PROJECT SUMMARY REPORT

By: W. R. Griswold July 11, 1957

1. Docket No. DMEA-2991 (Lead-Zinc)
Contract No. Idm-E558
Location: Letter "G" Vein Project
San Juan County, Colorado

Operator: Shenandoah-Dives Mining Company
Silverton, Colorado

Operator's Property Rights. Lease dated January 1, 1953.
Owners Consent to Lien dated July 15, 1953.

2. Contract dated June 26, 1953.

Work Authorized

3,000 feet drifting and crosscutting @ $50.30/ft.	$150,900.00
500 feet raising @ $122.00/ft.	61,000.00
Total Estimated Cost of Project	$211,900.00
Government's participation, 50%	$105,950.00

Amendments

No. 1 Dated April 23, 1954.

Permits drifting on the vein both easterly and westerly.

Termination Agreement Dated September 9, 1955.

Contract terminated effective May 29, 1954.

Contains clause with effect of certification.

Work Completed

2,799.5 feet crosscutting and drifting at $50.30/ft.	$140,814.85
Total Cost of the Project	$140,814.85
Government's share, 50%	$ 70,407.43

Work terminated May 29, 1954.

3. Report of Review issued October 27, 1955.

Operator's Final report dated November 4, 1955.
Field Team's Final Report, January 1957.

4. Certification of Discovery or Development.

"Pseudo " certification in Termination Agreement.

Ore Reserve - None

5. Comments

The work was done in a highly efficient manner. Results were negative, the Letter "G" vein contained only small spots of very low grade material. No further Government expenditure would be warranted.

W. R. Griswold

WRG/er
Copy to: Docket
Mr. Johnson
Chron.

☒ Audited

☒ Certified Pseudo.

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of 12/30/54.
Incl. Voucher for May 1954.

☐ Actual Cost

☒ Agreed Unit Costs

Name Shenandoah - Dives Mining Company

Docket No. DMEA-2991

State Colorado

Commodity Lead-Zinc-Copper

Idm-E No. 558

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting 8½'x8½'	3,000' @ $50.00	$150,900.00	2,799.5'	$140,814.85	$140,814.85
Raising 6'x14'	500' @ $122.00	61,000.00			
Shafts					
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify)					
Totals		$211,900.00		$140,814.85	$140,814.85

Completion Date 6/26/55.
Termination agreement signed 9/9/55.

Checks Audit.

Prepared by W. P. Klugescheid

Recopied.

71626

Building 20 - Federal Center
Denver 25, Colorado

June 12, 1963

~~500~~

220

Mr. James M. Hansen
Office Manager
Standard Metals Corp.
264 South Fourth East
Moab, Utah

Re: DMEA-2991 (Lead-Zinc)
Contract Idm-E558
Shenandoah-Dives Mining Co.
(Letter "C" Vein Project)
Silver Lake Mine
San Juan County, Colorado

Dear Mr. Hansen:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated May 15, 1963, covering the period June 16, 1959, through April 8, 1963.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosure

cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. E558
Chron

HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

June 12, 1963

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMEA-2991 (Lead-Zinc)
Contract Idm-E558
Shenandoah-Dives Mining Co.
(Letter "G" Vein Project)
Silver Lake Mine
San Juan County, Colorado

Attached is the original Report of Royalty Review dated May 15, 1963, on the subject property covering the period June 16, 1959, through April 8, 1963.

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-E558
Chron
HMC/lm

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

224 New Customhouse
Denver 2, Colorado

EXTRA COPY
DMEA
RECEIVED FEB 4 1957

DATE	INITIALS	CODE
	February 1,	1957
		130
2-11	C	220
2-12	WRB	500

Memorandum

To: Chairman, Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket No. DMEA 2991 (Lead-Zinc-Copper), Contract No. Idm-E558, Shenandoah-Dives Mining Company (Silver Lake mine), San Juan County, Colorado - FINAL REPORT.

Enclosed are the original and three copies of a joint final engineering and geologic report, dated January 1957, pertaining to work completed under the subject contract, by D. H. Richter, Geologist, Geological Survey, and C. N. Harrer, Mining Engineer, Bureau of Mines; and transmittal thereof from E. N. Harshman and John F. Shaw, dated January 25, 1957.

The original and one copy of the Operator's final report were forwarded to the Washington Office by memorandum of February 10, 1956.

The contract was terminated by a Termination Agreement, dated September 9, 1955, which was made effective May 29, 1954, before completion of the entire amount of work provided for in the contract.

The exploration work completed consisted of 2,799.5 feet of drifting and crosscutting, at a total accepted cost of $140,814.85, toward which the Government contributed 50%, or an amount of $70,407.43.

Final payment to the Operator was processed by this office November 8, 1955 in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, DMEA, dated October 26, 1955.

Provision for the repayment of the amount of the Government's contribution to the costs of the exploration work by royalty on production from the property was incorporated in the Termination Agreement, which, in effect, constitutes a pseudo Certification.

Original signed by
W. M. TRAVER

W. M. Traver

Original signed by
E. N. HARSHMAN

E. N. Harshman

JWT:pri

cc: Final Report file } w/copy of Joint
Region III } Engr. & Geol. Report and Operator's Final Report.
Harshman (2) } w/copy of Joint Engr. &
Shaw (2) } Geol. Report.
Townsend
Corres. file
Chron.

Reviewed by
DMEA OPERATING C
2-8

EXTRA COPY DMEA RECEIVED FEB 4 1957		
DATE	INITIALS	CODE
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		220

DMEA
DEPARTMENT OF THE INTERIOR
JAN 25 1957
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
DENVER 2, Colorado
January 25, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: E. N. Hershman
John F. Shaw

Subject: Docket DMEA 2991 (Lead-Zinc-Copper) Contract Idm-2558
Shenandoah-Dives Mining Company (Silver Lake Mine)
San Juan County, Colorado.

Enclosed are original and nine copies of Final Joint Engineering and Geologic Report on the subject project by D. H. Richter and C.M. Harrar.

A contract between DMEA and Shenandoah-Dives Mining Company was signed June 26, 1953. The contract provided for a program for exploring the company's property by means of drifting, crosscutting, raising and diamond drilling at an estimated total cost of $211,900.00, in which the Government was to participate to the extent of 50 percent, or to the amount of $105,950.00

Exploration commenced July 6, 1953 and was stopped May 29, 1954, without all the work having been completed as originally planned. During the period of activity 2,799.5 feet of drifting and crosscutting were completed at a cost of $140,814.85, of which sum $70,407.42 was paid by the Government.

Eighty-nine thousand, two-hundred tons of indicated ore was found as a result of the work. The ore has an average grade of 0.89 percent lead, 0.22 percent zinc, 0.36 percent copper and contains 0.018 ounce gold and 1.0 ounce silver a ton.

This grade of ore is not high enough to be considered commercial under present conditions and the contract was terminated September 9, 1955.

A Pseudo Certification was issued on that date thereby the Government retains royalty rights until the day it is reimbursed for its outlay, or until June 26, 1963, whichever is the sooner.

E. N. Hershman
E. N. Hershman
Member Field Team

Reviewed by
DMEA OPERATING COMMITTEE

2-8-57
(date)

John F. Shaw
John F. Shaw
Supervising Mining Engineer

JFS:jg
cc: 9
DMEA 2991
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

JOINT REPORT OF EXAMINATION BY EXAMINING TEAM
REGION III

EXTRA COPY
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RECEIVED FEB 4

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DMEA 2021

SUBMERGENCE-RIVES MINING CO.

Exploration Project Contract Ide-[illegible]

Silver Lake Mine

San Juan County, Colo.

Lead-Zinc-Copper

Final
Joint Engineering and Geologic Report

By

D. H. Richter
Geologist
Geological Survey

G. M. Harrer
Mining Engineer
Bureau of Mines

January, 1957

Reviewed by
DMEA OPERATING COMMITTEE
2-8-57
(date)

DMEA 2991

SHENANDOAH-DIVES MINING CO.
SILVER LAKE MINE
Exploration Contract Idm-8558
SAN JUAN COUNTY, COLO.

EXTRA COPY
D M E A
RECEIVED FEB 4 1957

DATE	INITIALS	CODE

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2. Plan and claim map showing proposed exploration, Shenandoah-Dives Mining Co., San Juan County, Colo. (DMEA 2991). 22

3. Map showing exploration completed under contract Idm-8558, Shenandoah-Dives Mining Co., San Juan County, Colo. (DMEA 2991) 22

DMRA 2991

SHENANDOAH-DIVES MINING CO.

Silver Lake Mine
Exploration Project Contract Idm-2358
San Juan County, Colo.

INTRODUCTION AND SUMMARY

On June 26, 1953, exploration project contract Idm-2358 was activated between Shenandoah-Dives Mining Company, a Colorado corporation and the Defense Minerals Exploration Administration, to explore the property known as Silver Lake mine as follows:

1. Drift about 400 feet south along the extension of the Malville vein on the main (4177) level.

2. Crosscut therefrom on a bearing of S. 18° W., a distance of about 900 feet to the latter "G" vein.

3. Drift east and west along the latter "G" vein for about 1,700 feet.

4. From a location near the west end of the drift, raise about 500 feet along the latter "G" vein to a connection with old workings. The contract was for a total of $211,900.00 with Government participation (50 percent) at $105,950.00.

Work under the contract started on July 6, 1953, and stopped before completion on May 29, 1954. During this time a total of 2,799.5 feet of drifts and crosscut was completed at an overall cost of $140,824.85.

No further exploration was carried on and the contract was terminated as of May 29, 1955. Defense Mineral Exploration Administration assistance of 50 percent was $70,407.42.

The Shenandoah-Dives Mine is 2.5 miles south of Silverton, Colo., in the Arrastre Basin area of San Juan County, Colo.

One hundred ninety-eight patented mining claims, comprising the Silver Lake Mine property, have been subordinated to the contract. These claims are held by Shenandoah-Dives Mining Co., under a 30-year lease from the American Smelting and Refining Co. The Government retains royalty rights until June 26, 1963, for its participating share of exploration costs.

Exploration under the contract developed 89,200 tons of indicated ore averaging 0.89 percent lead, 0.22 percent zinc, 0.36 percent copper, with 0.018 ounce gold and 1.0 ounce silver a ton, and 632,000 tons of inferred ore averaging 0.72 percent lead, 0.21 percent zinc, 0.34 percent copper, with 0.016 ounce gold and 1.46 ounces silver a ton.

LOCATION, TOPOGRAPHY AND PHYSICAL FEATURES

The Silver Lake mine property of the Shenandoah-Dives Mining Co. is 2.5 miles south of Silverton in the Arrastre Basin area of San Juan County, Colo. (fig. 1). The property is in very rugged and mountainous terrain between 9,000 and 12,000 feet above sea-level. The company's ore concentrator is in the Animas River valley at an altitude of about 9,600 feet. The mill is connected to the mine by 2 miles of aerial tramway over which all materials, supplies and employees are transported. The very steep and rough road to the mine is used only occasionally in the summer for heavy transportation.

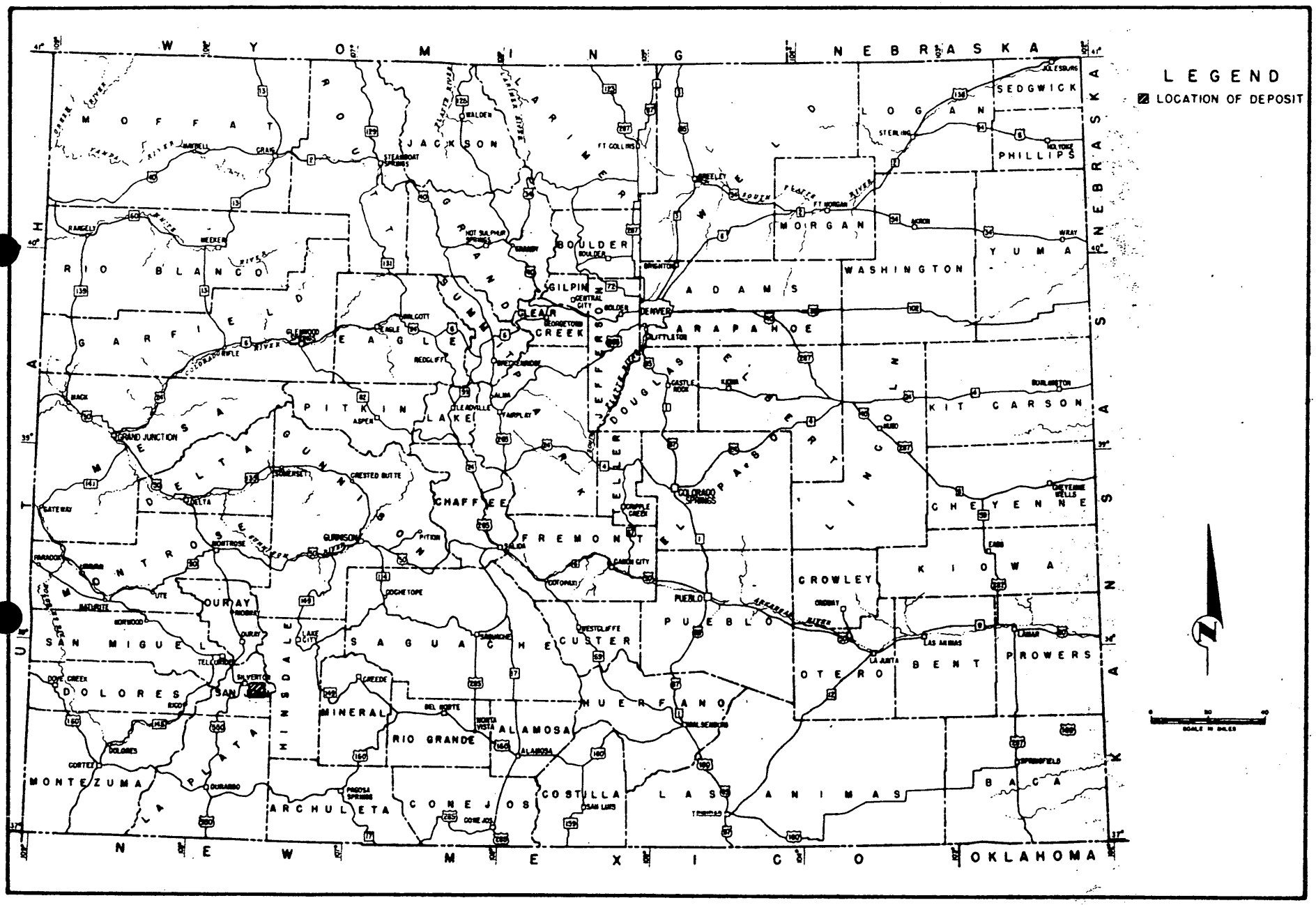

FIGURE 1 - LOCATION MAP, SHENANDOAH-DIVES MINING COMPANY, SAN JUAN COUNTY, COLO. DMEA 2991

Exploration under the contract (figs. 2 and 3) was completed on the main (4177) level which is at an altitude of about 11,200 feet. Winters are severe with heavy snows, and year-around operations could not be maintained without the aerial tramway. Ample water and timber are available. All manner of supplies and equipment are available to the property by truck transportation over well-maintained roads. During the summer, transportation over the narrow-gauge Denver & Rio Grande Western Railroad is available to the rail terminus in Silverton.

HISTORY AND PRODUCTION

Prospecting began in the Arrastre Basin area in 1870 and most of the claims were located by 1876. In 1887, a large group of claims located along 4 miles of the Silver Lake vein and along 1 mile of the letter "g" (Titusville-Buckeye) vein, and including portions of the Royal, Professor Stelzner, and Whale-Rochester veins, was consolidated and controlled by the Silver Lake Mines Co.

Silver Lake Mines operated until 1919. The property was later acquired by the American Smelting and Refining Company and was operated by them until 1942, when the Silver Lake Mines group was leased to the Shenandoah-Dives Mining Company. A 30-year lease was negotiated by the companies on January 1, 1953.

Production from the Silver Lake Mines prior to 1902 is unknown. During 1902-18, production totalled 630,645 tons of ore averaging 1.94 percent lead, 0.296 percent copper, with 0.142 ounce gold and 4.52 ounces silver per ton.

During 1919-23 about 1,600 tons of ore was produced. The property was shut down during 1924-27. During 1928-41, a total of 2,316,188 tons of ore was produced. During the period 1942-52, a total of 1,112,941 tons of ore assaying 1.5 percent lead, 0.69 percent zinc, 0.11 percent copper, with 0.096 ounce gold and 1.9 ounces silver per ton was produced from Shenandoah-Dives property of which 274,687 tons of ore assaying 1.65 percent lead, 0.4 percent copper, 0.82 percent zinc with 0.063 ounce gold and 1.6 ounces silver per ton, was produced from the Silver Lake vein.

From the above it is seen that the ore mined was of very low grade.

PROPERTY RIGHTS

Under the contract Idm-8558, Docket DMEA 2991, Shenandoah-Dives Mining Company subordinated 198 patented mining claims which embraced the Silver Lake Mine. The claims are held by the operator under a 30-year lease from the American Smelting and Refining Company. The claims are as follows:

Claims	Survey No.	Claims	Survey No.
Arabian Bay	6994		
Badger	11448-A	Bons Stake	5471
Barbadoes	14036	Jaffa	12122-A
Bear	280	Jamaica	14035
Buckeye	232	Jocko	14163
Buckeye No. 2	7896	Jupiter	14066
Carolina	5569-A	Kingstone	14035
Dandy	7896-Am	Lake View	14035
Dana	238	Last Chance	11448-A
Dana	14036	Last Chance	7896-Am
Eckley Cox	14066	Lena Allen	7802
Essex Street	9186-A	Lessostiste	5570
Freiberg	14047	Lowville	5529
Galena	11488-A	Magnala	14035
General Hale	14066	Manilla	14030
General Merritt	13030	Martha W.F.	4952
General Miles	14066	Maxwell	5530-A
Gretchen	2163-A	Monte Carlo	14035
Happy Jack	8492	Naples	14035
		Nevada	8530-A

Claims	Survey No.
Nevada Extension	8497
Pyramid No. 3	14220
Pyramid No. 2	14220
Pyramid	2461
Rivington St.	9003-A
Rochester	4764
Round Mountain	5110-A
Royal	6198-A
Royal Tiger No. 1	769
Sedalia	14029
Seymour	96
Silver Lake	2164-A
Silver Lake Spur	6994
Smuggler	14029
Smyrna	12122-A
Solstice	5571
Tiger Extension No. 2	14096
Titusville	403
Unity	9120
Whale	4764
Adams Placer	15143
Alexandria	14024-A
Algiers	11469
Ann Harris Placer	11596
Argentine Lode	11380-A
Argentine Mill Site	11380-B
Blair Mt. Lode	13322-A
Blair Mt. Mill Site	13322-B
Blair Mt. Placer	16469
Blair Placer	841
Big Giant Ext. Lode	14320
Big Giant Lode	1156-A
Bonsery Lode	155
Cairo Lode	11469
Carolina Mill Sites	5569-B
Coin Lode	13322-A
Combination Lode	16476
Contention Lode	14320
Contra Costa Lode	2329
Cremorne Lode	827
New York City	9104
Panneo	7896-Am
Pompeii	404
Porto Rico	14035

Claims	Survey No.
Prof. Meisbeck	11469
Prof. Newberry	14046
Prof. Perry	14066
Prof. Stelmer	7568
Prof. Wedding	11469
Prof. Zemmer	11469
Extension & Combination of Dolly Varden #2 & Ethan Allen	2617
First Chance	13322-A
Free Coinage Lode	9902**
Frithof's	16476
General Garfield Lode	828
General Grant Lode	13322-A
General Hallack Lode	14047
General Logan Lode	13322-A
General Sherman Lode	13322-A
Genoa Lode	14024
George Neese Lode	9852
Golden Fleece Lode	11714
Grey Eagle 1/4 of	16860 1/4 of
Growler	16476
Helen Roux Lode	9852
Illinois Lode	14019
Independence	16476
Iron Mask Lode	11148
Jennette Roux Placer	11596
J.E. Ward Mill Site	9858
Jerusalem	14012
Jess Lode 1/2 of	9426 1/2 of
Jura Lode	2388
King Solomon Lode	409
Last Chance Lode	9284
La Veta Lode	14047
Leyner Lode	14324
Lightning Attracting	16476
Little Gertie Lode	15122
Lowville Mill Site	5529-A
Manhattan Lode	13322-A
Marcia L. Lode	8801-A
Marcia L. Millsite	8801-B
Dana Lode	13322-A
Demosthenes	14196
Dick Bland Lode	13322-A

Claims	Survey No.
Dollie Blight	12671
Dolly Varden #2 Lode	2616
Dreadnaught	14320
Ellida	16476
El Paso Lode	9482-A
Whale Mill Site	9106-B
Esther Allen Lode	8801
Rochester Mill Site	8592
Sal Custer Lode	1894***
Scranton City #2 Lode	16476
Scranton City Lode	15436
Silver Star Lode	681
Smyrna Mill Site	12122-B
Snow Shed Lode	14027
Southside Lode	14012
Spring Lode	14012
Tarpon Lode	15122
Trail Lode	13322-A
Twentieth Century	16476
Vienna Placer	14057
Von Cotta Lode	14052
Iowa	480
J. W. Collins	6561
Black Diamond	4811
(Cub)	12193
(Last Chance)	
Club	12978
Grip	6647
Elk	12977
Lakeside	12818
Melville	12353
1/2 Diamond L.	561-A
Royal Tiger	48
Stag	6646
White Diamond	13081
Dump	9843-AAM
Lake Shore	13064
Key	13065
(Hillside)	12946
(Exploit)	
Saliaya Boy	13139
Dump Millsite	9843-B
Maxwell Millsite	5530-B
M.D. Thatcher Placer	17699

Claims	Survey No.
Mountain Queen Lode	2389
North Star Extension Lode	7772
Panic Lode	13322-A
Perhaps	16476
Potomac Lode	457
Prof. Chandler Lode	14047
Prof. Richter Lode	14028
Prof. Winkler Lode	9842-A
Prof. Winkler Millsite	9842-B
Republic Lode	1158
Riverside Lode	8801
Harmonia Lode	19974
San Juan	19974
Piedmont	19974
Iowa	9837
Tiger Millsite	13749
2/3 American Boy	7244
Aspen	199
Chloride	411
Legal Tender	753
Mammoth	499
McGregor	423
Susquehanna	447
Ruby Placer No. 1	654
Ruby Placer No. 2	655
Millsite No. 1	424
Millsite No. 2	425
La Boca	19479
River	15112
New York	15112
Washington	15112

*Reported as 14030 in DMEA Examining Engineers report.

**Reported as 9903 in DMEA Examining Engineers report.

***Reported as 1849 in DMEA Examining Engineers report.

Defense Minerals Exploration Administration has royalty rights in the above claims.

The operator has a 15-year easement, dated July 14, 1953, on the other 1/3 of the American Bay claim, from the owner N. E. Maxwell.

The Government retains royalty rights on all ores produced from the property until its participating share in the exploration is paid in full, or not later than June 26, 1963.

GEOLOGY

General Statement

The Silver Lake-Melville lakes "Q" (Titusville) veins of the Shenandoah-Dives Mining Company are in the South Silverton Mining area in the western part of the San Juan mountains in southwestern Colorado. The vein and fracture systems of the area have been studied by Burbank 1/ in 1932, and more recently a detailed study of the geology has been conducted by Varnes 2/3/. The geologic information presented in this report is based almost entirely on the work of Varnes, who generously gave the writers his unpublished data on the area.

This part of the San Juan Mountains is composed principally of a series of Tertiary volcanics, consisting of flows, tuffs, and breccias of rhyolitic, andesitic, and latitic composition, having a maximum thickness of nearly

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1/ Burbank, W. S., Vein Systems of the Arrastre Basin and Regional Geologic Structure in the Silverton and Telluride Quadrangles, Colorado: Colo. Sci. Soc. Proc., vol. 13, no. 5. 1933.

2/ Varnes, D. J., Geology and Ore Deposits of the South Silverton Area, San Juan County, Colorado: Colo. Min. Assoc., address given 1948.

3/ _____ Geology of the South Silverton Mining Area, San Juan County, Colorado: unpublished paper.

5,000 feet. These volcanic rocks rest horizontally upon older tilted and eroded metamorphic rocks that range in age from Precambrian to late Cretaceous. The volcanic, and older rocks, have been intruded by numerous stocks of monzonite and diorite, by many dikes of andesitic-latitic composition, and by a few dikes of rhyolite and granite porphyry.

The dominant structural feature in this part of the San Juan mountains is the Silverton caldera, a roughly circular volcanic subsidence basin just north of the South Silverton area. Forces generated within the caldera caused the rocks near its border to break in a rather complex fracture pattern, and in the South Silverton area these fractures have been the principal control of ore deposition.

Three systems of fractures have been observed in the area. The first is an unmineralized system of fractures and dikes, usually referred to as the ring-fault system, that trend concentrically to the caldera border. The second system includes a group of highly mineralized northwest-trending shear fractures and dikes, of which the Silver Lake and latter "8" (Titusville) veins are a part, and a group of unmineralized complementary northeast-trending shear fractures. The third system, which includes the Iowa, New York, and Melville veins, is a group of very productive north-northwest- trending tension fractures.

Almost all the important metalliferous deposits in the area are in veins, which are restricted to a structural block that is bounded on the north by the ring-fault zone and caldera, on the south and west by a large granite-porphyry-filled fracture, and on the east by a group of arcuate dikes. The veins range in size from narrow fissures, a few inches wide, to broad zones

of narrow closely spaced veins over 100 feet wide. The ores are predominately low-grade gold-silver-base-metal deposits composed essentially of pyrite, galena, sphalerite, chalcopyrite, tetrahedrite-tennantite, and minor amounts of native gold. Quartz and calcite are the chief gangue minerals.

Letter "G" (Titusville) vein

The letter "G", or Titusville vein, is the longest vein in the South Silverton area and belongs to the productive northwest-trending fracture system. It has an average strike of about N. 70° W. and a northeast dip of 75°. The structure includes, through most of its length, a compound dike consisting of a number of sheets of andesite or latite and vein material ranging from thin fissures to zones of closely spaced veins up to 100 feet wide. The Tertiary Burns formation, primarily a latite flow-breccia, is the principal country rock of the dike and vein.

The southeast extension of the letter "G" vein, on the main tunnel level of the Shenandoah-Dives mine, was the exploration target of the DMEA project. The target area is below the southernmost workings along the vein between the more productive portion of the vein (Titusville mine) to the northwest and the end of the structure, a barren fault, to the southeast (fig. 2). Briefly, the work completed under the subject contract consisted of drifting south along the Malville vein (off the Silver Lake mine), then crosscutting to the letter "G" vein, and then drifting east and west along the letter "G" vein (figs. 2 and 3).

The 1,625 feet of drifting completed under the contract, plus the 12 diamond-drill holes put down by the company discovered only very low-grade or sub-marginal ore. Although the over-all vein structure and mineralization is similar to the ore zones along the structure to the northwest, the individual veins are narrow, contain less base-metal-sulfide mineralization, and apparently are very discontinuous through the dike. The total width of the dike and veins averages about 25 feet, throughout the explored area. Where the structure is cut by the crosscut from the Melville drift, it has a dip of 75° SW., the reverse of its normal dip. However, both to the east and west of this area, which is believed to be a relatively local disturbed zone, the vein resumes its normal attitude.

WORK COMPLETED UNDER THE CONTRACT

Contract Idm-R558 was signed on June 26, 1953, and exploration work was started on July 6, 1953. Exploration (fig. 3) stopped when the property was shut down on May 29, 1954. The contract was terminated on September 9, 1955, on the basis of work completed to May 29, 1954. The following work (fig. 3) was completed under the terms of the contract:

Units of Work	Footage Completed	Footage Authorized Under Contract	Time
1. Drift along Melville vein extension south, on the main (4177) level at an altitude of about 11,200 feet	266.0	about 400	July-August 1953
2. Crosscut S. 18° W., from the above drift to cut the letter "G" vein.	908.0	about 900	Aug.-Nov. 1953
3. Drift west along the letter "G" vein about 68 ft. back from the end of the crosscut.	1,136.5	An aggregate of 1700 ft. east and west of the crosscut. *	Nov. '53-March '54
4. Drift east along the letter "G" vein about 68 ft. back from the end of the crosscut.	489.0	An aggregate of 1700 ft. east and west of the crosscut. *	April-May 1954
Totals	2,799.5	3,000.0	*Same

Under the terms of the contract, 3,000 feet of combined drifting and crosscutting and 500 feet of raising were authorized. Upon termination of the contract, 200.5 feet of drifting and/or crosscutting and 500 feet of raising remained to be completed.

Shenandoah-Dives Mining Company completed 12 diamond-drill holes (fig. 3) totalling 1,228.5 feet, along the letter "G" drifts at its own expense.

EXPENDITURES UNDER THE CONTRACT

Under the terms of the contract, 3,000 feet of combined drifts and crosscut were provided for at a cost of $50.30 per foot for a total of $150,900.00. In addition, 500 feet of raise at $122.00 per foot for a total of $61,000.00 was included. Total estimated cost of the exploration project was $211,900.00. Government participation at 50 percent would have been $105,950.00.

The project was terminated before completion, the effective date of termination being set as May 29, 1954, when the property was shut down completely by the Shenandoah-Dives Mining Company. During the active life of the contract (June 26, 1953-May 29, 1954) 2,799.5 feet of drifts and crosscuts (fig. 3) at a unit cost of $50.30 per foot and a total cost of $140,814.85 was completed. Government participation of 50 percent is $70,407.42. This is in accordance with the audit report dated October 26, 1955.

Unexpended funds for 200.5 feet of drifting and/or crosscutting and 500 feet of raising allowed in the contract, but which were not completed, total $71,085.15.

EFFICIENCY OF PROJECT OPERATIONS

Shenandoah-Dives Mining Co. performed the work (fig. 3) efficiently, on a two shift basis. Advance was through hard latite, and the headings were 8- by 8.5-foot in cross-section. During 11 months of operation, average advance was 5.85 ft. per round or 11.7 ft. per day. Exploration muck was hauled about 9,000 feet to the portal of the main level tunnel.

DESCRIPTION OF DISCOVERY

No certificate of discovery has been issued, but, the Government's participation in the proceeds from any future production from Shenandoah-Dives property is assured in the termination agreement dated September 9, 1955. The contract was terminated before completion of the project, the effective date of termination is May 29, 1955.

The letter "G" structure was drifted on both east and west of the crosscut (fig. 3) for a combined distance of 1,625.5 feet. One hundred samples were taken by the applicant, across the approximate 8-foot widths of vein exposed in the drifts (fig. 3). In addition, 27 samples were taken of diamond drill core from holes (fig. 3) drilled into the drift walls.

Sampling Data

The letter "G" vein was encountered 1,023 feet from beginning point of the contract, or 757 feet from the start of the letter "G" crosscut. The vein was about 13 feet wide, with a N. 62° W. strike and a dip of 75° SW. Six samples of the vein, taken along the walls of the crosscut, were assayed with the following results:

Sample No.	Location	Width Feet	Percent Lead	Percent Zinc	Percent Copper	Oz./Ton Gold	Oz./Ton Silver	Description
S-1	West wall of crosscut 758-764 ft. so. of its start.	6.0	0.6	0.5	1.6	0.01	1.9	Crushed latite and Sulfides
S-2	West wall of crosscut 764-771.5 So. of its start	7.5	0.8	0.2	0.35	0.01	0.5	Ditto
S-3	West wall of crosscut 758-771.5 ft. So. of its start-full width of vein.	13.5	0.4	0.25	0.4	0.01	0.5	Ditto
S-4	East wall of crosscut 760-766 ft. so. of its start.	6.0	0.8	0.2	0.3	0.01	0.85	Ditto
S-5	East wall of crosscut 766-773 ft. so. of its start.	8.0	0.5	0.3	0.2	0.01	0.2	Ditto
S-6	East wall of crosscut 760-773 ft. so. of its start.	13.0	1.2	0.2	0.35	0.02	1.3	Ditto

Sample S-7 was taken across two feet of sulfides in crushed latite in the letter "Q" drift west, 120 feet west of the crosscut (fig. 3). Sampling data is as follows:

Sample No.	Location	Width Feet	Percent Lead	Percent Zinc	Percent Copper	Oz./ton Gold	Oz./ton Silver	Description
S-7	120 ft. west of crosscut.	2.0	0.1	0.1	0	0.01	0.2	Crushed latite and sulfides

Diamond drill holes 1 and 2, in the letter "Q" drift west, and 396 feet west of the crosscut were drilled through the vein. The results, assaying the core of the vein intercept, are as follows:

Sample No.	Location	Depth sampled feet	Lgth. of core Assayed, in ft.	Percent Lead	Percent Zinc	Percent Copper	Oz./Ton Gold	Oz./Ton Silver
S-8	D.D.H-1	78-84.5	6.5	0.1	0.15	0.2	0.01	1.6
S-9	D.D.H-1	84.5-91.5	7.0	0.1	0.15	0.2	0.005	0.25
S-10	D.D.H-1	91.5-97.0	5.5	0.2	0.2	0.3	0.01	1.0
S-11	D.D.H-1	97.0-107.0	10.0	0.1	0.1	0.1	0.01	0.2
S-12	D.D.H-2	106.0-112.0	6.0	0.3	0.1	0.3	0.01	1.2
S-13	D.D.H-2	112.0-119.0	7.0	1.1	0.7	0.5	0.02	3.1

The letter "G" drift west (fig. 3) was sampled at approximate 10 feet intervals for a length of 590 feet to its end. Data on samples S-14 through S-62, taken over the above length, and their assay results are tabulated as follows:

Sample No.	Location	Distance West of crosscut (ft.)	Sample width feet	Percent Lead	Percent Zinc	Percent Copper	Oz./Ton Gold	Oz./Ton Silver
S-14	Drift West	460	7.0	0.8	0.9	0.28	0.01	1.9
S-15	Drift West	472	7.0	1.4	0.7	0.24	0.01	2.0
S-16	Drift West	485	8.0	3.2	0.6	0.36	0.01	1.7
S-17	Drift West	495	9.0	0.7	0.1	0.04	0.01	1.5
S-18	Drift West	507	9.0	0.9	---	0.14	0.01	1.8
S-19	Drift West	520	8.0	0.2	0.1	0.02	Tr.	0.5
S-20	Drift West	531	8.0	0.4	---	0.04	Tr.	0.7
S-21	Drift West	542	8.0	0.6	---	0.04	0.01	0.9
S-22	Drift West	554	8.5	1.4	---	0.08	0.01	1.2
S-23	Drift West	563	8.5	1.1	0.1	0.32	0.01	1.8
S-24	Drift West	575	8.5	3.1	0.2	0.18	0.01	1.6
S-25	Drift West	589	8.5	1.3	---	0.38	0.01	1.3
S-26	Drift West	601	9.0	2.2	---	0.56	0.02	1.8
S-27	Drift West	614	5.0	3.0	0.3	0.20	0.01	1.5
S-28	Drift West	626	5.5	6.5	0.2	0.16	0.02	2.0
S-29	Drift West	638	9.0	4.6	0.3	0.68	0.01	1.7
S-30	Drift West	651	9.0	2.2	0.1	1.04	0.01	1.3
S-31	Drift West	665	8.0	1.0	0.6	0.86	0.01	1.5
S-32	Drift West	678	8.0	0.3	---	0.22	Tr.	0.2
S-33	Drift West	691	9.0	2.2	---	0.32	0.01	1.2
S-34	Drift West	701	9.0	3.8	0.1	0.70	0.01	2.0
S-35	Drift West	712	8.5	2.0	---	0.12	0.01	0.9
S-36	Drift West	725	8.5	6.8	0.5	0.44	0.02	2.2
S-37	Drift West	739	8.5	1.5	0.2	1.45	0.01	1.5
S-38	Drift West	753	8.5	0.4	---	0.10	Tr.	0.4
S-39	Drift West	765	8.0	1.9	0.1	0.90	0.01	1.4

Sample No.	Location	Distance West of crosscut (ft.)	Sample Width feet	Percent Lead	Percent Zinc	Percent Copper	Oz./Ton Gold	Oz./Ton Silver
S-40	Drift West	777	8.0	2.2	0.1	1.35	0.01	1.2
S-41	Drift West	789	9.0	0.2	0.1	0.4	0.01	0.6
S-42	Drift West	802	9.0	0.1	1.8	0.2	0.01	0.2
S-43	Drift West	815	8.5	0.4	0.2	0.3	0.02	0.4
S-44	Drift West	828	8.5	0.4	0.1	1.9	0.01	1.6
S-45	Drift West	840	9.0	0.2	—	—	—	0.1
S-46	Drift West	852	8.0	0.1	0.1	0.1	0.01	0.2
S-47	Drift West	865	8.5	0.1	0.1	—	—	0.1
S-48	Drift West	878	9.0	0.1	0.1	0.3	0.01	0.3
S-49	Drift West	891	9.0	0.2	0.1	0.2	0.01	0.3
S-50	Drift West	904	8.5	0.1	0.1	0.2	—	0.1
S-51	Drift West	910	8.5	0.1	0.1	0.1	—	—
S-52	Drift West	923	9.0	—	—	0.1	0.01	0.1
S-53	Drift West	936	8.5	2.6	0.1	0.1	0.01	0.7
S-54	Drift West	950	10.0	0.1	—	—	0.01	0.4
S-55	Drift West	956	9.0	0.1	0.1	0.1	0.02	0.2
S-56	Drift West	970	8.5	—	—	—	0.01	0.1
S-57	Drift West	983	8.5	—	—	—	—	0.1
S-58	Drift West	996	8.5	0.1	—	—	0.02	0.2
S-59	Drift West	1010	8.5	0.1	0.1	—	0.01	0.1
S-60	Drift West	1023	9.0	0.1	0.1	—	—	—
S-61	Drift West	1036	8.5	—	—	—	—	—
S-62	Drift West	1050	8.5	0.1	—	—	0.01	0.1

Diamond drill holes 7 and 9, located 840 and 950 feet west of the crosscut, respectively, (fig. 3) were sampled and assayed as follows:

Sample No.	Location	Depth Sampled in feet	Length of Core Sampled-feet	Percent Lead	Percent Zinc	Percent Copper	Oz./Ton Gold	Oz./Ton Silver
S-63	D.D.H-7	0-6	6	0.2	0.1	0.4	0.01	0.6
S-64	D.D.H-7	6-12	6	0.1	0.1	0.4	0.03	0.3
S-65	D.D.H-9	0-6	6	0.1	0.1	0.5	0.02	0.7
S-66	D.D.H-9	6-12	4	—	0.1	0.1	0.01	0.2
S-67	D.D.H-9	12-16	4	—	0.1	0.1	0.02	0.5

Diamond drill hole No. 4 (fig. 3) was drilled northeasterly from the crosscut to cut the latter "G" vein east of the crosscut. The core assayed as follows:

Sample No.	Location	Depth Sampled in feet	Length of Core Assayed-feet	Percent Lead	Percent Zinc	Percent Copper	Oz./Ton Gold	Oz./Ton Silver
S-68	D.D.H-4	60-68	8	0.4	0.1	0.3	0.01	0.75
S-69	D.D.H-4	68-75	7	0.3	0.1	0.4	0.01	1.0
S-70	D.D.H-4	75-82	7	0.4	0.8	0.3	0.01	0.85
S-71	D.D.H-4	82-90	8	4.6	0.2	0.5	0.03	2.9

The latter "8" drift east (fig. 3) was sampled at approximately 10-foot intervals for a length of about 463 feet to its end. Data on the 44 samples, S-72 to S-115, taken over the above length, and their assay results are tabulated below:

Sample No.	Location	Distance East of crosscut (ft.)	Sample Width feet	Percent Lead	Percent Zinc	Percent Copper	Oz./Ton Gold	Oz./Ton Silver
S-72	Drift East	18	8.5	1.4	0.5	0.9	0.02	1.7
S-73	Drift East	28	8.5	3.0	0.3	1.8	0.04	2.3
S-74	Drift East	38	8.5	2.6	0.5	1.1	0.03	1.5
S-75	Drift East	48	8.5	0.5	0.2	1.0	0.03	1.0
S-76	Drift East	60	8.5	0.6	0.2	1.2	0.03	1.5
S-77	Drift East	70	8.5	0.9	0.1	2.2	0.04	3.2
S-78	Drift East	82	8.5	0.6	0.2	0.5	0.02	0.7
S-79	Drift East	94	8.5	1.0	0.1	1.2	0.03	5.8
S-80	Drift East	105	8.5	0.7	0.2	0.9	0.02	2.3
S-81	Drift East	115	8.5	0.2	0.1	0.3	0.01	0.4
S-82	Drift East	126	8.5	0.5	0.2	0.6	0.04	1.0
S-83	Drift East	138	8.5	0.7	0.6	0.1	0.01	0.8
S-84	Drift East	148	8.5	1.1	0.2	0.4	0.02	0.7
S-85	Drift East	158	8.5	0.5	0.8	0.2	0.06	0.2
S-86	Drift East	167	8.5	1.6	0.3	0.3	0.03	0.7
S-87	Drift East	174	8.5	0.2	0.4	0.2	0.12	0.4
S-88	Drift East	185	8.5	0.1	0.3	—	0.02	0.6
S-89	Drift East	196	8.5	0.1	0.2	—	0.01	0.1
S-90	Drift East	208	9.0	0.2	0.1	0.15	0.08	0.3
S-91	Drift East	220	8.5	0.1	0.7	0.3	0.01	0.4
S-92	Drift East	231	8.5	0.2	0.1	0.1	0.01	0.2
S-93	Drift East	242	8.5	0.5	0.2	0.1	0.04	0.2
S-94	Drift East	247	8.5	1.3	0.3	0.2	0.08	1.0
S-95	Drift East	259	8.5	0.3	0.7	0.15	0.07	0.3
S-96	Drift East	270	8.5	0.3	0.1	0.15	0.01	0.1
S-97	Drift East	280	8.5	0.2	0.2	0.1	0.01	0.2
S-98	Drift East	292	8.5	0.1	0.1	0.1	0.01	0.1
S-99	Drift East	303	8.5	0.1	—	0.1	0.04	0.1
S-100	Drift East	313	8.5	0.1	—	0.1	Tr.	0.1
S-101	Drift East	329	8.5	0.1	0.1	0.1	0.01	0.2
S-102	Drift East	340	8.5	0.1	0.1	0.15	0.01	0.2

Sample No.	Location	Distance East of crosscut (ft.)	Sample Width feet	Percent Lead	Percent Zinc	Percent Copper	Oz./Ton Gold	Oz./Ton Silver
S-103	Drift East	350	8.5	0.1	0.1	0.1	0.01	0.3
S-104	Drift East	360	8.5	0.1	0.1	0.15	0.02	0.5
S-105	Drift East	370	8.5	0.1	0.1	0.2	0.01	0.3
S-106	Drift East	381	8.5	0.1	0.1	0.1	0.01	0.2
S-107	Drift East	396	8.5	0.1	0.1	0.1	0.01	0.3
S-108	Drift East	408	8.5	0.1	0.1	0.25	0.01	0.2
S-109	Drift East	418	8.5	0.1	0.6	0.2	0.01	0.4
S-110	Drift East	429	8.5	0.1	0.1	0.1	0.01	0.1
S-111	Drift East	440	8.5	0.1	—	0.2	0.01	0.4
S-112	Drift East	452	8.5	0.1	0.1	0.15	0.02	0.3
S-113	Drift East	464	8.5	0.2	0.1	0.2	0.01	0.4
S-114	Drift East	476	8.5	0.1	0.1	0.2	0.01	0.4
S-115	Drift East	481	7.8	0.1	0.3	0.1	0.01	0.5

Cores from diamond drill holes 11, 12, 13 and 15 (fig. 3) drilled from the letter "G" drift east, were sampled and assayed. Data on the holes and the results of assays are as follows:

Sample No.	Location	Depth Sampled feet	Length of Core Assayed-feet	Percent Lead	Percent Zinc	Percent Copper	Oz./Ton Gold	Oz./Ton Silver
S-116	D.D.H-11	0-6	6	0.1	0.1	0.5	0.02	0.7
S-117	D.D.H-11	6-12	6	—	0.1	0.1	0.01	0.2
S-118	D.D.H-11	12-16	4	—	0.1	0.1	0.02	0.5
S-119	D.D.H-12	0-10	10	0.4	0.1	0.08	0.01	0.8
S-120	D.D.H-12	10-15	5	1.1	0.6	0.86	0.03	3.0
S-121	D.D.H-12	15-20	5	0.5	—	0.08	0.01	0.5
S-122	D.D.H-12	20-30	10	0.6	0.2	0.04	0.01	0.8
S-123	D.D.H-12	30-40	10	0.3	—	0.04	Trace	0.5
S-124	D.D.H-13	0-10	10	0.1	0.2	—	0.01	0.1
S-125	D.D.H-15	0-5	5	0.1	0.1	0.1	0.01	0.2
S-126	D.D.H-15	5-10	5	0.2	0.1	0.6	0.01	0.4
S-127	D.D.H-15	10-15	5	0.1	0.2	0.3	0.07	0.2

Ore Reserves

Minable ore reserves in the property appear to be exhausted, and mineralized ground found by the exploration was generally very low in grade. This is shown by the results of the sampling.

Lengths of reserve blocks were chosen to reflect only assay data since no structural information is available. On the basis of drill hole data,

the structure is assumed to have an average width of 20 feet in all blocks except block IV which has a width of 50 feet. Indicated ore is assumed to extend 20 feet above and 20 feet below the level. Inferred ore is assumed to extend 100 feet above and 100 feet below the limits of indicated ore. Although this low grade mineralization may extend upward 1,200 feet to the lower Titusville workings, no information regarding the continuity is available and the heights given above are purely arbitrary.

The letter "G" drift west was sampled over its average width of 8.1 feet, and a length of 330 feet at approximate 10-foot intervals. Samples S-14 through S-40, taken over this length averaged 2.02 percent lead, 0.18 percent zinc, and 0.42 percent copper, with 0.01 ounce gold and 1.4 ounces silver per ton. This length (fig. 3) contains the best assay values obtained in the exploration and is considered as Block I in reserve estimates.

The remaining 273 feet of the letter "G" drift west (fig. 3) was sampled over an average width of 8.3 feet at approximate 10-foot intervals. The average assay value of this section of drift, including samples S-41 through S-62 was only 0.23 percent lead, 0.15 percent zinc and 0.18 percent copper, with 0.007 ounce gold and 2.7 ounces silver per ton. This will be considered as Block II.

Block III will extend from the west side of the crosscut (fig. 3) to a point 465 feet west of the crosscut. Samples S-1 through S-11, in this area average only 0.3 percent lead, 0.2 percent zinc and 0.3 percent copper, with 0.01 ounce gold and 1.7 ounces silver per ton.

Exploration along the letter "G" structure east of the crosscut (fig.3) was sampled over its drift length of 481 feet and is represented by samples S-2 through S-6 in the crosscut and by samples S-72 through S-115 in the drift. In addition, samples S-116 through S-127 are of sections of core from drill holes 4, 11, 12, 13 and 15 which were drilled from the drift east. Block IV (fig. 3) will extend from the east side of the crosscut easterly to the location of sample S-87, a distance of 180 feet. The above samples average 0.9 percent lead, 0.3 percent zinc and 0.6 percent copper, with 0.03 ounce gold and 1.2 ounce silver per ton.

The remaining part of drift exploration eastward along the letter "G" structure (fig. 3) is treated as Block V in estimates. Block V is 285 feet long and includes samples S-88 through S-115 and averages about 0.2 percent lead, 0.2 percent zinc, and 0.1 percent copper, with 0.02 ounce gold and 0.3 ounce silver per ton.

Reserves of mineralized ground explored along the letter "G" structure are listed below, but none are commercially minable under existing conditions.

<u>Block I:</u>

Indicated reserves $\left(\frac{40 \text{ ft. high} \times 330 \text{ ft. long} \times 20 \text{ ft. wide}}{12 \text{ cu ft./ton}}\right) = 22{,}000$ tons

Inferred reserves $\left(\frac{200 \text{ ft. high} \times 330 \text{ ft. long} \times 20 \text{ ft. wide}}{12 \text{ cu. ft./ton}}\right) = 110{,}000$ tons

Average Assay

Percent			Oz./Ton	
Lead	Zinc	Copper	Gold	Silver
2.02	0.15	0.42	0.01	1.4

Block II:

Indicated reserves $\left(\frac{40 \text{ ft. high} \times 273 \text{ ft. long} \times 20 \text{ ft. wide}}{12 \text{ cu. ft./ton}}\right) = 18{,}200$ tons

Inferred reserves $\left(\frac{200 \text{ ft. high} \times 273 \text{ ft. long} \times 20 \text{ ft. wide}}{12 \text{ cu. ft./ton}}\right) = 91{,}000$ tons

Average Assay

Percent			Oz./Ton	
Lead	Zinc	Copper	Gold	Silver
0.23	0.15	0.18	0.007	2.7

Block III:

Inferred reserves $\left(\frac{240 \text{ ft. high} \times 465 \text{ ft. long} \times 20 \text{ ft. wide}}{12 \text{ cu. ft./ton}}\right) = 186{,}000$ tons

Average Assay

Percent			Oz./Ton	
Lead	Zinc	Copper	Gold	Silver
0.3	0.2	0.3	0.01	1.7

Block IV:

Indicated reserves $\left(\frac{40 \text{ ft. high} \times 180 \text{ ft. long} \times 50 \text{ ft. wide}}{12 \text{ cu. ft./ton}}\right) = 30{,}000$ tons

Inferred reserves $\left(\frac{200 \text{ ft. high} \times 180 \text{ ft. long} \times 50 \text{ ft. wide}}{12 \text{ cu. ft./ton}}\right) = 150{,}000$ tons

Average Assay

Percent			Oz./ton	
Lead	Zinc	Copper	Gold	Silver
0.9	0.3	0.6	0.03	1.2

Block V:

Indicated reserves $\left(\frac{40 \text{ ft. high} \times 285 \text{ ft. long} \times 20 \text{ ft. wide}}{12 \text{ cu. ft./ton}}\right) = 19{,}000$ tons

Inferred reserves $\left(\frac{200 \text{ ft. high} \times 285 \text{ ft. long} \times 20 \text{ ft. wide}}{12 \text{ cu. ft./ton}}\right) = 95{,}000$ tons

Average Assay

Percent			Oz./Ton	
Lead	Zinc	Copper	Gold	Silver
0.2	0.2	0.1	0.02	0.3

Indicated ore reserves total 89,200 tons averaging 0.89 percent lead, 0.22 percent zinc, 0.36 percent copper, with 0.018 ounce gold and 1.0 ounce silver per ton.

Inferred ore reserves total 632,000 tons averaging 0.72 percent lead, 0.21 percent zinc, 0.34 percent copper, with 0.016 ounce gold and 1.46 ounces silver per ton.

PRODUCTION FROM DISCOVERY

No ore was stoped from the main level exposure of the letter "g" structure, but 2,325 tons of low-grade development rock from DMEA exploration is stockpiled at the Shenandoah-River mill.

CONCLUSIONS AND RECOMMENDATIONS

The letter "g" structure as exposed on the main (4177) level of the Shenandoah-River Silver Lake mine (figs. 2 and 3) contains only narrow, discontinuous veins, in a latite or andesite composite dike. The completion of 1,625.5 feet of drifting along the letter "g" structure has exposed only sub-marginal reserves of lead-zinc-copper-gold-silver ore which are too low grade to mine and concentrate profitably.

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224 New Customhouse Bldg.
Denver 2, Colorado

Re: Final Field Team Reports for DMEA Docket Nos. DMEA-1 & 1A, DMEA-171, DMEA-371, DMEA-606, DMEA-1098, DMEA-1525, DMEA-1870, DMEA-2028, DMEA-2653 and DMEA-2991

Dear Mr. Traver:

The following projects have been concluded or terminated for a considerable period of time and we have received no final Field Team reports covering project results. In certain instances, as noted below, the final Operator's report is also lacking.

It may be that in certain cases final Field Team reports have been delayed pending property settlements and final audits. However, we can see no reason for such delay; actually the final report from the Field Team is not considered as being an exact financial statement. We must depend upon our Contract Administration and Audit Division for our final and precise data on expenditures.

In cases where final precise figures are not available, it would be sufficient if it was so noted in your final report, with an additional notation that such unit and over-all costs which you might have quoted were subject to minor revisions, depending upon matters of final settlement.

DMEA-1 & 1A - Chief Consolidated Mining Company
(Final Operator's Report also due)
Terminated January 30, 1956.

DMEA-171 Wash Park Mining Company
Terminated February 13, 1956.

DMEA-371 Pero Mining Company
(Final Operator's Report also due)
Terminated November 1, 1955.

DMEA-606 U. S. Metals Corporation
(Final Operator's Report also due)
Terminated September 1, 1955.

DMEA-1098 Combined Metals Reduction Company
Terminated July 9, 1956.

DMEA-1525 Marons Uranium Corporation
Terminated July 1, 1955.

DMEA-1870 U. S. Metals Corporation
(Final Operator's Report also due)
Terminated September 1, 1955)

DMEA-2028 U. S. Smelting, Refining and Mining Company
Concluded December, 1955.

DMEA-2653 U. S. Smelting, Refining and Mining Company
Concluded November, 1955.

DMEA-2991 Shenandoah-Dives Mining Company
Terminated September 9, 1955.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

WRGriswold/er 12/10/56
Copy to: Docket (10)
Admr & File
Op. Committee
Base Metals (10)
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

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

~~Growth~~
Betty

224 New Customhouse
Denver 2, Colorado

November 18, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2991 (Lead-Zinc-Copper), Contract Idm-E558
Shenandoah-Dives Mining Company, San Juan County, Colo.

Enclosed are two copies of a memorandum to T. A. Christensen, dated November 8, 1955, relative to final payment under the terms of the subject contract.

W. M. Traver

By _____
J. W. Townsend

Enclosures

RECEIVED
NOV 25 1955

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

224 New Customhouse
Denver 2, Colorado

November 8, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: FINAL PAYMENT - DMEA Docket 2991 (Lead-Copper-Zinc), Contract Idm-E558, Shenandoah-Dives Mining Company, San Juan County, Colorado

Reference is made to our memorandum of June 11, 1954 whereby we transmitted final Form MF-104, Operator's Monthly Report and Voucher for the month of May, 1954 and requested that you withhold the amount of $500.00 from reimbursement to the Operator pending decision by company officials regarding resumption of work under the contract.

The contract was terminated September 9, 1955 by mutual agreement (TERMINATION AGREEMENT) and the Operator has now submitted an acceptable Engineering and Geologic Report. The Final Report of Review was released by the Contract Administration and Audit Division, DMEA on October 27, 1955; therefore, we recommend that final payment be made on the following basis.

Basis for Final Payment

Total accepted cost- - - - - - - - - - - - - - - - - -	$140,814.85
Government participation at 50 percent- - - - -	70,407.43
Total prior payments- - - - - - - - - - - - - - - - -	69,907.43
Balance due the Operator- - - - - - - - - - - - - - -	$ 500.00

JDC:jy
cc: MF-104 File E558
Sec. Op. Comm. (2)
Shaw (2)
Townsend
Chron.

W. M. Traver

By J. W. Townsend
Paid $500.00
Randel R. Cooper
Authorized Certifying Officer
11-15-55 DMH-56-43

[illegible] New Customhouse
Denver 2, Colorado

October 17, 1955

~~[illegible]~~
Betty

Mr. Benjamin F. Stapleton, Jr.
c/o Ireland, Ireland, Stapleton and Pryor
Attorneys and Counselors at Law
420 Denver Club Building
Denver 2, Colorado

Shenandoah - Dives

Re: Docket IMEA 2591
(Lead, Zinc, Copper),
Contract Ma-2550

Dear Mr. Stapleton:

As provided in Article 5(b) of the contract form, MF-200(A), Exploration Project Contract Ma-2550, your company is obligated to prepare and submit five copies of a final engineering and geologic report covering all work completed under the project. Until we have received this report and clearance from the Contract Administration and Audit Division, we will continue to withhold the $300.00 which was deducted from your May, 1954, progress report and voucher.

Very truly yours,

for W. R. Trover
W. R. Trover
Executive Officer, IMEA
Field Team, Region III

WRTrpl
cc: Chairman, Spec. Comm. (3)
Bardsman
Shaw (2)
Townsend
Surve. file
Chron.

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

~~Klaypocket~~
Betty

224 New Customhouse
Denver 2, Colorado

October 12, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2991 (Lead, Zinc, Copper), Contract Idm-R558, Shenandoah-Dives Mining Company, Letter "G" vein, San Juan County, Colorado

Enclosed are the Government's, Division, and Docket copies of the Termination Agreement that have been signed by Benjamin F. Stapleton, Jr., President, Shenandoah-Dives Mining Company. Other copies have been distributed in the usual manner.

W. M. Trever

By J. W. Townsend
J. W. Townsend

Enclosures

Wilbryel
cc: Christensen }w/copy of Agreement
Hershman }
Shaw (2) }
Townsend }
Amend. file }
Corres. file
Chron.

Termination
Docket - cert.

RECEIVED
SEP 26 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

2th Raw Customhouse
Denver 2, Colorado

September 21, 1955

Harrowold
Betty

Mr. Benjamin W. Stapleton, Jr.
c/o Ireland, Ireland, Stapleton and Pryor
Attorneys and Counselors at Law
420 Denver Club Building
Denver 2, Colorado

Re: Docket No. DMEA 295A (Lead-Zinc-Copper), Contract No. DMe-2595, Shenandoah-Dives Mining Company, (Letter "S" Vein Project), San Juan County, Colorado

Dear Mr. Stapleton:

This will confirm my delivery to you this morning of the Government's, Division, Docket, Finance Office, and Field Team's copies of a Termination Agreement covering the subject contract. These are for the consideration of your corporation's Board of Directors and their instructions to you regarding signature.

After all five forms are properly executed by your signature as President and the corporate seal affixed, please return them to me and the Operator's copy will be forwarded to you for attachment to your contract.

It is doubtful if, under the circumstances as you explained them to me, the Administrator would look with favor on another extension of the contract.

Very truly yours,

W. M. Trover

W. M. Trover
Executive Officer
DMEA Field Team
Region III

WMT:prl
cc: Shaw (2)
Marshman
Secretary, Oper. Comm. (2)
Townsend
Subj. Corres.
Chron.

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

RECEIVED
SEP 26 1955

224 New Customhouse
Denver 2, Colorado

September 21, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2991 (Lead-Zinc-Copper), Contract No. I&m-E558, Shenandoah-Dives Mining Company (Letter "G" Vein Project), San Juan County, Colorado

Returned herewith are all copies of an Amendment to the subject contract which were not executed by the contractor and accordingly should be voided. The owner's Consent to Lien forms which were attached were forwarded to the contractor for signature and not returned.

W. M. Traver

W. M. Traver

Enclosures

WMTvpri
cc: Shaw (2)
Burchman
Townsend
Subj. Corres.
Chron.

Division Copy

EXPLORATION PROJECT CONTRACT
SHENANDOAH-DIVES MINING CO.
DOCKET NO. DMRA-2991

AMENDMENT NO. 2

It is agreed this 16th day of March, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the Government, and Shenandoah-Dives Mining Co., hereinafter called the Operator, parties to that certain Exploration Project Contract IDM-1558, Docket No. DMRA-2991, dated June 26, 1953, as amended, hereinafter called the Contract, that:

1. (a) Work under the Contract shall be suspended during the period beginning May 19, 1954, and ending not later than June 26, 1955.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

(c) The Operator at his own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

2. The time fixed for the completion of the work is extended to June 26, 1956.

3. Annex I attached to the Contract is deleted, and Annex II, attached hereto and made a part hereof, is substituted for the provisions of Article 6 of the Contract form.

4. This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the agreed unit cost of any item of work.

5. In Article 7, that part of the second sentence which begins with the word Provided is deleted.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mitchendorf
Administrator, Defense Minerals
Exploration Administration

SHENANDOAH-DIVEL MINING CO.

By _____

_____

Signed
Selfridge
Talbut

ANNEX II

The following provisions are in lieu of Article 6:

Repayment by Operator.--a. Certification.--If the Government considers that a discovery or development from which production may be made has resulted from the 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. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land,* as follows: (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, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten 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.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

* The word "land" refers to the land described in Article 2 of the Contract.
* The period "twelve years" is substituted for the period "ten years."

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

d. Unsold production.--If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

f. Lien for payment.--To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

g. Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

h. No obligation to produce.--Nothing in this contract is 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.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

SEP 12 1955

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

Re: Docket No. DMEA-2991 (Lead-Zinc-Copper)
Shenandoah-Dives Mining Company
Letter "C" Vein Project
San Juan County, Colorado
Contract No. Idm-E558

Dear Mr. Traver:

With reference to your memorandum of August 18, we are enclosing the original and five copies of an agreement for mutual termination of the cited contract.

If it meets with your approval, kindly present it to the attorney for the Operator for signature and, when completed, distribute the copies in the usual manner. Otherwise, all copies should be returned to us with your comments.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

APPROVED:

P. F. Yopes
Member, Bureau of Mines

/s/ D. E. Nelson
Member, Geological Survey

WRGriswold/bjl (9/7/55)

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

August 29, 1955

PRELIMINARY SUMMARY REPORT
SHENANDOAH-DIVES MINING COMPANY
DOCKET NO. DMEA-2991
CONTRACT NO. IDM-E558
SAN JUAN COUNTY, COLORADO

The cited project was covered by a short form contract dated June 26, 1953.

Agreed work units and costs were:

3,000 ft. drifting and crosscutting at $50.30	$150,900.00
500 ft. raising @ $122.00	61,000.00
Total	$211,900.00
Government's participation 50%	105,950.00

The general purpose of the project was to explore the "Letter O" vein of the Silver Lake Group, owned by the A.S. & R. Company.

Work actually completed consisted of 1,180 ft. of crosscutting and 1,619 ft. of drifting, at a total cost of $140,814.85. Results were generally disappointing; such mineralized vein as was encountered was mostly hopelessly submarginal.

The project was closed down near the end of May 1954, and has since been dormant in unauthorized recess. Attempts to secure execution of a recessing amendment have failed.

We are now advised by the field that the agreement by which the Shenandoah-Dives Mining Company held this property has been cancelled by the A.S. & R. Co. due to non-payment of taxes. Apparently nothing remains but to make a termination of the contract. This could be done by various methods - non-performance of work - unpromising results - or mutually.

Mr. Traver has suggested that we prepare a mutual termination agreement here and forward it to him. He will then call upon the attorney of the company and request signature.

WRG/er
Copy to: Docket
Base Metals
Chron.

W. R. Griswold

August 24, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Mutual Termination Agreement, Docket No. DMEA-2991, Shenandoah-Dives Mining Company, Letter "C" Vein Project, San Juan County, Colorado, Contract No. Idm-E558, Lead-Zinc-Copper.

Will you kindly prepare a mutual termination agreement for the cited contract, providing:

A pseudo-certification.

The project has been in unauthorized recess since May 29, 1954.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

August 24, 1955

Memorandum for the Files

From: Chief, Base Metals Division

Subject: Phone conversation about Docket No. IMEA-2991, Shenandoah-Dives Mining Company, San Juan County, Colorado, Contract No. Idm-E558, Lead-Zinc-Copper.

On this date the undersigned had a phone conversation with Mr. W. M. Traver, Region III, regarding the cited project. We explained to Mr. Traver that we hoped to be able to make a disposition of this contract, either by termination or recess, yet with a reasonable regard to the Operator's plans.

It was Mr. Traver's suggestion that we prepare and forward to him a Mutual Termination Agreement. He would then call upon Mr. Stapleton, attorney for the Operator, and request execution of such agreement.

W. R. Griswold

W. R. Griswold

WRO/er

Copy to: Docket
Base Metals
Chron.

August 23, 1955

Memorandum

To: The Administrator

From: Chief, Base Metals Division

Subject: Docket No. IMEA-2991 (Lead-Zinc-Copper), Contract Idm-R558, Shenandoah-Dives Mining Company, San Juan County, Colorado

You may recall the cited case. The application came in shortly after the door was closed against lead-zinc a couple of years ago. You may recall that Senator Milliken took the matter up with O.D.M.

Project results were disappointing and work was stopped in mid 1954.

We were quite willing to recess and sent such an amendment to the field, but apparently the attorney for the Operator was unable to secure the necessary new owners consent to lien. Now we are advised by Mr. Traver that the agreement between A.S.&R. Co. (owners of the land) and the Operator has been cancelled.

It seems obvious that the contract must be terminated; however, when you have a moment I would like to discuss it with you.

W. R. Griswold

W. R. Griswold

WRG/er
Copy to: Docket
Base Metals
Chron.

Griswold

August 29, 1955

Memorandum

To: The Files

From: George C. Selfridge
Special Assistant

Subject: Docket DMEA-2991, Contract Idm-1553 (Lead-Copper-Zinc), Shenandoah-Dives Mining Company, Letter "O" Vein Project, San Juan County, Colorado.

During a telephone conversation with Mr. Traver, I mentioned the status of the subject contract which has been in unauthorized recess for a considerable length of time. It was his opinion that the American Smelting and Refining Company would not sign a new Owner's Consent to Lien. The matter of a new mutual termination agreement containing a pseudo certification was discussed. He suggested that a termination agreement be drawn up and that he would make an attempt to get it signed by the operator.

George C. Selfridge
George C. Selfridge

GCSelfridge/hb/fw

cc: Docket File
Adm. Read. File
Mr. Mittendorf
Mr. F. E. Johnson
Mr. Selfridge
Mr. Griswold

Gurwell
Betty

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

224 New Customhouse
Denver, Colorado

August 18, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2991 (Lead, Zinc, Copper), Contract Idm-E558, Shenandoah-Dives Mining Company, San Juan County, Colorado

This acknowledges your letter of August 5, 1955 in which you asked for information on the status of exploration project work under Contract Idm-E558. Undoubtedly, on the date of your letter you had not received the Field Team's memorandum of August 2, 1955, which described in some detail the "dead center" status of this project.

We have repeatedly tried to contact Ben W. Stapleton, Jr., President, by both letter and telephone, but he refuses to return telephone calls or reply to letters so that we have been unable to ascertain their intentions. We will continue our efforts and attempt to obtain consideration of a Termination by Agreement. However, we believe that a letter direct to Mr. Stapleton over the Administrator's signature might produce results more promptly. We recommend that your office prepare Termination by Agreement documents and send them direct to Stapleton for signature, or if you prefer, send them to me and I will make a personal call at his office in an attempt to obtain signature, his reasons for noncompliance, or suggestions he may have for other procedure.

W M Traver

W. M. Traver

RECEIVED
AUG 24 1955

AUG 1 1955

Mr. W. H. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-2991 (Lead-Zinc-Copper)
Shenandoah-Dives Mining Company
Letter "G" Vein Project
San Juan County, Colorado
Contract No. Idm-2558

Dear Mr. Traver:

We have your memorandum of August 2, covering the cited contract, which had crossed our letter of August 5 in the mails.

It seems obvious that the contract must be terminated in one form or another. However, it would, of course, be better to effect a mutual termination, as we outlined, if such is possible. We shall take no action until we hear further from you.

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee

APPROVED:

/s/ Robert W. Geehan

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

WRGriswold/er 8/10/55

Copy to: Docket
Admr & File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

500

AUG - 5 1955

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

Re: Docket No. DMEA-1991 (Lead-Zinc-Copper)
Shenandoah-Dives Mining Company
Letter "C" Vein Project
San Juan County, Colorado
Contract No. Idm-7558

Dear Mr. Traver:

We presume you have had no satisfactory reply to your letter of June 16, to Mr. Benjamin F. Stapleton, Jr., referring to the Owner's Consent to Lien which applies to the cited contract.

Our records show that no work was done on this project since May of 1954. We do, of course, have projects in recess which have been idle for a longer period of time than this. However, in this particular case, we do not seem to be able to obtain execution of even a simple recessing amendment.

We appreciated the fact that this company was engaged in certain negotiations relative to their property and we had no desire to be arbitrary or intolerant in our attitude. Yet, we do find it difficult to carry this project, over a long period, in a nebulous condition — neither active nor in recess.

Possibly the company now might be receptive to the idea of terminating the project by a mutual termination agreement. Such an agreement would, of course, protect the Government's interest by a clause providing for royalty payments to the Government if, later on, production should be made from the lands included in the contract.

It is our suggestion that you discuss such a settlement of the contract with the Operator or its attorney.

Sincerely yours,
W. S. Martin
ACTING Chairman, Operating Committee
/s/ N. E. Nelson
Member, Geological Survey

WHGriswold/bjl (8/2/55
Copy to: Docket
Admr. R.File
Op. Committee
Base Metals
Mr. Johnson
Mr. Kiilsgaard
Mr. Bishop
Chron.

APPROVED:
/s/ Robert W. Gechen
Member, Bureau of Mines

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

RECEIVED
AUG - 8 1955

224 New Customhouse
Denver 2, Colorado

August 2, 1955

Memorandum

Gravold
Betty

To: Chairman, Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket DMEA-2991 (Lead-Copper-Zinc), Contract IDM-E558, Shenandoah-Dives Mining Company, San Juan County, Colorado

We have been unsuccessful in obtaining any response to telephone calls or letters to Benjamin W. Stapleton, Jr., president of the company which operated the subject contract with regard to your proposed amendment to allow a recess and extend the completion date of the contract.

Briefly, the status of the contract is as follows:

1. The project has been in unauthorized recess since May 29, 1955.

2. Shenandoah-Dives failed to pay taxes for 1952 voiding their operating contract with the American Smelting and Refining Company, and that agreement has been canceled. American Smelting and Refining Company owns the property, as you know, where the exploration was performed.

3. American Smelting and Refining Company presumably is not interested in taking over operation of the property and our contract for various reasons, among them the fact that they would have to renegotiate with Shenandoah-Dives in order to operate through their property; also, any operation they might undertake would be subject to unreasonable terms by the labor union. As a result, they feel they would be unable to operate profitably as the operation has been marginal, even under past efficient management.

4. Climax Molybdenum Company is apparently not interested in taking the operations over because they would have to renegotiate with both American Smelting and Refining Company and Shenandoah-Dives in any program they might undertake. They would also more than likely have a high cost union contract to face.

5. It is a logical assumption that Shenandoah-Dives has been unable or realizes that it is useless to attempt to obtain signatures on the Owner's Consent to Lien forms for attachment to your amendment.

Under the circumstances there appears to be no other alternative than to effect cancellation of the contract for failure to prosecute operations in accordance with Article 8(b) of the contract.

The Region III Field Team reluctantly recommends such action, unless the Operating Committee determines that the problem can be solved in some other manner.

Possibly you have in mind some other company such as the Newmont Mining Company that might consider looking at the possibilities of taking over the operations.

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

Mr. Griswold - 8/2/55

Amendment sent to Field Team and still unsigned by Operator. Suggest Field Team be asked to discuss with Operator possibility of termination by Mutual Agreement with pseudo-certification.

Frank E. Johnson

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

RECEIVED
JUN 20 1955

224 New Customhouse
Denver 2, Colorado

June 16, 1955

Mr. Benjamin W. Stapleton, Jr.
c/o Ireland, Ireland, Stapleton and Pryor
Attorneys and Counselors at Law
Denver Club Building
Denver 2, Colorado

Re: Document [redacted] 2991 (Lead-Copper-Zinc)
Contract [redacted]M-E558
Sh[redacted]-Dives Mining Company
San [redacted] County, Colorado

Dear Mr. Stapleton:

Attempts to contact you by telephone the past ten days at your office with reference to the captioned DMEA contract have been unsuccessful.

Our letter of March 24, 1955 [redacted]tted for your information a copy of an amendment prepared by the [redacted]n DMEA office authorizing [redacted] for completion of work [redacted] copies of Standard [redacted] by the American Smelting [redacted].

The action to initiate an extension [redacted] resulted from your request of February 17, 1955 [redacted] it is [redacted] your company's best interest to keep the contract [redacted] good [redacted].

Inasmuch as the expiration date of the contract, June 26, 1955, is only about a week away, we will appreciate receipt of the executed Owner's Consent to Lien forms or information from you as to when they may be expected. Except for these forms the [redacted]ment is in our hands signed by the Administrator ready for [redacted] to you for signature.

A prompt reply will be [redacted].

Very truly yours,

W. M. TRAVER

W.M. Traver
Executive Officer, DMEA

WMT:jp
cc Subject
Chron
Chairman, Oper. Comm. (2)
Earshman
Shaw
Townsend

C
O
P
Y

224 New Customhouse
Denver 2, Colorado

March 24, 1955

Mr. Benjamin W. Stapleton, Jr.
c/o Ireland, Ireland, Stapleton and Pryor
Attorneys and Counselors at Law
Denver Club Building
Denver 2, Colorado

Re: Docket DMEA-2991 (Lead-Copper-Zinc)
Contract IDM-E558
Shenandoah-Dives Mining Company
San Juan County, Colorado

Dear Mr. Stapleton:

In reference to matter discussed in your letter of February 17, 1955 and prior correspondence, we have received from the Washington office, DMEA, an amendment prepared to authorize a recess of operations and extend the period for completion of the project work. However, before releasing the amendment we have been instructed to obtain new Owner's Consent to Lien which is necessary in conjunction with extending the life of the contract and other provisions in the amendment relative thereto.

For your information and the purpose cited we are enclosing a copy of proposed Amendment No. 2 and the original and six copies of Form MF-203 Owner's Consent to Lien which are to be executed by the American Smelting and Refining Company. The original and five properly executed copies of Form MF-203 are to be returned to this office.

Upon receipt of the new Owner's Consent to Lien forms properly executed we will then forward the amendment to you for signature by an authorized official of the company.

Very truly yours,

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

Enclosures
JWT:jp
cc Subject
Chron
Chairman, Op. Comm.
Harshman
Shaw
Townsend

MAR 1 7 1955

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

Re: Docket No. DMEA-2991 (Lead-Zinc-Copper)
Shenandoah-Dives Mining Company
Letter "Q" Vein Project
San Juan County, Colorado
Contract No. Idm-4558

Dear Mr. Traver:

Referring to your letter of February 23 covering the cited contract, we are enclosing the original and five copies of Amendment No. 2, which provide for the requested recess.

We call your attention to the enclosed memorandum from the Acting Assistant Solicitor, Defense Minerals, dated March 10. He points out the necessity for a new Owner's Consent to Lien, since we are extending the completion period beyond the ten year period. The new Owner's Consent to Lien forms are also enclosed.

If you approve the amendment please present it to the Operator for signature and, when completed, distribute the copies in the usual manner. However, if you are not in accord with the terms of the amendment and any proposed changes lie beyond the range of your delegated authority, all copies should be returned to us with your comments.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosure

APPROVED:

J. H. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

WRGriswold/er 3/14/55
Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

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

MAR 10 1955.

Memorandum

To: The Administrator, DMEA
Attention: W. R. Griswold

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2991, Contract Idm-E558, Shenandoah-Dives Mining Company, San Juan County, Colorado, Lead, Zinc and Copper.

Pursuant to a memorandum dated March 3 from Mr. Griswold, we have prepared the attached Amendment No. 2. A new Owner's Consent to Lien should be acquired to cover the full period of royalty payment, on the latest form which is attached.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

HCRubin:gjb 3/9/55

Copy to: DMEA Docket
Sol. Docket
J. L. Hofflund
H. C. Rubin
W. R. Griswold
Chron. File

March 3, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2991, Contract Idm-8558, Shenandoah Dives Mining Co., San Juan County, Colorado, Lead, Zinc and Copper.

As requested by the Operator, will you kindly prepare a recessing amendment for the cited contract which will cover the period May 19, 1954 to June 26, 1955. Likewise, the completion period should be made 3 years, instead of two; also the repayment period should be made 12 years.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

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

224 New Customhouse
Denver 2, Colorado

February 23, 1955

Griswold
Betty

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2991 (Lead-Zinc-Copper), Contract Idm-E558, Shenandoah Dives Mining Co., Letter G Vein, San Juan County, Colorado

In conjunction with matter discussed in our memorandum of February 11, 1955 and telephone call from W.R. Griswold of the Washington office February 15, we are enclosing the original and three copies of a letter dated February 17, 1955 from the operator requesting authorization of a recess of operations from May 29, 1954 until June 26, 1955.

The operator's letter is forwarded for your consideration and appropriate action.

W. M. Traver

W. M. Traver

Enclosures

IRELAND, IRELAND, STAPLETON & PRYOR
ATTORNEYS AND COUNSELORS AT LAW
Denver Club Building
DENVER 2, COLORADO

CLARENCE L. IRELAND
GAIL L. IRELAND
BENJAMIN F. STAPLETON, JR.
WILBUR M. PRYOR, JR.
JOHN S. KELLOGG
WILLIAM B. NAUGLE

DMEA
Date Rec'd.
FEB 18 1955
BUREAU OF MINES
Denver, Colorado

February 17, 1955

Mr. W. M. Traver, Executive Officer
DMEA Field Team, Region No. 4
224 New Customs House
Denver 2, Colorado

In Re: Docket DMEA 2991
(Lead, copper, zinc)
(Contract IDM-E558)

Dear Mr. Traver:

As you know, we have not applied to you for a formal recess agreement under Contract IDM-E558 because we have been actively negotiating for the operation of the property by the Climax Molybdenum Company. To date, we have not received word as to their disposition to our proposal.

However, so that files in your office may be complete please take this letter as a request for recess of operations under Contract IDM-E558 for the period from May 29th, 1954, when we ceased operations at Silverton, until June 26th, 1955. We would appreciate hearing from you as to whether or not such a recess of operations has been approved.

As soon as we are able to tell you more definitely of the plans of the corporation, we will communicate with you again. It is our hope, of course, that operations can commence very soon after the spring thaws.

Yours very truly,

SHENANDOAH-DIVES MINING COMPANY

BY: Benjamin F. Stapleton Jr.
PRESIDENT

BFS:mg

February 16, 1955

Memorandum for the File

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2991, Shenandoah Dives Mining Co., Letter O Vein Project, San Juan County, Colorado, Contract No. Idm-E558, Lead-Zinc-Copper.

On this date we had a phone conversation with Mr. W. M. Traver, Executive Officer, Region III, regarding his memo of February 11, in which he requested that this office take certain action.

We explained to him that we felt he should first phone or talk with a representative of the operating company, in an informal manner, to learn of their intentions and suggest they formally request a recessing amendment.

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

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

Received Betty

FEB 14 1955

224 New Customhouse
Denver 2, Colorado

February 11, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2991 (Lead-Zinc-Copper), Contract Idm-E558, Shenandoah Dives Mining Co., Letter G Vein Project, San Juan County, Colorado

Reference is made to your letter of December 22, 1954 to this office and our letter of December 30, 1954 to Mr. Benjamin F. Stapleton, a copy of which was forwarded to you, regarding matters relative to the unauthorized recess of operations.

To date we have not received a reply to our letter of December 30, therefore we recommend that such action as is indicated be initiated by your office.

W. M. Traver

W. M. Traver

DEC 22 1954

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

Re: Docket No. DMEA-2991 (Lead-Copper-Zinc)
Shenandoah-Dives Mining Company
Letter "G" Vein Project
San Juan County, Colorado
Contract No. 14m-1558

Dear Mr. King:

We have your letter of December 17, regarding the cited contract, and also copies of a letter dated December 16 from the Operator's attorneys.

We are not clear as to why the attorneys request contract continuance without a formal recess agreement. Possibly, they feel that such an agreement would involve a lengthy and complicated process, whereas it is actually only a matter of simple routine.

Will you please explain to them that at all times we try to be sympathetic to the various problems of the industry and that we are quite willing to grant a recessing amendment, especially since it is our understanding that the property is being maintained in good "stand-by" condition. However, we do dislike to have contracts in a vague and nebulous state, neither active nor in recess. In fact, we do not feel that we possess the authority to give approval to such a status. Hence, it is emphatically to the Operator's own best interest to reinstate his contract via an amendment.

Please explain that we have no desire to force the Operator to reveal details of confidential business negotiations still pending. If they will merely advise us as to a date when they feel operations probably could be resumed, we shall prepare the necessary amendment here.

WRGriswold/bjl (12/21/5

Sincerely yours,
George C. Selfridge
Chairman, Operating Committee

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

APPROVED:

C. H. JOHNSON
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

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

224 New Customhouse
Denver 2, Colorado

December 17, 1954

Griswold
Betty

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2991 (Lead-Copper-Zinc), Contract IDM-E558, Shenandoah Dives Mining Company, San Juan County, Colorado

In conjunction with matter discussed in your letter of October 14, 1954 and other communications in the matter, we are enclosing for your information and such action as you deem appropriate the original and three copies of a letter dated December 16, 1954 from Benjamin F. Stapleton, Jr., wherein he advises of certain negotiations which are in process which may enable resumption of work under the subject contract. Also enclosed is a copy of our letter of December 17 acknowledging receipt of Stapleton's letter of December 16.

Please advise as to how we should proceed in the matter.

W H King
W. H. King

Encls.

CLARENCE L. IRELAND
OAKL L. IRELAND
BENJAMIN F. STAPLETON, JR.
WILBUR M. PRYOR, JR.
JOHN S. KELLOGG
WILLIAM S. NAUGLE

IRELAND, IRELAND, STAPLETON & PRYOR
ATTORNEYS AND COUNSELORS AT LAW
MIDLAND SAVINGS BUILDING
DENVER 2, COLORADO

Mining Division
Date Rec'd
DEC 17 1954
BUREAU OF MINES
Denver, Colorado

December 16, 1954

Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

ATTENTION: Mr. King, Executive Officer
Region No. 4

In Re: Docket DMEA 2991
Contract IDM-E 558

Gentlemen:

The Shenandoah-Dives Mining Company with its principal mine at Silverton, Colorado, as you know, suspended operations under the above-entitled contract. This suspension came at the close of business during the last week in May, 1954.

Since that time the Company has been negotiating actively for additional financing or other means to again commence operations at Silverton.

So that you may be continually advised as to our situation we have today submitted to one of the large mining organizations a proposal for the exploration and development work at the mine, with an option for this mining company to purchase the property. I am sorry at this stage in the negotiations that I cannot disclose the name of the company with whom we are dealing. However, they have given every indication that such a proposal would be given sympathetic understanding and consideration, and it is my feeling that there is a good possibility of negotiations being satisfactorily terminated in the early part of 1955. However, until such negotiations are complete we will not be in a position to reopen our operations at the Silverton mine. We will keep you advised of the progress of our negotiations in the hope that we may have your cooperation in the event a satisfactory arrangement is made for the development and possible sale of the mine.

We trust that, under the circumstances, this project can be allowed to continue without a formal recess agreement until the present negotiations are satisfactorily concluded, at which time it is anticipated that active operations will commence.

Yours very truly,

IRELAND, IRELAND, STAPLETON & PRYOR

BY: Bryan F. Stapleton

BFS:mg

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

DEPARTMENT OF THE INTERIOR
Minerals Administration
RECEIVED
NOV 8 - 1954

224 New Customhouse
Denver 2, Colorado

November 5, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2991 (Lead-Copper-Zinc), Contract Idm-E558
Shenandoah Dives Mining Company, San Juan County, Colorado

In conjunction with matter discussed in your letter of October 14, 1954, and in reply to our letter to the Resident Manager of the company dated October 21, 1954 we are enclosing a copy of a letter dated November 4, 1954 from an official of the company, in reply to our letter of October 21.

John F. Shaw
For W. H. King

Enclosure

C
O
P
Y

Ireland, Ireland, Stapleton & Pryor
Attorneys and Counselors at Law
Midland Savings Building
Denver 2, Colorado

November 4, 1954

Mr. W. H. King, Executive Officer
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 2991
(Lead-Copper-Zinc)
Contract IDM-E558

Dear Mr. King:

This will acknowledge receipt of your letter of October 21st, 1954. I have communicated your request to the Directors of the Shenandoah-Dives Mining Company and will hear from them shortly. As sson as I do, I will call you up for an appointment to discuss the matter with you.

Yours very truly,

IRELAND, IRELAND, STAPLETON & PRYOR

By: Benjamin F. Stapleton, Jr.

BFS:mg

C O PY

UNITED STATES
DEPARTMENT OF THE INTERIOR

C O PY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WASHINGTON 25, D.C.

Housewold
Betty

224 New Customhouse
Denver 2, Colorado

October 21, 1954

Mr. Edwin A. Larsen
Resident Manager
Shenandoah Dives Mining Co.
Silverton, Colorado

Re: Docket DMEA 2991
(Lead-Copper-Zinc)
Contract IDM-E558

Dear Mr. Larsen:

Reference is made to your letter of September 27, 1954 and prior correspondence relative to suspension of operations under Contract Idm-E558.

The Government cannot permit this project to continue in an indefinite status without a formal recess agreement. In order to prepare the formal recess agreement it is necessary that a definite period for which operations are to be recessed be established. Therefore, please advise this office at your earliest convenience as to the date on or before which you contemplate operations under the terms of the contract will be resumed.

Very truly yours,

/s W. H. King

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

JWT:jp
cc Subject
Chron
Chairman, Op. Comm.
Traver) w/copy Chairman's
Koschmann) letter 10-14-54
Townsend

OCT 14 1954

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

Re: Docket No. DMEA 7991 (Lead-Copper-Zinc)
Shenandoah-Dives Mining Company
Letter "G" Vein Project
San Juan County, Colorado
Contract No. Ida-8558

Dear Mr. King:

We have your letter of October 1 regarding the cited contract, together with copies of the Operator's letter of September 27.

We cannot permit this project to continue in an indefinite status, without a formal recess, and yet we cannot prepare a recessing amendment here without having some idea of the Operator's plans. Therefore will you please write this company, advising them that they should submit a specific request to you.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

WRGriswold/er 10/12/54

Copy to: Docket
Admr. R. File
Operating Committee
Base Metals
Mr. Killisgaards, USGS
Mr. Bishop, USBM
Chron.

APPROVED:

J. H. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

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

Defense Minerals Administration
RECEIVED
OCT 4 1954

224 New Customhouse
Denver 2, Colorado

October 1, 1954

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2991 (Lead-Copper-Zinc), Contract Idm-E558, Shenandoah Dives Mining Co., San Juan County, Colorado

Enclosed are the original and four copies of a letter dated September 27, 1954 from E. A. Larsen, Resident Manager, Shenandoah Dives Mining Company, which is in reply to our inquiry of September 21 relative to the operator's plans for resuming work under the contract.

It appears that an amendment should be prepared authorizing the recess of operations, however the matter is forwarded for your consideration and appropriate action.

W H King
W. H. King

Enclosures

SHENANDOAH-DIVES MINING COMPANY

SILVERTON, COLORADO

[redacted]
E. B. KANE, SECRETARY-TREASURER
616 FINANCE BUILDING
KANSAS CITY 6, MISSOURI

Sept. 27, 1954

Mining Division
Date Rec'd.

SEP 30 1954

BUREAU OF MINES
Denver, Colorado

[redacted]
EDWIN A. LARSON
[redacted]
RESIDENT MANAGER

Mr. W. H. King, Executive Officer,
Defense Minerals Exploration Administration
Field Team, Region IV
224 New Custom House,
Denver 2, Colorado

Re: Docket DMEA 2991 (Lead-Copper-Zinc)
Contract IDM-E558

Dear Sir:

Your letter of Sept. 21st to Mr. Stapleton was forwarded to this office for reply.

Mine operations were suspended on May 29th. Since that time Mine equipment and facilities have been on a standby basis, as it was not anticipated that the work would be recessed for any great length of time. However, if work is not resumed by Nov. 1st (approx) we will be forced to continue suspension for the duration of the winter months.

I will keep you advised.

Very truly yours,

[illegible]

SHENANDOAH-DIVES MINING COMPANY

SILVERTON, COLORADO

[redacted]
E. B. KANE, SECRETARY-TREASURER
616 FINANCE BUILDING
KANSAS CITY 6, MISSOURI

[redacted]
EDWIN A. LARSON
[redacted]
RESIDENT MANAGER

Sept. 27, 1954

Mining Division
Date Rec'd.

SEP 30 1954

BUREAU OF MINES
Denver, Colorado

Mr. W. H. King, Executive Officer,
Defense Minerals Exploration Administration
Field Team, Region IV
224 New Custom House,
Denver 2, Colorado

Re: Docket DMEA 2991 (Lead-Copper-Zinc)
Contract IDM-E558

Dear Sir:

Your letter of Sept. 21st to Mr. Stapleton was forwarded to this office for reply.

Mine operations were suspended on May 29th. Since that time Mine equipment and facilities have been on a standby basis, as it was not anticipated that the work would be recessed for any great length of time. However, if work is not resumed by Nov. 1st (approx) we will be forced to continue suspension for the duration of the winter months.

I will keep you advised.

Very truly yours,

[illegible]

E. A. Larson, Res. Mgr.

EAL:L
cc: BFS
K.C.Office

SHENANDOAH-DIVES MINING COMPANY

SILVERTON, COLORADO

[redacted]
E. B. KANE, SECRETARY-TREASURER
616 FINANCE BUILDING
KANSAS CITY 6, MISSOURI

[redacted]
~~Secretary-Treas.~~
EDWIN A. LARSON
[redacted]
REGIONAL MANAGER

Sept. 27, 1954

Mining Division
Date Rec'd.

SEP 30 1954

BUREAU OF MINES
Denver, Colorado

Mr. W. H. King, Executive Officer,
Defense Minerals Exploration Administration
Field Team, Region IV
224 New Custom House,
Denver 2, Colorado

Re: Docket DMEA 2991 (Lead-Copper-Zinc)
Contract IDM-E558

Dear Sir:

Your letter of Sept. 21st to Mr. Stapleton was forwarded to this office for reply.

Mine operations were suspended [illegible]. Since that time the mill equipment and facilities are being on a standby basis, but it was [illegible] that the work would be released for any [illegible] of time. [illegible], if work is not resumed by Nov. 1st (approx) we will be forced to continue suspension for the [illegible] the winter months.

[illegible]

Very truly yours,

[illegible]

E. A. Larson, Reg. Mgr.

[illegible]
[illegible]
[illegible]

C
O
P
Y

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

224 New Customhouse
Denver 2, Colorado

September 21, 1954

Greenwald
Betty

Mr. Benjamin F. Stapleton, Jr.
c/o Ireland, Ireland, Stapleton & Pryor
Attorneys and Counselors at Law
Midland Savings Building
Denver 2, Colorado

Re: Docket DMEA 2991 (Lead-Copper-Zinc)
Contract IDM-E558
Shenandoah Dives Mining Company
San Juan County, Colorado

Dear Mr. Stapleton:

The records in this office indicate that work under Contract IDM-E558 has been suspended since May 1954.

We will appreciate advice at your earliest convenience as to your intentions relative to resuming work under the contract.

If work operations are to be recessed for some time it appears that you should request authorization from the Government for the recess of operations, stating the date operations were suspended and the date on or before which they will be resumed.

Very truly yours,

/s/ W. H. King

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

JWT:jp
cc Subject
Chron
Chairman, Oper. Comm.
WMTraver
AHKoschmann
JWTownsend

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

224 New Customhouse
Denver 2, Colorado

April 23, 1954

Amendment

Memorandum

To: C. C. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2991 (Lead-Zinc-Copper), Contract IDM-E558, Shenandoah-Dives Mining Company, San Juan County, Colorado

Enclosed are the original and two copies of Amendment No. 1 to Contract IDM-E558 which has been prepared and executed in conformance with advice contained in a teletype from the Chairman of the Operating Committee dated April 14, 1954 to modify the description of drifting to be performed on the letter "G" vein. Also enclosed are three sets of data relevant to the amendment.

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

W. H. King

W. H. King

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 15, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 2991, contract Idm-E558 (Lead-zinc-copper), Shenandoah-Dives Mining Company (Silver Lake group - Letter "G" vein), San Juan County, Colorado - Request for amendment

Enclosed are the original and seven copies of W. L. Dare's memorandum covering the above amendment request recommending approval.

Under the circumstances, the recommendation has my approval. However, I am of the opinion that the amount of footage allowed for drifting east should be left to the discretion of the Region IV Field Team and not be continued to the limit of all drifting remaining to complete unless the ore encountered in the one drill hole proves to have continuity in that direction.

Also, I believe the recommendations of the Survey geologist, who is certainly more conversant than anyone with conditions in the general area and the Shenandoah-Dives property in particular, should not be overlooked. Before contract funds are exhausted, a sufficient sum should be assigned to test by drill hole his theory of a possible offset of the Letter "G" beyond the present face of the west drift.

F. D. Everett

F. D. Everett, for
W. M. Traver

enclosures

cc 7
E558
DMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

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

From: W. L. Dare

Subject: DMEA 2991, contract Idm-E558 (Lead-zinc-copper), Shenandoah-Dives Mining Company (Silver Lake group - Letter "G" vein), San Juan County, Colorado - Request for amendment

Benjamin F. Stapleton, Jr., Director, and Edwin A. Larson, Resident Manager, Shenandoah-Dives Mining Company, in a letter to J. H. East, Jr., Regional Director, Region IV, dated March 31, 1954, requested an amendment to contract Idm-E558, to permit revision of the original work program.

This requested revision proposed that remaining contract drifting be completed along the Letter "G" vein east of the main crosscut rather than continuing west as originally planned. The operator's reasoning for ceasing work in the west heading is primarily because of the poor mineralization exposed in 273 feet of drifting completed in March 1954, contending that no indications exist that warrant additional drifting in the westerly direction. The proposed drifting east from the crosscut is based entirely upon the results of a horizontal diamond drill hole drilled from the crosscut in January 1954. The hole encountered 8 feet of vein material approximately 60 feet east of the crosscut that assayed 0.03 ounce gold, 2.9 ounces silver per ton, 4.6 percent lead, 0.5 percent zinc, and 0.20 percent copper.

The fact that ore does not exist at this depth along the Letter "G" vein system westerly in the area yet to be explored has not been proven. David J. Varnes, Geological Survey, who has conducted geological research in the area, was consulted and reported that the major fault planes of the Titusville or Letter "G" fault have shown the characteristic of irregular left-hand offsets along its strike. Varnes suggested drilling a long diamond drill hole southwest from the present west drift face to explore for a mineralized offset. A barren relatively strong fracture exists in the present breast; however, it does not eliminate the possibility of a mineralized offset further west and south in an area that has not been explored by diamond drilling to date.

The main problem appears to be one of economics. From information gained from Larson, the company directors, advised of the discouraging results of drifting completed in March, are in doubt as to the financial justification of continuing the project in operation, if the drifting is to be continued to the west.

The drifting east will commence in good ore as indicated by the one drill hole and will be in relatively virgin ground. For approximately 420 feet of drifting there will be 1,200 feet of back above the drift and for the next 650 feet there will be 1,300 feet of back.

Before the current metal price decline, the Shenandoah-Dives mining and milling operations had not only been the mainstay of the town of Silverton but had provided custom milling necessary to keep other smaller mines in the area operating.

Considering the future consequences of complete shutdown and also the fact that drifting east will start in ore and continue in ground with a reasonably good ore potential, the requested amendment is recommended for approval.

W. L. Bare
Mining Engineer

cc 7
E558
DMEA Chron.

WMT/pam

April 13, 1954

Memorandum

To: A. H. Koestmann AHK

From: D. J. Varnes

Subject: DMEA Docket 2991 (lead-copper-zinc), Contract 1da-8358, Shenandoah Dives Mining Company, San Juan County, Colorado. Proposal to drift east in lieu of performing balance of drifting to the west on the Letter "G" vein

I have no direct information regarding the Letter "G" vein in this vicinity, from either surface outcrop or from underground workings. This is within the area mapped by Mr. Burbank. The request to drift east appears reasonable in view of the disappointing showing to the west, and I know of no geologic reasons to believe that the eastern area would be less favorable than the western area. At this depth, the vein is, you might say, an unknown quantity for considerable distances east and west of the crosscut.

The maps accompanying the request indicate that there are two en echelon parts to the Letter "G." The arrangement of these veins is entirely in keeping with present ideas on the origin of the fissure, i. e., it is a right-handed shear zone. The Shenandoah-Dives vein zone also has such en echelon veins. If the vein to the east dies out, I would recommend putting in a diamond drill hole pointed ahead and to the left at about 45° to the trend of the drift. In fact, if the present west heading shows no vein structure, I would recommend that a hole be put in pointing ahead and to the left.

IRELAND, IRELAND, STAPLETON & PRYOR
ATTORNEYS AND COUNSELORS AT LAW
MIDLAND SAVINGS BUILDING
DENVER 2, COLORADO

CLARENCE L. IRELAND
GAIL L. IRELAND
BENJAMIN F. STAPLETON, JR.
WILBUR M. PRYOR, JR.
JOHN S. KELLOGG
WILLIAM B. NAUGLE

March 31, 1954

Bureau of Mines
New Customhouse
Denver, Colorado

Attention: Mr. East, Regional Director

IN RE: DMEA 2991
IDM-E 558
Shenandoah-Dives Mining Company, Silverton, Colorado

Gentlemen:

This letter is written by the undersigned, Benjamin F. Stapleton, Jr., as a Director of the Shenandoah-Dives Mining Company, and Mr. E. A. Larson, as the Resident Manager at Silverton, and is written pursuant to a resolution of the Board of Directors of the company at a meeting of the Board.

In reference to the exploration project contract set forth above at the Shenandoah-Dives mining properties, Silverton, Colorado, this letter will serve as a request for a change order under said contract as will be more fully set forth in this letter.

We are enclosing herewith copy of a progress map of the project as of March 31, 1954.

You will recall that under the project we had been drifting to the west from the cross cut on the Letter "G" Vein during the month of March. Drifting to the west was continued for a length of 273 feet. The drifting during March resulted in no commercial grades of ore suitable for mining. There were no indications during the March drifting of any better prospects further to the west.

You will recall in our report to Mr. W. M. Traver, Chief of the Mineral Resources Branch, Mining Division, Bureau of Mines, dated January 16, 1954, a copy of which report is in your hands, that we diamond drilled a hole referred to as No. 4 to the east of the cross cut, which resulted in crossing a vein of ore 60 feet east of the cross cut which assayed with a net smelter return of $11.63.

In view of the unfavorable showings during the month of March in the drifting to the west and in further consideration of the most favorable diamond drilled Hole No. 4 showing ore to the east, it is requested that as of March 31, 1954, the contract for exploration under which the company is now working, be changed and amended to provide for drifting the remainder of the contracted feet, namely 689.5 feet, to the east along the vein indicated by diamond drilled Hole No. 4.

We feel that a change order in the contract allowing for drifting to the east will prove beneficial not only to the company but to the Government as well. So that work may continue as rapidly as possible, we would appreciate it if you would do whatever is possible to expedite this change order so that drifting operations may be commenced to the east as of April 1, 1954.

Yours very truly,

Benjamin F. Stapleton, Jr.
Director

E. A. Larson
Resident Manager

BFS'an

P.S. Enclosed herewith are nine (9) photostat copies of a portion of the map "Figure 4" referred to in Exhibit "A" and attached to the contract, which shows the work completed to date, and the proposed change in the work outline.

T E L E T Y P E

[redacted]

WHGriswold/bjl, Rm. 4058, Ext. 3669

Base Metals Div., DMEA, Interior

1A2b4a1(d1) Revolving Fund, Defense Production Act, Interior (Allocated Working Fund to Office of Secy)

Date:

To: W. H. Kime, Executive Officer, DMEA Field Team, Region IV, Denver, Colorado

Docket April 7, Docket DMEA 2991, Shenandoah-Dives Mining Company, Contract Idm-[illegible]. You may prepare amendment as you recommend. We suggest that drifting be allowed without specifying whether to be done easterly or westerly. Referring to question of raise, we would probably not be inclined to grant large increase of funds which apparently would be necessary to drive a very much longer raise in the easterly area. We advise no action regarding raise at this time.

George C. Selfridge

Chairman, Operating Committee

Written 4/14/54

Copy to: Docket
Admr. R. File
Op. Committee
DMEA Metals
Accounts
Mr. Kinkel
Mr. Bishop
Chron.

DMEA Rm 4630

SENT
APR 14 1954
Clerical Service Section

500

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

April 12, 1954

Memorandum for the Files

From: W. R. Griswold, Chief, Base Metals Division

Subject: Docket No. DMEA 2991, Shenandoah-Dives Mining Company, Contract No. Idm-E558

A phone conversation was held with Mr. W. H. King relative to his teletype of April 7, referring to the subject contract.

Mr. King explained that drifting westerly on the letter G vein during the past month had shown poor results and that he therefore advised that this Operator be allowed to drift in an easterly direction to explore the letter G vein to see if ore could be encountered. We see no reason why such a request should be denied.

Mr. King also explained that the raise allowed under the contract would have to be located in a different location than originally proposed, probably at some increase in cost, since it would have to be longer than if done at the originally planned location. This matter will be taken care of at a later date.

W. R. Griswold

W. R. Griswold

COPY

RECEIVED
APR 8 1954

DN 235 BUREAU MINES 4-7-54 11-21 AM

C O MITTENDORF

REFERENCE DOCKET DMEA 2991, CONTRACT IDM-E558, SHENANDOAH-DIVES MINING COMPANY. CONDITIONS ENCOUNTERED IN DRIFTING TO WEST ON LETTER "G" VEIN DO NOT WARRANT COMPLETING WORK AS PRESENTLY DESCRIBED IN CONTRACT. COMPANY REQUESTS AMENDMENT TO THE CONTRACT, EFFECTIVE APRIL 1, 1954, TO PERMIT PERFORMANCE OF BALANCE OF DRIFTING, 689.5 FEET, TO THE EAST FROM THE CROSSCUT TO EXPLORE ORE DISCLOSED BY A COMPANY DRILL HOLE. COMPANY WILL SUBMIT REQUEST AT LATER DATE FOR RELOCATION OF PROPOSED RAISE WHICH WILL PROBABLY INVOLVE ADDITIONAL FOOTAGE AND FUNDS. THE CHANGE IN DIRECTION OF DRIFTING APPEARS TO BE TO THE INTEREST OF THE GOVERNMENT AND WE HAVE GIVEN ORAL APPROVAL TO PRECLUDE SUSPENSION OF OPERATIONS. PLEASE TELETYPE AUTHORIZATION FOR US TO PREPARE AMENDMENT FOR CHANGE IN LOCATION OF BALANCE OF DRIFTING.

W H KING

DENVER COLO.

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

224 New Customhouse
Denver 2, Colorado

October 15, 1953

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 2991, Contract Idm-E558, Shenandoah-Dives Mining Company

Enclosed are certified copies of Location Certificate No. 9433, Lorraine Lode Mining Claim; Location Certificate No. 94333, American Girl Lode Mining Claim, and a copy of a map showing location of these claims.

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

Enclosures

note: Since only 1 copy of map showing location of these claims was received, they are filed in M. & F. docket

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

224 New Customhouse
Denver 2, Colorado

July 27, 1953

REGISTERED

Memorandum

To: C.O. Mittenderf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Contract Idm-E558, Docket DMEA-2991, Shenandoah-Dives Mining Company, San Juan County, Colorado (Lead, Copper, Zinc)

Enclosed are the original and two copies of Contract Idm-E558. Copies of this contract have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King
W. H. King

Enclosures

Griswold/hjl/hmj
3569 4058

July 24, 1953

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

Reurlet July 22, Docket DMEA-2991, Contract Ida-5558, Shenandoah Dives Mining Company. Document submitted is considered to be satisfactory and contract may be released if following added by you to Annexxll of contract quote By instrument dated July 14, 1953, as amended Norman L. Maxwell owner of a one-third interest in the aforementioned American Boy claim granted the Operator a 15 year easement for a crosscut mining tunnel and tracks and the necessary right of ingress and egress end-quote. No contract amendment required.

Chairman, Operating Committee

COPY TO: Docket
Admr. R. File
Op. Committee
Base Metals (DMEA) Room 4060
Mr. Bishop (USBM)
Mr. Kinkel (USGS)
Accounts
Chron.

SENT
JUL 24 1953
Clerical Service Section

Pending

Crisman/hjl/ma
2969 1058

July 24, 1953

. H. King, Executive Officer, [illegible] Field [illegible], [illegible]lou IV, Denver, Colorado

[illegible] Amarlet July 22, Docket [illegible]-[illegible]71, Contract Ida-[illegible]558, Shenandoah Lives Mining Company. Document submitted is considered to be satisfactory and contract may be released. If following added by you to [illegible] of contract quote by instrument dated July 14, 1953, [illegible] Norman [illegible] Maxwell owner of a one-third interest in the aforementioned American Boy claim granted the operator a 15 year easement for a crosscut mining tunnel and tracks and the necessary right of ingress and egress. end-quote. No contract amendment required.

Chairman, Operating Committee

COPY TO: Docket
Admr. A. File
Op. Committee
Ba e [illegible] (Phx)
Mr. Bishop (U [illegible])
Mr. Minkel ([illegible])
Accounts
Chron.

SENT
JUL 24 1953
Clerical Service Section

Pending

r. . . M. King
Executive Officer
U.S. Field Team, Region IV
Bureau of Mines
226 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. [illegible]-2991 (lead-zinc-copper)
Shenandoah-Dives Mining Co.
Silver Dike Mine
San Juan County, Colorado
Contract No. Ida-[illegible]

Dear Mr. King:

Referring to your letter of July 3, 1953, regarding the above docket, we are not concerned over the matter of possible royalty payments from ores which may be encountered in the American Boy Claim. It is our understanding that this claim has little relationship to the target area and there is little likelihood that ores would be encountered thereon. However, in even an event, it would be satisfactory that the American Smelting and Refining Co. assume responsibility for the two-thirds interest which they own and the Shenandoah-Dives Company assume the responsibility for possible royalty payments for the other one-third interest, as you say not.

Our main concern is the matter of right-of-way for the proposed tunnel to be operated through the American Boy Claim. It very well may be that an owner of a minority interest in this claim might be in a position to create a difficult situation. Therefore, we hoped you a few days ago that the Shenandoah-Dives Company would have to furnish us with proof and sufficient proof that this right-of-way matter has been resolved.

WHCriswold/jh
7/13/53

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

cc. to: Docket
Adm. Reading File
Oper. Comm.
Base Metals
Chron.
Messrs. Bishop
Kinkel
with F.[illegible]

J. H. Hodges
Director, Bureau of Mines

A. R. Kinkel, Jr.
Director, Geological Survey

Pending

JUN 26 1953

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

Re: Docket No. DMEA 2991 (Lead-Copper-Zinc)
Shenandoah Dives Mining Co.
Silver Lake Mine
San Juan County, Colorado

Dear Mr. King:

Enclosed are the original and five copies of the subject contract, which has been prepared in accordance with your recommendations. If it meets with your approval will you kindly present it for signature and distribute in the usual manner.

Since the ground covered by the project is not owned by the Applicant, it must of course secure the Owner's Consent to Lien, which should be attached to the contract forms prior to distribution for signature. You will note that such Owner's Consent to Lien also contains a clause protecting the Government in the case of the American Boy Claim, number 7244, which is only two-thirds owned by the American Smelting & Refining Company. You will find these forms enclosed.

We call to your attention the statement in the report by Hazen and Varnes as follows:

> "Near the 1,400-foot point of the proposed drifting on the letter "C" vein, the work will progress onto "open" ground unless the old system of mine rights will hold valid at this time. Vertical side lines of claims would not cover the exploration drifting beyond the 1,400-foot point."

Until the above question is clarified the Government could not participate in the expense of work in such area.

Sincerely yours,

SIGNED

George C. Selfridge

Chairman, Operating Committee

Enclosures - 6
ACCEPTED:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

WRGriswold/hmj (6/25/53

CC to: Docket
Adm. R. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop

WRGriswold/bjl
Copy to: Docket
Op. Committee
Base Metals
Chron.

June 25, 1953

Memorandum

Pending

To: The Administrator

From: Chief, Base Metals Division

Subject: Docket No. DMEA-2991, Shenandoah-Dives Mining Company, Silver Lake Mine, San Juan County, Colorado

The subject contract is for the sum of $211,900.00, and covers 3,000 feet of drifting and crosscutting and a 500-foot raise.

The size of drifts and crosscuts is 8-1/2 by 8-1/2 feet, which is necessary for various reasons. The electric locomotive trolley requires ample headroom, mine cars are large size (105 cu. ft.), large size vent pipe will be required, water ditches must be of ample size, etc., demanding adequate width. The crosscuts and drifts are allowed an agreed unit cost of $50.30 per foot, which amount has been well substantiated by the Applicant.

The 500-foot raise is given an agreed unit cost of $122.00 per foot. Such a price would be excessive for ordinary raises of usual length, but when raises are driven to such a height as this, costs are multiplied. This figure has also been well substantiated by the Applicant.

The general purpose of the project is to develop the letter "G" vein of the Silver Lake mine group. The property is owned by the American Smelting & Refining Co., and is leased under a 30-year agreement to the Applicant.

The project is considered to have excellent chances of opening up substantial tonnages of intermediate grade ore (lead-copper-zinc). Obviously, a forecast of possible ore grade would be difficult, but from past records of the veins of the immediate area we might reasonably expect something in the vicinity of 1.9 per cent lead, 0.45 per cent copper, and 2.0 per cent zinc, with auxilliary gold and silver. The project is well endorsed by all reviewers.

The Applicant company has a long record for efficient mine operation.

W. R. Griswold

W. R. Griswold

June 24, 1953 notebook

Memorandum

To: Chief Counsel

From: Chief, Base Metals Division

Subject: Short form, agreed unit cost contract for Docket No. DNVA-2991, Shenandoah-Dives Mining Co., incorporated in the State of Colorado, Letter "G" vein, San Juan County, Colorado.

It is desired that we issue a short form, agreed unit cost contract to the Applicant company. The work period is to be two years.

/s/

W. R. Griswold

Attachment

WRGriswold/bjl

Copy to: Docket
Base Metals
Chron.

Griswold

ext 3669

Department of the Interior

Defense Materials Exploration
Administration
[illegible] 3973 - 970 Revolving Fund
Interior

June 2, 1953

[illegible]

[illegible]
[illegible]
[illegible]

[illegible] 15 [illegible] 2991, [illegible]
[illegible] 15,
[illegible] JUNE 1 [illegible]
[illegible] EFFECTIVE
[illegible] TO BE [illegible]

C. O. Mittendorf

C. O. MITTENDORF, [illegible]
[illegible] TO THE

Griswold/hmj
(6/2/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Division
Region IV (2)
Mr. Kinkel
Mr. Bishop
Chron.

Notebook

MAY 29 1953

Mr. W. H. King, Executive Officer
DMEA Field Team, Region IV
22A New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA 2991 (Lead-Copper-Zinc)
Shenandoah-Dives Company
Silver Lake Mine
San Juan County, Colorado

Dear Mr. King:

This refers to your letter of April 16, 1953, with which you submitted the application of the above company for an exploration project contract.

On May 15, we had advised the applicant by telegram that we were forced to deny his application due to the deletion of lead, zinc and other minerals from our eligible list.

However, we have just been advised that applications which were received prior to May 15 may now be considered. Hence, will you please arrange for the necessary field examination and recommendations for the above proposed project. We enclose a copy of the recommendation of the commodity members of the U. S. Geological Survey and the Bureau of Mines. You will note their suggestion as to Mr. David Varnes, geologist in the Denver office.

May we request that we receive your recommendations as promptly as possible. It is our understanding that the town of Silverton, Colorado is, to quite an extent, dependent upon the activities of the Applicant company, and naturally we wish to do everything which can properly be done to assist the mining communities.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosure

APPROVED:

J. H. Hedges
Member, Bureau of Mines

A. R. Kinkel, Jr.
Member, Geological Survey

MRGriswold/hmj (5/28/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Div.
Mr. Kinkel
Mr. Bishop
Mr. Griswold
Chron.

[illegible]

[illegible] Department of the Interior

Defense Materials Exploration
Administration
[illegible]-970 working [illegible]
Interior

May 15, 1953

Night Letter

[illegible] A. CHASE
[illegible] MINING COMPANY
[illegible], COLORADO

[illegible] 2791, LEAD-COPPER-ZINC.

THIS IS TO ADVISE YOU [illegible] EFFECTIVE APRIL 15, 1953 [illegible]

[illegible] IN

[illegible] COUNTY. [illegible] INCLUDED. [illegible] DO NOT

HAVE AUTHORITY [illegible] TO EXTEND CONTRACT [illegible] SUBJECT

OR YOUR PROPERTY [illegible] THEREFORE I DENIED. THIS IS

WITHOUT PREJUDICE [illegible] PROJECT. [illegible]

[illegible] ASSOCIATION [illegible]

[illegible] PROGRAM [illegible]

[illegible] TION.

C. O. Mitterdorf

C. O. MITTERDORF, [illegible]
[illegible] ADMINISTRATION

WRGriswold/hmj
(5/15/53)
CC to: Docket
Adm. R. File
Op. Committee
Base Metals Division
Region IV
Mr. Kinkel
Mr. Bishop
Chron

FIGURE 3 - MAP SHOWING EXPLORATION COMPLETED UNDER CONTRACT Idm-E558, SHENANDOAH-DIVES MINING CO., SAN JUAN COUNTY, COLO. DMEA 2991

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

DMEA RECEIVED FEB 12 1957		
DATE	INITIALS	CODE
2/13	[illegible]	500

February 12, 1957

Re: DMEA 2991, Pb-Zn-Cu;
$140,814.85
Contract Idm-E558
Shenandoah-Dives Mining Co.
San Juan County, Colorado

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, Branch of Base Metals

Subject: Review of final field report dated February 1, 1957, received February 7, 1957.

The exploration under the subject contract totaled 2,799.5 feet of drifting and crosscutting at a cost of $140,814.85. The 8- by 8.5-foot drift explored 1625.5 feet of the "O" vein which averaged about 13 feet in width. On the basis of 100 drift samples taken during drifting and certain additional channel samples and core drill samples the engineers computed mineralization as follows:

Indicated: 89,200 tons averaging 0.89% lead, 0.22% zinc, 0.36% copper, 0.018 ozs. gold and 1.0 ozs. silver per ton.
Inferred: 632,000 tons averaging 0.72% lead, 0.21% zinc, 0.34% copper, 0.016 ozs. gold and 1.46 ozs. silver per ton.

Such material is obviously too low grade to mine concentrate and market profitably under conditions that prevail in the San Juan area and a discovery should not be certified, although repayment of the Government expenditures is provided by royalty on future production under the termination agreement.

O. M. Bishop

O. M. Bishop

Copy to: Division of Minerals
Mr. Kiilsgaard
Mr. Lamb
Mr. Bishop
Files

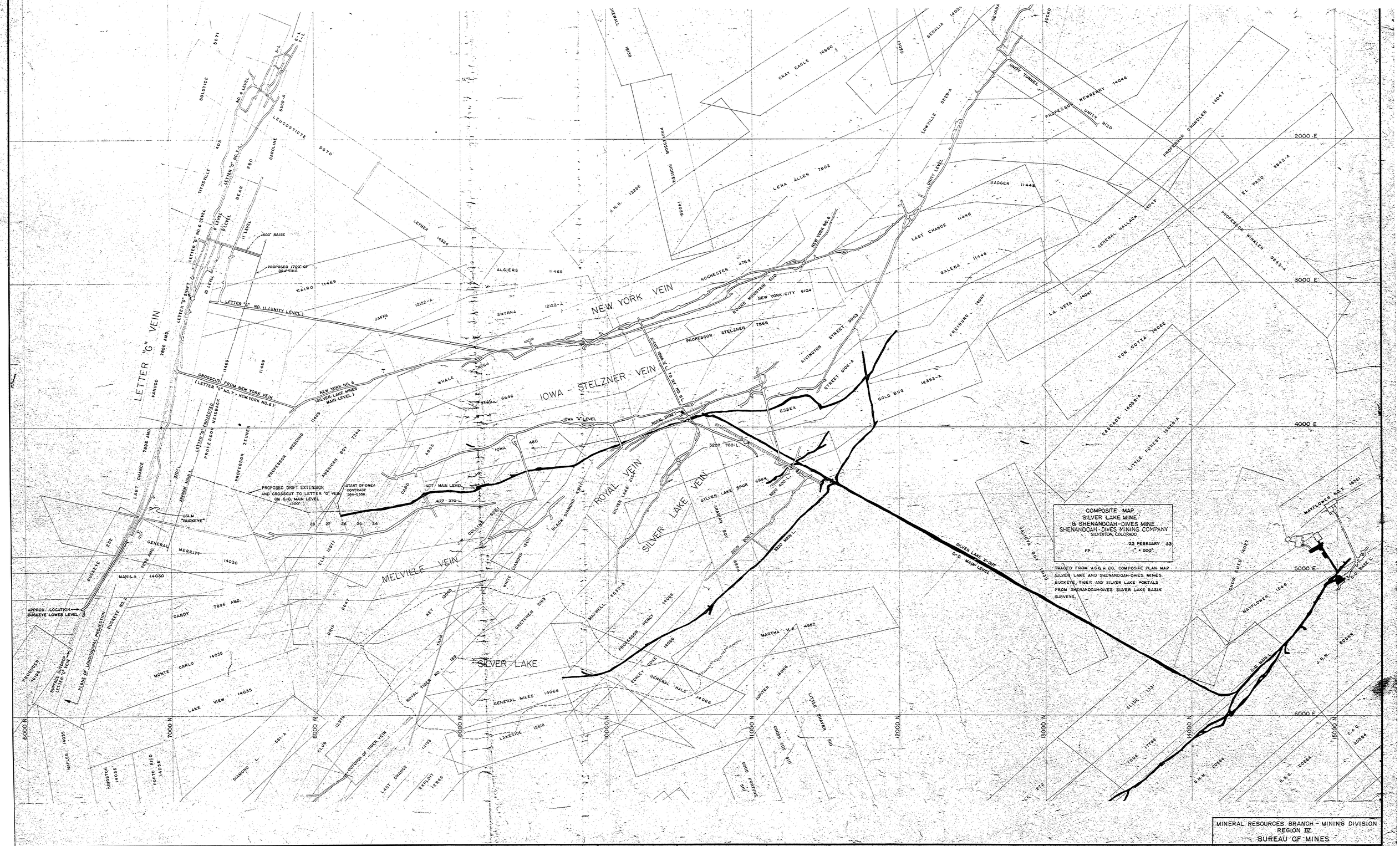


FIGURE 2 - PLAN AND CLAIM MAP SHOWING PROPOSED EXPLORATION, SHENANDOAH-DIVES MINING CO., SAN JUAN COUNTY, COLO (DMEA 2991)

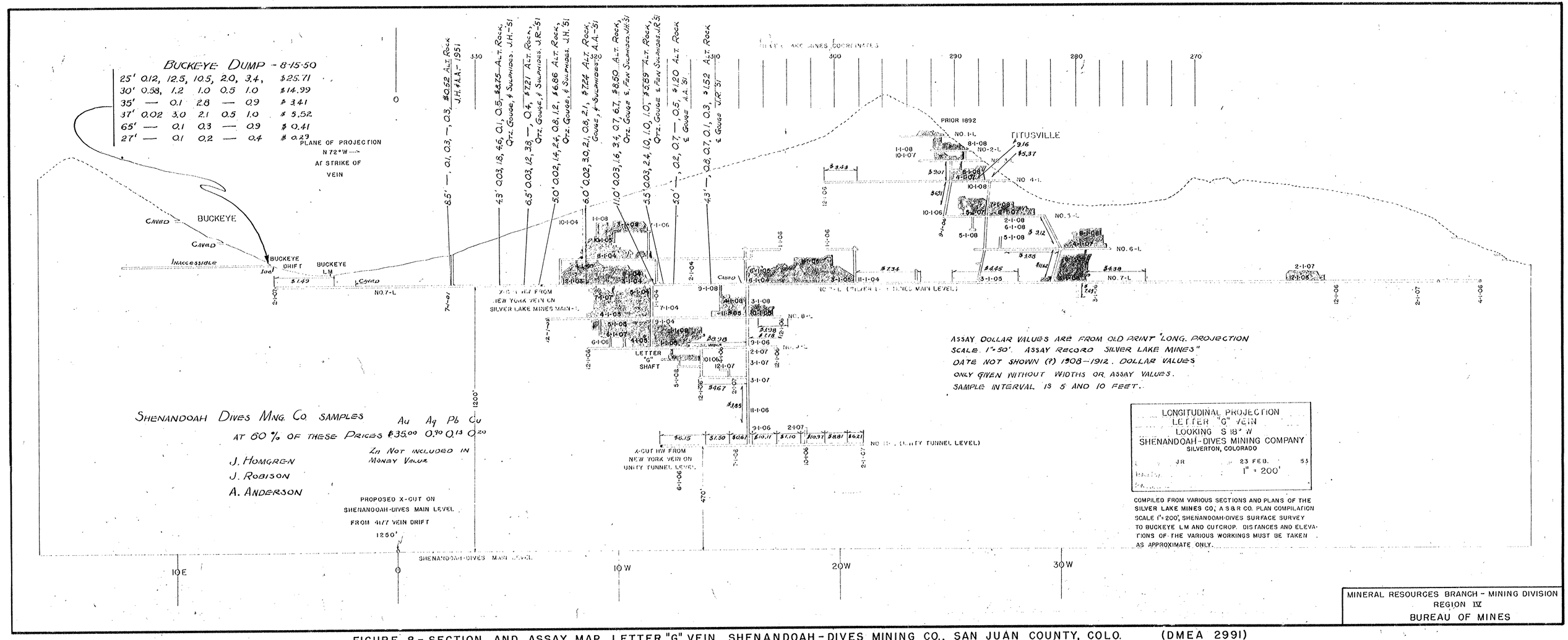
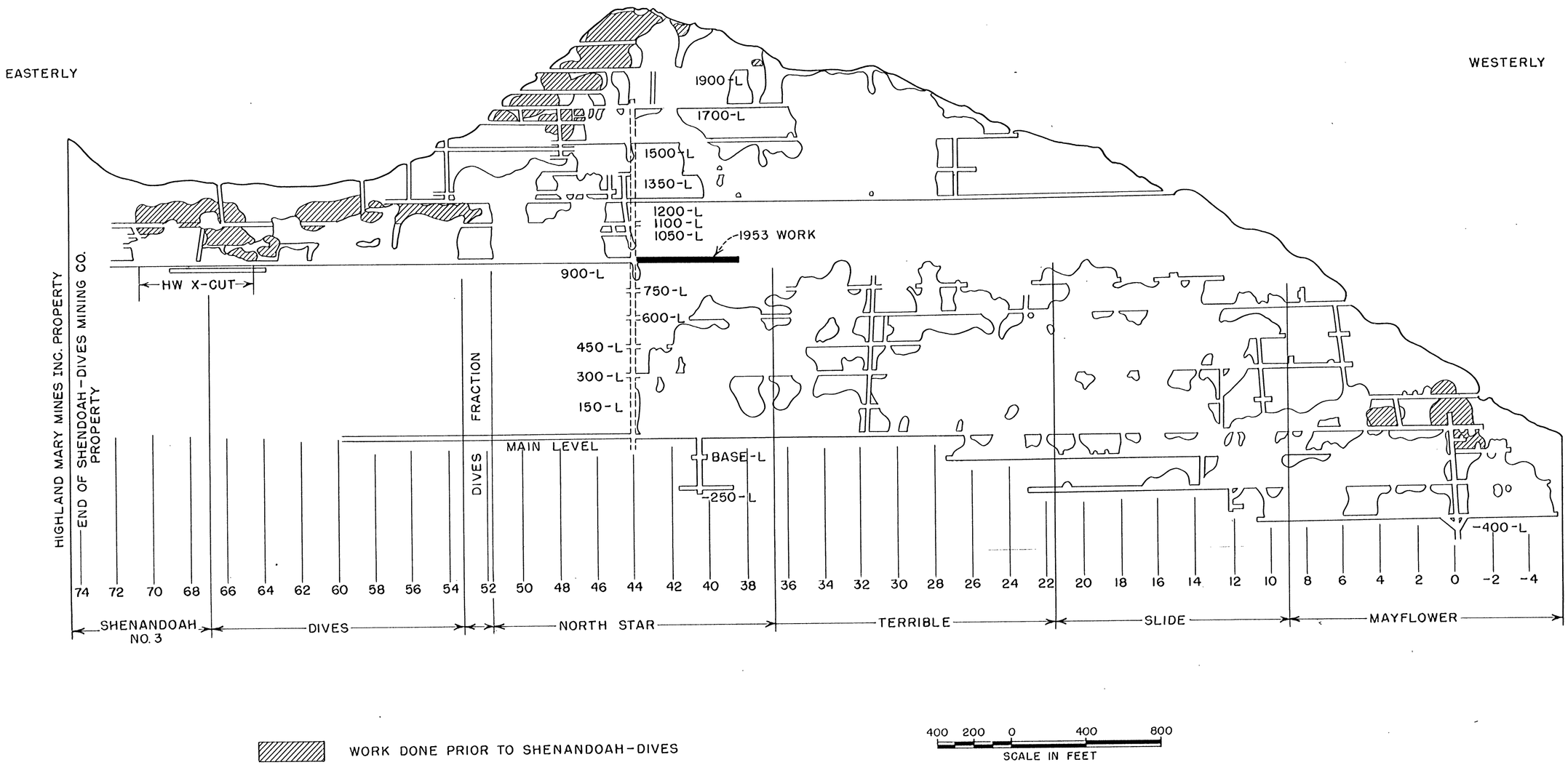


FIGURE 8 - SECTION AND ASSAY MAP, LETTER "G" VEIN, SHENANDOAH-DIVES MINING CO., SAN JUAN COUNTY, COLO. (DMEA 2991)



MINERAL RESOURCES BRANCH - MINING DIVISION
REGION IV
BUREAU OF MINES

FIGURE 7 - LONG SECTION OF NORTH STAR-MAYFLOWER VEIN, SHENANDOAH-DIVES MINING CO., SAN JUAN COUNTY, COLO. (DMEA 2991)

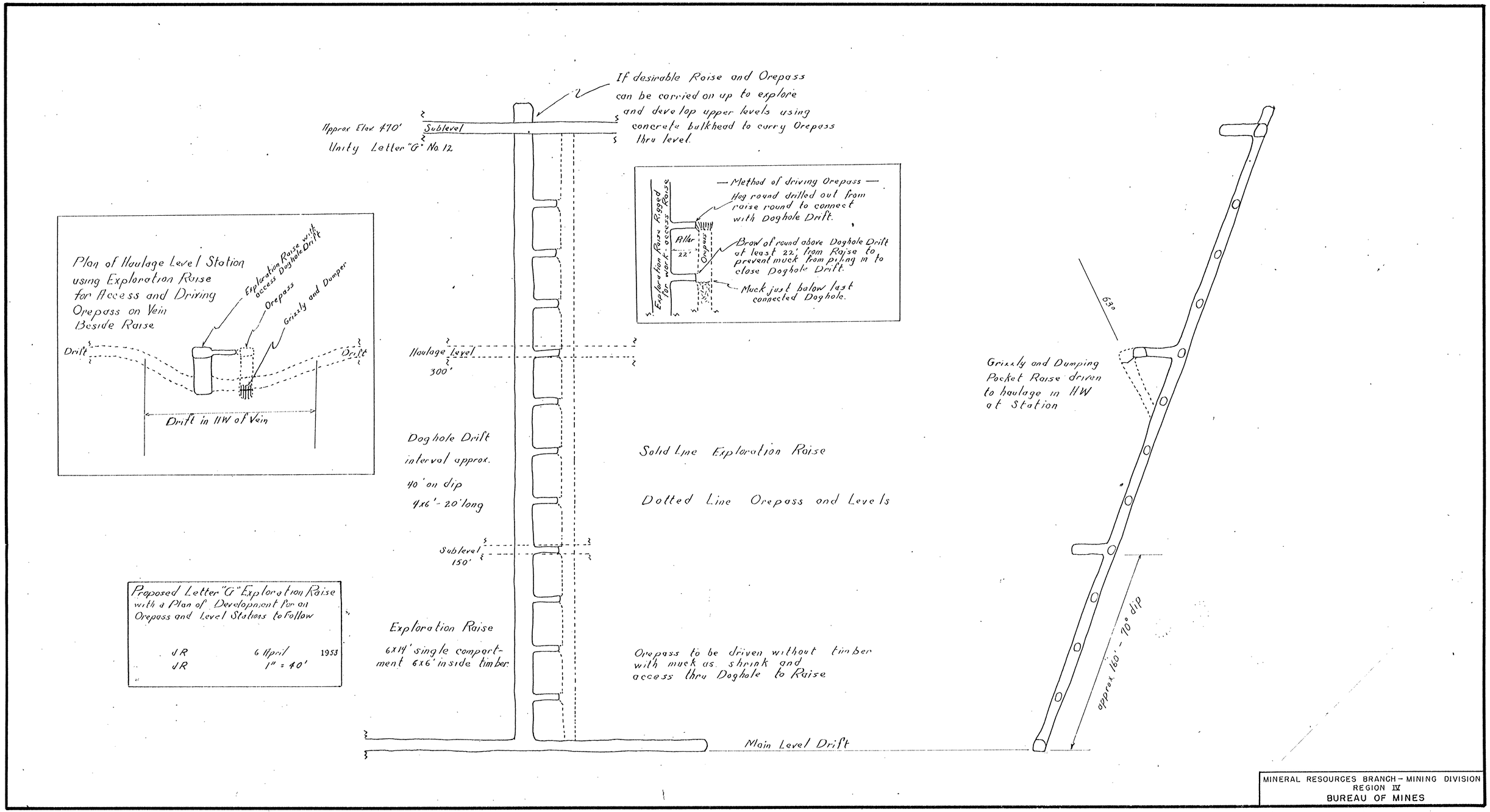


FIGURE 5 - PLAN AND SECTION MAP SHOWING DETAILS OF EXPLORATION RAISE, SHENANDOAH - DIVES MINING CO., SAN JUAN COUNTY, COLO. (DMEA 2991)

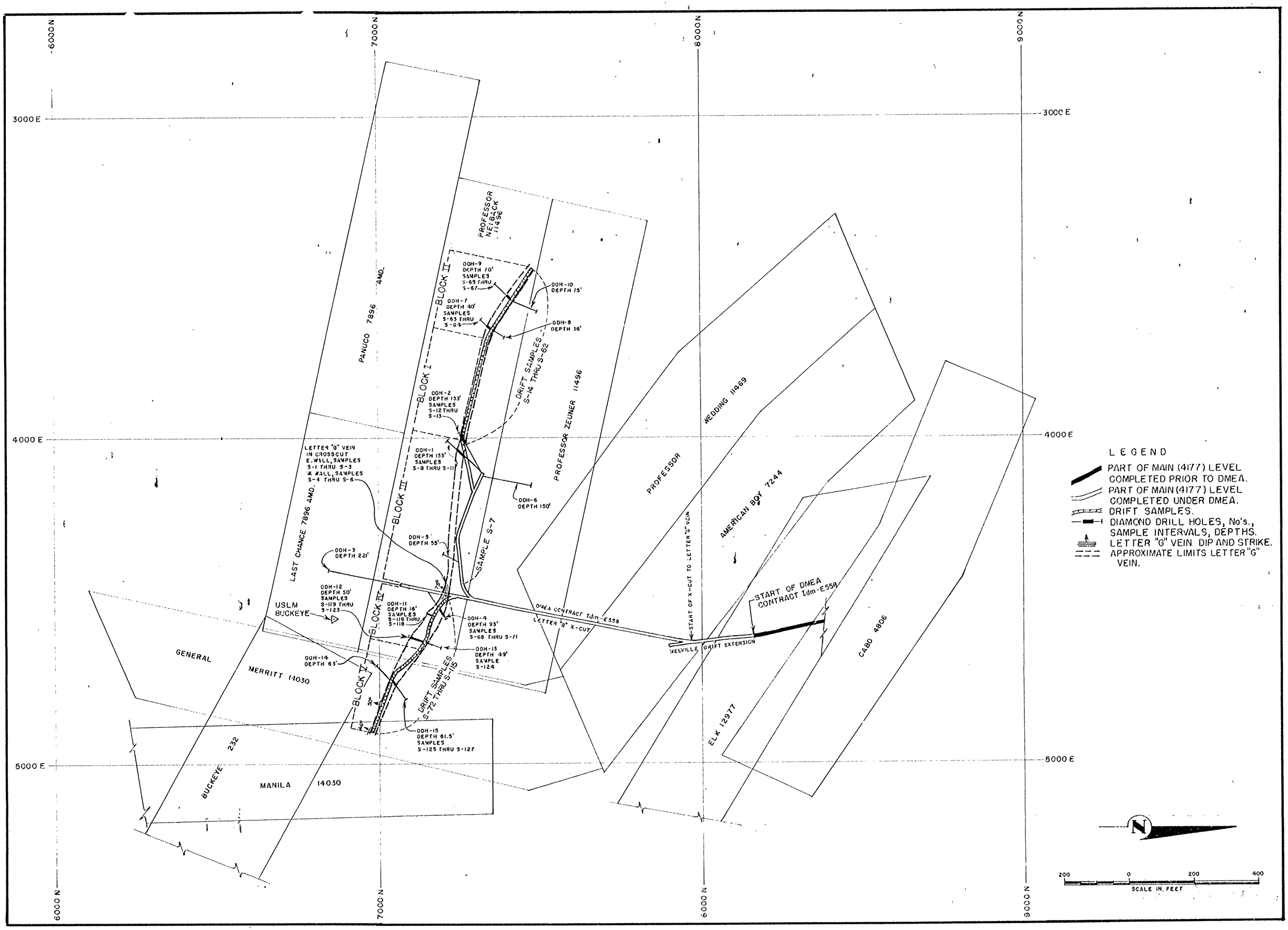


FIGURE 3 - MAP SHOWING EXPLORATION COMPLETED UNDER CONTRACT Idm-E558, SHENANDOAH-DIVES MINING CO., SAN JUAN COUNTY, COLO. DMEA 2991

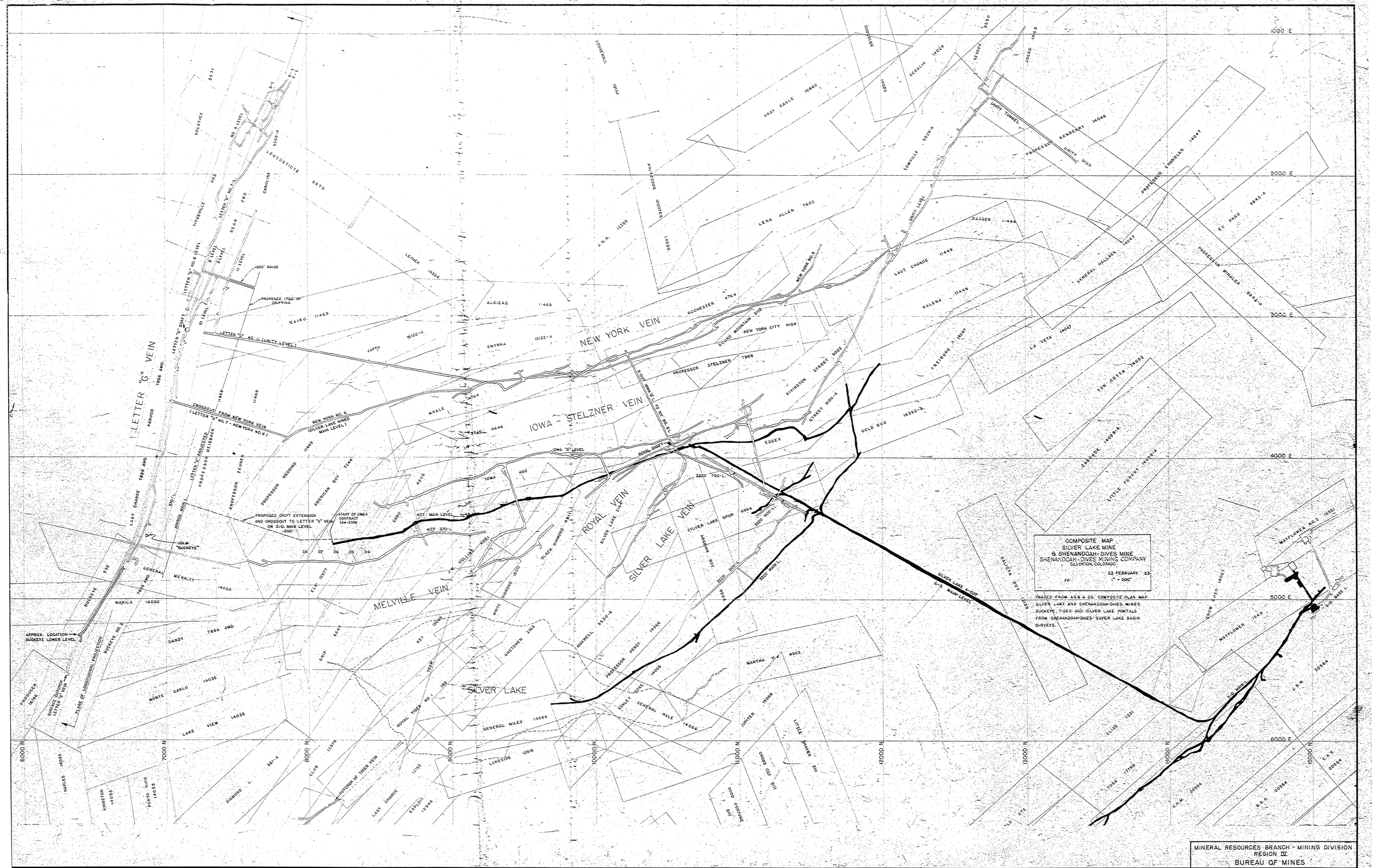


FIGURE 2 - PLAN AND CLAIM MAP SHOWING PROPOSED EXPLORATION, SHENANDOAH-DIVES MINING CO., SAN JUAN COUNTY, COLO (DMEA 2991)

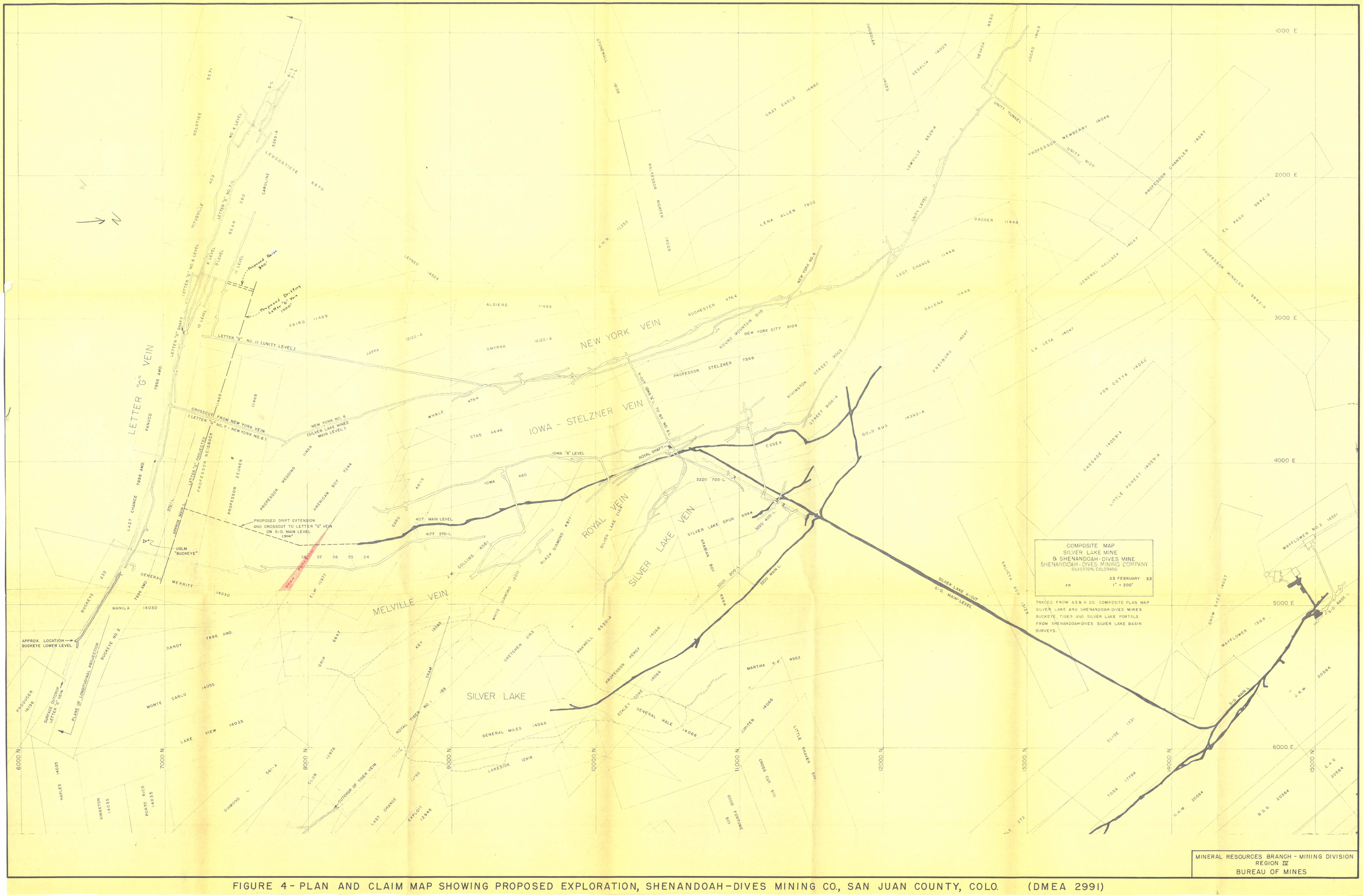


FIGURE 4 - PLAN AND CLAIM MAP SHOWING PROPOSED EXPLORATION, SHENANDOAH-DIVES MINING CO., SAN JUAN COUNTY, COLO. (DMEA 2991)

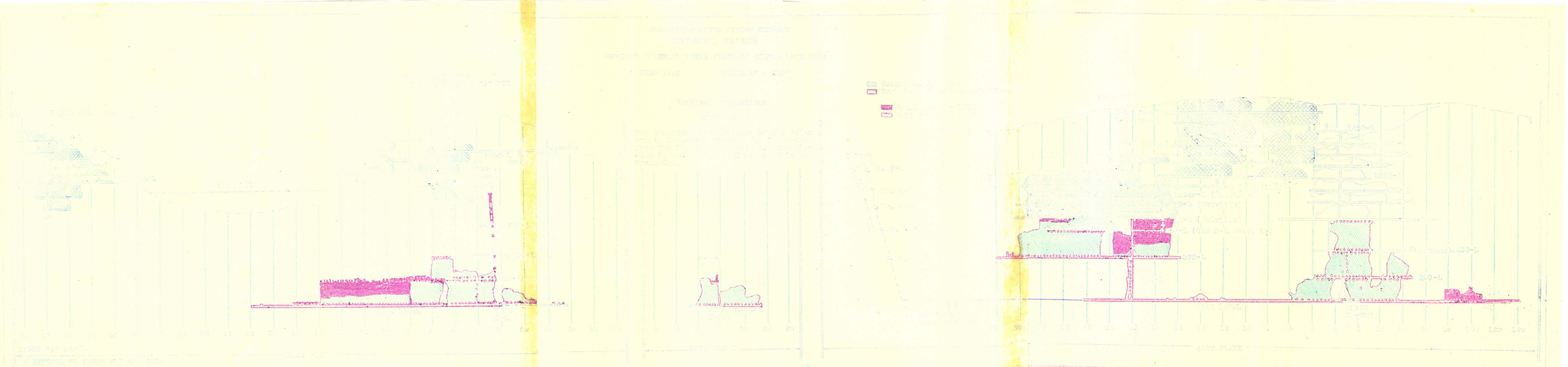


FIGURE 6- LONG SECTION OF 3220, 3490, AND 4177 VEINS, SHENANDOAH-DIVES MINING CO., SAN JUAN COUNTY, COLO. (DMEA 2991)

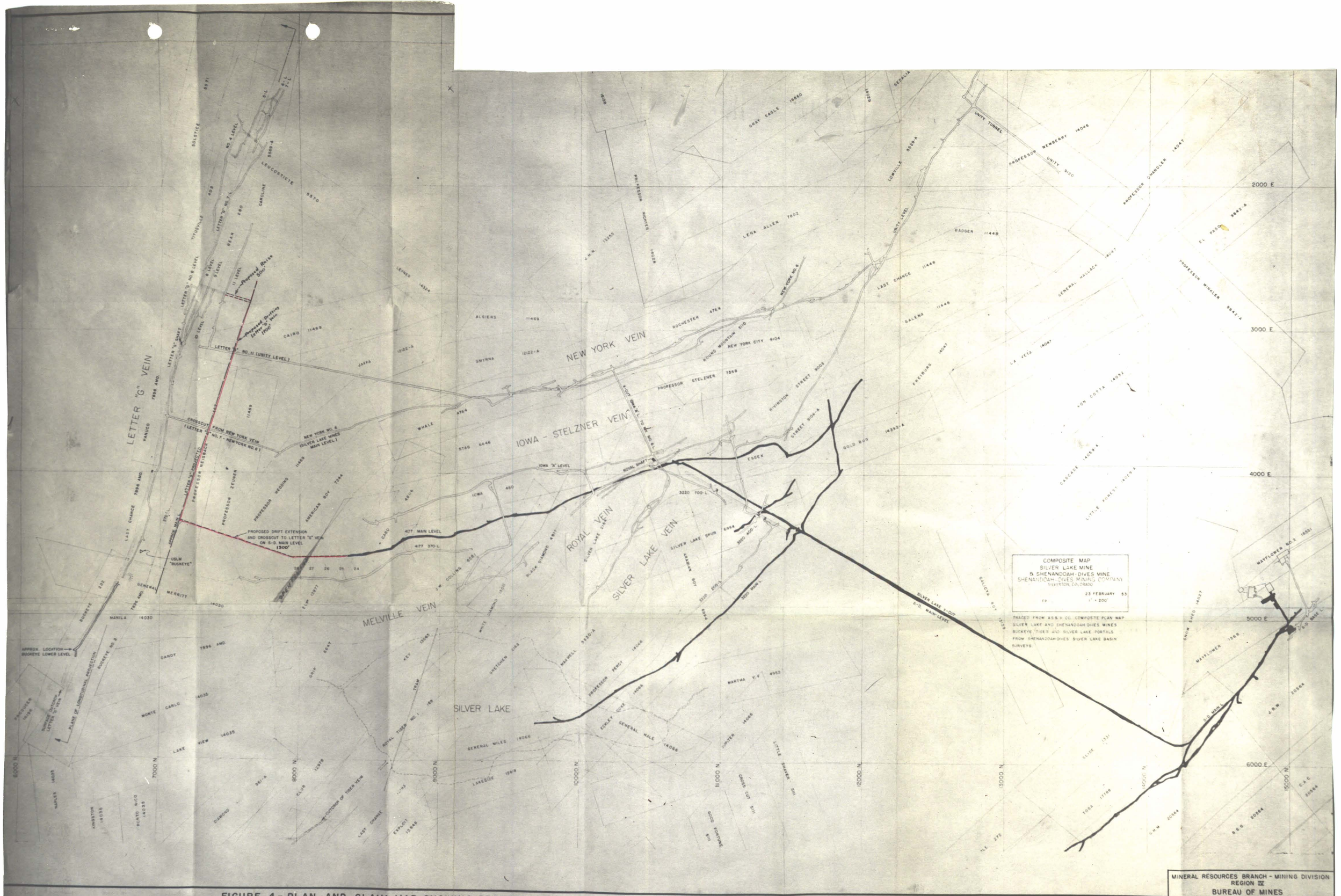
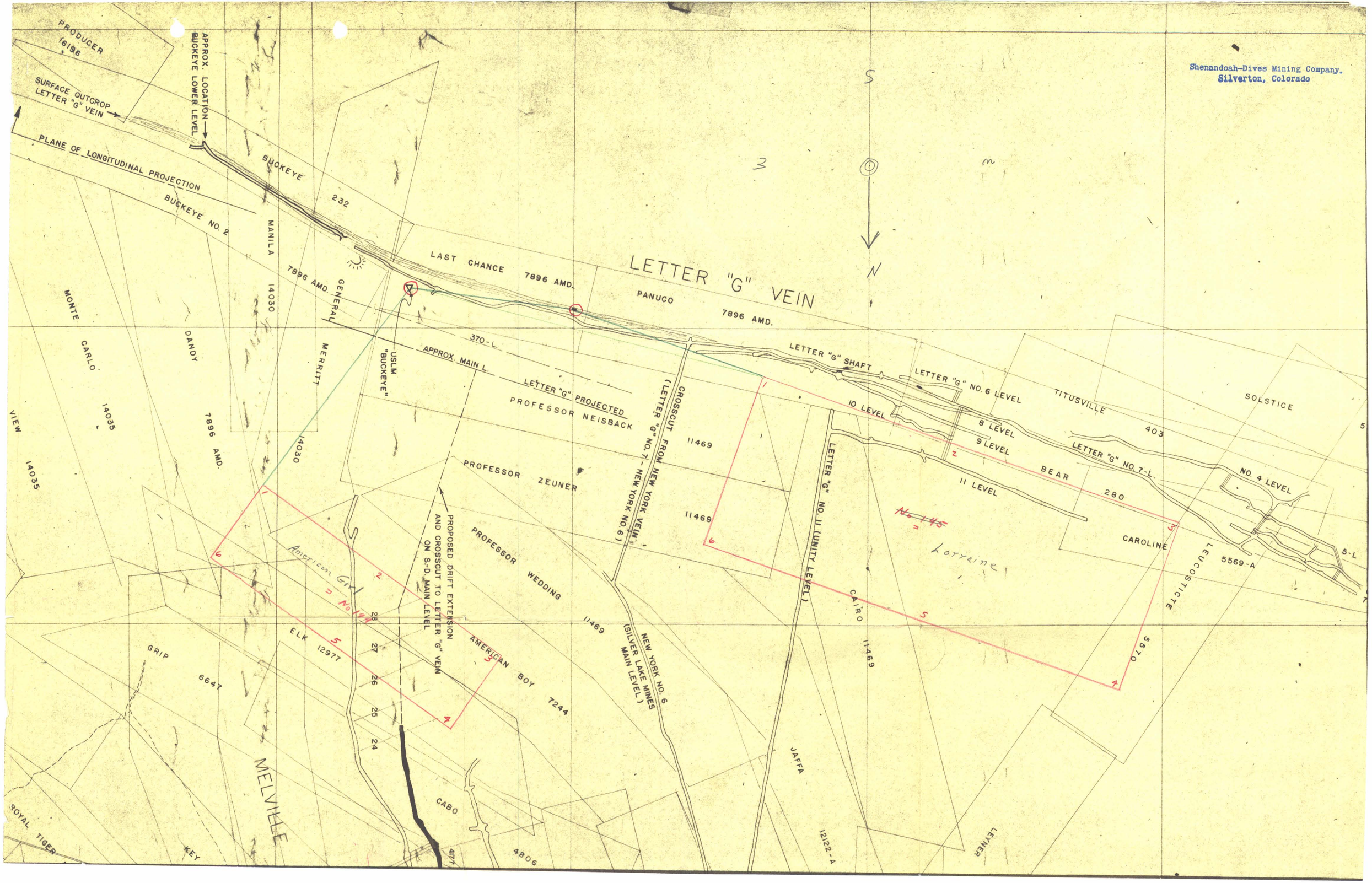


FIGURE 4 - PLAN AND CLAIM MAP SHOWING PROPOSED EXPLORATION, SHENANDOAH-DIVES MINING CO., SAN JUAN COUNTY, COLO. (DMEA 2991)

Shenandoah-Dives Mining Company.
Silverton, Colorado