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

Department of the Interior
Defense Minerals Administration
1952

224 New Customhouse
Denver 2, Colorado

November 28, 1952

Cobbett
Betty

Memorandum

To: Administrator, Defense Minerals Exploration Administration
Attention: 200

From: Field Team, Region IV

Subject: Final Report, DMEA Docket 2759 (Lead-Zinc) Lupton Mining Company, Inc., Grizzly Mine, Clear Creek County, Colo.

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

The contract has been signed and is in effect.

W. H. King
W. H. King

A. H. Koschmann
A. H. Koschmann

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

November 20, 1952

Memorandum

To: Field Team, Region IV

From: Acting Chief, Mining Division, Region IV

Subject: Final Report, DMEA Docket 2759, (Lead-Zinc) Lupton Mining Company, Inc., Grizzly Mine, Clear Creek County, Colorado

Enclosed are eight copies of the engineering report on DMEA 2759.

The applicant requested $16,000 to extend the drift 500 feet southeasterly on the National vein on the San Juan level.

The examining engineer recommends this project for approval.

We concur in this recommendation.

for John F. Shaw
W. M. King

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE
12-3-52

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
November 18, 1952

Memorandum

To: Executive Officer, Field Team, Region IV.

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

Subject: DMEA 2759 (Lead-zinc), Lupton Mining Company, Inc., (Grizzly mine), Clear Creek County, Colorado.

Please find enclosed the original and eight copies of the "Summary, Conclusions, and Recommendations", by Truman H. Kuhn, U. S.Geological Survey and C. H. Harrer, Bureau of Mines, and of C. M. Harrer's engineering memorandum on the subject docket.

Harrer's engineering report is submitted in the form of a memorandum rather than a complete report following the usual outline because it appears unnecessary to duplicate all the data contained in the original report on DMA 115 of March 1951 to which he refers.

The costs reported for the applicant's driving 1,118 feet of San Juan tunnel are compiled from progress report forms MF-104 and, while they have not been verified by another engineer due to shortage of time, are probably correct. They show an overall drifting cost for considered footage of about $37.00 per foot of advance.

If this applicant is willing to undertake a project for 500 feet of drifting southeast of the National vein on the San Juan level as a continuation of the present operations at $32.00 per foot under a contract prepared on the short form MF-200 (A), it should certainly be approved as, in Harrer's opinion, prospects are excellent for developing ore bodies of the same temperas those previously mined or in the process of being mined at present.

While it is my opinion that future operations of the Grizzly mine are no more likely to prove commercial on normal metal prices than they have in the past, the project has my approval because it will result in the production of some lead and zinc for the emergency. The Government also has a reasonably good chance for the recovery of a larger part of its participation than on many other loans of the same type.

The brochure furnished by the Region IV Field Team is returned herewith.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/cb

cc 8
DMEA 2759
DMEA Chron.

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

200 New Customhouse
Denver 2, Colorado

November 14, 1952

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 2759, Grizzly Mine, Lupton Mining Company, Clear Creek County, Colorado.

Attached are 8 copies of a report by Truman H. Kuhn covering DMEA Docket 2759, the Grizzly Mine, Lupton Mining Company, Clear Creek County, Colorado.

The applicant recently completed an exploration contract with Defense Minerals Administration (Contract I-DMA-E6), and as a result of that work ore was discovered in the National vein on and above the San Juan level. The work proposed under the current application is to explore for the southeasterly continuation of the ore found on the San Juan level and for the downward continuation of the ore bodies mined above the Sussex level. Kuhn points out that ore was present in the National vein both above and to the northwest of the proposed exploration work, and the proposed exploration--drifting to the southeast on the San Juan level--he, therefore, considers favorable. He, therefore, recommends that the loan 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
OSCAR L. CHAPMAN, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

DMEA 2759, Lupton Mining Company, Inc.

Grizzly Mine

Clear Creek County, Colorado

Lead-zinc

Truman H. Kuhn, Geologist
U. S. Geological Survey

C. M. Harrer, Mining Engineer
Bureau of Mines

November 18, 1952

DMEA 2759

LUPTON MINING COMPANY, INC.
GRIZZLY MINE
CLEAR CREEK COUNTY, COLORADO

Summary, Conclusions, and Recommendations

By Truman H. Kuhn
Geologist
U. S. Geological Survey

and

C. M. Harrer
Mining Engineer
Bureau of Mines

DMEA 2759

LUPTON MINING COMPANY, INC.
GRIZZLY MINE
CLEAR CREEK COUNTY, COLORADO

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

By Truman H. Kuhn and C. M. Harrer

Lupton Mining Company, Inc., of Georgetown, Colo., has applied to the Defense Minerals Exploration Administration under docket 2759 for a loan of $16,000.00 to explore the extension of the National vein to the southeast with 500 feet of drift on the San Juan level.

The property is in sec. 29, T. 4 S., R. 45 W., West Argentine Mining District, Clear Creek County, Colo., and is known as the Grizzly mine.

The applicant recently completed the exploration contract identified as DMA 115, contract I-DMA-E6, which resulted in a substantial ore discovery in the National vein on and above the San Juan level.

The geology of the National vein has been described in the original report to the Defense Minerals Exploration Administration, DMA 115, dated March 28, 1951.

Galena and sphalerite occur with minor amounts of chalcopyrite, gold, and silver as masses, veinlets, and disseminations braided through a persistent and complex fault zone in pre-Cambrian granite, gneiss and schist. This is known as the National vein along which the ore occurs as a series of discontinuous bodies.

The strike of the vein varies between N. 40° W. and N. 65° W. and, similarly, the dip is sinuous and varies between 60° south to vertical. In general, the wider portions of the vein occur where the dip flattens.

On the San Juan level 160 feet of the National vein are continuously exposed and stoping is in progress over most of this length. Vein widths vary from a few inches up to 5 feet.

The proposed exploration program is within the favorable area outlined in the original report (DMA 115).

The original estimate of 20,000 tons of inferred ore assaying 0.13 ounce gold and 2.7 ounces silver per ton, 9.7 percent lead, 2.2 percent zinc, and 0.3 percent copper from the favorable zone outlined in the aforementioned report remains as the best estimate available for the joint projects and is partly substantiated by the results of the original project DMA 115, contract I-DMA-E6.

Data on complementary samples across the southeast face of the National vein on the San Juan level follow:

Sample number	Width in feet	Ounces per ton		Percent		
		Gold	Silver	Copper	Lead	Zinc
H-633	2.0	0.16	1.7	0.30	1.05	0.5
H-634	2.6	0.06	1.7	0.11	0.35	0.1

The proposed program to extend the San Juan level 500 feet to the southeast along the National vein at the operator's estimated cost of $32.00 per foot, or a total cost of $16,000.00, is recommended for approval.

It should be noted, however, that the above is $5.00 per foot less than actual costs for 1,118 feet of drift driven during the period June 1951-52. Cost of the project based on $37.00 per foot would be $18,500.00.

GRIZZLY MINE

LUPTON MINING COMPANY

CLEAR CREEK COUNTY, COLORADO

DMEA DOCKET 2759

Geologic Report

By Truman H. Kuhn
U. S. Geological Survey

LUPTON MINING COMPANY
CLEAR CREEK COUNTY, COLORADO

INTRODUCTION

Ellis P. Lupton, President, Lupton Mining Company, Georgetown, Colorado, has applied to the Defense Minerals Exploration Administration for assistance in exploring for lead and zinc in the Grizzly mine, on patented National Lode (survey No. 115) and Sussex Lode (survey No. 20037) mining claims, in sec. 29, T. 4 S., R. 45 W., 6th P. M., Clear Creek County, Colorado.

An exploration drift at the San Juan level, to be driven 500 feet in a southeasterly direction on the National vein, has been proposed by the applicant. The exploration project is estimated to cost $16,000.

The applicant recently completed an exploration contract with Defense Minerals Administration (DMA Docket 115) and as a result of that work ore was discovered in the National vein on and above the San Juan level. The work proposed under the current application is to explore for the southeasterly continuation of the ore known to exist on the San Juan level and for the downward continuation of the ore bodies mined above the Sussex level. The Sussex level, on the National vein, is 320 feet above the San Juan level.

The Grizzly mine is approximately 4 3/4 airline miles southeasterly from Silver Plume, Colorado, and 1 1/2 airline miles south of Bakerville. The mine can be reached from Bakerville, on U. S. Highway No. 6, over an improved mine road that is kept open throughout most of the winter. The portal of the lower, or San Juan level, of the Grizzly mine is in Grizzly Gulch at an elevation of 10,493 feet.

GEOLOGY

In his report to Defense Minerals Administration (DMA Docket 115), dated March 28, 1951, Deane F. Kent, U. S. Geological Survey, described the general geology of the region and the detailed geology of the upper levels of the Grizzly mine.

The National vein is a sinuous and complex structure cutting pre-Cambrian granite, gneiss, and schist. Many smaller veins and fractures branch from the larger vein, and all vein structures are offset by post-mineral faults. Strikes along the National vein range from N. 20° W. to N. 65° W. and dips range from vertical to 60° S.

Stoping above the Sussex level indicates that ore bodies of various sizes were present over much of the exposed length of the vein. However, ore bodies along the vein were not continuous; they were more common along fractures striking between N. 40° to 65° W. than along the more northerly-trending portions of the vein.

In a recently completed raise, the National vein is exposed vertically for about 220 feet above the San Juan level, and, in general, the wider portions of the vein occur where the dips are flatter.

On the San Juan level, about 250 feet of the National vein has been exposed. Galena and sphalerite within the vein occur as masses, veinlets, and disseminations. Vein widths range from less than an inch up to 5 feet. A sample cut across the southeast face of the drift on October 30, 1952, assayed:

Width	% Pb	% Zn	oz. Au	oz. Ag
2.0'	1.05	0.5	0.16	1.7
2.6'	0.35	0.1	0.06	1.7

Three hundred tons of sorted ore were removed from a stope above the San Juan drift. The ore is reported to contain 8.26% lead.

ORE RESERVES

Ore reserves in the portion of the National vein to be prospected cannot be estimated because of insufficient information.

CONCLUSIONS

1. Ore was present in the National vein both above and to the northwest of the proposed exploration work, and the proposed exploration--drifting to the southeast on the San Juan level--is, therefore, considered favorable.

2. The portion of the National vein to be explored by the proposed work can be expected to range in width from less than one inch up to 5 feet and to range in strike from about N. 20° W. to N. 65° W.

RECOMMENDATIONS

Approval of the application for Defense Minerals Exploration Administration assistance to explore for the southeasterly continuation of lead-zinc ore known to exist on the San Juan level of the Grizzly mine and for the downward continuation of ore bodies mined above the Sussex level is recommended.

DMEA 2759

LUPTON MINING COMPANY, INC.
GRIZZLY MINE
CLEAR CREEK COUNTY, COLORADO

Engineering Report

By C. M. Harrer
Mining Engineer
Bureau of Mines

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
November 18, 1952

Memorandum

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

From: C. M. Harrer

Subject: DMEA 2759 (Lead-zinc), Lupton Mining Company, Inc. (Grizzly mine), Clear Creek County, Colorado

Lupton Mining Company, Inc., E. P. Lupton, President, has applied to the Defense Minerals Exploration Administration under docket 2759 for assistance to explore its property in sec. 29, T. 4 S., R. 45 W., West Argentine Mining District, Clear Creek County, Colo. The property is known as the Grizzly mine on the National lode claim (survey number 115) and the Sussex lode claim (survey number 20037).

The San Juan adit level, which is the site of the proposed exploration program, is at an altitude of 10,493 feet.

The applicant has recently completed a Defense Minerals Exploration Administration project on the San Juan level, identified as DMA 115, contract I-DMA-E6. The above program resulted in a substantial ore discovery in the National vein, on and above the San Juan level.

Lupton Mining Company, Inc., now proposes to continue exploration of the National vein on the San Juan level with 500 feet of 5- by 7-foot drift along its extension to the southeast (fig. 1), at a cost of $32.00 per foot of advance. The company's estimated cost is below

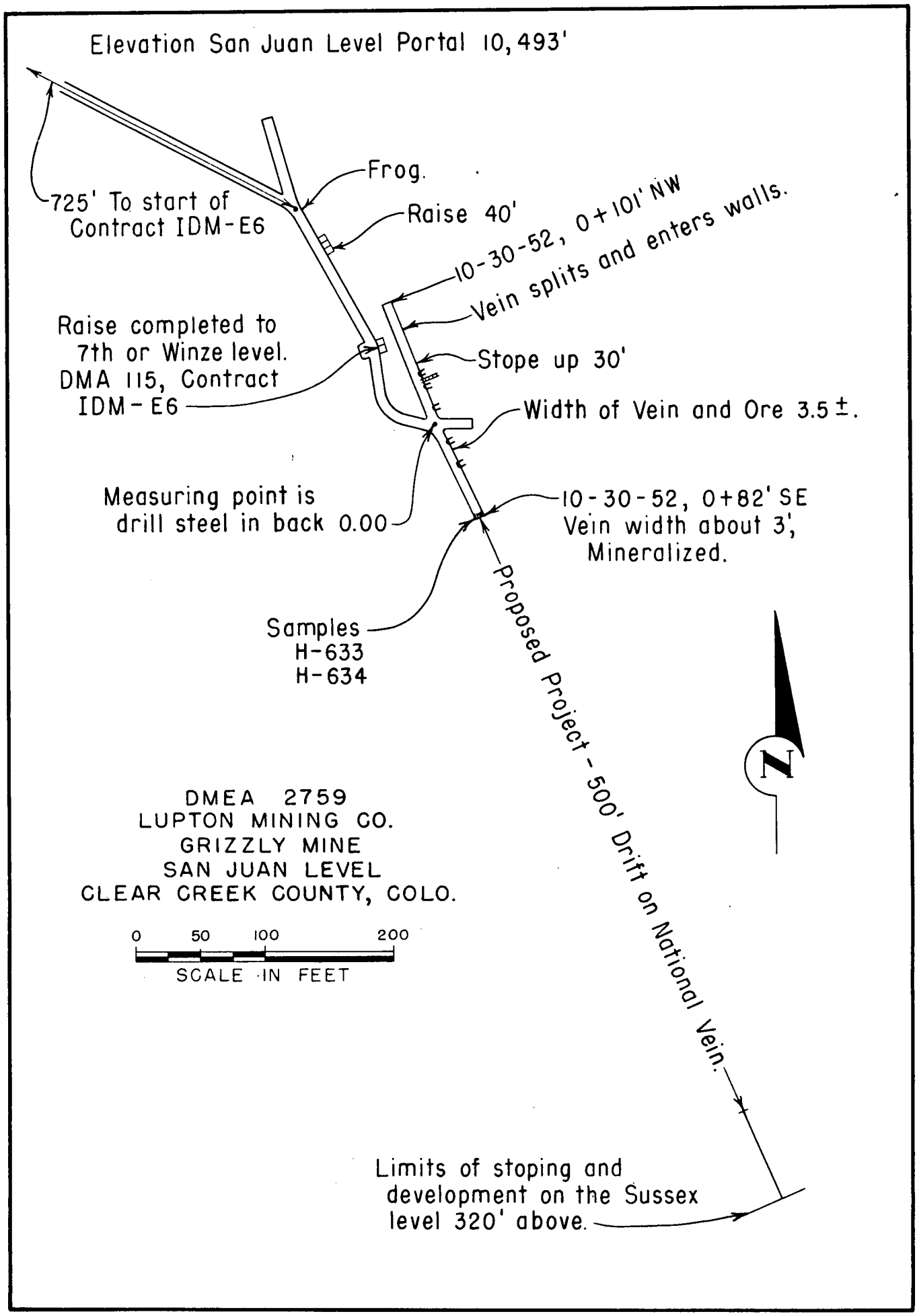

FIGURE 1 - PROJECT LOCATION, LUPTON MINING CO. CLEAR CREEK CO. COLO. DMEA 2759

the average taken over the one year period June 1951 - June 1952. Average cost of driving 1,118 feet of drift on the San Juan level during the above period was $36.47, broken down as follows:

Items of Cost	Total Cost for 1,118 feet of Drift	Cost per Foot
(2) Labor and Supervision		
labor and supervision	$20,893.96	$ 18.69
technical services	61.50	.05+
(3) Operating Materials and Supplies		
timber	188.00	.17-
explosives	3,265.74	2.92+
pipe	-	-
track	427.30	.39
other	6,147.84	5.51
(4) Operating Equipment		
rental	6,269.00	5.60
purchase	471.40	.42+
(7) Miscellaneous		
repairs to equipment	984.37	0.88
federal taxes	1,192.49	1.06
Workman's compensation insurance	533.03	.48
(8) Contingencies		
transportation	332.16	.30
Totals	$40,766.79	$ 36.47-

Considering the items of pipe and track, which were not entirely reported, actual costs are estimated at $37.00 per foot of advance, making the total cost $18,500.00.

Characteristics of the National vein on and above the Sussex level are described in the original report on DMA 115, dated March 28, 1951.

Galena and sphalerite occur with minor amounts of chalcopyrite, gold, and silver in a strong fault zone known as the National vein along which ore occurs as a series of discontinuous bodies.

The National vein is exposed on the Sussex level 560 feet beyond the present end of the drift on that vein on the San Juan level, 320 feet below. This portion of the vein on the Sussex level was extensively stoped and is well mineralized. A sample from the breast assayed 8.65 percent lead over a width of 1.8 feet. There is no doubt that the National vein continues to the limits of the property which are 670 feet beyond the end of development on the Sussex level.

The National vein is continuously exposed on the San Juan level for 160 feet and is now being stoped. The operator reports 319 tons of mill ore assayed 8.26 percent lead.

Two complementary samples across the southeast face of the drift on the National vein (fig. 1) assayed:

Sample number	Width in feet	Ounces per ton		Percent		
		Gold	Silver	Copper	Lead	Zinc
H-633	2.0	0.16	1.7	0.30	1.05	0.5
H-634	2.6	0.06	1.7	0.11	0.35	0.1

The National vein is exposed for 260 feet in the raise between the San Juan and the seventh levels, proving continuity to below the San Juan level. The operator reports that 729 tons of development rock from the raise had a mill head assay of 7.7 percent lead.

The proposed exploration program is within the favorable area outlined on Plate 2 accompanying the geologic section of the original report (DMA 115).

The project would terminate within 330 feet of the Sussex end line and 740 feet from the end line of the National lode claim.

The original estimate of 20,000 tons of inferred ore, assaying 0.13 ounce gold and 2.7 ounces silver per ton, 9.7 percent lead, 2.2 percent zinc, and 0.3 percent copper, from the favorable zone outlined on the aforementioned Plate 2 remains as the best estimate available for the joint projects and is substantiated, in part, by the results of the original project, DMA 115, contract I-DMA-E6.

All indications from development on the National vein encourage the assumption that it will continue on the San Juan level within the limits of the proposed exploration program. Vein widths will vary from less than 1 inch to 6 feet.

The proposed program to extend the San Juan level 500 feet to the southeast along the National vein, at the operator's estimated cost of $32.00 per foot and totaling $16,000.00, is recommended for approval. This amount, however, is $5.00 per foot less than his actual costs for driving 1,118 feet of drift during the period June 1951 - June 1952. Cost of the project based on $37.00 per foot would be $18,500.00.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/cb

cc: 8

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 16 1953

Keating
Billy

224 New Customhouse
Denver 2, Colorado

January 14, 1953

Memorandum

To: Secretary to the Operating Committee
Defense Minerals Exploration Administration

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMEA Docket 2759, Contract Idm-E451 (Lead-Zinc)
Lupton Mining Company, Inc., Clear Creek County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report Form MF-104, and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data for the period of December, 1952, pertaining to DMEA Docket 2759, Contract Idm-E451, Lupton Mining Company, Inc., Clear Creek County, Colorado.

W. H. King
W. H. King

Enclosures

53-79

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 14 1953

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

224 New Customhouse
Denver 2, Colorado

January 12, 1953

Memorandum

To: T. A. Christensen

From: Executive Officer, Field Team, Region IV

Subject: DMEA Docket 2759, Contract Idm-2451 (Lead-Zinc) Lupton Mining Company, Inc., Clear Creek County, Colorado - Operator's Monthly Progress Report for the period of December, 1952

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

Work has been 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.

W. H. King
W. H. King

Enclosures

JWT:oc

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

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
January 8, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMEA 2759, Contract Idm-E451 (Lead-zinc), Lupton Mining Company, Inc. (Grizzly mine), Clear Creek County, Colorado - Progress report for December 1952

Please find enclosed the original and four copies of the above progress report under short form contract MF-200 (A)—forms MF-104 and MF-104A, with narrative—and seven copies of Wilbert L. Dare's memorandum covering inspection of the underground progress and verification of the accuracy of the report forms.

The drifting advance of 87 feet on the National vein on the San Juan level is correct as reported in the operator's narrative, as are the entries on the forms.

Payment of $1,392.00, or 50 percent of the total $2,784.00 claimed by the contractor, is approved.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

WMT/cb

cc 4
E451
DMEA Chron

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20
Denver Federal Center
Denver 14, Colorado
January 8, 1953

Memorandum

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

From: Wilbert L. Dare

Subject: DMEA 2759, Contract Idm-E451 (Lead-zinc), Lupton Mining Company, Inc. (Grizzly mine), Clear Creek County, Colorado - Progress report for December 1953

The Grizzly mine was visited on January 6, 1952, and underground progress was checked with Carl Eisner, mine foreman. At the time of the visit, the exploration drift following the National vein to the southeast had been advanced 129 feet. Inasmuch as 33 feet was claimed as advance in November, 96 feet of advance was made in the period of December 1, 1952, to January 6, 1953. The December advance of 87 feet shown on form MF-104A is therefore approved.

For about the last 30 feet, drift advance has indicated very little mineralization but it is felt that the ore shoot found on the upper level will be encountered at some 10 to 20 feet ahead.

Payment based on the terms of the short form contract is recommended as 50 percent of the advance claimed at $32.00 per foot, or 50 percent of $2,784.00, which is $1,392.00.

Wilbert L. Dare

Wilbert L. Dare
Mining Engineer

WLD/cb

cc 6
E451
DMEA Chron

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
JAN 1 0 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1952 Docket No. DMEA-2759 Contract No. 1[illegible]-3-451
Operator's Name Lupton Mining Company, Inc., Minerals Lead-Zinc
Address P. O. Box 498, Georgetown, Colo.
Contract Amount, $ 16,000.00 Government Participation: 50 % Amount, $ 8,000.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting	$2784.00	$1056.00	$3840.00			
(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	$2784.00	$1056.00	$3840.00	2784.00	1056.00	3840.00

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

Date Jan. 2, 1953 *Payee Lupton Mining Company, Inc.

Per Elmer P. Lupton Title President

*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:

$ 1392.00

Signature [illegible]
(Authorized Certifying Officer)

Date 1/12/53 Vou. No. DMA 53-79
(See other side)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

December 18, 1952

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, Field Team, Region IV

Subject: Form MF-104, DMA Docket 2759, Contract Idm-E451, (Lead-Zinc) Lupton Mining Co., Inc., Clear Creek County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report Form MF-104 and 104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report and other supporting data for the month of November, 1952, pertaining to DMA Docket 2759, Contract Idm-E451, Lupton Mining Company.

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

Enclosures

DEPARTMENT OF THE INTERIOR
Science Library Administration
2 1962

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

[illegible] New Customhouse
Denver 2, Colorado

December 12, 1952

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2759, Contract Ida-8451 (Lead-Zinc) Lupton Mining Co., Inc, Clear Creek County, Colorado - Operator's Monthly Progress Report for the period of November, 1952

Enclosed are the original and four copies of Form MF-104, 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.

W. R. King
W. R. King

Enclosures

RDB:oc

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado
December 8, 1952

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: RMEA 2759, Contract Idm-B451 (Lead-zinc), Lupton Mining Company, Inc., Clear Creek County, Colorado - Progress report for November 1952

Please find enclosed five copies of the initial progress report under the above short form contract--forms MF-104 and MF-104A, with narrative--and seven copies of C. M. Harrer's memorandum covering inspection of the underground progress and accounts.

The progress reported in the operator's narrative is correct as are the entries on the forms.

Payment of $528.00, or 50 percent of the total $1,056.00 claimed by the contractor, is approved.

Scott W Hagen Jr
for W. M. Traver, Jr.

enclosures

WMT/amh

cc
AHKoschmann
B451
RMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado
December 8, 1958

Memorandum

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

From: C. M. Harrer

Subject: DMEA 2759, Contract Idm-2451 (Lead-zinc), Lupton Mining Company, Inc., Clear Creek County, Colorado - Progress report for November 1958

Major E. P. Lupton was contacted at his home in Georgetown, Colorado. Progress southeast along the National vein was inspected with W. Dave and F. Beline, accompanied by Carl Kisner, mine foreman.

The start of the contract is 82 feet southeast of a drill steel measuring point in the top of the drift at the junction of the San Juan crosscut and drift on the National vein.

Lupton Mining Company has contracted drifting to their regular employees and work was started on November 24. Advance to the southeast was 33 feet as reported in the operator's narrative and form MF-104A and is in conformance to terms of the contract.

Payment under the short form contract for 33 feet of drift southeast at $32.00 per foot, totaling $1,056.00, is approved. U. S. Government participation of 50 percent is $528.00.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/mah

cc: 6
AEKoschmann
2451
DMEA Chron.

04 (Rev.)
1952)

UNITED STATES
PARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration

OPERATOR'S MONTHLY REPORT AND VOUCHER

2 1952

Month of November, 1952 Docket No. DMEA- 2759 Contract No. Idn-[illegible]-451
Operator's Name Lupton Mining Company, Inc., Minerals Lead-Zinc
Address P. O. Box 493, Georgetown, Colorado
Contract Amount, $16,000 Government Participation: 50 % Amount, $ 8,000

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting	$1056	None	$1056.00			
(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	$1056.00		$1056.00	1056.00		1056.00

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

Date Dec. 1, 1952 *Payee Lupton Mining Company, Inc.,

Per Elon P Lupton Title President

*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:

$528.00

Signature [illegible]
(Authorized Certifying Officer)

Date 12/16/52 Vou. No. DMC 53-72

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm 451 in accordance with the terms of the contract.

Signature E. M. Harrer $528.00 Title Mining Engineer Date Dec 4, 1952

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

Signature W. H. Kemp Title Executive Officer Date 12/12/52

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

-104A
(April 1952)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration

DEC 2 1952

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

Month of November 195 2 Docket No. DMEA -2759 Contract No. Ids-S-451
Operator's Name Lupton Mining Company, Inc., Minerals Lead-Zinc
Address P. O. Box 493, Georgetown, 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	Feet	$1056	33'	$ 1056.00	33'	$32	500'	$32 p/ft.
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$1056		$ 1056.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1056		$ 1056.00				

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 Dec. 1, 1952 Operator Lupton Mining Co., Inc.,

Per Ellis P Lupton Title President

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

December 29, 1952

File under:
DMEA-275-9

Memorandum

To: Administrator

Through: A. G. Keating

From: Chief Counsel

Subject: Lupton Mining Company, Inc., Docket No. DMEA-115

There is attached, in satisfactory legal form for execution, a second amended exploration project contract. This contract terminates the contract dated November 24, 1952, entered into by Region IV and incorporates its provisions into this contract which also preserves the Government's lien on the equipment purchased.

The operator should be advised that it is essential that he sign the contract as the work provided for in the contract signed in the field is merely a continuation of the work specified in the original contract as amended.

J. L. Hofflund
Chief Counsel

Attachment

AEKane/mef
cc to: Mails and Files
A. G. Keating
J. L. Hofflund
A. E. Kane
Chron.

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

224 New Customhouse
Denver 2, Colorado

November 25, 1952

Memorandum

To: C. O. Mittendorf

From: Executive Officer, Field Team, Region IV

Subject: Docket DMEA 2759, Contract Idm-E451, Lupton Mining Co., Inc. (Lead-Zinc)

Enclosed are the original and two copies of Contract Idm-E451. Copies of this contract have been given to the Operator, the Fiscal Office of Region IV, and a copy has been retained for our files.

W. H. King
W. H. King

Enclosures

COMMENTS

APPROVED

Defense Minerals Administration

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2759

COMMODITY Lead-Zinc

Contract No. Idm-E451

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 24th day of November, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Lupton Mining Company, Inc., a Colorado Corporation Georgetown, 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 Grizzly Mine, consists of the following patented claims: National Lode No. 115, Sussex Lode No. 20037, and Newcastle Lode No. 20225; located in Sec. 29, T. 4 S., R. 45 W., 6th P. M.

the Operator represents and undertakes:[4]

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

None

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

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within 60 days from the date of this contract shall commence work on a project of exploration for[5] Lead and Zinc

in or upon the described land; and shall bring the project to completion within a period of 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 $8,000.00, which is 50 percent of $16,000.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

16—66329-1

(*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.

THE UNITED STATES OF AMERICA

Lupton Mining Co. Inc.
(Operator)

By Ellis P Lupton (President)

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

I, J. C. Lupton, certify that I am the Secretary secretary of the corporation named as Operator herein; that Ellis P Lupton President, who signed this contract on behalf of the Operator, was then of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

J. C. Lupton [CORPORATE SEAL]

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

Exhibit A

Description of the Work

Extend the San Juan level 500 feet to the southeast along the National vein from the present breast of the drift.

The location of the proposed work is shown on Figure 2, which is attached and made a part of this exhibit.

Estimated Costs of the Work

Driving 500 feet of 5-by 7-foot drift at $32.00 per foot, including any and all costs incurred in the completion of this work -	$ 16,000
Government Participation at 50% -	$ 8,000

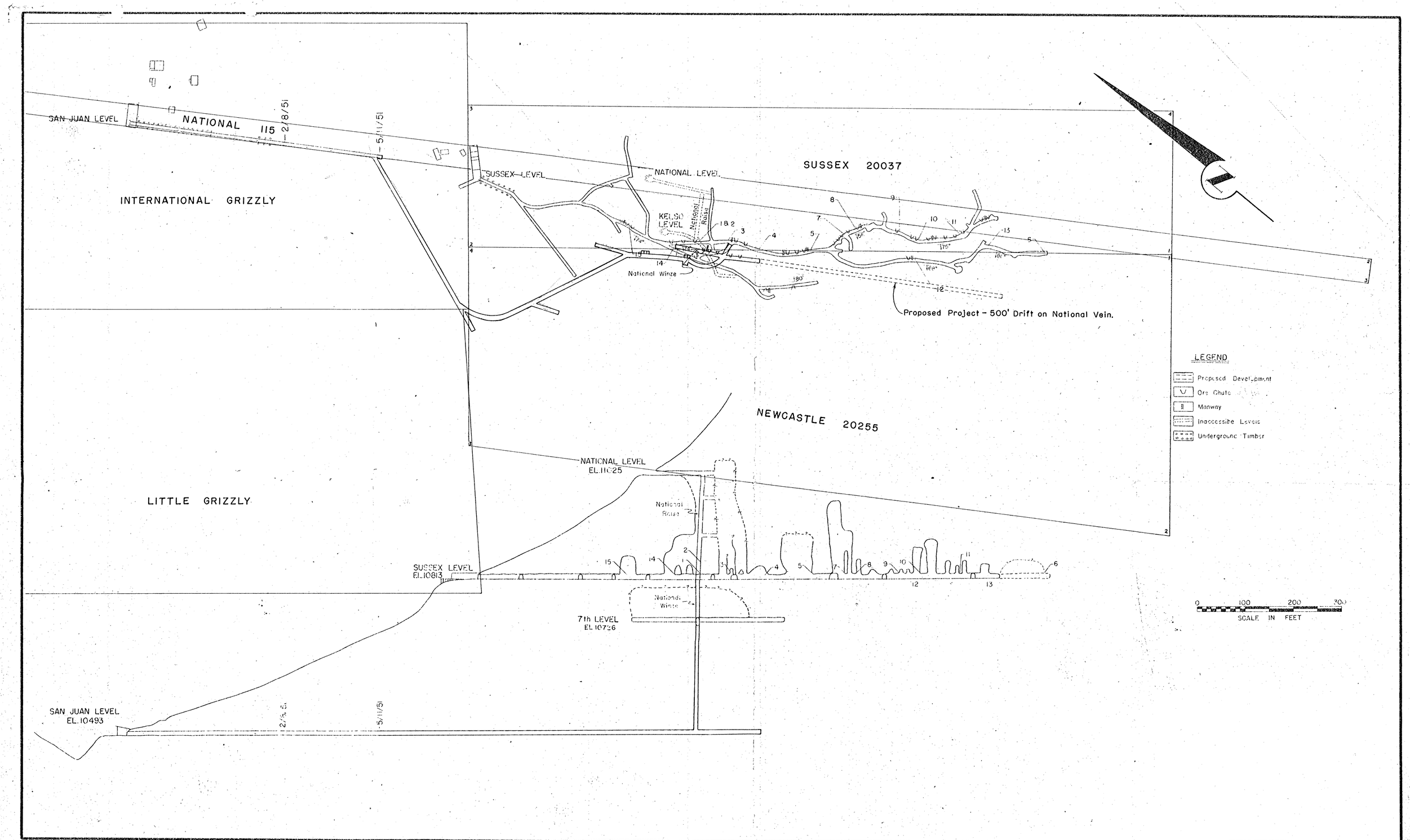

FIGURE 2 - LUPTON MINING CO., GRIZZLY MINE, CLEAR CREEK COUNTY, COLORADO. DMEA 2759