OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-3566, Docket OMRA-2713 (lead-zinc), dated July 10, 1953, with

Robert F. Blum
282 South Logan Street
Denver 9, Colorado

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Jean Mine located in Clear Creek County, Colorado, during the period June 16, 1959, through July 23, 1962.

In accordance with a December 27, 1954, Termination Agreement and Annex I of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated January 25, 1955, indicated accepted costs under the exploration contract amounting to $1,800.00 with the Government's contribution on a 50 percent basis being $900.00.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through June 15, 1959. Accordingly, as of July 23, 1962, the royalty account of this project was found to be:

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

E. D. Talbert, OME Auditor

August 1, 1962

Idm-8566 Robert F. Blum UMEA-2713

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

Under the provisions of the Termination Agreement and Annex I, the Operator or his successor in interest is obligated to pay to the Government a percentage royalty on all minerals produced from the unpatented Jean lode mining claim located in T. 3 S., R. 7 W., 6th P.M., Dailey or Jones Pass Mining District. At the time the contract was executed, the Operator was in possession by virtue of ownership by re-location. The contract contains the so-called "abandonment" clause.

Exploration work under the contract was recessed after completion of Stage I on or about September 15, 1953. For financial and other reasons the Operator never began the Stage II work and termination of contract was effected.

No ores were produced during the exploration period. Examinations of the property and inquiries by DMEA and OME regional representatives have disclosed no ore production through February 1, 1960, although the Operator has performed some further exploration and development, as well as maintenance, work. By a July 23, 1962, reply to a MME Form 63 inquiry, the Operator advised that there has been no production since February 1, 1960.

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

(1) The files disclose no evidence of any production from the property under the contract; and

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

~~OFFICIAL~~ extra FILE COPY
O. M. E
RECEIVED AUG 10 1962

DATE	INIT.	CODE
8/10	[illegible]	800

Building 20 - Federal Center
Denver 25, Colorado

August 8, 1962

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: IMFA-2713 (Lead-Zinc)
Contract Idm-E566
Robert F. Blum
(Jean Mine)
Clear Creek County, Colorado

Attached is the original Report of Royalty Review on the subject property dated August 1, 1962 covering the period June 16, 1959, through July 23, 1962.

Original signed by

Hugh M. Connors

Attachments

cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E566
Chron

HMC/lm

AUG 2 1962

Memorandum

To: Acting Field Officer, Region III

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

Subject: OMEA-2713 (Lead-Zinc)
Robert F. Blum
Jean Mine
Clear Creek County, Colorado
Contract Idm-8566

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

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

(b) One copy for your files.

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

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

Enclosures

EDTalbert/ama 8-1-62

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

EXTRA COPY O. M. E RECEIVED JAN 25 1960		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
January 22, 1960

Mr. Robert F. Blum
282 South Logan Street
Denver, Colorado

Re: Docket No. DMEA 2713 (Lead-Zinc)
Contract No. Bm-E566
(Jean Lode mining claim)
Clear Creek County, Colorado

Dear Mr. Blum:

Will you please advise the present status of operations on the captioned property, and whether or not there has been any production since January 1, 1959.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, OME
Field Team, Region III

RMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres. E566
Chron.

JUN 19 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado pertaining to Contract Idm-E566, Docket No. DMEA 2713, dated July 10, 1953, with

Robert F. Blum
282 So. Logan Street
Denver, Colorado

for the purpose of determining the amount of royalties due the U. S. Government on the sales of lead and Zinc, from property referred to as Jean Lode Mining Claim, located in Clear Creek County, Colorado, during the period July 10, 1953 to June 15, 1959.

Psuedo Certification was effected by Termination Agreement dated December 27, 1954, and accordingly royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of final cost audit dated January 25, 1955, indicated accepted costs under the exploration contract amounting to $1,800.00 with the Government's contribution on a 50 percent basis being $900.00.

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

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

(a) According to the Field Team's Report of certified project for the period November 1, 1953 to December 31, 1955, operation ceased about October 31, 1955; no ore has been shipped since July 10, 1953, (The date of the exploration contract). Subsequent semi-annual reports of Field Team during the period January 1, 1956 to December 31, 1958, indicate the property inactive and no operations or ore shipments are anticipated in 1959.

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

June 15, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

JUN 19 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-2713 (Lead and Zinc)
Robert F. Blum
Contract No. Idm-E566

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

EDTalbert/ama
June 19, 1959

Copy to: Docket
Director's Reading File
Code 800

REPORT
OF REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

Defense Minerals Administration
RECEIVED
JAN 27 1955

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Robert F. Blum
202 So. Logan Street
Denver, Colo.

pertaining to Exploration Project Contract No. Idm-2566, Docket No. DMEA 2713, including Amendment No. 1, for the month of September, 1953 and termination agreement dated December 27, 1954, covering a project for the exploration of lead and zinc on property known as the unpatented Jean Lode Mining claim, located in Clear Creek County, Colorado.

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

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

All of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed

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

Total cost as billed by Contractor:	$1,800.00
Exceptions:	0
Total Accepted Cost	$1,800.00

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Nine-Hundred and no/100ths Dollars

-$900.00-

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

Dated: January 25, 1955

T. H. Brading, Auditor

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

RECEIVED
JUN 23 1955

224 New Customhouse
Denver 2, Colorado

June 14, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-2713 (Lead-Zinc), Contract IDM-E566, Robert F. Blum, Clear Creek County, Colorado - FINAL PAYMENT

Reference is made to our memorandum of September 18, 1953 whereby we transmitted form MF-104, Operator's Monthly Report and Voucher for the month of September, 1953 and instructed you to withhold the amount of $140.00 from reimbursement to the Operator pending authorization of Stage II work or termination of the contract.

The contract has been terminated by mutual agreement and the Operator's Final Report was received June 13, 1955; therefore, we recommend that final payment to the Operator be made on the following basis, which is in conformance with the Report of Review by the Contract Administration and Audit Division dated January 25, 1955:

Basis for Final Payment

Total Accepted Cost - - - - - - - - - - - -	$1800.00
Government Participation at 50% - - - - -	900.00
Total Prior Payments - - - - - - - - - - -	760.00
Balance Due the Operator - - - - - - -	$ 140.00

W. M. Traver

W. M. Traver

JWT:sr

cc Sec. Op. Comm. (2)
Shaw
Townsend
Subject
Chron

Paid $140.00
Randell R. Cooper
Auth Certifying Officer
6-17-55 DMA-55-98

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

RECEIVED
JUN 23 1955

224 New Customhouse
Denver 2, Colorado

June 20, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-2713 (Lead-Zinc), Contract IDM-E566, Robert F. Blum, Clear Creek County, Colorado - FINAL PAYMENT - September, 1953

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

Final payment to the operator has been made as indicated by the attached material.

W. M. Traver

Enclosures

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September 15, 195 3 Docket No. DMEA 1713 Contract No. Idm-2566
Operator's Name Robert F. Blum, Minerals Lead-Zinc
Address 282 South Logan Street, Denver 9, Colorado
Contract Amount, $ 2,800.00 Government Participation: 50% Amount, $ 1,400.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) [redacted] Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
Rehabilitation	$ 1,800.00	—	$ 1,800.00	1660.00		1660.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$ 1,800.00	—	$ 1,800.00	1660.00		1660.00

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

Date September 15, 1953 *Payee Robert F. Blum
Per _____ Title Operator

*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:

$ 760.00

Signature _____
(Authorized Certifying Officer)

Date 9/24/53 Vou. No. DMA-354-31
(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-561 in accordance with the terms of the contract.

Signature R. L. Palmer, $900.00 Wmt Title Mining Engineer Date SEP 16 1953

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

Signature W. H. King Title Executive Officer Date SEP 18 1953

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 2 1953

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 1953 Docket No. DMEA 2713 Contract No. Idm-2566
Operator's Name Robert F. Blum Minerals Lead-Zinc
Address 282 South Logan Street, Denver 9, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	ft.						40	$ 25.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Rehabilitation	ft.	$1,800.00	60	$1,800.00	60	$30.00	60	$ 30.00
TOTAL DISTRIBUTED COSTS		$1,800.00		$1,800.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1,800.00		$1,800.00				$ 2,800.00

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

Date September 15, 1953 Operator Robert F. Blum
Robert F. Blum
Per Title Operator

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 2 1953

Administrative Audit Difference Statement

Date: September 24, 1953
Payee's
Reference: Progress
Report - September, 1953

Robert F. Blum
282 So. Logan
Denver, Colorado
I-DMA-E-566

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

Amount Claimed $ 900.00

Difference $ 140.00

Amount Approved $ 760.00

The reason for the difference was due to:

Amount claimed by operator is $1800.00
50% of $1800.00 equals $900.00
$140.00 withheld pending authorization of work on Stage II or termination of contract.

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 2 1953

224 New Customhouse
Denver 2, Colorado

September 18, 1953.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2713, Contract Idm-E566 (Lead-Zinc), Robert F. Blum (Jean Mine), Clear Creek County, Colorado. Operator's Monthly Progress Report for the period September 1953.

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

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

The amount of $140.00 is to be withheld from the Government participation pending the authorization of Stage II work or termination of the contract.

Remarks:

Date of Report	September 15, 1953.
Date Received in Field Office	September 14, 1953.
Date Received in Region Office	September 18, 1953.

W. H. King
W. H. King

Enclosures
RDB:cwm

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
September 17, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMEA 2713, Contract Idm-E566 (Lead-zinc), Robert F. Blum (Jean mine), Clear Creek County, Colorado - Progress report for September 1953

Enclosed are the original and four copies of the initial progress report for September 1953 on the Jean project--forms MF-104 and MF-104A with narrative--and the original and six copies of R. L. Bolmer's memorandum covering inspection of the portal rehabilitation and checking of the reporting forms. The contract is one prepared on short form MF-200(A) with two phases of work on a unit-cost basis. Documentation is not required.

Phase 1 has been completed satisfactorily and consisted of rehabilitating 60 feet of the Jean mine tunnel portal. Bolmer inspected and confirms completion of the work and finds the entries and extensions on the reporting forms correct.

As soon as the operator moves a compressor to the mine and removes the water from a winze, a re-examination of the accessible working and the winze can be made by our engineer and a Geological Survey geologist to determine if Stage 2 of the project should be authorized.

Payment is recommended and certified on the MF-104 form of $900.00 or 50 percent of the total $1,800.00 claimed by the contractor.

W. M. Traver

W. M. Traver

enclosures

WMT/kp

cc 4
E566
DMEA Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
September 16, 1953

Memorandum

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

From: R. L. Bolmer

Subject: DMSA 2713, Contract Idm-2566 (lead-zinc), Robert F. Blum (Jean mine), Clear Creek County, Colorado - Progress report for September 1953

Progress under the subject short-form contract was inspected September 11, 1953, with the operator and D. R. MacLaren, Geological Survey. The progress reported in the operator's narrative and shown on form MF-104A was confirmed during the inspection.

The operator has designated September 1, 1953, the date actual rehabilitation of the tunnel commenced, as the official starting date under the contract. Actually, much of the preliminary work was performed during July and August.

The operator was fortunate in obtaining a trackexcavator for excavation of the greater portion of the caved portal. With this equipment, it was possible to excavate the portal as an open cut trench. Hand methods would have necessitated spiling and close timber support for most of the distance. Beginning at the original portal, a caved section 90 feet in length was excavated. Beyond 90 feet the tunnel was in solid rock and had not caved. The operator correctly claims reimbursement for only the maximum 60 feet authorized for Stage 1 in the contract. The operator placed five timber sets in the deepest section of the cut where there was an immediate danger from the sluffing of the nearly vertical walls of the trench. Although not considered necessary under the terms of the contract, the operator eventually intends to timber most of the trench.

The lower tunnel level was examined, mapped, and sampled. A fissure vein, containing from a few inches to a foot of high-grade lead and zinc sulfide, had been followed by the tunnel for at least 300 feet. Beyond that distance, drifts on two splits in the vein had

caved tightly and could not be examined. A winze of unknown depth below the level was flooded and could not be examined. It probably will be necessary to examine the winze before any conclusions regarding Stage 2 can be reached. The operator intends moving a compressor to the property and unwater the winze, at which time the mine will be re-examined.

Total costs of $1,800.00 (60 feet of rehabilitation at a unit cost of $30.00 per foot) are reported by the operator for the period. Both the footage and the unit cost reported are authorized by the contract. Documentation of costs is not required of contracts prepared on form MF-200(A). Work has been accomplished as authorized in the contract and payment of 50 percent of the costs reported on form MF-104, or $900.00, is recommended subject to review by the regional office and verification of the applicable rates and the correctness of the arithmetical accuracy of computation.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

RLB/kp

cc - 6
E566
DMEA Chron

NARRATIVE REPORT
For Month of September 1953

DMEA 2713, Contract Idm-E566 (Lead-zinc)
Jean mine, Clear Creek County, Colorado

Preliminary work of transporting timber and supplies to the property was performed by the operator during July and August 1953. Actual rehabilitation of the portal of the lower tunnel commenced September 1, 1953. The first 90 feet of the lower tunnel portal was excavated as an open cut trench by means of a Caterpillar D4 Traxcavator. Beyond 90 feet from the portal the walls of the tunnel were in solid rock and further rehabilitation was unnecessary. Water in the tunnel was drained and the balance of caved material in the portal section was removed by hand. Five sets of timber were placed in the cut between 72 and 90 feet from the portal and lagged solid.

Work performed this period completes Stage I of the contract. Approximately 300 feet of the lower tunnel level now are accessible for examination by the DMEA representatives to determine if the work authorized under Stage II of the contract is warranted.

Robert F. Blum

Robert F. Blum
Operator

OCT 3 1963

Mr. Robert F. Blum
282 South Logan Street
Denver 9, Colorado

Re: DMRA-2713 (Lead-Zinc)
Robert F. Blum
Jean Mine
Clear Creek County, Colorado
Contract Ida-2566

Dear Mr. Blum:

Thank you for returning the completed MME Form 63's mailed to you on July 29, 1963.

By the terms of the subject Exploration Project Contract, as amended, and the royalty agreement in Item 4 of the Termination Agreement, dated December 27, 1954, all minerals mined or produced from July 10, 1953, to July 10, 1963, were subject to the Government's percentage royalty as set forth in said contract.

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

Sincerely yours,

George Fumich, Jr.

Director

MMerrithew/mm
10/3/63
cc: Director's Reading File
Region III w/cy of Form 63 dated July 29, 1963
CA&A Division
Docket
Code 500

500

JUN 30 1955

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

Re: Docket No. DMEA-2713 (Lead-Zinc)
Robert F. Hine
Jean Hine
Clear Creek County, Colorado
Contract No. Idm-7566

Dear Mr. Trever:

We have your letter of June 14, with enclosures, covering the cited project.

We note you recommend that the project be certified as a discovery or development. Item No. 4 of the Termination Agreement has all the effect of a certification and no further action is necessary.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

WRGriswold/bjl (6/27/55)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Chambers
Mr. Bishop
Mr. Kiilsgaard
Chron.

P. S. This "pseudo-certification" is not to be counted as an official certification.

Gover[illegible]ent's copy

TERMINATION AGREEMENT

It is agreed this 27th day of December, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Robert F. Blum, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E566, Docket No. DMEA-2713, dated July 10, 1953, hereinafter called the "Contract," that:

1. Effective November 1, 1953, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. All rights of the Government provided for in the Contract with respect to a certification of discovery or development, percentage royalty and lien for payment are preserved. However, if the Government does not make said certification, the Operator shall, nevertheless, pay a percentage royalty on any minerals mined or produced from the land described in Article 2 of the Contract, in the manner and amount provided in Annex I, until the total net amount contributed by the Government is paid, or ten years from the date of the Contract have elapsed, and said royalty shall be secured by the lien granted in paragraph "d" of Annex I.

The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By C. F. Mitterdorf
Administrator, Defense Minerals Exploration Administration

Robt. F. Blum
ROBERT F. BLUM

No. 1

AMENDMENT OF CONTRACT: No. IDM-E566

Contract Docket No. DMEA 2713, dated July 10, 1953, between the United States of America and Robert F. Blum is hereby amended as follows, effective as of the date of said contract:

Referring to "Article 3. Exploration project" of Exploration Project Contract Form MF-200(A)(February 1952) following the words "and shall bring the project to completion" delete the words "within a period of seven months from the date of this contract" and in lieu thereof substitute "prior to November 10, 1954."

Referring to "Article 6. Repayment by Operator," in lieu of the provisions of said "Article 6" the provisions of ANNEX I, attached hereto and made a part hereof, are substituted.

Referring to work operations under said contract as described in "EXHIBIT A" attached thereto and made a part thereof, execution of this document by the parties concerned constitutes an agreement that said work operations under the terms of the contract will be recessed upon completion of work under Stage I on or about September 11, 1953, contingent on the following conditions:

1. Work operations in conformance with the provisions cited under Stage II shall be resumed on or before August 1, 1954.
2. During the period work operations are recessed the Operator shall save harmless the Government from any and all claims, and preserve and protect the project work completed to the date operations were recessed to the best interests of the parties concerned.
3. The sum of $140.00 will be withheld from monies due the Operator for work performed as reported on Form MF-104 for the month of September 1953 pending receipt by the Government of the first regular monthly Form MF-104 Report after operations are resumed.

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: FEB 2 1954

Robert F. Blum

Robert F. Blum, Operator

UNITED STATES OF AMERICA

By W. H. King

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

DEPARTMENT OF THE INTERIOR
Defense Materials Administration
[illegible]
JUL - 8 1954

ANNEX I

The following provisions are in lieu of Article 6 of [illegible]

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

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

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

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

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

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

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

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

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

RECEIVED
JAN 8 1954

Denver, Colorado.
January 9, 1954.

Mr. W.H.King,
224 New Customhouse,
Denver, Colorado.

Dear Mr. King:

In regard to your letter of January 4, 1954 in regard to request for recess on last part of contract which was made to Mr. W.M.Traver.

First work was discontinued about November 1, 1953, and I expect to be able to resume work July 1, 1954. However I shall have other preliminary work to finish first, such as timbering mine track and buildings, also getting compressor to the mine, installing air pipe etc. before I can proceed with mining.

For this reason I think that possibly I should be able to start contract work some time in August 1954, and complete same by November 30, 1954, after which time it will be difficult to do very much on account of weather conditions, mainly snow. I would greatly appreciate extension from August 1, 1954, until November 30, 1954.

Thanking you,
Very truly yours,

Robt. F. Blum

Robert F. Blum,
282 South Logan,
Denver, Colorado.

Re: Docket DMEA 2713.
Contract Idm-E566.
(Lead-Zink)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMEA 2713, contract Idm-E566 (Lead-zinc), Robert F. Blum (Jean mine), Clear Creek County, Colorado

The completion date on the above contract is August 10, 1954.

There are enclosed the original and five copies of the operator's request for a recess until August 1, 1954, due to weather conditions making it impossible for him to continue work this winter after his compressor and other equipment are overhauled.

The requested recess is recommended for your and Washington approval. May we have a copy of the operator's letter for our files?

W. M. TRAVER

W. M. Traver

Enclosure

WMT/le
cc /original/5
E566
Chron.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 9 1954

D M E A 27I3.

Contract.

I-DMA-E 566.

U.S.Bureau of Mines,

W.M. Trever,

Dear Sir:-

In regard to the second part of our contract which I could not fulfill on account of bad weather, and various delays in getting my compressor and equipment in working condition.

I would appreciate a recess until August Ist. I954. at which time I hope to be able to resume work in the mine.

Thanking you for your kind consideration,

I remain very truly yours,

Robt. F. Blum

Robert F. Blum,
282 South Logan,
Denver, Colorado.

Docket No. ~~DMEA - 2713~~

Commodity ~~Lead - 2813~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E ~~566~~

Date of Contract ~~or Amendment:~~ July 10, 1953

Name and Address of Operator:

Robert V. Blum
232 So. Logan Street,
Denver, Colorado

Amount of Government participation ____ $ 1,100.00

Percent of Government participation ~~50~~ %

Region: 111 State: Colorado

Note: Please release $ 500.00

Jay L. Chambers
(Name)
J. L. Chambers
Chief, Contract Administration and Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington.

1/28/55 54458

Docket No. DMEA 2713

Commodity Lead-Zinc

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 566

Date of Contract ~~or Amendment~~: July 8, 1953

Name and Address of Operator:

Robert F. Blum,
282 South Logan Street,
Denver, Colorado

Amount of Government participation $ 1,400.00

Percent of Government participation 50 %

Region: IV State: Colorado

(Name)

J. L. Chambers,
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. July 9, 1953

13808

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2713

COMMODITY Lead-Zinc

IDM-E566

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 10 1953

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 10 day of July, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Robert F. Blum
282 So. Logan Street
Denver, 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 Clear Creek, described as follows:[3] The unpatented Jean Lode Mining Claim recorded in Book 245, Page 232, in the records of the County Clerk and Recorder's Office at Georgetown, Colorado.

the Operator represents and undertakes:[4]

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

None

(*b*) ~~That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lease 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 120 days from the date of this contract shall commence work on a project of exploration for[5] Lead and Zinc

in or upon the described land; and shall bring the project to completion within a period of seven 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

1400.00 50 2800.00

U. S. GOVERNMENT PRINTING OFFICE 16—68329-1

CORPORATE SEAL

this contract on behalf of the Operator, was then
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.

(*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.

Robert F. Blum
_____
(Operator)

By _____

THE UNITED STATES OF AMERICA

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

I, _____, certify that I am the _____ secretary of the corporation named as Operator herein; that _____ who signed

EXHIBIT A

Description of the Work

Stage 1.

This work will consist of cleaning, spiling, and retimbering an estimated 60 feet of the caved portal of the lower tunnel. This caved section of the portal may be longer than 60 feet in which event the Operator will complete the rehabilitation of the tunnel at his own expense.

Stage 2.

Upon the completion of Stage 1 the DMEA Representatives may authorize a total of 40 feet of drifting, raising or crosscutting, depending upon the results of their inspection of the old workings behind the cave. Stage 2 will only be started after the Operator receives the written permission of the DMEA Representatives. The proposed work is shown on Figure 1 which is attached and made a part of Exhibit A.

Estimated Costs of the Project

Stage 1.

60 Feet rehabilitation of the lower tunnel @ $30.00 per foot -	$1,800.00
Includes any and all costs to rehabilitate the lower tunnel.	

Stage 2.

40 Feet drifting, crosscutting, or raising @ $25.00 per foot -	$1,000.00
TOTAL -	$2,800.00
Government participation, 50% - - - - - - - - - - - - - -	$1,400.00

SCHEDULE

Description of the Work

Item 1.

This work will consist of clearing, grubbing, and removing barriers as specified on plans or as ordered by the Engineer. This work shall be completed on the project prior to June 30, 1960. Upon completion, the contractor will complete the rehabilitation of the tunnel as his own expense.

Item 2.

Upon the completion of Item 1 the Town Superintendent may authorize a total or partial opening, subject to possession, depending upon the nature of weather and the old workings behind the cave. Item 2 will only be charged when the Contractor receives the written permission of the Town Superintendent. The proposed work is shown on Figure 1 which is attached and made a part of Exhibit A.

Material Costs of the Project

Item 1.

40 feet rehabilitation of the tunnel @ $[illegible].00 per foot =	$[illegible].00
Including any and all costs to rehabilitate the tunnel.	

Item 2.

40 feet clearing, grubbing, or removing @ $[illegible].00 per foot =	$[illegible].00
TOTAL -	$[illegible].00
Overhead participation, 30% -	$[illegible].00

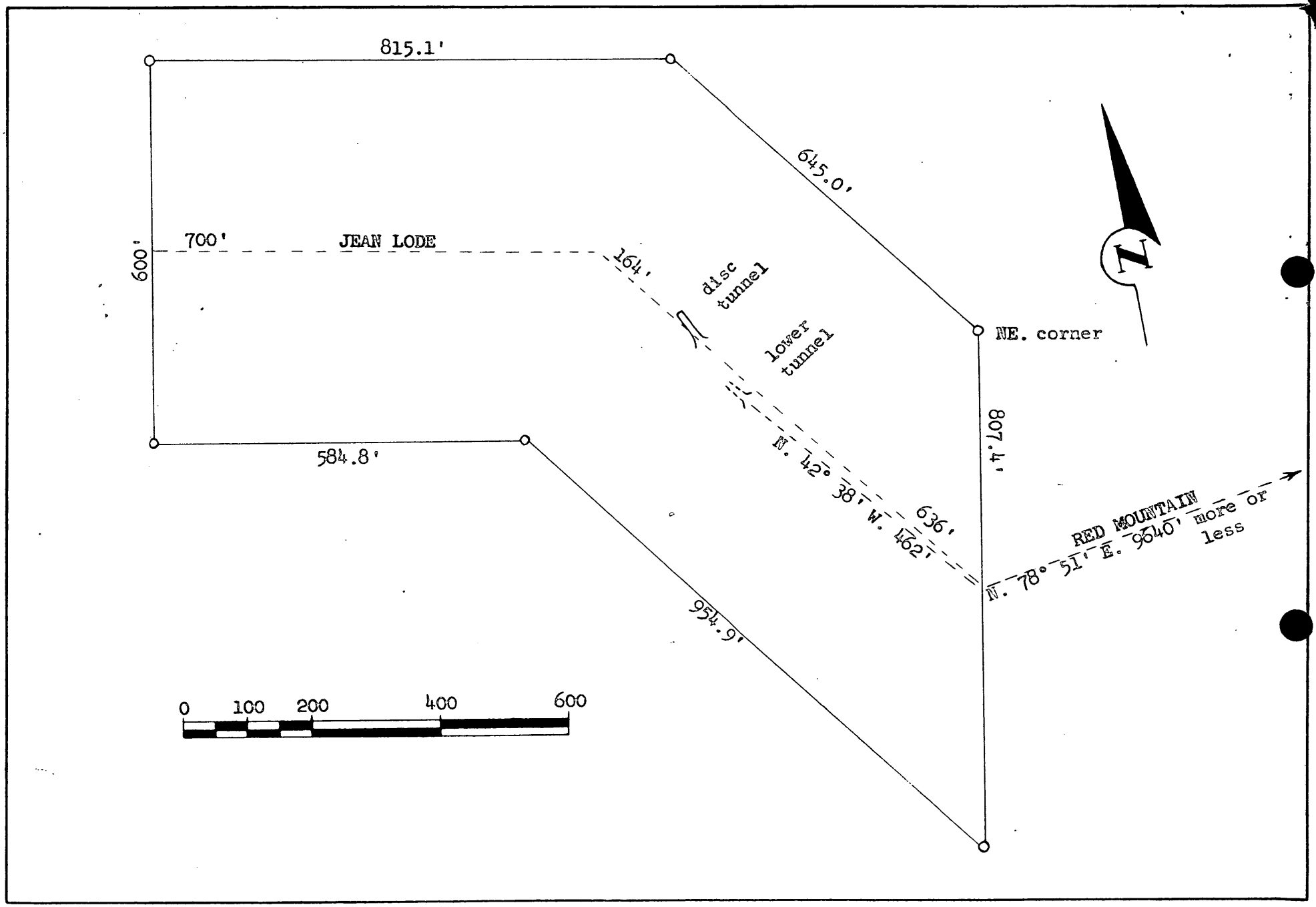

Figure 1 - Claim map, Jean lode, Clear Creek County, Colorado - DMEA 2713