applicant Corporation: Preferred (f)	Life Insurance Carried for Benefit of Applicant: Amount (g)	Life Insurance Carried for Benefit of Applicant: Net Cash Surrender Value After Loans (h)
William T. Jackson	Treasurer	$50		10% of	Company		
John R. Jackson	Gen. Partner	$1967.65		28% of	Company		
Gavin W. Skinner	Gen. Partner	$1967.65		30% of	Company		
	Total		x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

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

*Indicate period covered.

10. Production:

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

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

12. Ore or Mineral Reserves:

(a) Describe the ore or mineral deposit briefly. Accompany the application by an available report on the geology and ore reserves. ~~ink~~ in [redacted] of winze sunk on vein, increa[redacted] in width from 8" to 6', last shipment assayed 30.6% lead.

16—63792-1

ANSWERS TO QUESTIONS FORM MF-100

Question No. 1-(a) lead
(b) Uranium, silver, gold, not in commercial quantity.

Question No. 2- PHOENIX MINE LODE, PALO ALTO LODE, SASSINO LODE.
(a) 200' of shafts and winze
(b) 329' of drifts off shaft
(c) none
(d) none Mine is not flooded, no pumping necessary.

Question No. 3-(a) given
(b) King Solomon Mining District
(c)
(d) Mineral County, State of Colorado

Question No. 4-(a) Property is now operated by Outlet Mining Co.
(b) Phoenix mine lode under lease, others owned by O.M.CO.

Question No. 5- Mon productive till 1951, produced 100 tons in 1951

Question No. 6- Treasurer has 36 years mining and bookkeeping experience. Other General Partners have leased and contracted for seven years in Creede district.

Question No. 7-(a) Mine had no previous production. Total development 90' of shaft and 147' of drift on vein, reason for halting work, lead at that time was at too low price and silver was not sufficient to pay for work.

(b) Consult Bulletin 718 or production record of mines on this King Solomon fault.

(c) Have no engineers or geologists report on mine since we began, have only our own development and shipments to report from.

			gold	silver	lead
First car of ore shipped,	weight 100010 lbs dry,	assayed	.06	8.75	29.8
Second " " " "	" 96266 lbs dry,	"	.08	8.8	31.6

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

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

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

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved) 6' of 30% lead in bottom of 52' winze when forced to close down due to weather.					
Indicated (probable)					

(*c*) If placer:

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

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

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

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

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

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

13. Access Roads: One dirt road, four miles. Condition good.

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

14. Water Supply: 4 miles to shipping point. D&RGW

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

15. Power: Water supply excellent. Sufficient for entire year.

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

16. Labor:

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

17. Equipment and Facilities:

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

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

CERTIFICATION

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

OUTLET MINING COMPANY
(Name of company)

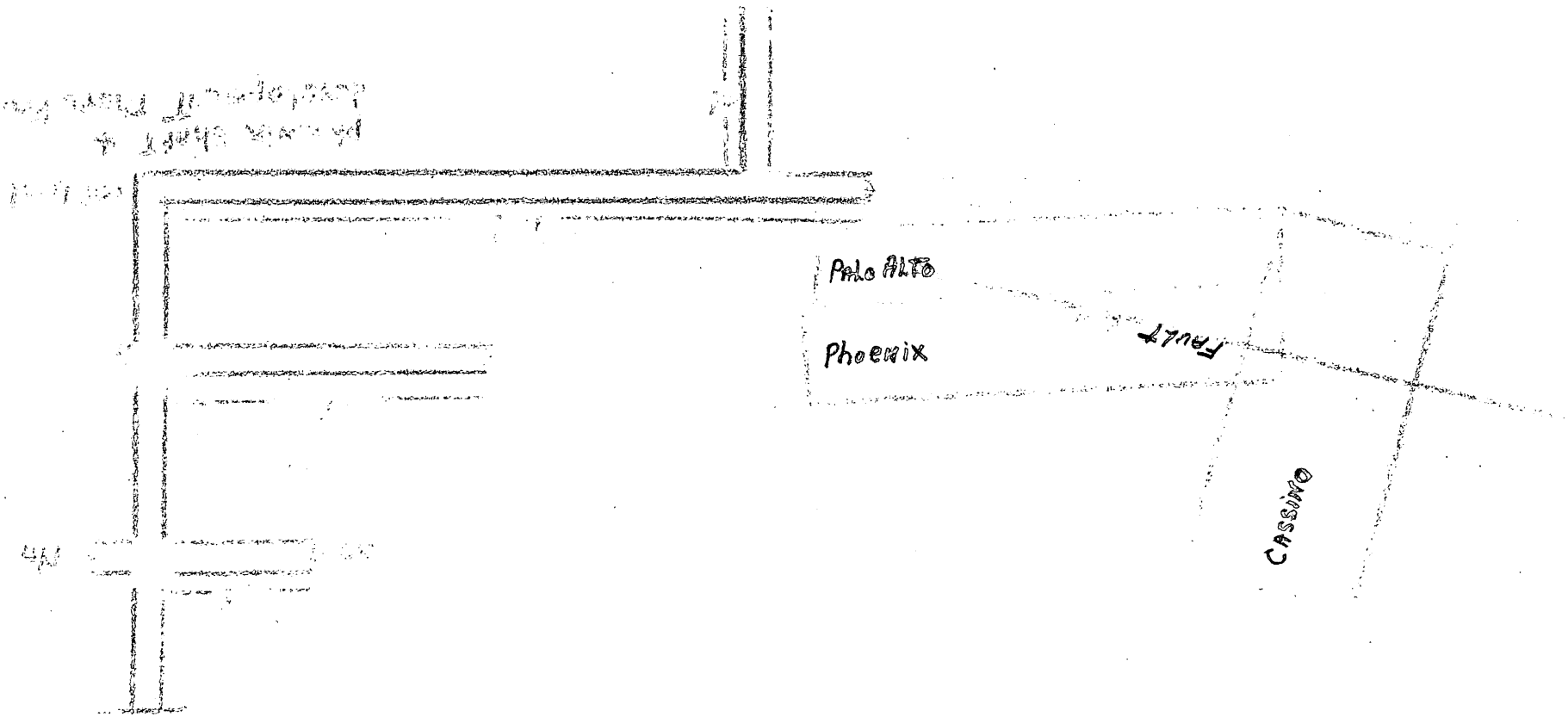
By X John R. Jackson
(Signature of authorized official)

February , 1952
(Date)

John R. Jackson,
General Partner
(Title)

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

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

DMEA-2444

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

500

January 24, 1958

Memorandum

To: Mr. W. E. Chamberlain, Statistics Branch
Division of Operation Control & Statistics

From: Director, Division of Base Metals

Subject: Semi-Annual Reports on Certified Projects

With reference to your January 23rd memo, on the eighteen certified projects you listed, only three are actually delinquent in the Field. They are:

Docket No. DM[illegible]-1 & 1A	Chief Consolidated Mining Company
Docket No. DM[illegible]-434	Lead Carbonate Mines, Inc.
Docket No. DM[illegible]-1297	East Ridge Mining Company

We shall write Region III requesting that the proper reports be made.

Much of the lack is due to error in this office, it seems that it was not clearly understood that inactive projects nevertheless, should be reported to you. The following were properly reported by the Field but the information was not sent to you.

Inactive during the period January 1 - June 30, 1957.

Docket No.	Contract No.	Name
DM[illegible]-171	Idm-E791	West Park Mining Company
DM[illegible]-627	Idm-E 34	Cadwell Mining Company
DM[illegible]-1175	Idm-E251	Amador Mining Company
DM[illegible]-1708	Idm-E279	Kentucky-Utah Mining Company
DM[illegible]-1959	Idm-E273	Hoodoo Mines (Gardner & Vance)
DM[illegible]-2612	Idm-E489	Oramore Company
DM[illegible]-2885	Idm-E529	New Penn Mines, Inc.

8623

Active during the period.

Docket No. DMEA-113 Contract No. 265 New Quincy Mining Company

Produced 64 tons of ore. DMEA reserve now totally depleted and no tonnage remains.

Four of the contracts you listed are still active projects and we do not receive Semi-annual reports. They are:

Docket No. DMEA-3635	Silver Star-Queen Mines
Docket No. DMEA-2719	Lay Mines, Inc.
Docket No. DMEA-2886	Providence Tuolumne Gold Mines, Inc.
Docket No. DMEA-3548	Ross Mines, Inc.

Three were paid in full and no reports could be demanded, they were:

Docket No. DMEA-1526	Vermont Copper Company, Inc.
Docket No. DMEA-1227	Vinegar Hill Zinc Company
Docket No. DMEA-2444	Outlet Mining Company

W. R. Griswold

W. R. Griswold

WRG/er
Copy to: Dockets (8)
M.S. File
Chron.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
For the Period January 1, 1956 thru June 31, 1956

Base Metals Division Date October 24, 1956

Semi-Annual Report - Certified Project Date September 18, 1956

DMEA No. 2444 Operator Outlet Mining Company Contract No. Idm-E 396

Ore Reserves

Ore Estimates	Tons	Analysis
Original (DMEA)		
Increase (Operator)		
Total		
Decrease (Production)	413	9.3% lead, 9.8% Ag/ton, 0.0202 Au/ton
Net Available		

Investment

Shafts			Winzes			Drifts & Crosscuts		
Size	Feet	Cost	Size	Feet	Cost	Size	Feet	Cost

Raises			Drilling			Rehabilitation	
Size	Feet	Cost	Type & Size	Feet	Cost	Description	Cost

Facilities

Mine Plant		Mill		Roads	
Description	Cost	Description	Cost	Description	Cost

Remarks

Previous production: 6904 tons averaging 16.3% Pb., 0.03% Zn., 8.1 oz. silver per ton, 0.06 oz. gold per ton.

J. W. Alt/er

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
Washington 25, D. C.

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OCT - 3 1956

224 New Customhouse
Denver 2, Colorado

Date: October 3, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Semiannual Report of Certified Project for the period January 1, 1955 through December 31, 1955
DMEA Docket 2444 (Lead)
Contract Idm-E 396, Outlet Mining Company (Phoenix Mine), Mineral County, Colorado

Enclosed are the original and three copies of the subject report prepared in conformance with instructions contained in memorandum of January 6, 1956 from this office and Memorandum 29.

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

Enclosures
MHM/vj
cc: Semiannual Report File E 396
J. F. Shaw (2)
E. N. Harshman
Chron.

RECEIVED
OCT - 3 1956

DMEA, REGION III

STATEMENT IN LIEU OF SEMIANNUAL REPORT

DMEA
DEPARTMENT OF THE INTERIOR
SEP 25 1956
REGION III
DENVER, COLORADO

Reporting Period - January 1, 1955 thru December 31, 1955
Docket and Contract Number - DMEA 2444, Contract Idm-E396
Operator - Outlet Mining Co.

	"X" one
The project has been inactive during the reporting period	X
Pertinent data relative to the subject contract has remained unchanged since the last report	X

Remarks:

The contract was rescinded by mutual consent and the Government's participating share in exploration for the first month (October 1952) was returned. The mine was in operation throughout the year 1955. Production for the year 1955 totaled 2,238 tons of crude ore with an average assay of 0.05 ounce gold and 11.4 ounces silver a ton and 9.7 percent lead. The ore is an oxidized lead-gold-silver ore which is shipped directly to the A S & R Co. smelter at Leadville.

Total metal recovered from the above ore was 111 ounces gold, 25,517 ounces silver and 416,731 pounds of lead.

C. M. Harrer

Signed C. M. Harrer

Date September 17, 1956

ACTION ON INTER
OR FINAL FIELD TEAM REPORT

Date 9-21

Referred to:

1. ~~Mr. Mittendorf~~
2. ~~Mr. Johnson~~
3. ~~Mr. Chambers~~
4. ~~Docket Control Mails and Files~~
5. ~~Bar Auto~~ ~~Division~~
6. Docket Control Mails and Files

Note comments in report regarding:

1. Is this carried
2. on our books as
3. a certified project?
4. If so, should it be?
If so, then F.T. could get more info on value of one, and take appropriate action. etc

- - - - - - - -

Action taken by Division:

We discussed one + thought
Entitled - Drill & used FT.
statements of 30, or T
Carried on the books as a certified
project. Jek.

Robert E. Adams

all Betty

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
Washington 25, D. C.

224 New Customhouse
Denver 2, Colorado

Date: September 18, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Semiannual Report of Certified Project for the period January 1, 1956 through June 30, 1956
DMEA Docket 2444 (Lead)
Contract Idm-E 396, Outlet Mining Company (Phoenix Mine)
Mineral County, Colorado

Enclosed are the original and three copies of the subject report prepared in conformance with instructions contained in memorandum of January 6, 1956 from this office and Memorandum 29.

Note: Report for period January 1, 1955 through December 31, 1955 requested by Memo to J. F. Shaw September 14, 1956.

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

Enclosures

MHM/vj
cc: Semiannual Report File E 396
J. F. Shaw (2)
E. N. Harshman
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
SEP 10 1956
REGION III
DENVER, COLORADO

DMEA, REGION III

STATEMENT IN LIEU OF SEMIANNUAL REPORT

Reporting Period Jan. 1, 1956 to June 30, 1956
Docket and Contract Number DMEA 2444, Contract Idm-E396
Operator Outlet Mining Co.

	"X" one
The project has been inactive during the reporting period	X
Pertinent data relative to the subject contract has remained unchanged since the last report	X

Remarks:

The contract was rescinded by mutual consent and check for Government's participating share in exploration for the first month (October 1952) was returned.

Production this period: 413 tons averaging 9.3% lead, 9.8 oz. silver, 0.02 oz. gold.
Previous production: 6904 tons averaging 16.3% lead, 0.03% zinc, 8.1 oz. silver, 0.06 oz. gold.

C. M. Harrer

Signed C. M. Harrer Date Sept. 5, 1956

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

224 New Customhouse
Denver 2, Colorado

September 14, 1956

RECEIVED
SEP 17 1956

Memorandum

To: J. F. Shaw (2)

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2444 (Lead-Zinc), Contract Idm-E396, Outlet Mining Company (Phoenix Mine), Mineral County, Colorado

We are in receipt of the semiannual report for the period January 1, 1956 through June 30, 1956 on the subject contract. Although a regular semiannual report is not required for this project, Washington has requested any information available on production be submitted as a matter of record.

The previous report submitted to this office was for the period July 1, 1954 through December 31, 1954. You are therefore requested to have one of your examining engineers prepare a Statement in Lieu of Semiannual Report, covering the intervening (January 1, 1955 through December 31, 1955) period.

W. M. TRAVER

W. M. Traver

MHM/vj

cc: Semiannual Report File E396
Sec. Opr. Comm. (2)
Marshall
Chron.

U. S. DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

RECEIVED
MAY 28 1956

224 New Customhouse
Denver 2, Colorado

Date: May 24, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty payments, Docket DMEA 2444 (Lead), Contract Idm-E396, Outlet Mining Company (Phoenix mine), Mineral County, Colorado

Period: March, 1956

During the above month the following royalty payments were received for ore or concentrates shipped from the subject property:

Date	Lot No.	Dry Tons	Royalty Due	Royalty Paid	Bonus Roy. Due	Bonus Roy. Pd.

NO GOVERNMENT PARTICIPATION

Totals:

Past Due Royalties Collected	None
Total Dry Tons (Ore or Cons.) Shipped to Date	None
Expiration Date of Royalty Repayment	Paid in full
Amount of Government Participation	$751.75
Total Royalty Payments to Date	Check returned to Gov't
Percent of Loan Repayment	----

for W. M. Traver

cc Royalty File E 396 w/Settlement Sheets
Monthly Royalty Payment File
J. F. Shaw (2)
Chron.

U. S. DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

RECEIVED
MAY 28 1956

224 New Customhouse
Denver 2, Colorado

Date: May 24, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty payments, Docket DMEA 2444 (Lead), Contract Idm-E396, Outlet Mining Company (Phoenix mine), Mineral County, Colorado

Period: March, 1956

During the above month the following royalty payments were received for ore or concentrates shipped from the subject property:

Date	Lot No.	Dry Tons	Royalty Due	Royalty Paid	Bonus Roy. Due	Bonus Roy. Pd.

NO GOVERNMENT PARTICIPATION

Totals:

Past Due Royalties Collected	None
Total Dry Tons (Ore or Cons.) Shipped to Date	None
Expiration Date of Royalty Repayment	Paid in full
Amount of Government Participation	$751.75
Total Royalty Payments to Date	Check returned to Gov't
Percent of Loan Repayment	----

J. W. Townsend
W. M. Traver

cc Royalty File E 396 w/Settlement Sheets
Monthly Royalty Payment File
J. F. Shaw (2)
Chron.

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

224 New Customhouse
Denver 2, Colorado

February 4, 1955

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket-2444 (Lead-Zinc), Contract Idm-E396, Outlet Mining Company (Phoenix mine), Mineral County, Colorado

Enclosed are the original and three copies of a report on the subject property which has been submitted because the Washington DMEA office desires to be informed of any information available so their records may be kept up to date.

W. M. Traver

Enclosures

RDB:pw

DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

FEB 2
Bureau of Mines
Denver Federal Center
RECEIVED
FEB 9 1955

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
January 31, 1955

Memorandum

To: John F. Shaw

From: M. H. Salsbury

Subject: DMEA 2444, Contract Idm-E396 (Lead-zinc) Outlet Mining Company (Phoenix mine) Mineral County, Colorado - Production in the period July 1, 1954, to December 31, 1954

The subject contract was rescinded by mutual consent before any funds had been expended, and a regular semi-annual report of certified project is not required. However, Washington has requested that any information available on production be submitted as a matter of record.

The property was operated throughout the period July 1, 1954, to December 31, 1954. The grade of ore has declined from the previous period. Production figures for this period as obtained from the American Smelting and Refining Company at Leadville, Colorado, where all shipments were made, are given in the following summary:

Summary of Production

Date	Dry tons	Gold (ounces)	Silver (ounces)	Lead (pounds)	Government royalty
July 1, 1954, to December 31, 1954	1,686	60.3	13.788	413,201	None

Total production from the mine since August 1952 now totals 5,808 tons of direct smelting ore containing 312.4 ounces gold, 49,179 ounces silver, and 1,864,818 pounds of lead.

M. H. Salsbury
Mining Engineer

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
July 14, 1954

Memorandum

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

From: M. H. Salsbury

Subject: DMEA 2444, contract Idm-E396 (Lead-zinc) Outlet Mining Company (Phoenix mine), Mineral County, Colorado - Production in the period January 1, 1954, to June 30, 1954

The subject contract was rescinded by mutual consent before any funds had been expended, and a regular semi-annual report of certified project is not required. However, Washington has requested that any information available on production be submitted as a matter of record.

The property was operated throughout the period January 1, 1954, to June 30, 1954, continuing production of lead-silver ore of excellent grade dating from August 1952.

Production figures for the period December 1953 to May 1954, as obtained from the records of the Statistics Branch, Mineral Industry Division, Region IV, are given in the following summary:

Summary of Production

Date	Dry tons	Gold (ounces)	Silver (ounces)	Lead (pounds)	Government royalty
December 1953 - May 1954	1,149	138.1	9,019.0	339,499	None

The above shipments were made to the Arkansas Valley plant of the American Smelting and Refining Company at Leadville, Colorado. Total production from the mine since August 1952 has been 4,122 tons of direct smelting ore containing 262.1 ounces gold, 35,391 ounces silver, and 1,451,617 pounds of lead.

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

cc 5
E396
General
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
January 8, 1954

Memorandum

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

From: M. H. Salsbury

Subject: DMEA 2444, Contract Idm-E396 (Lead-zinc) Outlet Mining Company (Phoenix mine) Mineral County, Colorado--Production in the period July 1, 1953 to December 31, 1953

The subject contract was rescinded by mutual consent before any funds had been expended, and a regular semi-annual report of certified project is not required. However, Washington has requested that any information available on production be submitted as a matter of record.

The property has been operated continuously throughout the period July 1, 1953, to December 31, 1953, with the production of substantial quantities of an excellent grade of lead-silver ore.

Production figures through November 1953, as obtained from the records of the Statistics Branch, Mineral Industry Division, Region IV, Bureau of Mines, are given in the following summary:

Summary of Production

Date 1953	Dry tons	Content Gold (ounces)	Content Silver (ounces)	Content Lead (pounds)	Government Royalty
July-November	614	29.6	5,745	215,998	None

why? See above #1

The above shipments were made to the Arkansas Valley plant of the American Smelting and Refining Company at Leadville, Colorado. Shipments since September 1952 total more than 3,600 tons.

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

MHS/kp

cc: 5
E396
Chron

(013)

Department of the Interior
Defense Minerals Administration
OCT 14 1953

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

224 New Customhouse
Denver 2, Colorado

October 12, 1953

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Semi-Annual Report-Docket No. DMEA 2444, Contract Idm-E396, Outlet Mining Company

Enclosed are four copies of a Semi-Annual Report covering Contract Idm-E396.

Your letter of September 29 stated that it would not be necessary to include this Semi-Annual Report in view of the fact that Government funds were fully repaid.

However, an engineer was in the vicinity of the property, and obtained the necessary information for this report.

John F. Shaw
For W. H. King

Enclosures

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
September 18, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: Semi-annual reports of certified projects

In accordance with my memorandum of September 17, 1953, you will find enclosed the original and five copies of the semi-annual report for the period ending June 30, 1953, on Outlet Mining Company, DMEA 2444, Contract Idm-K396, which was certified on January 29, 1953.

This is the last of our reports for the above-mentioned period.

W. M. Traver

W. M. Traver

enclosures

cc: 5
K396
General
DMEA Chron

WMT/eb

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

SEMI-ANNUAL REPORT OF CERTIFIED PROJECT

Period: January 1, 1953 to June 30, 1953

Docket No.: DMEA 2444 Contract Idm-E396 (lead-zinc)

Operator: Outlet Mining Company

Address: Creede, Colorado

Name of Mine: Phoenix Location: Mineral County, Colorado

Date Certified: January 29, 1953

Date Contract Rescinded: January 29, 1953

Contract amount: $11,237.50 Amount Spent: None

Government Participation: None

Remarks: This mine has been in production since September 1952, shipping an excellent grade of lead-silver ore. At the time an examination on an application for Defense Minerals Exploration Administration assistance was made in May 1952, the applicants had already started the proposed work. By the time the application was processed and a contract signed on September 3, 1953, the objective, the Phoenix vein, had been cut. The only remaining exploration which could be done under the contract was some drifting on the vein. The contractor made claims for reimbursement for drifting costs in October and November 1952 and received the Government's check for $751.75, covering the October claim.

In the meantime, shipments of a very profitable grade of ore were being made, and the Government's royalty each month would have exceeded the Government's expenditure for the corresponding month.

The contractor therefore requested cancellation of the contract, the Government check was returned uncashed to the Treasury, and a recission of the contract was authorized. Inasmuch as Government participation was requested by the applicant, and a contract executed, a discovery was certified in a clause in the recission of the contract. A continuation of present profitable operations is anticipated, but ore reserves are indefinte.

Summary of Production

Date 1953	Dry Tons	Ounces per Ton Gold	Ounces per Ton Silver	Percent Lead	Government Royalty
January	382	0.04	10.48	18.4	None
February	483	0.06	9.40	17.6	None
March	95	0.03	9.85	19.3	None
April	186	0.03	7.89	22.9	None
May	313	0.03	8.78	28.5	None
June	221	0.03	7.32	20.1	None
Total	1,680	0.04	9.12	19.1	

The above shipments were made to the Arkansas Valley plant of the American Smelting and Refining Company at Leadville, Colorado. They bring the total shipments since September 1952 to more than 3,000 tons.

The operation contributed 68.1 ounces of gold, 15,314 ounces of silver, and 642,217 pounds of lead to the nation's stockpile in the period January 1 through June 30, 1953.

FILE COPY
SURNAME: 500 GB

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

SEP 29 1953

Griswold
Selfridge
H. Johnson

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

Re: Docket No. DMEA 2444 (Lead)
Outlet Mining Company
Phoenix Lode Mining Claim
Mineral County, Colorado
Contract No. Idm-E396

Dear Mr. King:

Referring to your letter of September 17, 1953, pertaining to the above exploration project, it will not be necessary to include it in your semi-annual report on certified projects in view of the fact that Government funds were fully repaid.

Nevertheless, if you should happen to have any information available as to the results of operations, would you kindly advise us as a matter of record.

Sincerely yours,

George C. Selfridge (GB)

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Geological Survey (GB)

A. R. Kinkel, Jr.

Member, Bureau of Mines (GB)

WRGriswold/hmj (9/25/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Chron.

R.C.G. 9-29-53

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

224 New Customhouse
Denver 2, Colorado

September 17, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA, Field Team, Region IV

Subject: Contract Idm-E396, Docket No. DMEA 2444, Outlet Mining Company

A Certification of Discovery covering contract Idm-E396 was issued on January 29, 1953.

The Outlet Mining Company submitted one Monthly Progress Report in the amount of $751.75.

The Operators discovered ore, and did not desire Government assistance. The Treasury Department check was returned to this office in accordance with the instructions of a letter dated January 21, 1953 from the Chairman of the Operating Committee. The Government has been reimbursed in full.

The property is located near Creede, Colorado, and we do not have any other projects in this vicinity. It would require about three days travel time for an engineer to visit this property.

We do not believe it is necessary to prepare semi-annual reports in accordance with the instructions in DMEA Circular 32. Please advise us if this assumption is correct.

W. H. King

W. H. King

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

224 New Customhouse
Denver 2, Colorado

May 19, 1953

Memorandum

To: Acting Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Monthly Report, April 1953, Status of Contract Idm-E396, Docket DMEA 2444 (Lead), Outlet Mining Company, and Contract Idm-E95, Docket DMEA 234 (Lead-Zinc), Privateer Mining Company

Reference is made to your letter dated May 14, 1953, regarding the inclusion of the above two dockets in the monthly report for April.

This report covers the period from March 20, 1953 to April 20, 1953. Contract Idm-E396, Outlet Mining Company, was included because the final report was not submitted to the Field Team until March 24, 1953.

The geologic report has not yet been received for Contract Idm-E95, Privateer Mining Company, so it will be necessary to include this docket in the May report.

W.H. King

W.H. King

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAY 22 1953

FILE COPY
SURNAME:

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UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

Griswold
Martin
Thomas
Montgomery

MAY 14 1953

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

Re: Docket No. DMEA-2444 (Lead)
Outlet Mining Company
The Phoenix Lode Mining Claim
Mineral County, Colorado
Contract No. Idm-E396
and
Docket No. DMEA-234 (Lead-Zinc)
Privateer Mining Company
Eva Mine
Juab County, Utah
Contract No. Idm-E95

Dear Mr. King:

With reference to the last monthly report of Region IV, received here on May 4, 1953, a review of our records of the above two projects indicates that all necessary terminating data are now on hand and that therefore, in the future, they may be deleted from the listing of current projects.

S.N. 5-14-53

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee (2HB)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (2HB)

T. P. Thayer
Member, Geological Survey (2HB)

WRGriswold/bjl (written 5/5/53)

Copy to: Docket (2) No 2444
Admr. R. File
Op. Committee
Base Metals (2)
Mr. Bishop
Mr. Kinkel
Chron.

FILE COPY
SURNAME:

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

Mr. Russell Forbes, Acting Administrator
Defense Materials Procurement Agency
General Services Administration Building
Washington 25, D. C.

APR 13 1953

Re: Docket No. DMEA-2444 (Lead-Zinc)
Outlet Mining Company
The Phoenix Lode Mining Claim
Mineral County, Colorado
Contract No. Idm-E396

Dear Mr. Forbes:

J.C. 4/13/53

For a matter of record there is enclosed a copy of a Rescission of Exploration Project Contract and Certification of Discovery and Development dated January 29, 1953, together with a copy of the Field Team's final report of the operations of the above-named company.

Prior to the Government's participation and during the first active month of the contract (October 1952), the Operator performed a sufficient portion of the proposed work to enable him to put the project into production of marketable ore. The Operator then requested rescission of the contract, returning the Government's check for $751.75, which was the Government's pro-rated share of the work performed during the month of October. The Field Team thereupon recommended that the project be terminated since it appeared that the Government had nothing to gain by continuing the exploration project contract in force. Hence, the Operator's request was granted.

The final report of the Field Team indicates that the property has so far developed some 10,000 tons of high grade lead ore (about 20 per cent grade), plus an indicated tonnage of probably 20,000 tons of medium grade lead ore (grade 2 - 6 per cent lead).

The drift has so far (as of the last report) advanced 145 feet in ore, with an average width of 5 feet, and with the full length of the orebody as yet undetermined. On the hanging wall side of the

vein, a crosscut has shown a 20-foot width of the medium grade material. So far the operation has been highly profitable.

Sincerely yours,

C. O. Mittenderf (fw)

Administrator

Enclosures 2

WRGriswold/AGKeating/hmj
(3/31/53)
CC to: Docket
Cont. Admin. & Audit Div.
Region IV (2)
Base Metals Division
Administrator's Reading File
Operating Committee
Mr. Hedges, Rm 4604
Mr. Thayer, Rm 5216, GSA Bldg.
Mr. F. E. Johnson
Mr. Keating
Mr. Murkland
Chron.

FILE COPY
SURNAME:

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

Mr. Russell Forbes, Acting Administrator
Defense Materials Procurement Agency
General Services Administration Building
Washington 25, D. C.

Re: Docket No. [illegible]-244 (Lead-Zinc)
Outlet Mining Company
The Phoenix Lode Mining Claim
Mineral County, Colorado
Contract No. Idm-[illegible]396

Dear Mr. Forbes:

For a matter of record there is enclosed a copy of a Rescission of Exploration Project Contract and Certification of Discovery and Development dated January 29, 1953, together with a copy of the Field Team's final report of the operations of the above-named company.

The contract was dated September 3, 1952, but the Operator did not commence work under this contract until October 6, 1952. In the interim, between the time of the application and execution of the contract, the Operator performed a portion of the proposed work to an extent that allowed him to put the project into production without Government assistance. However, the Operator did receive a check in the amount of $751.75, which was reimbursement for the Government's prorated share in the costs of the work performed during October 1952. This check has been returned by the Operator to the Government. The Operator requested rescission of the contract and the Field Team recommended that the project be terminated. Since it appeared that the Government had nothing to gain by continuing the exploration project in force, the Operator's request was granted.

The final report of the Field Team indicates that the property has so far developed some 10,000 tons of high grade lead ore (about 20 per cent grade), plus an indicated tonnage of probably 20,000 tons of medium grade lead ore (grade 2 - 6 per cent lead).

The drift has so far (as of the last report) advanced 145 feet in ore, with an average width of 5 feet, and with the full length of the orebody as yet undetermined. On the hanging wall side of the

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Keating
Ground
Chamberlin
Oakes

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

Mr. Howard I. Young, Deputy Administrator
Defense Materials Procurement Agency
General Services Administration Building
Washington 25, D. C.

Re: Docket No. DMFA-2444 (Lead-Zinc)
Outlet Mining Company
Mineral County, Colorado
Contract No. Idm-E396

Dear Mr. Young:

For a matter of record there is enclosed a copy of a Rescission of Exploration Project Contract and Certification of Discovery and Development dated January 29, 1953, together with a copy of the Field Team's final report of the operations of the above-named company.

The contract was dated September 3, 1952, but the Operator did not commence work under this contract until October 6, 1952. In the interim, between the time of the application and execution of the contract, the Operator performed a portion of the proposed work to an extent that allowed him to put the project into production without Government assistance. However, the Operator did receive a check in the amount of $751.75, which was reimbursement for the Government's prorated share in the costs of the work performed during October 1952. This check has been returned by the Operator to the Government. The Operator requested rescission of the contract and the Field Team recommended that the project be terminated. Since it appeared that the Government had nothing to gain by continuing the exploration project in force, the Operator's request was granted.

The final report of the Field Team indicates that the property has no measured or indicated ore reserves. Inferred reserves are estimated as 2,000 tons of ore with an estimated grade of 8.8 ounces silver and 30 percent lead per ton. A vein believed to be the northern extension of the Holy Moses vein has previously been explored and is reported to have produced 98 tons of ore averaging 8.77 ounces silver and 30.68 percent lead per ton.

Sincerely yours,

Administrator

AGKeating/bjl (2/16/53)
cc to: Docket
Cont. Adm.& Audit Div.
Region IV (2)
Finance Office
Base Metals Div.
Admr. R. File
Op. Committee
Mr. Hedges

cc to: Mr. Thayer
Mr. F. E. Johnson
Mr. Murkland
Mr. Hofflund
Chron.

Enclosures 2

500 FILE COPY
SURNAME:

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

Chandler
Gilkal
Robin

Memorandum

To: The Administrator

J.C. 4/13/53

From: Chief, Base Metals Division

Subject: Rescission of Exploration Project Contract and Certification of Discovery and Development, Docket No. DMA 2444 (Lead-Zinc), Outlet Mining Company, Mineral County, Colorado, Contract No. Idm-2396

For purposes of the record, the attached letter relative to the subject project, addressed to Mr. Russell Forbes, Acting Administrator, DMPA, has been prepared for your signature. This has resulted from action taken in accordance with the recommendations of this Division contained in our memorandum to you dated January 21, 1953.

The above-cited contract was dated September 3, 1952, but the Operator did not commence work under the contract until October 6, 1952. During the interim, between the time of application and execution of the contract, the Operator performed a portion of the proposed work to an extent that allowed him to put the property on production without Government assistance. However, the Operator did receive a check from the Government in the amount of $751.75 which was reimbursement for the Government's participating share in the costs of the work performed during October 1952. The Operator has returned this check to the Government.

The Operator requested rescission of the contract and the Field Team recommended that the project be terminated. Since it appeared that the Government had nothing to gain by continuing the project, the Operator's request was granted.

The final report of the Field Team indicates that the property has so far developed some 10,000 tons of high grade lead ore (about 20% grade), plus an indicated tonnage of probably 20,000 tons of medium grade lead ore (grade 2 - 6 per cent lead).

The drift has so far (as of the last report) advanced 145 feet in ore, with an average width of 5 feet, and with the full length of the orebody as yet undetermined. On the hanging wall side of the

vein, a crosscut has shown a 20-foot width of the medium grade material. So far the operation has been highly profitable.

W. R. Griswold

W. R. Griswold

Attachment

WRGriswold/AGKeating/hmj
(3/31/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Division
Mr. Keating
Mr. Hedges
Mr. Thayer
Region IV (2)
Mr. Chambers
Chron.

FILE COPY
SURNAME:

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

Keating
Chandler
Griswold

Memorandum FEB 1 6 1953

To: Administrator

From: Chief, Base Metals Division

Subject: Rescission of Exploration Project Contract and Certification of Discovery and Development, Docket No. DMA-2444 (Lead-Zinc), Outlet Mining Company, Mineral County, Colorado, Contract No. Idm-E396

For purposes of the record, the attached letter relative to the subject project, addressed to Mr. Howard I. Young, Deputy Administrator, DMPA, has been prepared for your signature. This has resulted from action taken in accordance with the recommendations of this Division contained in our memorandum to you dated January 21, 1953.

The above-cited contract was dated September 3, 1952, but the Operator did not commence work under the contract until October 6, 1952. During the interim, between the time of application and execution of the contract, the Operator performed a portion of the proposed work to an extent that allowed him to put the property on production without Government assistance. However, the Operator did receive a check from the Government in the amount of $751.75 which was reimbursement for the Government's participating share in the costs of the work performed during October 1952. The Operator has returned this check to the Government.

The Operator requested rescission of the contract and the Field Team recommended that the project be terminated. Since it appeared that the Government had nothing to gain by continuing the project, the Operator's request was granted.

The final report of the Field Team indicates that the property has no measured or indicated ore reserves. Inferred reserves are estimated as 2,000 tons of ore with an estimated grade of 8.8 ounces silver and 20 percent lead per ton. A vein believed to be the northern extension of the Holy Moses vein has previously been explored and is reported to have produced 98 tons of ore averaging 8.77 ounces silver and 30.68 percent lead per ton.

AGKeating/hmj
2-16-53

/s/ W. R. Griswold

CC to: Docket File Copy
Admr. Reading File
Operating Committee
Mr. Keating
Base Metals Copy

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

224 New Customhouse
Denver 2, Colorado

March 27, 1953.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 30 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2444, Contract Idm-E396 (Lead), Outlet Mining Company, Mineral County, Colorado.

Enclosed are three copies of a memorandum which summarizes the operations of the Outlet Mining Company under the terms of Contract Idm-E396.

W. H. King
W. H. King

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 24, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMEA 2444, Contract Idm-R396 (Lead), Outlet Mining Company, Mineral County, Colorado

Enclosed please find, in conformance with George C. Selfridge's letter of March 6, 1953, and your memorandum of March 10, 1953, a final report (original and five copies) on the Outlet Mining Company project.

It is difficult to make an estimate of reserves without another examination, but they must be substantial as Salsbury states the vein was opened up by drifting for 145 feet, with the breast still in ore. The vein averaged 5 feet wide, with a back of 80 feet. He also reports good ore showing in the floor of the drift.

W. M. Traver

W. M. Traver

WMT/cb

cc: S
R396
DMEA Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 24, 1953

Memorandum

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

From: M. H. Salsbury

Subject: DMEA 2444, Contract Idm-E396 (Lead), Outlet Mining Company, Mineral County, Colorado - Final Report

The Phoenix mine of the Outlet Mining Company on East Willow Creek, 5 miles west of Creede, Mineral County, Colo., was examined on May 7-8, 1952, by M. H. Salsbury, of the Bureau of Mines, and D. R. McLaren, of the Geological Survey. A loan of $11,237.50—Government participation, 50 percent or $5618.75— was granted under the subject docket to drive a crosscut tunnel to cut the Phoenix vein 80 feet below the lowest workings of an incline shaft sunk on the vein where an ore shoot was discovered in 1951. Although the winze was under water at the time of the examination, other evidence was favorable and the Government exploration loan was recommended.

The operators had already started the tunnel at the time of the examination and continued work throughout the summer. By the time the loan application was processed and granted they had reached the Phoenix vein and were drifting on ore.

The short-form contract was delivered to the applicants on October 6, 1952. Under this contract, claims for October and November were presented and a Government check in the amount of $751.75, covering

the October claim, was received by the contractor, but was not cashed. When an inspection was made on December 18, 1953, by M. H. Salsbury, the contractors requested cancellation of the contract. Agreements to accomplish this were signed on January 29, 1953, by the contractors and the Government check returned.

Up until December 18, 1953, approximately 1,500 tons of lead ore, assaying from 20 to 30 percent lead and up to 12.00 ounces silver per ton, had been shipped to the Leadville smelter of the American Smelting and Refining Company. The operation was highly profitable, and the entire exploration cost had almost been realized.

Regular shipments have continued since December and the smelter reports that current shipments are about 150 tons monthly.

On the date of the last inspection the ore shoot had been opened up for 145 feet, with the full length not yet developed. The mineable ore was from 2 to 15 feet wide, averaging possibly 5 feet. The vein was still in the oxidized zone, but the content of galena appeared to be increasing. The zinc content was not over 5 to 6 percent and incurs no smelter penalty. In the crosscut on the hanging wall of the vein was exposed 20 feet of low-grade oxidized lead ore that will assay from 2 to 6 percent lead. A specimen of a rare oxidized lead mineral was obtained from a stringer in the vein and identified by A. T. Sweet, metallurgist of the Bureau of Mines, Denver Federal Center, Denver, Colo., as leadhillite, a complex lead carbonate and sulfate, $2PbCO_3(PbOH)_2SO_4$.

At the tunnel level there was no sign of weakening of the ore shoot going downward. The operators were planning to sink a winze soon and at some time in the future extend another crosscut tunnel which was driven many years ago to cut the vein at a lower elevation.

for Scott W Hazen Jr
M. H. Salsbury
Mining Engineer

MHS/cb

cc 8

FILE COPY
SURNAME:

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

Griswold

BL

M.S. in R. & R.

Base Metals Div., DMEA

WRGriswold/hmj
3669 2616

14X3923-970, Working Fund, Interior
March 23, 1953

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

RE OUTLET MINING CO. DOCKET NO. 2444 SELFRIDGE LETTER MARCH 6TH PLEASE ADVISE IN FINAL REPORT WORK DONE UNDER CONTRACT AND WORK DONE INDEPENDENTLY WITH SUMMARY OF RESULTS.

W. R. Griswold

W. R. GRISWOLD, CHIEF
BASE METALS DIVISION

WRGriswold/hmj
(3-23-53)
CC to: Docket File Copy
Admin. R. File
Op. Committee
Mr. Griswold
Base Metals
Mr. Kinkel
Mr. Bishop
Chron.

SENT
MAR 23 1953
Clerical Service Section

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SURNAME:

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

Renewed Selfridge

MAR 6 1953

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

Re: Docket No. DMEA-2444 (Lead-Zinc)
Outlet Mining Company
Mineral County, Colorado
Contract No. Idm-1396

Dear Mr. King:

Referring to your letter of December 30, 1952, and subsequent correspondence referring to subject docket, would you be kind enough to provide us with something of a final report on the project.

Since no inspections were made after start of operations we appreciate the fact that any report would probably have to be of a cursory nature, yet since the Government participated in the project, at least in the initial stage, it would be desirable that we have such information as you might have available. Possibly you may have some idea as to ore occurrence, indicated tonnage, grade, etc.

Sincerely yours,

George C. Selfridge (HB)
Chairman, Operating Committee

APPROVED:

C. D. Johnson (HB)
Member, Bureau of Mines

D. M. Lemmon (HB)
Member, Geological Survey

WRGriswold/hmj
3-5-53
CC to: Docket File Copy
Admr. R. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Mr. Griswold
Chron.

J.H.
3/6/53

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 6 1953

224 New Customhouse
Denver 2, Colorado

February 3, 1953 B.W.

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2444, Contract Idm-E396, Outlet Mining Company

Enclosed are the original and two copies of "Rescission of Exploration Project Contract and 'Certification of Discovery and Development'". Copies of this agreement have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

Treasury Department check No. 14436966 in the amount of $751.75 will be returned to the Treasury Department.

John F. Shaw
For W. H. King

Enclosures

cc 2/9/53

500

FILE COPY
SURNAME:

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

Keating
Chambers
Hoffman
Selfridge

BM

JAN 21 1953

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

Re: Docket No. DMEA-2444 (Lead)
Contract No. Idm-E396
Outlet Mining Company
Mineral County, Colorado

Dear Mr. King:

This is in response to your letter of December 30, 1952, requesting advice relative to cancellation of the above-cited contract and the disposition of a Treasury Department check in the amount of $751.75, which the Operator has received as reimbursement for the Government's pro rata share in the costs of work performed during October 1952.

There are enclosed the original and five copies of a Rescission of Exploration Project Contract and "Certification of Discovery and Development", which have been executed by the Government. If you find the provisions of the agreement satisfactory, please present it to the Operator for approval and execution and upon obtaining the required signatures distribute in the usual manner.

The Treasury Department check which the Operator has received should be returned to you by the Operator prior to your delivery to him of the rescission agreement. You should then transmit the check to your finance officer, and he in turn will be familiar with the procedure of returning it to the Treasury Department.

Sincerely yours,

J.C. 1/21/53

George C. Selfridge

GCS

Chairman, Operating Committee

Enclosures 6
APPROVED:

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

T. P. Thayer (GCS)
Member, Geological Survey

AGKeating/hmj
1-13-53
CC to: Adm. Reading File
Base Metals Division
Docket
Operating Committee
Mr. Kinkel
Mr. Bishop

FILE COPY
SURNAME:

500

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

Keating
Chambers
Evans
Hoffman
Selfridge

Memorandum

JAN 21 1953

To: Administrator

From: Acting Chief, Base Metals Division

Subject: Rescission of Contract No. Idm-E396, Docket No. DMEA-2444, Outlet Mining Company

The above-cited contract was dated September 3, 1952, but the Operator did not commence work under this contract until October 6, 1952. In the interim between the time of the application and execution of the contract, the Operator performed a portion of the proposed work to an extent that allowed him to put the property on production without Government assistance. However, the Operator did receive a check in the amount of $751.75, which was a reimbursement for the Government's prorated share in the costs of the work performed during October 1952.

The Operator has requested rescission of the contract, and it appears that the Government will have nothing to gain by continuing the exploration project in force. The Field Team recommends that the project be terminated and that the necessary termination documents be prepared in Washington, to which the Base Metals Division concurs. J.C. 1/21/53

There is attached hereto the original and five copies of Rescission of Exploration Project Contract and "Certification of Discovery and Development", which as been approved and prepared by the Office of the Chief Counsel.

A. G. Keating

Attachments

AGKeating/bjl (1/13/53)
Copy to: Docket
Admr. R. File
Op. Committee
Base Metals Div.
Chron.

FILE COPY
SURNAME:

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

AEKane

n. s. in R. v R.

Memorandum

To: Acting Chief, Base Metals Division

From: Chief Counsel

Subject: Outlet Mining Company, Contract No. Idm-E396, Docket No. DMEA-2444

Reference is made to your memorandum of January 7, in the subject case asking our advice concerning the proper method of terminating this contract and whether or not certification should be made even though all Government participation funds are repaid.

Certification should be made and we are attaching a form of certification which rescinds and cancels the contract and provides for the return of the check received from the Government. This check should be returned to the Regional Executive Officer, who in turn should transmit it to his finance officer, who will know the procedure of returning same to the Treasury Department.

J. L. Hofflund

J. L. Hofflund

Attachment

AEKane/bjl (written 1/8/53)

Copy to: Docket
Admr. R. File
Op. Committee
Mr. Hofflund
A. E. Kane
Chron.

FILE COPY
SURNAME:

Keating

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

BEV

January 7, 1953

Memorandum

To: Chief Counsel

From: Base Metals Division

Subject: Docket No. DMEA 2444, Contract Idm-E396, Outlet Mining Co. Colorado (Lead-Zinc)

Please advise the proper form for termination. Should certification be made even though all Government participation funds are repaid. The Audit Division says the check for $751.75 should be returned by the Operator to Regional Executive Officer for him to transmit to his Finance Officer.

s/ lyl

A. G. Keating, Acting Chief
Base Metals Division

Attachment

J.C. R.R.

AGKeating/hmj
(1-7-53)
CC to: Docket
Adm. Reading File
Operating Committee
Base Metals
Chron.

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

224 New Customhouse
Denver 2, Colorado

January 7, 1953

Memorandum

To: J. H. East, Jr., Regional Director, Region IV

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2444 (Lead), Contract Idm-E396, Outlet Mining Company

Enclosed are copies of the following:

Letter dated December 19, 1952, from the Outlet Mining Company to the Colorado Field Office

Letter dated December 20, 1952, from the Outlet Mining Company to the Colorado Field Office

Letter dated December 30, 1952, from the Executive Officer to the Outlet Mining Company

Memorandum dated December 30, 1952, from the Executive Officer to the Administrator, DMEA

This office would like a prompt ruling regarding the procedure in handling the Treasury Department check which is now being held by the Outlet Mining Company, so that we may terminate this contract.

John F. Shaw
John F. Shaw
For W. H. King

Enclosures

Payment by field office [illegible] check

Mr. Keating 1/15/53

Prepare letter with Legal assistance - advising to terminate by Mutual Agreement and accept return of Treasurer's check

Request Field Team for data on ore discovery and work performed.

This should be handled similar to DMEA-2105 Beryllium Development, Inc., Contract No. Idm-E284.

We will Certify to Discovery

FEJohnson

224 New Customhouse
Denver 2, Colorado

December 30, 1952

Mr. William T. Jackson
Outlet Mining Company
Creede, Colorado

Dear Mr. Jackson:

Reference is made to your letter dated December 20, 1952, to Mr. W. M. Traver, Jr., Bureau of Mines, Denver, Colorado, which was forwarded to this office for appropriate action. In this letter you requested advice relative to the cancellation of Contract Idm-1396 and disposal of a Treasury Department check in the amount of $751.75 made payable to the Outlet Mining Company, which was reimbursement for the Government's pro rata share of the costs incurred in performing work during the month of October 1952 under Contract Idm-1396.

We have forwarded the necessary information to our Washington office requesting advice as to the procedures we are to follow in cancelling the contract and disposing of the check. Please hold the check pending subsequent advice from this office.

Very truly yours,

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

JWT:jp
cc Contract
Chron
WMTraver
AHKoschmann (2)
JWTownsend

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 2 1953

Keating
Betty

224 New Customhouse
Denver 2, Colorado

December 30, 1952

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2444 (Lead), Contract Idm-E396, Outlet Mining Company, Mineral County, Colorado

Enclosed are three copies of a letter dated December 19, 1952, from John R. Jackson, and three copies of a letter dated December 20, 1952, from Wm. T. Jackson, concerning the cancellation of the subject contract and a request for advice relative to the disposition of a Treasury Department check in the amount of $751.75 which they have received as reimbursement for the Government's pro rata share in the costs of work performed during October 1952.

The contract is dated September 3, 1952, however, the operator did not commence work under the contract until October 6, 1952. In the interim, and between the time of their application and execution of the contract, the proposed work had been performed to the extent that Government assistance in the exploration work was no longer needed, as their work had developed sufficient ore to put the mine on a production basis.

It appears that the Government would have nothing to gain by continuing the exploration project in force. Therefore, we recommend that the necessary termination documents be prepared by your office and forwarded to us for execution.

Please advise us of the procedure in the disposal of the Treasury Department check in the amount of $751.75 which they are holding pending receipt of such advice.

RECEIVED
JAN 7 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

W. H. King

Enclosures

W. H. King

COPY

OUTLET MINING COMPANY
A Limited Partnership
Creede, Colorado

December 20, 1952

Mr. W. M. Traver Jr.

Bureau of Mines

Denver, Colo.

Dear Mr. Traver;

Under date of December 18th., 1952 we received a check from the Treasury Department, Division of Disbursement - 363 New Custom House, Denver, Colorado in the amount of $751.75 payable to the Outlet Mining Company.

Under date of December 19th., 1952 my son John R. Jackson wrote your office asking cancellation of Contract - DMEA 2444 Idm-E396 as we do not at this time wish to take advantage of the loan.

Will you kindly advise at your earliest convenience what disposition you want made of the check we received through the Division of Disbursement.

Very truly yours

Outlet Mining Company

By- /s/ Wm. T. Jackson
Treasurer

COPY 12/19/52

Mr. W. M. Traver, Jr.
Bureau of Mines
Denver, Colorado

Dear Mr. Traver,

I am writing this letter to ask cancellation of our contract-DMEA 2444 Idm-E396. Since our first contact with your office we have progressed to a point where a loan is not needed and as Mr. Salsbury pointed out the royalty payments would probably exceed the monthly loan.

We wish to thank you and your department for the help you have given us, it is certainly appreciated though we regret the work you have done for us was in vain, at the time we inquired about the loan we were working on a shoestring and thought the loan would be our saving, with luck and determination we have succeeded initially.

In the future we may wish to drive our Outlet Tunnel some 600 feet lower than we now are and will perhaps inquire of a loan for that project.

Again thank you and our best wishes for the New Year.

Sincerely

/s/ John R. Jackson

Outlet Mining Co.
Creede, Colorado

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED

Docket Copy

224 New Customhouse
Denver 2, Colorado

November 5, 1952

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Amendment No. 1 to Contract Idm-E396, Docket DMEA 2444, Outlet Mining Company (Lead)

Enclosed are the original and two copies of Amendment No. 1 to Contract Idm-E396. Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

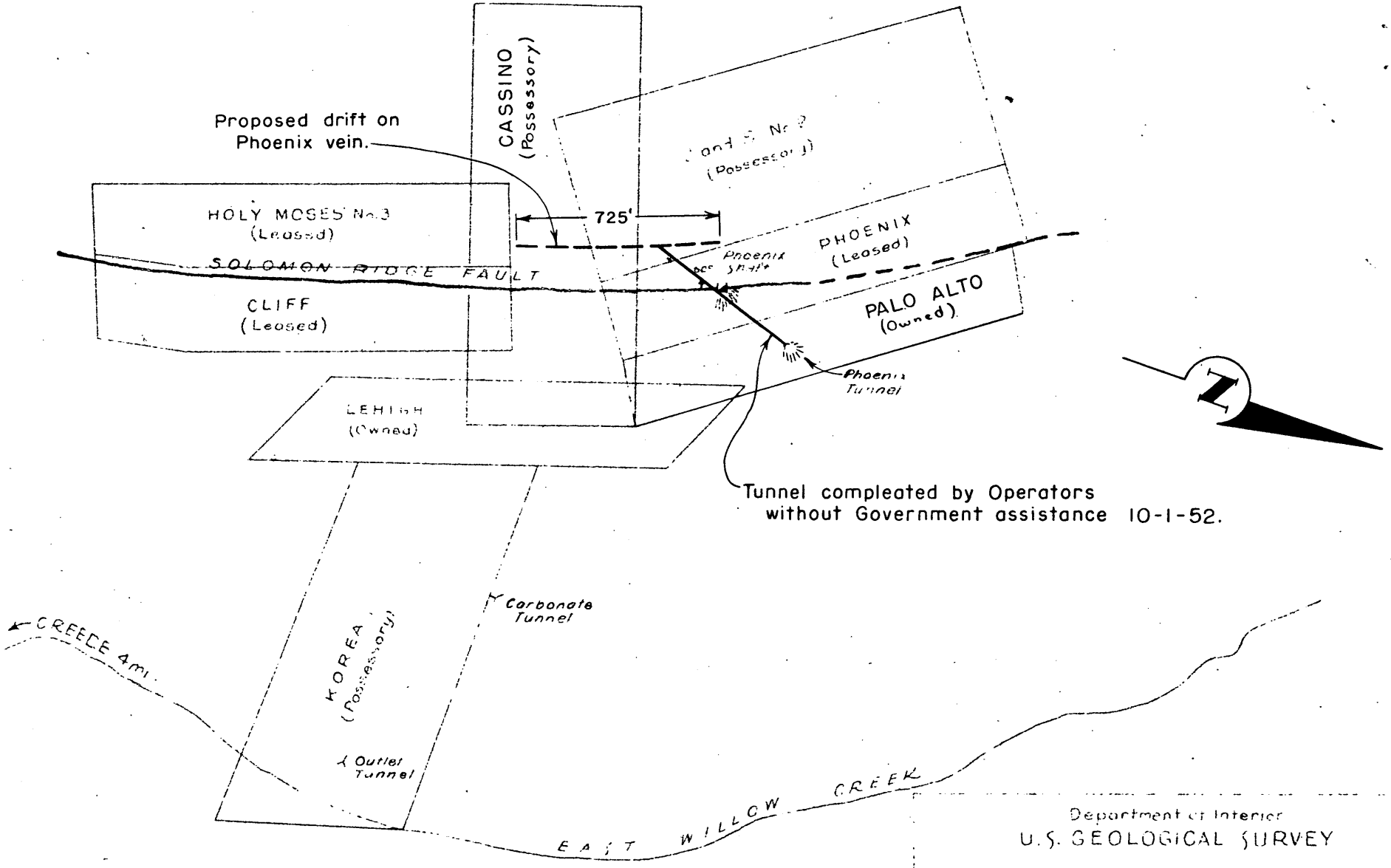
Also enclosed are three copies of a letter from the operator requesting this amendment and three copies of a memorandum from a Bureau of Mines engineer recommending this amendment.

W. H. King

W. H. King

Enclosures

Case 11-10



Department of Interior
U.S. GEOLOGICAL SURVEY

CLAIM MAP
OUTLET MINING COMPANY
DMEA Docket 2444

SCALE
500 0 500

May 1952

Base by applicant. Geology by D.R. MacLaren
After W.H. Emmons and E.S. Larson

CONTRACT IDM-E396

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 23, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMEA 2444, Contract Idm-8396 (Lead), Outlet Mining Company, Creede, Mineral County, Colorado - Request for contract amendment

Please find enclosed the original and five copies of R. L. Bolmer's memorandum on the subject request for contract amendment and nine copies of a sketch showing the proposed change.

Bolmer's memorandum is concise and adequately explains the contractors' request for amendment. He recommends approval as outlined and I concur.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/smh

cc 5
DMEA 2444
DMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Room 137, Building 20
Denver Federal Center
Denver 14, Colorado
October 23, 1952

Memorandum

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

From: R. L. Balmer

Subject: DMEA 2444, Contract Idm-8396 (Lead), Outlet Mining Company, Creede, Mineral County, Colorado - Request for contract amendment

Exhibit A of the subject short form contract provides for the extension of the Phoenix tunnel approximately 625 feet to cut the Phoenix vein and drifting approximately 50 feet in each direction on the Phoenix vein.

The operators began work on the Phoenix tunnel in April 1952. The tunnel had been advanced 49 feet on May 7, 1952, the date that the Bureau of Mines examined the property to check the operators' application for government assistance. The application for assistance subsequently was approved and the subject contract prepared. The contract was delivered to the operators October 1, 1952.

In the interim, the operators continued advancing the tunnel without government assistance. The operators also improved surface facilities and constructed an access road from the property to Creede. The short summer season necessitated completion of much of the preliminary work in preparation for winter operations. On the date of delivery of the

subject contract to the operators, the Phoenix tunnel had cut the Phoenix vein at approximately 570 feet from the portal. The operators, therefore, were eligible to receive assistance only on the uncompleted portion of the program, or 100 feet of drifting on the Phoenix vein. At my suggestion, the operators have requested that the contract be amended to permit an additional 625 feet of drifting on the vein in lieu of the 625 feet of crosscut tunnel now provided and which already had been completed without financial assistance.

The Phoenix vein as cut by the tunnel is encouraging. Drifting south from the tunnel, subsequent to receipt of the contract, has exposed a strong vein up to 7 feet in width averaging 20 to 27 percent lead. The ore exposed is direct smelting and almost wholly oxidized. The ore shoot, as observed in the drift opened to date, is expected to extend beyond the 100 feet allowed for its exploration under the contract. The operators believe the shoot encountered rakes to the north and have requested that the additional drifting be applied south from the tunnel. There is some evidence of a rake to the ore body but its extent could not be determined from the limited work on the vein. It is not known whether the length of the ore shoot at the tunnel level will extend the full distance requested; however, exploration of its extent within the requested distance is warranted.

As the equivalent footage of crosscutting already has been completed by the operators at their own expense, the requested amendment will not increase the total amount of the contract. The near exhaustion of their personal capital and credit through continuation of the major portion of

the exploration without financial assistance is evidence of the operators' confidence in the success of the program. The operators are willing to undertake the additional exploration with government assistance. The work performed to date, both at the operators' own expense and with government assistance, has been efficient and according to good mining practice. The drifting requested will be in ore for the most part and the operators will make regular shipments of the exploration ore as the work progresses. Under the circumstances, the amendment requested by the operators is considered justified.

It is recommended that the "Description of the Work" under Exhibit A of the subject contract be amended to read:

> Drift from the Phoenix tunnel in either direction on the Phoenix vein to the extent approved by the DMEA representative but not to exceed a total of 725 feet. Said approval is dependent on conditions and extent of mineralization encountered as the drift progresses.

A sketch showing the proposed change is attached.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

attachment
RLB/amh

cc 5
DMEA 2444
DMEA Chron.

COPY

10/14/52

Mr. W. H. King
U. S. Bureau of Mines
Denver, Colorado

Dear Mr. King

At the suggestion of Mr. R. L. Bolmer, field representative from your office, I am asking for an amendment of our exploration project contract No. Idm-E396, docket No. DMEA 2444.

Since our tunnel was completed and the Phoenix vein contacted at the time of Mr. Bolmer's inspection he suggested the contract be amended to read- 675 feet of drifting South on Phoenix vein from point of contact and 50 feet North on Phoenix vein from point of contact instead of the present description of work located under exhibit A which reads- extend the Phoenix tunnel approximately 625 feet to cut the Phoenix vein and drift approximately 50 feet in each direction on the Phoenix vein.

As our ore bin was near completion and we were preparing to drift both ways Mr. Bolmer suggested I notify your office of work starting on the contract as of 1st of October, 1952 and my first filing of forms with you to be for the month of October and the first work to be on the South drift.

If this meets with your approval I shall submit the necessary forms the 1st of November.

Sincerely

/s/ John R. Jackson
Outlet Mining Co.
Crede, Colorado

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

224 New Customhouse
Denver 2, Colorado

December 16, 1952

~~Hesling~~
Betty

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 1 0 1952

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 2444, Contract Idm-E396 (Lead) Outlet Mining Co., Mineral County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report MF-104 and 104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data for the month of October, 1952, pertaining to DMEA Docket 2444, Contract Idm-E396, Outlet Mining Co.

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

Enclosures

Operator reports lead ore at 33'.

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

[redacted] New Customhouse
Denver 2, Colorado

December 8, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
[illegible]
DEC 1 [illegible] 1952

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2444, Contract Idm-E396 (Lead) Outlet Mining Co., Mineral County, Colorado - Operator's Monthly Progress Report, for the period of October, 1952

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

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

Progress for the month of October, 97 feet of drifting, has not been verified due to a misunderstanding of the operator. As the measurement will be checked for the November report we recommend that payment be made without verification.

W. H. King
W. H. King

Enclosures

RDB:oc

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMEA 2444, Contract Idm-E396 (Lead), Outlet Mining Company, Mineral County, Colorado - Progress report for October 1952

Please find enclosed five copies of the initial progress report on the subject short form contract--forms MF-104 and MF-104A, with narrative--and seven copies of R. L. Bolmer's memorandum covering inspection of the accounts.

The project is located some distance from others requiring inspection, and the initial report due to a misunderstanding of the operator was not received until December 1. Consequently, measurement of October and November progress will be combined.

Payment is approved of $751.75, or 50 percent of the total $1,503.50 reported by the contractor.

W. M. Traver, Jr.

W. M. Traver, Jr.

WMT/cb

cc 4
AHKoschmann
E396
DMEA Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

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

From: R. L. Bolmer

Subject: DMEA 2444, Contract Idm-E396 (Lead), Outlet Mining Company, Mineral County, Colorado - Progress report for October 1952

Progress under the subject, short form, contract is reported by the operator as 97 feet of drift on the Phoenix vein south from the Phoenix tunnel. Due to the late date, verification of the progress reported during October is being waived. Measurement of the October advance will be combined with the inspection of the November progress. As a matter of record, work under the subject contract began October 6, 1952, the date that the signed contract was delivered to the operators.

The costs claimed for October, $1,503.50, correspond to 97 feet of advance at the contract rate of $15.50 per foot and are approved. Payment of 50 percent of the approved costs, or $751.75, is recommended.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

RLB/cb

cc 6
AHKoschmann
E396
DMEA Chron

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1952 Docket No. DMEA 444 Contract No. I-[illegible]
Operator's Name [illegible] COMPANY Minerals [illegible]
Address [illegible], [illegible]
Contract Amount, $ 1[illegible]7.50 Government Participation: 50 % Amount, $ 5[illegible].75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) [redacted] Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting	1503.50	0.00	1503.50			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1503.50	0.00	1503.50	1503.50		1503.50

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

Date Nov. 27, 195[illegible] *Payee [illegible] COMPANY

Per John R. Jackson Title [illegible]

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

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

(Instructions on reverse)

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

$751.75

Signature [illegible]
(Authorized Certifying Officer)

Date 12/15/52 Voucher No. DMA 53-70

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-396 in accordance with the terms of the contract.

Signature R. P. Palmer, $751.75 Title Mining Engineer Date Dec. 2, 1952

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

Signature W. H. King Title Executive Officer Date 12/9/52

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 1 0 1952

Month of October 195 2 Docket No. DMEA 2444 Contract No. I6-[illegible]
Operator's Name OSTLER MINING COMPANY Minerals [illegible]
Address Creede, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	foot	$1503.50	97'	$1503.50	97'	$15.50	725'	$15.50 per'
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails		(Government participation 50% of $1503.50					or	$752.75)
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1503.50		$1503.50				$11,237.50

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

Date Nov. 27, 1952 Operator OSTLER MINING COMPANY

Per John R. Jackson Title Gen. Partner

REMARKS: The above month's 97' of drift is South of the intersection of cross-cut on the Phoenix vein, profitable lead ore was encountered at 32' feet, will continue South 6 this time.

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

C O P Y

11/27/52

Mr. W. M. Traver Jr.
U. S. Bureau of Mines
Denver, Colorado

Dear Mr. Traver,

I mistakenly assumed our contract started on the date we received the amended contract (Nov. 5) and planned on filing first progress reports on this contract on December 5, 1952, since the amendment to the contract has apparently not delayed the starting date I am enclosing herewith five copies each of forms MF-104 (rev) and MF-104A for the month of October.

On Mr. Bolmer's arrival the cross-cut was completed to the vein but no exploratory work had been done on the vein at that time. We have followed the Phoenix vein South from point of interception 124' at this writing and have started an incline raise to the lowest of the upper workings. We encountered pay lead ore at 33' in the drift and a barren zone at 70', at 120' the vein started to widen and at 124' is approximately eight feet wide and has considerable visible lead though assay reports are not in at this time.

Will you forward a copy of this letter to M. W. H. King to clarify the starting date, I will follow instructions more carefully hereafter.

Thanks very much.

Sincerely

/s/ John R. Jackson

Gen. Partner
Outlet Mining Co.
Creede, Colorado

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 Administration
RECEIVED
OCT 13 1952

October 8, 1952

Memorandum

To: Administrator, Defense Minerals Exploration Administration
Attention: 210

From: Field Team, Region IV

Subject: Final Report, DMEA Docket 2444, (Lead) Outlet Mining Company, Mineral County, Colorado

Enclosed are the original and three copies of the final report on DMEA 2444.

The contract has been signed and is in effect.

John F. Shaw
John F. Shaw
For W. H. King

A. H. Koschmann
A. H. Koschmann

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE
10-17-52
(date)

Report

UNITED STATES
DEPARTMENT OF THE INTERIOR
OSCAR L. CHAPMAN, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

DMEA 2444, Outlet Mining Company

Mineral County, Colorado

Lead

M. H. Salsbury, Mining Engineer
Bureau of Mines

D. R. MacLaren, Geologist
U. S. Geological Survey

June 2, 1952

Reviewed by
DMEA [illegible]
10-17-52
(date)

DMEA 2444

OUTLET MINING COMPANY

MINERAL COUNTY, COLORADO

Summary, Conclusions, and Recommendations

By M. H. Salsbury
Mining Engineer
Bureau of Mines

and

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

DMEA 2444

OUTLET MINING COMPANY
MINERAL COUNTY, COLORADO

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

By M. H. Salsbury and D. R. MacLaren

An examination of the property of the Outlet Mining Company on East Willow Creek near Creede, Mineral County, Colo., was made May 7 and 8, 1952, by a Region IV Bureau of Mines-Geological Survey examining team for the purpose of checking in the field an application for a Defense Minerals Exploration Administration exploration loan, docket 2444.

The application requested a loan of $27,000.00, Government participation--$13,500.00, to drive the Phoenix tunnel from surface 375 feet to cut the Phoenix vein some 100 feet below an ore shoot which was discovered in a winze sunk from the bottom level of the Phoenix shaft last year.

A smaller loan, $10,000.00, Government participation--$5,000.00, is recommended by the examiners, with a possible additional sum of $2,500.00,Government participation--$1,250.00, to assist in meeting payments on machinery already contracted for.

The applicants did not delay operations while waiting for the Defense Minerals Exploration Administration application to be processed but contracted for equipment and started work driving the Phoenix tunnel at the earliest possible moment this spring. They do not, however, have sufficient funds available at this time to complete the work but expect to be able to raise

enough, including the value of their labor, to match Government funds.

A fault, believed to be the northern extension of the Solomon-Ridge, passes through the Campbell Mountain rhyolite on the property of the Outlet Mining Company. The Holy Moses vein, developed on this fault, has been highly productive in the past. A vein believed to be the northern extension of the Holy Moses has been partially explored and is known to have produced 98 tons of ore, averaging 8.77 ounces silver per ton and 30.68 percent lead. The proposed crosscut, the Phoenix tunnel, will cut the vein at a favorable horizon and below known ore.

The property has no measured or indicated ore reserves. Inferred reserves are estimated as 2,000 tons with a grade of 8.8 ounces silver per ton and 30 percent lead.

The applicants underestimated the footage to be driven and did not provide for any drifting on the vein. The examining team, from a compass and tape survey, estimates the total length of crosscut as 625 feet and recommends provision for 100 feet of drifting on the vein. A low cost of $15.00 per foot for this work is estimated because of very efficient working conditions and low overhead costs.

No additional equipment is needed except for ventilation which, in the judgment of the Bureau engineer, will be needed before the work is completed.

The gross operating profit from an ore of the grade shipped from the winze is estimated at $32.75 per ton. It should be possible to produce 200 tons of ore per month or 120,000 pounds of lead.

It is concluded that the winze ore showing has a good chance of developing into a substantial ore body.

The applicants have an excellent reputation in the community and are considered reliable and capable.

The smaller loan, $10,000.00, Government participation--$5,000.00, is recommended for driving 625 feet of crosscut in the Phoenix tunnel, less any work done up to the date of the contract, and 100 feet of drift on the Phoenix vein.

A payment of $2,500.00 on equipment is due July 1, 1952, and, if Government participation in this can be approved, giving the Government a fractional interest in the equipment, an additional sum of $1,250.00 is needed, making the total amount of Government participation $6,250.00.

OUTLET MINING COMPANY

MINERAL COUNTY

CREEDE, COLORADO

DMEA DOCKET 2444

Geologic Report

By Donald R. MacLaren
U. S. Geological Survey

Reviewed by
DMEA OPERATING COMMITTEE

10-17-52.
(date)

OUTLET MINING COMPANY
CREEDE, MINERAL COUNTY, COLORADO

INTRODUCTION

The Outlet Mining Company of Creede, Mineral County, Colorado, has applied to the Defense Minerals Exploration Administration for assistance to explore for lead. The Company proposes to spend $27,000 to explore along the northern extension of the Holy Moses vein by driving a 375 foot crosscut to intersect the vein 300 feet below the surface. The Government's share of this expenditure will be $13,500. Inspection of the property has indicated that the true distance from the portal of the crosscut to the vein is 625 feet. The discrepancy is due to the applicant's failing to take into account the dip of the vein and the angle between the bearing of the crosscut and the strike of the vein. An adjustment of the cost estimates made by the Bureau of Mines has reduced the amount required to $10,000, of which the Government will pay $5,000. In addition to the crosscutting, allowance has been made for 100 feet of drifting along the vein after it is cut.

The recent shipment from this property of 98 tons of "development" ore assaying 30.68% Pb and 8.77 oz. Ag, and the past record of production from the Holy Moses vein farther south, indicate that this is a good prospect. It is recommended that the application be approved for $10,000 (Government's share 50%).

GEOLOGY

The geology of the Creede District has been well described by W. H. Emmons and E. S. Larsen (1923). The bed rock is made up entirely of Tertiary volcanic rocks, for the most part lava flows, with a lesser number of tuff and breccia deposits, and a few small intrusives. Except for a single andesite formation, all the rocks have been classified as rhyolite and quartz latite. Generally speaking, the lavas dip gently to the north. Local variations in dip are due to block faulting which is prevalent throughout the region. Most of the producing ore bodies were deposited along two major fault zones, the Amethyst and the Solomon-Ridge. The vein along the northern portion of the Solomon-Ridge fault zone is called the Holy Moses vein.

The area of proposed exploration is on the east slope of Campbell Mountain, 4 miles north of Creede, above East Willow Creek (fig. 2). The predominant rock on the property is Campbell Mountain rhyolite. A mineralized fault, believed to be the northern extension of the Solomon-Ridge fault, cuts through the Campbell Mountain rhyolite from the south end of the Cliff Claim, passes through the Phoenix shaft, and continues to the north for a short distance until it is obscured by overburden. It is a normal fault of small throw, economically important because along it are the Solomon, Ridge, and Holy Moses mines. On the Outlet property it strikes from due north to N. 12° W. and dips to the west 59° to 80°. It has been traced northward to a point half a mile north of the Phoenix shaft and is lost in an area where exposures are poor and interpretations of the geology uncertain.

DEVELOPMENT

The Phoenix shaft, said to be 150 feet deep, is sunk on the vein (fig. 2). From the bottom of the shaft the vein has been followed 180 feet to the south, at which point the applicant put down a winze 52 feet. Spring thaws produced such a flow of water that the work had to be discontinued, and at the time of the examination the lower level was some 8 feet under water. The 150 foot level is said to follow a vein with 6 to 8 inches of galena throughout its entire length. In the winze (fig. 4) the vein is said to have widened with depth being over 6 feet wide at the bottom. From the rock taken out of the winze 98 tons of ore was shipped. Smelter returns from this shipment showed:

	Tons	oz. Au	oz. Ag	% Pb
	50	0.06	8.75	29.8
	48	0.08	8.80	31.6
TOTAL	98	0.07	8.77	30.68

Through the Holy Moses No. 2 tunnel (not shown on the map) located 2,850 feet south and 400 feet below the elevation of the proposed Phoenix tunnel, the vein has been developed by 1,200 feet of drift. A short distance south of the Holy Moses No. 2 and 100 feet above the Phoenix level, the Holy Moses No. 1 tunnel has developed the vein for 700 feet. Although the production figures from these two tunnels are not available, considerable ore is known to have been shipped.

SUMMARY AND CONCLUSIONS

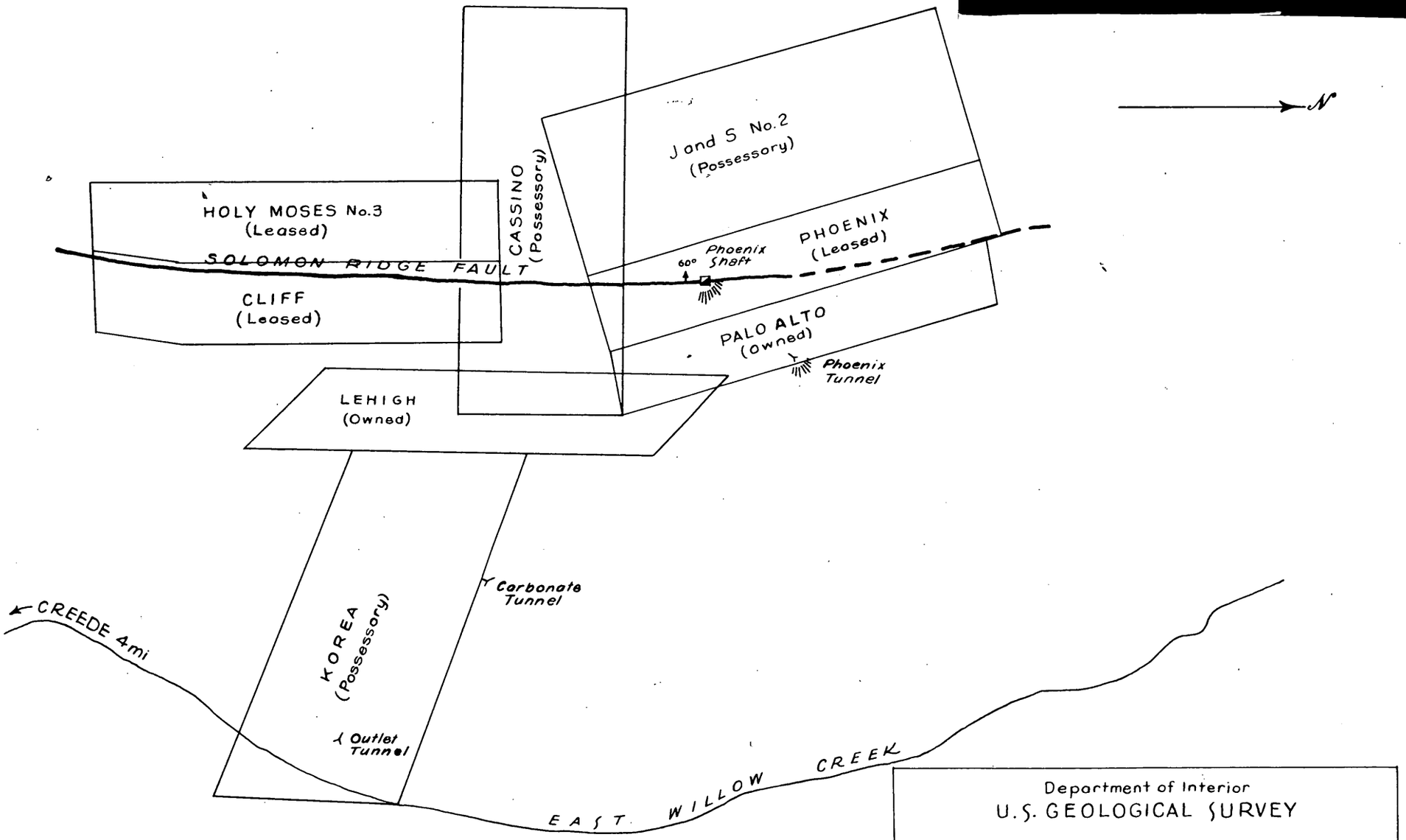
A fault believed to be the northern extension of the Solomon-Ridge passes through the Campbell Mountain rhyolite on the property of the

Outlet Mining Company. The Holy Moses vein, developed on this fault has been highly productive in the past. A vein believed to be the northern extension of the Holy Moses has been partially explored and is known to have produced 98 tons of ore averaging 8.77 oz. Ag and 30.68% Pb. The proposed crosscut, the Phoenix tunnel, will cut the vein at a favorable horizon and below known ore.

It is concluded that this is a good prospect and it is recommended that the application be approved for $10,000 (the Government's share $5,000).

REFERENCE

Emmons, W. H., and Larsen, E. S., Geology and ore deposits of the Creede district, Colorado: U. S. Geological Survey Bulletin 718, pp. 12-16; 85-88; 94; 175-182, 1923.



Department of Interior
U.S. GEOLOGICAL SURVEY

CLAIM MAP
OUTLET MINING COMPANY
DMEA Docket 2444

SCALE
500 0 500

May 1952
Base by applicant. Geology by D.R. MacLaren
After W.H. Emmons and E.S. Larson

Fig 2

DMEA 2444

OUTLET MINING COMPANY

MINERAL COUNTY, COLORADO

Engineering Report

By M. H. Salsbury
Mining Engineer
Bureau of Mines

Received by
DMEA C[illegible]
10-17-53
(date)

DMEA 2444

OUTLET MINING COMPANY
MINERAL COUNTY, COLORADO

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* See figure following Geologic Report.

DMEA 2444

OUTLET MINING COMPANY
MINERAL COUNTY, COLORADO

ENGINEERING REPORT

By

M. H. Salsbury

INTRODUCTION

An examination of the property of the Outlet Mining Company near Creede, Mineral County, Colo., was made on May 7 and 8, 1952, by M. H. Salsbury, Bureau of Mines, and D. R. MacLaren, U. S. Geological Survey, for the purpose of checking an application for Government exploration assistance.

The application calls for the expenditure of $27,000.00, Government participation--$13,500.00, to drive a crosscut tunnel 375 feet to cut the Phoenix vein about 100 feet below a winze sunk in ore last year (1951) from the bottom level of the Phoenix mine.

ACKNOWLEDGMENTS

Information on the property was obtained from Bulletin 718, U. S. Geological Survey, from the applicants, and by observation including comparison with the Mexico-Solomon vein workings to the south examined previously by the same team.

LOCATION, TOPOGRAPHY, AND PHYSICAL FEATURES

The property is located on the west slope of East Willow Creek 5 miles by road from the railhead at Creede over a steep, tortuous route up West Willow Creek (fig. 1) and over a ridge at more than 10,300 feet elevation, then down to the mine at about elevation 9,800 feet. The region is one of long winters with heavy snowfall. Operation throughout the year is feasible where mine access roads follow a route that can be kept open without too much difficulty. The road in use to the Outlet Mining Company property traverses an exposed ridge and is almost impossible to keep open through a severe winter, as was demonstrated in 1951-52. A 2-mile continuation of the road serving the Mexico-Solomon property on East Willow Creek would reach the Outlet property at an estimated cost of $4,000.00. The road should certainly be built either by the operators or with Defense Materials Procurement Agency production road funds if enough ore is found during the current exploration.

There is an ample supply of acid-free water available for mining purposes. It would have to be hauled during the dry season from a nearby stream.

There are no sources of power available and all needs must be provided for by the individual operator. Mining timber can be cut on the property.

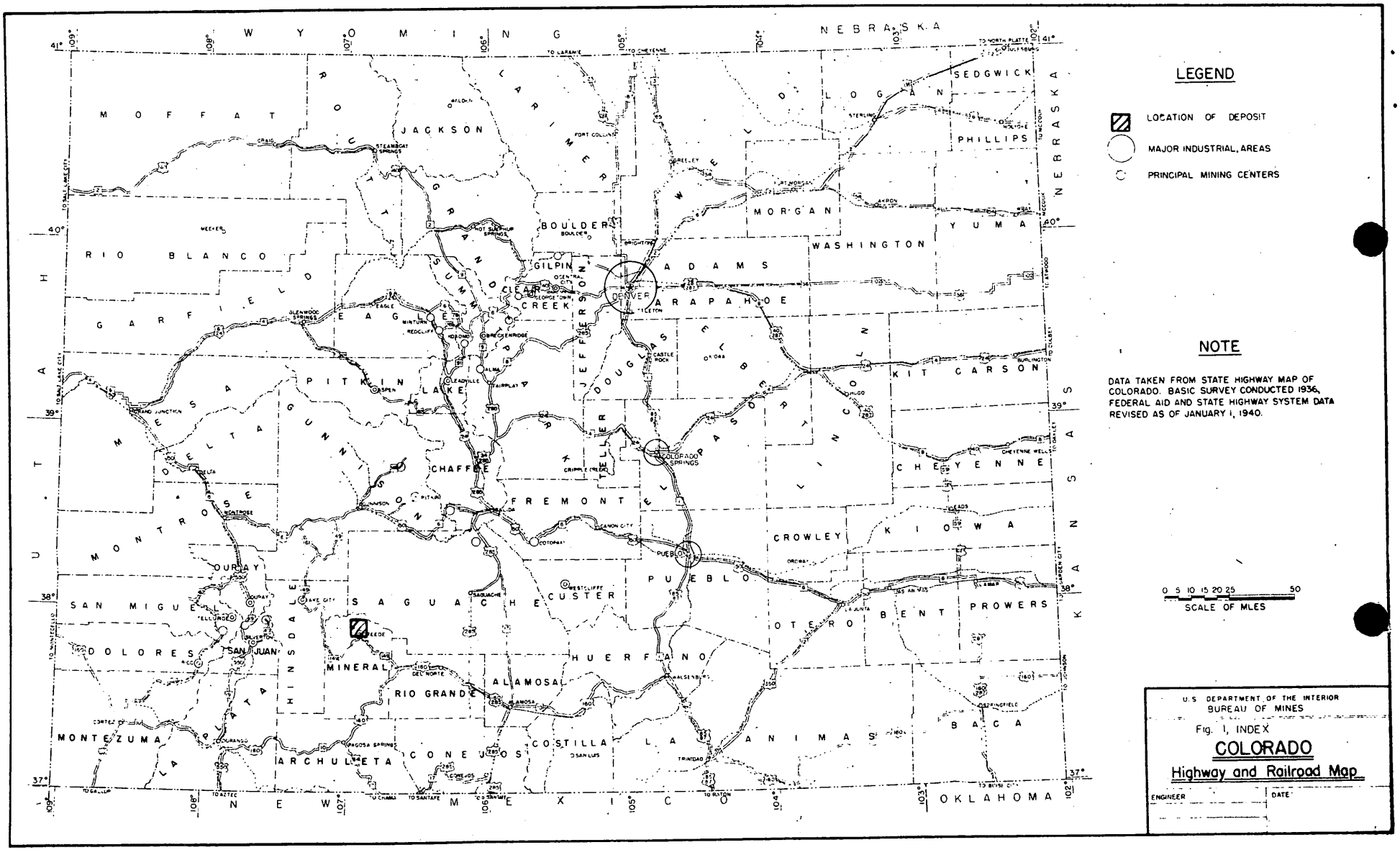

Figure 1. Location Map, Phoenix Mine, Outlet Mining Co., Mineral Co., Colo. DMEA-2444

The region is served by a broad gauge branch of the Denver and Rio Grande Western Railroad. A very favorable freight rate on ores to the Leadville smelter of the American Smelting and Refining Company is in effect. The ore hauling rate from the mine to the railroad over the present road is high, not less than $1.50 a ton.

There are no milling facilities for custom ore available in the Creede district.

HISTORY AND PRODUCTION

The Phoenix lode was prospected in the early days of the camp before 1900 and the present shaft sunk and a small amount of lateral development done on three levels. There is no record of production or evidence of stoping, and it would appear that ore developed in the early days was too low grade to be profitable. No work was done after 1900 until the present operation which was started last year. In 1951, 98.13 dry tons of ore assaying 8.8 ounces silver per ton and 30 percent lead with low zinc content, gross value $95.00 per ton, were shipped to the Leadville smelter of the American Smelting and Refinining Company. This was reported by the applicants to be unsorted ore from the Phoenix winze.

The group of claims operated by the Outlet Mining Company comprises three leased claims, two patented claims owned by the company, and four possessory claims held by location (fig. 2 with geologic report).

Of the leased ground, the Phoenix lode claim, survey number 7743, owned by the Moffat Estate Company, in care of A. W. Anderson, 1210 First National Bank Building, Denver, Colo., is of immediate concern to the present proposal. It is held on a lease expiring July 10, 1953, with the privilege of extention for two years to July 10, 1955. This claim is on the apex of a portion of the Phoenix vein and covers the ore location.

The other two leased claims, the Holy Moses and Cliff, owned by W. C. Ellithorpe and associates, Del Norte, Colo., cover the possible extension southward of the Phoenix vein. beyond the south end line of the Phoenix claim. The Cassino, one of the located claims held by the applicants, covers the route of the proposed crosscut tunnel to the point where it enters the Phoenix claim. The three other possessory claims, the J & S, J & S 2, and one other not designated to the examining team, cover fractions not previously located and, with the Palo Alto, survey number 8560, and the Lehigh, both patented claims owned by the applicants, make a solid block of mining ground.

The owners of the Phoenix lode claim have agreed to sign a subordination agreement. The lease on the Phoenix, of which a copy has been furnished by the owners, has the usual requirements with a schedule calling for royalty payments of 10 percent on ore of net value of $10.00 per ton or less to 35 percent on ore with a net value of $35.00 per ton or more.

The Outlet Mining Company is a three-man partnership composed of William T. Jackson, John R. Jackson, and Gavin W. Skinner, together holding a 68 percent interest, and a group of San Diego, Calif., associates as limited partners holding a 32 percent interest. John R. Jackson and Gavin W. Skinner are working partners; William T. Jackson is Treasurer of Mineral County and inactive in the operations.

DESCRIPTION OF THE DEPOSITS

The Phoenix vein where exposed in the Phoenix workings is a well defined fissure 4 to 6 feet wide with good rhyolite walls. To the north of the shaft, it splits, but, to the south, it is still strong where observed at the end of the second level 87 feet south of the shaft. The applicants report the vein as still strong in the breast of the 150-foot level 182 feet south of the shaft. The vein strikes S. 18° E. and dips 58° southwest. From observations and the applicants' description of the winze ore shoot, it is believed that ore can be mined 4 to 6 feet wide with very little dilution and with a minimum of timbering. They state that a shot fired in the hanging wall before quitting last fall disclosed 3 feet more ore of undetermined value.

The ore at the lowest level is still oxidized, consisting largely of lead carbonates with occasional crystals of galena in a gangue of rhyolite gouge containing barren rhyolite fragments and barite.

The silver and zinc content is low. The ore is very similar to that in the Mexico-Solomon workings of the TOC Development Company farther south except that it is much more oxidized at the level of the Phoenix. The Phoenix vein may well be a northward extension of the Mexico-Solomon vein. The applicants report that the ore explored on the 150-foot level, 6 to 8 percent oxidized lead ore, can not be mined profitably. Shipping ore was not found in the winze until a point 12 feet below the 150-foot level was reached. In the 40 feet from this point to the bottom of the winze at 52 feet, the ore gradually widened from 2 feet to 6 feet. Two unsorted carloads from this work settled at 8.8 ounces of silver per ton and 30 percent lead. The amount shipped, 102 tons wet, corresponds fairly well to a calculated block of ore 3 feet wide, 10 feet long, and 40 feet high, or the estimated average tonnage of ore extracted from the winze workings, and substantiates the applicants' statement that the ore was shipped without sorting.

The applicants report another vein opened on surface between the portal at the Phoenix tunnel and the outcrop of the Phoenix vein but there was no means of verification at the time of the examination and it is not given further consideration.

ORE RESERVES

The property has no measured or indicated ore reserves. Inferred reserves, based on exposures in the winze and geological considerations, are calculated as a block extending from a point 40 feet above the bottom of the winze to a point 40 feet below the bottom with a lateral extent of 50 feet and an average width of 5 feet, or 2,000 tons, using a tonnage factor of 10. If this inferred reserve assays the same as two shipments previously made, or 30 percent lead, it will yield 1,200,000 pounds of lead.

PRESENT STATUS

The Phoenix lode claim is developed by a 150-foot inclined shaft with lateral workings totaling 319 feet on three levels, all extending south of the shaft, and a 52-foot winze below the 150-foot or bottom level. All workings are on the Phoenix vein. The winze and bottom level were flooded by surface water at the time of the examination and the operators do not have the pumping equipment available for unwatering. The examining team was unable to inspect the ore shoot.

The new Phoenix tunnel, at an elevation about 100 feet below the bottom of the Phoenix winze, is currently being driven and was in 49 feet from the portal at the time of the examination (figs. 3 and 4).

The mine workings are ordinarily dry except in the spring but, because of the heavy snowpack of last winter, they will probably not be accessible without pumping until late in

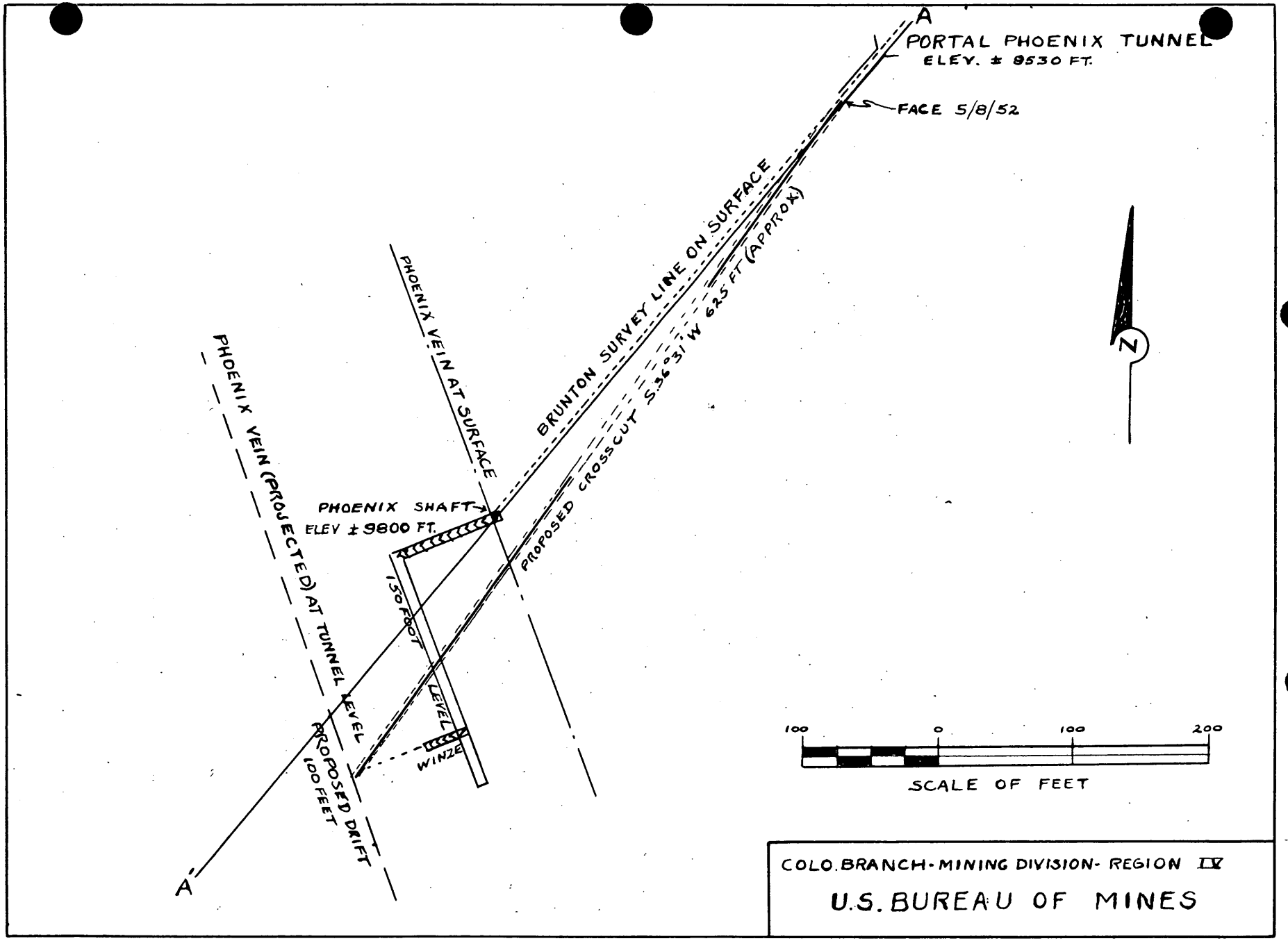

FIGURE 3 - PLAN PHOENIX MINE-OUTLET MINING CO., MINERAL CO., COLO- DMEA-2444

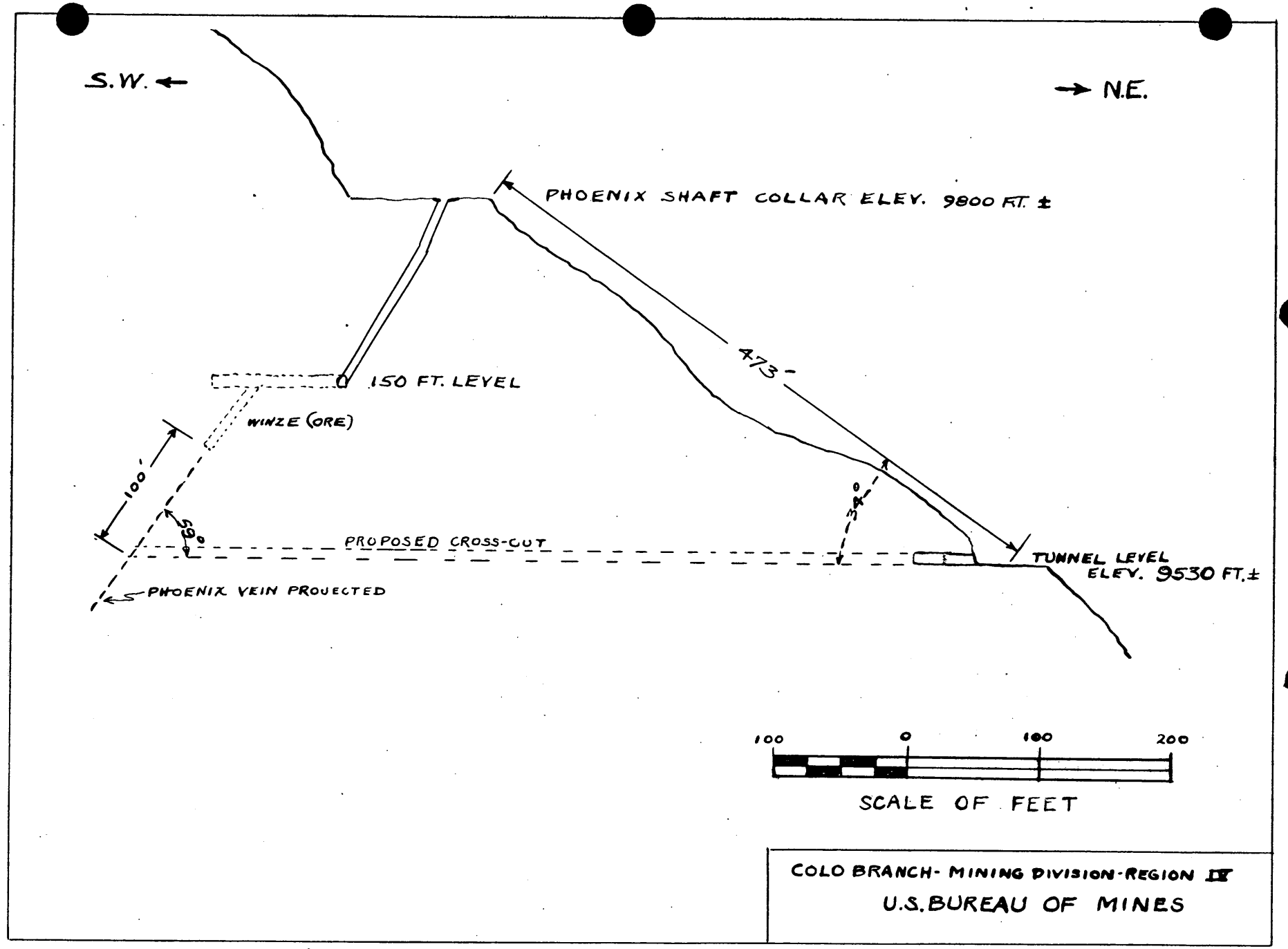

FIGURE 4 - SECT. AA' PHOENIX MINE-OUTLET MINING CO., MINERAL CO., COLO.- DMEA-2444

the year. Below the cribbed portion of the shaft in the surface wash, only light stulls and a framework to support the bucket skidway are used. The hanging wall of this shaft is in dangerous condition because of saturation by surface water and further use of the shaft would necessitate considerable timbering for safety reasons.

Another tunnel some 400 feet north of the Phoenix tunnel and about 25 feet higher was driven by the applicants several years ago and was accessible to the examining team. It encountered one small fissure which may be the Phoenix vein but developed no ore. This does not affect the possible continuation of the winze ore shoot; however, it does indicate that the possibility of finding ore very far north of the Phoenix shaft is poor.

The Outlet tunnel, not shown on the figures, driven farther down the hill just above the creek level to within 500 or 1,000 feet of the Phoenix vein, projected downward, would be an advantageous point of future attack if results above warrant it.

The applicants have on the property a 315 c.f.m., Ingersoll-Rand, gasoline-driven portable compressor, an Ingersoll-Rand jackhammer and jackleg, auxiliary drilling equipment, air slusher, and scraper--all being purchased on time. A down payment of $2,500.00 has been made on a total cost of $12,000.00 for this equipment and another $2,500.00 is due July 1, 1952.

They own outright an air receiver, two mine cars, 300 feet each of air pipe and water pipe, and miscellaneous mining tools.

On the property, but not being used, is a 210 c.f.m. compressor and a jackhammer with auxiliary equipment on which they formerly paid $175.00 a month rental.

The Phoenix shaft is equipped with a light gasoline hoist, headframe, bucket, and buildings.

PROJECT PROPOSALS WITH COSTS

The applicants proposed to drive the Phoenix tunnel a distance they estimated as about 375 feet to cut the Phoenix vein 100 feet below the bottom of the winze, at a cost of $27,000.00 including purchase of equipment.

However, without waiting for a loan, they have purchased everything necessary except ventilating equipment which they did not provide for in their estimate but which, in the opinion of the Bureau engineer, will be needed before the work is completed.

The total distance to be driven as determined by a compass survey made by the examining team is 625 feet rather than the 375 feet estimated by the applicants. In addition, provision should be made for 100 feet of drifting on the vein. The applicants have estimated a driving cost of $14.00 per foot. This is an unusually low figure but can be justified by the very efficient methods in use, including drilling with a jackleg machine and removing the broken muck with a slusher

and ramp. Two of the men are working partners in the project and keep the operations moving rapidly. They are working two shifts daily and 10 feet of advance is being made in good breaking ground. The Bureau engineer estimates a cost of $15.00 per foot for this work or a total of $10,875.00 (table 1). However, it is probable that 200 feet of the work will have been done by the time a loan application is approved and the capital requirements for completion after that date will be less (table 2).

Four men, including two partners in the company, are required for the work and are already employed. No additional manpower will be required.

Power and water requirements are already provided for.

The present access road will serve for the exploratory work but a better road is needed for ore hauling and for winter operation. Two miles of road at an estimated cost of $4,000.00 would extend the road up East Willow Creek from the present end at the TOC Development Company property. The Outlet Mining Company is making application for a production road.

PRODUCTION PLAN

The applicants estimate that they can produce a 50-ton car of ore each week or 200 tons a month after they reach the vein. This is considered a reasonable figure. This amounts to a production of 120,000 pounds of lead and 1,760 ounces of silver monthly.

Mining costs, including hauling to the railhead, are estimated at $7.00 per ton at the above rate of production.

TABLE 1. - Estimate of tunneling costs at Phoenix tunnel

Wage scale used by applicants--$1.50 per hour for 40 hours per week, time and one-half for Saturdays.
Effective daily cost per man on a 6-day week--$13.00.
Operation to be carried on two shifts with 10 feet of advance per day.

		Per day or 10 feet advance
Labor--four men at $13.00 each	$52.00	
Taxes, compensation insurance, etc.--10 percent	5.20	$ 57.20
Compressor, drill, and slusher rental (commercial rates)		22.75
Explosives--$14.00 per round, 2 rounds		28.00
Drill steel and bit replacement--$2.00 per round, 2 rounds		4.00
Fuel cost for compressed air--$5.00 per round		10.00
Track and pipe, 10 feet advance		12.50
Truck rent and upkeep		2.00
Incidentals: battery lamps, repairs, replacements--$2.00 per round		4.00
		$140.45
Contingencies		9.55
Estimated cost for 10 feet of advance		$150.00
Cost per foot		$ 15.00

Building to be built at portal (change room and shop)	$400.00
Compressor building	350.00
	$750.00

TABLE 2. - Estimate of development costs in Phoenix tunnel

Buildings at portal to be constructed (compressor house and change room)	$ 750.00
625 feet of crosscutting at $15.00	9,375.00
100 feet of drifting at $15.00	1,500.00
Total	$11,625.00
Less cost of driving in the tunnel which will be done and buildings which will probably be erected before a DMEA contract could be approved: 200-foot tunnel at $15.00 and buildings at $750.00	-3,750.00
Balance	$ 7,875.00
Cost of a blower and ventilating pipe (not contemplated by the applicants but probably needed)	1,500.00
Contingencies	625.00
	$10,000.00

Applicants' original capital	$ 9,500.00
Amount obligated on or before July 1 for equipment	-5,000.00
Applicants' funds available for operation	$ 4,500.00
Estimated expenditure by applicants before contract can be approved	-3,750.00
Applicants' funds (balance)	$ 750.00
Applicants must raise (additional)	4,250.00
One-half of estimated cost of crosscutting and drifting after contract takes effect	$ 5,000.00

The time required to complete the crosscut and drift on the Phoenix tunnel level is estimated at 4 months dating from May 1, 1952. Completion before September 1 is easily possible.

SUMMARY

The capital requirement for completion of the work, assuming that 200 feet will have been done by the time a loan can be approved, is $10,000.00 (table 2).

The estimated cost of mining and indicated profit are as follows:

		Per ton
Gross value, 30 percent lead and 8.8 ounces silver ore*		$75.00
Deductions		
Smelter treatment, net	$ 8.00	
Freight, Creede to Leadville	4.00	
Miscellaneous (ore watching controls)	.25	
Royalty, 35 percent of $62.75	22.00	
Taxes, 1-1/2 percent of $62.75	1.00	-35.25
Net return to shipper		$39.75
Mining cost, including hauling		-7.00
Operating profit		$32.75

*Lead at $0.15 per pound; silver at $0.90 per ounce.

PROPOSED FINANCING

The applicants had $9,500.00 capital of which they have obligated $5,000 for machinery and equipment purchase. Of the $4,500.00 remaining, they will have expended an estimated $3,750.00 by the time a loan is approved and will have to raise an additional $4,250.00 to match Government funds (table 2). The applicants believe they can raise this sum among themselves.

CONCLUSIONS

Conclusions are based on information furnished by the applicants, inspection of the surface and accessible workings, and analogy with the Mexico-Solomon veins and ore deposits to the south, previously examined.

The applicants are experienced miners and obviously sincere in their statements and reasonably conservative in their estimates of the possibilities of the Phoenix mine. They are very anxious to get the tunnel driven as indicated by their prompt start this spring. They give every evidence of being reliable and capable of carrying the work through to completion.

The fact that the vein in the Phoenix workings is a strong fissure, well mineralized, is a good indication that an ore deposit in it is likely to extend downward with some continuity. The ore shoot in the winze which furnished the two smelter shipments last year may reasonably be expected to continue laterally in relation to the low-grade ore on the 150-foot level where, according to the applicants, some 182 feet of 6 to 8 percent lead ore was developed by drifting.

The winze ore may also be expected to continue downward to or below the new tunnel level, a distance along the dip of the vein of about 100 feet. With lead at $0.15 per pound, a produtions of 1,667 tons of the grade of ore shipped from the winze would return to the Government in royalties the estimated amount of the Government's participation ($5,000.00). This would require a block of ore 5 feet wide, 33 feet long, and 100 feet high. Discovery of such a tonnage is a reasonable possibility.

The applicants had, according to their statement in the loan application, $9,500.00 to carry on the work. They have obligated $5,000.00 as payments on purchased equipment, leaving $4,500.00 available for further operating expenses. At the estimated cost of driving 725 feet of crosscut and drift and assuming 200 feet of work done at the time a Government contract takes effect, they will be about $4,250.00 short of having enough capital to complete the work (see project proposals and table 2). They expected to have to raise $4,000.00 additional capital according to their application and stated they were confident that they could do so.

If the point at which a Defense Materials Exploration Administration contract takes effect is beyond the estimated 200 feet from the portal, the applicant's total cost will be greater and the Government's cost correspondingly less.

RECOMMENDATIONS

It is recommended that the loan application, docket DMEA 2444, be approved in the amount of $10,000.00, Government participation--$5,000.00, for the purpose of driving the Phoenix crosscut tunnel 625 feet, less any work done up to the date of the contract, and drifting 100 feet on the Phoenix vein. The point at which Government participation starts will have to be determined by measurement on the effective date of the contract. Government participation in the purchase of equipment, which has already been contracted for and down payment made, would be of value to the applicants if it can be approved in the amount of $1,250.00 before the installment of $2,500.00

which is due. July 1, 1952, is paid. This would give the Government a fractional interest in the equipment which is perhaps undesirable.

The total amount of Government participation if participation in equipment purchase is approved would be $6,250.00 instead of $5,000.00.

224 New Customhouse
Denver 2, Colorado

June 18, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 13 1952

Memorandum

To: Field Team, Region IV

From: Acting Chief, Mining Division, Region IV

Subject: Final Report, DMEA Docket 2444, (Lead) Outlet Mining Company, Mineral County, Colorado

Enclosed are nine copies of the final engineering report on DMEA-2444 by M. H. Salsbury.

The proposed project consists of driving a 625 foot crosscut to intersect the vein at a favorable horizon and below known ore, and 100 feet of drifting on the vein. A total cost of $11,237.50 is estimated which is $15.50 per foot.

The examining engineers recommend that exploration aid be approved.

We concur in this recommendation.

W. H. King
W. H. King

Reviewed by
DMEA OPERATING COMMITTEE
10-17-52
(date)

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

200 New Customhouse
Denver 2, Colorado

June 13, 1952

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 2444, Outlet Mining Company, Creede, Mineral County, Colorado

Attached are 8 copies of the geological report by Donald R. MacLaren covering DMEA Docket 2444, Outlet Mining Company, Creede, Mineral County, Colorado.

The applicant proposes to explore the northern extension of the Holy Moses vein by driving a cross-cut tunnel approximately 625 feet to intersect the vein 300 feet below the surface at an estimated cost of $10,000. A recent shipment of ore from this property assayed 30.68% Pb and 8.77 oz. Ag. Downward continuation of this vein and ore are geologically favorable and MacLaren recommends that an exploration loan of $10,000 be approved.

I concur in this recommendation.

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

Enclosures (8)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
June 5, 1952

Memorandum

To: Acting Chief, Mining Division, Region IV

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

Subject: DMEA 2444, Outlet Mining Company, Mineral County, Colorado

Please find enclosed the original and eight copies of the "Summary, Conclusions, and Recommendations", by M. H. Salsbury and D. R. MacLaren, and the same number of copies of Salsbury's engineering report on the subject docket.

It was impossible to make an examination of the present Phoenix underground workings due to flooding, but on the basis of ore production during 1951, good geologic environment, and responsibility of the applicants, Salsbury recommends approval of a loan for $10,000.00 to crosscut to and do 100 feet of drifting on the Phoenix vein. The application was for $27,000.00 to drive an estimated 375 feet of tunnel. I concur with his recommendations.

The Outlet Mining Company is committed for a certain amount of equipment on which it has made an initial payment of $2,500.00. The examiners suggest Government participation in this payment, but I doubt if this is possible under Defense Minerals Exploration Administration regulations. This suggestion should probably be disregarded in drawing up the contract.

The brochure and accompanying data forwarded by the Region IV Field Team with their instructions for examination as well as one copy each of the lease form and agreement furnished by the Moffat Estate Company are also enclosed.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/dd
cc 8
DMEA 2444
Chron.

2444

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

224 New Customhouse
Denver 2, Colorado

October 3, 1952

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Contract Idm-E396, Docket No. DMEA 2444, Outlet Mining Company (Lead)

Reference is made to your letter which transmitted three copies of Contract Idm-E396 and the attached letter from the Chairman of the Operating Committee. These letters are critical of the cost of $15.50 per foot for drifting and crosscutting.

The operator estimated that he could perform the work for $14.00 per foot. This estimate was based on work being done at the time of the field examination. The Bureau engineer felt this price was low and, accordingly, we raised it to $15.50 per foot.

W. H. King

W. H. King

FILE COPY
SURNAME:

FEJohnson

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

OCT 1 1952

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

Re: Docket No. DMEA-2444 (Lead-Zinc)
Outlet Mining Company
John R. Jackson, et al, Partners

Dear Mr. King:

Reference is made to the third and fourth paragraphs of the attached letter of this date from the Operating Committee.

In reviewing this case with our Legal Division, it was brought out that, in such cases where the estimate is knowlingly made lower than the actual costs are apt to be, a recital should be made in the Exhibit "A" of the contract stating this fact and why the estimate is placed at such a low figure. Otherwise, should the contract be examined in the future by persons unaware of the facts, it might look as if the Operator was being discriminated against and was not being given the prorata share of the costs provided for in DMEA Order-1. The Government, of course, has no wish to take advantage of under-estimates that may be agreed upon through ignorance on the part of the Operator or some inadvertence.

I am sure the Field Team has very good reasons for using the low figure of $15.50 per foot for drifting and crosscutting in the subject contract. I am calling this matter to your attention, however, to point out the advisability of careful documentation in the records to support any action taken or deviation from usual practice with respect to exploration contracts. Such documentation is for your protection as well as for the benefit of the Washington office.

With kind personal regards.

Sincerely yours,

C. O. Mittendorf
Administrator

FEJ/bih - 9/30/52
Attachment
cc to: Docket
Admr's Reading File
Messrs. Hofflund
Ellis
Chambers
FEJohnson

(fw) 10-1-52

FILE COPY
SURNAME:

500

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

Return Chamberlin

OCT 1 1952

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

Re: Docket No. DMEA-2444 (Lead-Zinc)
Outlet Mining Company
John R. Jackson et al, Partners

Dear Mr. King:

This will acknowledge receipt of your memorandum together with the original and five copies of a contract which has been prepared and executed in the Field. Pursuant to your request, number Idm-E396 has been assigned to this contract.

Returned to you herewith are three copies of the agreement, one copy to be given to the Operator, one copy to the Regional Finance Office, and a copy retained for your files. The original and two copies are being retained by this office.

We note that in Exhibit "A", under the Estimated Costs of the Project, the terms of units of work are set at $15.50 per foot for drifting and crosscutting. This unit cost appears to be unusually low when compared to the present costs for similar types of work as reported by the operators of existing contracts.

Since the contract is on the short form (MF-200A), the Operator is not reimbursed on the basis of actual costs, but he contracts to do the work for the amount named in the agreement. This is being called to your attention so that if, in your opinion, the costs of drifting and crosscutting have not been properly estimated by the Operator, or if he has not thoroughly understood the import of the short form contract, a review may be beneficial.

From the description of the work and the maps annexed to the contract, it appears that the proposed crosscut may extend close to the J & S No. 2 property, which is not included in this contract, and that the drifting provided for in the contract may extend into it. Moreover, even if the project is wholly within the property described in Article 2, it may be that the J & S No. 2 claim is a necessary part of the property description in order to insure repayment of the Government's percentage royalty in the event of a discovery and certification.

Our office of the Chief Counsel conditions its approval of this contract upon an engineering determination that the property included in the contract is adequate for the purposes of the agreement.

If you have determined that the above conditions are satisfactory, the contract has the approval of this office.

Sincerely yours,

Ernest Wm. Ellis

ACTING Chairman, Operating Committee

Enclosures 3

10-1-52

APPROVED:

C. H. Johnson

Member, Bureau of Mines

A. R. Kinkel Jr.

Member, Geological Survey

AGKeating/bjl (written 9/22/52)

Copy to: Docket
Admr. R. File
Op. Committee
H. F. Keller (2)
A. G. Keating
Mr. Bishop
Mr. McKnight
Chron.

FILE COPY
SURNAME:

140

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

September 26, 1952

Memorandum

To: Administrator

From: Chief Counsel

Subject: Outlet Mining Company, Docket No. DMEA-2444

Reference is made to a pending letter signed by the Chairman of the Operating Committee to Mr. W. H. King, in which comments are made to the effect that the agreed unit prices fixed for drifting and crosscutting, at $15.50 per foot, are probably too low.

I do not approve of this letter.

It may be that when this price of $15.50 per foot was agreed upon it was well understood that the actual costs would be higher. There might be several reasons for fixing the agreed unit costs at a figure lower than the actual costs are bound to be. For instance, the Field Team may have determined that this drifting and crosscutting will be beneficial to mining and production operations to such an extent that the total cost of the work should not be contributed to by the Government as exploration.

To be sure, in any case where the estimate is knowingly made lower than the actual costs are apt to be, a recital should be made in the Exhibit "A" stating this fact and stating why the estimate is placed at such a low figure. Otherwise, should the contract be examined in the future by persons unaware of the facts, it might look as if the operator was being discriminated against and was not being given the pro-rata share of the costs provided for in DMEA Order-1.

Of course, the Government has no wish to take advantage of underestimates that may be agreed upon through ignorance of the operator or some inadvertence. At the same time, I do not believe in putting into the record a letter which looks like an invitation to the operator to ask for a higher contribution than he is apparently completely satisfied with.

J. L. Hofflund

JLHofflund/em
Copy to: Mails and Files
E.W. Ellis
A.G. Keating
J.L. Hofflund

Attachment

J. L. Hofflund
Chief Counsel

Region IV

140

FILE COPY
SURNAME:

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

Sas

Rubin

September 18, 1952

Memorandum

M.S. in R. & R.

To: Administrator

Through: H. F. Keller

From: Chief Counsel

Subject: Outlet Mining Company, Docket No. DMEA-2444

We have reviewed the above-described contract.

From the description of the work and the maps annexed to the contract, it appears that the proposed crosscut will extend very close to the J & S No. 2 property, which is not included in this contract, and that even the small amount of drifting, provided for in the contract, may extend into it. Moreover, even if the project is wholly within the property described in Article 2, it may be that the J & S No. 2 claim is a necessary part of the property description in order to insure repayment of the Government's percentage royalty in the event of a discovery and certification.

Therefore, approval of this contract is conditioned upon an engineering determination that the property described in the contract is adequate for the purposes of the contract.

J. L. Hoffmund

J. L. Hoffmund
Chief Counsel

Attachments

HCRubin/mef
cc to: Mails and Files
H. F. Keller
J. L. Hoffmund
H. C. Rubin
Chron.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 8 1952

224 New Customhouse
Denver 2, Colorado

September 3, 1952

REGISTERED #81715 Idn-E-396

Memorandum

To: Secretary to the Operating Committee
Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Docket No. DMEA 2444, Outlet Mining Company (Lead)

Enclosed are the original and five copies of an Exploration Project Contract between the Government and Outlet Mining Company, a limited partnership. All copies of this contract have been signed by the General Partners and by the Executive Officer, DMEA Field Team, Region IV.

Please assign a contract number and return the required number of copies of the contract to this office.

W. H. King

W. H. King

Enclosures

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

224 New Customhouse
Denver 2, Colorado

June 18, 1952

Memorandum

To: Acting Administrator, Defense Minerals Exploration Administration

From: Field Team, Region IV

Subject: Final Report, DMEA Docket 2444, (Lead) Outlet Mining Company, Mineral County, Colorado

Exploration assistance in the amount of $11,237.50 has been approved and the contract will be prepared by this office.

Four copies of the final report will be forwarded you when the contract is signed.

The original and one copy of Form 3b is attached.

W. H. King
W. H. King

A. H. Koschmann
A. H. Koschmann

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 23 1952