DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

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OCT - 1 1956

Hurst Majors
Manhattan, Kansas

pertaining to Exploration Project Contract No. Idm-E878, Docket No. DMEA-3605, including Amendment Nos. one and two, for the month of November, 1955, covering a project for the exploration of lead and zinc on property known as Mineral Farm Group, located in Ouray County, Colorado, approximately 1 mile from Ouray.

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

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

All of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed.

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

Total cost as billed by Contractor:		$738.40
Exceptions		
By DMEA Finance Officer	None	
Herewith	None	
Total Accepted Cost		$738.40

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Three Hundred Sixty-Nine and 20/100ths Dollars

----- $369.20 -----

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

Date 9/26/56

Donald T. Fuerch
Auditor

Division copy

Put in Charged Appd. Sol. Off.
Signed Talbert Selfridge

TERMINATION AGREEMENT

It is agreed this 14th day of September, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Hurst Majors, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-2878 (Docket No. DMEA-[illegible]), dated September 21, 1955, hereinafter called the "Contract," that:

1. Effective November 15, 1955, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

3. All rights of the Government under the Contract with respect to records, audits, and recovery of any overpayment are preserved.

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

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

THE UNITED STATES OF AMERICA

By Frank P. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

HURST MAJORS

Hurst Majors

EXPLORATION PROJECT CONTRACT
HURST MAJORS
DOCKET NO. DMEA 3605
CONTRACT NO. IDM-8878

AMENDMENT NO. 2

It is agreed this 12th day of January, 1956, between the United States of America acting through the Department of the Interior Defense Minerals Exploration Administration, hereinafter called the Government, and Hurst Majors, hereinafter called the Operator, parties to that certain Exploration Project Contract No. Idm-8878, Docket No. DMEA 3605, dated September 21, 1955, hereinafter called the Contract, that:

1. The date fixed under Article 5 of the Contract for completion of the work is extended to September 1, 1956.

2.(a) Work under the Contract shall be suspended during the period beginning November 15, 1955, and ending not later than July 1, 1956.

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

(c) The Operator, at his own cost and expense, without contribution by the Government during the period of suspension, shall preserve and protect the project work and any property in which the Government has an interest.

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

Executed in sextuplet the day and year first above written.

HURST MAJORS - Operator

By Hurst Majors
Hurst Majors

UNITED STATES OF AMERICA

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

RECEIVED
DEC 13 1955

No. 1

AMENDMENT OF CONTRACT No. [illegible]

CONTRACT Docket No. [illegible], dated September [illegible], 1955, between the United States of America and Hurst Mayor, is hereby amended as follows, effective as of the date of the Contract:

> Referring to SCHEDULE "A" attached to Exploration Project Contract Form [illegible] (Revised June 1954), section "Description of the Work," second paragraph, delete the second sentence which reads, "The size of the holes shall be not less than AX."

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum."

Dated December 9, 1955

UNITED STATES OF AMERICA

two

By W. M. Craver
W. M. Craver, Executive Officer
ECA Field Team, Region III

HURST MAYOR

Hurst Mayor

Division copy

MF-200A
(Revised June 1954)

Docket No. DMEA 3605

Commodity lead-zinc

Contract No. Idm-E878

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this SEP 21 1955 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Hurst Majors

whose mailing address is Manhattan, Kansas

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and map.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Colorado, County of Ouray, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [7] ..... recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none.

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: .....

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

16—70618-1

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of lead and zinc. The work to be performed is described in Exhibit "A." The Operator on or before October 31, 1955 shall commence the work, and on or before Jan. 1, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $2,200.00 The Government will contribute 50 percent of the fixed unit costs as work is performed, in a total sum not in excess of $1,100.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records or accounts.

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except*, that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer*, sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

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

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

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

HURST MAJORS
(Operator)

Hurst Majors

By O O Mittendorf
Administrator, Defense Minerals
Exploration Administration

By

"Appd. Sol. DIR."
Griswold
Talbot
Selfridge

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
[illegible]
DOCKET NO. IMEA-3605

ANNEX I

The land referred to in Article 2 of the contract consists of the following patented claims:

Claim	Survey No.
Mineral Farm No. 1	800
Mineral Farm No. 2	801
Mineral Farm No. 3	802
Mineral Farm No. 4	803
Miner's Desire	6530
Miner's Dream	949
Midnight	1149A
Forest	1149A

All of these claims are shown on the attached map entitled "Map Showing Location of Proposed Drill Holes in Relation to Boundaries of Property, Mineral Farm Mine, Ouray County, Colo."

EXPLORATION PROJECT CONTRACT
HUNDT MAJORS
DOCKET NO. DMEA-3605

EXHIBIT "A"

Description of the Work

The purpose of the work is to explore for ores of lead and zinc by diamond drilling. The work program consists of drilling three holes downward from the floor of the old east stope, about 450 feet in combined total length.

The location, inclination, direction, and extent of each hole shall be subject to the approval of the Government. The size of the holes shall be not less than AX. The approximate positions of the holes are shown on the attached map.

The entire length of each drill hole shall be cored. All core shall be bound and the boxes marked, to indicate proper depths and stratigraphic sequence. All mineralized core shall be split, and one half shall be used for analysis and the other half retained for the Government's use. A driller's petrographic log shall be accurately kept. Copies of assay results and driller's log must accompany each monthly report of the Operator. In cases of core recovery of less than 75 per cent, sludge samples shall be taken for analysis.

Fixed Unit Costs

(The unit costs include all costs whatsoever necessary to complete the work.)

450 feet of diamond drilling @ $4.80/ft.	$2,160.00	
8 samples assayed for gold, silver, copper, lead and zinc @ $5.00 per sample	40.00	
Estimated Total Cost of Project		$2,200.00
Government Participation @ 50%		$1,100.00

PROJECT SUMMARY REPORT

By: W. R. Griswold May 9, 1957

1. Docket No. DMEA-3605 (Lead-Zinc)
Contract No. Idm-E878
Property: Mineral Farm Group
Ouray County, Colorado

Operator: Hurst Majors
Manhattan, Kansas

Operator's Property Rights: Owner

2. Contract date September 21, 1955.

Work Authorized

450 feet diamond drilling @ $.480/ft.	$2,160.00
8 samples for assay for gold, silver, copper, lead and zinc @ $5.00/sample	40.00
Total estimated cost of project	$2,200.00
Government's participation, 50%	$1,100.00

Amendments

No. 1 Dated December 9, 1955.

Permits EX diamond drilling.

No. 2 Dated January 12, 1956.

Extends completion time to September 1, 1956.

Recesses work from November 15, 1955 to July 1, 1956.

Work Completed

153.8 feet diamond drilling @ $4.80/ft.	$738.40
Total cost of the project	$738.40
Government's participation, 50%	$369.29

Termination Agreement dated September 14, 1956.

Terminates work effective November 15, 1955.

Work terminated November 1955.

3. Audit Certificate.

Report of Review dated September 26, 1956.

No Operator's final report

Final Field Team report January 23, 1957.

4. Certification Date; No certification of discovery or development issued.

5. Comments

The project contemplated exploration for lead-zinc replacements in limestone.

The results of the small amount of work were done were negative and there is no apparent reason for any further Government participation.

W. R. Griswold

WRG/er
Copy to; Docket
Base Metals
Chron.

EXTRA COPY DMEA		
RECEIVED MAR 4 1957		
DATE	INITIALS	CODE
3/4/57	WRG	500

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

March 1, 1957

Re: DMEA 3605; Lead-Zinc;
Hurst Majors
(Mineral Farm Group)
Ouray County, Colorado
Contract No. Idm-E878

Memorandum

To: W. R. Griswold, DMEA

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

Subject: Review of Final Field Report, dated February 13, 1957, received February 26, 1957.

The contract provided for 3 holes, totaling 450 feet of diamond drilling, which were designed to explore in and under the red shale of the Leadville limestone from the floor of old stopes.

The work was began October 31, 1955 and Hole 1 was completed at 153.1 feet of depth but showed only negligable quantities of lead and zinc. Thereafter the operator drilled 2 shallow non-contract holes, which were barren. Disappointed with the drilling results and his share of the costs of contract drilling the operator refused to do further work and the contract was terminated as of November 15, 1955.

The field team states that since exploration did not explore the target area the possibility for successful exploration remains.

They recommend that no further Government assistance be given to the applicant, that no certificate of discovery be issued and conclude that the property still has potential worth.

I concur with these views.

O. M. Bishop

O. M. Bishop

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

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

EXTRA COPY, DMEA		
RECEIVED MAR 4 1957		
DATE	INITIALS	CODE

March 1, 1957

Re: DMEA 3603; Lead-Zinc;
Hurst Majors
(Mineral Farm Group)
Ouray County, Colorado
Contract No. Idm-E878

Memorandum

To: W. R. Griswold, DMEA

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

Subject: Review of Final Field Report, dated February 13, 1957, received February 26, 1957.

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I concur with these views.

O. M. Bishop

O. M. Bishop

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

Grossman
Betty
[illegible]

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

224 New Customhouse
Denver 2, Colorado

September 21, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3605 (Lead-Zinc), Contract Idm-1878, Hurst Majors (Mineral Farm mine), Ouray County, Colorado.

Enclosed are the Government's, Division, and Docket copies of the "[illegible] AGREEMENT" to the subject contract, transmitted by your letter of September 14, 1956 for signature.

Copies of the "[illegible] AGREEMENT" have been forwarded to the Operator, Region III Finance Officer, and other offices concerned.

W. M. Traver

W. M. Traver

Enclosures

Approved

RECEIVED
SEP 26 1956

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

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

September 18, 1956

Gruswold
Betty

Mr. Hurst Majors
Majors Produce Company
Manhattan, Kansas

Re: Docket DMEA 3605 (Lead-Zinc)
Contract 14m-E878
Hurst Majors
(Mineral Farm mine)
Ouray County, Colorado

Dear Mr. Majors:

Enclosed are the Government's, Division, Docket, Finance Office, and Field Team copies of a "TERMINATION AGREEMENT" which has been prepared by the Washington Office, DMEA, and signed by the Administrator, in conformance with the third paragraph, page 2, of your letter dated July 20, 1956.

If the "TERMINATION AGREEMENT" is satisfactory, all copies should be signed by you where indicated and promptly returned to this office.

On return of the "TERMINATION AGREEMENT" properly executed, the "Operator's Copy" will be forwarded to you for attachment to your copy of the Contract.

Very truly yours,

W. M. TRAVER

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

Enclosures

WMT:prl

cc: Corres. E878
Chairman, Oper. Comm. (2)
Marshman
Shaw (2)
Townsend
Chron.

SEP 14 1956

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

Re: Docket No. DMEA-3605 (Lead-Zinc)
Hurst Majors
Mineral Farm Group
Ouray, Colorado
Contract No. Ida-2878

Dear Mr. Traver:

This is with reference to your memorandum of August 9, relating to the cited project.

We are enclosing the original and five copies of a Termination Agreement, signed by the Administrator. If it meets with your approval, please refer it to the Operator for signature and, when completed, distribute the copies in the usual manner. If it should not meet with your approval please return all copies with your recommendations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

WRGriswold/er 9/5 & 12/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

September 12, 1956

Memorandum for the Files

From: Chief, Base Metals Division

Subject: Docket No. DMEA-3605 (Lead-Zinc), Hurst Majors, Mineral Farm Group, Ouray, Colorado, Contract No. Idm-E878.

The project called for three short drill holes, one of which has been completed, with negative results. The Operator discontinued the work due to high cost; actually there is probably little expectancy in view of the first hole being negative. Since the Government has little reason to force completion of the project, a mutual termination seems to be in order.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron

August 24, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Docket No. DMRA-3605, Hurst Majors, Mineral Farm Mine, Ouray County, Colorado, Contract No. Idm-E878, Lead-Zinc.

At our request, you recently prepared a Mutual Termination Agreement (with a pseudo-certification) covering the referenced contract.

However, it has now been decided that the cost to the Field Team of administering and checking-up for a period of ten years would vastly exceed the small sum involved. Hence, while we regret putting you to double work, we request that you prepare a unilateral notice of termination, by the Government, due to the improbability of making any worthwhile discovery by any further work under the contract. The right to certify need not be preserved in such notice.

Please make such notice to be signed by the executive Field Officer of Region III, W. M. Traver.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

August 15, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Mutual Termination Agreement for
Docket No. DMEA-3605 (Lead-Zinc)
Contract No. Idm-E878
Hurst Majors
Mineral Farm Mine
Ouray County, Colorado

Will you kindly prepare a Mutual Termination Agreement to the cited contract. A pseudo-certification clause should be included.

W. R. Griswold

W. R. Griswold

WRG/er

Copy to: Docket
Base Metals
Chron.

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

RECEIVED
AUG 13 1956

224 New Customhouse
Denver 2, Colorado

August 9, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3605 (Lead-Zinc), Contract Idm-E878, Hurst Majors (Mineral Farm mine), Ouray County, Colorado

Enclosed is the following material pertaining to operations under the subject contract:

1. The original and three copies of a letter from the Operator, dated July 20, 1956 in reply to two letters from this office dated July 18, 1956.

2. The original and three copies of a memorandum, dated August 8, 1956 from C. M. Harrer, Mining Engineer, Bureau of Mines.

3. The original and three copies of a joint memorandum, dated August 8, 1956 from C. M. Harrer, Mining Engineer, Bureau of Mines, and E. W. Harshman, Geologist, Geological Survey, and member of the DMEA Field Team, Region III.

The Operator, for reasons outlined, states that he has no intention of resuming work under the contract.

The field examiners state that the project still has some merit. However, under the circumstances, they recommend that the contract be terminated and that the Government retain royalty rights.

If the contract is terminated in its present status, reimbursement to the Operator in the amount of $369.20 in processing form MF-104, Operator's Monthly Report and Voucher, for the month of November, 1955 will constitute final payment under the contract.

We recommend that if possible the Operator be required to reimburse the Government for the amount of its contribution. However, if the amount contributed cannot be recovered by other means, we do not recommend that the project be certified as a discovery or development, because the cost of administering the contract on royalty matters for ten years would far exceed the amount of the Government's contribution to date.

Agreeing to Friend's case.

The matter is forwarded for your consideration and appropriate action, or advice as to how this office should proceed.

W. M. Traver

W. M. Traver

Enclosures

DMEA
Date Rec'd.

AUG 9 1956

BUREAU OF MINES
Denver, Colorado

REGION XIII

Building 20
Denver Federal Center
Denver 2, Colorado
August 8, 1956

Memorandum

RECEIVED
AUG 13 1956

To: Executive Officer, DMEA Field Team, Region XIII

Through: John F. Shea
Supervising Mining Engineer

From: C. M. Harrer

Subject: DMEA 3605 (Lead-zinc) Contract Idm-2878, Hunt Majors Mineral Farm mine, Ouray County, Colorado -- Status of the contract

The Mineral Farm mine was examined on August 2, 1956. There has been no activity under the contract for the year 1956. Arthur Wright, lessee of the property has spent a few shifts sorting out ore from the mine dump.

Amendment No. 2 of the contract stipulates that work under the contract should start not later than July 1, 1956. This has not been done.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/mr
Idm-2878
Chron
cc: 9

DMEA
Date Rec'd.

AUG 9 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 8, 1956

Memorandum

RECEIVED
AUG 13 1956

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea
Supervising Mining Engineer

From: C. M. Harrer
E. N. Hazelman

Subject: Docket DMEA 3605 (Lead-zinc) Contract Ldm-2078, Ernest Majors (Mineral Farm mine) Ouray County, Colorado - Recommendations on contract

In a letter dated July 20, 1956, Ernest Majors states that he will not continue exploration under the contract. As of December 12, 1955 one of the three proposed drill holes was completed to a depth of 153 feet 10 inches. This hole bottomed in about 10 feet of blue-black shale without encountering any ore. Two holes remain to be drilled; 110 feet east and 130 feet west of the completed hole. There is still a possibility of encountering ore in the remaining two drill holes. However, since the one hole proved barren and the operator does not wish to continue exploration, it is recommended that the contract be terminated and that the Government retain royalty rights.

C. M. Harrer

C. M. Harrer
Mining Engineer

E. N. Hazelman

E. N. Hazelman
Member Field Team

CMH/mr
Ldm-2078
Chron

MAJORS PRODUCE COMPANY

MANHATTAN, KANSAS

RECEIVED
AUG 13 1956

DISTRIBUTORS OF
"CHEMI-CA'PELLETS"
(CHEMICAL CAPON PELLETS)

July 20th 1956

DMEA
Date Rec'd
JUL 23 1956

BUREAU OF MINES
Denver, Colorado

W.M Traver,
Executive Officer, DMEA,
Field Team Region 111,
Dear Sir;

I have your letters, two of them, dated July 18th, with reference to the work done on my Mineral Farm property.

Referring first to the question of my resumption of the work up there. When we shut down last winter, I began to pay the bills resulting from the drilling of the first test hole to a depth of 150 feet, and when I finished the job of paying the bills, I found that instead of being able to do the work for the $4.80 per foot, as your engineers estimated, it cost me closer to $15.00 per foot. I discovered that no contract drilling firm would do the job for less than $13.50 to $15.00 per foot, and apparently I was a Kansas greenhorn in accepting the generous offer of the Government to share the $4.80 cost with me.

But when I had your letter of December 22, 1956, from Mr. Harshman, reading in part, "If you wish to resume operations in the Spring, it is necessary that you request a recess of operations at this time", I had not paid all the bills and I did write you on January 10th that we ought to be able to resume by June 1, 1956.

The phraseology of your letter above quoted indicated to me that you did not particularly care whether I started work in the Spring, and I therefore voted not to pour another $3,000 or $4,000 down the rathole. I am therefore NOT going to resume work up there under the one-sided contract this has turned out to be.

Now as to the matter of the lease to Mr. Wright. He is being given permission to go in the "Church" and do some looking around. If he finds anything, I assure you that the Government may have anything and everything you are entitled to, and you may accept this letter as my agreement to give you your percentage royalty if you think you are entitled to it.

MAJORS PRODUCE COMPANY
MANHATTAN, KANSAS

DISTRIBUTORS OF
"CHEMI-CA'PELLETS"
(CHEMICAL CAPON PELLETS)

Summarizing therefore my answer to your two letters, I'll simply say that

first--I am not going to continue the work up there under the unreasonable terms of the contract. I'll go broke if I do try to drill at the price you say I should.

secondly---if you think the Government has a right to royalty on anything Mr. Wright finds by digging holes along the walls of the Church, I'll pay it to you.

I want further to say this to you. I was told when I entered into the original contract that you would make certain assays and appraisals of the ores and formations we encountered on the way down. I was told to save the cores for your assay. I have had not one word of a ny kind from any source whatsoever, about what you thought of the formations we went thru, or whether it is your judgment that we might find anything in two more holes.

And I note in the instruction booklet explaining the DMEA workings, the statement that in case I come to the conclusion there is no benefit or advantage in completing the work, the Government may agree with me to terminate the work. I therefore request that we terminate the work.

I also read this statement----in answer to the question, "must I repay the Government the money which it contributes"----"Only in case there is production which is subject to a percentage royalty as provided in the contract" I am repeating myself here--if we get one dollars worth of ore from the drilling we did up there, you'll get every cent of the royalty due you.

And I'll make one final statement. If the Government really and honestly means it when they say they will pay half of the actual cost of doing that work up there, based on real figures and not just a $4.80 figure picked out of thin air, I'll finish drilling two more holes with you up there.

Respectfully

Hurst Majors

MAJORS PRODUCE COMPANY

MANHATTAN, KANSAS

DISTRIBUTORS OF
"CHEMI-CA'PELLETS"
(CHEMICAL CAPON PELLETS)

RECEIVED
JUL 25 1956

July 20th 1956

DMEA
Date Rec'd.
JUL 23 1956
BUREAU OF MINES
Denver, Colorado

W.M Traver,
Executive Officer, DMEA,
Field Team Region 111,
Dear Sir;

I have your letters, two of them, dated July 18th, with reference to the work done on my Mineral Farm property.

Referring first to the question of my resumption of the work up there. When we shut down last winter, I began to pay the bills resulting from the drilling of the first test hole to a depth of 150 feet, and when I finished the job of paying the bills, I found that instead of being able to do the work for the $4.80 per foot, as your engineers estimated, it cost me closer to $15.00 per foot. I discovered that no contract drilling firm would do the job for less than $13.50 to $15.00 per foot, and apparently I was a Kansas greenhorn in accepting the generous offer of the Government to share the $4.80 cost with me.

But when I had your letter of December 22, 1956, from Mr. Harshman, reading in part, "If you wish to resume operations in the Spring, it is necessary that you request a recess of operations at this time", I had not paid all the bills and I did write you on January 10th that we ought to be able to resume by June 1, 1956.

The phraseology of your letter above quoted indicated to me that you did not particularly care whether I started work in the Spring, and I therefore voted not to pour another $3,000 or $4,000 down the rathole. I am therefore NOT going to resume work up there under the one-sided contract this has turned out to be.

Now as to the matter of the lease to Mr. Wright. He is being given permission to go in the "Church" and do some looking around. If he finds anything, I assure you that the Government may have anything and everything you are entitled to, and you may accept this letter as my agreement to give you your percentage royalty if you think you are entitled to it.

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

Betty

224 New Customhouse
Denver 2, Colorado

July 18, 1956

JUL 23 1956

Mr. Hurst Majors
Majors Produce Company
Manhattan, Kansas

Re: Docket DMEA-3685 (Lead-Zinc)
Contract Idm-E878
Hurst Majors
Mineral Farm Mine
Ouray County, Colorado

Dear Mr. Majors:

According to the provisions of contract Amendment No. 2, executed January 12, 1956, work was to have been resumed under DMEA Exploration Contract Idm-E878 not later than July 1, 1956. Advice from the field indicates that the work was not resumed by that date, which places you in default under the terms of the contract.

Please submit to this office, by return mail, your plans relative to resumption and completion of all authorized contract work.

Very truly yours,

W. M. TRAVER

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

JDC:jy
cc: Corresp. E878)
Chair. Op. Comm. (2)) w/copy of C. M. Harrer's
Harshman) relative memo of July 16, 1956
Shaw (2))
Townsend)
Chron.

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

RECEIVED
JUL 25 1956

[illegible] New Customhouse
Denver 2, Colorado

July 23, 1956

Memorandum

To: E. H. Harshman - w/enclosure
John F. Shea - " "

From: Executive Officer, DEMA Field Team, Region XII

Subject: Project DMA 1085 (Lead-Zinc), Contract [illegible], Yurek Bajaro (Mineral Farm mine), Ouray County, Colorado

Enclosed is a copy of the Operator's letter of July 20, 1956 in reply to two letters from this office, dated July 18, 1956, wherein we requested advice as to the Operator's intention relative to resumption of work.

The Operator states that he has no intention of resuming work under the contract because of the inception of the unit cost established for performing the work.

Please submit a memorandum report of your recommendations in the matter and evaluate your opinion as to the merits of the project.

W. M. TRAVER

W. M. Traver

Enclosure

JMB:yml

cc: Chairman, Operating Committee (2)) w/copy of Operator's letter of July 20

Personnel
Corres. File
Chron.

MAJORS PRODUCE COMPANY

MANHATTAN, KANSAS

DISTRIBUTORS OF
"CHEMI-CA'PELLETS"
(CHEMICAL CAPON PELLETS)

Summarizing therefore my answer to your two letters, I'll simply say that

first--I am not going to continue the work up there under the unreasonable terms of the contract. I'll go broke if I do try to drill at the price you say I should.

secondly---if you think the Government has a right to royalty on anything Mr. Wright finds by digging holes along the walls of the Church, I'll pay it to you.

I want further to say this to you. I was told when I entered into the original contract that you would make certain assays and appraisals of the ores and formations we encountered on the way down. I was told to save the cores for your assay. I have had not one word of any kind from any source whatsoever, about what you thought of the formations we went thru, or whether it is your judgment that we might find anything in two more holes.

And I note in the instruction booklet explaining the DMEA workings, the statement that in case I come to the conclusion there is no benefit or advantage in completing the work, the Government may agree with me to terminate the work. I therefore request that we terminate the work.

I also read this statement---in answer to the question, "must I repay the Government the money which it contributes"---"Only in case there is production which is subject to a percentage royalty as provided in the contract" I am repeating myself here--if we get one dollars worth of ore from the drilling we did up there, you'll get every cent of the royalty due you.

And I'll make one final statement. If the Government really and honestly means it when they say they will pay half of the actual cost of doing that work up there, based on real figures and not just a $4.80 figure picked out of thin air, I'll finish drilling two more holes with you up there.

Respectfully

Hurst Majors

Hurst Majors

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

224 New Customhouse
Denver 2, Colorado

July 18, 1956

RECEIVED
JUL 23 1956

Mr. Hurst Majors
Majors Produce Company
Manhattan, Kansas

Re: Docket DMEA-3695 (Lead-Zinc)
Contract Idm-E878
Hurst Majors
Mineral Farm Mine
Ouray County, Colorado

Dear Mr. Majors:

According to the provisions of contract Amendment No. 2, executed January 12, 1956, work was to have been resumed under DMEA Exploration Contract Idm-E878 not later than July 1, 1956. Advice from the field indicates that the work was not resumed by that date, which places you in default under the terms of the contract.

Please submit to this office, by return mail, your plans relative to resumption and completion of all authorized contract work.

Very truly yours,

W. M. TRAVER

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

JDC:jy
cc: Corresp. E878)
Chair. Op. Comm. (2)) w/copy of C. M. Harrer's
Harshman) relative memo of July 16, 1956
Shaw (2))
Townsend)
Chron.

DMEA
Date Rec'd.

JUL 18 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
July 16, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

RECEIVED
JUL 23 1956

From: C. M. Harrer

Subject: DMEA 3605 (Lead-zinc) Contract Idm-E878, Hurst Majors Mineral Farm mine, Ouray County, Colorado - Status of the contract

Mr. John D. Crim of Ouray, Colorado was contacted on July 10, 1956. There has been no activity at the property for the year. Arthur Wright of Ouray has a lease on that part of the Mineral Farm property including the incline and a 50-foot extension on each side of the incline walls. The lease is effective as of July 1, 1956 and for a period of one year.

Amendment No. 2 of the contract stipulates that work under the contract should start not later than July 1, 1956. This has not been done.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/mw
Idm-E878
Chron

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

RECEIVED
JUL 20 1956

224 New Customhouse
Denver 2, Colorado

July 18, 1956

Mr. Hurst Majors
Majors Produce Company
Manhattan, Kansas

Re: Docket DMEA 3605 (Lead-Zinc), Contract Idm-E878, Hurst Majors (Mineral Farm Mine) Ouray County, Colorado

Dear Mr. Majors:

This agency has been informed that you have leased a portion of the property described in the Contract Idm-E878 to a Mr. Arthur Wright of Ouray, Colorado

We refer you to Article 2(d) which states in part:

"...the Operator shall neither transfer, convey, nor surrender the land or any right, title, or interest therein nor permit nor suffer any claim, lien, or encumbrance thereon, withour expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof."

You are accordingly requested to submit a signed copy of the instrument of conveyance or photostat of same to this office which conforms to the requirements of the contract.

Yours very truly,

W. M. TRAVER

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

MHM/vj

cc: Royalty File E878
Correspondence File E878
Sec. Opr. Comm. (2)
J. F. Shaw (2)
Townsend
Marshall
Chron.

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

224 New Customhouse
Denver 2, Colorado

January 20, 1956

Approved LWR 7.

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3605 (Lead-Zinc), Contract Idm-E878, Hurst Majors, Mineral Farm Group, Ouray County, Colorado

Enclosed are the original and two copies of Amendment No. 2 to Contract Idm-E878, which has been executed to extend the period for completion of the project work to September 1, 1956, and authorize a recess of operations from November 15, 1955, to July 1, 1956.

Also enclosed are four copies of the Operator's letter of January 12, 1956, requesting the recess of operations.

Copies of the Amendment have been given to the Operator, the Finance Office, Region III, and distributed to other offices concerned.

W. M. Traver

Enclosures

Amendment

Date Rec'd.

JAN 11 1956

BUREAU OF MIN
Denver, Colorad

MAJORS PRODUCE COMPANY

MANHATTAN, KANSAS

DISTRIBUTORS OF
"CHEMI-CA'PELLETS"
(CHEMICAL-CAPON PELLETS)

January 10, 1956

U.S. Department of Interior,
224 New Customhouse
Denver 2, Colorado,
Gentlemen;

Re Docket DMEA—3605
Contract Idm- E 878
Mineral Farm Group
Ouray County Colorado

As stated in my narrative report for the month of November 1955, we were forced to shut down operations when a two foot snow buried the road to the property on Mineral Farm.

The last work we did on Mineral Farm was on November 14th, 1955 The men walked up that day, did a little work, but were unable to get fuel up the hill for further work.

Normally the road to the property is closed by snow until late May; early May is a possible date. I would think we better estimate that we might start drilling again by June 1st 1956.

It took us approximately 3 weeks to drill the first hole to 153 feet. I would estimate it will require 2 months to complete three holes.

I am also assuming that the Government will wish to continue the exploration up there, after studying the cores and after assays have been made on the cores brought up in the first hole.

Respectfully,

Hurst Majors

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

224 New Customhouse
Denver 2, Colorado

December 22, 1955

Mr. Hurst Majors
Majors Produce Company
Manhattan, Kansas

Re: Docket DMEA-3605
Contract Idm-E878
Mineral Farm Group
Ouray County, Colorado

Dear Mr. Majors:

In your Narrative Report for the month of November 1955 you indicate that operations have been shut down for the winter months. If you wish to resume operations in the spring it is necessary that you request a recess of operations at this time, and in conjunction with the request we must have the following information:

a) Date on which operations were suspended

b) Date on or before which operations will be resumed

c) Length of time required to complete the drilling after resumption of work

Very truly yours,

E. N. Harshman

E. N. Harshman
Acting Executive Officer, DMEA
Field Team, Region III

JDC:jy
cc: Corresp. E878
Sec. Op. Comm. (2)
Shaw (2)
Townsend
Chron.

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

224 New Customhouse
Denver 2, Colorado

December 22, 1955

Harold
Betty

Mr. Hurst Majors
Majors Produce Company
Manhattan, Kansas

Re: Docket DMEA-3605
Contract Idm-E878
Mineral Farm Group
Ouray County, Colorado

Dear Mr. Majors:

We note that some of the entries on your November 1955 Form MF-104A, Operator's Unit Cost and Progress Report, are not in the proper columns. Attached is a sample form showing correct distribution of entries for the same month which you may use as a guide in preparing subsequent monthly reports.

Very truly yours,

E. N. Harshman

E. N. Harshman
Acting Executive Officer, DMEA
Field Team, Region III

Enclosure
JDC:jy
cc: Corresp. E878
Sec. Op. Comm. (2)
Shaw (2)
Townsend
Chron.

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

RECEIVED
DEC 13 1955

224 New Customhouse
Denver 2, Colorado

December 9, 1955

~~Gaiswold~~
Approved WSM

~~Hampshire~~
Betty

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3605 (Lead-Zinc) Contract Idm-E878, Hurst Majors Mineral Farm Mine, Ouray County, Colorado

Enclosed are the original and two copies of Amendment No. 1 to Contract Idm-E878 which has been executed to modify the specifications of the work to be performed under the contract. Also enclosed are four sets of data relative to the Amendment.

Copies of the Amendment have been given to the Operator and distributed to other personnel concerned.

E. M. Harshman

E. M. Harshman

Enclosures

Amendments

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

RECEIVED
DEC - 8 1955

224 New Customhouse
Denver 2, Colorado

December 6, 1955

Greenwald
Betty

Mr. Hurst Majors
Majors Produce Company
Manhattan, Kansas

Re: Docket DMEA-3685
Contract Idm-E878
Uncompahgre Mining District
Ouray County, Colorado

Dear Mr. Majors:

We are returning herewith all copies of your Forms MF-184 and MF-184A and the one copy of your Narrative Report including written and graphic logs of drill hole No. 1.

It is necessary, and a requirement of the contract (Article 6 (h)) that the Narrative Report, including all supporting data such as maps and logs be in quintuplicate.

We request that you mail the five complete copies of your monthly report to Mr. John F. Shaw, U. S. Bureau of Mines, Room 137, Building 20, Denver Federal Center, Denver 2, Colorado. Please refer to our letter to you dated September 29, 1955.

JDC:jy
cc: Corresp. File E878
Sec. Op. Comm. (2)
Harshman
Shaw (2)
Chron.

Very truly yours,

E. M. Harshman

E. M. Harshman
Acting Executive Officer, DMEA
Field Team, Region III

Enclosures

Building 20
Denver Federal Center
Denver 2, Colorado
November 14, 1955

REGION III

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: DMEA 3605, Contract Idm-2878 (Lead-zinc)
Hurst Majors (Mineral Farm mine), Ouray County, Colo. -
Progress report for October 1955

Messrs. Hurst Majors and John Crim were contacted at the property on November 1, 1955. Drilling started on October 21, 1955, on vertical hole no. 1. This hole was started AX and drilled for 13 feet through hard quartz and siliceous limestone. So much difficulty was experienced in drilling that the hole was continued from this depth in size NX. At the time of inspection, the hole had progressed satisfactorily for a depth of 104 feet with good core recovery. In the upper 10 feet, very small spots of sphalerite were noted in almost massive quartz. Beyond this depth no mineralization was noted other than occasional faint limonite staining. Rock penetrated was quartz and very siliceous limestone.

C. M. Harrer
C. M. Harrer
Mining Engineer

cc 6
Idm-2878
Chron

CMH:ph

REGION III

Memorandum

Building 20
Denver Federal Center
Denver 2, Colorado
November 14, 1955

RECEIVED
DEC 13 1955

To: Executive Officer, DMEA Field Team, Region III

Through: E. H. Harshman
Member, Field Team

John F. Shaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: DMEA 3605, Contract Ida-2878 (Lead-zinc)
Hurst Majors (Mineral Farm mine), Ouray County, Colo. -
Core drilling change from size AX to size BX

In a letter dated October 28, 1955, Hurst Majors states that extreme difficulty was evidenced in core drilling quartz and very siliceous limestone formations necessitating a change from size AX to size BX after 13 feet of advance. Inspection of drilling size BX indicates good core recovery.

It is recommended that size BX hole be approved only if core recovery is good and holes are completed to their objective. No uncompleted holes would be paid for.

C. M. Harrer
Mining Engineer

cc 9
EHHarshman
Ida-2878
Chron

CMH:ph

October 28, 1956
Ouray, Colorado

W.M. Traver,
Executive Officer, DMEA
Field Team Region III
Denver, Colorado,
Dear Mr. Traver :

RECEIVED
DEC 13 1956

Re; DMEA 3606 Contract Idn X 578

This will confirm the gist of my phone conversation with Mr. Shaw on Thursday morning October 27th.

I arrived in Ouray, from my home in Manhattan, Kansas, last Monday October 24th. Mr. John Orin had started his drilling program the preceding Friday, in the middle location of the three staked out by Mr. Harper and Mr. Orin.

In five days of drilling, the men had been able to penetrate the extremely hard quartz and limestone only 14 feet. There was nearly 10 feet of quartz, and the AXL bit would simply not core the formations.

On Wednesday, Mr. Orin brought a Mr. O.O. Chamberlain, Supervising Engineer of the Idarado Mining Co., to our property on Mineral Farm, for his advice as to our best procedure. He and Mr. Orin had brought from the Idarado, a smaller bit (XXL) with some smaller pipe, and they went into that quartz with the smaller bit a total of learly 13 feet in four hours.

Mr. Chamberlain told me he thought the XXL would tell us what we needed to know, and Mr. Orin and his driller advised us they saw no possibility of putting the large hole through that Mineral Farm line, so I had to make a decision on the spot as to my next move.

My contract with the Government is on the basis of $4.80 per foot for AXL. This is of course far below existing costs, and hardly one half of what my cost is going to be even drilling XXL. I am not complaining about this; I accepted your contract and am fully bound by its terms, though frankly I was surprised when we got bids from commercial drillers who asked $14.00 and $16.00 per foot for the rather small footage, 480 feet, on Mineral Farm (after I agreed to your $4.80 figure)

But we set up the operation ourselves; hired a driller to operate the machine, with our help; rented compressor, drills, etc. at a cost of over $1500.00 per month, besides labor, and tried our best to put down AXL core.

I have definitely decided that we cannot put 3 holes into that property AXL. Then what should our next move be?

We are going to try to reach the shale through the limestone with the XXL bit. If the Government will approve the change to XXL, we will do our best to drill the contract holes to a total of 420 feet. If however it is your position that the holes must be AXL, we will do as much work as we can, in thirty days, on our own——since we have rentals paid for a month——and of course not expect any participating loan from the Government.

I can spend only a limited time in Quray. I wanted to get as much done as possible while I am here. I made the change to XXL because it seemed to be the only way we could get the job done in that unusually hard lime formation up there.

Mr. Shaw said that Mr. Harrer will be here next Monday. I will talk with him about our problems. The men are going to work long hours Saturday, Sunday and Monday day and night, to try to get deep in the lime before he arrives.

I would like to leave Quray for Kansas on Tuesday afternoon or Wednesday morning, and hope to know just what Mr. Grim should plan to do after I go——hence I would greatly appreciate it if you can make a ruling on the XXL change while Mr. Harrer is in Quray. We are already in trouble with the weather at Quray, and every day's delay will create new problems of supply and access to the property.

If your decision is that only AXL is acceptable, we will go on our own. If you agree with Mr. Chamberlain and my own men that XXL will tell the story, we'll try to finish the original 3 holes before winter stops us.

Respectfully,

Hurst Majors

Hurst Majors

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

224 New Customhouse
Denver 2, Colorado

September 29, 1955

Mr. Hurst Majors
Manhattan,
Kansas

Re: DMEA-3605 (Lead-Zinc) Contract Idm-E878, Hurst Majors (Mineral Farm Group) Ouray County, Colorado

Dear Mr. Majors:

Enclosed herewith is the Operator's copy of Short-Form Exploration Project Contract No. Idm-E878, Docket DMEA-3605.

Also enclosed are six copies of Form MF-104, "Operator's Monthly Report and Voucher" and six copies of Form MF-104A, "Operator's Unit Cost and Progress Report." At the completion of the first calendar month of operation and monthly thereafter you are required to submit five copies of the form to Mr. John F. Shaw, U. S. Bureau of Mines, Room 137, Building 20, Denver Federal Center, Denver 2, Colorado. The sixth form is for your records.

Please note that the monthly report requires a narrative report which should be accompanied by maps or sketches. The narrative report must be signed by the Operator. The monthly report will not be processed for payment unless accompanied by a narrative report. Additional copies of Forms MF-104 and MF-104A will be forwarded to you as required.

For your information and in reply to many questions that have been asked, after Forms MF-104 and MF-104A are received an engineer will check progress and approve your accounts, after which it will be sent to the Regional Office, Region III, U. S. Bureau of Mines, 224 New Customhouse, Denver 2, Colorado, for auditing and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the costs. If you have any difficulty in completing these forms and the reports, please call on Mr. Shaw or this office for assistance.

Field representatives of the Government are not authorized to approve any changes in the work program or contract provisions. Such approval can only be given by the Washington office, DMEA or the DMEA Field Team, Region III, which is comprised of E. N. Harshman, U. S. Geological Survey member, and W. M. Traver, U. S. Bureau of Mines member.

No oral statement of any person shall modify or otherwise affect the terms or conditions of this contract.

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. We have entered October 31, 1955, as the date on or before which work shall commence in Article 3 of all copies of the contract.

It is also a requirement and imperative that you notify this office in writing the date work actually commences under the contract, with a copy of your letter to Mr. Shaw.

Very truly yours,

W. M. Traver

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

Enclosures

WMT:jy

cc: Corresp. File E878
Amend. File E878
Chair. Opr. Comm. (2)
Shaw (2)
Harshman
Townsend
Chron.

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

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

September 29, 1955

Memorandum

To: Chairman of the Operating Committee

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA-3605 (Lead-Zinc) Contract Idm-E878, Hurst Majors (Mineral Farm Group) Ouray County, Colorado

Enclosed are the Government's, Division, and Docket copies of Contract Idm-E878, properly executed by the Contractor. The contract was transmitted to this office by your letter of September 21, 1955.

Copies of the contract have been furnished the Operator, the Region III Finance Officer, distributed to the field offices concerned, and a copy retained in our files.

W. M. Traver

W. M. Traver

Enclosures

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

RECEIVED
SEP 28 1955

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

September 26, 1955

Pending

Mr. Hurst Majors
Manhattan, Kansas

Re: DMEA-3605 (Lead-Zinc) Proposed Contract Idm-E878, Hurst Majors (Mineral Farm Group) Ouray County, Colorado

Dear Mr. Majors:

Enclosed are the Governments's, Division, Docket, Finance Office and Field Team copies of Proposed Short Form Exploration Contract Idm-E878 prepared in Washington and signed by the Administrator, DMEA pursuant to your application.

If you find the contract satisfactory in all respects, sign all five copies as an individual and return as soon as possible.

Upon receipt of the five copies properly signed the "Operator's Copy" will be forwarded to you together with instructions relative to work performance and reporting procedures under the contract. You are cautioned not to commence operations, irrespective of the date of the contract, until you receive your copy with the instructions.

When you return the copies of the contract, please advise the approximate date on or before which you will be able to start operations in order that we may insert in under Article 3 of all copies of the contract.

Also will you please advise the correct Survey Number of the Midnight and Forest claims. They are both shown in your application as Number 1149A and on the Hotchkiss Claim Map of the San Juan region as Number 1149O.

Very truly yours,

W. M. TRAVER

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

Enclosure
WMT/vj
cc: Correspondence File E878
~~W. M. Traver~~ Sec. Per. Comm (2)
Harshman
J. F. Shaw (2)
Townsend
Chron.

SEP 23 1955

Pending

Mr. Hurst Majors
Major Produce Company
Manhattan, Kansas

Re: Docket No. DMEA-3605 (Lead-Zinc)
Hurst Majors
Mineral Farm Group
Ouray County, Colorado

Dear Mr. Majors:

I have your letter of September 19, inquiring as to the status of your Defense Minerals Exploration Administration application.

A contract was forwarded to the field office on September 21 for transmittal to you. I feel sure you will hear from them in the course of a very few days.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

WRGriswold/er 9/22/55
Copy to: Docket
Admr & File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Millsgaard, USGS
Region III (2)
Chron.

C
O
P
Y

MAJORS PRODUCE COMPANY

Manhattan, Kansas

September 19, 1955

U. S. Department of the Interior
Administrator of DMEA,
Interior Building
Washington 25, D. C.
Gentlemen;

Attention Mr. C. O. Mittenderf

I have a letter from the Denver office, Bureau of Mines, dated September 16th, written by John F. Shaw, Supervising Mining Engineer.

"Reference is made to your letter dated September 10, 1955, regarding the status of your application for exploration assistance, docket DMEA 3605"

"The examination report was forwarded to the Washington office of the DMEA on August 4, 1955. It is suggested that you write to Mr. C. O. Mittenderf, Administrator, DMEA, Department of Interior, Interior Building, Washington 25, D. C., regarding the status of your application".

My letter to Denver was prompted because of the fact that the property at Ouray is at an elevation of approximately 8,500 feet; we couldn't get in there last Spring until almost June first, because of snow, and we don't have too much time left this fall, if we are going to do some core drilling up there.

I would just like to know if possible, when this application will likely be processed and returned, thru Denver, to me, so I can tell my Ouray young miner friend just what we are going to do.

Respectfully,

Signed/ Hurst Majors -

SEP 21 1955

Pending

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

Re: Docket No. DMEA-3605 (Lead-Zinc)
Hurst Majors
Mineral Farm Group
Ouray, Colorado

Dear Mr. Traver:

With reference to your memorandum of August 4, we are enclosing the original and five copies of a contract for the cited project.

If it meets with your approval, will you please present it to the Applicant for signature and, when complete, distribute the copies in the usual manner. Otherwise all copies should be returned to us with your comments.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

WRGriswold/er 9/15/55
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

P. F. Yopes

Member, Bureau of Mines

/s/ M. E. Nelson

Member, Geological Survey

P. S. Please note that in Annex I we have numbered the Midnight and Forest Claims 1149A, as shown on the application. On the map attached to the contract, these claims are numbered 11490. Please check this and correct as necessary.

500

September 2, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Docket No. DMEA-3605, Hurst Majors, Mineral Farm Group, Ouray County, Colorado

Please prepare a contract following the lines of the attached draft.

W. R. Griswold

W. R. Griswold

WRGriswold/bjl (9/2/55)

Copy to: Docket
Base Metals
Chron.

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

August 30, 1955

Re: DMEA-3605
Lead-Zinc, $10,500
Hurst Majors
Mineral Farm Group
Ouray County, Colo.

Memorandum

To: W. R. Griswold, DMEA

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

Subject: Application for assistance and review of Field Team Report.

Hurst Majors requested exploration assistance to reopen the Mineral Farm Group of claims, the work to consist of reopening a caved adit crosscut, of unwatering underground workings, and of drilling 14 surface diamond drill holes totaling 2,500 feet.

The Field Team in examining the property concluded that the original ore body had been extracted, but that there was an unexplored ore potential 125 to 150 feet beneath existing stopes near the middle of the Leadville limestone below a red shale bed. The applicant and the examining team agreed to explore this ore potential with a program of 3 holes totaling about 450 feet and costing $4.50 per foot. Although this horizon is not known as an ore producer, its possibilities should be tested when it can be done at such a relatively low cost. I recommend that a contract be prepared covering the exploration requested.

O. M. Bishop

O. M. Bishop

Copy to - Division of Minerals
Mr. Kiilsgaard, Room 5222
O. M. Bishop
Files

IN REPLY REFER TO:

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

August 19, 1955

Re: DMEA 3605
Burst Majors
Minneal Farm Group
Ouray Co., Colo.
$2,203.50 - Lead-zinc

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team report.

The applicant has asked for assistance in exploring for a possible ore body underlying the Minneal Farm 1600-foot ore channel. The work was to consist of opening and unwatering old workings, and diamond drilling. The proposal as outlined was estimated to cost $10,500.00.

The idea of prospecting for an ore body beneath a red shale bed in the Leadville limestone appears to be new and perhaps novel. Burbank, in Bulletin 906E, Ore Deposition, Uncompahgre District Colo., seems not to have recognized the possibility. Plate 54-B suggests such a favorable condition could exist if a shale comparable to the Molas should be present. Interbeds of reddish shale characterize the Leadville, but there may be a question as to their effectiveness as dams such as is ascribed to the 40- to 60-foot Molas formation.

Much care should be exercised in laying out the diamond drill holes in the office and underground. The depth to the shale bed is conjectural and the intersections it is desired to explore even more so. Probably the three holes planned will not do a thorough job, but they may afford an estimate of the soundness of the idea.

I concur with the acceptance recommendation of the Field Team.

RECEIVED
AUG 19 1955

N. E. Nelson

NENelson:iml
G-8/19/55
cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
O. M. Bishop, 3617

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

RECEIVED AUG 1 9 1955

224 New Customhouse
Denver 2, Colorado

August 4, 1955

Griswold

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Joint Report of Examination, DMEA Docket 3605 (Lead-Zinc), Hurst Majors, Mineral Farm group, Ouray County, Colorado

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

We recommend DMEA participation in drilling three diamond core holes from the bottom of the main stope to explore a lower horizon in the limestone. The estimated total cost of the work is $2,203.50, Government participation at 50%: $1,101.75.

Nine copies of a revised Figure 3 have been requested from the engineer, to show the proposed location of the drill holes with relation to the property boundaries. These maps will be forwarded you for possible use in a contract.

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

Enclosures

TRANSMITTED
AUG -4 1955

RECEIVED AUG 10 1955 / DMEA Date Rec'd. AUG 1 1955

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
July 29, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw

Subject: DMEA 3605 (Lead-zinc), Hurst Majors, Mineral Farm group, Ouray County, Colorado

Enclosed are the original and eight copies of a "Joint Summary, Conclusions, and Recommendations" and a joint geologic and engineering report by J. E. O'Rourke, geologist, and Glen Walker, mining engineer, covering docket DMEA 3605.

Hurst Majors requested exploration assistance in the amount of $10,500.00 to explore his Mineral Farm group of claims by reopening a caved adit, unwatering two underground workings, and drilling 14 surface diamond core holes. A field examination was made on June 21, 1955 by J. E. O'Rourke, geologist, and Glen Walker, mining engineer. The examining team concluded that the original deposit has been mined out but there is probability of another deposit at a lower horizon in the limestone.

It is recommended that the DMEA participate in the cost of drilling three diamond core holes from the bottom of the main stope to explore this lower horizon. The estimated cost of the work is $2,203.50. The amount of Government participation at 50 percent would be $1,101.75.

John F. Shaw
Supervising Mining Engineer

E. N. Harshman

E. N. Harshman
Member Field Team

Enclosures

cc 8
DMEA 3605
Chron

JFS/em

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

RECEIVED
AUG 10 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA 3605, Mineral Farm Group

Burst Majors

Ouray County, Colorado

Lead-zinc

Joint Engineering and Geologic Report

By

J. E. O'Rourke, Geologist
Geological Survey

Glen Walker, Mining Engineer
Bureau of Mines

July 21, 1955

DNRA 3605

MINERAL FARM GROUP
HURST MAJORS
OURAY COUNTY, COLORADO

Joint Summary, Conclusions, and Recommendations

By

J. E. O'Rourke, Geologist
Geological Survey

Glen Walker, Mining Engineer
Bureau of Mines

TRANSMITTED

AUG - 4 1955

DMEA 3605

MINERAL FARM GROUP
HERST MAJORS
OURAY COUNTY, COLORADO

JOINT SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

By

J. E. O'Rourke and Glen Walker

Herst Majors of Manhattan, Kan., requested assistance in the exploration of lead-zinc ore on his Mineral Farm group of eight patented claims in sec. 6, T. 43 N., R. 7 W., and sec. 1, T. 43 N., R. 8 W., New Mexico principal meridian, in Ouray County, Colo. He proposed reopening a caved adit cross-cut, dewatering two underground workings and drilling 2,500 feet in 14 surface diamond core holes. This work was estimated to cost $10,500.00.

A DMEA field examination was made on June 21, 1955, by J. E. O'Rourke, geologist, U. S. Geological Survey and Alberto Mauriquez, Point-4 trainee, and Glen Walker, mining engineer, U. S. Bureau of Mines, in company with the applicant's representative, John Grim of Ouray, Colo.

It was concluded that the probability of discovering lead ore at a deeper horizon warranted a small expenditure. A much less extensive program of exploration than that of the applicant was briefly outlined to his representative. Both Grim and the applicant have agreed with the examining team's suggestion for exploratory drilling.

It is recommended that DMEA participate in the cost of drilling three AX diamond core holes from the bottom of the east stope through a shale layer in the Leadville limestone estimated to be at a depth of 100 to 150 feet below the original east stope.

DMEA 3605

MINERAL FARM GROUP
HURST MAJORS
OURAY COUNTY, COLORADO

RECEIVED
AUG 10 1955

Joint Geologic and Engineering Report

By

J. E. O'Rourke, Geologist
Geological Survey

Glen Walker, Mining Engineer
Bureau of Mines

DMEA 3605

MINERAL FARM GROUP
HURST MAJORS
OURAY COUNTY, COLORADO

CONTENTS

Joint geologic and engineering report

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Description of deposits	3
Minable ore reserves	6
Present status	6
Project proposals	7
Project costs	8
Summary of proposed project costs	9
Conclusions	9
Recommendations	10

ILLUSTRATIONS

Figure		Follows page
1.	Mineral Farm group, Ouray County, Colo	1
2.	Plan, section and claim map, Mineral Farm mine, Ouray County, Colo	5
3.	Map showing location of proposed DMEA core holes, Mineral Farm mine, Ouray County, Colo	7

DMEA 3605

MINERAL FARM GROUP
HURST MAJORS
OURAY COUNTY, COLORADO

JOINT GEOLOGIC AND ENGINEERING REPORT

By

J. R. O'Rourke and Glen Walker

INTRODUCTION

Hurst Majors, owner of the Mineral Farm group of eight patented claims in the Uncompahgre mining district of Ouray County, Colo., requested assistance from the DMEA in the exploration of lead, zinc, copper ores. The property is in sec. 6, T. 43 N., R. 7 W. and sec. 1, T. 43 N., R. 8 W., New Mexico principal meridian. See fig. 1.

The work outlined in the application included reopening of an old caved adit cross-cut for visual inspection of a winze and underlying small stope, dewatering old stopes and the drilling of 14 surface diamond core holes totaling 2,500 feet. The proposed work was estimated to cost $10,500.00.

An examination of the property by a Region III examining team was made on June 21, 1955.

A modification of the applicant's proposal was agreed upon by the applicant and the members of the examining team. The acceptable program of exploration consists of drilling three 100- to 150-foot AX diamond core holes from the floor of the old east stope to 10 feet below a red shale horizon in the Leadville limestone. The red shale and certain

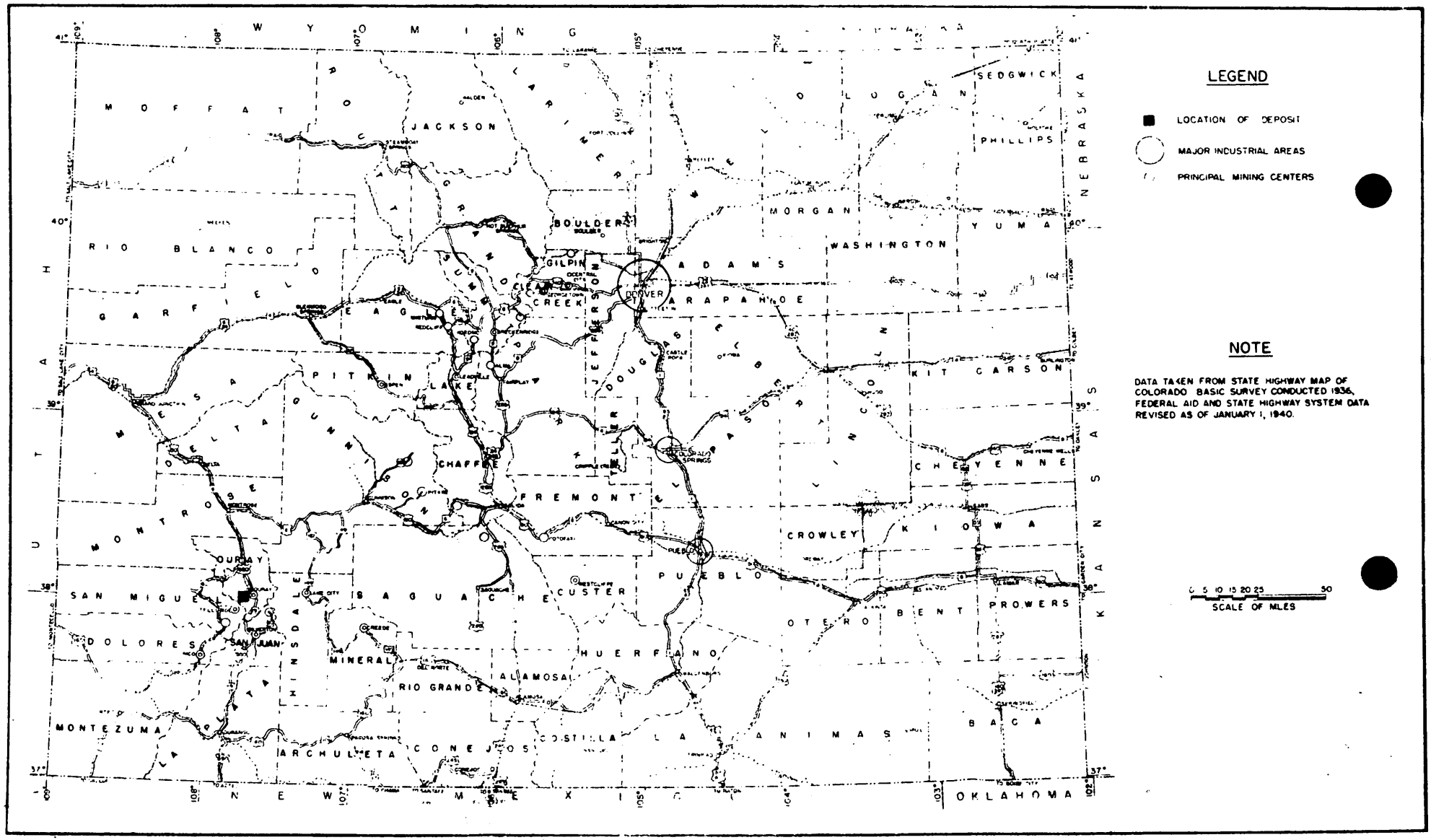


FIGURE 1 - MINERAL FARM GROUP, OURAY COUNTY, COLO. DMEA 3605

fractures are thought to have had a similar effect on the occurrence of ore as the Molas shale formation did at the top of the Leadville limestone.

ACKNOWLEDGEMENTS

John Crim, a former lessee of the property guided the examining team and offered considerable pertinent information on the surface ore occurrences.

LOCATION, TOPOGRAPHY AND PHYSICAL FEATURES

The property composed of eight patented mining claims is in sec. 6, T. 43 N., R. 7 W., and sec. 1, T. 43 N., R. 8 W., New Mexico principal meridian, Uncompahgre mining district, Ouray County, Colo., and at an elevation of about 8,700 feet.

There is about 600 feet of relief between Canyon Creek and the old mine workings 1/2 mile southeast. The east part of the claims slopes west about on the dip of the sediments which is 15 degrees; but the west part is covered by a steep land slide that came from the south. The entire property is covered by soil which supports a dense growth of pine and spruce timber suitable for mine use.

There is little or no water on the property, therefore, it would have to be hauled or pumped from Canyon Creek.

Electric power for a sizeable operation could be had from the line from Ouray to the Camp Bird mine; but power for the proposed project would be furnished by internal combustion engines.

The property is easily accessible from Ouray over about a mile of good gravel road which is known as the Camp Bird mine road.

Labor for most any size mining operation should be readily obtained in Ouray, an old mining camp.

HISTORY, PRODUCTION AND OWNERSHIP

It is reported the Mineral Farm deposits came into production about 1879 and from then until 1900 the ore sold was worth $500,000.00. From 1900 through 1929 the Statistical Branch of the U. S. Bureau of Mines shows 2,071 tons of crude ore yielded 20.2 ounces Au, 25,000 ounces Ag, 565,370 pounds Pb and 5,750 pounds Cu. Since 1929 a number of lessees have worked the property very intermittently, the last was John Crim who states he sold ore found on or near the surface for about $8,000.00. From all available sources of information it may be estimated that the total value of the production is near $600,000.00, all of which came from the one pipelike deposit at or near the top of the Leadville limestone.

Ouray county records indicate taxes on the group are not in arrears.

DESCRIPTION OF DEPOSITS

The geology of the Ouray district has been described by Burbank in U. S. Geological Survey Bulletin 906-E and in Proceedings of the Colorado Scientific Society, Vol. 12, No. 6, 1930. The principal ore deposits of the area are early Tertiary lodes, mantos, and pipes in a section of Paleozoic and Mesozoic rocks 4,500 feet thick.

The broad controls of mineralization are the northwest-trending Uncompahgre axis of uplift and faulting, and a northeasterly axis of doming along which quartz monzonite sheets and stocks have been intruded.

The mineral deposits are zoned with respect to the intersection of these axes. The deposits in the central area are contact-metamorphic types; those in the intermediate zone are pyritic, containing base metals, gold, and silver; farthest removed are the argentiferous lead-zinc deposits. The Mineral Farm belongs in the last category.

The Mineral Farm ore deposit is a tubular channel or pipe 1,000 feet long, 8 feet high, and 20 feet wide in the upper part of the Leadville limestone (180-200 feet thick) near the contact of the overlying Molas shale. It plunges 15° S., 60° W., coinciding in attitude with the dip of the bedding.

The channel served as a conduit for several waves of hydrothermal mineralization. The earlier solutions dissolved out cavities which were later filled with galena, sphalerite, tetrahedrite, pyrite, chalcopyrite, quartz, chalcedony, calcite, and barite. Additional ore was formed by replacement of the wall rock, which is leached and silicified near many of the larger ore shoots. Burbank believes that the mineralizing solutions migrated laterally up the channel instead of having entered by means of major vertical fissures, as in some of the mantos of the district. This theory would explain the apparent lack of fissure veins or feeders below the pipe.

The primary structural control of the channel has never been determined. Fractures striking N. 70° E. and dipping 60° SE, nearly parallel to the strike of the ore body, are especially numerous in the channel and may have guided the hydrothermal solutions as they ascended the favorable stratigraphic horizon.

Ore shoots in the channel were controlled by a well-developed set of steeply dipping fractures that strike N. 40° W. Many small deposits outside the channel, which were mined by open pits, were also controlled by this structure.

Where the N. 40° W. fractures are closely spaced they form shear zones, some of which are highly leached and filled with angular fragments of chert of the type which is found in many beds of the Leadville formation. These structures may be the "clastic dikes" described by several earlier workers who believed they were avenues of escape for rapidly expanding gases. In many mines these "dikes" were loci for later ore mineralization. In the Mineral Farm mine numerous short drifts, a winze 75 feet deep and one shaft 80 feet deep were driven on "clastic dikes" or shear zones with the same attitude.

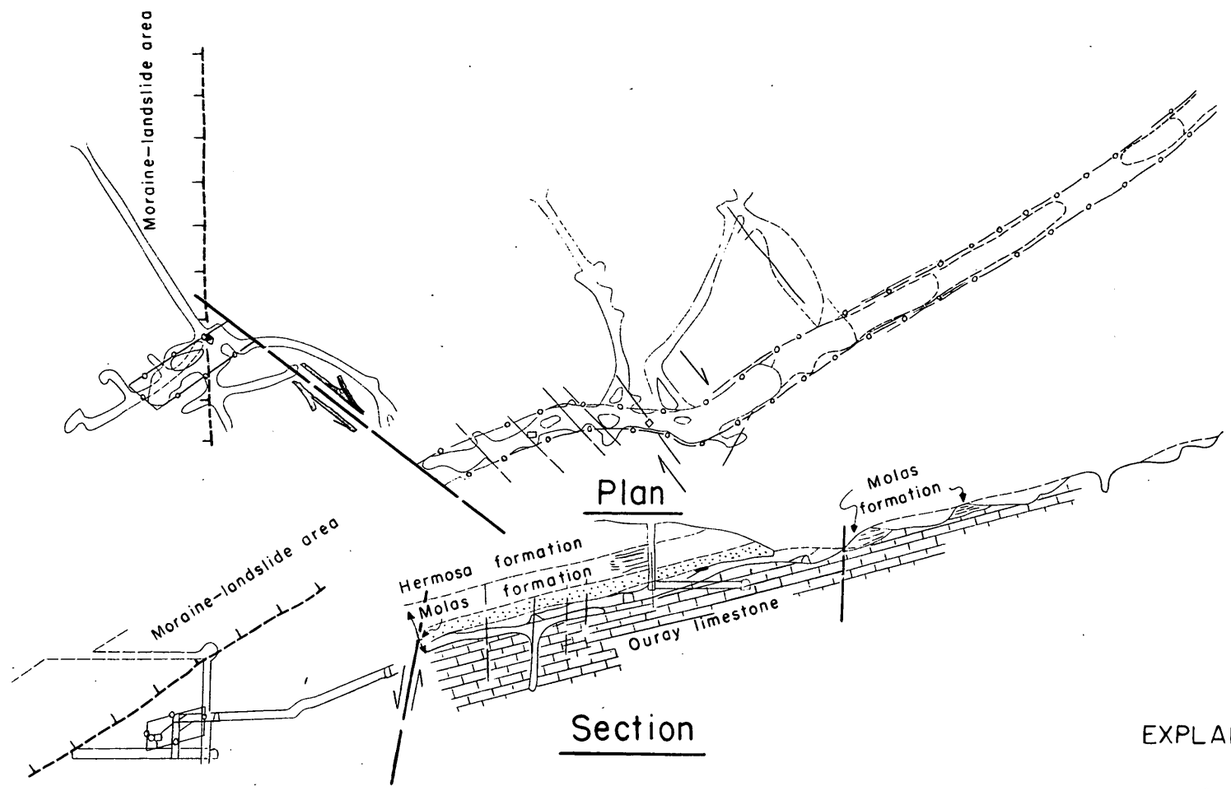
The displacement on most of the fractures of the N. 40° W. set is probably relatively small ranging from a few inches to a few feet, but in the last 20 accessible feet of the eastern incline, the fractures are numerous and closely spaced, producing an intensely sheeted zone that implies proximity to a major shear zone or fault (fig. 2).

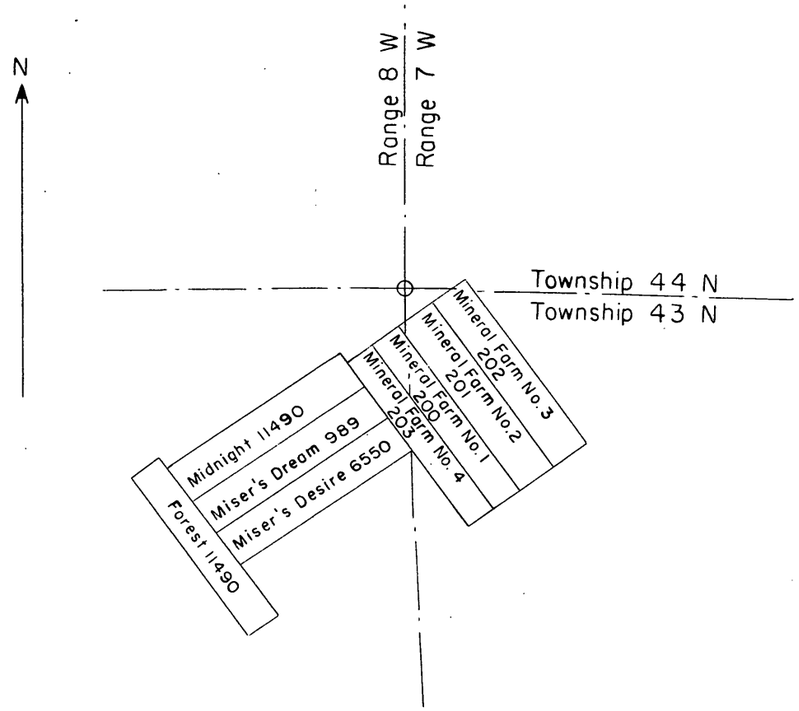
If the limit of stoping of the eastern workings is outlined, it is seen that the channel varies only slightly in width and attitude throughout its length. Delineating the stopes of the western workings in the same way discloses another tubular body that is shorter but has an equivalent width and orientation.

DEPARTMENT OF THE INTERIOR

DMEA DOCKET 3605

PREPARED FOR DEFENSE
MINERALS EXPLORATION ADMINISTRATION





EXPLANATION

Outline of ore channel

Fault

NOTES

1) Data for underground workings taken from map in Colorado Scientific Society proceedings, Volume 12, No. 6, Stratigraphy in the Ouray District of Colorado by W. S. Burbank.

2) Data for claim map taken from Claim Map of San Juan Region by Hotchkiss Map Co.

Data added in DMEA Doc. 3605

FIGURE 2-PLAN, SECTION AND CLAIM MAP, MINERAL FARM MINE, OURAY COUNTY, COLORADO

This suggests that the western ore body is a segment of the larger eastern "channel" that has been displaced by the fault observed at the end of the incline. The southwest block moved westward and downward. The heave is about 230 feet and the throw about 10 feet. A sharp kink in the main pipe higher in the incline may have been produced by strike-slip shearing of the same orientation (fig. 2).

The early miners recovered the faulted segment by driving the westernmost adit, but the ore body proved to be small because much of it was removed by landslides. Before abandoning the mine, the operators drove a crosscut along the fault to make sure that the faulted segment belonged to the known pipe because a slight difference in the mineralogy of the two ore bodies suggested the possibility of two different faulted pipes. It thus seems very probable that all of the ore channel has been discovered and mined out.

MINABLE ORE RESERVES

The main portion of the deposit appears to be completely exhausted; however, on the surface from time to time lessees have discovered and mined small deposits on the general strike of the main ore body at junctures of fracture zones and the favorable horizon, no doubt others of this type exist but their size obviates planned exploration. There are no known minable ore reserves on the property.

PRESENT STATUS

It is assumed from the extent and distribution of surface excavations, that somewhat more than half the production came from this

area. As this part of the deposit was depleted the ore was apparently followed underground resulting in the present open stope which measures about 8 feet high, 20 feet wide and 400 feet long. Several intersections of greatly brecciated and leached fracture zones with the limestone ore horizon have probably had a beneficial effect on ore deposition; at any rate they have been prospected by short drifts, crosscuts, a raise and a winze. The winze was not observed as it probably has been filled with waste resulting from ore-sorting. Burbank, in U. S. Geological Survey Bulletin 906-E, indicates the location of this winze. The raise which penetrated the overlying Molas shale is caved tight. The underground workings are in very good condition except for 2 or 3 small caves where the Molas formation has been broken into.

The only mining equipment on the property is a small "homemade" air compressor with a reported capacity of about 70 cfm and a 2-inch pipeline laid full length of the big stope.

Apparently very little work has been done here during the past 5 years. Figure 3 shows the extent of the mine; the west or "lower" workings are inaccessible.

PROJECT PROPOSALS

The applicant outlined exploratory work consisting of reopening the "lower" or west workings, dewatering both the west and the lower end of the east or "main" workings, drilling 2,500 feet of core hole at 14 surface locations.

The modified program includes drilling three AX diamond core holes from the bottom of the main stope to 10 feet below the red shale near the

middle of the Leadville limestone. The first hole should be drilled vertically at a point about midway of the stope to ascertain the stratigraphic and petrographic relations. The other two holes would be about 100 feet either side of the first and at inclinations such that the intersection of a brecciated zone and the potential ore horizon under the red shale would be penetrated. See figure 3. The total footage is estimated at 450 feet. The holes should be cored for their entire depth, the core boxed and the boxes marked to indicate the proper depths and stratigraphic sequence. All ore cored should be split; one-half to be used for analysis of Au, Ag, Pb, Zn and Cu; the other retained for the Government. A driller's petrographic log should be accurately kept. Copies of the assay results and the driller's logs should accompany each MF 104 Form submitted. Should it prove impossible to recover less than 75 percent of the core in the ore zone sludge samples should be taken for the purpose of analysis.

It is understood John Grim, former lessee of property, will contract and supervise the proposed work. The project should be completed in 2 months.

Project Costs

Independent contracts	
3 AX diamond core holes totaling 450 feet at $4.50 per foot	$2,025.00
Labor, supervision and technical services	
Surveyor, 2 days at $25.00 per day	50.00
Operating materials and supplies	
50 paper core boxes at $1.00 each	50.00

Operating equipment

None

Initial rehabilitation and repairs

None

New buildings and improvements

None

Miscellaneous

Accounting at $25.00 per month for 2 months	$50.00	
Chemical analysis of 6 samples at $5.00 each	30.00	
Total		$ 80.00
Total cost of project		$2,205.00

Cost per foot of drilling less analysis - $2,175.00 ÷ 450 = $4.833

SUMMARY OF PROPOSED PROJECT COSTS

Phase	Footage	Duration	Estimated cost per foot	Total cost
I	450	2 months	$4.83	$2,173.50
		Sampling 6 chemical assays at $5.00		30.00
		Total cost of project		$2,203.50
		Government participation at 50 percent		$1,101.75

CONCLUSIONS

It is concluded that the original deposit has been mined out and further exploration ~~why~~ it is impractical. However, it is believed there is the probability of another deposit at a lower horizon in the limestone where the observed geologic structures encounter a shale bed. Ore deposition appears to have been localized in the limestone along a fracture

zone resulting from numerous intersections of steeply dipping S. 70° W. fractures and N. 40° W. breaks. The broken zone or "channel" is directly overlain by the relatively impervious Molas shale. Similar conditions are expected at or near the middle of the Leadville formation.

RECOMMENDATIONS

It is recommended that the DMEA participate in the cost of the exploration project outlined in this report.

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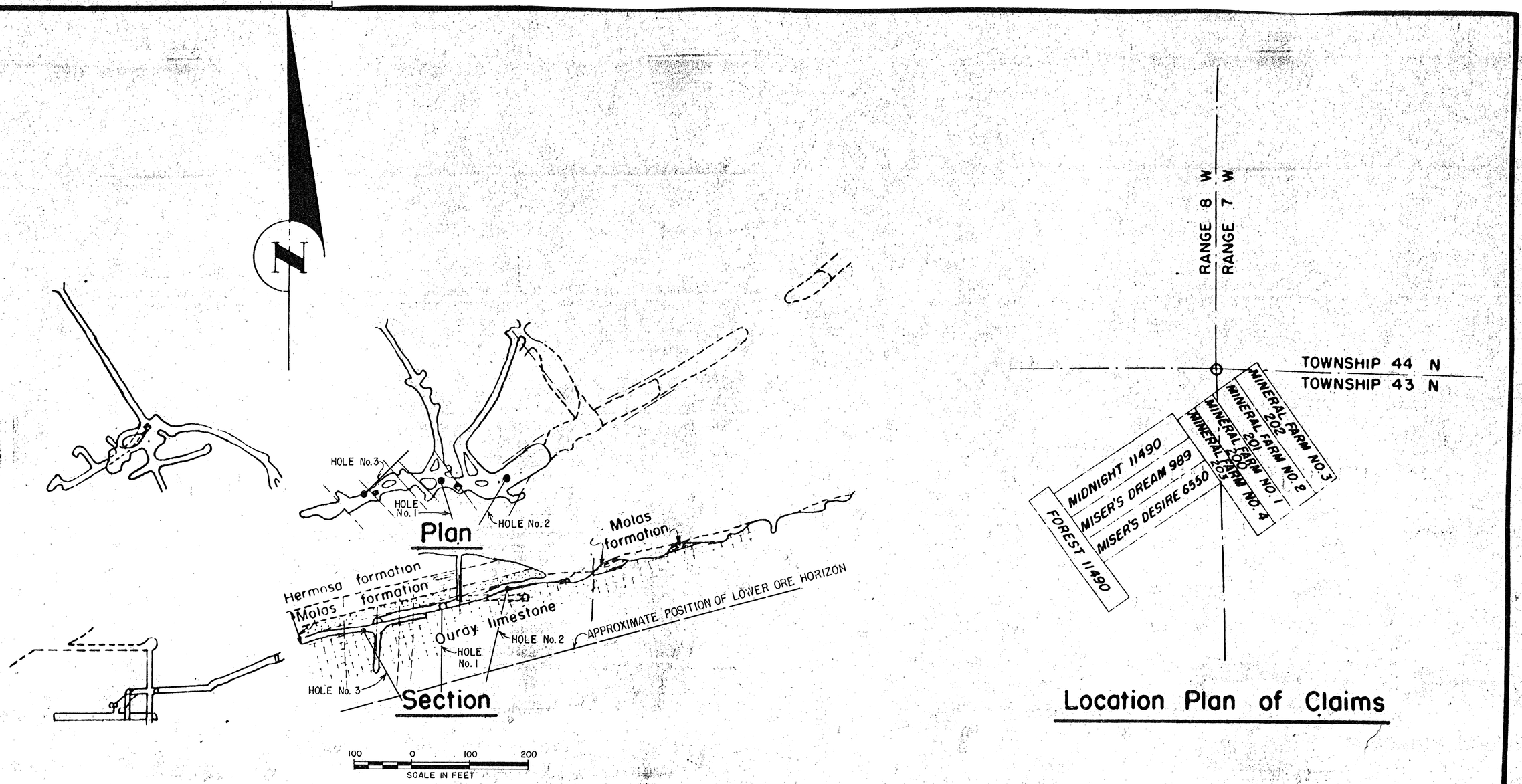

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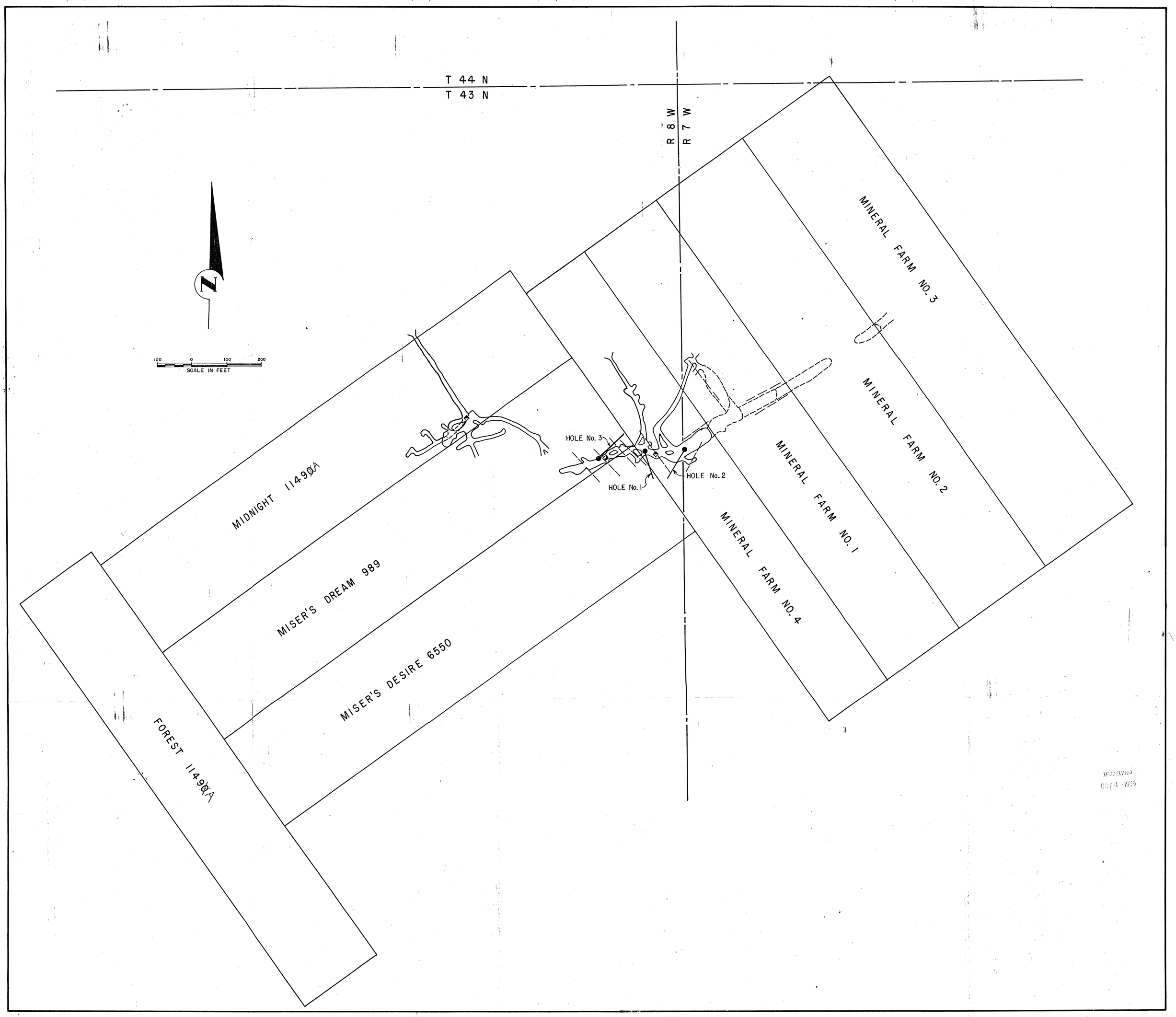
FIGURE 3 - MAP SHOWING LOCATION OF PROPOSED DMEA CORE HOLES, MINERAL FARM MINE, OURAY COUNTY, COLO. DMEA 3605



MAP SHOWING LOCATION OF PROPOSED DRILL HOLES IN RELATION TO BOUNDARIES OF PROPERTY, MINERAL FARM MINE, OURAY COUNTY, COLO. DMEA 3605