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DEFENSE MINERALS ADMINISTRATION
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To:	400	Date	10/19/54
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MAR 1 0 1955

Mr. William S. Spencer
Flanders Mining Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA 3535 - Tungsten
Ida May Mine
Gunnison County, Colorado

Dear Mr. Spencer:

Your application for aid for an exploration project and other data available to us in Washington relating to the above noted property have been carefully reviewed.

Projects approved by the Defense Minerals Exploration Administration, must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position of the National Defense Program.

Careful study of all our information indicates that tungsten ore occurs in small, lenticular pods, but shows little possibility of disclosing minable ore reserves by your proposed program in sufficient quantities to justify Government participation. We regret to advise you, therefore, that your application for exploration assistance is denied.

We wish to thank you for your interest in the Defense Minerals Exploration Administration program and for bringing your property to our attention.

Sincerely yours,

C. O. Mittendorf

Administrator

TLChapman:foc
3-8-55
cc to: Docket
Code 400 ✓
Adm. Reading File
Operating Comm.
FT. REG. III
Robert Holliday, USBM
Thor H. Kiilsgaard, USGS

March 8, 1955

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Denial of application for exploration assistance in the amount of $77,893.50
Docket No. DMEA 3535 - Tungsten
Flanders Mining Company (Partnership)
Ida May Mine
Box 861, Grand Junction, Colorado
Gunnison County, Colorado

Denial of the subject application is recommended by this Division, based on the following information:

1. The applicant requested exploration assistance in the amount of $77,893.50 to explore for tungsten by driving an 800 foot adit crosscut to intersect several possible veins and do 1,000 feet of drifting on these veins.

2. The Ida May mine is an old gold-silver property situated on the crest and north slope of Gold Hill, at Cumberland Pass (Elevation 12,000 feet), in the Tin Cup Mining District, Gunnison County, Colorado. The application includes the Ida May claim (patented) and the Schealite No. 3, (unpatented), in sections 11 and 14, T. 51 N., R. 4 E., New Mexico principal meridian.

3. The basal rock of this area is a pre-Cambrian quartz monzonite flanked on the northeast and southwest by Paleozoic sedimentary rock. These rocks have been intruded by dikes, stocks and small irregular bodies of quartz monzonite porphyry. There are a number of small, short quartz veins in the area. These veins contain minor amounts of pyrite, chalcopyrite, bulmerite and molybdenite. The tungsten ores appear to occur in small lenticular pods.

4. Numerous shallow pits, shafts and short prospect adits have been excavated in the Gold Hill area on small tungsten bearing veins, but little ore of minable grade has been found.

5. No ore production has been made from the claims included in this application, but two small shipments were made from a 108 foot tunnel on a vein to the southwest. One shipment of 6.14 tons assayed 0.67 percent WO_3, and the other of 37.00 tons assayed 0.50 percent WO_3.

6. While small showings of tungsten ore have been found throughout the area, there is little indication that any ore bodies of strategic importance may be found.

7. The Field Team recommends denial of the subject application, but submits an alternate plan of exploration in the 108 foot tunnel from which small ore shipments were made. While this alternate plan of exploration will give a direct exploration on a known ore showing, the general ore occurrences of the area indicate little probability of finding any ore body or bodies of strategic importance.

8. The Commodity Divisions of the Geological Survey and the Bureau of Mines recommend that the application be denied.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

TLChapman:foc
3-8-55
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.

IN REPLY REFER TO:

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

March 2, 1955

Re: DMEA-3535
Flanders Mining Co.
(Ida May & Scheelite
No. 3 Claims)
Gunnison Co., Colo.
$77,093.50 - Tungsten

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of Field Team examination report

The applicant's proposal consists of driving an 800 foot crosscut to test for unknown veins which may occur on the south slope of Gold Hill. Any vein intersected by this work would be explored by 1,000 feet of drifting.

Although trenching has exposed several narrow stringers of huebnerite and quartz, there have been no significant veins disclosed in the proposed exploration area. The operator's project will be primarily prospecting to find favorable evidence for planning later exploration. This type of project is not suitable for Government exploration assistance.

The available information from U.S.G.S. investigations and recent exploration results in the Gold Hill area indicate that the applicant's proposal is not geologically justified. In the Gold Hill area, huebnerite generally occurs in small, lenticular pods along predominantly quartz veins. It has been estimated that the huebnerite mineralization usually has an average width of only about 5 inches. The huebnerite ore bodies are characterized as short discontinuous bodies which form only a small part of any particular vein. Inasmuch as the location of such small pods or streaks is unpredictable, it is unlikely that a significant amount of ore could be found by driving a blind crosscut into the south slope of Gold Hill. By the same reasoning, we can conclude that mineralization exposed in the 108-foot drift and in the trench west of the Ida May vein is not continuous between these two locations. In fact, there is considerable doubt that both exposures are on the same vein structure. Veins of the length required to connect between the two areas of mineralization are very uncommon in the Gold Hill area. It is unlikely that in this case we are dealing with an exception to the recognized vein habit of the district.

I recommend the application be denied DMEA exploration assistance.

E. L. Newcomb

ELNewcomb:hlm
G-2/2/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
R. W. Geehan, 3641 Interior

40U

224 New Customhouse
Denver 2, Colorado

February 9, 1955

Memorandum

To: Secretary to the Operating Committee

WSM

From: Field Team, Region III

Subject: Report of Examination, DMEA Docket No. 3535 (Tungsten), Flanders Mining Company, Gunnison County, Colorado

Enclosed are the original and three copies of the report pertaining to the above application.

A field examination was scheduled but was not made because the property was inaccessible at that time. We are familiar with the subject property.

We recommend that the application be denied as the proposed program is considered to be of a prospecting nature.

Although, we do not recommend it, if the applicant submitted an application to explore the property by extending the present drift northeasterly along a known tungsten bearing vein, we would give proper consideration to the application and arrange for a field examination.

See p. 10 last ¶ of report

W. M. TRAVER

W. M. Traver

E. N. Harshman

E. N. Harshman

OC

Closed 2/21

224 New Customhouse
Denver 2, Colorado

February 9, 1955

Memorandum

To: Secretary to the Operating Committee

From: Field Team, Region III

Subject: Report of Examination, DMEA Docket No. 3535 (Tungsten), Flanders Mining Company, Gunnison County, Colorado

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W. M. TRAVER

W. M. Traver

E. N. Harshman

E. N. Harshman

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Defense Minerals Exploration Administration
Denver Federal Center
Denver 2, Colorado

FEB 9 1955
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 16 1955

February 8, 1955

Memorandum

To: DMEA Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket 3535 (tungsten), Flanders Mining Company, Gunnison County, Colorado

Enclosed are the original and 8 copies of my geologic report on the subject property. In order to expedite the final decision on the application, and at the request of the company, the report was written without a field examination in company with representatives of the applicant.

The program proposed by the applicant is considered prospecting and it is not likely that significant deposits of tungsten ore will be found by the proposed work. Denial of the application is recommended.

In the event that DMEA considers exploration warranted, an alternative program of extending the Flanders Mining Company drift northeasterly is suggested.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (9)

FLANDERS MINING COMPANY

TINCUP MINING DISTRICT

GUNNISON COUNTY, COLORADO

DMEA DOCKET 3535

Geologic Report

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

FLANDERS MINING COMPANY
GUNNISON COUNTY, COLORADO

INTRODUCTION

The Flanders Mining Company, Box 861, Grand Junction, Colorado, applied to the Defense Minerals Exploration Administration for assistance to explore for tungsten ore on the Ida May lode claim and the Scheelite No. 3 claim, Gold Hill area, Tincup Mining District, Gunnison County, Colorado. They propose to prospect for unknown tungsten bearing veins beneath the south slope of Gold Hill and to explore for the downward extension of one known vein by driving an 800-foot crosscut from a point on the south side of Cumberland Pass, about 165 feet vertically below the crest of Gold Hill, and by drifting 1,000 feet on any vein intersected by the crosscut. Their estimated cost for the project is $77,893.50.

A field examination was scheduled early in December, but a heavy snowfall in the Cumberland Pass area made the claims inaccessible. On December 17, 1954, I conferred with Elliot Goldstein and G. H. Brodie, representing the Flanders Mining Company, and R. L. Bolmer, U. S. Bureau of Mines, regarding the application. Among other things, the rather indefinite nature of the exploration target was discussed with the company representatives and the probability that the claims would be inaccessible for the remainder of the winter was pointed out.

Agreement was reached on two points suggested by the company representatives; first that additional geologic information, defining the exploration objectives, would be furnished by the company as a supplement to the original application; and second, that upon receipt

of the supplemental data, a report on the project proposed by the Flanders Mining Company would be prepared without making a field examination in company with their representatives. The Flanders Mining Company is fully aware that Defense Minerals Exploration Administration personnel are ready and willing to make a field examination when weather permits. They are also aware that those personnel are familiar with the property in question, having made the field examination leading to the consumation of Contract Idm-2567 (DMEA docket 2617), and having followed the progress of work under the contract. Furthermore, in anticipation of the present application for exploration assistance, R. L. Bolmer and W. M. Traver, U. S. Bureau of Mines, and the writer, examined the Ida May area on September 8, 1954. While on a periodic examination of work progress under Contract Idm-2567.

The supplemental report was received from the Flanders Mining Company on January 20, 1955. In order to expedite the final decision on the application, the company requested that the report be prepared without benefit of a field examination in company with their representatives.

It is concluded that the program of exploration proposed by the Flanders Mining Company is designed primarily to prospect for unknown veins beneath the south slope of Gold Hill and that any program of exploration in the Gold Hill area stands little chance of discovering significant deposits of minable tungsten ore. Although not recommended, an alternative program of exploration in the Gold Hill area is outlined.

LOCATION AND ACCESSIBILITY

The Ida May and Scheelite No. 3 claims are located in sections 11 and 14, T. 51 N., R. 4 E., New Mexico principal meridian. They lie on the crest and south slope of Gold Hill a few hundred feet west of Cumberland Pass (fig. 1). The claims range from 11,800 feet to 12,000 feet in altitude.

Access is by way of Colorado State Highway No. 162 to Pitkin, Colorado, thence by way of the Pitkin-Tincup Forest Service Road to Cumberland Pass, a distance of about 12 miles. Although, the road between Pitkin and Tincup is well graded and maintained throughout the summer months, it is not kept free of snow and is generally impassible in the winter months.

GEOLOGY

The Cumberland Pass or Gold Hill area is underlain by a large body of pre-Cambrian quartz monzonite flanked on the northeast and southwest by Paleozoic sedimentary rocks. These rocks have been intruded by dikes, stocks and small irregular bodies of quartz monzonite porphyry of Laramide age.

The quartz monzonite is generally gneissic and ranges from medium to coarse-grained. Where fresh, it is dark grey and contains abundant feldspar and biotite. In the Gold Hill area the feldspar and biotite are generally altered, and the rock has a yellowish bleached appearance.

The Paleozoic sedimentary rocks consist of the Saratoga quartzite and the Manitou dolomite. These rocks have an aggregate thickness of about 350 feet. They are not exposed in the immediate vicinity of the Gold Hill area.

Both the pre-Cambrian quartz monzonite and the Paleozoic sedimentary rocks are intruded by dikes, stocks and small irregular bodies of fine-grained quartz-monzonite porphyry. The porphyry is characterized by abundant rounded phenocrysts of quartz and feldspar, small biotite flakes, and hornblende needles. It is believed to be Laramide in age and premineral, although it may be related to the same period of igneous activity that gave rise to the mineral deposits in the Gold Hill area.

The Gold Hill area has been broken by several prominent faults and many small fractures. The fractures appear to be premineral, although brecciation of the material filling some of them suggests postmineral movement. The fractures have a somewhat diverse orientation but work by Ogden Tweto (1943) indicates that they may be classified in three broad sets, one striking E. - N.E., a second striking N. - N.E., and a third striking W. - N.W.

The veins in the Gold Hill area are relatively short (500 to 1,000 feet) quartz filled fissures in quartz monzonite. They contain minor amounts of pyrite, chalcopyrite, hubnerite, and molybdenite. Although some molybdenite bearing veins strike easterly or northwesterly, those containing tungsten strike northeasterly.

A thin soil mantle and thick talus covers much of the Gold Hill area and vein exposures are not common. Based on a few exposures

of vein material in place and on small pieces of material found in the overburden and on dumps of now caved workings, it appears that the veins range in width from a fraction of an inch to 5 or 6 feet. They are composed principally of quartz which appears to be of several generations, ranging from an early early, massive, vitreous variety to a late coarse-grained, crystalline, vuggy variety. Molybdenite is associated with the earlier varieties of quartz and hubnerite with the latest or crystalline variety. A few grains and coatings of scheelite and powellite have been reported by Tweto as occurring with hubnerite in vugs in the late crystalline quartz. Pyrite is disseminated through all ages and varieties of quartz; chalcopyrite is generally associated with hubnerite and appears to be the youngest ore mineral in the veins at Gold Hill.

Hubnerite, the only known mineral of possible economic importance in the Gold Hill area, generally occurs in a very definite streak 1 to 8 inches wide, often along the footwall or hanging wall of a much wider silicified zone in quartz monzonite. In the Hubnerite mine, 3,000 feet northeast of the Ida May mine (Fig. 1), isolated crystals of hubnerite occur throughout a 5 to 6-foot wide vein. Some concentration of the mineral may have taken place along a portion of the footwall of the vein exposed in the drift. The highest grade samples taken on this vein contained 0.22 percent WO_3 but the average of all samples is well below 0.10 percent WO_3. A sample of a 1/2-inch wide split from the Hubnerite vein, exposed in the southeast crosscut, contained 16 percent WO_3. The Hubnerite vein was explored under Contract Idm-8567. The results of the

exploration are described in a final geologic report dated February 3, 1955.

The Flanders Mining Company drove a 108-foot drift on a small hubnerite bearing vein exposed about 1,400 feet southwest of the Ida May mine (fig. 1). The vein strikes N. 38° E., dips 60° northwest and fills a fissure in quartz monzonite. The quartz vein ranges from 1/2 to 4 feet wide and hubnerite occurs in lenticular discontinuous streaks 1 to 6 inches wide throughout the exposed length of the vein. The operator reports that the tungsten bearing part of the vein was generally wider in the floor of the drift than in the back. Shipments of selected ore indicate an average content of about 0.50 percent WO_3.

Trenching on the crest of Gold Hill, in the vicinity of the Ida May mine and to the west, has exposed several narrow stringers and one 3 to 6-inch vein that contain hubnerite associated with vuggy crystalline quartz. No samples of the vein have been taken but the higher grade parts are estimated to contain 2 percent WO_3. Most of the trenching has been unsuccessful in locating the inferred veins shown on figure 1 and it is probable that many of them do not exist as shown.

Geologic conditions in the now caved Ida May mine are not known with any certainty. The shaft is reported to be 60 feet deep, although a specimen of ore in the Colorado State collection is labeled "from the 200 level of the Ida May mine". The tungsten streak in the vein in the shaft is said to have been between 2 and 8 inches wide and to have been either in the foot or hanging wall of a wide

quartz vein. A split is reported to have occurred toward the bottom at the shaft with the tungsten bearing vein continuing vertically downward and a copper bearing vein continuing downward at a flatter dip. Samples on the dump, now well picked over, indicate that a vein at least 2 inches wide containing pyrite, chalcopyrite, bulmerite, traces of galena, and secondary copper minerals was present in the Ida May workings. A 2-inch sample of ore from the mine dump taken by Tweto contained 19.10 percent WO_3. Dump rock indicates that the Ida May vein is in quartz monzonite.

Numerous shallow pits, shafts, and short prospect adits have been excavated in the Gold Hill area on what were apparently small tungsten bearing veins, but all are now caved and no information can be obtained on geologic conditions revealed by this work.

PRODUCTION

Tweto states that during World War I the Ida May mine is reported to have produced 2 or 3 cars, or less than 100 tons, of ore containing 11 percent WO_3. This report cannot be verified.

Verified reports by the Flanders Mining Company show that ore production from their 106-foot drift southwest of Cumberland Pass has been as follows:

Date	Dry tons	Percent WO_3	WO_3 recovered	Total WO_3
9-29-54	6.34	0.67	—	84.93 lbs.
11-9-54*	37.00	0.50 ±	278 lbs.	370.00 ± lbs.

* Crude ore shipped to Johnson Bros. and Prime Mill at Nederland, Colorado. No head assays available but recovery reported good (80 percent ±) and 451 pounds of concentrate containing 60.6 percent WO_3 were produced. The concentrate, containing 278 pounds of WO_3, was sold to the Tungsten Refining Company at Boulder, Colorado.

PROPOSED EXPLORATION PROGRAM

In the original application the Flanders Mining Company proposes to crosscut 800 feet from a point southwest of Cumberland Pass to a point just west of the old Ida May mine, and to drift 1,000 feet on any vein that might be encountered in the crosscut (fig. 1). In a supplement to the application the company states that they believe that the vein in their 108-foot drift and the vein exposed in a trench just west of the Ida May mine are in the same continuous structure, and that the downward projection of this structure is their target. There are no known veins between the portal of their proposed crosscut and the crest of Gold Hill and only one vein, inferred from float is shown either on the map submitted with the application or on the geologic map prepared by Ogden Tweto and used as figure 1 in this report. Although crosscutting beneath the south slope of a part of Gold Hill would have some blind prospecting value, the target area is located near the face of the proposed crosscut and can be explored at much less cost by methods described in a subsequent section of this report.

Exploration done after the investigations by Ogden Tweto suggests that hubnerite occurs in small lenticular bodies along the veins rather than in continuous narrow streaks as indicated in his report. His estimates of an average width for the hubnerite streaks of 5 inches and a grade of 2 to 3 percent WO_3 is believed to be correct if applied only to the lenticular discontinuous ore shoots.

On the assumption that hubnerite occurs in short discontinuous bodies, forming only a small part of the veins, it is doubted that the

proposed exploration will result in the discovery of significant amounts of minable tungsten ore even if several unknown veins are intersected by the crosscut, and the target area is reached and explored.

Exploration of the Ida May area by short crosscuts from the north slope of Gold Hill is impossible due to the steep character of the terrain and the presence of thick talus blankets.

AN ALTERNATIVE PLAN OF EXPLORATION

The applicant's contention that the vein exposed in the 108-feet drift and the vein exposed in the trench west of the Ida May mine are one and the same vein may be correct, although there is no geologic evidence to indicate the presence of vein material between the two widely spaced outcrops, and vein lengths of 2,000 feet are uncommon in the Gold Hill area. 1200 ± 1300' on Map!

Based on the premise that the applicant's belief in vein continuity is correct, and assuming that Defense Minerals Exploration Administration concludes exploration in the area is warranted, a program of exploration by extending the Flander Mining Company drift northeasterly is suggested. This program would explore the only legitimate objective in the applicant's program by drifting on a possible ore bearing structure rather than crosscutting through an area which may contain few, if any, ore bearing veins. The proposed drift extension is at an altitude of about 35 feet lower than the proposed crosscut, and thus from the mining viewpoint, possible stope heights are about the same in either proposal.

If, in the early stages of exploration under the alternative plan, it becomes apparent that no ore grade material will be found on

the vein, exploration can be stopped. This is in marked contrast to the applicant's proposal in which 300 feet of crosscutting will be required before even the presence of possible mineralized veins will be known.

CONCLUSIONS AND RECOMMENDATIONS

It is concluded that the program of exploration proposed by the Flanders Mining Company is intended primarily to prospect for unknown and perhaps non-existent veins beneath the south slope of Gold Hill. It is further concluded that there is not much chance of discovering significant minable deposits of tungsten ore by any program of exploration in the Gold Hill area. It is, therefore, recommended that the application for exploration assistance be denied.

In the event that Defense Minerals Exploration Administration considers that exploration in the Gold Hill area is warranted, a program of extending the present Flanders Mining Company drift northeasterly along a known tungsten bearing vein is suggested in lieu of the program proposed by the company. Prosecution of the suggested program will involve subordination of at least one additional claim controlled by the company lying west of the Scheelite No. 3 claim. The alternative exploration program has been discussed with Mr. Goldstein, representing the Flanders Mining Company and, although he prefers their original proposal, he believes the alternative program would be satisfactory to them.

REFERENCE

Tweto, Ogden; Molybdenum-Tungsten Deposits of Gold Hill, Quartz Creek and Tincup Mining Districts, Gunnison County, Colorado: Unpublished U. S. Geological Survey Strategic Minerals Investigations Report, 1943.

400

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

224 New Customhouse
Denver 2, Colorado

January 20, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA
J. F. Shaw
E. N. Harshman

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3535 (Tungsten), Flanders Mining Company, Ida May and Scheelite No. 3 claims, Gunnison County, Colorado

Enclosed are your copies of map and supplemental data concerning the subject docket which was submitted to this office by the applicant.

W. M. Traver

W. M. Traver

Enclosures

RDB:ld

sub
chron

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

400

December 7, 1954

Air Mail

Mr. William M. Spencer
Flanders Mining Company
P. O. Box 861
Grand Junction, Colorado

WSM

Re: Docket No. DMEA 3535 (Tungsten)
Flanders Mining Company
Ida May Mine
Gunnison County, Colorado

Dear Mr. Spencer:

Reference is made to recent correspondence concerning your interests in mining property which are the subject of your application under Docket No. DMEA-3535.

It has come to my attention that the field team has not yet made an examination and report on this property, and until this is done and unless the report is favorable the Government could enter into no exploration contract with you regardless of the sufficiency of your interest in the land. Under these circumstances you may wish to defer going to any further trouble or expense with respect to your title to the property until it is determined whether the Government will agree to make any contribution to the costs of exploration thereon.

Very truly yours,

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

JLHofflund:gfb
Copy to: Solicitor's Docket
DMEA Docket (2)
Administrator's Reading File
Operating Committee
R. W. Seehan, USBM
T. H. Killingsord, USGS
W. S. Martin (2)
Field Team, Region IV (2)
J. L. Hofflund
Chron. File

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

400

December 7, 1954

Air Mail

Mr. William M. Spencer
Flanders Mining Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA-3535 (Tungsten)
Flanders Mining Company
Ida May Mine
Gunnison County, Colorado

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J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

JLHofflund:gjb
Copy to: Solicitor's Docket
DMEA Docket (2)
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Operating Committee
R. W. Geehan, USBM
T. H. Killsgaard, USGS
W. S. Martin (2)
Field Team, Region IV (2)
J. L. Hofflund
Chron. File

400
3535

Copied from The Mining Record- Thursday, December 2, 1954

GATEWAY URANIUM HAS NEW PROPERTY

Grand Junction, Colo.---Sale of 32 mining claims by Flanders Mining Co. to Gateway Uranium Corp. for an indicated price of $103,500 is recorded in a warranty deed filed in the Mesa county clerk's office.

The properties are a portion of the claims purchased Oct. 3 by Flanders from Gateway Mining and Development Co. of Grand Junction.

Gateway Uranium Corp. is entirely unrelated to Gateway Mining ~~Uranium~~ and Development Co. Gateway Uranium was incorporated in Delaware by a Salt Lake City group. Listed as officers are Edmond Dumke, president, Richard Muir, vice president, and David W. Cunningham, secretary-treasurer.

Flanders Mining, a partnership is composed of Frederick L. Anderson, Lee Van Atta, and Hazen P. Slagel. The firm has offices in Grand Junction at 755 Kennedy Avenue

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

400

224 New Customhouse
Denver 2, Colorado

December 2, 1954

WSM

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 2617 (Tungsten), Contract Idm-E567, U.S. Tungsten, Inc., Gunnison County, Colorado.

Docket No. DMEA 3535 (Tungsten), Flanders Mining Company, Ida May Mine, Gunnison County, Colorado.

Reference is made to the letter dated November 24, 1954, from J. L. Hofflund to William M. Spencer, a copy of which was sent to this office.

We believe that the applicant should not be requested to furnish Owner's Consent to Lien at this time. Docket No. DMEA 2617, Contract Idm-E567, has been completed and a Certification of Discovery was not recommended. An examination of the Ida May Mine, Docket No. DMEA 3535, will be made in the near future. However, it is doubtful if the application will be approved.

W. H. King

W. H. King

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

400

December 1, 1954

Mr. William M. Spencer
Flanders Mining Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA-3535 (Tungsten)
Flanders Mining Company
Ida May Mine
Gunnison County, Colorado

Dear Mr. Spencer:

Thank you for your letter to me of November 29, setting forth some details relating to the property interests of Flanders Mining Company in relation to the subject application.

It is clear that the possessory rights in the land arise out of the basic lease of August 15, 1951, but it seems to me that in the transactions following the lease the rights in the land have been badly confused with the royalty claims. I gather that the intention of the various documents is to lodge in Flanders Mining Company the full 100 percent possessory interest in the land arising out of the basic lease of August 15, 1951, subject to the various royalty claims arising out of the lease and subsequent transactions with respect to this leasehold. The instruments which we have in hand do not seem to accomplish this, but do seem to lodge in Flanders an undivided 36.64 percent of the leasehold. Perhaps if we had a copy of the "operating agreement" referred to in your letter of November 29 as "currently being drafted" we could understand better the rights in the land.

The only concern of the Government with Flanders' interest in the land is that it should surely be sufficient to enable that operator to carry out the exploration work provided for and that the land and production therefrom should be subject to the Government's claim for royalty. The documents now before us seem to give Flanders only a 36.64 percent of the possessory rights under the basic lease, which may or may not be sufficient to enable it to hold possession for the purpose of completing the work. As to the Government's royalty claim, it can be protected by suitable Owner's

DMEA Docket

P.G.

Consents to Lien from the holders of all outstanding interests in the real property, and Subordination Agreements from the holders of all claim against the property. To apply this to the matter at hand, we need Owner's Consents to Lien from lessors and sublessors, and Subordination Agreements from assignors of leases or sublesses who retain some claim (as for royalty) against the leasehold.

In your letter to me of November 29 you state that Owners' Consents to Lien executed by Koster-Pearson-Pearson and by the Gunnison Bank have already been forwarded." They have not been received here to date. Incidentally, none of the documents in hand reveal what the interest of Gunnison State Bank may be.

Sincerely yours,

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

JLHofflund:gjb

Copy to: Solicitor's Docket
DMEA Docket (2)
Administrator's Reading File
Operating Committee
R. W. Geehan, USBM
T. H. Killsgaard, USGS
W. S. Martin
Field Team, Reg. IV (2)
J. L. Hofflund
Chron. File

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC - 2 1954

224 New Customhouse
Denver 2, Colorado

November 30, 1954

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 3535 (Tungsten), Flanders Mining Company, Ida May and Scheelite No. 3 Claims, Gunnison County, Colorado

Reference is made to the last paragraph of our memorandum of November 29, 1954, relative to the assignment of Contract Idm-E567, U. S. Tungsten, Inc., to the Flanders Mining Company.

For your information in the matter, Contract Idm-E567 has been completed and the exploration work did not result in a discovery or development. Therefore, it appears that even though the Flanders Mining Company have obligated themselves to payment of royalty under the contract, a certification will not be recommended and the assignment of the contract appears unnecessary.

W. H. King

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

224 New Customhouse
Denver 2, Colorado

November 29, 1954

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region lV

Subject: DMEA Docket 3535 (Tungsten), Flanders Mining Company
Ida May and Scheelite No. 3 claims, Gunnison County, Colorado

Enclosed are six copies each of two Owner's Consent to Lien forms (MF-203) pertaining to the Ida May and the Scheelite No. 3 claims. These forms were brought to this office by Elliot Goldstein of Flanders Mining Company. Mr. Goldstein informed us that the enclosed MF-203 forms were requested by the Washington office of DMEA.

We believe that Owner's Consent to Lien forms requested by you from Flanders Mining Company are ones pertaining to assignment of DMEA Contract Idm-E567, Docket No. DMEA 2617, U. S. Tungsten, Inc. to the Flanders Mining Company, a different property entirely than that included in the subject application. Please advise.

John F. Shaw
For W. H. King

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

November 30, 1954

224 New Customhouse
Denver 2, Colorado

Dmea 2617

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 3535 (Tungsten), Flanders Mining Company, Ida May and Scheelite No. 3 Claims, Gunnison County, Colorado

Reference is made to the last paragraph of our memorandum of November 29, 1954, relative to the assignment of Contract Idm-E567, U. S. Tungsten, Inc., to the Flanders Mining Company.

For your information in the matter, Contract Idm-E567 has been completed and the exploration work did not result in a discovery or development. Therefore, it appears that even though the Flanders Mining Company have obligated themselves to payment of royalty under the contract, a certification will not be recommended and the assignment of the contract appears unnecessary.

/s/ W. H. King

W. H. King

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

November 24, 1954

Air Mail

Mr. William M. Spencer
Flanders Mining Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA-2617 (Tungsten)
U. S. Tungsten, Inc.
Hubnerite Mine
Gunnison County, Colorado
Contract Ida-2567

Docket No. DMEA-3535 (Tungsten)
Flanders Mining Company
Ida May Mine
Gunnison County, Colorado

Dear Mr. Spencer:

Reference is made to your letter to Defense Minerals Exploration Administration, attention of myself, dated November 9, with a photostatic copy of "Lease and Option" dated August 15, 1951, Harold R. Koster, Inc., and A. L. and Bonnie Pearson to Fred H. Leach. Also attached to your letter was a sheet entitled "Documents Pertaining to Chain of Title" which purports to establish the interest relied upon by Flanders Mining Company in its application for exploration assistance under Docket No. DMEA-3535.

I find it necessary to comment upon the documents through which title is derived, as follows:

1. "Lease and Option" dated August 15, 1951, by and between Harold R. Koster, Inc., A. L. Pearson, and Bonnie Pearson, called the Lessors, and Fred H. Leach, called the Lessee. This recites that the Lessors . . . has leased, let and demised unto the Lessee . . . the following described undivided interests in the following described mining premises . . ." There follows a description of mining premises but no description of "undivided interests" and it is impossible to determine whether the document relates to the entire interest in the described property or to some limited or undivided interest. The documents which follow indicate that the latter is probably the case.

W. S. Martin

2. "Assignment" dated September 4, 1951, Fred H. Leach to U. S. Tungsten, Inc., "all of my right, title and interest in and to the foregoing and hereto attached Lease and Option." Our copy of this assignment was not attached to any "Lease and Option," and we had no copy of such a document until you sent it to us with your letter of November 9. However, I think we can assume that the assignment refers to the "Lease and Option" of August 15, 1951, if you will so assure us.

3. "Mining Lease Agreement" dated September 9, 1954, by and between U. S. Tungsten, Inc., "as Lessor," and Robert C. Whitaker, G. H. Brodie, and Bruce Kistler "as Lessees," of all of the Lessor's "right, title and interest in and to the following described properties . . . This lease (actually a sublease) refers to "that certain basic lease entered into by and between Harold H. Koster, Inc., Bennie Pearson and S. L. Pearson, as Lessors, and Fred H. Leach, as Lessee, dated August 1, 1954, and which was assigned by Fred H. Leach to Lessor herein on _____, 19___, . . . In telephone conversation with you of November 9 and in your confirming letter of that date you explain that this recital of a date is erroneous and should have been stated as August 15, 1951, but the date of the assignment is not stated. As in the case of the original lease, the phrasing of this "Mining Lease Agreement" seems to indicate that something less than the entire interest in the real property is being dealt with.

4. "Assignment" dated September 23, 1954, from Robert C. Whitaker, G. H. Brodie, and Bruce Kistler to Flanders Mining Company, a partnership, of " . . . an undivided 41.35452 per cent of all of their right, title and interest in and to the following described mining claims . . ." This is stated to work out to be "36.642789 per cent interest in and to the full 100 per cent of the above mentioned mining claims . . ."

5. "Consent and Agreement," dated September 27, 1951, of the Gunnison Bank & Trust Company, referring to the basic lease of August 15, 1951, in which the bank recites that it has an interest in the property and consents to the making of the lease upon stated terms.

From the foregoing I cannot determine just what interest Flanders Mining Company has in the property

described in its application. It seems apparent that there is some outstanding undivided interest that is not covered by any of the documents hereinabove referred to, unless possibly it is covered by the "Consent and Agreement" of Gunnison Bank and Trust Company. Inasmuch as that document does not set forth what interest it refers to, I have no means of determining whether Flanders now has the full undivided interest in the property, at least the possessory interest as a lessee and the right to acquire title as an optionee.

It will be necessary that you provide us with a clear-cut statement of the record title relied upon by this applicant together with Owners' Consents to Lien from everyone who has any apparent conflicting interest therein. In the absence of any further clarification of the title than has been provided up to this time, we would require Owners' Consents to Lien from the following:

Harold R. Koster, Inc.
R. L. Pearson
Bonnie Pearson
Fred H. Leach
U. S. Tungsten, Inc.
Robert C. Whitaker
G. H. Brodie
Bruce Kistler
Gunnison Bank & Trust Company

and any other persons who hold any interests, undivided or otherwise, in the property.

Very truly yours,

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

JLHofflund/emd
Copy to: DMEA Docket (2)
Solicitor's Docket
Adm. R. File
Operating Committee
R. W. Geehan, USBM
T. H. Killegaard, USGS
W. S. Martin
Field Team, Reg. IV (2)
J. L. Hofflund
chron.

400

November 18, 1954

MEMORANDUM

To: Acting Assistant Solicitor, Defense Minerals

From: Iron and Ferro-Alloys Division, DMEA

Subject: Review of Applicant's interest in land
Docket No. DMEA 3535 - Tungsten
Flanders Mining Company
Gold Hill properties
Gunnison County, Colorado

Transmitted herewith for review are Dockets Nos. DMEA 3535 and 2017.

Your attention is called to the following: Acting Assistant Solicitor's memorandum dated October 29, 1954; Paul E. Austgen's letter dated November 10, 1954; and the documents recently received from the Flanders Mining Co. attached hereto.

F. A. Rutledge, Acting Chief
Iron and Ferro-Alloys Division

Attachments

cc: Docket
Adm. Read. File
Code 400

FARutledge/ls
11-18-54

400

NOV 12 1954

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

Re: Docket No. DMEA 3535 - Tungsten
Flanders Mining Company
Gold Hill properties
Gunnison County, Colorado

Dear Mr. King:

The above-docketed application for exploration assistance is being referred to your office for a field examination of the property.

Two copies of a relevant memorandum dated October 26, 1954, by E. L. Newcomb, Geological Survey, are enclosed for your information.

A wire received from the applicant on November 8 in reply to our letter of November 3 stated their intention of requesting the assignment of Contract No. Idm-8567, Docket No. DMEA 2617, as follows:

> Reference DMEA 2617 contract Idm-8567 DMEA 3535 Request assignment DMEA 2617 to Flanders Mining from U S Tungsten by air mailed special delivery Flanders Mining Care of Geological Consultants, 806 Barton Bldg Denver Colo request which specific additional legal documents required by you for approval DMEA 3535. Following assignments already forwarded: Leach to U S Tungsten; Tungsten to Whittaker, Brodie, Kistler; Whittaker, Brodie, Kistler to Flanders Mining Company. We will call Eleven AM Eastern Standard Time November 9.
>
> Sgn. Flanders Mining Co.

By phone conversations on November 9, we agreed that an exploration project if warranted on the Gold Hill properties will be handled as a new contract and not as an amendment to Contract Idm-8567. However, as one of the considerations, any such contract would contain a lien for royalty on future production in the amount the Government expends under Contract Idm-8567.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

E. L. Newcomb
Member, Geological Survey

PAMPTRDR:jfw 11-10-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
R. W. Cochran, USGS
Thor H. Kilingsard, USGS

NOV 12 1954

Flandreau Mining Company
Box 661
Grand Junction, Colorado

Re: Docket No. DMEA 3535 - Tungsten
Gold Hill prospect
Gunnison County, Colorado

Gentlemen:

The above-docketed application for exploration assistance for tungsten has been reviewed by the Iron and Ferro-Alloys Division of the Defense Minerals Exploration Administration and referred to Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV, 224 New Custom House Building, Denver 2, Colorado, for a field examination of the property.

Any assistance that you can render the members of the Field Team will be appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

FARWTLEDGE:fos
11-10-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
PT. REG. IV
R. W. Deehan, USBM
Thor H. Kiilsgaard, USGS

COPY

400

U. S. TUNGSTEN, INC.
1111 S. Windermere
Littleton, Colorado

November 10, 1954

Mr. C. O. Mittendorf
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-2617 (Tungsten)
Contract Idm-E567

Docket No. DMEA-3535 (Tungsten)
Flanders Mining Company

Dear Sir:

This has reference to your letter of November 4, 1954. We have discussed this matter with Flanders Mining Co. and have been informed by them that as a result of a telephone conversation on November 9, 1954 with Mr. Hofflund of the DMEA in Washington that they decided no assignment was necessary. This decision was probably based on the fact that DMEA-2617 has been completed and a final report filed November 2, 1954.

If we can be of any further assistance in this matter please advise us accordingly.

Sincerely yours,

/s/ Paul E. Austgen
Vice President

PEA/hm

cc: Flanders Mining Co.
Grand Junction, Colorado

C O P Y

400

FLANDERS MINING COMPANY
P. O. BOX 861
Grand Junction, Colorado

November 9, 1954

Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D. C.

Acma - 3535

Attention, Mr. Hofflund

Dear Sir:

Reference is made to DMEA 2617, Contract Idm-E567, and to DMEA 3535. Further reference is made to telephone conversation between yourself and Flanders Mining Company this morning. This will confirm points made in that conversation.

1. In the Agreement dated September 9, 1954, between U. S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, the date "August 1, 1954" in paragraph two, page four of said Agreement should correctly be "August 15, 1951."

2. Enclosed is a photostatic copy of the Lease and Option dated August 15, 1951, between Harold R. Koster, Inc., A. L. Pearson, and Bonnie Pearson, called the Lessors, and Fred H. Leach, called the Lessee, as per your request.

3. Immediate steps are being taken to obtain Owners' Consent to Lien from the Lessors of the original Lease and Option Agreement.

4. In relation to DMEA 2617, the interests of the Government are protected in paragraph five of the Mining Lease Agreement between U. S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, said paragraph specifying that the Lessees are to assume all obligations for DMEA royalty payments.

5. Attached find list of documents pertaining to chain of title of mining claims in question.

Please do not hestitate to telephone collect either Mr. Elliott Goldstein, Acoma 2-9725, Denver, or Mr. William Spencer, 3832, Grand Junction, if further questions should arise.

Very truly yours,

/s/ William M. Spencer

WMS:dm
Enclosures

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

402

U. S. Tungsten, Inc.
1111 S. Windermere
Littleton, Colorado

and

Flanders Mining Co.
Box 861
Grand Junction, Colorado

NOV 8 - 1954

Re: Docket No. DMEA-2617 (Tungsten)
U. S. Tungsten, Inc.
Hubnerite Mine
Gunnison County, Colorado
Contract Idm-E567

Docket No. DMEA-3535 (Tungsten)
Flanders Mining Co.
Ida May Mine
Gunnison County, Colorado

Dear Sirs:

Recent correspondence with U. S. Tungsten, Inc., and the application of Flanders Mining Co. indicate that U. S. Tungsten has subleased the subject property to Flanders Mining Co., and that Flanders intends to carry out the provisions of the existing exploration project contract and to request further financial aid from this agency.

If we have correctly construed the intentions of the two companies, the usual way to accomplish this purpose would be for U. S. Tungsten to assign the existing exploration project contract to Flanders Mining Co., the latter to assume all of the obligations under the contract. Any such assignment without the consent of the Government is, by the provisions of the contract, void as far as the Government is concerned.

In any case, before the Government can act upon the application of Flanders Mining Co., it will be necessary that the interests of the two companies in the mining property and in the existing exploration project contract be clarified and stated and consented to by the Government.

If it is the intention of U. S. Tungsten to assign the existing contract to Flanders, and the assistance of this agency is desired to accomplish the transaction, we will prepare a form of assignment and acceptance by the Government that is acceptable to the Government and send you copies thereof for execution.

Please advise us what your intentions are and whether you desire our aid in accomplishing them. We will need a copy of the assignment, agreement, or other document evidencing the relations between U. S. Tungsten and Flanders.

Sincerely yours,

C. O. Mittendorf

Administrator

JLHofflund/emd 10/29/54

Copy to: Dmea Docket (2)
Solicitor's Docket
Adm. R. File
Operating Committee
R. W. Geehan, USBM
T. H. Kiilsgaard, USGS
W. S. Martin (2)
Field Team, Reg. IV (2)
J. L. Hofflund
chron.
pending

If it is the intention of U. S. Tungsten to assign the existing contract to Flanders, and the assistance of this agency is desired to accomplish the transaction, we will prepare a form of assignment and acceptance by the Government that is acceptable to the Government and send you copies thereof for execution.

Please advise us what your intentions are and whether you desire our aid in accomplishing them.

Sincerely yours,

Administrator

402

October 29, 1954

Memorandum

To: The Administrator, DMEA

Attention: Mr. W. S. Martin

From: Acting Assistant Solicitor, Defense Minerals

Subject: U. S. Tungsten, Inc., Docket No. DMEA-2617
Contract Idm-E567 (Tungsten) and
Flanders Mining Co., Docket No. DMEA-3535
(Tungsten

Reference is made to Mr. Martin's memorandum to me dated October 22, to which is attached correspondence with U. S. Tungsten, Inc., regarding its interest in the property.

I gather from the dockets that U. S. Tungsten, Inc., the present operator, is a lessee of the property and has subleased to Flanders Mining Co., which in turn has made an application for further DMEA assistance. The application of Flanders Mining Co. expressly states:

> "The new operator plans to complete the terms of the DMEA contract which constitutes an additional 50 feet of drifting."

It does not appear that the present operator, U. S. Tungsten, has assigned the DMEA contract to the sublessee, Flanders Mining Co.; and the sublease does not contain any assumption of this contract by Flanders Mining Co.

Under these circumstances I suggest that a joint letter be written to the two operators, a draft of which I have prepared for the signature of the Administrator, which is attached hereto.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor

Attachments

JLHofflund/emd
Copy to: DMEA Docket (2)
Solicitor's Docket
W. S. Martin (2) J. L. Hofflund chron.

400

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 27 1954

October 26, 1954

Re: DMEA-3535
Flanders Mining Co.
(Gold Hill Properties)
Gunnison Co., Colo.
$77,894 - Tungsten

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of application

The proposed exploration consists of driving an 800 foot crosscut tunnel northwesterly and drifting 1,000 feet on veins intersected in the crosscut. The tunnel portal would be located about 800 feet south of the Ida May shaft.

The Scheelite No. 3 claim is made up of parts of the Ben Ton No. 9, No. 8, No. 7, No. 2, Molybdenite No. 1, and Molybdenite Extension No. 2 according to a claim map in an unpublished Survey report on the Molybdenum and Tungsten Deposits near Gold Hill, Gunnison County, Colorado.

The U. S. Tungsten Incorporated has a DMEA contract on the Hubnerite Lode about two-thirds of a mile north of the proposed crosscut tunnel.

It is difficult to understand why so many consultants and supervisors are needed for this project. The total cost of this work is far out of line in relation to total project costs.

Further exploration on the Scheelite No. 3 appears to be warranted; however, a trenching program may be needed as a preliminary stage in order to plan the location of a crosscut tunnel.

I recommend the application be referred to the Field Team for an examination and a report with their recommendations.

ELNewcomb:hlm
G-10/26/54

E. L. Newcomb

CC: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
R. W. Geehan, 3513

400

FLANDERS MINING COMPANY
P.O. Box 861
Grand Junction, Colorado

RECEIVED
NOV 10 1954

November 9, 1954

WSM

Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D.C.

Attention, Mr. Hofflund

Dear Sir:

Reference is made to DMEA 2617, Contract IDM E-567, and to DMEA 3535. Further reference is made to telephone conversation between yourself and Flanders Mining Company this morning. This will confirm points made in that conversation.

1. In the Agreement dated September 9, 1954, between U.S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, the date "August 1, 1954" in paragraph two, page four of said Agreement should correctly be "August 15, 1951."

2. Enclosed is a photostatic copy of the Lease and Option dated August 15, 1951, between Harold R. Koster, Inc., A. L. Pearson, and Bonnie Pearson, called the Lessors, and Fred H. Leach, called the Lessee, as per your request.

3. Immediate steps are being taken to obtain Owners' Consent to Lien from the Lessors of the original Lease and Option Agreement.

4. In relation to DMEA 2617, the interests of the Government are protected in paragraph five of the Mining Lease Agreement between U.S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, said paragraph specifying that the Lessees are to assume all obligations for DMEA royalty payments.

5. Attached find list of documents pertaining to chain of title of mining claims in question.

Please do not hesitate to telephone collect either Mr. Elliott Goldstein, Acoma 2-9725, Denver, or Mr. William Spencer, 3832, Grand Junction, if further questions should arise.

Yours very truly,

William M. Spencer

William M. Spencer

WMS:dm
Enclosures

Administration
NOV 20 1954

DOCUMENTS PERTAINING TO CHAIN OF TITLE

1. Lease and Option dated August 15, 1951, by and between Harold R. Koster, Inc., A. L. Pearson, and Bonnie Pearson, called the Lessors, and Fred H. Leach, called the Lessee.

2. Assignment dated September 4, 1951, from Fred H. Leach unto U.S. Tungsten, Inc.

3. Mining Lease Agreement dated September 9, 1954, by and between U.S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler.

4. Assignment dated September 23, 1954, from Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, unto Flanders Mining Company.

LEASE AND OPTION

This lease and option made and entered into this fifteenth day of August, A.D. 1951, by and between Harold R. Koster, Inc., A. L. Pearson and Bonnie Pearson hereinafter called the Lessors and Fred H. Leach hereinafter called the Lessee, WITNESSETH:

That the Lessors, for and in consideration of the sum of $1,000.00 paid on this 15th day of August, 1951, said money to be applied on the purchase price and the royalties to be paid and the covenants and agreements hereinafter reserved to be kept and performed by the Lessee, has leased, let and demised unto the Lessee for developing, mining and extracting ores and minerals therefrom the following described undivided interests in the following described mining premises situated in the Quartz Creek Mining District in Gunnison County, Colorado:

GROUP A

The unpatented claims known as the Complex No. 1, recorded in Book 176, Page 378 of the Gunnison County records; the Complex No. 2, recorded in Book 255, Page 222 of the Gunnison County records, and

The following patented claims: The Horn, the Instrument No. 1, Instrument No. 2, Torrington, lode mining claims known as U.S. Survey Number 15448; the Tiptop lode mining claim Survey Number 12996, the Newport lode mining claim Survey Number 15448, the Lady Franklin lode mining claim Survey Number 8552, the Little Pauline lode mining claim Survey Number 9064, the Bristol lode mining claim Survey Number 15448, the Subject lode mining claim Survey Number 15524, the Maggie lode mining claim Survey Number 15524 and the Citizen lode mining claim Survey Number 15524, also in Quartz Creek Mining District, Gunnison County, Colorado.

GROUP B

The unpatented claims known as the Molybdenite No. 1 and Molybdenite No. 4; Molybdenite Extension 1, 2, and 3; Moly Cop No. 1, 2, and 3; Scheelite No. 1, 2, 3, 4, 5, 6, and 7 and the Helmerite No. 1, 2, and 3, Quartz Creek Mining District, Gunnison County, Colorado, and

The following patented claims: The Minerva lode mining claim known as U.S. Survey Number 20035; the Morning Glory lode mining claim known as Survey No. 20036; the Morning Glory No. 2 lode mining claim known as Survey No. 20036; Morning Glory No. 3 lode mining claim known as Survey No. 20036; Morning

Glory No. 4 lode mining claim known as Survey No. 20036; Morning Glory No. 5 lode mining claim known as Survey No. 20279; Green Horn lode mining claim known as Survey No. 805; Oxident lode mining claim known as Survey No. 741; Ida Mae lode mining claim known as Survey No. 1028 and Little Emma lode mining claim known as Survey No. 7749, also in Quartz Creek Mining District, Gunnison County, Colorado.

It is also further understood and agreed, should the Lessee locate or acquire any claims adjoining the above claims, in that event, said claims shall become a part of this agreement and shall be located in the name of the Lessors.

TO HAVE AND TO HOLD the above described mining property and premises from the date hereof to and until noon of the fifteenth day of November, 1957, the same to expire on the last named date by limitation and to terminate for violation of any covenant of any time previous to said last named date.

In consideration of the above, the Lessee hereby promises and agrees as follows:

1. To enter upon said leased premises and to do such work thereon and therein in such amount and at such times as the Lessee may desire, provided only that such work when done shall be done in accordance with the laws of the State of Colorado and the valid rules of the State Mine Commissioners.

2. To pay, or cause to be paid, to the Lessors, a royalty of 15% of the net smelter, mill or other reduction plant returns or nearest government purchasing depot on all ores, concentrates, bullion or mineral of whatsoever kind shipped from the above mentioned claims during the term of this lease, and also 15% royalty on any and all premiums allowed under the law, during the term of this lease. In addition to the said 15% royalty deductions from net smelter returns, there shall be a further 2% deductions from net smelter returns to be set in a fund, kept by the Lessors, to pay any taxes, whatsoever, including production taxes created during this lease. There shall be a settlement as to taxes at the end of each year. If the fund created by this 2% exceeds the amount of tax, then the Lessors shall pay to the Lessee the balance. Should the tax exceed the 2%, then the Lessee shall pay the Lessors said amount of excess. It is a condition of this Lease and Option that a minimum monthly cash payment (1000) — of Mon. 20 MRR + 9MR shall be paid on or before the 15th day of each calendar month, starting September 15, 1951, until a total purchase price of $75,000.00 is paid. Should the monthly royalty, as above described,

exceeds the $1,000.00, in that event the monthly payments shall be the larger of the two.

3. Net smelter or reductions company returns shall in all cases be calculated and held to be the net returns paid by the smelter or other reduction plant after deducting the transportation charges from the property hereby leased to the smelter or reduction plant and all smelting or reduction charges, including charges incurred by the Lessee for watchman's services at the smelter and assayer's and umpire's fees incurred at the smelter. The Lessee shall instruct such smelter or reduction company plant to forward a copy of every settlement sheet and the royalty above provided direct to the Lessors, at their office at Box 500, Salida, Colorado.

4. To allow the Lessors or the Lessors' duly authorized agent from time to time to enter upon and into said premises and all workings therein for the purposes of inspection, surveys or taking samples therefrom, and to render to Lessors or Lessors' agent proper assistance in making such inspection, surveys or examination. The Lessee further agrees to furnish the Lessors copies of all maps and information concerning the work done in the mine quarterly during the term of this lease, including diamond drilling information or any metallurgical data.

5. The Lessee further agrees to pay all expenses of every nature and kind connected with the working of said premises under this lease and to carry at his own expense sufficient employer's compensation insurance to protect the Lessors against any or all claims for damage arising, all in accordance with the laws of the State of Colorado, and to pay all premiums for such insurance when same became due and payable.

6. The Lessee further agrees to pay all taxes and assessments that may be assessed against said premises during said term of this lease and also do all necessary and required assessment work on unpatented claims. Lessors agree to pay all taxes assessed prior to the taxable year 1951.

7. The Lessors hereby grant permission to the Lessee to use any of the buildings on the above mentioned claims and also to build any necessary roads for the betterment of this lease and to use such timber as needed for mine purposes from the timber on said claims. The Lessee further agrees that he will, beginning on or before the 20th day of August, 1951, and to do at least $3,000.00 work on the property per month as outlined in the letter of

Fred Leach dated July 12th, 1951, a copy of which is attached. (3 months starting August 20th, 1951).

8. The Lessee further promises and agrees that he will, at the time he starts working on the property hereby demised, post in three conspicuous places on said property a notice to the effect that said properties are being worked by the Lessee under terms and provisions of a lease of this date, and that the Lessee alone will be responsible for all bills and obligations incurred in the operation of said properties.

9. The Lessee hereby agrees that he will timber the portals of the adits and shall use timber not less than the equal of eight by eight dimensions for the square set and shall use timber equal to three inches dimensions materials for lagging and overhead materials used on square set. Said work to be the first work done at the mine.

It is expressly understood and agreed that the Lessee shall have the right to assign this lease without the written permission of the Lessors.

It is mutually understood and agreed that the Lessee shall have and is hereby given the right to remove and carry away any and all implements and machinery, whether the same be affixed to the realty or not, that may be placed on said property by them, and that said property may be so removed and carried away at any time during the term of this lease, or within six months after the termination of this lease by lapse of time, surrender or forfeiture, unless said termination should be made during the month of October, and in that event, said machinery may be left, and the Lessee may have the privilege of removing said machinery and belongings on or before the 1st day of July of the following year. All buildings and permanent construction shall be left on the property and become property of the Lessors. All track and under-ground improvements shall be left, including air pipe, ventilating pipe, rail, timber or any other items incidental to good mining.

Should the Lessee refuse or neglect to keep and perform any of the premises and agreements herein set forth, then and in such event the Lessors shall have the right to terminate this lease and option immediately, and this lease and option may stand forfeited at the option of the Lessors, and the Lessors shall be entitled to take immediate possession of the property hereby leased, using such force as may be necessary in so doing, and in case of such election and the refusal of the Lessee to give such possession on demand,

the Lessee shall be deemed guilty of unlawful detainer and subject to eviction with or without process of law, without further notice.

It is further understood and agreed that in case of the termination of this lease by forfeiture, surrender or lapse of time, all sums of money theretofore paid by the Lessee to the Lessors either as royalty or otherwise, shall be and remain the property of the Lessors as and for partial liquidated damages.

OPTION

In consideration of the full performance from time to time by the Lessee of all promises and provisions of the above lease to be kept and performed by the Lessee, the Lessee shall have and is hereby given the exclusive right to purchase all of the property hereby demised for the total sum of Seventy five Thousand and No/100 Dollars ($75,000.00) provided said sum shall be paid without interest on or before the 15th day of November, 1957 at noon. It is further understood and agreed that at least $1,000.00 per calendar month during the term of this lease and option shall be paid, in accordance with the terms of the lease portion of this contract, and that the first payment shall begin on the 15th day of September, 1951, for each calendar month thereafter on that date.

It is expressly understood, however, that all royalties paid pursuant to the terms of the foregoing lease and all sums paid as provided in the foregoing lease shall apply on the above purchase price payments. It is understood and agreed that upon the completion of the terms and conditions of this lease and option, the Lessors shall make and execute a QUIT CLAIM DEED conveying all of the above described property to the Lessee. And it is further provided that all payments herein provided to be made by the Lessee to the Lessors shall by the said Lessee be paid direct to the Lessors, at its office, Box 500, Salida, Colorado, for the account of the Lessee or those holding under the Lessee and that payment to said Lessors by the said Lessee or those holding under the said Lessee shall be full acquittance for all payments so made, and the said Lessors shall credit such payments as hereinbefore provided.

It is another condition hereof and it is hereby mutually agreed that the Lessee or those holding under the Lessee may at any time abandon said Lease and surrender the demised premises to the Lessors or those holding under the

Lessors and the Lessee may remove from said premises all machinery, tools, equipment, etc., as herein provided and shall be fully relieved upon so doing of any further or other obligations to the Lessors or those holding under the Lessors provided only that the Lessee or those holding under the Lessee gives 30 days' notice of such termination by delivering written notice of the intent to so terminate to the above named Lessors or those holding under the Lessors. Said notice must be accepted by the Lessors before the said Lessee may move any machinery or tools and equipment from the premises.

Each and every clause of this Lease and Option shall extend to and be binding on the heirs, executors, successors, and assigns of the respective parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this Lease and Option in duplicate this 15th day of August, A.D., 1951.

HAROLD H. KOSTER, INC.

By Harold H. Koster
Harold H. Koster, President

A. L. Pearson
A. L. Pearson

Bonnie Pearson
Bonnie Pearson

LESSORS

Fred H. Leach
Fred H. Leach

LESSEE

FLANDERS MINING COMPANY
P.O. Box 861
Grand Junction, Colorado

November 9, 1954

WSM

Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D.C.

Attention, Mr. Hofflund

Dear Sir:

Reference is made to DMEA 2617, Contract IDM E-567, and to DMEA 3535. Further reference is made to telephone conversation between yourself and Flanders Mining Company this morning. This will confirm points made in that conversation.

1. In the Agreement dated September 9, 1954, between U.S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, the date "August 1, 1954" in paragraph two, page four of said Agreement should correctly be "August 15, 1951."

2. Enclosed is a photostatic copy of the Lease and Option dated August 15, 1951, between Harold R. Koster, Inc., A. L. Pearson, and Bonnie Pearson, called the Lessors, and Fred H. Leach, called the Lessee, as per your request.

3. Immediate steps are being taken to obtain Owners' Consent to Lien from the Lessors of the original Lease and Option Agreement.

4. In relation to DMEA 2617, the interests of the Government are protected in paragraph five of the Mining Lease Agreement between U.S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, said paragraph specifying that the Lessees are to assume all obligations for DMEA royalty payments.

5. Attached find list of documents pertaining to chain of title of mining claims in question.

Please do not hesitate to telephone collect either Mr. Elliott Goldstein, Acoma 2-9725, Denver, or Mr. William Spencer, 3832, Grand Junction, if further questions should arise.

Yours very truly,

William M. Spencer

William M. Spencer

WMS:dm
Enclosures

DOCUMENTS PERTAINING TO CHAIN OF TITLE

1. Lease and Option dated August 15, 1951, by and between Harold R. Koster, Inc., A. L. Pearson, and Bonnie Pearson, called the Lessors, and Fred H. Leach, called the Lessee.

2. Assignment dated September 4, 1951, from Fred H. Leach unto U.S. Tungsten, Inc.

3. Mining Lease Agreement dated September 9, 1954, by and between U.S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler.

4. Assignment dated September 23, 1954, from Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, unto Flanders Mining Company.

LEASE AND OPTION

This lease and option made and entered into this fifteenth day of August, A.D. 1951, by and between Harold R. Koster, Inc., A. L. Pearson and Bonnie Pearson hereinafter called the Lessors and Fred H. Leach hereinafter called the Lessee, WITNESSETH:

That the Lessors, for and in consideration of the sum of $1,000.00 paid on this 15th day of August, 1951, said money to be applied on the purchase price and the royalties to be paid and the covenants and agreements hereinafter reserved to be kept and performed by the Lessee, has leased, let and demised unto the Lessee for developing, mining and extracting ores and minerals therefrom the following described undivided interests in the following described mining premises situated in the Quartz Creek Mining District in Gunnison County, Colorado:

GROUP A

The unpatented claims known as the Complex No. 1, recorded in Book 176, Page 378 of the Gunnison County records; the Complex No. 2, recorded in Book 255, Page 222 of the Gunnison County records, and

The following patented claims: The Horn, the Instrument No. 1, Instrument No. 2, Torrington, lode mining claims known as U.S. Survey Number 15446; the Tipton lode mining claim Survey Number 12996, the Newport lode mining claim Survey Number 15448, the Lady Franklin lode mining claim Survey Number 8552, the Little Pauline lode mining claim Survey Number 9064, the Bristol lode mining claim Survey Number 15449, the Subject lode mining claim Survey Number 15524, the Maggie lode mining claim Survey Number 15524 and the Citizen lode mining claim Survey Number 15524, also in Quartz Creek Mining District, Gunnison County, Colorado.

GROUP B

The unpatented claims known as the Molybdenite No. 1 and Molybdenite No. 4; Molybdenite Extension 1, 2, and 3; Moly Cop No. 1, 2, and 3; Scheelite No. 1, 2, 3, 4, 5, 6, and 7 and the Huberite No. 1, 2, and 3, Quartz Creek Mining District, Gunnison County, Colorado, and

The following patented claims: The Minerva lode mining claim known as U.S. Survey Number 20035; the Morning Glory lode mining claim known as Survey No. 20036; the Morning Glory No. 2 lode mining claim known as Survey No. 20036; Morning Glory No. 3 lode mining claim known as Survey No. 20036; Morning

Glory No. 4 lode mining claim known as Survey No. 20036; Morning Glory No. 5 lode mining claim known as Survey No. 20279; Green Horn lode mining claim known as Survey No. 805; Oxident lode mining claim known as Survey No. 741; Ida Mae lode mining claim known as Survey No. 1028 and Little Mamm lode mining claim known as Survey No. 7749, also in Quartz Creek Mining District, Gunnison County, Colorado.

It is also further understood and agreed, should the Lessee locate or acquire any claims adjoining the above claims, in that event, said claims shall become a part of this agreement and shall be located in the name of the Lessors.

TO HAVE AND TO HOLD the above described mining property and premises from the date hereof to and until ~~noon of~~ the fifteenth day of November, 1957, the same to expire on the last named date by limitation and to terminate for violation of any covenant of any time previous to said last named date.

In consideration of the above, the Lessee hereby promises and agrees as follows:

1. To enter upon said leased premises and to do such work thereon and therein in such amount and at such times as the Lessee may desire, provided only that such work when done shall be done in accordance with the laws of the State of Colorado and the valid rules of the State Mine Commissioners.

2. To pay, or cause to be paid, to the Lessors, a royalty of 15% of the net smelter, mill or other reduction plant returns or nearest government purchasing depot on all ores, concentrates, bullion or mineral of whatsoever kind shipped from the above mentioned claims during the term of this lease, and also 15% royalty on any and all premiums allowed under the law, during the term of this lease. In addition to the said 15% royalty deductions from net smelter returns, there shall be a further 2% deductions from net smelter returns to be set in a fund, kept by the Lessors, to pay any taxes, whatsoever, including production taxes created during this lease. There shall be a settlement as to taxes at the end of each year. If the fund created by this 2% exceeds the amount of tax, then the Lessors shall pay to the Lessee the balance. Should the tax exceed the 2%, then the Lessee shall pay the Lessors said amount of excess. It is a condition of this Lease and Option that a minimum monthly cash payment shall be paid on or before the 15th day of each calendar month, starting September 15, 1951, until a total purchase price of $75,000.00 is paid. Should the monthly royalty, as above described,

exceeds the $1,000.00, in that event the monthly payments shall be the larger of the two.

3. Net smelter or reductions company returns shall in all cases be calculated and held to be the net returns paid by the smelter or other reduction plant after deducting the transportation charges from the property hereby leased to the smelter or reduction plant and all smelting or reduction charges, including charges incurred by the Lessee for watchman's services at the smelter and assayer's and umpire's fees incurred at the smelter. The Lessee shall instruct such smelter or reduction company plant to forward a copy of every settlement sheet and the royalty above provided direct to the Lessors, at their office at Box 500, Salida, Colorado.

4. To allow the Lessors or the Lessors' duly authorized agent from time to time to enter upon and into said premises and all workings therein for the purposes of inspection, surveys or taking samples therefrom, and to render to Lessors or Lessors' agent proper assistance in making such inspection, surveys or examination. The Lessee further agrees to furnish the Lessors copies of all maps and information concerning the work done in the mine quarterly during the term of this lease, including diamond drilling information or any metallurgical data.

5. The Lessee further agrees to pay all expenses of every nature and kind connected with the working of said premises under this lease and to carry at his own expense sufficient employer's compensation insurance to protect the Lessors against any or all claims for damage arising, all in accordance with the laws of the State of Colorado, and to pay all premiums for such insurance when same become due and payable.

6. The Lessee further agrees to pay all taxes and assessments that may be assessed against said premises during said term of this lease and also do all necessary and required assessment work on unpatented claims. Lessors agree to pay all taxes assessed prior to the tax year 1951.

7. The Lessors hereby grant permission to the Lessee to use any of the buildings on the above mentioned claims and also to build any necessary roads for the betterment of this lease and to use such timber as needed for mine purposes from the timber on said claims. The Lessee further agrees that he will, beginning on or before the 20th day of August, 1951, and to do at least $3,000.00 work on the property per month as outlined in the letter of

Fred Leach dated July 12th, 1951, a copy of which is attached. (3 months starting August 20th, 1951).

8. The Lessee further promises and agrees that he will, at the time he starts working on the property hereby demised, post in three conspicuous places on said property a notice to the effect that said properties are being worked by the Lessee under terms and provisions of a lease of this date, and that the Lessee alone will be responsible for all bills and obligations incurred in the operation of said properties.

9. The Lessee hereby agrees that he will timber the portals of the adits and shall use timber not less than the equal of eight by eight dimensions for the square set and shall use timber equal to three inches dimensions materials for lagging and overhead materials used on square set. Said work to be the first work done at the mine.

It is expressly understood and agreed that the Lessee shall have the right to assign this lease without the written permission of the Lessors.

It is mutually understood and agreed that the Lessee shall have and is hereby given the right to remove and carry away any and all implements and machinery, whether the same be affixed to the realty or not, that may be placed on said property by them, and that said property may be so removed and carried away at any time during the term of this lease, or within six months after the termination of this lease by lapse of time, surrender or forfeiture, unless said termination should be made during the month of October, and in that event, said machinery may be left, and the Lessee may have the privilege of removing said machinery and belongings on or before the 1st day of July of the following year. All buildings and permanent construction shall be left on the property and become property of the Lessors. All track and under-ground improvements shall be left, including air pipe, ventilating pipe, rail, timber or any other items incidental to good mining.

Should the Lessee refuse or neglect to keep and perform any of the premises and agreements herein set forth, then and in such event the Lessors shall have the right to terminate this lease and option immediately, and this lease and option may stand forfeited at the option of the Lessors, and the Lessors shall be entitled to take immediate possession of the property hereby leased, using such force as may be necessary in so doing, and in case of such election and the refusal of the lessee to give such possession on demand,

the Lessee shall be deemed guilty of unlawful detainer and subject to eviction with or without process of law, without further notice.

It is further understood and agreed that in case of the termination of this lease by forfeiture, surrender or lapse of time, all sums of money theretofore paid by the Lessee to the Lessors either as royalty or otherwise, shall be and remain the property of the Lessors as and for partial liquidated damages.

OPTION

In consideration of the full performance from time to time by the Lessee of all promises and provisions of the above lease to be kept and performed by the Lessee, the Lessee shall have and is hereby given the exclusive right to purchase all of the property hereby demised for the total sum of Seventy five Thousand and No/100 Dollars ($75,000.00) provided said sum shall be paid without interest on or before the 15th day of November, 1957 at noon. It is further understood and agreed that at least $1,000.00 per calendar month during the term of this lease and option shall be paid, in accordance with the terms of the lease portion of this contract, and that the first payment shall begin on the 15th day of September, 1951, for each calendar month thereafter until that date.

It is expressly understood, however, that all royalties paid pursuant to the terms of the foregoing lease and all sums paid as provided in the foregoing lease shall apply on the above purchase price payments. It is understood and agreed that upon the completion of the terms and conditions of this lease and option, the Lessors shall make and execute a QUIT CLAIM DEED conveying all of the above described property to the Lessee. And it is further provided that all payments herein provided to be made by the Lessee to the Lessors shall by the said Lessee be paid direct to the Lessors, at its office, Box 500, Salida, Colorado, for the account of the Lessee or those holding under the Lessee and that payment to said Lessors by the said Lessee or those holding under the said Lessee shall be full acquittance for all payments so made, and the said Lessors shall credit such payments as hereinbefore provided.

It is another condition hereof and it is hereby mutually agreed that the Lessee or those holding under the Lessee may at any time abandon said Lease and surrender the demised premises to the Lessors or those holding under the

Lessors and the Lessee may remove from said premises all machinery, tools, equipment, etc., as herein provided and shall be fully relieved upon so doing of any further or other obligations to the Lessors or those holding under the Lessors provided only that the Lessee or those holding under the Lessee gives 30 days' notice of such termination by delivering written notice of the intent to so terminate to the above named Lessors or those holding under the Lessors. Said notice must be accepted by the Lessors before the said Lessee may move any machinery or tools and equipment from the premises.

Each and every clause of this Lease and Option shall extend to and be binding on the heirs, executors, successors, and assigns of the respective parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this Lease and Option in duplicate this 15th day of August, A.D., 1951.

HAROLD R. KOSTER, INC.

By Harold R. Koster
Harold R. Koster, President

A. L. Pearson
A. L. Pearson

Bonnie Pearson
Bonnie Pearson

LESSORS

Fred H. Lesch
Fred H. Lesch

LESSEE

9

DOCKET
SURNAME

400
Chapman
Martin
Holliday
Kiilsgaard
Hedges
Schrodze
Johnson

MAR 1 0 1955

Mr. William S. Spencer
Flanders Mining Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA 3535 - Tungsten
Ida May Mine
Gunnison County, Colorado

Dear Mr. Spencer:

Your application for aid for an exploration project and other data available to us in Washington relating to the above noted property have been carefully reviewed.

Projects approved by the Defense Minerals Exploration Administration, must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position of the National Defense Program.

Careful study of all our information indicates that tungsten ore occurs in small, lenticular pods, but shows little possibility of disclosing minable ore reserves by your proposed program in sufficient quantities to justify Government participation. We regret to advise you, therefore, that your application for exploration assistance is denied.

We wish to thank you for your interest in the Defense Minerals Exploration Administration program and for bringing your property to our attention.

Sincerely yours,

C. O. Mittendorf

Administrator

TLChapman:foc
3-8-55
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. III
Robert Holliday, USBM
Thor H. Kiilsgaard, USGS

R.C.S.

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

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Denial of application for exploration assistance in the amount of $77,893.50
Docket No. DMEA 3535 - Tungsten
Flanders Mining Company (Partnership)
Ida May Mine
Box 861, Grand Junction, Colorado
Gunnison County, Colorado

Denial of the subject application is recommended by this Division, based on the following information:

1. The applicant requested exploration assistance in the amount of $77,893.50 to explore for tungsten by driving an 800 foot adit crosscut to intersect several possible veins and do 1,000 feet of drifting on these veins.

2. The Ida May mine is an old gold-silver property situated on the crest and south slope of Gold Hill, at Cumberland Pass (Elevation 12,000 feet), in the Tin Cup Mining District, Gunnison County, Colorado. The application includes the Ida May claim (patented) and the Scheelite No. 3, (unpatented), in sections 11 and 14, T. 51 N., R. 4 E., New Mexico principal meridian.

3. The basal rock of this area is a pre-Cambrian quartz monzonite flanked on the northeast and southwest by Paleozoic sedimentary rock. These rocks have been intruded by dikes, stocks and small irregular bodies of quartz monzonite porphyry. There are a number of small, short quartz veins in the area. These veins contain minor amounts of pyrite, chalcopyrite, hubnerite and molybdenite. The tungsten ores appear to occur in small lenticular pods.

4. Numerous shallow pits, shafts and short prospect adits have been excavated in the Gold Hill area on small tungsten bearing veins, but little ore of minable grade has been found.

5. No ore production has been made from the claims included in this application, but two small shipments were made from a 108 foot tunnel on a vein to the southwest. One shipment of 6.34 tons assayed 0.67 percent WO_3, and the other of 37.00 tons assayed 0.50 percent WO_3.

6. While small showings of tungsten ore have been found throughout the area, there is little indication that any ore bodies of strategic importance may be found.

7. The Field Team recommends denial of the subject application, but submits an alternate plan of exploration in the 108 foot tunnel from which small ore shipments were made. While this alternate plan of exploration will give a direct exploration on a known ore showing, the general ore occurrences of the area indicate little probability of finding any ore body or bodies of strategic importance.

8. The Commodity Divisions of the Geological Survey and the Bureau of Mines recommend that the application be denied.

W S Martin

W. S. Martin, Chief
Iron and Ferro-Alloys Division

DOCKET
SURNAME
Chapman
Martin
Holliday

MEMORANDUM

To: Administrator, DMEA

From: Iron and Ferro-Alloys Division, DMEA

Subject: Denial of application for exploration assistance in the amount of $77,893.50
Docket No. DMEA 3535 - Tungsten
Flanders Mining Company (Partnership)
Ida May Mine
Box 861, Grand Junction, Colorado
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8. The Commodity Divisions of the Geological Survey and the Bureau of Mines recommend that the application be denied.

W. S. Martin, Chief
Iron and Ferro-Alloys Division

TLChapman:foc
3-8-55
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.

Docket

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

March 2, 1955

Re: DMEA-3535
Flanders Mining Co.
(Ida May & Scheelite
No. 3 Claims)
Gunnison Co., Colo.
$77,893.50 - Tungsten

WSM

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of Field Team examination report

The applicant's proposal consists of driving an 800 foot crosscut to test for unknown veins which may occur on the south slope of Gold Hill. Any vein intersected by this work would be explored by 1,000 feet of drifting.

Although trenching has exposed several narrow stringers of hubnerite and quartz, there have been no significant veins disclosed in the proposed exploration area. The operator's project will be primarily prospecting to find favorable evidence for planning later exploration. This type of project is not suitable for Government exploration assistance.

The available information from U.S.G.S. investigations and recent exploration results in the Gold Hill area indicate that the applicant's proposal is not geologically justified. In the Gold Hill area, hubnerite generally occurs in small, lenticular pods along predominantly quartz veins. It has been estimated that the hubnerite mineralization usually has an average width of only about 5 inches. The hubnerite ore bodies are characterized as short discontinuous bodies which form only a small part of any particular vein. Inasmuch as the location of such small pods or streaks is unpredictable, it is unlikely that a significant amount of ore could be found by driving a blind crosscut into the south slope of Gold Hill. By the same reasoning, we can conclude that mineralization exposed in the 108-foot drift and in the trench west of the Ida May vein is not continuous between these two locations. In fact, there is considerable doubt that both exposures are on the same vein structure. Veins of the length required to connect between the two areas of mineralization are very uncommon in the Gold Hill area. It is unlikely that in this case we are dealing with an exception to the recognized vein habit of the district.

Copy

I recommend the application be denied DMEA exploration assistance.

E. L. Newcomb

E. L. Newcomb

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

March 2, 1955

Re: DMEA-3535
Flanders Mining Co.
(Ida May & Scheelite
No. 3 Claims)
Gunnison Co., Colo.
$77,893.50 - Tungsten

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of Field Team examination report

The applicant's proposal consists of driving an 800 foot crosscut to test for unknown veins which may occur on the south slope of Gold Hill. Any vein intersected by this work would be explored by 1,000 feet of drifting.

Although trenching has exposed several narrow stringers of huebnerite and quartz, there have been no significant veins disclosed in the proposed exploration area. The operator's project will be primarily prospecting to find favorable evidence for planning later exploration. This type of project is not suitable for Government exploration assistance.

The available information from U.S.G.S. investigations and recent exploration results in the Gold Hill area indicate that the applicant's proposal is not geologically justified. In the Gold Hill area, huebnerite generally occurs in small, lenticular pods along predominantly quartz veins. It has been estimated that the huebnerite mineralization usually has an average width of only about 5 inches. The huebnerite ore bodies are characterized as short discontinuous bodies which form only a small part of any particular vein. Inasmuch as the location of such small pods or streaks is unpredictable, it is unlikely that a significant amount of ore could be found by driving a blind crosscut into the south slope of Gold Hill. By the same reasoning, we can conclude that mineralization exposed in the 100-foot drift and in the trench west of the Ida May vein is not continuous between these two locations. In fact, there is considerable doubt that both exposures are on the same vein structure. Veins of the length required to connect between the two areas of mineralization are very uncommon in the Gold Hill area. It is unlikely that in this case we are dealing with an exception to the recognized vein habit of the district.

I recommend the application be denied DMEA exploration assistance.

E. L. Newcomb

ELNewcomb:hlm
G-8/2/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
R. W. Geehan, 3641 Interior

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

March 2, 1955

Re: DMEA-3535
Flanders Mining Co.
(Ida May & Scheelite
No. 3 Claims)
Gunnison Co., Colo.
$77,893.50 - Tungsten

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

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I recommend the application be denied DMEA exploration assistance.

E. L. Newcomb

ELNewcomb:hlm
G-2/2/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
R. W. Geehan, 3641 Interior

FLANDERS MINING COMPANY
Post Office Box 861
GRAND JUNCTION, COLORADO

February 11, 1955

Mr. J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals
Department of the Interior
Washington 25, D. C.

WSM

Re: Docket No. DMEA -3535
(Tungsten)
Flanders Mining Company
Ida May Mine
Gunnison County, Colorado

Dear Mr. Hofflund:

Forwarded herewith for your information and files is a copy of the Operating Agreement existing between Flanders Mining Company and various other parties who possess an interest in Gold Hill. These interests are outlined and described in Exhibit C of the Agreement.

Photostatic copies of each of the assignments from Whitaker-Brodie and Kistler to each of the parties possessing an interest in Gold Hill can be provided at the request of the Government.

Please do not hesitate to write us if any questions arise.

Yours very truly,

FLANDERS MINING COMPANY

William M Spencer

William M. Spencer

WMS:b
Enc.

RECEIVED
FEB 14 1955
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

OPERATING AGREEMENT

THIS AGREEMENT is entered into as of the ____ day of _____, 1954, by and among FLANDERS MINING COMPANY, a copartnership (hereinafter called "Operator") and KENYON M. JOHNSON, H. GLENN DUIS, E. H. STONE, LEWIS WHITAKER, ARTHUR W. ALLEN, MINERALS, MINING AND EXPLORATION CORPORATION, a Colorado corporation, FLANDERS MINING COMPANY, a copartnership, ROBERT C. WHITAKER, G. H. BRODIE, WHITAKER, BIGELOW & CO., a copartnership, LEE VAN ATTA and BRUCE KISTLER (hereinafter collectively called "Non-Operators").

I. RECITALS

1. Non-Operators are the assignees of the entire leasehold interest covering the patented and unpatented mining claims located in Gunnison County, Colorado, described more particularly in Exhibit A, attached hereto and made a part hereof.

2. As used in this agreement, each of the following terms has the following meaning:

a. "Premises" means any and all patented and unpatented mining claims described in said annexed Exhibit A, together with any and all additional properties acquired as provided in paragraph II 12. hereof.

b. "Working Interest Owner" means any person or firm holding an interest in the premises which interest must contribute to the operation thereof as herein provided.

(1) "Group A Working Interest Owner" means any Working Interest Owner who contributed to the first $50,000.00 of capital.

(2) "Group B Working Interest Owner" means any Working Interest Owner who is not a Group A Working Interest Owner.

c. "Joint Account" means the account of all Working Interest Owners for the operation of the premises.

d. "Operations" and "operation of the premises" means any and all activities of every kind to be conducted for the purpose of (1) exploring, prospecting and developing the premises, and (2) mining, extracting, producing, milling, reducing, treating, preparing, stockpiling and otherwise disposing of all ores, metals and minerals of every character on and from the premises.

e. "Operating Council" means the group of individuals organized and selected as provided in paragraph II 13. hereof.

3. The parties mutually desire to have FLANDERS MINING COMPANY, a copartnership, conduct such operations as hereinafter provided.

II. NOW, THEREFORE, the parties mutually agree as follows:

1. Operations. Operator shall have exclusive charge, control and supervision of any and all operations as hereinabove defined.

2. Marketing. Operator shall have charge of the marketing of all ores, metals and minerals of every description whatsoever mined or extracted from the premises, and the right to sell any or all of same upon such terms and conditions as Operator may deem advisable; provided, that each Working Interest Owner at all times shall have the right, by written notice to Operator, to revoke the agency in this paragraph granted, and thereupon to demand and to receive in kind, and to market for his own account, his proportionate share of all ores, metals or minerals, if any there be, thereafter mined or extracted from the premises.

3. Operating Policy.

a. The Operating Council shall advise with the Operator on the following matters of policy relating to operations:

(1) The budget of operations for each calendar quarter;

(2) The amount of sinking funds to be set aside for future operations;

(3) The purchase of any item of capital equipment costing in excess of Twenty-five Hundred Dollars ($2500.00);

(4) Any other matter of major policy as defined by the Operating Council.

b. Operator shall exercise all reasonable efforts to pursue and effect such policies as are determined by the Operating Council and made known to Operator and shall notify the Operating Council whenever, in the judgment of Operator, there is a shortage of adequate financing for operations. It is expressly agreed, however, that Operator shall not be obligated to carry on any operations unless and until adequate financing therefor has been provided by the Working Interest Owners.

4. Accounting.

a. Operator shall charge to the joint account of all Working Interest Owners all costs and expenses incurred in connection with the operation of the premises, as set forth in the schedule of "Accounting Procedure" marked Exhibit B, attached hereto and made a part hereof.

b. In the event any Working Interest Owner should demand his proportionate share of the production from the premises in kind (as provided in paragraph 2 hereof) Operator shall charge such Working Interest Owner his proportionate share of all such costs and expenses incurred in connection with the operation of the premises and shall furnish him, once each calendar quarter or more often at the option of Operator, a statement (1) of all such costs and expenses incurred in connection with the operation of the premises and (2) of his proportionate share of such costs and expenses. Such Working Interest Owner's proportionate share of such costs and expenses shall be due and payable to Operator immediately upon the receipt of such statement and beginning ten (10) days after the receipt thereof shall bear interest at the rate of six per cent (6%) per annum until paid. Operator shall have a lien, dating from said date of receipt of such statement, upon such proportionate share of the production for repayment of such proportionate share of such costs and expenses.

5. Reimbursement of Operator. All such operating costs and expenditures shall be reimbursed to Operator from the following sources:

a. First, from the proceeds of the sale of all ores, metals and minerals mined, removed or otherwise extracted from the premises; from receipts from any Working Interest Owner who demands his share of the production in kind; and from reimbursement for all costs of developmental or exploratory programs conducted on the premises including, but not by way of limitation, all loans and other payments of the Defense Minerals Exploration Administration;

b. Second, from all funds or credits of the joint account;

c. Third, from such other sources as are made available by the Operating Council; and

d. Fourth, if all the foregoing sources are insufficient, from the interest in the premises of all Working Interest Owners; and Operator shall have a first lien on such interests for reimbursement of such costs and expenses.

6. Records and Reports.

a. Operator agrees to maintain books and records of account, conforming to generally accepted accounting practices, pertaining to the operation of the premises to the extent and in such reasonable detail as will properly reflect all costs and expenses, and all credits and receipts, of the joint account.

b. Operator agrees to make such books and records available at its office, at all reasonable times, for the examination and inspection of any Working Interest Owner and of his duly authorized representative.

c. Operator shall furnish each Working Interest Owner the following reports:

(1) A monthly report in reasonable detail describing the progress of operations and any significant developments during the period under review. Such report shall reflect any policy decisions of the Operating Council which have been made known to Operator.

(2) A quarterly statement of costs and expenses, and of credits and receipts, of the joint account during the preceding calendar quarter. Each Working Interest Owner shall have ninety (90) days from the receipt of such statement within which to notify Operator of any exception thereto; and if no written exception is made

to Operator within such ninety (90) days, then such statement shall conclusively be deemed to be correct and binding upon every Working Interest Owner. Said statement shall be furnished by Operator as soon as reasonably practical, and preferably within thirty (30) days, after the close of each calendar quarter.

7. Insurance.

a. Operator shall obtain and maintain in force the following insurance covering the operations of the premises:

(1) A policy or policies of workmen's compensation insurance;

(2) A policy or policies of public liability and property damage insurance (including automobile) on the usual forms issued by insurance carriers in the State of Colarde, with the following minimum limits of liability: $200,000 per person and $500,000 per accident for bodily injury liability; and $50,000 property damage liability.

b. Operator and Operating Council, by mutual written agreement, may require Operator to obtain and maintain in force other insurance covering operations of the premises.

c. Operator agrees to hold harmless Non-Operators from any loss or expense arising from the failure of Operator (unless prevented by reasons beyond its reasonable control) to obtain and maintain in force the insurance required under this paragraph 7.

8. Contributions of Working Interest Owners.

a. Group A Working Interest Owners have contributed, or agreed to contribute, to the joint account the aggregate sum of Fifty Thousand Dollars ($50,000.00) in the individual amounts as shown in Exhibit C attached hereto and made a part hereof.

b. All Working Interest Owners (both Group A and Group B) are subject to assessment for an amount up to a second Fifty Thousand Dollar ($50,000.00) contribution to the joint account upon the terms and conditions hereinafter stated.

(1) The Operating Council is hereby authorized, in its absolute discretion, to demand an amount up to said second Fifty Thousand Dollar ($50,000.00) contribution for any or all of the following purposes:

(a) Meeting past or current obligations;

(b) Making provision for future operations and future contingencies.

(2) The Operating Council shall notify each Working Interest Owner of such demand, setting forth in writing (a) the purpose for which such demand is made, (b) the total amount demanded of all Working Interest Owners, and (c) the amount demanded of each Working Interest Owner so notified (representing his proportionate share [based on his percentage of the total working interest] of the demand on all Working Interest Owners).

(3) Each Working Interest Owner, within twenty (20) days of his receipt of such demand, either (a) shall pay to Operator for the joint account the full amount so demanded; or (b) shall have his working interest in the premises reduced as follows: his working interest shall be reduced at the rate of one per cent (1%) for each $750.00 of such demand which is not so paid within such twenty (20) days.

For example, assume A owns 10% of the entire working interest in the premises and the total demand is $15,000. Then A's share of the total demand is $1500. If A pays nothing, then A's working interest is reduced by 2%, from 10% to 8%. If A pays $375, then

A's working interest is reduced by $1\frac{1}{2}\%$, from 10% to $8\frac{1}{2}\%$. If A pays his full share of $1500, A's working interest remains at 10%.

The Operating Council in its discretion, may extend such twenty (20) day period by notice given prior to the expiration thereof to all Working Interest Owners.

(4) The Operating Council, within five (5) days after the expiration of such twenty (20) day period or such extension thereof, shall notify each Working Interest Owner in writing of (a) the amount of assessment collected from each Working Interest Owner, (b) the amount (if any) by which the interest of each Working Interest Owner has been reduced, and (c) the total amount of such reduced working interest which is available for redistribution as hereinafter provided.

(5) Within ten (10) days of the giving of such notice (as provided in subparagraph (4) above) each Working Interest Owner who desires to purchase any or all of such redistributable working interest shall deliver to the Operating Council a written offer to purchase a specified amount of such redistributable working interest upon the following basis: the price shall be at the rate of Seven Hundred Fifty Dollars ($750.00) for each one per cent (1%) of such redistributable working interest and shall be payable to the Operator for the joint account within five (5) days after acceptance of such offer.

(a) If such offers exceed the redistributable working interest specified in such notice, each offering Working Interest Owner shall be entitled to purchase such

proportion thereof as his percentage of the working interest bears to the total percentage of the working interest held by all Working Interest Owners desiring to purchase the redistributable working interest specified in such notice.

(b) If all of the redistributable working interest specified in such notice is not disposed of under such apportionment, each Working Interest Owner desiring to purchase a redistributable working interest in excess of such proportionate share, as above provided, shall be entitled to purchase such proportion of the redistributable working interest which remains thus undisposed of as his total working interest bears to the total working interest held by all of the Working Interest Owners desiring to purchase in excess of the amount to which they are entitled under such apportionment.

(c) If none or only a part of the redistributable working interest specified in such notice is purchased as aforesaid, in accordance with offers made within said ten (10) day period, the redistributable working interest not so purchased shall be transferred to the joint account for the benefit of all of the Working Interest Owners.

(6) The Operating Council may continue to make demands from time to time, as hereinabove provided, until the sum of Fifty Thousand Dollars ($50,000.00) in cash has actually been paid to the Operator for the joint account either as a result of payment upon demand made or of payment for a redistributable working interest as hereinabove provided.

c. The Operating Council shall require any Working Interest Owner whose working interest has been reduced and made available for redistribution as a result of such demand for contribution (as provided in paragraph 8 b. above) to

execute and deposit with the Operating Council a good and sufficient assignment of that portion of his working interest which has been so reduced and made available for redistribution.

9. Distributions to Working Interest Owners.

a. Distributions may be made from the joint account on the decision of the majority of the working interest after adequate provision has been made for (1) all costs and expenses incurred in connection with the operation of the premises and (2) the amount of sinking funds to be set aside for future operations and for future contingencies as determined by the Operating Council.

b. All such distributions shall be made in the following order of priority:

(1) The first $50,000.00 of distribution shall be made to the Group A Working Interest Owners (or their successors in interest at the time of distribution) in proportion to the actual cash contributions of each such Owner to the first $50,000.00 contribution as shown in annexed Exhibit C until such contribution has been reimbursed in full.

(2) The next distributions shall be made to the Working Interest Owners (or their successors in interest at the time of distribution) who contributed to the second series of contributions pursuant to the demand of the Operating Council (as provided in paragraph 8 b. hereof) in proportion to the actual cash contributions of each such Owner to the second set of contributions until such contributions have been reimbursed in full. As used in this subparagraph (2) the term "contribution" shall mean payment upon demand by the Operating Council or payment for a redistributable working

interest (as provided in said subparagraph 8 b. hereof)

(3) The third distributions shall be made to all Working Interest Owners in accordance with the proportionate interest of each such Owner in the entire working interest at the time of the distribution.

10. Assignments of Interest in Premises and Leasehold Estate.

a. No Working Interest Owner shall sell or otherwise dispose of or encumber in any way all or any portion of his interest in the premises or leasehold estate except as hereinafter expressly provided:

(1) Any Working Interest Owner may sell or transfer all or any portion of his working interest in the premises and leasehold estate upon the prior written consent of the Operating Council, which consent shall not be unreasonably withheld.

(a) Every request for such consent shall be given in writing to the Operating Council and shall specify (i) the amount of interest to be sold or transferred, (ii) the price therefor, and (iii) the terms upon which such Owner intends to make such sale or transfer.

(b) The Operating Council (i) shall, within five (5) days of receipt of such request for consent, mail or deliver a copy of said request to each of the other Working Interest Owners for information and (ii) shall, within five (5) days of its grant or refusal of such request, notify all of the Working Interest Owners of such grant or refusal.

(2) This paragraph 10 a. shall not apply to any sale or transfer by any Working Interest Owner to any of the following:

(a) To his spouse or one or more of his legal descendants or to a Trustee for his spouse or such legal descendants.

(b) Any transfer by will or by the rule of intestate succession.

(c) To a partnership which is the successor partnership of the transferor or in which the transferor becomes a general partner.

(3) Any sale or transfer, or purported sale or transfer, of any interest in the premises or leasehold estate shall be null and void unless the terms, conditions and provisions of this paragraph 10 a. are complied with.

b. The death of any Working Interest Owner or the transfer of all or any part of his interest shall not terminate this Agreement; and any transferee of any interest in the premises or in the leasehold estate shall become a party to this Agreement and shall be bound by the provisions thereof.

11. Salvage upon Abandonment. In the event that the premises shall be abandoned, all items subject to salvage shall be sold or otherwise disposed of to the best advantage and the net proceeds shall be distributed as follows:

a. First, to pay any and all operating costs and expenses in connection with the operation of the premises.

b. Next, to be distributed in the order of priority as provided in paragraph 9 hereof.

12. Additional Properties. In the event that any Working Interest Owner or Operator herein shall acquire any right, title

or interest in or to any tungsten mining claim or other property in such close proximity to any of the above-described premises as would constitute favorable or desirable property for the furtherance of the common purposes of the Working Interest Owners herein, such Working Interest Owner or Operator shall make good and sufficient assignments of such right, title or interest (subject to all obligations and liabilities thereunto pertaining) to each Working Interest Owner in his then present proportionate share of the entire working interest in said premises at such time as the Operating Council shall provide; and such property, right, title and interest shall become a part of said premises and subject to the terms, conditions and covenants of this Agreement; provided, however, that such assignor shall be entitled, before making any such assignment, to be reimbursed for all out-of-pocket expenditures in acquiring such other property and to an express written assumption by each assignee of any and all obligations and liabilities thereunto pertaining.

13. Operating Council.

a. The Operating Council shall consist of three (3) persons each of whom at all times shall either (1) be a Working Interest Owner or (2) be an officer, partner or employee of a Working Interest Owner.

b. The Operating Council shall be selected as follows:

(1) Until the election of successors, the members of the Operating Council shall be Lee Van Atta, Robert C. Whitaker and E. H. Stone.

(2) Those holding at least 40% of the working interest may, in writing, petition the Operating Council

at any time to call a special meeting of the Working Interest Owners; and thereupon the Operating Council shall call such meeting, upon five (5) days' advance written notice to each Working Interest Owner, at a time and place specified by the Operating Council but not more than fifteen (15) days after its receipt of such petition.

(3) At such meeting each Working Interest Owner, or his proxy, shall be permitted to vote his proportionate interest in the premises (the total working interest being computed at 100% and each individual working interest being computed at a fraction thereof); and cumulative voting shall not be allowed. For example, the owner of 42.854% of the 100% working interest shall be entitled to 42 and 854/1000ths votes. Each of the memberships on the Operating Council shall be voted upon separately and, in the event of a contest for any membership, the candidate receiving the highest number of votes shall be elected.

(4) If any member of the Operating Council resigns or dies or becomes ineligible, for any reason, a vacancy shall be declared and filled by a majority vote of the remaining members of the Operating Council.

c. The Operating Council shall hold regular and special meetings at such times and places and upon such notice as the members thereof provide. Each member of the Operating Council shall be entitled from time to time to designate in writing an alternate to vote in his place and stead at any or all meetings of the Operating Council; and such alternate, when acting as such, shall have the same power and authority as the regular member. Each member of the Operating Council or his alternate shall have one vote on every matter coming before the Operating Council.

14. Term of Agreement. This Agreement shall remain in force and effect until the termination of all interest in the premises and leasehold estate unless sooner terminated as hereinafter provided.

a. This Agreement may be terminated, effective thirty (30) days thereafter, upon written notice to Operator signed by forty per cent (40%) of the entire working interest in the premises.

b. This Agreement may be terminated, effective three (3) months thereafter, upon written notice by the Operator to the Operating Council.

15. Notices. Any notice under this Agreement must be in writing and may be given by registered mail and shall be deemed to be given when such registered mail is deposited in the United States Post Office, properly addressed to the party to whom directed. If given otherwise than by registered mail, such notice shall be deemed to have been given when delivered. For the purpose of notices under this Agreement the addresses of the parties shall be deemed to be as follows:

Operator

Flanders Mining Company	Post Office Box 861 Grand Junction, Colorado

Operating Council

c/o Robert C. Whitaker	Denver Club Building Denver 2, Colorado

Non-Operators and Working Interest Owners

The address shown under their signatures to this Agreement or, if no such address is shown, their last known address.

Any party may at any time, by fifteen (15) days written notice to the others, designate any other address in place of those specified herein.

16. Other Matters. All matters arising in connection with the operation of the premises, which are not expressly provided for in this Agreement, shall be determined by the majority of the entire working interest in the premises.

17. This Agreement may be executed in a series of counterparts and shall be binding when such counterparts have been executed by all parties named herein, provided such execution by the parties shall be accomplished not later than the 31st day of December, 1954. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

Operator

FLANDERS MINING COMPANY

BY Gilbert L. Anderson
Partner

Non-Operators

Kenyon M. Johnson
1033 Dr 98 W.
Portsmouth, Ohio
(Address)

H. Glenn Duis
H. Glenn Duis
515 Chillicothe St
Portsmouth Ohio
(Address)

E. H. Stone
E. H. Stone
533 Bellaire Denver Colo.
(Address)

Lewis Whitaker
Lewis Whitaker
114 Maple Ave, Welch W Va
(Address)

Arthur W. Allen
Arthur W. Allen
Box 1377 Midland, Tex.
(Address)

MINERALS, MINING AND EXPLORATION CORPORATION

BY William H. Summers Jr.

c/o 711 Majestic Bldg.

Denver, Colorado

(Address)

FLANDERS MINING COMPANY

BY Frederick R. Anderson

Partner

P.O.Box 861

Grand Junction, Colorado

(Address)

Robert C. Whitaker

Robert C. Whitaker

Denver Club Bldg. Denver, Colo.

(Address)

G. H. Brodie

G. H. Brodie

Denver Club Bldg, Denver

(Address)

WHITAKER, BIGELOW & CO.

By Robert C. Whitaker

Partner

Denver Club Bldg. Denver, Colo.

(Address)

Lee Van Atta

Lee Van Atta

Box 861 Grand Junction

(Address)

Bruce Kistler

Bruce Kistler

Denver Club Bldg

(Address)

STATE OF COLORADO)
CITY AND COUNTY OF DENVER) ss. ACKNOWLEDGMENT FOR PARTNERSHIP

Before me, the undersigned, a Notary Public, within and for said County and State, on this 5th day of January, 1955, personally appeared Robert C. Whitaker and E. R Bigelow, General partners of Whitaker, Bigelow and Company, to me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires: March 23, 1958

Marjorie Gallagher
Notary Public

STATE OF COLORADO
COUNTY OF DENVER } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 5th day of January, 19 55, personally appeared Robert C. Whitaker and

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires March 23, 1958

Marjorie Gallagher
Notary Public

STATE OF COLORADO
COUNTY OF DENVER } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 5th day of January, 19 55, personally appeared G. H. Brodie and

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires March 23, 1958

Marjorie Gallagher
Notary Public

STATE OF COLORADO
COUNTY OF DENVER } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 5th day of January, 19 55, personally appeared Lee Van Atta and

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires March 23, 1958

Marjorie Gallagher
Notary Public

STATE OF COLORADO
COUNTY OF DENVER } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 5th day of January, 19 55, personally appeared Bruce Kistler and

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires March 23, 1958

Marjorie Gallagher
Notary Public

STATE OF COLORADO
COUNTY OF DENVER } ss. ACKNOWLEDGMENT FOR CORPORATION

Be it remembered that on this 4th day of January, 19 55, before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came William G. Sumners, Jr. Vice-president of Minerals, Mining and Exploration Inc., a corporation of the State of Colorado, personally known to me to be such officer, and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year last above written.

My commission expires March 23, 1958

Marjorie Gallagher
Notary Public

STATE OF OHIO,
SS:
SCIOTO COUNTY,

Before me, a notary public for the State of Ohio, personally appeared the above named Kenyon M. Johnson and H. Glenn Duis, who acknowledged that they did sign the foregoing instrument, namely, Operating Agreement dated December 28, 1954; and that the same is their free act and deed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal at Portsmouth, Ohio, this 10th day of January, 1955.

Sherrard M. Johnson

SHERRARD M. JOHNSON
Notary Public, Scioto County, Ohio
My Commission Expires 7/5/1973

STATE OF COLORADO
COUNTY OF DENVER } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 18th day of January, 1955, personally appeared E. H. Stone and

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires March 23, 1958. Marjorie Gadzala Notary Public

SINGLE ACKNOWLEDGEMENT

THE STATE OF TEXAS,
County of Midland } Before me, the undersigned authority, on this day personally appeared Arthur H. Allen known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this, the 24 day of January A.D. 1955

Thelma Lamar THELMA LAMAR

(SEAL) Notary Public in and for Midland County, Texas

17-A

STATE OF WEST VIRGINIA,

COUNTY OF OHIO, TO-WIT:

I, James G. McClure, a Notary Public of said County, do certify that Lewis Whitaker, whose name is signed to the foregoing writing, bearing date the 28th day of December, 1954, has this day acknowledged the same before me in my said County.

Given under my hand this 5th day of February, 1955.

James G. McClure
Notary Public of, in and for Ohio County, West Virginia

My commission expires March 9, 1956.

EXHIBIT A

to Operating Agreement entered into as of the ____ day of _____, 1954, with respect to Gold Hill

The leasehold interest covers the following described patented and unpatented mining claims located in Gunnison County, Colorado, to-wit:

GROUP A

The unpatented claims known as the Complex No. 1, location notice of which is recorded in Book 176, Page 378 of the Gunnison County records; the Complex No. 2, location notice of which is recorded in Book 255, page 222 of the Gunnison County records, and

the following patented claims:
The Hern lode mining claim, U. S. Survey No. 15448,
The Instrument No. 1 lode mining claim, U. S. Survey No. 15448,
The Instrument No. 2, Torrington, lode mining claim, U. S. Survey No. 15448,
The Tiptop lode mining claim, Survey No. 12996,
The Newport lode mining claim, Survey No. 15448,
The Lady Franklin lode mining claim, Survey No. 8552,
The Little Pauline lode mining claim Survey No.
The Subject lode mining claim, Survey No. 15524,
The Bristol lode mining claim, Survey No. 15448,
The Maggie lode mining claim, Survey No. 15524,
The Citizen lode mining claim, Survey No. 15524,
all in Quartz Creek Mining District, Gunnison County, Colorado.

GROUP B

The unpatented claims known as the Molybdenite No. 1 and Molybdenite No. 4; Molybdenite Extension 1, 2 and 3; Moly Cop Nos. 1,2 and 3; Scheelite Nos. 1, 2, 3, 4, 5, 6 and 7 and the Hubnerite Nos. 1, 2 and 3, Quartz Creek Mining District, Gunnison County, Colorado, and

The following patented claims:
The Minerva lode mining claim known as U. S. Survey No.20035,
The Morning Glory lode mining claim known as Survey No.20036,
The Morning Glory No. 2 lode mining claim known as Survey No. 20036,
The Morning Glory No. 3 lode mining claim known as Survey No. 20036,
The Morning Glory No. 4 lode mining claim known as Survey No. 20036,
The Morning Glory No. 5 lode mining claim known as No. 20279,
The Green Horn lode mining claim known as Survey No. 805,
The Oxident lode mining claim known as Survey No. 741,
The Ida Mae lode mining claim known as Survey No. 1028,
The Little Emma lode mining claim known as Survey No. 7749,
all in Quartz Creek Mining District, Gunnison County, Colorado

EXHIBIT B

ACCOUNTING PROCEDURE

(Memorandum Only)

I. DEVELOPMENT AND OPERATING CHARGES:

A. Operator shall charge the joint account as follows:

1. Royalties, when not paid directly to Royalty Owners by the mill.
2. Labor, teaming and other services necessary for the development, maintenance and operation of the property.
3. Materials, equipment and supplies purchased, and/or furnished by Operator from his stocks or from his other operations for use on the joint property.
4. Transportation and moving costs from the Vendor's nearest supply point or from Operator's stocks or other operations for use on the joint property. Such transportation and moving costs shall not exceed as to new equipment and supplies the distance from the nearest supply point or railway receiving point.
5. Moving surplus and salvage materials from the joint property to outside Vendees, if sold f.o.b. destination, or minor returns to the stocks of Operator, but no charge shall be made against the joint account, for moving major surplus materials to Operator's stocks, in excess of the cost of moving such material to the nearest supply point or railway receiving point or to other properties or operations of Operator, except by special agreement with Non-Operators; agreement to such costs by the Operating Council shall be deemed agreement with Non-Operators as to this paragraph only.
6. Use of and service by Operator's exclusively owned equipment and utilities at rates not exceeding those prevailing in the district where the joint property is located.
7. Damages or losses incurred by fire, flood, storm, other accidental or material causes, acts of God, and extraordinary mining casualties.

8(a) Expenses of litigation, including outside attorneys fees and expenses, judgments, claims, etc. involving the joint property or incident to its development and operation. Actual expenses incurred by Operator's or Non-Operators' staff, etc., shall be a proper charge against the joint account.

(b) Should any case be handled by Operator's or Non-Operators' legal staff, thereby eliminating the retaining of outside counsel, a charge commensurate with the services rendered and actual time consumed may be made against the joint account.

(c) The retention of an attorney for the purposes of representing the joint properties in any litigation shall not be made without the consent of the Operating Council; Non-Operators shall have the privilege with the consent of counsel retained under this paragraph (8) of supplying a member of their own legal staff to assist such counsel.

9. Ad Valorem taxes and other property taxes. Gross production and receipts or income taxes shall be rendered and paid direct by Operator and Non-Operators covering their respective interests and shall not be reported and paid as a joint account charge, except where required by law or by the term of the contract to which this Exhibit is attached.
10. Premiums for insurance, if required to be carried for the benefit of the joint account, as follows:

(a) Property insurance and inland marine insurance, etc.
(b) Workmen's Compensation, public liability and employers' liability insurance, together with all expenditures incurred and paid in settlement of claims, judgments, etc., not recovered from the insurance carrier.

(c) Public liability and property damage insurance on automotive equipment owned by and operated for the joint property, together with all other expenditures incurred and paid in settlement of claims, judgments, etc., not recovered from the insurance carrier, in order to fully discharge all liability of Operator ensuing from an accident occurring on or in connection with work done by such jointly owned automotive equipment for the benefit of the joint property.

(d) However, before any claims, judgments, etc. not recovered from the insurance carrier be paid out of the joint account, it shall be the duty of Operator to receive for any moneys so paid, a good and sufficient release discharging the joint adventurers, their insurers, sureties, principals, agents, etc.

11. If no insurance is required to be carried on any or all of the above risks, all actual expenditures incurred and paid by the Operator in settlement of any and all losses, claims, damages, judgments, and any other expenses, including legal services, shall be charged to the joint account.

12. A proportionate share of the salary and expenses of Operator's supervisory personnel, as distinguished from executive personnel (partners of Operator) serving the joint property shall be chargeable to the joint account. However, before a charge by Operator to the joint account be made for supervisory personnel, such personnel must be engaged in serving the joint property only as to the charge allocable to the joint account for that person or persons.

13. A proportionate share of maintaining and operating Operator's office in conducting the management of operations on the joint property and other properties or operations maintained and operated by Operator from the same office. Such charge shall be made on the basis of the properties served by such office and shall include only items of expense not billed directly to the joint property and such other properties or operations served by such office. Such charge shall initially be $75.00 per month, shall be subject to review and adjustment from time to time by the Operating Council and may be a constant surcharge on the joint account by Operator to cover these expenses.

14. Camp Expense: The expense of providing and maintaining on or near the joint property all camps, housing facilities for employees, and boarding employees if necessary. When properties other than the joint properties are served by these facilities, then an equitable distribution of expense including depreciation, or a fair monthly rental in lieu of the investment, maintenance and operating cost of such camp, shall be prorated against all operations served.

15. Any other items of cost and expense incurred by Operator for the necessary and proper development, equipment and operation of the joint properties which may be approved by the Operating Council.

B. The Operating Council may charge the joint account for its actual out-of-pocket expenses necessary and proper to the performance of the duties of the Operating Council as set forth in the Operating Agreement to which this schedule is attached.

II. BASIS OF CHARGES TO JOINT ACCOUNT:

1. All purchases and all services procured from outside sources will be charged at their actual cost to Operator after deducting any and all trade and/or cash discounts actually allowed off invoices, or received by Operator.

2. New materials furnished by Operator (Condition "A"). New materials transferred to the joint account from Operator's stocks or other property shall be priced f.o.b. the nearest supply point or railway receiving point, at replacement cost of the same kind of materials less any and all cash or trade discounts to which Operator may be entitled. This will include large equipment such as compressors, pumps, engines, ore cars, rails and the like. Other material such as timber, nails, bolts, roof bolting, drill rod, bits, powder, fuse, and the like shall be charged on the basis of the current market price for such items f.o.b. the nearest supply point or railway receiving point less all trade discounts and allowances to which Operator may be entitled. Other materials where the replacement cost cannot be readily ascertained may, for the purposes of consistency and convenience, be charged on the basis of a reputable Supply Company's Preferential List Price f.o.b. nearest supply point or railway receiving point to the joint property, prevailing on the date of transfer of materials to the joint property. All timber for use within the mine or mines and all steel drill rod, etc. more than a carload of which is used for the joint account in any 60 day period more or less, will be charged on the basis of mill shipment or carload price only.

3. Secondhand Materials furnished by Operator (Condition "B")

(a) Timber, drill rod, bolt, etc., registered machinery, and other equipment which is in sound and serviceable condition at the date of transfer, will be classed as Condition "B" and charged at 70 per cent of the new price for such material, in accordance with the provisions of paragraph 2 above.

(b) Buildings, ore bins, and other equipment involving erection costs, will be charged on a basis not to exceed 75% of knocked-down new price for similar materials.

4. Other Used Materials (Condition "C")

(a) Other secondhand material such as units of machinery or other equipment that is serviceable, but not good enough to be considered first-class secondhand material when transferred to the joint account will be classed as Condition "C" and charged at 50% of the new price as per paragraph 2 above.

(b) There may also be cases when some items of equipment, due to their unusual condition, should be arbitrarily priced at an appraised figure.

5. Warranty of Materials Furnished by Operator: Operator does not warrant the materials furnished by him from his stocks or other properties beyond or back of the dealer's or manufacturer's guaranty, and in case of defective materials, credit shall not be passed until adjustment has been received by him from the manufacturers or their agents.

6. (a) Operator's Exclusively Owned Facilities: The following rates shall apply to the service rendered to the properties by facilities owned exclusively by Operator: gas fuel teaming and power furnishing; all at rates currently prevailing in the area where the joint property is located. Whenever requested, Operator shall advise Non-Operators or Operating Council in advance of the rates he proposes to charge.

(b) Automobile mileage only will be charged at the rate of eight(8¢) cents per mile. This rate shall be commensurate with the cost of operation.

(c) Trucks, tractors, and special units will be charged on an hourly, daily, or ton mile basis not in excess of outside commercial rates prevailing in the area in which the joint property is located. Rates shall include driver's wages and expenses only at such time as such driver shall be furnished from Operator's labor force. When a driver or operator for such equipment is furnished from the labor force of the joint account, then from the above-noted rate will be deducted the wages paid such driver or operator from the joint account.

(d) Automotive charges as above will be based on the actual time or mileage on or in connection with the joint property. Rates shall be revised and adjusted from time to time by the Operating Council when found to be either excessive or insufficient. Operator will advise Non-Operators of his current rates from time to time. Mileage on Operator's automobiles only may be charged to the joint account for transportation of executive personnel to the joint properties when such executive personnel is needed on the property in connection with operations and development as distinguished from the protection of the Operator's interest.

III. DISPOSAL OF JOINT ACCOUNT PROPERTY

1. Materials purchased by the Operator shall be credited to the joint account and included in the monthly statement of operations for the month in which the materials are removed from the joint property.

2. No materials shall be purchased by any Non-Operator.

3. Division of materials in kind, if made between the Operator and Non-Operators, shall be in proportion to their respective interests in the joint property. Each party shall thereupon be charged individually with the value of the materials received or receivable by them and corresponding credits will be made to the joint account by the Operator, and both credits shall appear in the same monthly operating statement.

4. Sale to outsiders of joint account property other than junk and salvage shall be made only with the consent of the Operating Council as to both terms and price and where made the proceeds shall be credited by Operator to the joint account at the full amount collected from the vendee. Any claims by the vendee for defective materials or otherwise shall be charged to the joint account if and when paid by the Operator.

IV. BASIS OF PRICING MATERIALS TRANSFERRED FROM THE JOINT ACCOUNT

Materials and equipment purchased by Operator or otherwise acquired by the joint account which is sold or transferred from the joint account to either Operator or Non-Operators under this agreement shall be priced on the same basis as in Section II above, entitled: BASIS OF CHARGES TO THE JOINT ACCOUNT. All other transfers shall be governed by the Operating Council except for the following:

(a) Bad order materials: (Condition D) being materials not suitable for their original function but possible for other service at 25% of the current new price.

(b) Junk and Salvage: (Condition E) being obsolete and unserviceable materials and equipment; at prevailing junk prices in the district. Where possible junk and salvage should be sold f.o.b. the joint property.

(c) Temporary Use Materials: When the use of certain items of equipment on the joint property has been only temporary, and the time of actual use on the property does not justify the deduction of depreciation as listed in this schedule, such material will be priced on a basis that will leave a net charge against the joint account consistent with the service rendered and adequate for the time such materials were in use.

V. INVENTORIES AND AUDIT

1. Periodic inventories shall be taken by Operator of the materials and equipment on the joint property, which shall include such materials and equipment as are ordinarily considered to be necessary to and controllable by operators of mining property.

2. Notice of intention to make inventory shall be given by the Operator to the Non-Operators at least one week before the taking of any inventory is to begin, so that Non-Operators may be represented when any inventory is being taken.

3. Special inventories shall be taken whenever there is a change of operator; in which case both the old and the new operator shall be represented. Notice shall be given in compliance with paragraph 2 above.

4. Failure of the Non-Operators to be represented at the physical inventory shall bind each of Non-Operators to accept the inventory taken by the Operator who shall in that event furnish Non-Operators with a copy thereof.

5. Reconciliation of inventory with charges to the joint account shall be made by the Operating Council and the Operator, a list of overages and shortages shall be jointly determined by the Operator and the Operating Council.

6. Inventory adjustments shall be made by the Operator on the joint account of overages and shortages, but the Operator shall only be held accountable to the Non-Operators for shortages due to the lack of reasonable diligence.

7. Upon reasonable notice to Operator any Non-Operator shall be allowed, at his own expense, to audit the joint account, and must furnish to any and all other Non-Operators copies of said audit, if there be any other Non-Operator. However, if within the calendar quarter next preceeding the requested audit another audit has been taken by a Non-Operator, then the requested audit may be disallowed by the Operating Council. Such an audit as above mentioned will not form the basis for a charge to the joint account.

VI. DEPRECIATION

1. If any property, material or equipment belonging to Operator is used for a period of time on the joint property which is one-half or more of the Operator's current taxable year then Operator may make a charge to the joint account for depreciation consistent with the usage and service to the joint property of such equipment. Such charge for depreciation shall not be limited by Section IV hereof, entitled: BASIS OF PRICING MATERIALS TRANSFERRED FROM THE JOINT ACCOUNT.

2. Joint account property shall be depreciated in accordance with sound accounting and tax practices.

3. Other materials and equipment furnished by Operator shall not form the basis for a depreciation charge to the joint account.

VII. NOTICE AS REQUIRED AND SAVING CLAUSE

1. Any notice which Operator is required to give Non-Operators under this schedule shall be deemed given if such notice be included in the monthly report of Operator as required in paragraph 6 c. of the Operating Agreement to which this is attached.

2. Non-Operators as used herein shall mean all Working Interest Owners under the Operating Agreement to which this schedule is attached.

3. No clause in this schedule shall be construed to change or abrogate any clause or clauses of the Operating Agreement to which this schedule is attached. This schedule is only for the purposes set forth herein and is not a grant of power to any of the parties to the Operating Agreement to which it is attached.

EXHIBIT C

to Operating Agreement entered into as of the _____ day of _____, 1954, with respect to Gold Hill

	Initial Consideration Paid	Committed Consideration	Percentage of Working Interest	Equivalent Percentage of Minerals	
I. Working Interest					
Group A Working Interest Owners					
Flanders Mining Company	$25,000	$10,714.28	42.854	36.64	
Kenyon M. Johnson and H. Glenn Duis 1033-29th Parkersburg Ohio	2,500	1,071.43	4.281	3.66	
E. H. Stone 530 Bellaire	3,000	1,285.72	5.146	4.40	
Louis Whitaker and	1,000	428.57	1.719	1.47	
Arthur W. Allen	500	214.28	.854	.73	
Minerals, Mining & Exploration Corp 711 Majestic Bldg	3,000	1,285.72	5.146	4.40	
	$35,000	$15,000.00	60.00%		51.30%
Group B Working Interest Owners					
G. H. Brodie 1636 Welton	$1.00		11.696	10.00	
Robert C. Whitaker, G.H. Brodie and Bruce Kistler	$1.00		1.170	1.00	
Whitaker, Bigelow & Co. 1636 Welton	1.00		11.696	10.00	
Bruce Kistler 242 Equitable Bldg	1.00		5.848	5.00	
Kenyon M. Johnson	1.00		5.848	5.00	
E. H. Stone	1.00		1.871	1.60	
Lee Van Atta 309	1.00		1.871	1.60	
			40.00%		34.20%
			100.00%		
II. Royalty Owners					
U. S. Tungsten, Inc. (Basic Royalty)				12.50	
Longley & Goldstein (Overriding Royalty)				2.00	
					14.50%
					100.00%

Docket

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 16 1955

224 New Customhouse
Denver 2, Colorado

February 9, 1955

Memorandum

To: Secretary to the Operating Committee

From: Field Team, Region III

Subject: Report of Examination, DMEA Docket No. 3535 (Tungsten), Flanders Mining Company, Gunnison County, Colorado

Enclosed are the original and three copies of the report pertaining to the above application.

A field examination was scheduled but was not made because the property was inaccessible at that time. We are familiar with the subject property.

We recommend that the application be denied as the proposed program is considered to be of a prospecting nature.

Although, we do not recommend it, if the applicant submitted an application to explore the property by extending the present drift northeasterly along a known tungsten bearing vein, we would give proper consideration to the application and arrange for a field examination.

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

Reviewed by
DMEA OPERATING COMMITTEE
2-21-55
(date)

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Defense Minerals Exploration Administration
Denver Federal Center
Denver 2, Colorado

FEB 9 1955
Defense Minerals Administration
RECEIVED
FEB 16 1955

February 8, 1955

Memorandum

To: DMEA Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket 3535 (tungsten), Flanders Mining Company, Gunnison County, Colorado

Enclosed are the original and 8 copies of my geologic report on the subject property. In order to expedite the final decision on the application, and at the request of the company, the report was written without a field examination in company with representatives of the applicant.

The program proposed by the applicant is considered prospecting and it is not likely that significant deposits of tungsten ore will be found by the proposed work. Denial of the application is recommended.

In the event that DMEA considers exploration warranted, an alternative program of extending the Flanders Mining Company drift northeasterly is suggested.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (9)

Reviewed by
DMEA OPERATING COMMITTEE
2-21-55
(date)

DEPARTMENT OF THE INTERIOR
Bureau of Mines Mineral Administration
RECEIVED
FEB 16 1955

FLANDERS MINING COMPANY

TINCUP MINING DISTRICT

GUNNISON COUNTY, COLORADO

DMEA DOCKET 3535

Geologic Report

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

Reviewed by
DMEA OPERATING COMMITTEE
2-21-55
(Date)

3/9/55

FLANDERS MINING COMPANY
GUNNISON COUNTY, COLORADO

INTRODUCTION

The Flanders Mining Company, Box 861, Grand Junction, Colorado, applied to the Defense Minerals Exploration Administration for assistance to explore for tungsten ore on the Ida May lode claim and the Scheelite No. 3 claim, Gold Hill area, Tincup Mining District, Gunnison County, Colorado. They propose to prospect for unknown tungsten bearing veins beneath the south slope of Gold Hill and to explore for the downward extension of one known vein by driving an 800-foot crosscut from a point on the south side of Cumberland Pass, about 165 feet vertically below the crest of Gold Hill, and by drifting 1,000 feet on any vein intersected by the crosscut. Their estimated cost for the project is $77,893.50.

A field examination was scheduled early in December, but a heavy snowfall in the Cumberland Pass area made the claims inaccessible. On December 17, 1954, I conferred with Elliot Goldstein and G. H. Brodie, representing the Flanders Mining Company, and R. L. Bolmer, U. S. Bureau of Mines, regarding the application. Among other things, the rather indefinite nature of the exploration target was discussed with the company representatives and the probability that the claims would be inaccessible for the remainder of the winter was pointed out.

Agreement was reached on two points suggested by the company representatives; first that additional geologic information, defining the exploration objectives, would be furnished by the company as a supplement to the original application; and second, that upon receipt

of the supplemental data, a report on the project proposed by the Flanders Mining Company would be prepared without making a field examination in company with their representatives. The Flanders Mining Company is fully aware that Defense Minerals Exploration Administration personnel are ready and willing to make a field examination when weather permits. They are also aware that those personnel are familiar with the property in question, having made the field examination leading to the consumation of Contract Idm-E567 (DMEA docket 2617), and having followed the progress of work under the contract. Furthermore, in anticipation of the present application for exploration assistance, R. L. Bolmer and W. M. Traver, U. S. Bureau of Mines, and the writer, examined the Ida May area on September 8, 1954. While on a periodic examination of work progress under Contract Idm-E567.

The supplemental report was received from the Flanders Mining Company on January 20, 1955. In order to expedite the final decision on the application, the company requested that the report be prepared without benefit of a field examination in company with their representatives.

It is concluded that the program of exploration proposed by the Flanders Mining Company is designed primarily to prospect for unknown veins beneath the south slope of Gold Hill and that any program of exploration in the Gold Hill area stands little chance of discovering significant deposits of minable tungsten ore. Although not recommended, an alternative program of exploration in the Gold Hill area is outlined.

LOCATION AND ACCESSIBILITY

The Ida May and Scheelite No. 3 claims are located in sections 11 and 14, T. 51 N., R. 4 E., New Mexico principal meridian. They lie on the crest and south slope of Gold Hill a few hundred feet west of Cumberland Pass (fig. 1). The claims range from 11,800 feet to 12,000 feet in altitude.

Access is by way of Colorado State Highway No. 162 to Pitkin, Colorado, thence by way of the Pitkin-Tincup Forest Service Road to Cumberland Pass, a distance of about 12 miles. Although, the road between Pitkin and Tincup is well graded and maintained throughout the summer months, it is not kept free of snow and is generally impassible in the winter months.

GEOLOGY

The Cumberland Pass or Gold Hill area is underlain by a large body of pre-Cambrian quartz monzonite flanked on the northeast and southwest by Paleozoic sedimentary rocks. These rocks have been intruded by dikes, stocks and small irregular bodies of quartz mozonite porphyry of Laramide age.

The quartz monzonite is generally gneissic and ranges from medium to coarse-grained. Where fresh, it is dark grey and contains abundant feldspar and biotite. In the Gold Hill area the feldspar and biotite are generally altered, and the rock has a yellowish bleached appearance.

The Paleozoic sedimentary rocks consist of the Sawatch quartzite and the Manitou dolomite. These rocks have an aggregate thickness of about 350 feet. They are not exposed in the immediate vicinity of the Gold Hill area.

Both the pre-Cambrian quartz monzonite and the Paleozoic sedimentary rocks are intruded by dikes, stocks and small irregular bodies of fine-grained quartz-monzonite porphyry. The porphyry is characterized by abundant rounded phenocrysts of quartz and feldspar, small biotite flakes, and hornblende needles. It is believed to be Laramide in age and premineral, although it may be related to the same period of igneous activity that gave rise to the mineral deposits in the Gold Hill area.

The Gold Hill area has been broken by several prominent faults and many small fractures. The fractures appear to be premineral, although brecciation of the material filling some of them suggests postmineral movement. The fractures have a somewhat diverse orientation but work by Ogden Tweto (1943) indicates that they may be classified in three broad sets, one striking E. - N.E., a second striking N. - N.E., and a third striking W. - N.W.

The veins in the Gold Hill area are relatively short (500 to 1,000 feet) quartz filled fissures in quartz monzonite. They contain minor amounts of pyrite, chalcopyrite, hubnerite, and molybdenite. Although some molybdenite bearing veins strike easterly or northwesterly, those containing tungsten strike northeasterly.

A thin soil mantle and thick talus covers much of the Gold Hill area and vein exposures are not common. Based on a few exposures

of vein material in place and on small pieces of material found in the overburden and on dumps of now caved workings, it appears that the veins range in width from a fraction of an inch to 5 or 6 feet. They are composed principally of quartz which appears to be of several generations, ranging from an early early, massive, vitreous variety to a late coarse-grained, crystalline, vuggy variety. Molybdenite is associated with the earlier varieties of quartz and hubnerite with the latest or crystalline variety. A few grains and coatings of scheelite and powellite have been reported by Tweto as occurring with hubnerite in vugs in the late crystalline quartz. Pyrite is disseminated through all ages and varieties of quartz; chalcopyrite is generally associated with hubnerite and appears to be the youngest ore mineral in the veins at Gold Hill.

Hubnerite, the only known mineral of possible economic importance in the Gold Hill area, generally occurs in a very definite streak 1 to 8 inches wide, often along the footwall or hanging wall of a much wider silicified zone in quartz monzonite. In the Hubnerite mine, 3,000 feet northeast of the Ida May mine (fig. 1), isolated crystals of hubnerite occur throughout a 5 to 6-foot wide vein. Some concentration of the mineral may have taken place along a portion of the footwall of the vein exposed in the drift. The highest grade samples taken on this vein contained 0.22 percent WO_3 but the average of all samples is well below 0.10 percent WO_3. A sample of a 1/2-inch wide split from the Hubnerite vein, exposed in the southeast crosscut, contained 16 percent WO_3. The Hubnerite vein was explored under Contract Idm-E567. The results of the

exploration are described in a final geologic report dated February 3, 1955.

The Flanders Mining Company drove a 108-foot drift on a small hubnerite bearing vein exposed about 1,400 feet southwest of the Ida May mine (fig. 1). The vein strikes N. 38° E., dips 60° northwest and fills a fissure in quartz monzonite. The quartz vein ranges from 1/2 to 4 feet wide and hubnerite occurs in lenticular discontinuous streaks 1 to 6 inches wide throughout the exposed length of the vein. The operator reports that the tungsten bearing part of the vein was generally wider in the floor of the drift than in the back. Shipments of selected ore indicate an average content of about 0.50 percent WO_3.

Trenching on the crest of Gold Hill, in the vicinity of the Ida May mine and to the west, has exposed several narrow stringers and one 3 to 6-inch vein that contain hubnerite associated with vuggy crystalline quartz. No samples of the vein have been taken but the higher grade parts are estimated to contain 2 percent WO_3. Most of the trenching has been unsuccessful in locating the inferred veins shown on figure 1 and it is probable that many of them do not exist as shown.

Geologic conditions in the now caved Ida May mine are not known with any certainty. The shaft is reported to be 60 feet deep, although a specimen of ore in the Colorado State collection is labeled "from the 200 level of the Ida May mine". The tungsten streak in the vein in the shaft is said to have been between 2 and 8 inches wide and to have been either in the foot or hanging wall of a wide

quartz vein. A split is reported to have occurred toward the bottom at the shaft with the tungsten bearing vein continuing vertically downward and a copper bearing vein continuing downward at a flatter dip. Samples on the dump, now well picked over, indicate that a vein at least 2 inches wide containing pyrite, chalcopyrite, hubnerite, traces of galena, and secondary copper minerals was present in the Ida May workings. A 2-inch sample of ore from the mine dump taken by Tweto contained 19.10 percent WO_3. Dump rock indicates that the Ida May vein is in quartz monzonite.

Numerous shallow pits, shafts, and short prospect adits have been excavated in the Gold Hill area on what were apparently small tungsten bearing veins, but all are now caved and no information can be obtained on geologic conditions revealed by this work.

PRODUCTION

Tweto states that during World War I the Ida May mine is reported to have produced 2 or 3 cars, or less than 100 tons, of ore containing 11 percent WO_3. This report cannot be verified.

Verified reports by the Flanders Mining Company show that ore production from their 108-foot drift southwest of Cumberland Pass has been as follows:

Date	Dry tons	Percent WO_3	WO_3 recovered	Total WO_3
9-29-54	6.34	0.67	--	84.93 lbs.
11-9-54*	37.00	0.50 ±	278 lbs.	370.00 ± lbs.

* Crude ore shipped to Johnson Bros. and Prime Mill at Nederland, Colorado. No head assays available but recovery reported good (80 percent ±) and 451 pounds of concentrate containing 60.6 percent WO_3 were produced. The concentrate, containing 278 pounds of WO_3, was sold to the Tungsten Refining Company at Boulder, Colorado.

PROPOSED EXPLORATION PROGRAM

In the original application the Flanders Mining Company proposes to crosscut 800 feet from a point southwest of Cumberland Pass to a point just west of the old Ida May mine, and to drift 1,000 feet on any vein that might be encountered in the crosscut (fig. 1). In a supplement to the application the company states that they believe that the vein in their 108-foot drift and the vein exposed in a trench just west of the Ida May mine are in the same continuous structure, and that the downward projection of this structure is their target. There are no known veins between the portal of their proposed crosscut and the crest of Gold Hill and only one vein, inferred from float is shown either on the map submitted with the application or on the geologic map prepared by Ogden Tweto and used as figure 1 in this report. Although crosscutting beneath the south slope of a part of Gold Hill would have some blind prospecting value, the target area is located near the face of the proposed crosscut and can be explored at much less cost by methods described in a subsequent section of this report.

Exploration done after the investigations by Ogden Tweto suggests that hubnerite occurs in small lenticular bodies along the veins rather than in continuous narrow streaks as indicated in his report. His estimates of an average width for the hubnerite streaks of 5 inches and a grade of 2 to 3 percent WO_3 is believed to be correct if applied only to the lenticular discontinuous ore shoots.

On the assumption that hubnerite occurs in short discontinuous bodies, forming only a small part of the veins, it is doubted that the

proposed exploration will result in the discovery of significant amounts of minable tungsten ore even if several unknown veins are intersected by the crosscut, and the target area is reached and explored.

Exploration of the Ida May area by short crosscuts from the north slope of Gold Hill is impossible due to the steep character of the terrain and the presence of thick talus blankets.

AN ALTERNATIVE PLAN OF EXPLORATION

The applicant's contention that the vein exposed in the 108-foot drift and the vein exposed in the trench west of the Ida May mine are one and the same vein may be correct, although there is no geologic evidence to indicate the presence of vein material between the two widely spaced outcrops, and vein lengths of 2,000 feet are uncommon in the Gold Hill area.

Based on the premise that the applicant's belief in vein continuity is correct, and assuming that Defense Minerals Exploration Administration concludes exploration in the area is warranted, a program of exploration by extending the Flander Mining Company drift northeasterly is suggested. This program would explore the only legitimate objective in the applicant's program by drifting on a possible ore bearing structure rather than crosscutting through an area which may contain few, if any, ore bearing veins. The proposed drift extension is at an altitude of about 35 feet lower than the proposed crosscut, and thus from the mining viewpoint, possible stope heights are about the same in either proposal.

If, in the early stages of exploration under the alternative plan, it becomes apparent that no ore grade material will be found on

the vein, exploration can be stopped. This is in marked contrast to the applicant's proposal in which 800 feet of crossuctting will be required before even the presence of possible mineralized veins will be known.

CONCLUSIONS AND RECOMMENDATIONS

It is concluded that the program of exploration proposed by the Flanders Mining Company is intended primarily to prospect for unknown and perhaps non-existent veins beneath the south slope of Gold Hill. It is further concluded that there is not much chance of discovering significant minable deposits of tungsten ore by any program of exploration in the Gold Hill area. It is, therefore, recommended that the application for exploration assistance be denied.

In the event that Defense Minerals Exploration Administration considers that exploration in the Gold Hill area is warranted, a program of extending the present Flanders Mining Company drift northeasterly along a known tungsten bearing vein is suggested in lieu of the program proposed by the company. Prosecution of the suggested program will involve subordination of at least one additional claim controlled by the company lying west of the Scheelite No. 3 claim. The alternative exploration program has been discussed with Mr. Goldstein, representing the Flanders Mining Company and, although he prefers their original proposal, he believes the alternative program would be satisfactory to them.

REFERENCE

Tweto, Ogden; Molybdenum-Tungsten Deposits of Gold Hill, Quartz Creek and Tincup Mining Districts, Gunnison County, Colorado: Unpublished U. S. Geological Survey Strategic Minerals Investigations Report, 1943.

Docket 3535

Glacier Mining Co.

3/1/55

A Mr. Malcolm called re progress. Knew that FT report had been received. Advised Mr. Malcolm that decision would be made shortly.

JAR

Docket

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

224 New Customhouse
Denver 2, Colorado

January 20, 1955

WEM

Memorandum

To: Secretary to the Operating Committee, DMEA
J. F. Shaw
E. N. Harshman

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3535 (Tungsten), Flanders Mining Company, Ida May and Scheelite No. 3 claims, Gunnison County, Colorado

Enclosed are your copies of map and supplemental data concerning the subject docket which was submitted to this office by the applicant.

W. M. Traver

W. M. Traver

Enclosures

Copy retained 400

FLANDERS MINING COMPANY
BOX 861, GRAND JUNCTION, COLORADO

* * *

DMEA
Docket 3535
SUPPLEMENT

Vein No. 1 as shown on the accompanying map has been drifted on for 108 feet. The projected trend of this vein passes in the vicinity of Vein No. 2 which has been exposed by "bulldozer stripping" and from which some ore has been removed, and also the Ida May shaft vein. The latter vein has not been observed by the writer, but ore shipments made from this vein during the first World war are referred to elsewhere in this report.

The trend of the veins referred to above suggests they are one and the same vein zone. A number of other veins along the zone are indicated by float.

The primary purpose of this project is to intersect the vein zone referred to above. It is confidently believed that there are veins other than those of the vein zone described above and that some of these will be intersected in the course of the operation.

RECEIVED

3535

Flanders Mining Company
P.O. Box 361
Grand Junction, Colorado

January 11, 1955

Director, Bureau of Mines
Region 4, DMEA,
New Customs House
Denver, Colorado

Dear Sir:

Several shipments of tungsten ore were made from Flanders-U.S. Tungsten, Inc., properties at Gold Hill, Gunnison County, Colorado, to the Johnson Prime Mill and the Hetzer Mill at Nederland, Colorado.

The purpose of this letter is to inform you that all of this ore was removed from the south side of Cumberland Pass. The one shipment that went to Hetzer was removed from a vein approximately fifty feet northwest of the old Ida May shaft, and the remainder was removed from the South Ida May Tunnel. No ore was shipped at any time from the Hubnerite tunnel which is located on the north side of Cumberland Pass for the reason that no commercial ore was found.

Very truly yours,

Elliot Goldstein

Elliot Goldstein for
Flanders Mining Company

EGsdm

County file E561

FLANDERS MINING COMPANY
Post Office Box 861
GRAND JUNCTION, COLORADO
December 8, 1954

Docket
Defense Minerals Administration
RECEIVED
DEC 16 1954

RECEIVED
DEC 9 1954
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

Mr. J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals
U. S. Department of Interior
Washington 25, D. C.

Re: Docket No. DMEA-3535 (Tungsten)
Flanders Mining Company
Ida May Mine
Gunnison County, Colorado

Dear Mr. Hofflund:

Thank you for your letter of December 1 requesting further clarification concerning our DMEA loan application.

A copy of the Operating Agreement currently being drafted will be forwarded to you at the earliest possible date. This Operating Agreement, though lengthy and involved, outlines clearly Flanders Mining Company's interest in the property.

The purpose of our joint venture is to enable a group of people to invest money in a common project and to place the operation of that project in the hands of a single party. A joint venture enables this to be done outside the structure of either a corporation or a partnership.

However, by its very nature, it is necessary to distribute the working interests among the various participants, said participation being either through the means of cash or services. Each participant in return for his cash or services, receives a share in the working interest of the property. In the case of Flanders Mining Company for our cash contribution and for our consent to operate, we have received a 42.854 percentage of the working interest. The remainder is devided among the other participants.

We shall endeavor to obtain the Owner's Consents to Lien and Subordination Agreements which you request at the earliest possible date.

Sincerely yours,

FLANDERS MINING COMPANY

William M Spencer

William M. Spencer

WMS:b
cc: Mr. E. Goldstein, Mr. Bruce Kistler, Mr. Birken Cotter

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

December 7, 1954

Air Mail

Mr. William M. Spencer
Flanders Mining Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA-3535 (Tungsten)
Flanders Mining Company
Ida May Mine
Gunnison County, Colorado

Dear Mr. Spencer:

Reference is made to recent correspondence concerning your interests in mining property which are the subject of your application under Docket No. DMEA-3535.

It has come to my attention that the field team has not yet made an examination and report on this property, and until this is done and unless the report is favorable the Government could enter into no exploration contract with you regardless of the sufficiency of your interest in the land. Under these circumstances you may wish to defer going to any further trouble or expense with respect to your title to the property until it is determined whether the Government will agree to make any contribution to the costs of exploration thereon.

Very truly yours,

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

JLHofflund:gjb
Copy to: Solicitor's Docket
DMEA Docket (2)
Administrator's Reading File
Operating Committee
R. W. Geehan, USBM
T. H. Killsgaard, USGS
W. S. Martin (2)
Field Team, Region IV (2)
J. L. Hofflund
Chron. File

Docket 3535

Copied from The Mining Record- Thursday, December 2, 1954

GATEWAY URANIUM HAS NEW PROPERTY

Grand Junction, Colo.---Sale of 32 mining claims by Flanders Mining Co. to Gateway Uranium Corp. for an indicated price of $103,500 is recorded in a warranty deed filed in the Mesa county clerk's office.

The properties are a portion of the claims purchased Oct. 3 by Flanders from Gateway Mining and Development Co. of Grand Junction.

Gateway Uranium Corp. is entirely unrelated to Gateway Mining ~~Uranium~~ and Development Co. Gateway Uranium was incorporated in Delaware by a Salt Lake City group. Listed as officers are Edmond Dumke, president, Richard Muir, vice president, and David W. Cunningham, secretary-treasurer.

Flanders Mining, a partnership is composed of Frederick L. Anderson, Lee Van Atta, and Hazen P. Slagel. The firm has offices in Grand Junction at 755 Kennedy Avenue.

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

December 1, 1954

Mr. William M. Spencer
Flanders Mining Company
P. O. Box 861
Grand Junction, Colorado

WSM

Re: Docket No. DMEA-3535 (Tungsten)
Flanders Mining Company
Ida May Mine
Gunnison County, Colorado

Dear Mr. Spencer:

Thank you for your letter to me of November 29, setting forth some details relating to the property interests of Flanders Mining Company in relation to the subject application.

It is clear that the possessory rights in the land arise out of the basic lease of August 15, 1951, but it seems to me that in the transactions following the lease the rights in the land have been badly confused with the royalty claims. I gather that the intention of the various documents is to lodge in Flanders Mining Company the full 100 percent possessory interest in the land arising out of the basic lease of August 15, 1951, subject to the various royalty claims arising out of the lease and subsequent transactions with respect to this leasehold. The instruments which we have in hand do not seem to accomplish this, but do seem to lodge in Flanders an undivided 36.64 percent of the leasehold. Perhaps if we had a copy of the "operating agreement" referred to in your letter of November 29 as "currently being drafted" we could understand better the rights in the land.

The only concern of the Government with Flanders' interest in the land is that it should surely be sufficient to enable that operator to carry out the exploration work provided for and that the land and production therefrom should be subject to the Government's claim for royalty. The documents now before us seem to give Flanders only a 36.64 percent of the possessory rights under the basic lease, which may or may not be sufficient to enable it to hold possession for the purpose of completing the work. As to the Government's royalty claim, it can be protected by suitable Owner's

W. S. Martin

Consents to Lien from the holders of all outstanding interests in the real property, and Subordination Agreements from the holders of all claim against the property. To apply this to the matter at hand, we need Owner's Consents to Lien from lessors and sublessors, and Subordination Agreements from assignors of leases or subleases who retain some claim (as for royalty) against the leasehold.

In your letter to us of November 29 you state that Owners' Consents to Lien executed by Kester-Pearson-Pearson and by the Gunnison Bank have already been forwarded. They have not been received here to date. Incidentally, none of the documents in hand reveal what the interest of Gunnison State Bank may be.

Sincerely yours,

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

JLHofflund:gjb

Copy to: Solicitor's Docket
DMEA Docket (2)
Administrator's Reading File
Operating Committee
R. W. Geehan, USGS
T. H. Killsgaard, USGS
D. S. Martin
Field Team, Reg. IV (2)
J. L. Hofflund
Chron. File

Docket

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

224 New Customhouse
Denver 2, Colorado

November 30, 1954

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 3535 (Tungsten), Flanders Mining Company, Ida May and Scheelite No. 3 Claims, Gunnison County, Colorado

Reference is made to the last paragraph of our memorandum of November 29, 1954, relative to the assignment of Contract Idm-E567, U. S. Tungsten, Inc., to the Flanders Mining Company.

2617

For your information in the matter, Contract Idm-E567 has been completed and the exploration work did not result in a discovery or development. Therefore, it appears that even though the Flanders Mining Company have obligated themselves to payment of royalty under the contract, a certification will not be recommended and the assignment of the contract appears unnecessary.

W. H. King

W. H. King

FLANDERS MINING COMPANY
Post Office Box 861
GRAND JUNCTION, COLORADO

INTERIOR DEPT.
DEC 6 - 1954
SOLICITOR

November 29, 1954

WSG

Ans: 12/1/54
JLH: q.j.b.

Mr. J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals Exploration Authority
Department of the Interior
Washington 25, D. C.

Dear Mr. Hofflund:

Reference is made to Docket No. DMEA-3535, Flanders Mining Company, and to your letter of November 24, 1954.

I shall elaborate on the various questions which you raise, so as to clarify for the DMEA the title situation on the mining claims concerned.

1. "Lease and Option" dated August 15, 1951, by and between Harold R. Koster, Inc., A. L. Pearson, and Bomnie Pearson, called the Lessor, and Fred H. Leach, called the Lessee. This document provides that the Lessor shall lease, let and demise unto the Lessee an undivided interest in the described property in return for a certain over-riding royalty and for other considerations as outlined in the agreement. This royalty was 15% of "net smelter returns", or at least $1,000.00 a month. ~~The~~ In addition, the Lessee was given the option to purchase the property for a total of $75,000.00, provided said sum was paid on or before November 15, 1957. This agreement, then, provided that Leach obtain full interest, subject to the royalty, to the property as a Lessee, but that he also become an Optionee with the right to purchase outright the property.

2. "Assignment" dated September 4, 1951, by Fred H. Leach to the U. S. Tungsten, Inc. This Assignment refers to the "Lease and Option" dated August 15, 1951, and in effect removes Leach entirely from having any interest in the property.

3. "Mining Lease Agreement" da ted September 9, 1954, between U. S. Tungsten, Inc. as Lessor, and Robert C. Whitaker, G. H. Brodie, and Bruce Kistler as Lessees. This agreement provides that the Lessor shall lease, let and demise unto the Lessees all its right, title and interest in the described properties subject to a certain over-riding royalty and to other considerations as described in the agreement. This royalty is 12½% of net smelter returns or a minimum of $1,000.00 a month. The Lessee is given no option to purchase. This agreement provides, then, that the Lessee

P2 seems to be off base, but it might be wise to let Legal write the letter setting King straight.

Legal advised OCL recd. day to hold until more data recd. from applicant

FLANDERS MINING COMPANY
Post Office Box 861
GRAND JUNCTION, COLORADO

shall sub-lease the property from U. S. Tungsten in return for a royalty interest.

4. "Assignment" dated September 23, 1954, from Robert C. Whitaker, G. H. Brodie, and Bruce Kistler to Flanders Mining Company. This document provides that Flanders shall receive 41.85% (this figure is in error, and should read 42.85%) of the total interest held by Whitaker-Brodie-Kistler, which in turn is 85.5% of the whole after deduction of the royalty payments. This represents conveyance to Flanders of 36.64% of the 100% whole interest. ?

Upon completion of their negotiations with U. S. Tungsten, Whitaker-Brodie-Kistler organized a "Joint Venture", parceling out their interest in the properties to certain other parties, one of which was Flanders Mining Company. Flanders in addition was designated as operator. These parties shall become subject to an "operating agreement" currently being drafted. Appended to this letter is a complete list of the various interests concerned, representing assignments made by Whitaker-Brodie-Kistler of their 85.5% interest to other parties. The first column of percentages represents breakdown of the 85.5%. The second column represents a breakdown based on the full 100%.

Owners' Consents to Lien executed by Koster-Pearson-Pearson and by the Gunnison Bank have already been forwarded. Efforts are being made to obtain Owners' Consents to Lien from all of the parties holding any interest whatsoever. If copies of the Assignments from Whitaker-Brodie-Kistler to each of these parties is required please inform us immediately. ! ? where are they?

I trust this shall be of assistance to you in your steps to clarify title. We shall furnish such additional information as is needed promptly upon request.

Yours very truly,

William M Spencer

William M. Spencer

Working Interest	% of 85.5%	% of 100%
Flanders Mining Company	42.854%	36.64%
Kenyon M. Johnson and H. Glenn Duis	4.281	3.66
E. H. Stone	5.146	4.40
Louis Whitaker and Arthur W. Allen	2.573	2.20
Minerals, Mining & Exploration	5.146	4.40
G. H. Brodie	11.696	10.00
Robert C. Whitaker, G. H. Bordie, and Bruce Kistler	1.170	1.00
Whitaker, Bigelow & Company	11.696	10.00
Bruce Kistler	5.848	5.00
Kenyon M. Johnson	5.848	5.00
E. H. Stone	1.871	1.60
Lee Van Atta	1.871	1.60
	100.00%	85.5%

Royalties	
U. S. Tungsten, Inc.	12.50%
Warren Longley and Elliot Goldstein	2.00
	100.00%

Docket

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

224 New Customhouse
Denver 2, Colorado

November 29, 1954

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region lV

Subject: DMEA Docket 3535 (Tungsten), Flanders Mining Company
Ida May and Scheelite No. 3 claims, Gunnison County, Colorado

Enclosed are six copies each of two Owner's Consent to Lien forms (MF-203) pertaining to the Ida May and the Scheelite No. 3 claims. These forms were brought to this office by Elliot Goldstein of Flanders Mining Company. Mr. Goldstein informed us that the enclosed MF-203 forms were requested by the Washington office of DMEA.

We believe that Owner's Consent to Lien forms requested by you from Flanders Mining Company are ones pertaining to assignment of DMEA Contract Idm-E567, Docket No. DMEA 2617, U. S. Tungsten, Inc. to the Flanders Mining Company, a different property entirely than that included in the subject application. Please advise.

John F. Shaw
For W. H. King

DEPARTMENT OF THE INTERIOR
Defense Minerals
RE
DEC - 2 1954

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

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

in a location notice recorded May 19, 1951, in book 289, page 24, as mining claim "Sheelite #3" in the official records of said county, and in a patent known as Survey No. 1028 and dated October, 1883, as mining claim "Ida May Lode" located in the office of the Bureau of Land Management, Denver, Colorado,

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

2/ Flanders Mining Company (partnership) P.O. Box 861, Grand Junction, Colorado
Frederick L. Anderson (partner)
Lee Van Atta (partner)
Hazen P. Slagel (partner)

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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

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

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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

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

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

(OVER)

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

4. Changes and added provisions_____

_____

_____

_____

Dated this _____ day of _____, 195____.

attest: Wyllemin Gilmore Sec.

Harold R. Pearson [Seal] Pres.

A. L. Pearson [Seal]

Bonnie Pearson [Seal]

Back only

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC - 2 1954

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

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

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

2/ Flanders Mining Company (partnership) P.O. Box 661, Grand Junction, Colorado
~~Frederick L. Anderson (partner)~~
Lee Van Atta (partner)
~~Hazen P. Slagel (partner)~~

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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(OVER)

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4. Changes and added provisions_____

_____

_____

_____

Dated this _____ day of _____, 195____.

attest
William Paliferro
Sec.

Howard R Kester Inc.
By Howard R Kester [Seal]

W. L. Pearson [Seal]

Bonnie Pearson [Seal]

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 2 1954

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

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Frederick L. Anderson (partner)
Lee Van Atta (partner)
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2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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

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

(OVER)

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

4. Changes and added provisions _____

_____

_____

_____

Dated this _____ day of _____, 195____.

Attest
William Dilisfero
Sec.

Howard R. Estes By Howard R. Estes [Seal] Pres.

A. L. Pearson [Seal]

Bonnie Pearson [Seal]

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

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

~~in a location notice recorded May 19, 1951, in book 289, page 24, as mining claim "Sheelite #3" in the official records of said county, and in a patent known as Survey No. 1028 and dated October, 1883, as mining claim "Ida May Lode" located in the office of the Bureau of Land Management, Denver, Colorado,~~

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

2/ ~~Flanders Mining Company (partnership) P.O. Box 861, Grand Junction, Colorado~~
Frederick L. Anderson (partner)
Lee Van Atta (partner)
Hazen P. Slagel (partner)

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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4. Changes and added provisions_____

_____

_____

_____

Dated this _____ day of _____, 195____.

attest
William Galizzero
Sec.

~~Howard R. Koterba by Howard R. Koterba Pres.~~ [Seal]

W. L. Pearson [Seal]

Bonnie Pearson [Seal]

MF-203
(Revised July 1, 1954)

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Hazen P. Slagel (partner)

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4. Changes and added provisions_____

_____

_____

_____

Dated this _____ day of _____, 195____.

Attest
William Paliferro
Sec.

Harvey R Katon Inc By Harvey R Katon [Seal] Pres.

W. L. Pearson [Seal]

Bonnie Pearson [Seal]

DEPARTMENT OF
Defense Minerals
RECEIVED
DEC - 2 1954

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

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Frederick L. Anderson (partner)
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Hazen P. Slagel (partner)

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4. Changes and added provisions _____

_____

_____

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Dated this _____ day of _____, 195____.

attest
Hilfeam Alifero
Sec.

~~Harold Pearson by Harold R. Lo~~ [Seal] Pres.

W. L. Pearson [Seal]

Bonnie Pearson [Seal]

MF-203
(Revised July 1, 1954)

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Frederick L. Anderson (partner)
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4. Changes and added provisions _____

_____

_____

_____

Dated this 19th day of November, 1954.

ATTEST:

E. L. Parker jr
Cashier

THE GUNNISON BANK & TRUST CO., Gunnison, Colo. [Seal]

By A. E. Sadram [Seal]
President

_____ [Seal]

MF-203
(Revised July 1, 1954)

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2/ Flanders Mining Company (partnership) P.O. Box 861, Grand Junction, Colorado
Frederick L. Anderson (partner)
Lee Van Atta (partner)
Hazen P. Siegel (partner)

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4. Changes and added provisions _____

_____

_____

_____

Dated this 19th day of November, 1954.

ATTEST:
E. B. Barlow Jr
Cashier

THE GUNNISON BANK & TRUST CO., Gunnison, Colo [Seal]

By A. E. Fordham [Seal]
President

_____ [Seal]

MF-203
(Revised July 1, 1954)

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~~Frederick L. Anderson (partner)~~
Lee Van Atta (partner)
~~Hazen P. Slagel (partner)~~

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4. Changes and added provisions _____

_____

_____

_____

Dated this 19th day of November, 1954.

ATTEST:

E. L. Shelley
Cashier

THE GUNNISON BANK & TRUST CO., Gunnison, Colo. [Seal]

By P. E. Toothaker [Seal]
President

_____ [Seal]

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 2 1954

MF-203
(Revised July 1, 1954)

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2/ Flanders Mining Company (partnership) P.O. Box 861, Grand Junction, Colorado
Frederick L. Andersen (partner)
Leo Von Atta (partner)
Mazon F. Slagel (partner)

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_____

_____

_____

Dated this 19th day of November, 1954.

ATTEST:

E. B. Harlow Jr.

Cashier

THE GUNNISON BANK & TRUST CO. Gunnison Colo. [Seal]

By A. E. Fosham [Seal]

President

_____ [Seal]

MF-203
(Revised July 1, 1954)

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

2/ Mondero Mining Company (partnership) P.O. Box 661, Grand Junction, Colorado
Frederick L. Anderson (partner)
Leo Von Otto (partner)
Hosen P. Slagel (partner)

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4. Changes and added provisions _____

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_____

_____

Dated this 19th day of November, 1954.

ATTEST:

THE GUNNISON BANK & TRUST CO., Gunnison, Colo.

_____ [Seal]

Cashier

By A. E. Fordham [Seal]
President

_____ [Seal]

6 executed copies

MF-203
(Revised July 1, 1954)

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Frederick L. Anderson (partner)
Lee Van Atta (partner)
Hazen P. Slagel (partner)

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4. Changes and added provisions _____

_____

_____

_____

Dated this 19th day of November, 1954.

ATTEST: E. E. Chelan
Cashier

THE GUNNISON BANK & TRUST CO., Gunnison Colo. [Seal]

By G. E. Footman [Seal]
President

_____ [Seal]

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

December 1, 1954

Mr. William M. Spencer
Flanders Mining Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA-3535 (Tungsten)
Flanders Mining Company
Ida May Mine
Gunnison County, Colorado

Dear Mr. Spencer:

Thank you for your letter to me of November 29, setting forth some details relating to the property interests of Flanders Mining Company in relation to the subject application.

It is clear that the possessory rights in the land arise out of the basic lease of August 15, 1951, but it seems to me that in the transactions following the lease the rights in the land have been badly confused with the royalty claims. I gather that the intention of the various documents is to lodge in Flanders Mining Company the full 100 percent possessory interest in the land arising out of the basic lease of August 15, 1951, subject to the various royalty claims arising out of the lease and subsequent transactions with respect to this leasehold. The instruments which we have in hand do not seem to accomplish this, but do seem to lodge in Flanders an undivided 36.64 percent of the leasehold. Perhaps if we had a copy of the "operating agreement" referred to in your letter of November 29 as "currently being drafted" we could understand better the rights in the land.

The only concern of the Government with Flanders' interest in the land is that it should surely be sufficient to enable that operator to carry out the exploration work provided for and that the land and production therefrom should be subject to the Government's claim for royalty. The documents now before us seem to give Flanders only a 36.64 percent of the possessory rights under the basic lease, which may or may not be sufficient to enable it to hold possession for the purpose of completing the work. As to the Government's royalty claim, it can be protected by suitable Owner's

DMEA Docket

R.C.J.

Consents to Lien from the holders of all outstanding interests in the real property, and Subordination Agreements from the holders of all claim against the property. To apply this to the matter at hand, we need Owner's Consents to Lien from lessors and sublessors, and Subordination Agreements from assignors of leases or sublesses who retain some claim (as for royalty) against the leasehold.

In your letter to me of November 29 you state that Owners' Consents to Lien executed by Koster-Pearson-Pearson and by the Gunnison Bank have already been forwarded." They have not been received here to date. Incidentally, none of the documents in hand reveal what the interest of Gunnison State Bank may be.

Sincerely yours,

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

JLHofflund:gjb

Copy to: Solicitor's Docket
DMEA Docket (2)
Administrator's Reading File
Operating Committee
R. W. Geehan, USBM
T. H. Killsgaard, USGS
W. S. Martin
Field Team, Reg. IV (2)
J. L. Hofflund
Chron. File

DMEA Docket copy

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

November 24, 1954

Air Mail

Mr. William M. Spencer
Flanders Mining Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA-2617 (Tungsten)
U. S. Tungsten, Inc.
Hubnerite Mine
Gunnison County, Colorado
Contract Idm-E567

Docket No. DMEA-3535 (Tungsten)
Flanders Mining Company
Ida May Mine
Gunnison County, Colorado

Dear Mr. Spencer:

Reference is made to your letter to Defense Minerals Exploration Administration, attention of myself, dated November 9, with a photostatic copy of "Lease and Option" dated August 15, 1951, Harold R. Koster, Inc., and A. L. and Bonnie Pearson to Fred H. Leach. Also attached to your letter was a sheet entitled "Documents Pertaining to Chain of Title" which purports to establish the interest relied upon by Flanders Mining Company in its application for exploration assistance under Docket No. DMEA-3535.

I find it necessary to comment upon the documents through which title is derived, as follows:

1. "Lease and Option" dated August 15, 1951, by and between Harold R. Koster, Inc., A. L. Pearson, and Bonnie Pearson, called the Lessors, and Fred H. Leach, called the Lessee. This recites that the Lessors ". . . has leased, let and demised unto the Lessee . . . the following described undivided interests in the following described mining premises . . ." There follows a description of mining premises but no description of "undivided interests" and it is impossible to determine whether the document relates to the entire interest in the described property or to some limited or undivided interest. The documents which follow indicate that the latter is probably the case.

R.C.L.

2. "Assignment" dated September 4, 1951, Fred H. Leach to U. S. Tungsten, Inc., "all of my right, title and interest in and to the foregoing and hereto attached Lease and Option." Our copy of this assignment was not attached to any "Lease and Option," and we had no copy of such a document until you sent it to us with your letter of November 9. However, I think we can assume that the assignment refers to the "Lease and Option" of August 15, 1951, if you will so assure us.

3. "Mining Lease Agreement" dated September 9, 1954, by and between U. S. Tungsten, Inc., "as Lessor," and Robert C. Whitaker, G. H. Brodie, and Bruce Kistler "as Lessees," of all of the Lessor's "right, title and interest in and to the following described properties . . ." This lease (actually a sublease) refers to "that certain basic lease entered into by and between Harold R. Koster, Inc., Bonnie Pearson and S. L. Pearson, as Lessors, and Fred H. Leach, as Lessee, dated August 1, 1954, and which was assigned by Fred H. Leach to Lessor herein on _____, 19___, . . ." In telephone conversation with you of November 9 and in your confirming letter of that date you explain that this recital of a date is erroneous and should have been stated as August 15, 1951, but the date of the assignment is not stated. As in the case of the original lease, the phrasing of this "Mining Lease Agreement" seems to indicate that something less than the entire interest in the real property is being dealt with.

4. "Assignment" dated September 23, 1954, from Robert C. Whitaker, G. H. Brodie, and Bruce Kistler to Flanders Mining Company, a partnership, of ". . . an undivided 41.85452 per cent of all of their right, title and interest in and to the following described mining claims . . ." This is stated to work out to be "36.642789 per cent interest in and to the full 100 per cent of the above-mentioned mining claims . . ."

5. "Consent and Agreement," dated September 27, 1951, of the Gunnison Bank & Trust Company, referring to the basic lease of August 15, 1951, in which the bank recites that it has an interest in the property and consents to the making of the lease upon stated terms.

From the foregoing I cannot determine just what interest Flanders Mining Company has in the property

described in its application. It seems apparent that there is some outstanding undivided interest that is not covered by any of the documents hereinabove referred to, unless possibly it is covered by the "Consent and Agreement" of Gunnison Bank and Trust Company. Inasmuch as that document does not set forth what interest it refers to, I have no means of determining whether Flanders now has the full undivided interest in the property, at least the possessory interest as a lessee and the right to acquire title as an optionee.

It will be necessary that you provide us with a clear-cut statement of the record title relied upon by this applicant together with Owners' Consents to Lien from everyone who has any apparent conflicting interest therein. In the absence of any further clarification of the title than has been provided up to this time, we would require Owners' Consents to Lien from the following:

Harold R. Koster, Inc.
A. L. Pearson
Bonnie Pearson
Fred H. Leach
U. S. Tungsten, Inc.
Robert C. Whitaker
G. H. Brodie
Bruce Kistler
Gunnison Bank & Trust Company

and any other persons who hold any interests, undivided or otherwise, in the property.

Very truly yours,

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

JLHofflund/emd
Copy to: DMEA Docket (2)
Solicitor's Dokket
Adm. R. File
Operating Committee
R. W. Geehan, USBM
T. H. Kiilsgaard, USGS
W. S. Martin
Field Team, Reg. IV (2)
J. L. Hofflund
chron.

400

DOCKET
SURNAME
Rutledge
Martin
McDonnis
Newcomb
Selfridge

Flanders Mining Company
Box 861
Grand Junction, Colorado

Re: Docket No. DMEA 3535 - Tungsten
Gold Hill properties
Gunnison County, Colorado

Gentlemen:

The above-docketed application for exploration assistance for tungsten has been reviewed by the Iron and Ferro-Alloys Division of the Defense Minerals Exploration Administration and referred to Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV, 224 New Custom House Building, Denver 2, Colorado, for a field examination of the property.

Any assistance that you can render the members of the Field Team will be appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

FARUTLEDGE:fec
11-10-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
FT. REG. IV
R. W. Gaehan, USBM
Thor H. Kiilsgaard, USGS

R.C.S.

400
DOCKET
SURNAME
Rutledge
Martin
Mr. Selfridge

NOV 12 1954

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

Re: Docket No. DMEA 3535 - Tungsten
Flanders Mining Company
Gold Hill properties
Gunnison County, Colorado

Dear Mr. King:

The above-docketed application for exploration assistance is being referred to your office for a field examination of the property.

Two copies of a relevant memorandum dated October 26, 1954, by E. L. Newcomb, Geological Survey, are enclosed for your information.

A wire received from the applicant on November 8 in reply to our letter of November 3 stated their intention of requesting the assignment of Contract No. Idm-E567, Docket No. DMEA 2617, as follows:

> Reference DMEA 2617 contract Idm-E567 DMEA 3535 Request assignment DMEA 2617 to Flanders Mining from U S Tungsten by air mailed special delivery Flanders Mining Care of Geological Consultants, 806 Boston Bldg Denver Colo request which specific additional legal documents required by you for approval DMEA 3535. Following assignments already forwarded: Leach to U S Tungsten; Tungsten to Whittaker, Brodie, Kistler; Whittaker, Brodie, Kistler to Flanders Mining Company. We will call Eleven AM Eastern Standard Time November 9.
>
> Sgn. Flanders Mining Co.

By phone conversations on November 9, we agreed that an exploration project if warranted on the Gold Hill properties will be handled as a new contract and not as an amendment to Contract Idm-E567. However, as one of the considerations, any such contract would contain a lien for royalty on future production in the amount the Government expends under Contract Idm-E567.

Sincerely yours,
George C. Selfridge

Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

E. L. Newcomb
Member, Geological Survey

FAEUTLEDGE:fcc 11-10-54
cc to: Docket
Code 400
Adm. Reading File
Operating Comm.
R. W. Geehan, USBM
Thor H. Kilsgaard, USGS

COPY

Docket

U. S. TUNGSTEN, INC.
1111 S. Windermere
Littleton, Colorado

November 10, 1954

Mr. C. O. Mittendorf
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-2617 (Tungsten)
Contract Idm-E567

Docket No. DMEA-3535 (Tungsten)
Flanders Mining Company

Dear Sir:

This has reference to your letter of November 4, 1954. We have discussed this matter with Flanders Mining Co. and have been informed by them that as a result of a telephone conversation on November 9, 1954 with Mr. Hofflund of the DMEA in Washington that they decided no assignment was necessary. This decision was probably based on the fact that DMEA-2617 has been completed and a final report filed November 2, 1954.

If we can be of any further assistance in this matter please advise us accordingly.

Sincerely yours,

/s/ Paul E. Austgen
Vice President

PEA/hm

cc: Flanders Mining Co.
Grand Junction, Colorado

400

DOCKET
Rutledge

INTERIOR DEPT.
NOV 18 1954
SOLICITOR

November 18, 1954

MEMORANDUM

To: Acting Assistant Solicitor, Defense Minerals

From: Iron and Ferro-Alloys Division, DMEA

Subject: Review of Applicant's interest in land
Docket No. DMEA 3535 - Tungsten
Flanders Mining Company
Gold Hill properties
Gunnison County, Colorado

Transmitted herewith for review are Dockets Nos. DMEA 3535 and 2617.

Your attention is called to the following: Acting Assistant Solicitor's memorandum dated October 29, 1954; Paul E. Austgen's letter dated November 10, 1954; and the documents recently received from the Flanders Mining Co. attached hereto.

F. A. Rutledge, Acting Chief
Iron and Ferro-Alloys Division

Attachments

cc: Docket
Adm. Read. File
Code 400

FARutledge/ls
11-18-54

FLANDERS MINING COMPANY
P.O. Box 861
Grand Junction, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 10 1954

November 9, 1954

WSM

Defense Minerals Exploration Administration
United States Department of the Interior
Washington 25, D.C.

Attention, Mr. Hofflund

Dear Sir:

Reference is made to DMEA 2617, Contract IDM E-567, and to DMEA 3535. Further reference is made to telephone conversation between yourself and Flanders Mining Company this morning. This will confirm points made in that conversation.

1. In the Agreement dated September 9, 1954, between U.S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, the date "August 1, 1954" in paragraph two, page four of said Agreement should correctly be "August 15, 1951."

2. Enclosed is a photostatic copy of the Lease and Option dated August 15, 1951, between Harold R. Koster, Inc., A. L. Pearson, and Bonnie Pearson, called the Lessors, and Fred H. Leach, called the Lessee, as per your request.

3. Immediate steps are being taken to obtain Owners' Consent to Lien from the Lessors of the original Lease and Option Agreement.

4. In relation to DMEA 2617, the interests of the Government are protected in paragraph five of the Mining Lease Agreement between U.S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, said paragraph specifying that the Lessees are to assume all obligations for DMEA royalty payments.

5. Attached find list of documents pertaining to chain of title of mining claims in question.

Please do not hesitate to telephone collect either Mr. Elliott Goldstein, Acoma 2-9725, Denver, or Mr. William Spencer, 3832, Grand Junction, if further questions should arise.

Yours very truly,

William M Spencer

William M. Spencer

WMS:dm
Enclosures

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 10 1954

DOCUMENTS PERTAINING TO CHAIN OF TITLE

1. Lease and Option dated August 15, 1951, by and between Harold R. Koster, Inc., A. L. Pearson, and Bonnie Pearson, called the Lessors, and Fred H. Leach, called the Lessee.

2. Assignment dated September 4, 1951, from Fred H. Leach unto U.S. Tungsten, Inc.

3. Mining Lease Agreement dated September 9, 1954, by and between U.S. Tungsten, Inc., and Robert C. Whittaker, G. H. Brodie, and Bruce Kistler.

4. Assignment dated September 23, 1954, from Robert C. Whittaker, G. H. Brodie, and Bruce Kistler, unto Flanders Mining Company.

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LEASE AND OPTION

This lease and option made and entered into this fifteenth day of August, A.D. 1951, by and between Harold R. Koster, Inc., A. L. Pearson and Bonnie Pearson hereinafter called the Lessors and Fred N. Leach hereinafter called the Lessee, WITNESSETH:

That the Lessors, for and in consideration of the sum of $1,000.00 paid on this 15th day of August, 1951, said money to be applied on the purchase price and the royalties to be paid and the covenants and agreements hereinafter reserved to be kept and performed by the Lessee, has leased, let and demised unto the Lessee for developing, mining and extracting ores and minerals therefrom the following described undivided interests in the following described mining premises situated in the Quartz Creek Mining District in Gunnison County, Colorado:

GROUP A

The unpatented claims known as the Complex No. 1, recorded in Book 176, Page 378 of the Gunnison County records; the Complex No. 2, recorded in Book 255, Page 222 of the Gunnison County records, and

The following patented claims: The Horn, the Instrument No. 1, Instrument No. 2, Torrington, lode mining claims known as U.S. Survey Number 15448; the Tiptop lode mining claim Survey Number 12996, the Newport lode mining claim Survey Number 15448, the Lady Franklin lode mining claim Survey Number 8552, the Little Pauline lode mining claim Survey Number 9064, the Bristol lode mining claim Survey Number 15448, the Subject lode mining claim Survey Number 15524, the Maggie lode mining claim Survey Number 15524 and the Citizen lode mining claim Survey Number 15524, also in Quartz Creek Mining District, Gunnison County, Colorado.

GROUP B

The unpatented claims known as the Molybdenite No. 1 and Molybdenite No. 4; Molybdenite Extension 1, 2, and 3; Moly Cop No. 1, 2, and 3; Scheelite No. 1, 2, 3, 4, 5, 6, and 7 and the Hubnerite No. 1, 2, and 3, Quartz Creek Mining District, Gunnison County, Colorado, and

The following patented claims: The Minerva lode mining claim known as U.S. Survey Number 20035; the Morning Glory lode mining claim known as Survey No. 20036; the Morning Glory No. 2 lode mining claim known as Survey No. 20036; Morning Glory No. 3 lode mining claim known as Survey No. 20036; Morning

Glory No. 4 lode mining claim known as Survey No. 20036; Morning Glory No. 5 lode mining claim known as Survey No. 20279; Green Horn lode mining claim known as Survey No. 805; Oxident lode mining claim known as Survey No. 741; Ida Mae lode mining claim known as Survey No. 1028 and Little Emma lode mining claim known as Survey No. 7749, also in Quartz Creek Mining District, Gunnison County, Colorado.

It is also further understood and agreed, should the Lessee locate or acquire any claims adjoining the above claims, in that event, said claims shall become a part of this agreement and shall be located in the name of the Lessors.

TO HAVE AND TO HOLD the above described mining property and premises from the date hereof to and until noon of the fifteenth day of November, 1957, the same to expire on the last named date by limitation and to terminate for violation of any covenant of any time previous to said last named date.

In consideration of the above, the Lessee hereby promises and agrees as follows:

1. To enter upon said leased premises and to do such work thereon and therein in such amount and at such times as the Lessee may desire, provided only that such work when done shall be done in accordance with the laws of the State of Colorado and the valid rules of the State Mine Commissioners.

2. To pay, or cause to be paid, to the Lessors, a royalty of 15% of the net smelter, mill or other reduction plant returns or nearest government purchasing depot on all ores, concentrates, bullion or mineral of whatsoever kind shipped from the above mentioned claims during the term of this lease, and also 15% royalty on any and all premiums allowed under the law, during the term of this lease. In addition to the said 15% royalty deductions from net smelter returns, there shall be a further 2% deductions from net smelter returns to be set in a fund, kept by the Lessors, to pay any taxes, whatsoever, including production taxes created during this lease. There shall be a settlement as to taxes at the end of each year. If the fund created by this 2% exceeds the amount of tax, then the Lessors shall pay to the Lessee the balance. Should the tax exceed the 2%, then the Lessee shall pay the Lessors said amount of excess. It is a condition of this Lease and Option that a minimum monthly cash payment (1000) — of 1000 — 2 MRR + 4%R shall be paid on or before the 15th day of each calendar month, starting September 15, 1951, until a total purchase price of $75,000.00 is paid. Should the monthly royalty, as above described,

exceeds the $1,000.00, in that event the monthly payments shall be the larger of the two.

3. Net smelter or reductions company returns shall in all cases be calculated and held to be the net returns paid by the smelter or other reduction plant after deducting the transportation charges from the property hereby leased to the smelter or reduction plant and all smelting or reduction charges, including charges incurred by the Lessee for watchman's services at the smelter and assayer's and umpire's fees incurred at the smelter. The Lessee shall instruct such smelter or reduction company plant to forward a copy of every settlement sheet and the royalty above provided direct to the Lessors, at their office at Box 500, Salida, Colorado.

4. To allow the Lessors or the Lessors' duly authorized agent from time to time to enter upon and into said premises and all workings therein for the purposes of inspection, surveys or taking samples therefrom, and to render to Lessors or Lessors' agent proper assistance in making such inspection, surveys or examination. The Lessee further agrees to furnish the Lessors copies of all maps and information concerning the work done in the mine quarterly during the term of this lease, including diamond drilling information or any metallurgical data.

5. The Lessee further agrees to pay all expenses of every nature and kind connected with the working of said premises under this lease and to carry at his own expense sufficient employer's compensation insurance to protect the Lessors against any or all claims for damage arising, all in accordance with the laws of the State of Colorado, and to pay all premiums for such insurance when same become due and payable.

6. The Lessee further agrees to pay all taxes and assessments that may be assessed against said premises during said term of this lease and also do all necessary and required assessment work on unpatented claims. Lessors agree to pay all taxes assessed prior to the taxable year 1951.

7. The Lessors hereby grant permission to the Lessee to use any of the buildings on the above mentioned claims and also to build any necessary roads for the betterment of this lease and to use such timber as needed for mine purposes from the timber on said claims. The Lessee further agrees that he will, beginning on or before the 20th day of August, 1951, and to do at least $3,000.00 work on the property per month as outlined in the letter of

Fred Leach dated July 12th, 1951, a copy of which is attached. (3 months starting August 20th, 1951).

8. The Lessee further promises and agrees that he will, at the time he starts working on the property hereby demised, post in three conspicuous places on said property a notice to the effect that said properties are being worked by the Lessee under terms and provisions of a lease of this date, and that the Lessee alone will be responsible for all bills and obligations incurred in the operation of said properties.

9. The Lessee hereby agrees that he will timber the portals of the adits and shall use timber not less than the equal of eight by eight dimensions for the square set and shall use timber equal to three inches dimensions materials for lagging and overhead materials used on square set. Said work to be the first work done at the mine.

It is expressly understood and agreed that the Lessee shall have the right to assign this lease without the written permission of the Lessors.

It is mutually understood and agreed that the Lessee shall have and is hereby given the right to remove and carry away any and all implements and machinery, whether the same be affixed to the realty or not, that may be placed on said property by them, and that said property may be so removed and carried away at any time during the term of this lease, or within six months after the termination of this lease by lapse of time, surrender or forfeiture, unless said termination should be made during the month of October, and in that event, said machinery may be left, and the Lessee may have the privilege of removing said machinery and belongings on or before the 1st day of July of the following year. All buildings and permanent construction shall be left on the property and become property of the Lessors. All track and under-ground improvements shall be left, including air pipe, ventilating pipe, rail, timber or any other items incidental to good mining.

Should the Lessee refuse or neglect to keep and perform any of the promises and agreements herein set forth, then and in such event the Lessors shall have the right to terminate this lease and option immediately, and this lease and option may stand forfeited at the option of the Lessors, and the Lessors shall be entitled to take immediate possession of the property hereby leased, using such force as may be necessary in so doing, and in case of such election and the refusal of the Lessee to give such possession on demand,

the Lessee shall be deemed guilty of unlawful detainer and subject to eviction with or without process of law, without further notice.

It is further understood and agreed that in case of the termination of this lease by forfeiture, surrender or lapse of time, all sums of money therefore paid by the Lessee to the Lessors either as royalty or otherwise, shall be and remain the property of the Lessors as and for partial liquidated damages.

OPTION

In consideration of the full performance from time to time by the Lessee of all promises and provisions of the above lease to be kept and performed by the Lessee, the Lessee shall have and is hereby given the exclusive right to purchase all of the property hereby demised for the total sum of Seventy five Thousand and No/100 Dollars ($75,000.00) provided said sum shall be paid without interest on or before the 15th day of November, 1957 at noon. It is further understood and agreed that at least $1,000.00 per calendar month during the term of this lease and option shall be paid, in accordance with the terms of the lease portion of this contract, and that the first payment shall begin on the 15th day of September, 1951, for each calendar month thereafter on that date.

It is expressly understood, however, that all royalties paid pursuant to the terms of the foregoing lease and all sums paid as provided in the foregoing lease shall apply on the above purchase price payments. It is understood and agreed that upon the completion of the terms and conditions of this lease and option, the Lessors shall make and execute a QUIT CLAIM DEED conveying all of the above described property to the Lessee. And it is further provided that all payments herein provided to be made by the Lessee to the Lessors shall by the said Lessee be paid direct to the Lessors, at its office, Box 500, Salida, Colorado, for the account of the Lessee or those holding under the Lessee and that payment to said Lessors by the said Lessee or those holding under the said Lessee shall be full acquittance for all payments so made, and the said Lessors shall credit such payments as hereinbefore provided.

It is another condition hereof and it is hereby mutually agreed that the Lessee or those holding under the Lessee may at any time abandon said Lease and surrender the demised premises to the Lessors or those holding under the

Lessors and the Lessee may remove from said premises all machinery, tools, equipment, etc., as herein provided and shall be fully relieved upon so doing of any further or other obligations to the Lessors or those holding under the Lessors provided only that the Lessee or those holding under the Lessee gives 30 days' notice of such termination by delivering written notice of the intent to so terminate to the above named Lessors or those holding under the Lessors. Said notice must be accepted by the Lessors before the said Lessee may move any machinery or tools and equipment from the premises.

Each and every clause of this Lease and Option shall extend to and be binding on the heirs, executors, successors, and assigns of the respective parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this Lease and Option in duplicate this 15th day of August, A.D., 1951.

HAROLD R. KOSTER, INC.

By Harold R. Koster
Harold R. Koster, President

A. L. Pearson
A. L. Pearson

Bonnie Pearson
Bonnie Pearson

LESSORS

Fred H. Leach
Fred H. Leach

LESSEE

9

SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL = Day Letter

NL = Night Letter

LC = Int'l Letter Telegram

VLT = Int'l Victory Ltr.

DEPARTMENT OF THE INTERIOR
Defense Materials Administration
RECEIVED
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EX-2201
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C O MITTENDORF, DEFENSE MATERIALS EXPLORATION ADMINISTRATION

=US DEPT OF INTERIOR=

WSOG

DMEA

=REFERENCE: DOEA 2617 CONTRACT IDH E-567 DMEA 3535

REQUEST ASSIGNMENT DMEA 2667 (2617) TO FLANDERS MINING FROM

U S TUNGSTEN BE AIR MAILED SPECIAL DELIVERY FLANDERS

MINING CARE OF GEOLOGICAL CONSULTANTS, 808 BOSTON BLDG

DENVER COLO REQUEST WHICH SPECIFIC ADDITIONAL LEGAL

DOCUMENTS REQUIRED BY YOU FOR APPROVAL DMEA 3535=

FOLLOWING ASSIGNMENTS ALREADY FORWARDED: LEACH TO U S

TUNGSTEN; TUNGSTEN TO WHITTAKER, BRODIE, KISTLER;

WHITTAKER, BRODIE, KISTLER TO FLANDERS MINNG COMPANY=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

SERVICE
This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

W. P. MARSHALL, PRESIDENT

FX-1201

1954 NOV 8 PM 3 16

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=Int'l Letter Telegram
VLT=Int'l Victory Ltr.

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WE WILL CALL EVELEN AM EASTERN STANDARD TIME NOVEMBER 9=

FLANDERS MINING CO==

DI—17

SPECIAL

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 8 = 1954

DOEA 2617 IDH E-567 3535 DMEA 2667 DMEA 3535 9=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

DMEA Docket copy
Surname: Hoffhund
Rutledge
Martin

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

U. S. Tungsten, Inc.
1111 S. Windermere
Littleton, Colorado

NOV 3 - 1954

and

Flanders Mining Co.
Box 861
Grand Junction, Colorado

COM let of Nov 3, 1954
Probably the one referred to in March
WSM

Re: Docket No. DMEA-2617 (Tungsten)
U. S. Tungsten, Inc.
Hubnerite Mine
Gunnison County, Colorado
Contract Idm-E567

Docket No. DMEA-3535 (Tungsten)
Flanders Mining Co.
Ida May Mine
Gunnison County, Colorado

Dear Sirs:

Recent correspondence with U. S. Tungsten, Inc., and the application of Flanders Mining Co. indicate that U. S. Tungsten has subleased the subject property to Flanders Mining Co., and that Flanders intends to carry out the provisions of the existing exploration project contract and to request further financial aid from this agency.

If we have correctly construed the intentions of the two companies, the usual way to accomplish this purpose would be for U. S. Tungsten to assign the existing exploration project contract to Flanders Mining Co., the latter to assume all of the obligations under the contract. Any such assignment without the consent of the Government is, by the provisions of the contract, void as far as the Government is concerned.

In any case, before the Government can act upon the application of Flanders Mining Co., it will be necessary that the interests of the two companies in the mining property and in the existing exploration project contract be clarified and stated and consented to by the Government.

R.C.S.

If it is the intention of U. S. Tungsten to assign the existing contract to Flanders, and the assistance of this agency is desired to accomplish the transaction, we will prepare a form of assignment and acceptance by the Government that is acceptable to the Government and send you copies thereof for execution.

Please advise us what your intentions are and whether you desire our aid in accomplishing them. We will need a copy of the assignment, agreement, or other document evidencing the relations between U. S. Tungsten and Flanders.

Sincerely yours,

C. O. Mittendorf

Administrator

JLHofflund/emd 10/29/54

Copy to: DMEA Docket (2)
Solicitor's Docket
Adm. R. File
Operating Committee
R. W. Geehan, USBM
T. H. Kiilsgaard, USGS
W. S. Martin (2)
Field Team, Reg. IV (2)
J. L. Hofflund
chron.
pending

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

N.J. in P.P. October 29, 1954

Memorandum

To: The Administrator, DMEA

Attention: Mr. W. S. Martin

From: Acting Assistant Solicitor, Defense Minerals

Subject: U. S. Tungsten, Inc., Docket No. DMEA-2617
Contract Idm-2567 (Tungsten) and
Flanders Mining Co., Docket No. DMEA-3535
(Tungsten

Reference is made to Mr. Martin's memorandum to me dated October 21, to which is attached correspondence with U. S. Tungsten, Inc., regarding its interest in the property.

I gather from the dockets that U. S. Tungsten, Inc., the present operator, is a lessee of the property and has subleased to Flanders Mining Co., which in turn has made an application for further DMEA assistance. The application of Flanders Mining Co. expressly states:

> "The new operator plans to complete the terms of the DMEA contract which constitutes an additional 50 feet of drifting."

It does not appear that the present operator, U. S. Tungsten, has assigned the DMEA contract to the sublessee, Flanders Mining Co.; and the sublease does not contain any assumption of this contract by Flanders Mining Co.

Under these circumstances I suggest that a joint letter be written to the two operators, a draft of which I have prepared for the signature of the Administrator, which is attached hereto.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor

Attachments

JLHofflund/emd
Copy to: DMEA Docket (2)
Solicitor's Docket
W. S. Martin (2) J. L. Hofflund chron.

Docket

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 27 1954

October 26, 1954

Re: DMEA-3535
Flanders Mining Co.
(Gold Hill Properties)
Gunnison Co., Colo.
$77,894 - Tungsten

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of application

The proposed exploration consists of driving an 800 foot crosscut tunnel northwesterly and drifting 1,000 feet on veins intersected in the crosscut. The tunnel portal would be located about 800 feet south of the Ida May shaft.

The Scheelite No. 3 claim is made up of parts of the Bon Ton No. 9, No. 8, No. 7, No. 2, Molybdenite No. 1, and Molybdenite Extension No. 2 according to a claim map in an unpublished Survey report on the Molybdenum and Tungsten Deposits near Gold Hill, Gunnison County, Colorado.

The U. S. Tungsten Incorporated has a DMEA contract on the Hubnerite Lode about two-thirds of a mile north of the proposed crosscut tunnel.

It is difficult to understand why so many consultants and supervisors are needed for this project. The total cost of this work is far out of line in relation to total project costs.

Further exploration on the Scheelite No. 3 appears to be warranted; however, a trenching program may be needed as a preliminary stage in order to plan the location of a crosscut tunnel.

I recommend the application be referred to the Field Team for an examination and a report with their recommendations.

E. L. Newcomb

E. L. Newcomb

Whitaker
Brodie
& Kistler
assign to
Flanders Mining Co.
41.85452 % of their
right title & interest
which is
36.642789 of 100%

.4185452 X = .36642789

X = 87.5 + %

The Bank owns about 1/8
of the whole, or perhaps
1/4 of B.

US Tungsten, Inc
leases to

Whitaker
Brodie
& Kistler

Group A & Group B

Basic lease was assigned
US Tungsten
by Fred H Leach
who leased from
Kosten, Inc.
Reavson, Bonnie
" " S.L.

Where is OCL DMEA 2617?
(see [illegible])

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

October 19, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region IV.

DMEA-3535 Flanders Mining Co.

Robert E. Adams,
Chief, Operation's Control
and Statistics Division

October 19, 1954

Flanders Mining Co.
Box 861
Grand Junction, Colo.

Subject: DMEA-3535
Re: Exploration Assistance
Ida May Mine

Gentlemen:

The receipt of your application dated September 21, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3535 and referred to the Iron and Ferro-Alloys Division.

Kindly refer to in any future correspondence relating to your application.

Sincerely yours,

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

224 New Customhouse
Denver 2, Colorado

October 15, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 18 1954
3535

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region 1V

Subject: Application for DMEA assistance (Tungsten)
Flanders Mining Company, Ida May and Scheelite No. 3 claims
Gunnison County, Colorado

Enclosed are three copies of an application for exploration assistance in the amount of $77,893.50 submitted by the Flanders Mining Company.

The Scheelite No. 3 claim is not included in either of the leases submitted with the application. Control of this land may possibly be by means of one of the other claims listed in the lease.

Assignment of Lease to the Flanders Mining Company conveys less than 50 percent of assignors interest. We are unable to determine the reason for the 41.85452 and 36.642789 percent values stated in the lease assignment. It appears that a copy of the original lease by means of which U. S. Tungsten, Incorporated, acquired mining rights will be required before the Flanders Mining Company rights can be determined.

W H King
W. H. King

Enclosure

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1085.20

RECEIVED
OCT 18 1954

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. ~~3536~~ 3535
Metal or Mineral TUNGSTEN
Date Received
Estimated Cost $77,894
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Flanders Mining Company (Partnership) Box 861 Grand Junction, Colorado
Frederick L Anderson (Partner)
Lee Van Atta, Corregon Tower, Dallas, Texas (Partner)
Hagen P Slagel, Box 861 Grand Junction, Colo. (partner)

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Sec 11 & 14 T. 51 N., R. 4 E., NM Princ. Mer.
Gunnison County, Colorado.
(Claim) Ida May Lode
(Claim) Scheelite #3

(*b*) State any mine name by which the property is known. Gold Hill Properties (Ida May Mine)

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise
Lessee (Operator)

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property. See enclosed documents.

(*e*) If you own the land, describe any liens or encumbrances on it None

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. Scheelite #3 Book 289 P. 24 Recorded 5/19/51

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes. See p. 1

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades. See p. 1

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you. See p. 1

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points. See p. 2

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

See p. 2

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Tungsten

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc. See enclosed maps

(*c*) The work will start within 10 days and be completed within 12 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations. See p. 2 & 3

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project: See P. 4

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)? Yes

(*b*) How do you propose to furnish your share of the costs?

[X] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper. See p. 3

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated Sept. 21, 1954, 195__

Flanders Mining Company
(Applicant)

By Warren Longley
W.W. LONGLEY

E H Goldstein
E.H.GOLDSTEIN

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

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

FLANDERS MINING COMPANY
BOX 861
GRAND JUNCTION, COLORADO

Division of Mines
Minerals Administration
RECEIVED
OCT 18 1954

4a. PHYSICAL DESCRIPTION

The Gold Hill area was prospected intensively from the early 1860's to the 1890's. Gold and Silver were the chief metals of interest. During the first World War, about $16,000 worth of tungsten ore was shipped from the Ida May vein. Small amounts of ore have been recovered from scattered pits and from float.

The previous operators, "Mesa Verde Uranium Company," completed several areas of "Bulldozer stripping" west and southwest of the Ida May shaft. A road has been constructed to an old adit west of the Ida May shaft. A portal has been completed, and track laid on a large, rich vein. (See enclosed map.)

The previous operator also drifted about 50 feet on a very large quartz vein which contains a good huserite show. This is known as the Hubnerite tunnel, where a DMEA loan is presently in effect. The new operator plans to complete the terms of the DMEA contract which constitutes an additional 50 feet of drifting.

The Ida May shaft is partially flooded, but all other operations are readily accessible for inspection.

4b. Past tungsten production from Gold Hill is reported as $16,000, taken from the Ida May vein during the first World War, with small additional quantities recovered from float, and from small surface pits.

4c. The tungsten occurs in low pressure, high temperature veins and trend in a general northeasterly direction. This trend parallels that of a small porphyry stock, located a short distance to the northeast. The writers are of the opinion that there is a structural and genetic relationship between the porphyry intrusive and the tungsten veins. Many small "blind" tungsten veins are believed to be present in the belt marked by observed tungsten veins. The probability is very great that enough veins are present to make a profitable operation.

The purpose of the proposed project is to investigate the presence and character of tungsten veins by crosscutting at a level approximately 200 feet below the crest of the hill. We believe that veins not exposed at the surface will be located, and an opportunity will be provided for studying depth characteristics of surface veins.

FLANDERS MINING COMPANY
BOX 861
GRAND JUNCTION, COLORADO

4d. The proposed drift is easily accessible by county road 162 which connects the towns of Pitkin and Tincup.

Present plans include the rehabilitation of a mill already on the property or the construction of a new mill. This will be done when sufficient ore has been discovered to warrant that expenditure of money. Until such time, the ore will be trucked to Nederland, Colorado, a distance of about 185 miles.

Cabins on the property are habitable with a few minor repairs; however, most of the miners would probably live in Pitkin or Ohio City, within 17 miles of the property.

4e. Sufficient manpower is available in Pitkin and Ohio City to operate the program. All materials, supplies and equipment are obtainable in either Pitkin, Gunnison, Salida, or Denver. Several springs are present within 1/4 mile or less of the proposed portal location. Electric power, if needed, will be furnished by several light plants.

5b. It is proposed to run an 800 feet, 5 x 7 ID crosscut tunnel from a location approximately 800 feet south of the Ida May shaft, at an elevation of approximately 11,850 feet, the crosscut to extend approximately north-northwest. We further propose to drift a total of 1,000 feet on the veins intersected by the crosscut, in order to determine their mineral content. Timbers will be set every five feet if needed. Standard mining practices and safety precautions will be rigidly adhered to.

5d. W. W. LONGLEY, Ph.D., Geologist (935 11th Street,
Boulder, Colorado
Hillcrest 2-0826)

B.A. Degree - Acadia University
M.S., Ph.D. - University of Minnesota

Dr. Longley has extensive experience in Mining Geology. He has been employed by the Canadian Geological Survey, and has taught geology at Dartmouth University and is presently teaching at Colorado University. Dr. Longley will make periodic visits to the property.

FLANDERS MINING COMPANY
BOX 861
GRAND JUNCTION, COLORADO

Mr. E. H. GOLDSTEIN, Geologist (303 Boston Bldg.
Denver, Colorado
Acoma 2-9725)
B.A. Degree - Colorado University

Mr. Goldstein has been employed by:
Great Western Drilling Co., Midland, Texas
La Gloria Corporation, Denver, Colorado
T. A. Link, Calgary, Alberta, Canada

Mr. Goldstein has done extensive field mapping in the Rocky Mountains, both in the U. S. and Canada. He has spent three months on the property and supervised the drifting in the Hubnerite Tunnel for Mesa Verde Uranium Company. The portal at the South Ida May Vein which is now being mined was constructed at his direction. Mr. Goldstein will direct his entire attention to the proposed crosscut.

MELVIN BROUGER, Mining Engineer (Colorado Springs, Colorado)
Mr. Brouger is a very experienced mining engineer, both in the United States and abroad. He will be used in a consultant capacity.

W. R. MONSON, Mine Foreman (Sargents, Colorado)
Mr. Monson has had 20 years mining experience and has been employed by the following firms as a miner, mine foreman, or independent contractor:
Calahan Lead Zinc, White Pine, Colorado
Denver Equipment Company, Silverton, Colorado
Vida Mines, Telluride, Colorado
Mayflower Mine, Silverton, Colorado

7b. Flanders Mining Company has sufficient money to support its portion of the DMEA contract. Flanders Mining Company banks at the Colorado National Bank, Denver, Colorado.

ESTIMATE OF COSTS

Flanders Mining Company
Box 861, Grand Junction, Colorado

6a INDEPENDENT CONTRACTS		
Drifting - 1800 feet @ $10.00	$18,000.00	$18,000.00
6b LABOR, SUPERVISION, CONSULTANTS		
(1) Superintendent	1200.00	
(2) Mine Foreman	3000.00	
(3) Geological Consultants	4500.00	
(4) Engineering Consultants	1200.00	
(5) Trammer @ $1.80 per hour	5200.00	
	15,100.00	$15,100.00
6c OPERATING MATERIALS AND SUPPLIES		
1800' 2" Iron pipe @ .60	1080.00	
1800' 1" Iron pipe @ .28	504.00	
300' 1" Air hose @ .85	225.00	
300' ½" Water hose @ .50	150.00	
18,000# Dynamite @ 25.00 per 100#	4500.00	
50 Boxes dynamite caps	100.00	
21,000' Fuse @ 47.00 per 3000'	329.00	
40,000 Board feet lumber @ 50.00 per 1000	2000.00	
3600' 16# rail @ 170.00 per ton	1700.00	
500# Rail spikes @ 30.00 per 100	150.00	
7800 Gals. Diesel fuel @ .18½ per gal.	1482.00	
3125 Gals. Gasoline @ .27	843.00	
5 Carbide lamps @ 2.50	12.50	
700 Carbide (#)	50.00	
24 Picks @ 1.75	42.00	
24 Shovels @ 3.00	72.00	
12 6# Double Jacks @ 2.50	30.00	
2 - 15 Gal. Pressure tanks @ 33.00	66.00	
Pipe fittings	250.00	
1000' - 12' Vent. tube	1000.00	
	$14,585.50	$14,585.50
6d OPERATING EQUIPMENT		
1 - 210 Compressor		
1 - Feed leg rock drill		
1 - Ore car loader		
First payment	2688.00	
~~Five~~ 12 months rental	8312.60	
	$11,000.60	$11,000.60
1 - 2 kw light plant	200.00	
1 - Set welding equipment	200.00	
8 - 20 cu. ft. ore cars @ 300.00	2400.00	
1 - 1½ ton Mancha trammer and charger	6000.00	
1 - Motor and fan	500.00	
	$9300.00	$9300.00
6e REHABILITATION AND REPAIRS		
None		
6f NEW BUILDINGS, IMPROVEMENTS, INSTALLATIONS		
Portal Construction		
Bulldozer (30 hours)	360.00	
Lumber (3000 board feet)	150.00	
Labor (3 men - 1 week)	312.00	
Rails & Spikes	20.00	
Trestle (labor and materials)	1000.00	
	$1842.00	$1842.00
6g MISCELLANEOUS		
Accounting	5000.00	
Workmens Compensation	860.00	
Employers Liability Insurance	1000.00	
Payroll Taxes	1200.00	
	$8060.00	$8060.00
	TOTAL COST	$77,89[illegible]

[illegible]ot for 1800 feet of drifting is $43.27.

Department of the Interior
Minerals Administration
RECEIVED
OCT 18 1954

ASSIGNMENT.

For Value Received, I hereby sell, assign, transfer, and set over unto U. S. TUNGSTEN, INC., all of my right, title and interest in and to the foregoing and hereto attached Lease and Option.

Dated at Salida, Colorado, this 4th day of September, A. D. 1951.

Fred H. Leach

Fred H. Leach.

95

MINING LEASE AGREEMENT

This agreement, entered into this 9 day of September, 1954, by and between U. S. Tungston, Inc., a Colorado corporation, hereinafter referred to as Lessor, and Robert C. Whitaker, G. H. Brodie and Bruce Kistler of Denver, Colorado, hereinafter referred to as Lessees,

WITNESSETH:

That Lessor, for and in consideration of the covenants and agreements hereinafter expressed, hereby has leased, let and demised and by these presents does lease, let and demise unto said Lessees, their heirs, executors and assigns, all of its right, title and interest in and to the following described properties situate and lying in Gunnison County, Colorado, to-wit:

GROUP A

The unpatented claims known as the Complex No. 1, location notice of which is recorded in Book 176, Page 378 of the Gunnison County records; the Complex No. 2, location notice of which is recorded in Book 255, Page 222 of the Gunnison County records, and

The following patented claims:
The Hern lode ming claim U. S. Survey No. 15448,
The Instrument No. 1 lode mining claim U.S. Survey No. 15448,
The Instrument No. 2, Torrington, lode mining claim U.S. Survey No. 15448,
The Tiptop lode mining claim Survey No. 12996,
The Newport lode mining claim Survey No. 15448,
The Lady Franklin lode mining claim Survey No. 8552,
The Little Pauline lode mining claim Survey No. 9064,
The Bristol lode mining claim Survey No. 15448,
The Subject lode mining claim Survey No. 15524,
The Maggie lode mining claim Survey No. 15524,
The Citizen lode mining claim Survey No. 15524,
all in Quartz Creek Mining District, Gunnison County, Colorado.

GROUP B

The unpatented claims known as the Molybdenite No. 1 and Molybdenite No. 4; Molybdenite Extension 1, 2 and 3; Moly Cop No. 1, 2 and 3; Scheelite No. 1, 2, 3, 4, 5, 6 and 7 and the Hubnerite No. 1, 2 and 3, Quartz Creek Mining District, Gunnison County, Colorado, and

The following patented claims:
The Minerva lode mining claim known as U.S. Survey No. 20035,
The Morning Glory lode mining claim known as Survey No. 20036,
The Morning Glory No. 2 lode mining claim known as Survey No. 20036,
The Morning Glory No. 3 lode mining claim known as Survey No. 20036,
The Morning Glory No. 4 lode mining claim known as Survey No. 20036.

The Morning Glory No. 5 lode mining claim known as Survey No. 20279,
The Green Horn lode mining claim known as Survey No. 805,
The Oxident lode mining claim known as Survey No. 741.
The Ida Mae lode mining claim known as Survey No. 1028,
The Little Emma lode mining claim known as Survey No. 7749,
all in Quartz Creek Mining District, Gunnison County, Colorado.

Including the use and occupancy of the mill and mill site on the premises which is locally referred to as the Pitkin Mill.

To have and to hold the same, for the purpose of mining, for a term of twenty years, with an option hereby granted to Lessees to extend this lease for ten year periods, from the date hereof, unless the same be sooner terminated under any of the provisions contained herein, and the parties hereto covenant and agree as follows:

1. Lessees agree to pay or cause to be paid the following rentals and royalties under the following terms and conditions:

(a) Lessees, during the term of this lease and up to and until such time as Lessor shall have received the sum of $52,000 from royalties and/or rentals as hereinafter provided, shall pay to Lessor, as a rental for the above-described properties, the sum of one thousand dollars ($1,000.00) per month, and thereafter said monthly rentals shall terminate and forever cease.

(b) Lessees, shall pay, or cause to be paid to Lessor a royalty of 12½ per cent of the net smelter, mill or other reduction plant returns, on all ores or mineral of whatsoever kind shipped from the above-mentioned properties during the term of this lease.

(c) There is hereby created royalty-rental credit periods during which, all rentals paid as above-mentioned shall be credited against all royalties becoming due and payable during such periods as hereinafter defined: The first such period shall commence on the date of this lease and shall end at the expiration of one year thereafter, and all subsequent

periods shall be of a term of six months each, consecutively following the said first credit period.

d. At and subsequent to such time as the above-mentioned rental payments shall terminate as above provided, there shall be credited to all royalty payments, which shall thereafter become due, the sum of $3500.00.

2. Lessor covenants and agrees to keep in full force and effect, and otherwise to comply with the terms, covenants and conditions of that certain basic lease entered into by and between Harold R. Koster, Inc., Bonnie Pearson and S. L. Pearson, as Lessors, and Fred H. Leach, as Lessee, dated August 1, 1954, and which was assigned by said Fred H. Leach to Lessor herein on _____, 19___, and any agreements supplementary thereto which relate to any and all rents and royalties, it being expressly understood that Lessees herein shall not be required to make such payments of rents and royalties as provided in said basic lease, but that the same shall be the sole obligation and duty of Lessor herein.

3. Lessees covenant and agree to comply with all terms of said basic lease above mentioned except those expressly reserved to and being the obligation of Lessor as mentioned in Paragraph 2 above.

4. Lessees covenants and agrees to mine, explore, develop or operate said properties in a workmanlike manner and to mine or extract, and during a period of one year, commencing one year from the date hereof to mine or extract the aggregate of 18,000 tons of materials from said premises, such to include all ores and gangue materials alike, and further, during all subsequent yearly periods commencing thereafter, to mine or extract an aggregate of at least 36,000 tons of such materials, and Lessees further covenant and agree that such mining, exploration, development, or operation shall be continuously carried on unless the same be prevented by weather conditions, fire, water, acts of God, acts of the common enemy, strikes, riots, laws, rules or regulations of the United States Government or any political sub-division thereof, or any agency of the United

States Government or any political sub-division thereof, or by inability of Lessees to obtain material or equipment through conditions over which Lessees have no control.

5. Lessor hereby covenants and agrees that it shall assist Lessees in every reasonable manner, and by all reasonable means, to acquire financing for the exploration, development, operation, construction or maintenance of the properties and any mill sites which Lessees may elect to construct and operate including, but not by way of lim tation, loans from the Defense Minerals Exploration Administration and any Federal, State, County or private organizations, it being understood, that if such financing is to be repaid by means of royalty from the production of ores from the premises, Lessees shall set up and maintain a sinking fund for the payment of said royalties.

6. Lessees further agree to pay all expenses of every kind and nature connected with the exploration, development, and working of the premises herein concerned, and to carry at their own expense Employers Compensation Insurance, for protection against any and all claims for damage arising by reason of such exploration, development, and working of said properties, or in accordance with the laws of the State of Colorado, and to pay all premiums for such insurance when the same shall become due and payable; and Lessees further agree to pay all taxes and assessments that may be assessed against the premises, and to do all necessary annual labor on the unpatented claims, and to pay all taxes and assessments on the properties herein concerned when the same shall become due and payable, it being understood that Lessor shall pay its pro rata share of those accrued taxes and assessments levied for the year 1954, and payable in 1955, the balance of which shall be paid by Lessees.

7. It is further covenanted and agreed that Lessor, its agent or attorney, shall have the right at all reasonable times to enter upon and descend into all parts of the premises, to inspect the same, make surveys thereof, or take samples therefrom, and that Lessees will render all reasonable assistance to Lessor in so doing.

8. Lessees covenant and agree that in the event they fail to keep or fulfill any one or more of the covenants and agreements herein expressed or implied, then, in that case the Lessor, its agent or attorney, may declare this lease terminated, and with or without process of law enter upon and take possession of said premises, and Lessees agree to surrender, yield, and deliver to Lessor quiet and peaceful possession of the premises in good condition, provided, however, that prior to any termination or cancellation of this lease, as in this paragraph provided, Lessor shall give to Lessees written notice of any defaults under the terms of this agreement, setting forth the precise nature of such defaults, and such written notice shall be placed in the United States mails, postage prepaid, and addressed to the last known address of any one or more of the Lessees herein, and thereafter from the date of such mailing Lessees shall have a period of 60 days within which to take such action as shall be necessary to remedy or correct such defaults, and in the event that such defaults shall not have been remedied or corrected within said sixty-day period this lease shall become null, void, and of no effect, and thereupon Lessor shall have the right to immediate possession of the premises as hereinabove provided.

9. It is hereby covenanted and agreed that Lessees shall have the right to terminate all obligations arising under and by virtue of this agreement by giving to Lessor written notice of their intention to do so, such written notice shall be placed in the United States mails, postage prepaid, addressed to the last known address of Lessor, and, at the expiration of sixty days thereafter from the said date of mailing of such notice of termination, this agreement shall become null and void, and of no effect, and Lessor shall have the right to immediate possession.

10. In the event that this lease shall, for any reason, be terminated, abandoned or released, it is understood and agreed by and between the parties hereto that all payments of rentals or royalties paid to Lessor by Lessees shall remain the property of

Lessor and shall be considered as liquidated damages incident to the termination of the agreement and provided further, that Lessee shall have the right to remove and carry away any and all implements, machinery or other property, whether or not the same be affixed to the realty herein concerned, which may have been placed upon said property by them at any time during the term of this agreement or within six months after the termination of the same, and such shall be considered to be the sole and exclusive property of Lessees.

11. It is covenanted and agreed that all or any part of this assignment or the properties concerned herewith shall not be transferred, assigned, sublet, or conveyed without the express consent of Lessor.

12. This agreement shall inure to the benefit of and be binding upon the heirs, executors, successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties have set their hands and seals as of the day and year first above written.

U. S. TUNGSTON. INC.

ATTEST:

Secretary

LESSEES

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On the 9th day of September, 1954, personally appeared before me Frank H. Hirth and Paul E. Austgen who, both being duly sworn, did state that they are respectively President and Secretary of U. S. Tungsten, Inc., a corporation, and that the above instrument was signed in behalf of said Corporation, and that said Corporation executed the same.

WITNESS MY HAND AND NOTORIAL SEAL:

Notary Public

My commission expires:

Aug 30, 1959

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

Subscribed and sworn to before me this 9 day of September, 1954, by Robert C. Whitaker, G. H. Brodie and Bruce Kistler.

Notary Public

My commission expires:

Aug 30, 1959

ASSIGNMENT

For and in consideration of one dollar ($1.00) and other good and valuable considerations, Robert C. Whitaker, G. H. Brodie, and Bruce Kistler, all of Denver, Colorado, hereinafter referred to as Assignors, hereby assign, grant, bargain, sell, transfer quit claim, and convey unto Flanders Mining Company, a partnership, having its offices in Grand Junction Colorado, hereinafter referred to as Assignee, an undivided 41.85452 per cent of all of their right title and interest in and to the following described mining claims:

GROUP A

The unpatented claims known as the Complex No. 1, location notice of which is recorded in Book 176, Page 378 of the Gunnison County records; the Complex No. 2, location notice of which is recorded in Book 255, Page 222 of the Gunnison County records, and

The following patented claims:

The Hern lode mining claim U. S. Survey No. 15448,
The Instrument No. 1 lode mining claim U. S. Survey No. 15448,
The Instrument No. 2, Torrington, lode mining claim U. S. Survey No. 15448,
The Tiptop lode mining claim Survey No. 12996,
The Newport lode mining claim Survey No. 15448
The Lady Franklin lode mining claim Survey No. 8552,
The Little Pauline lode mining claim Survey No. 9064,
The Bristol lode mining claim Survey No. 15448,
The Subject lode mining claim Survey No. 15524,
The Maggie lode mining claim Survey No. 15524,
The Citizen lode mining claim Survey No. 15524,
all in Quartz Creek Mining District, Gunnison County, Colorado.

GROUP B

The unpatented claims known as the Molybdenite No. 1 and Molybdenite No. 4; Molybdenite Extension 1, 2, and 3; Moly Cop No. 1, 2, and 3; Scheelite No. 1, 2, 3, 4, 5, 6, and 7 and the Hubnerite No. 1, 2, and 3, Quartz Creek Mining District, Gunnison County, Colorado, and

The following patented claims:

The Minerva lode mining claim known as U. S. Survey No. 20035,
The Morning Glory lode mining claim known as Survey No. 20036,
The Morning Glory No. 2 lode mining claim known as Survey No. 20036,
The Morning Glory No. 3 lode mining claim known as Survey No. 20036,

The Morning Glory No. 4 lode mining claim known as Survey No. 20036,
The Morning Glory No. 5 lode mining claim known as Survey No. 20279,
The Green Horn lode mining claim known as Survey No. 805,
The Oxident lode mining claim known as Survey No. 741,
The Ida Mae lode mining claim known as Survey No. 1020,
The Little Emma lode mining claim known as Survey No. 7749,
all in Quartz Creek Mining District, Gunnison County, Colorado.

To have and to hold the same forever, it being understood by the parties hereto that such right, title and interest is derived by and from that certain mining lease agreement entered into by and between U. S. Tungsten, Inc., as lessor and Assignors herein as lessees, dated September 9, 1954, and that such interest above conveyed is so done subject to the terms of said mining lease agreement, it being further understood that it is the intention of the parties hereto that Assignors hereby convey unto Assignee an undivided 36.642789 per cent interest in and to of the full 100 per cent of the above-mentioned mining claims and all ores or other minerals lying in or on or which may be mined, removed, or extracted therefrom.

IN WITNESS WHEREOF we have set our hands this 23rd day of September, 1954, at Denver, Colorado.

Robert C. Whitaker

G. H. Brodie

Bruce Kistler

STATE OF COLORADO }
CITY AND COUNTY OF DENVER } ss.

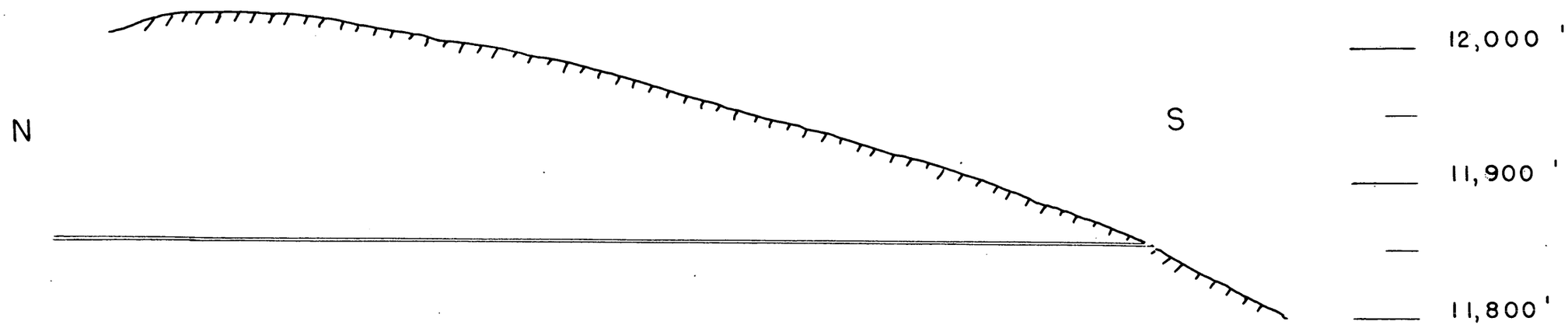
Subscribed and sworn to before me this 23 day of September, 1954, by Robert C. Whitaker, G. H. Brodie, and Bruce Kistler.

Notary Public

My Commission Expires: May 7, 1957

PROFILE VIEW

GOLD HILL



IDA MAY PROPOSED CROSSCUT

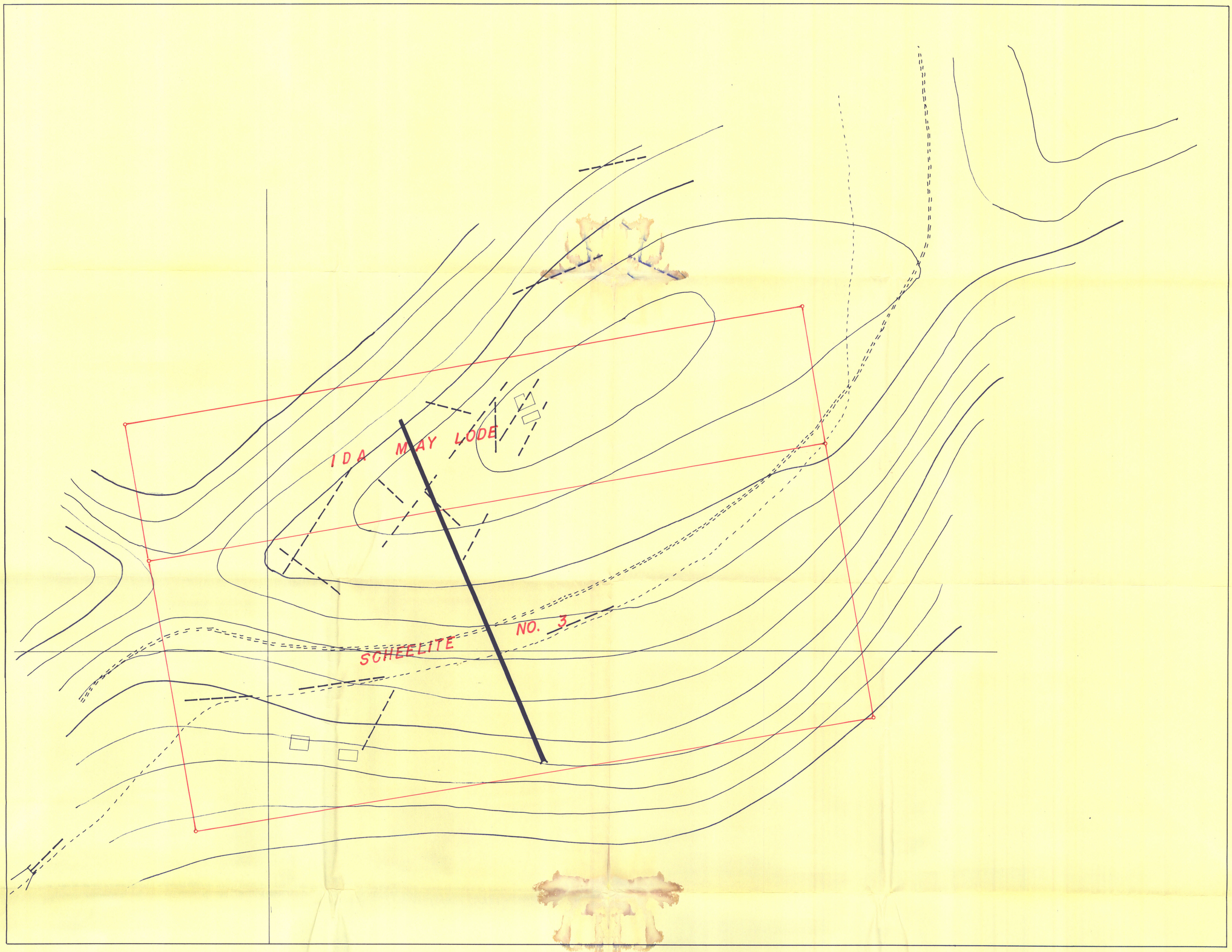
FLANDERS MINING CO.

SCALE 1"=100'

1201 N. DIVISION STREET
SPOKANE 2, WASHINGTON

OFFICIAL BUSINESS

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.



FLANDERS MINING COMPANY

GOLD HILL PROPERTIES

T 51 N R 4 E

GUNNISON CO., COLORADO

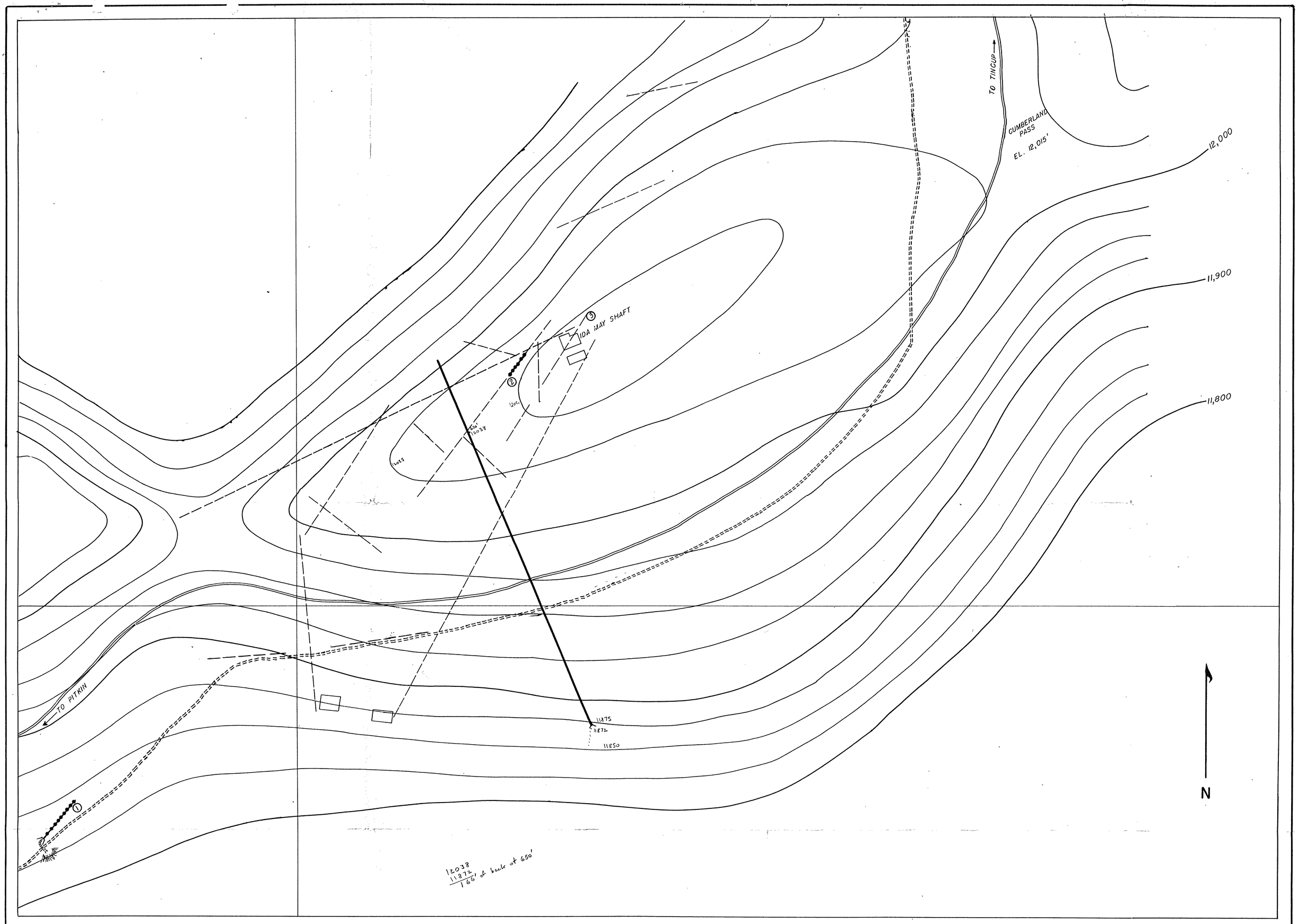
SCALE: 1" = 100'

CONTOUR INTERVAL
25 FT.

N

LEGEND

- PROPOSED CROSS-CUT
- COUNTY HIGHWAY
- MINE ROAD
- TUNGSTEN VEIN
- PORTAL (OPERATING MINE)



FLANDERS MINING COMPANY

GOLD HILL PROPERTIES

T 51 N R 4 E

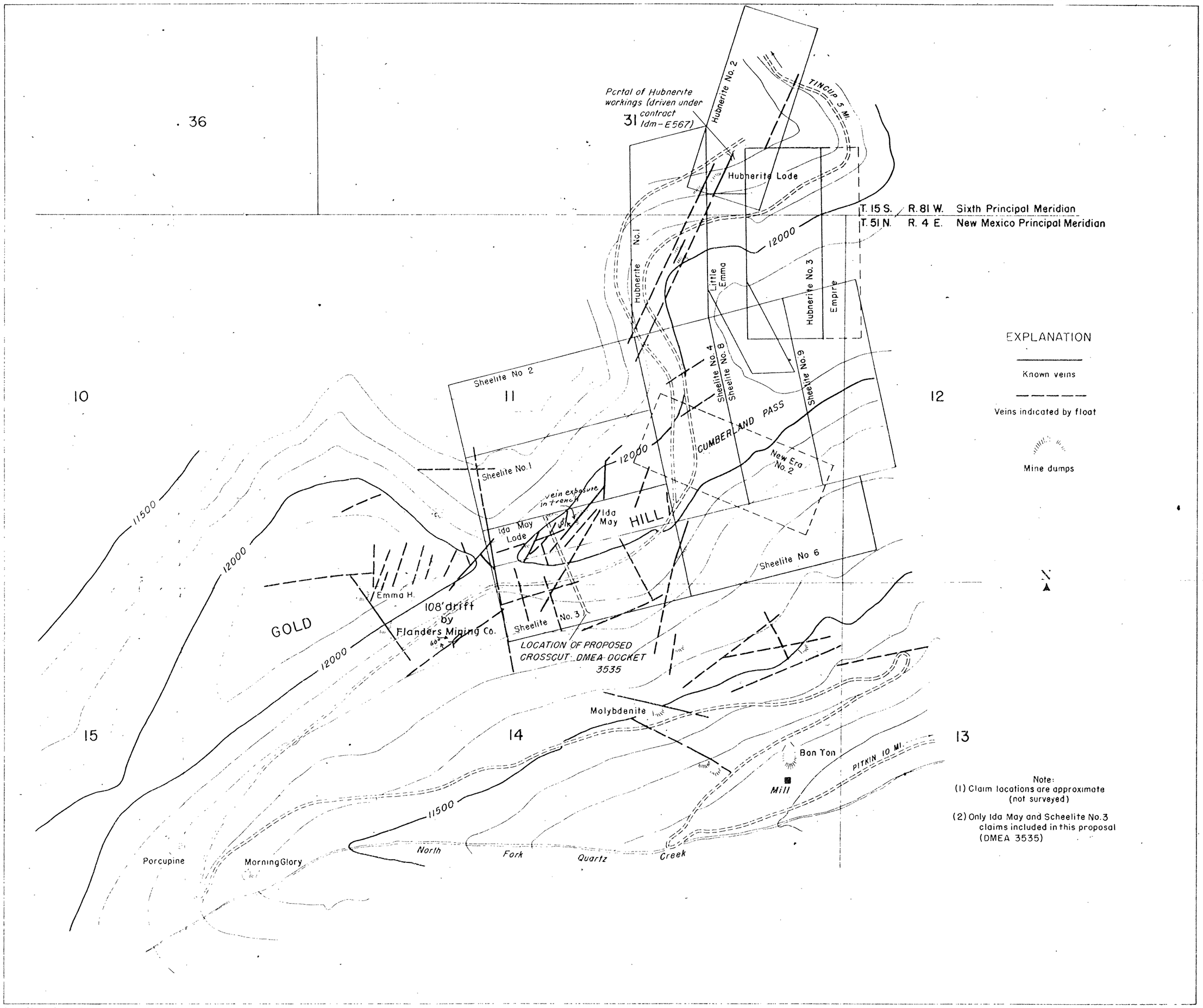
GUNNISON CO., COLORADO

SCALE: 1" = 100'

CONTOUR INTERVAL 25FT.

LEGEND

- PROPOSED CROSS-CUT
- COUNTY HWY.
- MINE ROAD
- KNOWN TUNGSTEN VEIN
- TUNGSTEN VEIN INDICATED BY FLOAT



Simplified from Ogden Tweto, U.S.G.S.

E. N Harshman Feburary 1955

FIG. 1 - VEIN LOCATIONS, GOLD HILL AREA
FLANDERS MINING COMPANY, GUNNISON COUNTY, COLORADO

500 0 500 1000 feet

Contour interval 100 feet