E-903

For royalty payment of $140.49, dated December 18, 1964, see transmittal letter file.

E-903

For royalty payment of $4,430.16, dated December 4, 1964, see transmittal letter file.

E-903

For royalty payment of $2,668.79, dated October 30, 1964, see transmittal letter file.

E-903

For royalty payment of $2,809.58, dated September 25, 1964, see transmittal letter file.

E-903

For royalty payment of $2,316.42, dated September 11, 1964, see transmittal letter file.

E-903

For royalty payment of $2,318.01, dated July 24, 1964, see transmittal letter file.

E-903

For royalty payment of $3,518.55, dated July 2, 1964, see transmittal letter file.

E-903

For royalty payment of $3,658.27, dated June 19, 1964, see transmittal letter file. (Includes $684.32 due following royalty audit.)

DEC 7 - 1964

Mr. J. F. Frost
Manager, Western Mining Department
American Smelting and Refining Company
415 Crandall Building
Salt Lake City, Utah 84101

Re: DMEA-3866 (Lead-Zinc-Copper)
American Smelting and Refining Co.
Keystone Mine
Gunnison County, Colorado
Contract Idm-E903

Dear Mr. Frost:

Reference is made to your letter dated December 1, 1964, to Mr. Connors.

Records in this office indicate that the total Government participation under the subject contract amounted to $39,722.50. Royalty payments, including the amount of $4,430.16 received with your latest letter, aggregate $39,582.01, thus indicating a remaining balance of $140.49 to complete repayment of the Government's participation in these exploration costs.

Sincerely yours,

George Fumich, Jr.

Acting Director

CEFisher/ama 12-7-64

cc:
Docket
Director's Reading File
CA & A Division
Region III

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

ROYALTY AUDIT CERTIFICATE

I have examined the production, sales, and royalty accounts and records pertaining to the sale of lead and zinc concentrates for the period August 14, 1962, through April 10, 1964, produced from Keystone Mine located in Gunnison County, Colorado, on which royalty is payable to the U. S. Government under terms of Contract Idm-E903, Docket DMEA-3866 (lead-zinc-copper), dated December 5, 1955, as amended, with

American Smelting and Refining Company
120 Broadway
New York 5, New York
on its own behalf and as agent for
Park City Consolidated Mines Company
39 Broadway
New York 6, New York

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit established the total net sales of such concentrates subject to Government royalty for this period to be $216,095.12 and the amount of royalty payable at the contract rate to be $10,804.76.

Prior Reports of Royalty Review found the sales subject to royalty for the period December 5, 1955, through August 13, 1962, to be $154,835.47 which added to the sales for the subsequent period make a total of $370,930.59. The royalty account as of August 13, 1962, was:

Total Royalty Payable	$ 7,741.79
Total Royalty Paid	7,741.79
Balance of Royalty Due	$ -0-

As of April 10, 1964, the royalty account of this project was found to be:

Total Royalty Payable	$18,546.55
Total Royalty Paid	17,862.23
Balance of Royalty Due	$ 684.32

C. E. Fisher, OME Auditor

April 29, 1964

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

ROYALTY AUDIT REPORT

I. INTRODUCTION

On April 10, 1964, an audit was made of the production, sales, and royalty accounts and records of

American Smelting and Refining Company
Western Mining Department
415 Crandall Building
Salt Lake City, Utah

pertaining to the value of lead and zinc concentrates produced and sold during the period August 14, 1962, through April 10, 1964, from property referred to as Keystone Mine located in Gunnison County, Colorado, on which royalty is payable to the U. S. Government under the terms of Contract Idm-E903, Docket IMEA-3866 (lead-zinc-copper), dated December 5, 1955, as amended.

The audit was performed in the above referred to office where the necessary records were made available for my use by Mr. J. F. Frost, manager.

II. GENERAL INFORMATION

This exploration contract was executed by American Smelting and Refining Company (hereinafter referred to as "Operator") on its own behalf and as agent for Park City Consolidated Mines Company. At the time the contract was executed the Operator owned an undivided 60 percent interest and Park City Consolidated Mines Company owned an undivided 40 percent interest in all or part of 3 patented claims (Berrien, Furniture Boy, and Union) and 11 unpatented claims (Park City Nos. 1, 7, 9, 10, 11, 15, 16, 17, 27, 29, and 32) located in sec. 31, T. 13 S., R. 86 W., 6th P.M., Elk Mountain and Ruby Mining Districts. These claims, specifically including known ore reserves in blocks numbers 1 through 8 on the Union vein, are subject to the royalty provisions of the contract.

Article 7 and Amendment No. 2 of the contract provide that, if the Government shall certify that a discovery or development resulted from the exploration work, the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals mined or produced from the land described in the contract within a period of 13 years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A certification of discovery or development was issued on April 24, 1959.

A Report of Review dated March 10, 1959, found the accepted exploration costs to be $79,445.00 with the Government's contribution on a 50 percent basis being $39,722.50.

Amendment No. 1, effective as of the date of the contract, added the following provision to Article 7:

> "Provided, however, That so long as the Operator operates smelting facilities as an integrated part of its business, the settlement made by the Operator's smelter to its mine or mill on the ore or concentrates subject to the Government's royalty shall be, for the purpose of calculating the royalty payable to the Government under this contract, on the same settlement basis that the said smelter makes to its independent suppliers under the schedule most favorable to any independent supplier, or should gross income from mining operations for percentage depletion purposes in Federal income tax determination show a greater value for ore or concentrate sales than that which would result from applying the smelter schedule most favorable to an independent supplier, the greater value would be used as the basis for calculating royalty payable to the Government."

Royalty was paid by the Operator on the value of its production from the subordinated land on the basis provided by Amendment No. 1 from the date of the contract through July 1957 when such operations were suspended. The operations and royalty settlements are set forth in Reports of Royalty Review dated February 18, 1959, and August 15, 1962, covering the period December 5, 1955, through August 13, 1962. The present report extends the period covered by audit through March 31, 1964, including royalty remittances made to April 10, 1964.

Operation of the property was resumed in 1963. As of April 1, 1963, a 10-year Mining Lease was entered into between the Operator and F. C. McFarland and S. R. Hullinger, d/b/a McFarland & Hullinger, a partnership, 915 North Main, Tooele, Utah. This lease specifically states that it is subject to the DMEA royalty lien under the exploration contract and that the royalty payments to the Government will be made by the Operator based on data furnished by the lessees. The lease further provides that lead concentrates produced from the property shall be shipped to the El Paso, Texas, plant of the Operator and the zinc concentrates shall be shipped to the Amarillo, Texas, plant of the Operator. The land covered by the Mining Lease includes substantially more claims than those included in the exploration contract. The lessees' production on which the

Government is due royalty is commingled with such other production before milling.

Article 4(b) of the Mining Lease contains the following provision relating to royalty payable by the lessees to the Operator:

> "(b) In addition to the above rental, Lessee shall pay to Lessor a royalty of ten percent (10%) of the net smelter returns on all ores produced and sold by Lessee from the demised premises. 'Net smelter returns' shall here mean the net amount received from the smelter, after freight charges, in payment for ores and concentrates produced and sold by Lessee from the property, less an amount for transportation cost from mill to the railhead at the rate of $6.00 per dry ton of material shipped to the smelters." (Emphasis added.)

III. SCOPE OF AUDIT AND FINDINGS

A considerable amount of preaudit work was accomplished in the OME Washington, D. C., office prior to the site audit. During this preaudit work a statement of royalty received was prepared from copies of monthly statements furnished by the Operator in support of royalty remittances made to the Acting Field Officer, OME Region III, Denver, Colorado. This statement, which is filed as a part of my audit work papers, was verified with deposits made by the Department's Fiscal Section and was reconciled with the Operator's records.

During the on-site audit copies of the smelter settlement statements issued by the Operator for shipments by McFarland & Hullinger were reviewed. Settlements were being made as contemplated by Article 4(b) of the Mining Lease, that is, in addition to the usual deductions for freight, sampling, umpire, and kindred charges, a deduction was made at the rate of $6.00 per SDT of concentrates before computing and withholding the 10 percent royalty due to the Operator.

McFarland & Hullinger supply the Operator with monthly statements showing total tonnage of ore concentrated, distributed by areas from which the ore was mined. From this source the tonnage of ore subject to DMEA royalty and that not so subject is determined. The number of SDT of lead concentrates and of zinc concentrates, as indicated by the smelter settlements for the month, is then divided

by the total tonnage of ore that was concentrated during the month to produce percentage recovery factors for lead and zinc concentrates.

These percentages are then applied to the total wet tons of ore recovered from the DMEA areas to produce the number of tons of lead concentrates and zinc concentrates subject to Government royalty. The tonnage thus determined as subject to Government royalty is then multiplied by the average value per ton of lead and zinc concentrates from all shipments during the month. Royalty has been computed and paid on the values so established.

It is believed that this method of computing the royalty payable to the Government is not unfavorable to the Government and is acceptable, except for the allowance of $6.00 per dry ton of concentrates for transportation from the mill to the railhead. The exploration contract provides that only such freight as is "paid by the buyer to a carrier (not the Operator)" shall be an allowable deduction in computing the amount of royalty payable to the Government. The contract further provides that any costs of transportation performed by the Operator or "by anyone other than the buyer" are not deductible.

During the period covered by this audit a total of 1,029.14 SDT of lead concentrates and 1,251.13 SDT of zinc concentrates were determined to be applicable to production from the subordinated area. Elimination of the improper deduction of $6.00 per ton increases the value of production on which the Government is entitled to royalty by $13,686.42. Additional royalty thus due to the Government amounts to $684.32.

IV. CONCLUSION

A brief summary of the production, sales, and royalty payable and paid during the period covered by this audit and since December 5, 1955, follows:

	This Period	Since Dec. 5, 1955
Lead Concentrates:		
SDT	1,029.94	1,613.94
Reported value	$158,150.72	$267,738.30
Add deduction of $6.00 SDT disallowed	6,179.64	6,179.64
	$164,330.36	$273,917.94

	This Period	Since Dec. 5, 1955
Zinc Concentrates:		
SDT	1,251.13	2,269.04
Reported value	$ 44,257.98	$ 89,506.27
Add deduction of $6.00 SDT disallowed	7,506.78	7,506.78
	$ 51,764.76	$ 97,013.05
Total value subject to royalty	$216,095.12	$370,930.99
Royalty Payable	$ 10,804.76	$ 18,546.55
Royalty Paid	10,120.44	17,862.23
Balance of Royalty Due	$ 684.32	$ 684.32

This audit has determined that all production of concentrates through March 31, 1964, on which royalty is payable to the Government, has been accounted for and, with the exception stated above, proper royalty has been paid. Royalty on March production was remitted to the OME Region III office on April 8, 1964.

C. E. Fisher

C. E. Fisher, OME Auditor

April 29, 1964

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

EXTRA COPY G. M. E RECEIVED MAY 11 1964		
DATE		
May 7, 1964		8.00

Mr. J. F. Frost, Manager
American Smelting and Refining Co.
Western Mining Department
600 Crandall Building
Salt Lake City 1, Utah

Subject: DMRA-3866 (Lead-Zinc-Copper)
American Smelting and Refining Company
Keystone Mine
Gunnison County, Colorado
Contract Idm-E903

Dear Mr. Frost:

Attached are a copy of the Royalty Audit Certificate and Royalty Audit Report dated April 29, 1964 on the subject contract.

Please forward this office your check for $684.32, the balance of royalty due the Government, shown on the Audit Report.

Very truly yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Enc.

cc: G. C. Selfridge (2)
E903
Chron

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

May 7, 1964

Memorandum

To: Fiscal Section, Office of Management Operations
Office of the Secretary
Department of the Interior
Washington, D. C.

From: Acting Field Officer, OME, Region III

Subject: BMEA-3866 (Lead-Zinc-Copper)
American Smelting and Refining Company
Keystone Mine
Gunnison County, Colorado
Contract Idm-E903

Attached are the original copies of Royalty Audit Certificate and Royalty Audit Report dated April 29, 1964 on the subject contract.

Original signed by

Hugh M. Connors

Enc.

cc: C. C. Selfridge (2)
E903
Chron

APR 30 1964

Memorandum

To: Acting Field Officer, Region III

(Signed) E. D. Tabert

From: Chief, Contract Administration and Audit Division

Subject: DMEA-3866 (Lead-Zinc-Copper)
American Smelting and Refining Company
Keystone Mine
Gunnison County, Colorado
Contract Idm-E903

The original and two copies of a Royalty Audit Certificate and Royalty Audit Report covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Office of Management Operations, Office of the Secretary, U. S. Department of the Interior, Washington, D. C. 20240;
(b) One copy for the Operator; and
(c) One copy for your files.

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

Enclosures

CEFisher/ama 4-29-64

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

Salt Lake City, Utah
April 11, 1964

Dal

Adm E903 appears to be Mr. Frost's personal Corby. At least he keeps all of the records more or less locked-up in his files. We got along fine and he wanted to take me to lunch at the University Club. I got out of it by pleading my shabby appearance. He mentioned working with Frank Johnson at Cripple Creek in 1921 and again at the RFC. I understood him to say that he had enough years of Govt. service so he has recently started receiving Civil Service retirement.

Mr. Frost wanted A&R to reopen the Keystone Mine and operate it themselves. He was overruled and the lease was given to M+H. He put the $6.00 rate into the lease and proved to me that this was a fair amount based on what had formally been paid to Rio Grande Dredges for performing such service. M+H are doing their own hauling and may or may not be finding a profit in the $6.00 rate. He presented all of the arguments why the deduction should be allowable in computing the royalty. Most of the logic was on his side and about all I had in my favor was the wording of the contract. He agreed to that. Of course the discussion got to be a bit silly when he suggested that if we did not wish to participate in the hauling allowance the Operator

was willing to set aside 5 pounds out of each 100 pounds of cons. at the mill and we could pick it up and dispose of it as we saw fit.

Of course he was not serious much of the time; however, he did not say whether he would pay the additional royalty based on the elimination of the $6.00 charge and I left his office wishing that I had never raised the question. They will pay off the loan in less than a year whether the disallowance is made or not.

I think we should send the audit out in the usual manner and not worry whether they change their practice or make a retroactive adjustment. These people will continue in business and if we need the adjustment in order to assure the repayment of the advance, a record has been established and we can go after the money at that time.

Clarence

E-903

For royalty payment of $2,457.61, dated April 10, 1964, see transmittal letter file.

E-903

For royalty payment of $1,422.90, dated March 20, 1964, see transmittal letter file.

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

March 11, 1964

Mr. J. F. Frost, Manager
American Smelting and Refining Company
Western Mining Department
600 Crandal Building
Salt Lake City 1, Utah

Re: BMKA-3846 (Lead-Zinc-Copper)
Contract Ldm-E903
American Smelting and Refining Co.
(Keystone Mine)
Gunnison County, Colorado

Dear Mr. Frost:

I am advised that Mr. Clarence E. Fisher will visit your office on or about April 13, 1964 to make a royalty audit of the captioned account.

Any courtesies shown Mr. Fisher will be greatly appreciated.

Yours very truly,

ORIGINAL SIGNED BY
Hugh M. Connors
Acting Field Officer, OMK
Region III

cc: G. C. Selfridge
E. D. Talbert
C. E. Fisher
E903
Chron

EXTRA COPY
O. M. E
RECEIVED MAR 13 1964
DATE | INITIALS | CODE
800

E-903

For royalty payment of $1,966.49, dated February 27, 1964, see transmittal letter file.

E-903

For royalty payment of $2,612.94, dated January 27, 1964, see transmittal letter file.

December [illegible], 1963

Mr. Hugh M. Connors
Acting Field Office
Office Mineral Exploration
Building 20
Denver Federal Center
Denver, Colorado

KEYSTONE UNIT - ROYALTY PAYMENT
DOCKET: DMRA 3866
CONTRACT: No. I[illegible], E903

Dear Mr. Connors,

Attention has been called to an error of transposition on Royalty Calculation Lot D-17 [illegible] September 1963. Attached hereto is a corrected copy of Royalty Calculation. Would you please substitute this corrected copy for the original?

The royalty payments made on December 23 should be corrected as follows:

Payment Lot D-17 (in error)	$483.89
Corrected	446.58
Overpayment to be credited next settlement	$ 37.31

I trust that with this correction you will now find the royalty settlement in order and correction as noted above will be taken up in our next royalty settlement.

Yours very truly,

J. F. FROST

JFF:mm
cc: H.M.Connors (exp [illegible])
C.E.Nelson
H.L.Goodenough
H.W.Grose
L.K.Nicholas, Jr.

KEYSTONE [illegible] 12

AMERICAN [illegible] MINING COMPANY

[illegible] Dallas, [illegible]
[illegible] No. [illegible]

[illegible] Division of Royalty - Corrected 12-30-63
[illegible] No. D-17 - [illegible]ember 1963
from
September 1963 Production

	% Wt.	Tons	Value/Ton	Total Value	Royalty 8%
Crude Ore		668.			
Lead Concr.	7.83	52.3[illegible]	$133.88	$ 7001.92	
Zinc Concr.	8.93	5[illegible].65	32.35	1929.68	
Total				$ 8931.60	$ 4[illegible].58

Original payment December 13, 1963 (1[illegible] error)	$4[illegible].89
Corrected as above	4[illegible].58
Overpayment to be credited next settlement	$ 37.31

E-903

For royalty payment of $1,660.50, dated December 24, 1963, see transmittal letter file.

800

Building 50 - Federal Center
Denver, Colorado 80225

December 20, 1965

Mr. J. F. Frost, Manager
American Smelting and Refining Company
Western Mining Department
600 Crandal Building
Salt Lake City 1, Utah

Re: [illegible]-3066 (Lead-Zinc-Copper)
Contract Ldm-3905
American Smelting and Refining Co.
(Keystone Mine)
Gunnison County, Colorado

Dear Mr. Frost:

This will confirm our telephone conversation of December 20, 1965, concerning production from the subject mine which is subject to royalty payment to the Government.

Thank you very much for advising us that your company will soon pay royalty to the Government on the first few months production from the Keystone mine by McFarland and Hullinger, Inc. Also, that the settlement will be subject to the Government's approval of the method used to provide the value of concentrates produced from commingled ores, ores from inside and outside the area of the contract. As I suggested, the production from each area must be documented by assays, and by our counts, or measurement of the productive workings.

Sincerely yours,

T. K. [illegible]
Mining Engineer

December 23, 1963

Mr. Hugh M. Connors
Acting Field Office
Office Minerals Exploration
Building 20
Denver Federal Center
Denver, Colorado

KEYSTONE UNIT
ROYALTY PAYMENT
DOCKET: DMEA 3866
CONTRACT: No. [redacted]

Dear Sir:

Enclosed please find our check No. 5851 in your favor in the amount of $1660.50 as royalty payments on the following lots of ore mined from ground covered by captioned DMEA contract:

Aug. 1963	- Lot No. D-16	$ 309.83
Sept. 1963	- Lot No. D-17	483.89
Oct. 1963	- Lot No. D-18	866.78
	Total	$1660.50

Under date of June 17, 1963 we sent you a copy of the lease under which the Keystone property is being operated for us. Tonnages used herein are the figures supplied by the lessee as required by the terms of the lease.

When we operated the Keystone mine, we spent a large sum of money for exact determination of tonnage and grade obtained from each working place. Such determinations were used in the calculation of royalties, which calculations were supplied to you for each settlement through lot No. D-15. Now, under a lease arrangement, it is not financially feasible to go to such refinements. There will have to be some "give and take" in such figures if the lessee operation is not to be burdened with excessive requirements. As you no doubt are well aware, the DMEA contract covers only a small portion of the operating area of the Keystone mine. We have just received the lessee's figures on all DMEA ore mined by the lessee through October 1963. The DMEA ore is mixed with other ore before milling, so required assumption No. 1 is that DMEA ore is the average assay and will give average metallurgical results for the month. Assumption No. 2 is that average Net Smelter Value of lead concentrate and of zinc concentrate liquidated during any month is the value of each concentrate produced from DMEA ore during that month. Smelter settlements have been calculated to deduct transportation charges (actual plus contractual), as well

Mr. Hugh F. Connors Dec. 23, 1963

as uspira charges and representation costs. The royalty payable to Asarco is not calculated on ordinary sale "Net Smelter Value" used herein. [illegible] is calculated using the maximum royalty rate provided by the [illegible] contract. I think this method will receive the approval of all concerned.

Yours truly,

J. F. FROST

JFF:bm
Encl.

cc: H.M.Connors (Extra), w/encl.
C.E.Nelson, " "
H.L.Goodenough, " "
H.W.Grose, " "

Idm-E903 American Smelting and Refining Company DMEA-3866

Excerpt - Letter from C. E. Fisher dated April 10, 1963

I struck a sore spot when I asked Mr. Klenda about M & H status under stabilization. They spent several weeks preparing their presentation only to be found slightly ineligible. He pointed out all of the inequities in the law and the regulations. You are familiar with them so I shall not repeat the gory details. He had good records and I am convinced that the Government has been fairly treated. They have a nice new office building and you get a feeling of prosperity and good management when you enter the place. They are operators, not promoters or speculators.

Mr. Klenda stated that M & H is about to start operations as lessees of Keystone Mine, Gunnison, Colo. on which DMEA made an advance under Docket 3866. The arrangement is to be much the same as that with Coronado. Sorry I did not get more particulars, but I felt that this is properly a Region III matter and they may have reported on it. If not, you have a lead.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-8903, Docket DMEA-3866 (lead-zinc-copper), dated December 5, 1955, with

American Smelting and Refining Company
120 Broadway
New York 5, New York
on its own behalf and as agent for
Park City Consolidated Mines Company
39 Broadway
New York 6, New York

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Keystone Mine located in Gunnison County, Colorado, during the period February 11, 1959, through August 15, 1962.

A certification of discovery or development was issued on April 24, 1959, and, in accordance with Article 7 and Amendment No. 2 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 15 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated March 10, 1959, indicated accepted costs under the exploration contract amounting to $79,4450.00 with the Government's contribution on a 50 percent basis being $39,722.50.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through February 10, 1959, to be $154,835.47. The royalty account as of February 10, 1959, was:

Total Royalty Payable	$7,741.79
Total Royalty Paid	7,741.79
Balance of Royalty Due	$ -0-

As of August 15, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$7,741.79
Total Royalty Paid	7,741.79
Balance of Royalty Due	$ -0-

E. D. Talbert

August 15, 1962 E. D. Talbert, OME Auditor

Idm-2903 American Smelting and Refining Company DMEA-3866

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on any minerals produced from the land thereunder. The land consists of all or a part of 3 patented claims (Berrian, Furniture Boy, and Union) and 11 unpatented claims (Park City Nos. 1, 7, 9, 10, 11, 15, 16, 17, 27, 29, and 32) located mainly in sec. 31, T. 13 S., R. 86 W., 6th P. M., Elk Mountain mining district, and specifically includes known ore reserves on the Union vein. At the time the contract was executed the American Smelting and Refining Company owned an undivided 60 percent interest and the Park City Consolidated Mines Company owned an undivided 40 percent interest in the claims.

Exploration work under the contract was terminated effective April 23, 1958, by agreement on January 23, 1959. During the exploration work 9,712 tons of crude ore were mined from the property. The 583.975 tons of lead concentrates and 1,017.912 tons of zinc concentrates recovered from that ore were calculated, in accordance with Amendment No. 1 to the contract, to have a value of $154,835.47. Amendment No. 1 provides that, so long as the Operator operates smelting facilities as an integrated part of its business, calculations for royalty purposes shall be on the same settlement basis that its smelter uses under the schedule most favorable to any independent supplier.

The production during the exploration period is covered by a prior Report of Royalty Review. An inquiry by the OME Field Officer disclosed no further production through February 3, 1960, from the property under the contract. In an August 13, 1962, reply to a MME Form 63 inquiry, the Operator stated that neither change in property status nor production had occurred since February 3, 1960.

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

(1) The files indicate that all production from the property under the contract has been reported and proper royalty thereon paid; and
(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED
AUG 23

800

August 21, 1962

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMEA-3866 (Lead-Zinc-Copper)
Contract Idm-E903
American Smelting and Refining Company
(Keystone Mine)
Gunnison County, Colorado

Attached is the original Report of Royalty Review on the subject property dated August 15, 1962 covering the period February 11, 1959 through August 13, 1962.

Original signed by

Hugh M. Connors

Attachments

HMC/lm

cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E903
Chron

Memorandum

To: Acting Field Officer, Region III

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

Subject: EMKA-5866 (Lead-Zinc-Copper)
American Smelting and Refining Company
Keystone Mine
Gunnison County, Colorado
Contract Ida-5903

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

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

(b) One copy for your files.

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

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

Enclosures

EDTalbert/ama 8-15-62

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB20 1959

DATE	INITIALS	CODE
2/20	C	220
		800

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado, pertaining to Contract Idm-3903, Docket No. DMBA-3866 (Lead, Zinc and Copper) dated December 5, 1955, including Amendments Nos. 1 and 2, with

American Smelting and Refining Company
120 Broadway
New York 5, New York

for the purpose of determining the amount of royalties due the United States Government on the sale of lead and zinc concentrates produced from ore from the subordinated sections of the Keystone Mine located in Gunnison County, Colorado, during the period December 5, 1955 through February 10, 1959.

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

My review established the net smelter value of sales of concentrates for this period to be $154,835.87. (See Schedule No. I, attached.) Royalty due the U. S. Government at the contract rate of 5 percent is $7,741.79. The royalty paid and the balance due are as follows:

Total royalty due	$7,741.79
Total royalty paid	7,741.79
Balance of royalty due	$ 0.00

Donald T. Finch
Donald T. Finch
OME Auditor

February 18, 1959

STATUS OF PROJECT, DESCRIPTION OF REVIEW
AND REASONS THEREFOR

CONTRACT NO. Idm-E903 DOCKET NO. DMEA 3866

The exploration work under the contract is in the process of being completed. Approved final costs are not available at present. A tentative review indicates total costs of $79,445.00, with Government participation on a 50 percent basis being $39,722.50. Pending completion of the work, no Certificate of Discovery or Development has been issued. According to the terms of the contract royalty is payable on all minerals mined or produced from the land described in Annex I, Article 2 of the contract, from the date of the contract until the lapse of time within which the Government may issue a Certificate of Discovery or Development. (Viz. within six months from the date the Operator has rendered a sufficient final report and final account,) or the net amount contributed by the Government without interest is fully repaid, whichever occurs first. Amendment No. 1 to the Exploration Contract authorized the Operator to account for production for royalty purposes on the same basis its smelter settles with its independent suppliers, using the schedule most favorable to any independent supplier.

My review included a tabulation and recomputation of all the following monthly reports on file with the Executive Officer of the OME Field Team, and which are for lots D-1 through D-15, covering the months of February, 1956 through July, 1957:

(a) Operator's summary calculation of royalty
(b) Metallurgical and financial summary
(c) Ore and concentrate liquidation sheet
(d) Summary of DMEA production

In addition, I computed summary totals of metal content of concentrates subject to royalty which are shown in Schedule No. 1, attached.

Royalty receipts were reconciled with the records of the OME Finance Office, Denver, Colorado. Smelter schedule used by the Operator was compared with similar schedules used by Operator in this area during the period. The smelter schedule used appeared to be as favorable as any in use.

A conference with the examining engineer disclosed that there has been no production from the property subject to royalty since July, 1957. The concentrator serving the property has been closed down since that time. The Engineer advised me there is approximately 800 tons of broken ore stored in place at the mine that will be subject to royalty when operations are resumed.

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

(1) Operator's reports of production and royalty due were adequately documented.

(2) The examining engineer is of the opinion that all sales of production have been properly accounted for.

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

Schedule No. 1

AMERICAN SMELTING AND REFINING COMPANY

CONTRACT NO. Idm-E903

DOCKET NO. DMEA-3866

SUMMARY OR PRODUCTION SUBJECT TO ROYALTY
PERIOD DECEMBER 5, 1955 THROUGH FEBRUARY 10, 1959

	Lead Concentrates	Zinc Concentrates	Totals
Gross Production			
Tons of concentrates	583.975	1,017.912	
Ounces of silver content	36,181.08	3,556.62	39,737.70
Ounces of silver paid for	34,372.25	2,845.70	37,217.95
Amount of silver payment	$31,330.55	$ 2,591.54	$ 33,922.09
Lead content, pounds	549,003.63		549,003.63
Lead paid for, pounds	494,102.56		494,102.56
Amount of lead payment	$ 65,653.47		$ 65,653.47
Zinc content, pounds		1,036,950.20	1,036,950.20
Zinc paid for, pounds		865,529.28	865,529.28
Zinc payment		$105,334.23	$105,334.23
Copper Content, pounds	81,540.83	17,035.90	98,576.73
Copper paid for, pounds	81,540.83	11,073.32	92,614.15
Copper payment	$ 22,617.83	$ 3,198.94	$ 25,816.77
Gross Value	$119,601.85	$111,124.71	$230,726.56
Allowable Deductions			
Smelter Treatment, Base charges	$ 4,671.80	$ 38,171.71	$ 42,843.51
Lead assay adjustment	117.06		117.06
Smelter adjustment		6,063.40	6,063.40
Iron, Manganese adjustment		2,123.70	2,123.70
Labor adjustment	1,176.12	4,578.83	5,754.95
Freight	6,080.58	14,938.78	21,019.36
Special lead payment	2,031.29		2,031.29
Total Allowable Deductions	$ 10,014.27	$ 65,876.42	$ 75,890.69
Net Smelter Value, Subject to Royalty	$109,587.58	$ 45,248.29	$154,835.87
Average Net Value Per Ton	$ 187.66	$ 44.45	
Royalty Percentage	5%	5%	
Total Royalties Due	$ 5,479.38	$ 2,262.41	$ 7,741.79
Total Royalties Received	5,479.38	2,262.41	7,741.79
Balance of Royalties Due	$ 0.00	$ 0.00	$ 0.00

The last liquidation report in above data is Lot D-15 for month of July, 1957.

The last Certificate of Deposit in above data is No. 58-14 dated August 7, 1957.

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name American Smelting and Refining Company

Address 120 Broadway

New York 5, New York

Exploration Contract No. Idm-E 903 Docket No. DMEA 3866

Keystone Mine Crested Butte
Gunnison County, Colorado

	Check One: Yes	Check One: No
1. (a) Does the Operator stockpile ore subject to royalty repayment?	x	
(b) If so, is segregation and identification procedure adequate?	x	
2. (a) Does Operator commingle production subject to DMEA royalties with exempt production?	x	
(b) If so, do you consider the allocation of the commingled production equitable?	x	
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?	x	
(b) If so, are adequate records maintained on such material to protect the Government's interest?	x	
4. Do you consider the assay controls in effect are adequate?	x	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	x	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	x	
7. Does the Operator buy from or sell to other Operators?		x
8. Comment on any item 2(b) to 6, if answer is No.		

Date Feb. 10, 1959

Edward W. Buel
Mining Engineer
Edward W. Buel

FEB 24 1959

Mr. Donald T. Finch
OSE Auditor
221 New Customhouse
Denver 2, Colorado

Re: Docket No. DMA-3866
(Lead-Zinc-Copper)
Anaconda Smelting & Refining Co.
Contract No. Ida-2903

Dear Mr. Finch:

Your Report of Royalty Review on the above-referenced project is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
February 20, 1959

cc: Docket
Director's Reading File
Mr. Chambers

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Denver, Colo.

DEPOSIT NO. 14-23-040-14

$ 1,023.18

For credit of 9013 Treasury Regional Office, Denver, Colo. 8/7/57
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

deposited with Federal Reserve Bank of Kansas City, Mo. Denver, Colo.
(Name and location of depositary)

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X1401		1,023.18

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

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

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Sam L. Cousin
(Authorized signature)

8/7/57
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b

E-903 American Smelting & Refining

1,023.18

1957 AUG 7 PM 12 54
MAIL DEPT

Denver, Colo.

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO. 14-23-040-175

For credit of 9013 Treasury Regional Office, Denver, Colo. 6/27/57
(Name, title, and disbursing or other identification symbol of accountable officer) (Place sent)

deposited with Federal Reserve Bank of Kansas City, Mo. Denver, Colo.
(Name and location of depositary)

$ 1,621.28

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		1,621.28

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

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

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Bonnette
(Authorized signature)

6/27/57
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

E-988

E-988	Twentieth Century Fuels	218.99
E-903	American Smelting & Refining	1,402.29
		1,621.28

~~E-988~~	~~Twentieth Century Fuels~~	~~218.99~~
~~E-903~~	~~American Smelting & Refining~~	~~1,402.29~~
		~~1,621.28~~

1957 JUN 27 PM 12 55

E-903

For Certificate of Deposit No. 161, dated May 28, 1957, giving royalty payment of $1,449.16, see E-440.

Denver, Colo.

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO.
14-23-040-150

For credit of 9013 Treasury Re[illegible]nal Office, Denver, Colo. 4/30/[illegible]
(Name, title, and disbursing or [illegible] identification symbol of accountable officer) [illegible]te sent)

deposited with Federal ReserveBank of KansasCity, Mo. Denver, Colo.
(Name and location of depositary)

$ 415.81

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		415.81

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

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

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

O. B. Scaramozzi
(Authorized signature)

4/30/57
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

16—59686b-1 GPO

E-903 American Smelting & Ref. 415.81

1957 APR 30 PM 12 04

Denver, Colo.

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO. 14-23-040-137

For credit of 9013 Treasury Regional Office, Denver, Colo. 4/4/57
(Name, title, and disbursing or [illegible] identification symbol of accountable officer) [illegible]te sent)

deposited with Federal Reserve Bank of Kansas City, Mo. Denver, Colo.
(Name and location of depositary)

$ 835.68

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		835.68

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

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

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

[illegible]
(Authorized signature)

April 4, 1957
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

E-903 American Smelting & Ref. 835.68

1957 APR 4 AM 11 44

E-903

For Certificate of Deposit No. 119, dated March 4, 1957, giving royalty payment of $812.62, see E-660.

E-903

For Certificate of Deposit No. 101, dated January 25, 1957, giving royalty payment of $318.65, see E-53.

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO. 14-23-040-41

For credit of 413 Treasury Regional Office, Denver, Colo. 9/20/56
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

deposited with Federal Reserve Bank of Kansas City, Mo. Denver, Colo.
(Name and location of depositary)

$ 113.03

for accounts listed below. SCHEDULE Nos.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		113.03

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

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

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

9/20/56 (Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

1956 SEP 20 PM 1 31

E-903 American Smelting 113.03

Denver, Colo.

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO.
14-23-040-34

For credit of 413 Treasury Regional Office, Denver, Colo. 9/4/56
(Name, title, and disbursing officer identification symbol of accountable officer) (Date sent)

deposited with Federal Reserve Bank of Kansas City, Mo. Denver, Colo.
(Name and location of depositary)

$ 178.85

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	E-905	178.85

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

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

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

9/4/56
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

16—59686b-1 GPO

SEP 4 AM 11 40

E-903 American Smelting & Refining
178.85

E903

For Certificate of Deposit No. 16, dated July 27, 1956, giving royalty repayment of $322.00, see E-660.

E-903

For Certificate of Deposit No. 7, dated July 13, 1956, giving royalty repayment of $118.42, see E-660.

E-903

For Certificate of Deposit No. 145, dated June 29, 1956, giving royalty repayment of $752.10, see E-54.

EXTRA COPY
O. M. E.
RECEIVED MAR 13 1959
DATE INITIALS CODE
700

224 New Customhouse
Denver 2, Colorado
March 9, 1959

Memorandum

To: Donald T. Finch, OME Auditor

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. ESEA 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company, (Keystone mine) Gunnison County, Colorado

The subject contract was terminated by mutual agreement, effective April 23, 1958, a copy of the Termination Agreement is enclosed for your records.

The Operator has rendered a final engineering and geologic report and final accounting report, as required by the contract, therefore, final payment of the Operator's account is in order contingent on release to this office of a Certificate and Report of Audit, or Report of Review of reported project costs, whichever the case indicates. Acceptable units of work or service completed on a fixed unit cost basis consisted of the following:

Drifting and crosscutting----------	1823 feet
Drill stations----------	4
Raising----------	195 feet
Diamond drilling (4 holes)----------	1515 feet
Assaying----------	222 samples

The sum of $500.00 was withheld from reimbursement to the Operator in processing its final accounting report which was for the month of April, 1958.

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosure

JBC:bmh

cc: Chmn. Op. Comm. (2)
Harshman
Buel, OME/RFC
Corres.file, Reg. III
Cooper
Chron

EXTRA COPY, O. M. E. RECEIVED FEB 16 1959		
DATE	INITIALS	CODE
		400

224 New Customhouse
Denver 2, Colorado
February 11, 1959

Mr. J. F. Frost
American Smelting and Refining Company
600 Crandall Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 3366 (Lead-Zinc-Copper)
Contract Idm-E903
American Smelting and Refining Company
(Keystone mine)
Gunnison County, Colorado

Dear Mr. Frost:

Receipt is acknowledged of your letter of February 9, 1959, whereby you transmitted five copies of a final report pertaining to the captioned contract.

The maps and tabular data appear to be satisfactory; however, the narrative section of the report does not comply with the requirements under Article 6 (c) of the contract form. It is, therefore, necessary that you submit a revised narrative section to replace the one originally submitted, including therein essentially the following data and information:

1. Complete narrative summary of the project work, from the date of the contract until its termination, including the reasons for termination of the contract before completion of all work originally provided for.

2. Narrative description of the geology in the area covered by the project work, with particular emphasis to the geologic features which effect ore deposition, either favorably or adversely.

3. Ore reserve estimate, including calculated tonnages and grade of measured, indicated and inferred ore discovered as a result of the project work. Also indicate the quantity and value of all ore mined from the subordinated ground from the date of the contract until the present time.

4. Any additional data which will be of value to the Government in evaluating the results of the project work.

Please advise this office by return mail as to the date on or before which we can expect to receive the revised narrative section of the final report.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

cc: Mr. Nolan Probst
Box J
Crested Butte, Colorado

JDC:hmh

cc: Chmn. Op. Comm. (2)
Harshman
Buel, OME/DFC
Corres.file, Reg. III
Cooper
Chron

EXTRA COPY
O. M. E.
RECEIVED JAN 30 1959
DATE | INITIALS
800

224 New Customhouse
Denver 2, Colorado
January 27, 1959

Mr. Nolan Probst, Superintendent
American Smelting and Refining Company
P. O. Box J
Crested Butte, Colorado

Re: Docket No. DMEA 3866 (Lead-Zinc)
Contract Idm-[illegible]
American Smelting and Refining
Company
(Keystone mine)
Gunnison County, Colorado

Dear Mr. Probst:

Reference is made to your letter of January 26, 1959, regarding the amount of $500.00, which was withheld from reimbursement to your company in processing Form MF-104, Operator's Monthly Report and Voucher, for April, 1958.

It is necessary that the following conditions be fulfilled prior to final payment of the amount withheld.

1. Termination of the contract by mutual agreement of the parties thereto. A proposed Termination Agreement is being forwarded to Mr. J. F. Frost today, for execution by an authorized official of your company.

2. Rendering to this office by your company, five copies of a final engineering and geologic report, as required under Article 6(c) of the contract form.

3. Release to this office of a Certificate and Report of Audit, or Report of Review of reported project costs by the Contract Administration and Audit Division, OME. The audit or review cannot be scheduled until the contract is terminated, and your final report is received by this office.

In reference to the last sentence of your letter, the monthly accounting report and voucher for April, 1958 constitutes your final

accounting report to this office; however, as required under Article 6(c) of the contract form, your final engineering and geologic report must contain a summary of the work performed, and the unit costs of the work.

If you have any further questions regarding the matter, please feel free to contact this office.

Very truly yours,

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

cc: Mr. J. F. Frost
600 Crandall Building
Salt Lake City, Utah

JDC:hmh

cc: Chmn. Op. Comm. (2)) w/copy Operator's
Harshman) letter of
Buel, OME/DFC) 1/26/59
Corres. file, Reg.III)
Cooper
Chron

OME
DEPARTMENT OF THE INTERIOR

JAN 27 1959
REGION III
DENVER COLORADO

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J. CRESTED BUTTE, COLO.

January 26, 1959

O. M. E.
RECEIVED JAN 30 1959
DATE | INITIALS | CODE

United States Dept. of the Interior
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Attention: Mr. J. W. Townsend

Re: Docket No. DMEA 3866
(Lead, Zinc, Copper)
Contract No. Idm-E903
ASARCO - Keystone Unit

Gentlemen:

By your letter of May 29, 1958 $500.00 was withheld under the above contract pending resumption of work. We have been carrying this on our books as accounts receivable. I have been informed that it was your intention to reimburse us for this amount, if so, it would simplify our handling of this account if reimbursement was made prior to our final accounting to your office.

Very truly yours,

Nolan Probst

Nolan Probst, Supt.

NP/wmc
cc: JFFrost
File

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 13 1959
DATE
3/13 C 220 800

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

American Smelting and Refining Company
120 Broadway
New York 5, New York

pertaining to Exploration Project Contract No. Idm-E903, ~~DMEA No. 3866~~, including Amendments Nos. 1 and 2, and Termination Agreement ~~dated January 23~~, 1959, for the period December 5, 1955 to April 22, 1958, inclusive, covering a project for the exploration of Lead-Zinc-Copper on property known as Keystone Mine located in Gunnison County, Colorado.

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, verification of work performed by reference to Field Team reports and correspondence, 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 reason:

> 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 the contractor:

Total cost as billed by Contractor		$79,445.00
Exceptions:		
Prior to this review	$0.00	
Less: Reinstatement by review	0.00	
Herewith	0.00	0.00
Total Accepted Cost		$79,445.00

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Thirty Nine Thousand, Seven Hundred Twenty-two and 50/100ths Dollars is valid and proper, provided that the Regional Executive Officer, the Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$39,722.50
Amount reimbursed	39,222.50
Balance due Operator	$ 500.00

Donald T. Finch

March 10, 1959

Donald T. Finch
OME Auditor

MAR 13 1959

Memorandum

To: Donald T. Finch, OGC Auditor

From: Jay L. Chambers
Contract Administration and Audit Division

Subject: Docket No. DMA-3866 (Lead-Zinc-Copper)
American Smelting and Refining Company
Contract No. Lim-3901

Your report of review on the above referenced contract is acceptable and normal distribution is authorized.

(Signed) J. L. Chambers

AMAlley/ema
March 13, 1959

Copy to: Docket
Director's Reading File
Mr. Chambers

[illegible] Bar Centennial
Denver 2, Colorado
March 17, 1959

Memorandum

To: T. A. Christensen

From: Executive Officer, GSE Field Team, Region III

Subject: Docket No. [illegible] 3866 (Lead-Zinc-Copper) Contract Ide-[illegible]
American Smelting and Refining Company, (Sunshine mine)
Gunnison County, Colorado - FINAL PAYMENT

Reference is made to our memorandum of May 29, 1958, whereby we forwarded the final Form NF-104, Operator's Monthly Report and Voucher, for the month of April 1958, and requested that you withhold an amount of $500.00 from reimbursement to the Operator, pending resumption of work under the contract.

Contract work was not resumed and the contract was terminated by mutual agreement effective April 23, 1958.

The Operator's final report has been received, therefore final payment to the Operator is to be made on the following basis, which is in accordance with the Report of Review, of reported costs of the Contract Administration and Audit Division, GSE, dated March 10, 1959.

Basis for Final Payment

Total accepted cost----------	$79,445.00
Government participation at 50 percent	39,722.50
Total prior payments----------	39,222.50
Balance due the Operator----------	$ 500.00

Original signed by
J. W. TOWNSEND
J. W. Townsend

JWC:[illegible]

cc: Chem. Op. Comm. (2)
Harpham
Hall, GSE/WFC
Corres. file, Reg. III
NF-104 file, Reg. III
Cooper
Chron

$500.00
[illegible]
3/18/59 [illegible] 59-95

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED JUN 5

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April, 1958 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York
Contract Amount, $107,220.00 Government Participation: 50% Amount, $53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
[redacted]						
[redacted] Raising		7,605.00	7,605.00			
[redacted]						
[redacted]						
Drifting & XCutting	2,800.00	61,005.00	63,805.00			
Drift & XCut Timber						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted] Core Drilling	2,760.00	4,209.00	6,969.00			
[redacted]						
Drill Hole Casing						
Drill Hole Cementing						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]:						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
Drill Station		400.00	400.00			
Assays		666.00	666.00			
[redacted]						
TOTALS	5,560.00	73,885.00	79,445.00	5,560.00	73,885.00	79,445.00

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

Date May 8, 1958 *Payee American Smelting and Refining Co.

Per Nolan Kopsl Title Supt.

Nolan Kopsl

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 2,280.00

Signature RRa
(Authorized Certifying Officer)

Date 6-2-58 Vou. No. DMA-58-127

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMm-E903 in accordance with the terms of the contract.

Signature Edward W. Buel #2780 Title Mining Eng. Date 5/27/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature J. W. Forward Title Alternate Acting Executive Officer Date MAY 29 1958

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED JUN 5 1958 DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April, 1958 Docket No. DMEA 3866 Contract No. Idm-E903

Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn

Address 120 Broadway - New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
			STAGE I					
Drifting & XCutting	ft.			15,750.00	450	35.00	450	35.00
Timbering	ft.			0.00	0	6.00	45	6.00
Raising	ft.			7,605.00	195	39.00	200	39.00
Assaying	Spl.			312.00	104	3.00	104	3.00
			STAGE II					
Drift & XCut	ft	2,800.00	80	48,055.00	1373	35.00	2000	35.00
Timbering	ft.			0.00	0	6.00	200	6.00
Diamond Drill	ft.	2,760.00	600	6,969.00	1515	4.60	2000	4.60
Ream & Case	ft.			0.00	0	2.00	200	2.00
Cement-ReDrill	ft.			0.00	0	2.00	200	2.00
Drill Sta	Sta.			400.00	4	100.00	10	100.00
Assaying	Spl.			354.00	118	3.00	296	3.00
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		5,560.00		79,445.00				

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

REMARKS:

Date May 8, 1958 Operator American Smelting & Refining Co.

Per Nolan Robst Title Supt.

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

Edward W. Buel

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION
MADE JUN 3 1958

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

Administrative Audit Difference Statement

American Smelting & Refining Co.
Post Office Box J
Crested Butte, Colorado

Date: June 2, 1958
Payee's Reference: April 1958

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

Amount Claimed $ 5,560.00

Difference $

Amount Approved $ 5,560.00

The reason for the difference was due to:

Withheld the amount of $800.00 pending resumption of work.

EXTRA COPY
D M E A
RECEIVED JUN 5 1958

	INITIALS	CODE
6/5	Com	100
		800

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

Very sincerely yours,

RRC

Randal R. Cooper
Fiscal Officer, Region III

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

224 New Customhouse
Denver 2, Colorado

May 29, 1958

Memorandum

To: T. A. Christensen

From: Alternate Acting Executive Officer, DMEA Field Team, Reg. III

Subject: Docket No. DMEA 3866 (Lead-Zinc-Copper) Contract No. Idm-E903 American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the Month of April, 1958.

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

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. All of the work for the period was performed at "Fixed Unit Costs" under the short form contract on Form MF-200A; therefore, documentation of the costs is not required. We recommend that payment be made to the Operator for 50 percent of the amount reported on Form MF-104, subject to your verification of applicable rates and arithmetical accuracy within the report, except for the following deduction :

Withhold an amount of $500.00 pending resumption of work. Project work has been suspended and the Operator has submitted a request for an amendment to provide for the suspension of operations and extension of the completion date.

Remarks:

Date of Report - - - - - - - - - - - - - May 8, 1958
Date Received in Field Office- - - - - May 26, 1958
Date Received in Region Office - - - - May 28, 1958

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures
JDC:bh
cc: Chmn. Op. Comm. (2)
DMEA/DFC
MF-104 File, Reg. III
Harshman) with copy of
Townsend) Engineer's report
Chron.

DMEA
DEPARTMENT OF THE INTERIOR

REGION III

MAY 28 1958
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
May 27, 1958

Memorandum

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

From: Edward W. Buel

Subject: DMEA 3866 (Lead-zinc-copper) Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colo. -- Progress report for April 1958

An inspection was made of the DMEA work progress on May 5, 1958, in company with Howard Bloomfield, A. S. R. engineer.

A measurement of the DMEA drift driven under Stage II on the 2000-level along the Union vein showed a total advance of 1373 feet. This total is in agreement with that of the operator's as shown in his MF-104's for April 1958. In addition to the drifting, the operator completed three diamond drill holes of which two were authorized by the contract. The results of the drilling are given in the operator's monthly narrative report. A total of 781 feet of diamond drilling was performed of which 600 feet is allowable under the contract.

It is recommended that all work units claimed by the operator be approved for payment. Total reimbursement is $5,560.00 of which the Government's contribution at 50 percent is $2,780.00.

It was learned that the operator has suspended operations until an evaluation can be made of the DMEA exploratory work. It is recommended that a reasonable amount be withheld from the reimbursement pending resumption of the work.

Edward W. Buel

Edward W. Buel
Mining Engineer

EWB/mw cc: 6
Idm-E903 chron

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J. CRESTED BUTTE, COLO.

May 8, 1958

DMEA
DEPARTMENT OF THE INTERIOR
MAY 23 1958
REGION III
DENVER, COLORADO

Executive Officer, DMEA, Field Team
Region III, 222 New Custom House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-E903
April - 1958

Gentlemen:

General Remarks:

During April 80 ft. of drifting was completed on the 2000 Union Vein.

Three diamond drill holes were completed during the month to the following depths and bearing.

Hole No.	Bearing	Lat.	Dep.	Depth
20-11	N 55° E	13307.5	7395.8	356
20-12	S 55° W	13277.7	7348.0	250
20-13	S 79° 38 W	13279.9	7347.7	175

Hole No. 20-11 drilled into the footwall exposed little mineralization. Pyritization and pyrite on the joints was extensive throughout the hole. The wall rock was primarily fine grained sandstones and bleached shales. No vein structure of importance was encountered.

Hole No. 20-12 drilled into the hangingwall cut strong water courses at 4, 26, 187 and 207 ft. Slight mineralization was found at the 4 and 26 ft. depths. At 145 feet 1 ft. of Pb, Zn sulfides was cored. This being the best mineralization encountered.

Hole No. 20-13 was drilled to intersect the structure about 70 ft. north westerly on the strike. At 160 feet hole No. 20-13 encountered much water, and minor traces of Zn from 155 to 163 ft. A definite change of wall rock occurred at this point. Tracing this structure southerly by long hole drilling it is thought the intersection would be made with the drift near survey station No. 2067. This particular structure appeared to be the strongest encountered in the drilling.

General Geology:

Drifting on the 2000 Union Vein was discontinued April 22nd until the diamond and long hole drilling currently underway could be evaluated.

The present drift face is following a relatively weak structure with occasional small lenses of lead, zinc sulfides. Pyritization is strong in the wall rock which is primarily gray to light brown siltstone.

Very truly yours,

Nolan Probst, Supt.

NP/wmc
Encls: Form MF-104 (5)
Form MF-104A (5)
Progress Map (5)
cc: John F. Shaw, w/1 set encls.
JFFrost, w/1 set encls.
File, w/1 set encls.

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

Budget Bureau No. 42-R1036.5

MAY 5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1958 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York
Contract Amount, $107,220.00 Government Participation: 50% Amount, $53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contractor ~~Shaft Sinking~~						
~~Drilling~~ Raising		7,605.00	7,605.00			
~~Bulldozing~~						
~~Crosscutting~~						
Drifting & Cutting	3,710.00	57,295.00	61,005.00			
Drift & Cut Timber						
(2) ~~Labor and Supervision~~						
~~Labor~~						
~~Supervision~~						
~~Technical Services~~						
(3) ~~Operating Materials and Supplies~~						
~~Timber~~						
~~Explosives~~						
~~Pipe~~ Core Drilling		4,209.00	4,209.00			
~~Tools~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~						
~~Rental~~						
~~Purchase~~						
~~Transportation~~						
(5) ~~Equipment Installation and Repairs~~						
(6) ~~New Buildings, Improvements, etc.~~						
(7) ~~Miscellaneous~~						
~~Repairs to Equipment~~						
~~Sampling and Analysis~~						
~~Payroll Taxes~~						
~~Telephone, etc.~~						
Drill Station	200.00	200.00	400.00			
Assays		666.00	666.00			
(8) ~~Contingencies (specify)~~						
TOTALS	3,910.00	69,975.00	73,885.00	3910.00	69,975.00	73,885.00

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

Date April 7, 1958 Payee American Smelting and Refining Co.

Per Robert Foust Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1955.00

Signature RRe
(Authorized Certifying Officer)

Date 4/29/58 Vou. No. DMA-58-117

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-E 903 in accordance with the terms of the contract.

Signature Edward W. Buel # 1955.00 Title Mining Engr. Date 4/25/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature E. N. Hansmann Title Acting Executive Officer Date APR 28 1958

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March, 1958 Docket No. DMEA 3866 Contract No. Idm-3903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
			STAGE I					
Drifting & Cutting	ft.			15,750.00	450	35.00	450	35.00
Timbering	ft.			0.00	0	6.00	45	6.00
Raising	ft.			7,605.00	195	39.00	200	39.00
Assaying	Spl.			312.00	104	3.00	104	3.00
			STAGE II					
Drift & Cut	ft.	3,710.00	106	45,255.00	1293	35.00	2000	35.00
Timbering	ft.			0.00	0	6.00	200	6.00
Diamond Drill	ft.			4,209.00	915	4.60	200	4.60
Ream & Case	ft.			0.00	0	2.00	200	2.00
Cement-Re-Drill	ft.			0.00	0	2.00	200	2.00
Drill Sta.	Sta.	200.00	2	400.00	4	100.00	10	100.00
Assaying	Spl.			354.00	118	3.00	296	3.00
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		3,910.00		73,885.00				

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

REMARKS:

Date April 7, 1958 Operator American Smelting & Refining Co.

Per Nolan Probst Title Supt.

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

Edward W. Buel

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

RAL DISTRIBUTION

MADE APR 30 1958

224 New Customhouse
Denver 2, Colorado
April 28, 1958

5

575 Com 100 800

Memorandum

To: T. A. Christensen

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

Subject: Docket No. DMEA 3966 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of March, 1958

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

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. All of the work was performed at "Fixed Unit Costs" under the short form contract on Form MF-200A, therefore documentation of the costs is not required. We recommend that payment be made to the Operator for 50 percent of the amount reported on Form MF-104, subject to your verification of applicable rates and arithmetical accuracy within the report.

Remarks:

Date of Report----------April 7, 1958
Date Received in Field Office--------April 25, 1958
Date Received in Region Office-------April 28, 1958

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JBC:hmm

cc: Chmn. Cp. Comm. (2)
DMEA/DFC
MF-104 file, Reg. III
Harshman - w/copy of Engr's report
Chron

DMEA
DEPARTMENT OF THE INTERIOR
APR 28 1958
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
April 25, 1958

Memorandum

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

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead, zinc, and copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado -- Progress report for March 1958

An inspection was made of the DMEA work program on the 2000-level of the Keystone mine. The inspection was made on April 14, 1958. The writer was accompanied by H. Bloomfield, A. S. R. engineer.

A measurement of the DMEA drift showed a total advance of 1,334 feet driven along the Union vein structure. The operator's MF-104's for March 1958 show a total drift advance of 1,293 feet. The footage claimed by the operator is well within the verified footage of drift. In addition to the drifting, the operator cut two diamond drill stations and completed one horizontal hole (number 20-11) for a distance of 356 feet to the northeast. This hole did not encounter anything but insignificant sporadic sulphide mineralization. At the time of the inspection hole 20-12 was being drilled and had been drilled to a depth of 30 feet.

All items claimed by the operator were verified and are recommended for payment. Total reimbursement is $3,910.00 of which the Government's share at 50 percent is $1,955.00.

Edward W. Buel

Edward W. Buel
Mining Engineer

EWB/mw
cc: 6
Idm-E903
chron

K-7.7
DMEA

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J. CRESTED BUTTE, COLO.

DMEA
DEPARTMENT OF THE INTERIOR
APR 24 1958
REGION III
DENVER, COLORADO

April 7, 1958

Executive Officer, DMEA, Field Team
Region III, 222 New Custom House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-E903
March - 1958

Gentlemen:

General Remarks:

One hundred and six (106) ft. advance and two diamond drill stations were completed on the 2000 Union Vein during March. A core drill is now testing the footwall near survey station 2077 + 30 ft. Bearing of the hole is N 55° E with dip -2°. To date no important structure has been encountered in the drilling.

General Geology:

The bearing of the last 100 ft. of drift has been approximately N 25° E. This bearing has been maintained to intersect the major Union Vein structure which is thought to exist in the footwall side of the drift. Since assuming this drift bearing no major structure has been encountered, however, an occasional northerly trending veinlet has been cut. A few of these veinlets carry zinc and lead sulfides.

The wall rock is still gray to greenish cast, fine grained sandstones.

Very truly yours,

Nolan Probst, Supt.

NP/wmc
Encls: Form MF-104 (5)
Form MF-104A (5)
Progress Map (5)
cc: John F. Shaw, w/1 set encls.
JFFrost, w/1 set encls.
File, w/1 set encls.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED MAR 19

Month of February, 1958 Docket No. DMEA 3[illegible] Contract No. Idm-2903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York
Contract Amount, $107,220.00 Government Participation: 50% Amount, $53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
[illegible]						
[illegible] Raising		7,605.00	7,605.00			
[illegible]						
[illegible]						
Drifting & XCutting	3,780.00	53,515.00	57,295.00			
Drill & XCut Timber						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible] Core Drilling		4,209.00	4,209.00			
[illegible]						
Drill Hole Casing						
Drill Hole Cementing						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
Drill Station		200.00	200.00			
Assays		666.00	666.00			
[illegible]						
TOTALS	3,780.00	66,195.00	69,975.00	3,850.00	66,195.00	69,975.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date March 5, 1958 *Payee American Smelting and Refining Co.
Per [illegible] Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
66,125.00
$1935.00

Signature [illegible]
(Authorized Certifying Officer)

Date 3/14/58 Vou. No. 58-98

(See other side)

Is previously disallowed

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. dm-8903 in accordance with the terms of the contract.

Signature Edward W. Beal #1925.00 Title Mining Engr Date 3/12/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature W. J. King Title Executive Officer Date MAR 13 1958

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED MAR 19 D.M.E.A.

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February, 1958 Docket No. DMEA 3866 Contract No. Idm-5903

Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn

Address 120 Broadway - New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
			STAGE I					
Drifting & Cutting	ft.			15,750.00	450	35.00	450	35.00
Timbering	ft.			0.00	0	6.00	45	6.00
Raising	ft.			7,605.00	195	39.00	200	39.00
Assaying	Spl.			312.00	104	3.00	104	3.00
			STAGE II					
Drift & Cut	ft	3,780.00	108	41,545.00	1107	35.00	2000	35.00
Timbering	ft.			0.00	0	6.00	200	6.00
Diamond Drill	ft.			4,209.00	915	4.60	2000	4.60
Ream & Case	ft.			0.00	0	2.00	200	2.00
Cement-ReDrill	ft.			0.00	0	2.00	200	2.00
Drill Sta	Sta.			200.00	2	100.00	10	100.00
Assaying	Spl.			354.00	118	3.00	296	3.00
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
TOTAL COSTS		3,780.00		69,975.00				

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

REMARKS:

Date March 5, 1958 Operator American Smelting & Refining Co.

Per Noah Probst Title Supt.

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION:
MADE MAR 17 1958

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

Administrative Audit Difference Statement

[redacted]

Date: _____
Payee's
Reference: _____

[redacted]

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

Amount Claimed	$	[redacted]
Difference	$	[redacted]
Amount Approved	$	[redacted]

The reason for the difference was due to:

[redacted]

[redacted]

[redacted]

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

EXTRA COPY
DDM E A
RECEIVED MAR 19 1958

DATE	INITIALS	CODE
3/24	Com	100
		800
F Form	No. 4	

Very sincerely yours,

N. E. Stokes
Audit Section

R-III-B &
4-15-52 D

224 New Customhouse
Denver 2, Colorado
March 13, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3366 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company, (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of February, 1958

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

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the government.

All of the work was performed at "Fixed Unit Costs" under the short form contract on Form MF-200A, therefore documentation of the costs is not required.

Reinstatement, Drifting and Crosscutting

During inspection of the January 1958, progress an error was made in measuring the drift advance, resulting in disallowance of the reported cost for two feet of drifting. All of the reported drifting for January 1958, has now been confirmed; therefore, the reported cost for two feet of drifting is to be reinstated.

Reinstate reported cost for two feet drifting at $35.00 per foot----------$70.00

Please inform the Operator of the reinstatement by means of an Administrative Audit Difference Statement.

Reconciliation with Amount Reported by the Operator on Form MF-104 for February, 1958

Amount reported on Form MF-104, for February, 1958	$3,780.00
Amount to be reinstated	70.00
Total accepted cost	3,850.00

Government participation at 50 percent ---------- $1,925.00

Remarks:

Date of Report ---------- March 5, 1958
Date Received in Field Office ---------- March 11, 1958
Date Received in Region Office ---------- March 13, 1958

Original signed by
W. H. KING
W. H. King

Enclosures

JDC:hmh

cc: Chmn. Op. Comm. (P)
DMEA/DFC
MF-104 file, Reg. III
Harshman) w/copy of
Townsend) Engr's report
Chron

DMEA
DEPARTMENT OF THE INTERIOR

REGION III

MAR 13 1958
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
March 12, 1958

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead, zinc, copper) Contract Idm-2903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado -- Progress report for February 1958

In company with H. Bloomfield, A. S. R. engineer, an inspection was made of the recent DMEA work progress. The inspection was made on March 3, 1958. Work progress was also discussed with N. Probst, general manager.

DMEA drifting on the 2000-level of the Union vein measured a total advance of more than 1,195 feet as authorized under Stage II.

The results of the work as described in the operator's narrative report are verified.

The operator asks reimbursement for 108 feet of drifting and crosscutting. Since the last inspection on February 3, 1958, the drift was extended more than 115 feet. Therefore the 108 feet as claimed by the operator is within the measured limits of the interim period. Payment for 108 feet of drifting and crosscutting is recommended for payment.

During the last inspection, it was learned that an error in measurement was made and that the 2 feet disallowed for drifting on the January 104's should be reinstated. It is noted that the operator on his February 104's did not make the disallowance reported to him. Therefore, his current MF-104's do not reflect any recent disallowances. It is recommended that the costs of 2 feet of drifting be reimbursed.

The cost of the reimbursement for 108 feet of drifting and crosscutting is $3,780.00 of which the Government's share at 50% is $1,890.00. An additional 2 feet of drifting, previously disallowed, is also recommended for reimbursement at $35.00. Total reimbursement is $1,925.00.

Edward W. Buel
Edward W. Buel
Mining Engineer

EWB/mr
cc: 6 Idm-2903 chron

K-7.7.
DMEA

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J. CRESTED BUTTE, COLO.

March 5, 1958

DMEA
DEPARTMENT OF THE INTERIOR
MAR 10 1958
REGION III
DENVER, COLORADO

Executive Officer, DMEA, Field Team
Region III, 222 New Custom House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-E903
February - 1958

Gentlemen:

General Remarks:

One hundred and eight feet of advance was made on the 2000 Union vein during the month. Core drill stations are being cut at survey station 2077 + 20 ft. Bearing of these stations will be N 55° E and S 55° W.

General Geology:

The drift has been turned into the footwall to intersect the projected structure encountered near survey station 2072, near which point the heavy inflow of water forced us to leave and drift parallel to the vein structure.

The present drift face has a pattern of northerly trending quartz veinlets with minor amounts of Pb-Zn sulfides. The wall rock is fine grained, hard, gray to greenish cast sand stone.

Very truly yours,

Nolan Probst, Supt.

NP/wmc
Encls: Form MF-104 (5)
Form MF-104A (5)
Progress Map (5)
cc: John F. Shaw, w/1 set encls.
JFFrost, w/1 set encls.
File, w/1 set encls.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED FEB 4 1958 D.M.E.A.

Month of January, 1958 Docket No. DMEA 3666 Contract No. Ica-L903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York
Contract Amount, $107,220.00 Government Participation: 50 % Amount, $53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
[redacted]						
[redacted] Raising		7,605.00	7,605.00			
[redacted]						
[redacted]						
Drifting & [redacted]Cutting	3,185.00	50,330.00	53,515.00			
Drift & [redacted]Cut Timber						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted] Core Drilling		4,209.00	4,209.00			
[redacted]						
Drill Hole Casing						
Drill Hole Cementing						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
Drill Station		200.00	200.00			
Assays		666.00	666.00			
[redacted]						
TOTALS	3,185.00	63,010.00	66,195.00	3,185.00	63,010.00	66,195.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Feb. 4, 1958 *Payee American Smelting and Refining Co.
Per Nolan Trost Title Supt.
Nolan Trost

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$1557.50

Signature [illegible]
(Authorized Certifying Officer)

Date 2/19/58 Vou. No. DMA 58-90

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Jdm-E903 in accordance with the terms of the contract.

Signature Edward W. Buel #1555.00 Title Mining Engr. Date 2/13/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Checked by Engineering Accy. billing

Signature W. H. King Title Executive Officer Date FEB 17 1958

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED FEB 24 1958 D.M.E.A.

Month of January, 1958 Docket No. DMEA 3866 Contract No. Idr-5903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
			STAGE I					
Drifting & XCutting	ft.			15,750.00	450	35.00	450	35.00
~~Crosscutting~~ Timbering	ft.			0.00	0		45	6.00
Raising	ft.			7,605.00	195	39.00	200	39.00
~~Stope~~ Assaying	Spl.			312.00	104	3.00	104	3.00
~~Winzes~~								
~~Drilling Core~~			STAGE II					
~~Stope~~ Drift & XCut	ft.	3,185.00	91	37,765.00	1079	35.00	2000	35.00
~~Auger~~ Timbering	ft.			0.00	0	6.00	200	6.00
~~Stripping~~ Diamond Drill	ft.			4,209.00	915	4.60	2000	4.60
~~Trenching~~ Ream & Case	ft.			0.00	0	2.00	200	2.00
~~Test Pits~~ Cement-ReDrill	ft.			0.00	0	2.00	200	2.00
~~Roads and Trails~~ Drill Sta.	Sta.			200.00	2	100.00	10	100.00
Assaying	Spl.			354.00	118	3.00	296	3.00
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		3,185.00		66,195.00				

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

REMARKS:

Date Feb. 4, 1958 Operator American Smelting & Refining Co.

By Nolan Probst Title Supt.

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE FEB 20 1958

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

Administrative Audit Difference Statement

American Smelting and Refining Co.
P. O. Box J
Crested Butte, Colorado

Date: February 19, 1958
Payee's Reference: January 1958

Gentlemen:

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

Amount Claimed	$	3,185.00
Difference	$	70.00
Amount Approved	$	3,115.00

The reason for the difference was due to:

Disallowance, Drifting

Reported cost for 91 feet of drifting at $35.00 per foot	$3,185.00
Acceptable costs, 89 feet of drifting at $35.00 per foot	3,115.00
Total amount disallowed	70.00

Payment for 91 feet of drifting was requested, making a total of 1,079 feet for drifting in Stage II. A measurement of the drift showed a total advance of only 1,077 feet.

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

Very sincerely yours,

N. E. Stokes
Audit Section

RECEIVED FEB 24 1958

DATE	INITIALS	CODE
2/24	Conn	100
		800

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

224 New Customhouse
Denver 2, Colorado
February 18, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of January, 1958

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

Stage II drifting completed during the period along the vein in the hanging wall is considered within the intent of the contract.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. All of the work was performed at "Fixed Unit Costs" under the short form contract on Form MF-200A, therefore documentation of the costs is not required. We recommend that payment be made to the Operator on the following basis, contingent on your verification of applicable rates and arithmetical accuracy within the report.

The Operator requests payment for 91 feet of drifting making a grand total of 1,079 feet for drifting in Stage II. A measurement of the drift showed a total advance of only 1,077 feet. Therefore, it is recommended that 2 feet of drifting be disallowed from that total requested by the Operator on his MF-104's for January 1958.

Disallowance, Drifting:

Reported cost for 91 feet of drifting at $35.00 per foot	$3,185.00
Acceptable costs, 89 feet of drifting at $35.00 per foot	3,115.00
Total amount to be disallowed	$ 70.00

Reconciliation with Amount Reported by the Operator on Form MF-104 for January 1958

Amount reported on Form MF-104 for January, 1958----------	$3,185.00
Amount to be disallowed----------	70.00
Acceptable cost for January, 1958----------	3,115.00

Government participation at 50 percent----------$1,557.50

Remarks:

Date of Report----------February 4, 1958
Date Received in Field Office----------February 13, 1958
Date Received in Region Office----------February 14, 1958

Original signed by
W. H. KING
W. H. King

Enclosures

MHM:hmh

cc: Chmn. Op. Comm. (2)
DMEA/DFC
MF-104 file, Region III
Harshman) w/copy of
Townsend) Engr's report
Chron

DMEA
DEPARTMENT OF THE INTERIOR

FEB 14 1958
REGION III
DENVER, COLORADO

REGION III

Memorandum

Building 20
Denver Federal Center
Denver 2, Colorado
February 13, 1958

To: Executive Officer, DMEA Field Team, Region III

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead-zinc-copper) Contract I6m-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado -- Progress report for January 1958

An examination was made of the property on February 3, 1958. Work progress under the contract was discussed with Messrs. N. Probst, general manager, and H. Bloomfield, engineer.

Along the 2000-level on the Union vein the DMEA drift measured 1077 feet under Stage II authorized work. An appreciable quantity of water, 500 - 600 gallons per minute, continues to cover the track in the drift from a new fissure some 24 feet beyond the old "water-course" fissure.

The operator's narrative report adequately describes the work progress results and conditions.

The operator requests payment for 91 feet of drifting making a grand total of 1079 feet for drifting in Stage II. A measurement of the drift showed a total advance of only 1077 feet. Therefore, it is recommended that 2 feet of drifting be disallowed from that total requested by the operator on his MF-104's for January 1958. A total of 89 feet of drifting is recommended for payment, costing $3,110.00 of which the Government's share at 50 percent is $1,555.00.

Edward W. Buel

Edward W. Buel
Mining Engineer

EWB/mr
cc: 6
I6m-E903
ekron

K-7.7.
DMEA

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J. CRESTED BUTTE, COLO.

February 4, 1958

DMEA
DEPARTMENT OF THE INTERIOR
FEB 11 1958
REGION III
DENVER, COLORADO

Executive Officer, DMEA, Field Team
Region III, 222 New Custom House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-E903
January - 1958

Gentlemen:

General Remarks:

Ninety one feet of advance was made in the 2000 Union drift during January. All advance was in waste. The water encountered and mentioned in last months narrative has diminished slightly but is still slowing the drift advance. To improve the advance the drift was turned into the hanging-wall, however, another pattern of fracturing was encountered.

General Geology:

The last 30 ft. of drifting has been in badly broken ground with minor amounts of Pb, Zn sulfides scattered at random on the joints. The stronger fractures carry small kidneys of Pb, Zn sulfides.

Very truly yours,

Nolan Probst, Supt.

NP/wmc
Encls: Form MF-104 (5)
Form MF-104A (5)
Progress Map (5)
cc: John F. Shaw, w/1 set encls.
JFFrost, w/1 set encls.
File, w/1 set encls.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED JAN 1958

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1957 Docket No. DMEA 3806 Contract No. Idm-E903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York
Contract Amount, $ 107,220.00 Government Participation: 50 % Amount, $ 53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
[illegible]						
[illegible]						
Raising		7605.00	7605.00			
[illegible]						
[illegible]						
Drifting & XCutting	2905.00	47425.00	50330.00			
Drift & XCut Timber						
[illegible]						
[illegible]						
Supervision						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
Core Drilling		4209.00	4209.00			
[illegible]						
Drill Hole Casing						
Drill Hole Cementing						
[illegible]						
[illegible]						
Purchase						
Depreciation						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
[illegible]						
Drill Station		200.00	200.00			
Assays		666.00	666.00			
[illegible]						
TOTALS	2905.00	60105.00	63010.00	2905.00	60,105.00	63,010.00

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

Date Jan. 6, 1958 *Payee American Smelting and Refining Co.

Per Nolan Fobbat Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 14,552.50

Signature [illegible]
(Authorized Certifying Officer)

Date 1/21/58 Voucher DMA 58-81

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E903 in accordance with the terms of the contract.

Signature Edward W. Buel $1,452.50 Title Mining Engr. Date 1/15/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W H Kung Title Executive Officer Date JAN 17 1958

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1962)

Budget Bureau No. 42-R1151.2

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

Month of December, 1957 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
			STAGE I					
Drifting & XCutting	ft.			15750.00	450	35.00	450	35.00
Timbering	ft.			0.00	0		45	6.00
Raising	ft.			7605.00	195	39.00	200	39.00
Assaying	Spl.			312.00	104	3.00	104	3.00
			STAGE II					
Drift &XCut	ft.	2905.00	83	34580.00	988	35.00	2000	35.00
Timbering	ft.			0.00	0		200	6.00
Diamond Drill	ft.			4209.00	915	4.60	2000	4.60
Ream & Case	ft.			0.00	0		200	2.00
Cement-Redrill	ft.			0.00	0		200	2.00
Drill Sta	Sta.			200.00	2	100.00	10	100.00
Assaying	Spl.			354.00	118	3.00	296	3.00
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		2905.00		63010.00				

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

REMARKS:

Date Jan. 6, 1958 Operator American Smelting & Refining Co.

Per Nolan Probst Title Supt.
Nolan Probst

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION
MADE JAN 21 1958

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 24 1958

DATE	INITIALS	CODE
1/24	C	220
1/24	Chm	100
		800

224 New Customhouse
Denver 2, Colorado

January 17, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Co., (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress report for the month of December, 1957

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

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. All of the work was performed at "Fixed Unit Costs" under the short form contract on Form MF-200A, therefore documentation of the costs is not required. We recommend that payment be made to the Operator for 50 percent of the amount reported on Form MF-104, subject to your verification of applicable rates and arithmetical accuracy within the report.

Remarks:

Date of Report----------January 6, 1958
Date Received in Field Office----January 14, 1958
Date Received in Region Office---January 15, 1958

Original signed by
W. H. KING
W. H. King

Enclosures

JDC:hmh

cc: Chmn. Op. Comm. (2)
DMEA/DFC
MF-104 file, Reg. III
Harshman - w/copy Engr's report
Chron

K-7.
DME

DMEA
DEPARTMENT OF THE INTERIOR
JAN 10 1958
REGION III
DENVER, COLORADO

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J. CRESTED BUTTE, COLO.

January 6, 1958

Executive Officer, DMEA, Field Team
Region III, 222 New Custom House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-E903

Gentlemen:

General Remarks:

Eighty three feet of advance was made under the above contract during December. Considerable water was encountered which has slowed the advance appreciably.

General Geology:

In the present face the fissure has widened to 3 ft. with considerable crushed quartz carrying scattered zinc and lead sulfides. Approximately 600 gal. water/min. is coming from the fissure. The country rock is light to dark grey, fine grained and moderately hard.

Very truly yours,

Nolan Probst, Supt.

NP/wmc
Encls: Form MF-104 (5)
Form MF-104A (5)
Progress Map (5)
cc: John F. Shaw, w/1 set encls.
JFFrost, w/1 set encls.
File, w/1 set encl.

DMEA
DEPARTMENT OF THE INTERIOR
JAN 15 1958
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
January 15, 1958

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead, zinc, and copper) Contract Idm-E903, American Smelting and Refining Co. (Keystone mine) Gunnison County, Colorado -- Progress report for December 1957

Stage II work progress was inspected on January 8, 1958. The work progress was discussed with Mr. N. Probst, general manager, and Messrs. Bloomfield and Ferrin, A. S. & R. engineers.

Along the 2000-level on the Union vein the DMEA drift has been advanced for a total length of about 1,003 feet under Stage II. A considerable amount of water, estimated at 500 to 600 gallons per minute, was seen coming from a small cavernous area in the drift face. Considerable delay in advancing the drift was experienced by the operator because of the water flow. The operator was preparing to bypass the cavernous area at the time of the inspection. Significant sulfide mineralization was again encountered in the last 10 feet, or so, of the drift.

The operator requests payment for 83 feet of drifting for December 1957. The amount of drifting claimed by the operator was verified. A total of $2,905.00 is claimed by the operator. Of this amount, the Government's share at 50 percent is $1,452.50.

Edward W. Buel

Edward W. Buel
Mining Engineer

EWB/mw
cc: 6
Idm-E903
chron

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED DEC 20 1957 D.M.E.A.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1957 Docket No. DMEA 3666 Contract No. Idm-E903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York
Contract Amount, $107,220.00 Government Participation: 50 % Amount, $53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent Contractors~~:						
~~Shaft Sinking~~						
~~Raising~~		7605.00	7605.00			
~~Drifting~~						
~~Crosscutting~~						
Drifting & XCutting	4375.00	43050.00	47425.00			
Drift & XCut Timber						
(2) ~~Labor and Supervision~~						
~~Labor~~						
~~Supervision~~						
~~Contract Services~~						
(3) ~~Operating Materials and Supplies~~:						
~~Timber~~						
~~Explosives~~						
~~Pipe~~ Core Drilling		4209.00	4209.00			
~~Track~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~:						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Initial Rehabilitation and Repairs~~						
(6) ~~New Bldgs., Improvements, etc.~~						
(7) ~~Miscellaneous~~:						
~~Repairs and Expense~~						
~~Sampling and Analysis~~						
~~Payroll Taxes~~						
~~Liability Insurance~~						
Drill Station		200.00	200.00			
Assays		666.00	666.00			
(8) ~~Contingencies (specify)~~:						
TOTALS	4375.00	55730.00	60105.00	4,375.00	55,730.00	60,105.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Dec. 3, 1957 *Payee American Smelting and Refining Co.
Per Adrian Probst Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 2187.50

Signature [illegible]
(Authorized Certifying Officer)

Date 12/14/57 Voucher DMA 58-70
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Dlm-E903 in accordance with the terms of the contract.

Signature Edward W. Buel $2187.50 Title Mining Engr. Date 12/10/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature C. H. King Title Executive Officer Date DEC 13 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form DMEA-104A
(April 1962)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED DEC 20 1957 DMEA

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November, 1957 Docket No. DMEA 3866 Contract No. Idm-E903

Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn

Address 120 Broadway - New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
			STAGE I					
Drifting & XCutting	Ft.			15750.00	450	35.00	450	35.00
~~Crosscutting~~ Timbering	Ft.			0.00	0		45	6.00
Raising	Ft.			7605.00	195	39.00	200	39.00
~~Shaft~~ Assaying	Spl.			312.00	104	3.00	104	3.00
~~Winze~~								
~~Stoping~~			STAGE II					
~~Shaft~~ Drift & XCut	Ft.	4375.00	125	31675.00	905	35.00	2000	35.00
~~Winze~~ Timbering	Ft.			0.00	0		200	6.00
~~Stoping~~ Diamond Drill	Ft.			4209.00	915	4.60	2000	4.60
~~Trenching~~ Ream & Case	Ft.			0.00	0		200	2.00
~~Test Pits~~ Cement-Redrill	Ft.			0.00	0		200	2.00
~~Roads and Trails~~ Drill Sta	Sta.			200.00	2	100.00	10	100.00
Assaying	Spl.			354.00	118	3.00	296	3.00
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		4375.00		60105.00				

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

REMARKS:

Date Dec. 3, 1957 Operator American Smelting & Refining Co.

Per Nolan Trobst Title Supt.

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

(Instructions on reverse)

(For Government use only)

Edmund W. Bull

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE DEC 18 1957

EXTRA COPY
DMEA
RECEIVED DEC 20 1957

DATE	INITIALS	CODE
12/20	gb	220
20	CDM	100
		800

224 New Customhouse
Denver 2, Colorado

December 13, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Co. (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of November 1957

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

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. All of the work was performed at "Fixed Unit Costs" under the short form contract on Form MF-200A, therefore documentation of the costs is not required. We recommend that payment be made to the Operator for 50 percent of the amount reported on Form MF-104, subject to your verification of applicable rates and arithmetical accuracy within the report.

REMARKS:

Date of Report ----------December 3, 1957
Date Received in Field Office ----------December 10, 1957
Date Received in Region Office ---------December 11, 1957

Original signed by
W. H. KING

W. H. King

Enclosures

JDC:jy
cc: Chm.Op.Comm.-2
DMEA,DFC } w/complete rpt.
MF-104 file
Harshman w/copy of engr's. rpt.
Chron.

DMEA
DEPARTMENT OF THE INTERIOR

REGION III

DEC 11 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
Dec. 10,1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead, zinc, copper) Contract Idm-E903, American Smelting and Refining Co. (Keystone mine) Gunnison County, Colorado -- Progress report for November 1957

Work progress under Stage II of the contract was inspected on December 4, 1957. Messrs. N. Probst, general manager, and G. H. Bloomfield, engineer, were contacted during the visit to the property.

An examination of the Stage II drifting along the 2000 - level Union vein showed a total advance of about 910 feet. The vein structure as exposed in the face showed a tight structure with very little gouge and no appreciable sulfide mineralization. Mr. Probst stated that the Union vein structure has been poorly mineralized for several hundred feet. The operator has requested approval for an additional 500 feet of drifting along the 2000 - level Union vein.

The operator requests payment for 125 feet of drifting, costing $4,375.00 of which $2,187.50, at the Government's share of 50 percent, is recommended for payment.

Edward W. Buel

Edward W. Buel
Mining Engineer

EWB/mr
cc: 6
Idm-E903
chron

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J. CRESTED BUTTE, COLO.

DMEA
DEPARTMENT OF THE INTERIOR
DEC 9 - 1957
REGION III
DENVER, COLORADO

December 3, 1957

DMEA
DEPARTMENT OF THE INTERIOR
DEC 11 1957
REGION III
DENVER, COLORADO

Executive Officer, DMEA, Field Team
Region III, 222 New Custom House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-E903

Gentlemen:

General Remarks:

One hundred and twenty five feet of advance was made on the 2000 Union Vein during November.

General Geology:

During the month the fissure remained tight with very little mineralization present. The wall rock remains essentially brown to greenish cast shales.

Very truly yours,

Nolan Probst

Nolan Probst, Supt.

NP/wmc
Encls: Form MF-104 (5)
Form MF-104A (5)
Progress Map (5)
cc: John F. Shaw, w/1 set encls.
WRLandwehr, w/1 set encls.
File, w/1 set encls.

m-MP-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED DEC 2 1957 D.M.E.A.

Month of October, 1957 Docket No. DMEA 3866 Contract No. Idm-5903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York
Contract Amount, $107,220.00 Government Participation: 50% Amount, $53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) [redacted]:						
[redacted] Raising		7605.00	7605.00			
[redacted]						
[redacted]						
Drifting & XCutting	3640.00	39410.00	43050.00			
Drift & XCut Timber						
(2) [redacted]						
[redacted]						
[redacted]						
[redacted]						
(3) [redacted]:						
[redacted]						
[redacted]						
[redacted] Core Drilling		4209.00	4209.00			
[redacted]						
Drill Hole Casing						
Drill Hole Cementing						
(4) [redacted]						
[redacted]						
[redacted]						
[redacted]						
(5) [redacted]						
(6) [redacted]						
(7) [redacted]:						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
Drill Station		200.00	200.00			
Assays		666.00	666.00			
(8) [redacted]						
TOTALS	3640.00	52090.00	55730.00			

DMEA
DEPARTMENT OF THE INTERIOR
NOV 14 1957
REGION III
DENVER, COLORADO

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 11/6/57 *Payee American Smelting and Refining Co.
Per Nolan Probst Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$2320.00

Signature RRe
(Authorized Certifying Officer)

Date 11/22/57 Vou. No. DMA-58-64
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-2903 in accordance with the terms of the contract.

Signature Edward W. Buel $1,820.00 Title Mining Engr. Date 11/15/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Acting Executive Officer Date NOV 21 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED DEC 2 1957 D.M.E.A.

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

Month of October, 1957 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway - New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
			STAGE I					
Drifting & XCutting	Ft.			15750.00	450	35.00	450	35.00
~~Crosscutting~~ Timbering	Ft.			0.00	0		45	6.00
Raising	Ft.			7605.00	195	39.00	200	39.00
~~Stope~~ Assaying	Spl.			312.00	104	3.00	104	3.00
			STAGE II					
Drift. & XCut	Ft.	3640.00	104	27300.00	780	35.00	2000	35.00
Timbering	Ft.			0.00	0		200	6.00
Diamond Drill	Ft.			4209.00	915	4.60	2000	4.60
Ream & Case	Ft.			0.00	0		200	2.00
Cement-Redrill	Ft.			0.00	0		200	2.00
Drill Sta	Sta.			200.00	2	100.00	10	100.00
Assaying	Spl.			354.00	118	3.00	296	3.00
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		3640.00		55730.00				

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

Date 11/6/57 Operator American Smelting & Refining Co.

Per Wolan Probst Title Supt.

Wolan Probst

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

REMARKS:

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

58-64

FINAL DISTRIBUTION
MADE NOV 26 1957

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
221 Old Custom House, Denver 2, Colorado

Administrative Audit Difference Statement

American Smelting & Refining Company
Keystone Unit
P. O. Box J, Crested Butte, Colorado

Date: December 22, 1957
Payee's Reference: October 1957

Docket DMEA-3866

Contract Idm-E903

Gentlemen:

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

Amount Claimed $ 3,610.00

Difference $

Amount Approved $ 3,610.00

The reason for the difference was due to:

Understate: $500.00 withheld from the August 1957 Voucher.

DMEA
RECEIVED DEC 2 1957

DATE	INITIALS	CODE
12/2	C	820
/4	Cam	100
		800

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

Very sincerely yours,

RKC

N. E. Stokes
Audit Section

Randal R. Cooper
Fiscal Officer, Region III

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

58-6P

224 New Customhouse
Denver 2, Colorado

November 21, 1957

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA-3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Co. (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of October 1957

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

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. All of the work was performed at "Fixed Unit Costs" under the short form contract on Form MF-200A, therefore documentation of the costs is not required. We recommend that payment be made to the Operator for 50 percent of the amount reported on Form MF-104, subject to your verification of applicable rates and arithmetical accuracy within the report. In addition, the following reinstatement is to be made:

Reinstate the amount of $500.00 which was withheld from the August 1957 voucher pending performance of additional work. The project has been resumed. Please inform the Operator of the reinstatement by means of an Administrative Audit Difference Statement.

REMARKS:

Date of Report ---------- November 6, 1957
Date Received in Field Office --------- November 18, 1957
Date Received in Region Office -------- November 20, 1957

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures
MEM:jy
cc: Chm. Op. Comm. (2)
DMEA,DFC
MF-104 file
Harshman } w/copy of Engr's. report
Townsend }
Chron.

DMEA
DEPARTMENT OF THE INTERIOR

NOV 20 1957
REGION III
DENVER, COLORADO

REGION III

Memorandum

Building 20
Denver Federal Center
Denver 2, Colorado
November 18, 1957

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

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead-zinc-copper), Contract Idm-8983, American Smelting and Refining Co. (Keystone mine) Gunnison County, Colorado---Progress report for October 1957.

An examination of the DMEA work progress along the Union vein on the 2000-level was made on November 7, 1957. The examining engineer was accompanied by Messrs. D. H. Richter, U. S. Geological Survey and J. Papastamatiou, Ass't. Director Geological Survey of Greece. Work progress was discussed with Mr. Bloomfield, A. S. R. engineer.

A measurement of the DMEA drift on the 2000-level Union vein showed a total advance of 798 feet. The operator claims reimbursement for 104 feet of drifting, totaling 780 feet. The amount of drifting claimed by the operator is recommended for payment.

The operator requests payment for $3,640.00 of which $1,820.00 represents the Government participation at 50 percent.

Edward W. Buel

Edward W. Buel
Mining Engineer

EWB:ss
cc: 6/orig
Idm-8983
Chron

K-7-7.
DMEA

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J. CRESTED BUTTE, COLO.

DMEA
DEPARTMENT OF THE INTERIOR
NOV 14 1957
REGION III
DENVER, COLORADO

November 6, 1957

DMEA
DEPARTMENT OF THE INTERIOR
NOV 20 1957
REGION III
DENVER, COLORADO

Executive Officer, DMEA, Field Team
Region III, 222 New Custom House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-E903

Gentlemen:

General Remarks:

One hundred and four feet of drifting was completed during October on the 2000 Union Vein.

General Geology:

The fissure averages 6 inches to 18 inches in width. Two to three inches of gouge is present. Occasional stringers of quartz, 1 to 2 inches wide appear but do not persist. Mineralization is almost entirely pyrite in the form of filling on the joints. The wall rock is bleached shales and mudstones.

Very truly yours,

Nolan Probst, Supt.

Np/wmc
Encls: Form MF-104 (5)
Form MF-104A (5)
Progress Map (5)
cc: John F. Shaw, w/1 set encls.
WBLandwehr, w/1 set encls.
File, w/1 set encls.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado
October 11, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 14 1957

DATE		CODE
10/14	C	220
14	Com	100
		800

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket DMEA-3866 (Lead-Zinc-Copper) Contract Idm-E903
American Smelting and Refining Company (Keystone mine)
Gunnison County, Colorado

Enclosed are two copies of a letter dated October 5, 1957, from the subject Operator, and attached map, showing stope progress during September, 1957, in the DMEA project area. No work was performed under the contract during September, 1957, therefore Voucher and Accounting Forms MF-104 and MF-104A were not submitted by the Operator.

E. N. Harshman

E. N. Harshman

Enclosures

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J. CRESTED BUTTE, COLO.

DMEA
DEPARTMENT OF THE INTERIOR
OCT 10 1957
REGION III
DENVER, COLORADO

October 5, 1957

Executive Officer, DMEA, Field Team
Region III, 222 New Custom House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-E903

Gentlemen:

No work was performed under Stage II in the project area during September.

Under our own exploration program the 20-56-1 Raise was completed from the 2000 Level to 1850 Level, Union Vein.

Since there was no advance in the 2000 Union Drift face or additional core drilling, Forms 104 and 104A will not be submitted this month. The included map shows advance in the 20-56-1 Raise and its connection with the 1850 Level.

Following is a correction on the collar coordinates of Diamond Drill Hole No. 20-10 drilled during August:-

Collar Coordinates N12670.0 E7613.9

Please note and make correction on the September 6th cover letter.

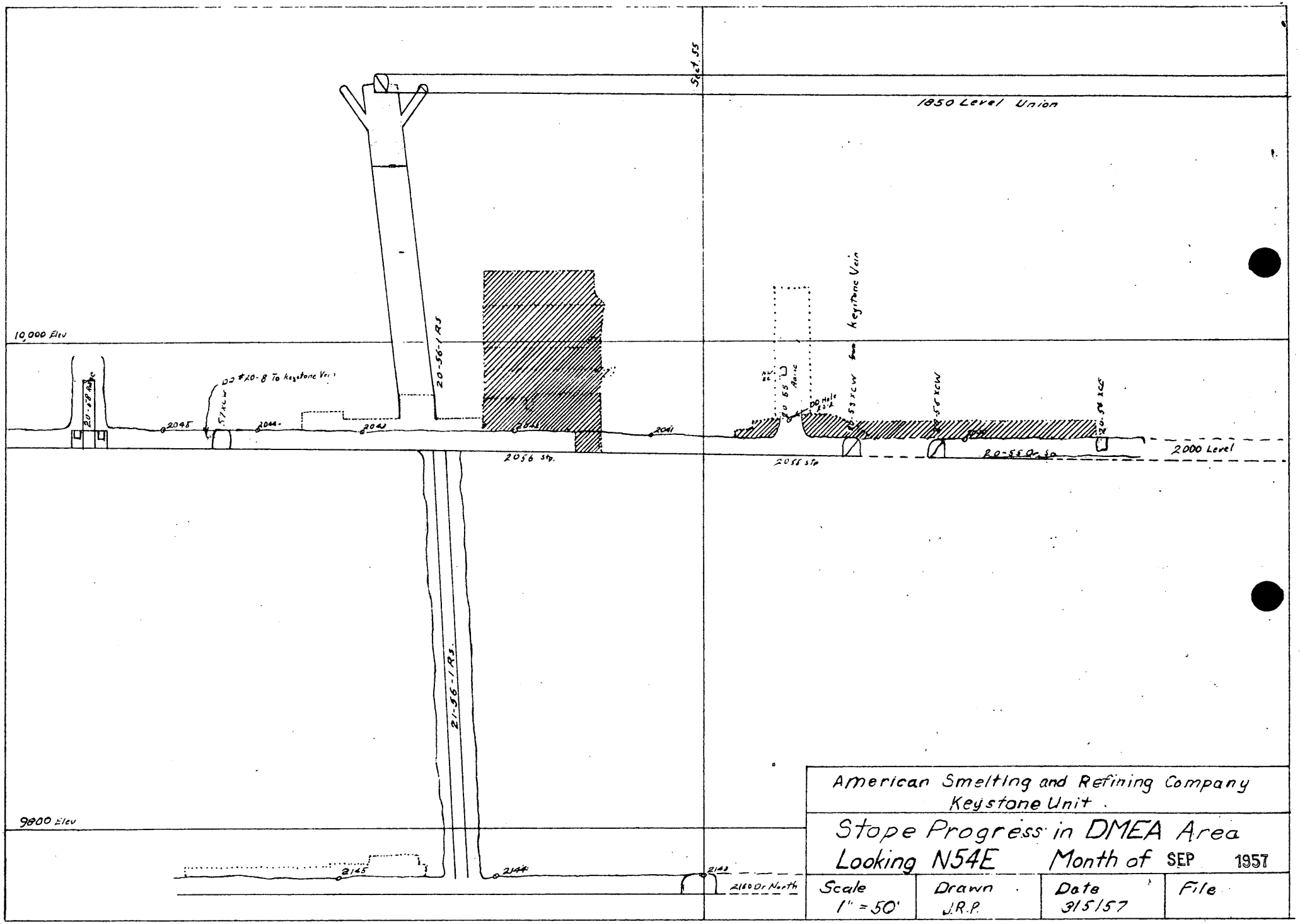
Very truly yours,

Nolan Probst, Supt.

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 14 1957

DATE	INITIALS	CODE

NP/wmc
Encl: Progress Map (5)
cc: John F. Shaw, w/ Progress Map
WRLandwehr, w/ Progress Map
File, w/ Progress Map



American Smelting and Refining Company
Keystone Unit

Stope Progress in DMEA Area
Looking N54E Month of SEP 1957

Scale	Drawn	Date	File
1" = 50'	J.R.P.	9/5/57	

OFFICIAL FILE COPY
D M E A
RECEIVED OCT 14 1957

DATE	INITIALS	CODE

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

Budget Bureau No. 42-R1036.5

RECEIVED 10 1957 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1957 Docket No. DMEA 3866 Contract No. 7Ion-E903
Operator's Name American Smelting and Refining Co. Minerals Pb, Cu, Zn
Address 120 Broadway, New York 5, N. Y.
Contract Amount, $107,220.00 Government Participation: 50 % Amount, $53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) [redacted]						
[redacted] Raising		7605.00	7605.00			
[redacted]						
[redacted]						
Drifting & XCutting		39410.00	39410.00			
Drift & XCut Timber						
(2) [redacted]						
[redacted]						
[redacted]						
[redacted]						
(3) [redacted]						
[redacted]						
[redacted]						
[redacted] Core Drilling	2829.00	1380.00	4209.00			
[redacted]						
Drill Hole Casing						
Drill Hole Cementing						
(4) [redacted]						
[redacted]						
[redacted]						
[redacted]						
(5) [redacted]						
(6) [redacted]						
(7) [redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
Drill Station		200.00	200.00			
Assays	84.00	582.00	666.00			
(8) [redacted]						
TOTALS	2913.00	49177.00	52090.00	2913.00	49,177.00	52,090.00

DMEA
DEPARTMENT OF THE INTERIOR
SEP 19 1957
REGION III
DENVER, COLORADO

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

Date 9/6/57 *Payee American Smelting and Refining Co.

Per [signature] Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 956.50

Signature [signature]
(Authorized Certifying Officer)

Date 10/4/57 Vou. No. DMA 58-42

(See other side)

Note: Withhold 200.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. dm-8903 in accordance with the terms of the contract.

Signature Edwin W. Buel $1456.50 Title Mining Engr Date 9/24/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. M. Hanshman acting Title Executive Officer Date OCT 3 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

DMEA
DEPARTMENT OF THE INTERIOR
SEP 19 1957
REGION III
DENVER, COLORADO

Budget Bureau No. 42-R1151.2

RECEIVED
10 1957
D.M.E.A.

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

Month of August, 1957 Docket No. DMEA 3866 Contract No. 7dm-E903
Operator's Name American Smelting and Refining Co. Minerals Pb, Cu, Zn
Address 120 Broadway, New York 5, N. Y.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting & XCutting	Ft.			39410.00	1126	35.00	2450	35.00
~~Crosscutting~~								
Raising	Ft.			7605.00	195	39.00	200	39.00
~~Raise~~ Drift & XCut								
~~Timber~~ Timbering	Ft.						245	6.00
Drilling: Core	Ft.	2829.00	615	4209.00	915	4.60	2000	4.60
~~Line~~ Casing	Ft.						200	2.00
~~Jam~~ Cementing	Ft.						200	2.00
~~Mobilizing~~ Drill Sta.	Ea.			200.00	2	100.00	10	100.00
~~Trenching~~								
~~Tailpipe~~								
~~Roads and Trails~~								
Assaying	Ea.	84.00	28	666.00	222	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		2913.00		52090.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		~~2913.00~~		~~52090.00~~				

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

Date 9/6/57 Operator American Smelting & Refining Co.

Per [signature] Title Supt.

REMARKS:

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

(Instructions on reverse)

(For Government use only)

Edward W. Buck

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

U. S. DEPARTMENT OF THE INTERIOR MADE OCT 7 1957
BUREAU OF MINES
REGION III
224 New Custom House, Denver 2, Colorado
Administrative Audit Difference Statement

American Smelting & Refining Company
Keystone Unit, P. O. Box J,
Crested Butte, Colorado

Date: October 4, 1957
Payee's
Reference: August 1957

Gentlemen:

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

Amount Claimed $ 2,913.00

Difference $

Amount Approved $ 2,913.00

The reason for the difference was due to:

Withhold $500.00 pending resumption of work.

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 10 1957

DATE	NOTES	CODE
10/10	C	220
10	Corr	100
		800

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 10 1957
DATE | INITIALS | CODE

224 New Customhouse
Denver 2, Colorado
October 3, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report, for the month of August, 1957

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

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. All of the work was performed at "Fixed Unit Costs" under the short form contract on Form MF-200A, therefore documentation of the costs is not required. We recommend that payment be made to the Operator for 50% of the amount reported on Form MF-104, subject to your verification of applicable rates and arithmetical accuracy within the report, except for the following deduction:

Withhold an amount of $500.00 from reimbursement to the Operator pending resumption of contract work. At the time of the last inspection by DMEA personnel, project work was temporarily suspended but was expected to resume in the near future.

Remarks: Date of Report----------September 6, 1957
Date Received in Field Office----------September 20, 1957
Date Received in Region Office----------September 25, 1957

Original signed by
E. N. HARSHMAN

JBC:hmh

E. N. Harshman

Enclosures

cc: Chmn. Op. Comm. (2) }
DMEA, DFC } w/copy complete report
MF-104 file, Reg. III)
Harshman) w/copy
Townsend) Engr's report
Chron

REGION III

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

Building 20
Denver Federal Center
Denver 2, Colorado
Sept. 25, 1957

Memorandum

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

From: Edward W. Buel

Subject: DMEA Docket 3866 (Lead, zinc, and copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado -- Progress report for August 1957

An inspection was made at the Keystone mine on September 5, 1957. Mr. James Perrin, A. S. R. engineer was present during the inspection.

During the reporting period DMEA hole No. 20-10 was completed. Total length of the hole is 624 feet. As seen from the drill core, the Keystone vein structure may have been encountered. The drill core displayed significant lead-zinc sulphide mineralization.

Mr. Nolan Probst said that he hopes to resume drifting under the DMEA contract soon.

The operator in his MF-104's for August 1957 requests payment for 615 feet of core drilling and 28 chemical analyses. These claimed items are verified.

It is recommended that the operator be paid for the items claimed, costing $2,913.00 of which the Government's share is $1,456.50.

Edward W. Buel

Edward W. Buel
Mining Engineer

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 10 1957

DATE		CODE

EWB/mw
cc: 6
Idm-E903
chron

AMERICAN SMELTING AND REFINING COMPANY
WESTERN MINING DEPARTMENT

F. V. RICHARD, MANAGER
W. R. LANDWEHR, CHIEF GEOLOGIST
NORMAN WEISS, MILLING ENGINEER

600 CRANDALL BUILDING
SALT LAKE CITY 1, UTAH

September 16, 1957

DMEA
DEPARTMENT OF THE INTERIOR
SEP 19 1957
REGION III
DENVER, COLORADO

Executive Officer
DMEA Field Team
U. S. Bureau of Mines
224 New Custom House
Denver 2, Colorado

DOCKET No. DMEA 3866
Contract No. Idm-E903

Dear Sir:

Attached are five copies of Mr. Probst's letter of September 6th, Operator's Unit Cost and Progress Report, Operator's Monthly Report and Voucher, and Progress Maps covering the advance made during the month of August 1957.

Very truly yours,

W. R. Landwehr

W. R. Landwehr

WRL:bm
Encls.: Form MF-104 (5)
Form MF-104A (5)
Progress Map (5)
Long. Proj. (5) & D.D. Assays (5)
Letter to DMEA (5)
cc: John F. Shaw, w/1 set of encls.
N. Probst, no encls.

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 10 1957

DATE	INITIALS	CODE

September 6, 1957

Executive Officer, DMEA, Field Team
Region III, 222 New Custom House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-E903

Gentlemen:

General Remarks:

Diamond Drill Hole No. 20-10 was completed August 21, 1957.

Statistics of Hole No. 20-10

Location	2000 Union Vein
Bearing	N54°30'E
Collar Coord.	N12607.0, E7613.9
Depth of Hole	624 ft.
Angle	0°0'
Date Started	7/27/57

General Geology:

The core was composed of greenish to grey cast sandstone and bleached to dark colored shales. Sections of the core was hard and quartzitic in character. Evidence of vein structure was noted at 190-200 ft. which was presumed to be the Keystone Vein. Assaying of core sections and sludge throughout the hole shows nothing of consequence. The attached sheet lists the assays taken from the hole.

Very truly yours,

Nolan Probst

NP/wmc
Encls: Form MF-104 (5)
Form MF-104A(5)
Progress Map(5)
Long.Proj. (5)
cc: John F. Shaw, w/1 set of encls.
FVRichard, w/1 set of encls.
File, w/ 1 set of encls.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July 1957 Docket No. DMEA 3608

Operator's Name American Smelting and Refining Co.
Address 120 Broadway, New York 5, New York

Contract No. Idm-E903
Minerals Pb, Cu, Zn

Contract Amount, $ 107,220.00 Government Participation: 50 % Amount, $ 53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent Short Form Contracts~~ Raising:		7605.00	7605.00			
~~Drilling~~						
~~Bulldozing~~ & Cutting		39410.00	39410.00			
~~Drift & Cross Cutting~~ Cut Timber						
Drifting						
(2) ~~Labor and Supervision~~:						
~~Labor~~						
~~Supervision~~						
~~Technical Services~~						
(3) ~~Operating Mat'ls. and Supplies~~:						
~~Timber~~ Core Drilling	2438.00	0	2438.00			
~~Explosives~~ Drill Hole Casing						
~~Pipe~~ Drill Hole Cementing						
~~Track~~						
(4) ~~Operating Equipment~~:						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Initial Rehabilitation and Repairs~~						
(6) ~~New Bldgs., Improvements, etc.~~						
(7) ~~Miscellaneous~~:						
~~Repairs to Equipment~~						
~~Sampling and Analysis~~						
~~Payroll Taxes~~ Drill Steel		200.00	200.00			
~~Liability Insurance~~ Assays		582.00	582.00			
(8) ~~Contingencies (specify)~~:						
	2438.00	47797.00	50235.00			
TOTALS				1,380.00	47,797.00	49,177.00

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

Date 8/6/57 *Payee American Smelting and Refining Co. Supt.

Per [signature] Title

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

RECEIVED AUG 29 1957 D.M.E.A.

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 690.00

Signature [signature] (Authorized Certifying Officer)

Date 8/26/57 Vou. No. DMA 58-22

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Dda-E903 in accordance with the terms of the contract.

Signature Edward W. Bud # 96140 Title Mining Engr. Date 8/19/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Alternate Acting Executive Officer Date AUG 22 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form ME-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1957 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway, New York 6, N. Y.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting & XCutting	FT.			39410.00	1126	35.00	2450	35.00
[redacted]								
Raising	FT.			7605.00	195	39.00	200	39.00
[redacted] Drift & XCutting								
[redacted] Timbering	FT.						245	6.00
Drilling: Core	FT.	2438.00	530	2438.00	530	4.60	2000	4.60
[redacted] Casing	FT.						200	2.00
[redacted] Cementing	FT.						200	2.00
[redacted] Drill Sta.	EA.			200.00	2	100.00	10	100.00
[redacted]								
[redacted]								
[redacted]								
Assaying	EA.			582.00	194	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		2438.00		50235.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		2438.00		50235.00				

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

REMARKS:

Date 8/6/57 Operator American Smelting & Refining Co.

Per Nolan Probst Title Supt.

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE AUG 27 1957

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
624 New Custom House, Denver 2, Colorado
Administrative Audit Difference Statement

American Smelting & Refining Company
Keystone Unit
P. O. Box J,
Crested Butte, Colorado

Date: August 26, 1957
Payee's Reference: July 1957

Gentlemen:

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

Amount Claimed	$	2,438.00
Difference	$	1,058.00
Amount Approved	$	1,380.00

The reason for the difference was due to:

Disallow:

118 ft excess drilling in hole 20-9 @ $4.60 per ft.	$542.80
112 ft. drilling in incomplete hole 20-10 @ $4.60 /ft.	$515.20
Total Amount to be disallowed.	1,058.00

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

Very sincerely yours,

N. E. Stokes
Audit Section

OFFICIAL FILE COPY
D M E A
RECEIVED AUG 29 1957

DATE	INITIALS	CODE
8/29	C	220
29	Com	100
		800

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

224 New Customhouse
Denver 2, Colorado

August 22, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket-3166 (Lead-Zinc-Copper) Contract Idm-E903 American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report, for the month of July, 1957

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

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. All of the work was performed at "Fixed Unit Costs" under the short form contract on Form MF-200A, therefore documentation of the costs is not required. We recommend that payment be made to the Operator on the following basis, contingent on your verification of applicable rates and arithmetical accuracy within the report.

Hole No. 20-9 was drilled to a total length of 41[illegible] feet. The work approval dated March 20, 1957, stipulates that the hole shall be drilled for a length of 300 feet. The cost of the excess footage is to be disallowed.

At the end of July, 195[illegible], hole No. 20-10 had been drilled to a length of 112 feet and had not yet been completed. Payment for the reported drilling in hole 20-10 is to be disallowed pending completion of the hole, at which time the cost of the entire hole can be reported for payment.

Disallowance, Core Drilling

Disallow reported cost of 118 feet excess drilling
in hole 20-9 at $4.60 per foot----------$542.80
Disallow reported cost of 112 feet of drilling
in incomplete hole 20-10 at $4.60 per foot---------- 515.20

Total amount to be disallowed----------1058.00

Reconciliation with Amount Reported by the Operator on Form MF-104 for July, 1957

Amount reported on Form MF-104 for July, 1957----------$2,438.00
Amount to be disallowed---------- 1,058.00
Acceptable cost for July, 1957----------$1,380.00

Government participation at 50 percent----------$ 690.00

Remarks

Date of Report----------August 6, 1957
Date Received in Field Office----------August 19, 1957
Date Received in Region Office----------August 21, 1957

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures

JDC:nmn
cc: Chmn. Op. Comm. (2)
DMEA, DFC
Harshman) w/copy Engr's report
Townsend) " " "
MF-104 file, Reg. III
Chron

DMEA
ARTMENT OF THE INTERIOR

AUG 21 1957
REGION III
DENVER, COLORADO

REGION III

Memorandum

Building 20
Denver Federal Center
Denver 2, Colorado
August 21, 1957

To: Executive Officer, DMEA Field Team, Region III

From: Edward W. Buel

Subject: DMEA Docket 3866 (Lead, zinc, copper), Contract Idm-8903, American Smelting and Refining Company (Keystone mine), Gunnison County, Colorado -- Progress report for July 1957

The Keystone mine was visited on July 7, 1957. Data concerning the DMEA work progress were obtained from Mr. James Perrin, A. S. R. engineer.

The operator did not do any drifting under the contract during the reporting period. Diamond drilling was started from the 2160-level. The operator completed one hole (No. 20-9). This hole was drilled to the southwest and into the hanging wall of the Union vein structure. Total length of the hole is 418 feet. With exception of a superficial showing of quartz and pyrite at approximately 270 feet and 400 feet, the hole did not encounter any indications of possible ore mineralization. Another hole (20-10) is being drilled to the northeast to test the footwall of the Union vein structure and to intersect any possible extensions of the Keystone vein. At the time of the visit to the mine, the hole had been completed to about 200 feet. The projected intersection of the Keystone vein would involve a horizontal hole of at least 450 feet.

The amount of drilling claimed by the operator in his MF-104's for July 1957 has been verified. The operator, however, has overdrilled a total of 118 feet in hole 20-9. The operator was authorized by a DMEA Field Team letter, March 20, 1957, to do a maximum of 300 feet diamond drilling in an approximate S 35° W direction from the Union 2000-level. The 530 feet of core drilling claimed by the operator includes 112 feet of an incompleted hole (20-10). It is recommended that reimbursement for 112 feet of incompleted hole 20-10 be withheld until the hole is completed. A total of 112 feet of incompleted hole and 118 feet of excess drilling is recommended for disallowance on the operator's MF-104's for July 1957. It is recommended that the operator be reimbursed for only 300 feet of drilling. Cost of the reimbursement is $1,380.00 of which the Government's share is $690.00

Edward W. Buel

Edward W. Buel, Mining Engineer

EWB:ss
cc: 6/orig
sub,chron

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

DMEA
DEPARTMENT OF THE INTERIOR
AUG 16 1957
REGION III
DENVER, COLORADO

August 8, 1957

Executive Officer, DMEA Field Team
Region III, 222 New Custom House
Denver 2, Colorado.

Re: Docket DMEA-3866
Contract Idm-E903

Gentlemen:

General Remarks:
No advance was made during July in the 2000 Union Vein Drift. Stope preparation in the 20-56 co-ordinate prevented any drifting during the first week of July. Core drilling of the hanging wall in the 20-66 co-ordinate was started and a hole of 418 feet was completed. The footwall hole at the same location was started and a total of 112 feet completed during the month. The hanging wall hole showed minor veinlets of Pyrrohotite with some quartz at 269 to 272 and 397 to 402 ft. Assay of sludge from the two zones will be reported next month. The country rock noted in the core is composed of greenish to gray sandstone and dark shale with the formation relatively free of fracturing.

Mining and milling at the Keystone Unit was discontinued July 15. During the first two weeks of July a total of 512 tons were mined from the project area with the following metal content:

Working Place	Tons Ore-Waste	Metal Content Ag oz.	Pb %	Cu%	Zn%
20-55-1 Stope	206	2.8	2.4	0.5	3.8
20-56-1 Raise	306	3.3	3.2	0.6	9.7
TOTAL	512				

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP/skm

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1957 Docket No. DMEA 3866 Contract No. 10m-5903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway, New York 5, New York
Contract Amount, $107,220.00 Government Participation: 50 % Amount, $53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Indefinite Contracts Short Form						
Drilling Raising		7605.00	7605.00			
Blasting						
Crosscuts						
Drifting & Cutting	1015.00	38395.00	39410.00			
Drift & Cut Timber						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls and Supplies:						
Timber						
Explosives						
Pipe Core Drilling						
Track						
Drill Hole Casing						
Drill Hole Cementing						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Drill Sta		200.00	200.00			
Assays	6.00	576.00	582.00			
(8) Contingencies (specify)						
Totals	1021.00	46776.00	47797.00	1021.00	46,776.00	47,797.00

RECEIVED JUL 29 1957 D.M.E.A.

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

Date July 5, 1957 *Payee American Smelting & Refining Co.

Per ORIGINAL SIGNED BY NOLAN PROBE Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$510.50

Signature (Authorized Certifying Officer)

Date 7/25/57 Vou. No. DMA 58-9

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-2905 in accordance with the terms of the contract.

Signature Edward W. Buel #510.50 Title Mining Engr. Date 7/22/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. H. King Title Executive Officer Date JUL 24 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of: June 1957 Docket No. DMEA 3866 Contract No. Idm-1903

Operator's Name: American Smelting and Refining Company

Address: 120 Broadway, New York 5, New York

Minerals: Pb, Cu, Zn.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drift & X Cutting	Ft	1015.00	29	39410.00	1126	35.00	2450	35.00
Drifting								
Crosscutting								
Raising	Ft			7605.00	195	39.00	200	39.00
Shafts								
Timbering	Ft						245	6.00
Winzes	Ft						2000	4.60
Drilling: Core	Ft						200	2.00
Casing	Ft						200	2.00
Churn	Ft							
Cementing								
Auger								
Drill Sta	Ea			200.00	2	100.00	10	100.00
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assaying	Ea	6.00	2	582.00	194	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		1021.00		47797.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1021.00		47797.00				

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

Date: July 5, 1957 Operator: American Smelting & Refining Company

ORIGINAL SIGNED BY
Perry Frost Title: Supt.

REMARKS:

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

(Instructions on reverse)

(For Government use only)

RECEIVED JUL 29 1957 D.M.E.A.

Edward W. Buck

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE JUL 26 1957

OFFICIAL FILE COPY
D.M.E.A.
RECEIVED JUL 29 1957

DATE	INITIALS	CODE
7/29	C	220
7/30	Com	100
		800

224 New Customhouse
Denver 2, Colorado

July 24, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket-3866, (Lead-Zinc-Copper) Contract Idm-E903
American Smelting and Refining Company (Keystone mine)
Gunnison County, Colorado - Operator's Monthly
Progress Report, for the month of June, 1957

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

We consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government. No documentation of costs is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report----------July 5, 1957
Date Received in Field Office----------July 22, 1957
Date Received in Region Office----------July 23, 1957

Original signed by
W. H. KING
W. H. King

Enclosures
JDC:hmh
cc: Chmn. Op. Comm. (2)
DMEA, DFC
Harshman, w/copy of Engr's report
MF-104 file, Reg. III
Chron.

REGION III

DMEA
DEPARTMENT OF THE INTERIOR
JUL 23 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
July 23, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead, zinc, copper) Contract Idm-E903
American Smelting and Refining Company (Keystone mine)
Gunnison County, Colorado -- Progress report for June 1957

An examination was made of the DMEA work on July 8, 1957. The examining engineer was accompanied by Mr. Bloomfield, A. S. R. engineer.

Since the last inspection on June 4, 1957, the operator extended the drift on the Union vein for an additional 29 feet. Drifting under Stage II now totals approximately 676 feet.

No significant ore mineralization was seen in or nearby the present drift face.

At the time of the examination, the diamond drill crew had not arrived to do the drilling as authorized by the DMEA contract. It is believed that the crew arrived later in the day of the inspection.

The operator in his MF-104's for June 1957 requests reimbursement for 29 feet of drifting and 2 chemical assays. The amount of drifting and assays as given by the operator has been verified. It is recommended that the operator be reimbursed for $1021.00 of which the Government's participation at 50 percent is $510.50.

E. W. Buel by [illegible]
Edward W. Buel
Mining Engineer

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 29 1957

DATE	[illegible]	CODE

EWB/mw
cc: 6
Idm-E903
chron

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

July 16, 1957

Executive Officer, DMEA Field Team
Region 3,222 New Custom House
Denver 2, Colorado.

Re: Docket DMEA-3866
Contract Idm-E903

Gentlemen:

General Remarks:

Drifting on the 2000 Union Vein was stopped for a period the month while 20-56-1 Rse and 20-57-1 Stope Panel was started and cleared from the sill.

Following are the advances, tonnage and grade of ore in the project area:

Working Place	Advance	Tons Ore	Tons Waste	Metal Content Ag. oz	Pb%	Cu%	Zn%
2000 Union N.Dr.	29'	20	110	0.30	0.40	0.05	0.10
20-55-1 St.		307		4.30	5.20	1.0	9.80
20-56-1 St.		191		5.10	10.0	0.80	6.70
20-56-1 Rs.	15'	94		2.60	2.10	0.50	6.70
20-57-1 St.		271		1.40	1.20	0.20	2.20
21-57-St.		256		2.60	1.10	0.50	3.60
Total	44'	1139	110				

General Geology:

The fault structure has been very tight. Little gouge is noted. Mineralization has been sparse with the vein structure only a few inches wide. The wall rock is mudstone and sandstone.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP/skm

cc: FVRichard

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 29 1957

DATE	INITIALS	CODE

[illegible]04 (Rev.)
[illegible] 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May, 1957 Docket No. DMEA 3866 Contract No. Idm-R903
Operator's Name American Smelting and Refining Company Minerals Pb,Cu,Zn,
Address 120 Broadway, New York 5, New York
Contract Amount, $ 107,220.00 Government Participation: % Amount, $ 53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent Short Term Contracts~~						
~~Drifting~~ Raising		7605.00	7605.00			
~~Bulldozing~~						
~~Crosscutting~~						
Drifting & X Cutting	2660.00	35735.00	38,395.00			
Drifting & X Cuttimber						
(2) ~~Direct Supervision~~:						
~~Labor~~						
~~Supervision~~						
~~Technical Services~~						
(3) ~~Operating Matls and Supplies~~						
~~Timber~~						
~~Explosives~~						
~~Rig~~ Core Drilling						
~~Truck~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Initial Rehabilitation and Repairs~~						
(6) ~~New Bldgs., Improvements, etc.~~						
(7) ~~Miscellaneous~~						
~~Repairs to Equipment~~						
~~Sampling and Analysis~~						
~~Payroll Taxes~~						
~~Liability Insurance~~						
Drill Sta.		200.00	200.00			
Assays	3.00	573.00	576.00			
(8) ~~Contractor's Profit~~						
TOTALS	2663.00	44,113.00	46,776.00	2,663.00	44,113.00	46,776.00

RECEIVED JUL 1 1957 D.M.E.A.

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

Date June 4, 1957 *Payee Amori. Smelt. & Ref. Co.

Per [signature] Title [signature]

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1331.50

Signature [signature]
(Authorized Certifying Officer)

Date 6/27/57 Voucher DMEA 57-141

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-2903 in accordance with the terms of the contract.

Signature Edward W. Buel #133150 Title Mining Engr. Date 6/24/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. H. King Title Executive Officer Date JUN 25 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

104A
1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May, 1957 Docket No. DMEA 3866 Contract No. Idm-2903
Operator's Name American Smelting and Refining Company Minerals Pb,Cu,Zn
Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting & X Cutting	Ft.	2660.00	76	38,395.00	1097	35.00	2450	35.00
~~Crosscutting~~								
Raising	Ft.			7,605.00	195	39.00	200	39.00
~~Shaft~~ Drift & X Cut								
~~Winze~~ Timbering	Ft.						245.	6.00
Drilling: Core	Ft.						2000.	4.60
~~Chum~~ Casing	Ft.						200	2.00
~~Auger~~ Cementing	Ft.						200	2.00
~~Stoping~~ Drill Stal	Ea.			200.00	2	100.00	10	100.00
~~Trenching~~								
~~Test Pits~~								
~~Roads and Trails~~								
Assaying	Ea.	3.00	1	576.00	192	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		2663.00		46,776.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		2663.00		46,776.00				

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

Date June 4, 1957 Operator Amer. Smelt. & Ref. Co.

Per [signature] Title [signature]

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

REMARKS:

(Instructions on reverse)

(For Government use only)

Edward W. Buel

RECEIVED JUL 1 1957 D.M.E.A.

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE JUN 28 1957

224 New Customhouse
Denver 2, Colorado

June 25, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket-3866, (Lead-Zinc-Copper) Contract Idm-K903
American Smelting and Refining Company (Keystone mine)
Gunnison County, Colorado - Operator's Monthly Progress
Report, for the month of May, 1957

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

We consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks:

Date of Report----------June 4, 1957
Date Received in Field Office----------June 19, 1957
Date Received in Region Office----------June 24, 1957

Original signed by
W. H. KING

W. H. King

Enclosures
JDC:hmh
cc: Chmn. Op. Comm. (2)
DMEA, DFC
Harshman - w/copy of Engr's report
MF-104 file, Reg. III
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 1 1957

DATE		CODE
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"	Com	100
		800

DMEA
DEPARTMENT OF THE INTERIOR

JUN 24 1957
REGION III
DENVER, COLORADO

June 24, 1957

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead, zinc, copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado -- Progress report for May 1957

An inspection was made of the DMEA work progress on June 4, 1957.

Since the last inspection of May 3, 1957, the Union vein drift was extended an additional 77 feet. The drift, under Stage II, now totals approximately 647 feet.

An examination of the drift face showed a tight well-defined structure that did not contain any significant ore mineralization.

At the time of the inspection, the operator had not started to diamond drill from the drill stations excavated during the previous reporting period. Mr. Probst, superintendent, was informed that DMEA officials were desirous of beginning diamond drilling as soon as possible. Mr. Probst said that his superiors, in Salt Lake City, were informed of the diamond drilling and that to date he had not heard from them concerning the beginning of any diamond drilling. He expected to contact them within a day or two, if he did not receive any word by them.

The operator in his MF-104's for May 1957 requests reimbursement for 76 feet of drifting and one chemical assay. It is recommended that the operator be paid for all items as claimed. Total reimbursement is $2663.00, of which the Government's share at 50 percent is $1331.50.

Edward W. Buel

Edward W. Buel
Mining Engineer

EWB/mw
cc: 6
Idm-E903
chron

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 27
BY DATE

DMEA
DEPARTMENT OF THE INTERIOR
JUN 18 1957
REGION III
DENVER, COLORADO

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.
June 13, 1957

Executive Office, DMEA Field Team
Region 3, 222 New Custom House
Denver 2, Colorado.

Re: Docket DMEA -3866
Contract Idm -5903

Gentlemen:

GENERAL REMARKS:

Drifting on the 2000 Union vein was mostly in waste. However, about half the footage advance was shipped as developement ore. Drifting on the 1850 Union vein exposed a well defined structure but very little ore.

Following are the advances, tonnage and grade of ore in the project area.

Working Place	Advance	Tons Ore-Waste	Metal Content Ag oz	Pb%	Cu oz	Zn%
1850 Union Dr. N.	135 Ft.	42 407	7.15	10.49	1.05	4.29
2000 Union Dr. N.	76 Ft.	232 202	8.72	2.32	0.68	11.14
20-55-1 Stope		570	7.47	5.98	1.25	9.93
20-56-1 Stope		234	5.87	7.01	0.91	8.27
Totals	211	1078 609				

GENERAL GEOLOGY:

During May a small lenticular vein of approximately two foot width was exposed. No other mineralization of consequence was found. The fault structure remains strong with minor amounts of gouge and some open fissuring developed. The wall rock is essentially gray sandstone.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP/skm

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April, 1957 Docket No. DMEA 3066 Contract No. [illegible] - 1903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn.
Address 120 Broadway, New York 5, New York
Contract Amount, $ 107,230.00 Government Participation: 50% Amount, $ 53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contracts:						
Drilling Raising		7,605.00	7,605.00			
Bulldozing						
Crosscutting						
Drifting A & Cutting	3115.00	32,620.00	35,735.00			
Drift & Cut Kicker						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls and Supplies:						
Timber						
Explosives						
Pipe Core Drilling						
Track						
Drill Hole Casing						
Drill Hole Cementing						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Drill Stations	200.00	00.00	200.00			
Assays	18.00	555.00	573.00			
(8) Contingencies (specify):						
TOTALS	3333.00	40,780.00	44,113.00	3337.00	40,780.00	44,113.00
				4-	6.00	6.00
						44,113.00
				40,774.00		
				$1669.50		

RECEIVED JUN 7 1957 D.M.E.A.

I certify that the above bill is correct and just and that payment therefor has not been received.
Date May 14, 1957 *Payee Amer. Smel. & Ref. Co.
Per [signature] Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this ~~account is correct~~ and proper for payment in the amount of:
Signature [signature] (Authorized Certifying Officer)
Date 6/3/57 Voucher No. DMA 57-130
(See other side)

4- Previous Disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMn-8903 in accordance with the terms of the contract.

Signature Edward W. Buel $1666.50 Title Mining Engr. Date 5/21/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. M. Hanchman Title Acting Executive Officer Date MAY 28 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April, 1957 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting and Refining Company Minerals Pb,Cu,Zn
Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting & X Cutting	Ft.	3115.00	89	35,735.00	1021	35.00	2450	35.00
~~Crosscutting~~								
Raising	Ft.			7,605.00	195	39.00	200	39.00
~~Shafts~~ Drift & X Cut								
~~Winzes~~ Timbering	Ft.						245	6.00
Drilling: Core	Ft.						2000	4.60
~~Chrom~~ Casing	Ft.						200	2.00
~~Auger~~ Cementing	Ft.						200	2.00
~~Stoping~~ Drill Sta.	Fa.	200.00	2	200.00	2		10	100.00
~~Trenching~~								
~~Test Pits~~								
~~Roads and Trails~~								
Assaying	Ea.	* 18.00	8	*573.00	191*		400	3.00
TOTAL DISTRIBUTED COSTS		3333.00		44,113.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		3333.00		44,113.00				

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

Date May 14, 1957 Operator Amer. Smel. & Ref. Co.

Per Nolan Probst Title Supt.

Nolan Probst

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

REMARKS: In March report a total of 185 assays were reported - two assay were disallowed as duplications by letter of April 29, 1957 From Mr. Harshman. Correction of Units to Date & Cost to date were made on this report. $6.00 was deducted from the assaying cost this month & costs to date.

(Instructions on reverse)

(For Government use only)

Edward W. Buel

RECEIVED JUN 7 1957 D.M.E.A.

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION
MADE JUN 4. 1957

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

Administrative Audit Difference Statement

American Smelting & Refining Co.,
Keystone Unit, P. O. Box 9,
Crested Butte, Colorado

Date: June 3, 1957
Payee's Reference: Apr 1 1957

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

Amount Claimed $3,339.00

Difference $ 0.00

Amount Approved $3,339.00

The reason for the difference was due to:

Reinstate: $6.00 the reported cost of two sample analyses @ $3.00 per sample, which was disallowed from the March 1957 voucher.

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

Very sincerely yours,

N. E. Stokes
Audit Section

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DMEA
RECEIVED JUN 7 1957

DATE	INITIALS	CODE

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

OFFICIAL FILE COPY
DATA
RECEIVED JUN 7 1957
DATE | INITIAL | CODE

224 New Customhouse
Denver 2, Colorado
May 28, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket-3866, (Lead-Zinc-Copper) Contract Ism-3903
American Smelting and Refining Company (Keystone mine)
Gunnison County, Colorado - Operator's Monthly Progress
Report, for the month of April, 1957

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

We consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made on the following basis, contingent on your verification of arithmetical accuracy within the report.

Reinstate an amount of $6.00, the reported cost of two sample analyses at $3.00 per sample, which was disallowed from the March, 1957, voucher. The Operator has deducted an amount of $6.00 from the April, 1957, voucher, in addition to the $6.00 previously disallowed.

Reconciliation with Amount Reported by the Operator on Form MF-104 for April, 1957

Amount reported on Form MF-104 for April, 1957	$3,333.00
Amount to be reinstated	6.00
Total accepted cost for April, 1957	$3,339.00
Government participation at 50 percent	$1,669.50

Remarks: Date of Report ---------- May 14, 1957
Date Received in Field Office ---------- May 22, 1957
Date Received in Region Office ---------- May 23, 1957

Enclosures
JBC:hmh
cc: Chem. Op. Comm. (2)
Kenselman
Harshman } w/copy of Engr's
Townsend } report
MF-104 file, Reg. III
Chron.

Original signed by
E. N. HARSHMAN
E. N. Harshman

DMEA
DEPARTMENT OF THE INTERIOR

MAY 28 1957
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
D M E A
RECEIVED JUN 7 1957

DATE	INITIALS	COPY

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
May 27, 1957

Memorandum

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

Through: Albert S. Kennedy
Mining Engineer

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead-zinc-copper) Contract I4n-2903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado -- Progress report for April 1957

An inspection was made of the Keystone mine on May 3, 1957. No company representatives were present during the inspection.

At the time of the inspection, the DMEA drift, driven along the Union vein, totalled about 570 feet completed under Stage II of the contract. The newly excavated drift does not require timbering.

At a location roughly # 12660 E7600 (see operator's 2160 Drift North map), two diamond drill stations were cut in preparation for drilling horizontal holes to the northeast and southeast. Each station measures approximately 9 by 14 feet with the longer dimension normal to the 6-foot-wide drift.

An examination of the face showed a well-defined structure which displays good sulfide mineralization, principally, as marmatite. Average width of the sulfide mineralization is about 1.5 feet. The mineralization is reported by the miners and Mr. Probst, general manager, as extending about 50 feet back from the drift face. The structure, near the face, strikes N. 40° W. and dips 80° SW. The miners reported that no pronounced sulfide mineralization was detected in the footwall adjoining the mineralized part of the Union vein.

The operator in his MF-10b's for April requests reimbursement for 89 feet of drifting, 2 drill stations, and 6 chemical assays. It is recommended that the operator be paid for all items claimed. The cost of the project for April is $3,333.00 of which the Government's share at 50 percent is $1,666.50.

Edward W. Buel
Edward W. Buel
Mining Engineer

EWB/mr cc: 6 I4n-2903 chron

AMERICAN SMELTING AND REFINING COMPANY
WESTERN MINING DEPARTMENT

F. V. RICHARD, MANAGER
W. R. LANDWEHR, CHIEF GEOLOGIST
NORMAN WEISS, MILLING ENGINEER

600 CRANDALL BUILDING
SALT LAKE CITY 1, UTAH

May 20, 1957

DMEA
DEPARTMENT OF THE INTERIOR
MAY 21 1957
REGION III
DENVER, COLORADO

Executive Officer
DMEA Field Team
U. S. Bureau of Mines
224 New Custom House
Denver 2, Colorado

DOCKET NO. DMEA 3866
CONTRACT NO. Idm-E903

Dear Sir:

Attached are five copies of Mr. Probst's letter to your office of May 14, 1957, Operator's Unit Cost and Progress Report, Operator's Monthly Report and Voucher, and Progress Maps covering the advance made during the month of April 1957.

Very truly yours

ORIGINAL SIGNED BY
F. V. RICHARD

F. V. RICHARD

FVR:EH
Encl. Form MF-104 (5)
Form MF-104A (5)
Progress Map (5)
Longitudinal Proj. (5)
Letter to DMEA (5)
cc: John F. Shaw, w/ 1 set of enclosures
N. Probst, no encls.

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 7 1957
DATE | INITIALS | CODE

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

MAY 14, 1957

DMEA
DEPARTMENT OF THE INTERIOR
MAY 21 1957
REGION III
DENVER, COLORADO

Executive Officer, DMEA Field Team
Region 3,222 New Customs House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-5903

Gentlemen:

GENERAL ACCOMPLISHMENTS:

Two diamond drill stations were cut in conjunction with the drifting. Advance in the drift face was mostly in ore.

Following are the advances, tonnages and grade of ore in the project area.

Working Place:	Advance	Tons Ore	Tons Waste	Metal Content Ag Oz	Pb %	Cu %	Zn %
1850 Union Dr. N.	146 Ft.	0	432				
2000 Drill Stations	17 Ft.	0	50				
2000 Union Dr. N.	89 Ft.	270	70	14.86	3.32	0.60	11.76
20-55-1 Stope		722	0	6.88	3.69	1.16	8.29
20-56-1 Stope		133	0	5.55	7.60	0.87	8.60
Totals	252	~~1075~~ 1125	552				

GENERAL GEOLOGY:

The fault structure remains fairly strong with gouge and open fissuring present. Drifting has been mostly in ore with the vein averaging 2 to 4 Ft. in width. The wall rock is predominately greenish cast sandstone and dark shales.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

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D M E A
RECEIVED JUN 7 1957
DATE | INITIALS | CODE

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

Budget Bureau No. 42-R1036.5

RECEIVED MAY 6 1957 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1957 Docket No. DMEA 3066 Contract No. [illegible]-903
Operator's Name American Smelting & Refining Company Minerals Pb, Zn, Cu.
Address 120 Broadway, New York 5, New York
Contract Amount, $ 107,220.00 Government Participation: 50 % Amount, $ 53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contracts: Short Form						
Diamond Drilling		7,605.00	7,605.00			
Bulldozing						
Crosscutting:						
Drifting	2275.00	30,345.00	32,620.00			
Raise & Winze Drilling						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe for Drilling						
Bits for Drilling						
Drill Hole Stakes						
Drill Hole Assaying						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Drill Bottom						
Shovel	30.00	525.00	555.00			
(8) Contingencies (specify):						
TOTALS	2305.00	38,475.00	40,780.00	2299.00	38,475.00	40,774.00

DMEA
DEPARTMENT OF THE INTERIOR
APR 24 1957
REGION III
DENVER, COLORADO

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

Date 4-4-57 *Payee [illegible]

Per [illegible] Title Agt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1149.50

Signature [illegible]
(Authorized Certifying Officer)

Date 5/2/57 Voucher No. DMEA 57-121

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-E903 in accordance with the terms of the contract.

Signature Edward W. Buel $1152.50 Title Mining Engr. Date 4/25/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. M. Hansbrean Title acting Executive Officer Date APR 29 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 195 7 Docket No. DMEA 3866 Contract No. [illegible]

Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn

Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting A R Cutting	Ft.	2275.00	65	32,620.00	932	35.00	2450	35.00
Crosscutting								
Raising	Ft.			7,605.00	195	39.00	200	39.00
Shafts Raft & Auto								
Winzes Ft. boring	Ft.						245	6.00
Drilling: Core	Ft.						2000	4.60
Churn Coring	Ft.						200	200
Auger Connecting	Ft.						200	2.00
Stripping Drill Sta.	Ea.						10	100.00
Trenching								
Test Pits								
Roads and Trails								
Assaying	Ea.	30.00	10	555.00	185	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		2305.00		40,780.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		2305.00		40,780.00				

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

Date April 1, 1957 Operator American Smelting & Ref. Co.

Per [signature] Title Supt.

REMARKS:

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION
MADE MAY 2 1957

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

Administrative Audit Difference Statement

[redacted]

Date: [redacted]
Payee's Reference: [redacted]

[redacted]

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

Amount Claimed $ [redacted]

Difference $ [redacted]

Amount Approved $ [redacted]

The reason for the difference was due to:

[redacted]

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D M E A
RECEIVED MAY 6 1957

DATE	INITIALS	CODE
5/6	Com	220
		100
		800

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

224 New Customhouse
Denver 2, Colorado

April 29, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 3866, (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report, for the month of March, 1957

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

We consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made on the following basis, contingent on your verification of arithmetical accuracy within the report.

On checking our records we are unable to find the locations and results for two of the 27 assays reported for January 1957, therefore the cost of two assays is to be disallowed from the March, 1957 voucher.

<u>Disallow</u> the reported cost of two samples assayed for Lead, Zinc and Copper, at $3.00 per sample———$6.00

Reconciliation with Amount Reported by the Operator on Form MF-104 for March, 1957

Amount reported on Form MF-104 for March, 1957	$2,305.00
Amount to be disallowed	$.00
Total accepted cost for March, 1957	$2,299.00
Government participation at 50 percent	$1,149.50

Remarks

Date of Report	April 4, 1957
Date Received in Field Office	April 24, 1957
Date Received in Region Office	April 26, 1957

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JDC:bh
cc: Chwn. Op. Comm. (2)
Konselman (2)
Harshman) w/copy of Engr's
Townsend) report
MF-104, Reg. III
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
APR 26 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
April 25, 1957

REGION III

Memorandum

To: Acting Executive Officer, DMEA Field Team, Region III
Through: Albert S. Kenselman
Mining Engineer

From: Edward W. Buel

Subject: Deskut DMEA 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company, (Keystone mine), Gunnison County, Colorado--Progress report for March, 1957.

The Keystone mine was inspected on April 1, 1957, by the writer and Mr. Stanley Kung, Point IV Trainee. Except for the miners engaged for the DMEA drifting, there were no company representatives present during the inspection.

The operator reports a drift advance of 65 feet for the reporting period. Total units of drifting completed under Stages I and II, as reported by the operator, is 932 feet. Of this amount 450 feet of drifting was completed under Stage I.

An examination of the face of the drift showed a tight structure, about 2" in width, that strikes N. 13° W. and dips S. 57° W. The face did not display any pronounced ore mineralization. At a point approximately 6 feet from the face the vein structure contained conspicuous sulfide mineralization. Some ore material was exposed by the recent drifting. Extent of ore material is discussed in the operator's narrative.

It was learned from Mr. Bloomfield, A.S.R. engineer, that a diamond-drill station will be cut in the DMEA drift at a point approximately N. 12700 and E. 7600 (see operator's map accompanying MP-104's).

In addition to the 65 feet of drifting reported by the operator, 10 chemical assays were obtained.

It is recommended that the operator be reimbursed for 65 feet of drifting and 10 chemical analyses. March's DMEA work total $2,305.00 of which the Government's share at 50 percent is $1,152.50.

Edward W. Buel

Edward W. Buel
Mining Engineer

EWB:jg
Enclosure

cc: 6 - Idm-E903 - Chron.

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. Box J CRESTED BUTTE, COLORADO

April 15, 1957

DMEA
DEPARTMENT OF THE INTERIOR
APR 24 1957
REGION III
DENVER, COLORADO

Executive Officer, DMEA Field Team
Region 111, 224 New Custom House
Denver 2, Colorado

RE: Docket DMEA - 3866
Contract Idm-E903

Gentlemen:

General Remarks:

Drifting on the 2000 Level Union Vein was suspended for a short time during March when it became necessary to interrupt power to our ventilating fan to this drift face. Advance in the drift face was in ore & waste. Following are the advances, tonnage and grade of work in the project area.

Working Place	Advance	Tons Ore	Tons Waste	Metal Content Ag Oz	Pb %	Cu%	Zn%
18-53-1W X Cut.	85'		294				
1850 Union N Dr.	42'	87	35	0.99	0.32	0.07	0.80
2000 Union N Dr.	65'	122	159	6.76	1.22	0.70	6.49
20-55-1 Rs.	11'	125		1.08	1.29	0.09	1.72
20-55-1 St.		238		2.86	1.12	0.43	9.66
20-56-1 St.		85.		6.93	6.62	0.59	5.64
21-57-1 St.		137		2.55	0.09	0.45	3.00
Total	203	794	488				

General Geology:

Drifting encountered a lense of ore which entered from the hanging wall. Within 20 Ft. of drifting the lense pinched to several inches. No drilling has been done in the hanging wall to determine the extent of the lense to the South. The Fault remains fairly strong with several inches to 1 foot of gouge developed. Mineralization is presently weak. Wall rock is predominately greenish cast sand stone.

Very truly yours,

Nolan Probst, Supt.

NP:bab
Encls:

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1957 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway, New York 5, New York
Contract Amount, $107,220.00 Government Participation: 50 % Amount, $53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent Shaft Foon~~ ~~Contractor~~						
~~Shaft~~ Raising		7,605.00	7,605.00			
~~Excavating~~						
~~Concreting~~						
Drifting & XCutting	4095.00	26,250.00	30,345.00			
Drift & XCut Timbering						
(2) ~~Labor and Supervision~~						
~~Labor~~						
~~Supervision~~						
~~Tools and Stores~~						
(3) ~~Operating Materials and Supplies~~						
~~Timber~~						
~~Explosives~~						
~~Pipe~~						
~~Wire~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Maintenance and Repair~~						
(6) ~~New Edge Improvements~~						
(7) ~~Miscellaneous~~						
~~Rental of Equipment~~						
~~Sampling and Assays~~						
~~Payroll Taxes~~						
~~Liability Insurance~~						
Drill Stations						
Assays	42.00	483.00	525.00			
(8) Contingencies (specify):						
TOTALS	4137.00	34,338.00	38,475.00	4137.00	34,338.00	38,475.00

RECEIVED APR 3 1957 D.M.E.A.

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

Date March 18, 1957 Payee American Smelting & Refining Co. Keystone Unit

Per [signature] Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$268.50

Signature [signature] (Authorized Certifying Officer)

Date 3/24/57 Voucher No. DMEA 57-106

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. dm-E905 in accordance with the terms of the contract.

Signature Edward W. Buel $2068.50 Title Mining Engr. Date 3/27/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. M. Hamelman Title Acting Executive Officer Date MAR 28 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February, 1957 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting & Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting & XCutting	Ft.	4095.00	117	30,345.00	867	35.00	2450	35.00
~~Exploration~~								
Raising	Ft.			7,605.00	195	39.00	200	39.00
~~Shaft~~ Drifts or XCut								
~~Other~~ Timbering	Ft.							6.00
Drilling: Core	Ft.							4.60
~~Other~~ Casing	Ft.							2.00
~~Other~~ Cementing	Ft.							2.00
~~Stations~~ Drill Sta.	Ea.							
~~Trenching~~								
~~Test Pits~~								
~~Roads and Trails~~								
Assaying	Ea.	42.00	14	525.00	175	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		4137.00		38,475.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		4137.00		38,475.00				

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

Date March 18, 1957 Operator American Smelting & Ref. Co.

Per [signature] Title Supt.

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

REMARKS:

(Instructions on reverse)

(For Government use only)

RECEIVED APR 3 1957 D.M.E.A.

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

224 New Customhouse
Denver 2, Colorado

March 28, 1957

FINAL DISTRIBUTION
MADE APR 1 1957

Memorandum

To: F. A. Christensen

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

Subject: DMEA Docket-3866, (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report, for the month of February, 1957

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

All of the work was performed at "Fixed Unit Costs," as specified in the short form contract on Form MF-200A. No documentation is required, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report——————————March 18, 1957
Date Received in Field Office————March 27, 1957
Date Received in Region Office————March 28, 1957

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures
JDC:hh
cc: Chmn. Op. Comm. (2)
Shaw (2)
Harshman)w/copy of Engr's report
MF-104 File E903
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED APR 3 1957

DATE	INITIALS	CODE
4/3	C	220
4	Com	100
		800

OFFICIAL FILE COPY
DMEA
RECEIVED APR 3 1957

DATE	INITIALS	CODE

DMEA
DEPARTMENT OF THE INTERIOR

MAR 28 1957
REGION III
DENVER, COLORADO

March 27, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: John P. Shaw JPShaw
Supervising Mining Engineer

From: E.W. Buel

Subject: Docket DMEA 3866, (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company, (Keystone mine), Gunnison County, Colorado--Progress Report for February, 1957.

The work progress under the DMEA contract was inspected on March 4, 1957, by the writer. There were no mine representatives present during the inspection, other than the miners engaged for the drifting.

The DMEA drift was driven 85 feet since the last inspection of February 11, 1957. Total length of the drift driven under Stage II of the DMEA contract measures 426.0 feet.

An examination of the face and back of the recently driven drift revealed that the vein is but superficially and erratically mineralized with lead, zinc, and copper sulphides.

It appears as though the mineralization is progressively becoming leaner as the drift is extended away from the DMEA raise area. 1/ The raise area has resulted in the production of ore-grade material.

The operator reports in his MF-104's for February, 1957, 117 feet of drifting and 14 chemical analyses. The operator's claims have been verified.

It is recommended that the operator be reimbursed for 117 feet of drifting and 14 chemical analyses. Total expenditures for February's DMEA work total $4,137.00 of which the Government's share at 50 percent is $2,068.50.

Edward W. Buel
Edward W. Buel
Mining Engineer

1/ A telephone call by the operator on March 11, revealed that the drift encountered a significant showing of ore mineralization.

EWB:jg
Enc.
cc: 6 - Idm-E903 - Chron.

K-7.7

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

OFFICIAL FILE COPY
DMEA
RECEIVED APR 3 1957

DATE	INITIALS	CODE

March 18, 1957

Mr. W. H. Traver, Executive Officer
U. S. Dept. of Interior
Defense Minerals Exploration Administration
224 New Custom Building
Denver 2, Colorado

Re: Docket DMEA - 3866
Contract Idm-E903

Dear Sir:

General Remarks:

Drifting on the 2000 Level Union Vein during the month was mostly in waste. Drifting was resumed for a short period on the 2160 Level Union Vein - this advance was in low grade ore. Stope preparations continued in the 2055, 2056 and 2157 Project Area ore blocks.

Working Place	Advance	Tons Ore	Tons Waste	Au Oz	Metal Content Pb %	Metal Content Cu%	Metal Content Zn%
2000 Union Dr.	117 Ft.	133	354	4.8	3.0	0.4	6.2
2160 Union Dr.	60 Ft.	249		5.0	0.8	1.0	2.1
2055-1 Stope		570		1.8	1.4	0.3	3.9
2056-1 Stope		377		4.4	5.9	0.6	4.3
2157-1 Stope		26		2.6	0.9	0.4	2.6
	Total	1355	354				

General Geology:

Little movement is evident on the 2000 Level Union Vein. The wall rock is fairly tight, selectification of the shales and sandstones is becoming more pronounced. SILICIFICATION(?)

Mineralization is sparse - that present is finely disseminated and lies near the fault.

Very truly yours,

Nolan Probst, Supt.

NP:rmc
Encls:

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1957 Docket No. DMEA 3866 Contract No. Idm - E903
Operator's Name American Smelting & Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway, New York 5, New York
Contract Amount, $ 107,220.00 Government Participation: ____% Amount, $ 53,610.

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Contract~~ Short Form ~~Contract~~						
~~Drifting~~ Raising		7,605.00	7,605.00			
~~Crosscutting~~						
~~Timbering~~						
Drifting & Crosscutting	4,830.00	21,420.00	26,250.00			
Drift & XCut Timbering						
(2) ~~Labor Supervision~~						
~~Labor~~						
~~Supervision~~						
~~Technical Services~~						
(3) ~~Equipment and Supplies~~						
~~Tools~~						
~~Explosives~~						
~~Pipe~~						
~~Rock~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Engineering~~						
~~Design~~						
~~Develop~~						
~~Exploration~~						
(5) ~~Transportation~~						
(6) ~~Indirect Costs~~						
(7) ~~Miscellaneous~~						
~~Rent Equipment~~						
~~Sampling and Analysis~~						
~~Bench Tests~~						
~~Depreciation~~						
Drill Stations						
Assays	81.00	402.00	483.00			
(8) ~~Engineering (Specify)~~:						
TOTALS	4,911.00	29,427.00	34,338.00	4,911.00	29,427.00	34,338.00

RECEIVED MAR 4 1957 D.M.E.A.

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

Date Feb. 4, 1957 *Payee American Smelting & Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 24,55 50

Signature [illegible]
(Authorized Certifying Officer)

Date 3/27/57 Vou. No. 57-94

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. dm-E 903 in accordance with the terms of the contract.

Signature Edward W. Buel $2,455.50 Title Mining Engr. Date 2/20/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. M. Hershman Title acting Executive Officer Date FEB 25 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January, 1957 Docket No. DMEA 3866 Contract No. Idm - E903

Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn

Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting &XCutting	Ft.	4,830.00	138	26,250.00	750	35.00	2450	35.00
~~Xxxxxxxxx~~								
Raising	Ft.			7,605.00	1 95	39.00	200	39.00
~~xxxx~~ Drifts or								
~~xxxx~~ XCut Timbering	Ft.						245	6.00
Drilling: Core	Ft.						2000	4.60
~~xxxx~~ Casing	Ft.						200	2.00
~~xxxx~~ Cementing	Ft.						200	2.00
~~xxxxxxx~~ Drill Sta.	Ea.						10	100.00
~~xxxxxxx~~								
~~xxxxxx~~								
~~xxxxxxxxxxx~~								
Assaying	Ea.	81.00	27	483.00	161	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		4,911.00		34,338.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		4,911.00		34,338.00				

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

REMARKS:

Date Feb. 4, 1957 Operator American Smelting & Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Supt.

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

(Instructions on reverse)

(For Government use only)

RECEIVED MAR 4 1957 D.M.E.A.

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 4 1957

DATE	INITIALS	CODE
3/4	C	220
"	[illegible]	100
		800

224 New Customhouse
Denver 2, Colorado

February 25, 1957

FINAL DISTRIBUTION
MADE FEB 28 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 3866, (Lead-Zinc-Copper) Contract Idm-E903
American Smelting and Refining Company (Keystone mine)
Gunnison County, Colorado - Operator's Monthly
Progress Report, for the month of January, 1957

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

We consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report——————————February 4, 1957
Date Received in Field Office——————February 20, 1957
Date Received in Region Office——————February 21, 1957

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JDC:hh
cc: Chem. Op. Comm. (2)
Shaw (2)
Harshman) w/copy of engineer's report
MF-104 File E903
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
FEB 21 1957
REGION III
DENVER, COLORADO

February 20, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine), Gunnison County, Colorado - Progress report for January 1957

The subject property was inspected on February 11, 1957, by D. Richter, Geological Survey, and E. W. Buel, Bureau of Mines.

Since the last inspection of January 8, 1957, the drift was extended 156 feet, making a total of 341 feet driven under Stage II of the subject contract.

The operator reports in his MF-104's for January 1957, 138 feet of drifting and 27 chemical analyses. An examination of the DMEA workings and sample data verify the operator's reimbursement claims.

Reimbursement to the operator is recommended for 138 feet of drifting and 27 chemical analyses. Total cost of the DMEA work during January 1957 is $4,911.00 of which the Government's share at 50 percent is $2,455.50.

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 4 1957
SYM | INITIALS | CODE

Edward W. Buel
Edward W. Buel
Mining Engineer

cc 6
Idm-E903
Chron.

EWB:ph

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

February 18, 1957

Mr. W. M. Traver, Executive Officer
U. S. Dept. of Interior
Defense Minerals ExplorationAdministration
224 New Custom Building
Denver 2, Colorado

RE: Docket DMEA - 3866
Contract Idm - E903

Dear Sir:

General Remarks:

A total of 138 Ft. of advance was made during the month of January. Nearly all drifting was in ore. A total of 567 tons was milled with a metal content of Ag 7.1 Oz, Pb 3.2 %, Cu 0.5 %, Zn 9.8 %. 27 tons was discarded as waste.

In stope block 2056 in the project area 236 tons of ore was mined with the following metal content Ag 3.7 Oz, Pb 5.0 %, Cu 0.5 %, Zn 4.0 %.

General Geology:

The drift vein has been irregular in width - varying from 2 to 5 ft. Little gouge has been developed as a rule the walls have been fairly tight. Wall rock is essentially hard, greenish cast sandstone.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

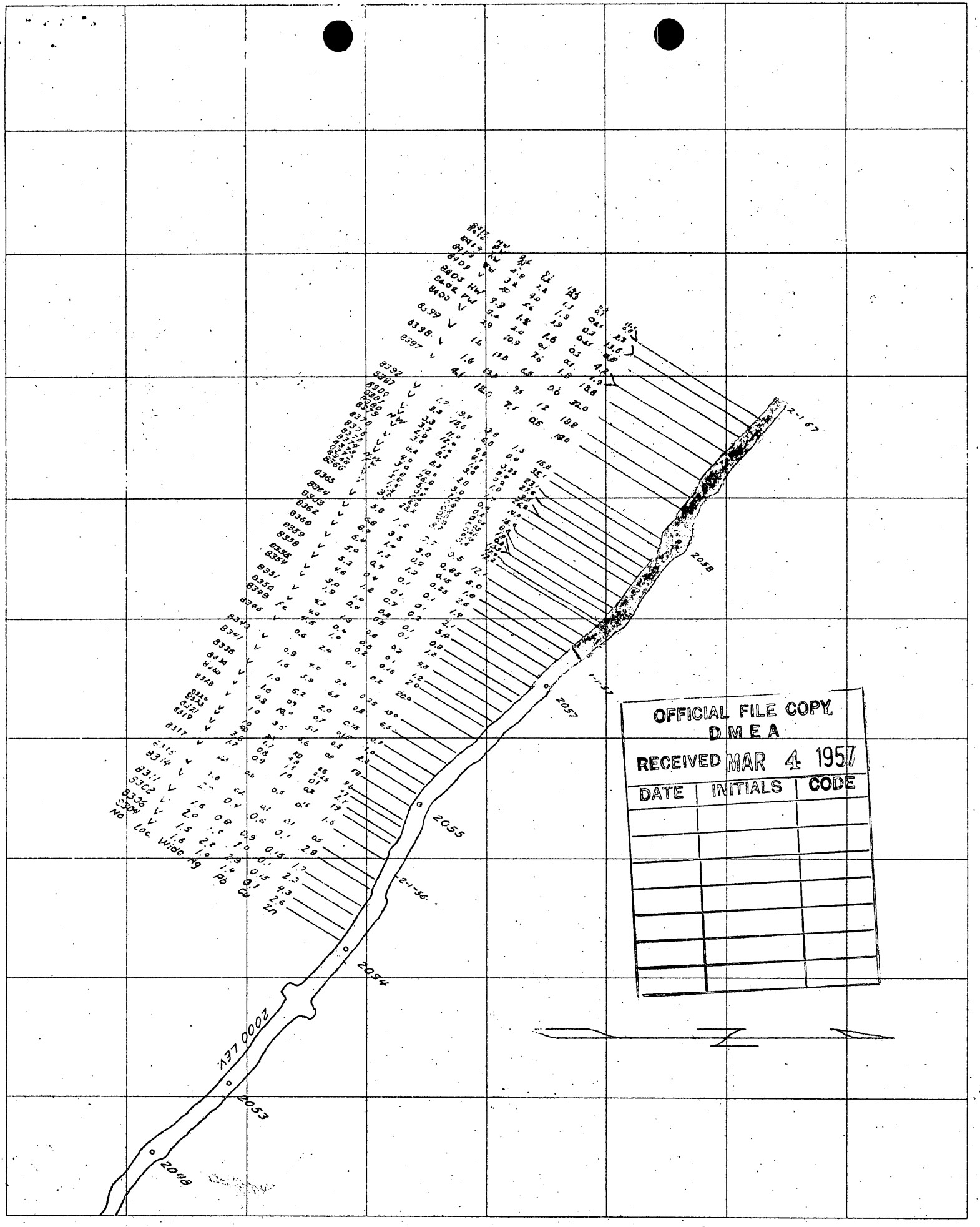
Nolan Probst, Supt.

NP:rmc

Encls:

OFFICIAL FILE COPY
D M E A
RECEIVED MAR 4 1957

DATE	INITIALS	CODE



OFFICIAL FILE COPY
DMEA
RECEIVED MAR 4 1957
DATE | INITIALS | CODE

MINE KEYSTONE LOCATION CRESTED BUTTE, COLO. LEVEL 2000

GEOLOGY BY SURVEY G.H.B. SCALE 1" = 50' DATE JAN 1957

Form MF-161 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1956 Docket No. DMEA 3866 Contract No. Idm - E903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway, New York 5, New York
Contract Amount, $107,220.00 Government Participation: 50 % Amount, $ 53,610

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Underground~~ Short Form ~~Contracts~~:						
~~Entry~~ Raising		7,605.00	7,605.00			
~~Rolldering~~						
~~Supervision~~						
Drifting & XCutting	4,235.00	17,185.00	21,420.00			
Drift & XCut Timbering						
(2) ~~Underground Supervision~~:						
~~Labor~~						
~~Supervision~~						
~~Technical Services~~						
(3) ~~Operating Matl & Supplies~~:						
~~Timber~~						
~~Explosives~~						
~~Pipe~~						
~~Track~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Underground Maintenance~~ & Repairs						
(6) ~~Miscellaneous Operating~~						
(7) ~~Miscellaneous~~						
~~Transportation~~						
~~Samples and Assays~~						
~~Payroll Taxes~~						
~~Liability Insurance~~						
Drill Stations						
Assaying	75.00	327.00	402.00			
(8) ~~Specify~~						
TOTALS	4,310.00	25,117.00	29,427.00	4,310.00	25,117.00	29,427.00

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

Date Jan. 11, 1957 *Payee American Smelting and Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$3155.00

Signature
(Authorized Certifying Officer)

Date 1/18/57 Vou. No. DMA 57-78

(See other side)

RECEIVED JAN 25 1957 D.M.E.A.

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E903 in accordance with the terms of the contract.

Signature Edward W. Buel #2155.00 Title Mining Engr. Date 1/16/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Lacy Title Executive Officer Date JAN 17 1957

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December, 1956 Docket No. DMEA 3866 Contract No. Idm - 3903

Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn

Address 120 Broadway, New York5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting & XCutting	Ft.	4235.00	121	21,420.00	612	35.00	2,450	35.00
~~Crosscutting~~								
Raising	Ft.			7,605.00	195	39.00	200	39.00
~~Shaft~~ Drift or XCut								
~~Winze~~ Timbering	Ft.						245	6.00
Drilling: Core	Ft.						2,000	4.60
~~Churn~~	Ft.						200	2.00
~~Test~~ Auger	Ft.						200	2.00
Stripping Drill Station	Ea.							
~~Trenching~~								
~~Test Pits~~								
~~Roads and Trails~~								
Assaying		75.00	25	402.00	134	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		4310.00		29,427.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		4310.00		29,427.00				

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

REMARKS:

Date Jan. 11, 1957 Operator American Smelting & Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Supt.

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

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

224 New Customhouse
Denver 2, Colorado

January 17, 1957

FINAL DISTRIBUTION
MADE JAN 22 1957

RECEIVED
JAN 25 1957
D.M.E.A.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region XII

Subject: Docket DMEA 3866 (Lead-Zinc-Copper) Contract IdM-2903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of December, 1956

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

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report ----------January 11, 1957
Date Received in Field Office-------January 15, 1957
Date Received in Region Office-----January 17, 1957

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: Chm. Op. Comm. (2)
Shaw (2)
Barshman w/copy engr's report
MF-104 File 2903
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DMEA
DEPARTMENT OF THE INTERIOR
JAN 17 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado

January 16, 1957

REGION III

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: Edward W. Buel

Subject: Docket DMEA 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company, (Keystone Mine), Gunnison County, Colorado -- Progress report for December 1956

An inspection was made of the DMEA work on the subject property on January 8, 1957. The inspection was made by W. Pratt, Geological Survey, and E. W. Buel, Bureau of Mines. There was no company representative present during the inspection.

A measurement of the drift showed that the drift was driven for a total of 185 feet from the start of the contract under Stage II. The starting point under Stage II drifting was established at a point 69 feet beyond A.S.R. survey station No. 2053. The increase of drifting totals 135 feet since the last inspection.

The operator's narrative report and MF-104's are correct, except for Drill Station units and unit costs which were omitted on the MF-104A. It is recommended that the operator be paid for 121 feet of drifting and for 25 (map shows 30 samples) sample analyses. Reimbursement totals $4,310.00 of which the Government's participation at 50 percent is $2,155.00.

Edward W. Buel
Edward W. Buel
Mining Engineer

cc 6
Idm-E903
Chron.

EWB:ph

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P.O. BOX J CRESTED BUTTE, COLO.

January 10, 1957

RECEIVED JAN 25 1957 D.M.E.A.

Mr. W. M. Traver, Executive Officer
U.S. Dept.of Interior
Defense Minerals Exploration Administration
224 New Custom Building
Denver 2,Colorado

Re: Docket DMEA - 3866
Contract Idm - E903

Dear Sir:

General Remarks:

Drifting continued on the 2000 level Union Vein on a single shift basis. 121 ft. advance was made during December. All rock from the drift heading during December was waste. A total of 514 tons was discarded.

A stope block, designated as 2056 block, is being prepared for mining. This block adjoins and extends S.E. of the recently completed 2156 Union VeinRaise. 500 tons of ore was mined from this block and contained the following metal content: Ag - 3.3 Oz, Pb - 2.3 %, Cu - 0.5%, Zn- 4.9 %.

General Geology:

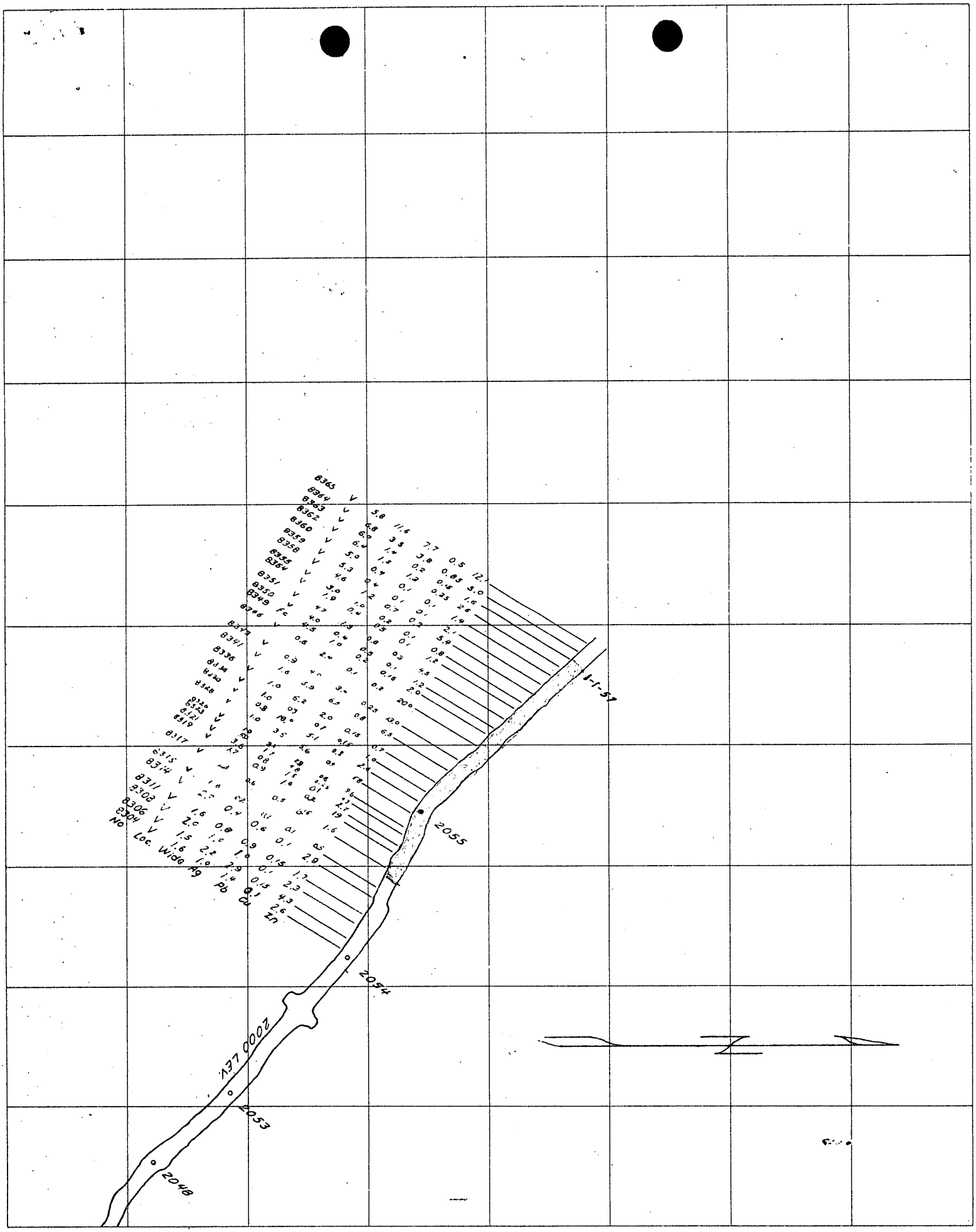
The fissure continued moderately strong. Scattered mineralization in a zone 2 to 4 ft. wide still persists. Development of gouge on either wall has been slight.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP:rmc



MINE KEYSTONE LOCATION CRESTED BUTTE, COLO. LEVEL 2000

GEOLOGY BY SURVEY G.H.B. SCALE 1" = 50' DATE DEC 1956

RECEIVED
JAN 25 1957
D.M.E.A.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1956 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway, New York 5, N. Y.
Contract Amount, $ 107,220.00 Government Participation: ____% Amount, $53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form ~~Contractor~~						
~~Driving~~ Raising		7605.00	7605.00			
~~Bulldozing~~						
~~Prospecting~~						
Drifting & Cutting	1435.00	15,750.00	17,185.00			
Drift & Cut Timber						
(2) ~~Labor and Supervision~~:						
~~Labor~~						
~~Supervision~~						
~~Technical Services~~						
(3) ~~Operating Materials and Supplies~~:						
~~Timber~~						
~~Explosives~~						
~~Pipe~~						
~~Rail~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~:						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Initial Rehabilitation and Repairs~~						
(6) ~~New Bldgs. Improvements, etc.~~						
(7) ~~Miscellaneous~~						
~~Repairs to Equipment~~						
~~Sampling and Analysis~~						
~~Payroll Taxes~~						
~~Liability Insurance~~						
Drill Stations						
Assaying	15.00	312.00	327.00			
(8) ~~Management Expense~~						
TOTALS	1450.00	23,667.00	25,117.00	1450.00	23,667.00	25,117.00

RECEIVED DEC 26 1956 D.M.E.A.

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

Date Dec. 1956 *Payee American Smelting & Refining Co.

Per ORIGINAL SIGNED BY NOLAN PROBST Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 23,667.00

Signature _____ (Authorized Certifying Officer)

Date 12/18/56 Vou. No. DMEA 57-67

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E903 in accordance with the terms of the contract.

Signature Edward W. Buel #725-03 Title Mining Engineer Date 12/12/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Neely Title Executive Officer Date DEC 17 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(*a*) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(*b*) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(*c*) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November, 1956 Docket No. DMEA 3866 Contract No. Idm-5903
Operator's Name American Smelting and Refining Company Minerals Pb, Cu, Zn
Address 120 Broadway, New York 5, N. Y.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting & Cutting	Ft.	1435.00	41	17,185.00	491	35.00	2,450	35.00
~~Crosscutting~~								
Raising	Ft.			7,605.00	195	39.00	200	39.00
~~Stope~~ Drift or Cut								
~~Stope~~ Timbering	Ft.						245	6.00
Drilling: Core	Ft.						2,000	4.60
~~Stope~~ Casing	Ft.						200	2.00
~~Stope~~ Cementing	Ft.						200	2.00
~~Stope~~ Drill Bits	Ea.						10	100.00
~~Trenching~~								
~~Test Pits~~								
~~Prospecting Roads~~								
Assaying	Ea.	15.00	5	327.00	109	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		1450.00		25,117.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1450.00		25,117.00				

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

REMARKS:

Date Dec. 1956 Operator American Smelting & Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Supt.

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

(Instructions on reverse)

(For Government use only)

RECEIVED DEC 26 1956 D.M.E.A.

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE DEC 20 1956

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

224 New Customhouse
Denver 2, Colorado

December 17, 1956

RECEIVED DEC 26 1956 DMEA

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket No. 3866, (Lead-Zinc-Copper), Contract No. Idm-E903, American Smelting and Refining Company, (Keystone Mine), Gunnison County, Colorado, Operator's Monthly Progress Report for the month of November, 1956

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

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

REMARKS

Date of Report - - - - - - - - - - - - - - -	December 7, 1956
Date Received in Field Office - - - - - -	December 12, 1956
Date Received in Region Office - - - - -	December 13, 1956

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures
MHM:ewa
cc: Chm. Op. Comm. (2)
Shaw (2)
Harshman, w/copy engr's report
Marshall
MF-104 File E903
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
DEC 13 1956
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
December 12, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea
Supervising Mining Engineer

From: Edward W. Buel

Subject: DMEA 3066 (Lead, zinc, copper) Contract Idm-2903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado -- Progress report for November 1956

An examination was made of the Keystone mine on December 5, 1956, by the writer in company with G. H. Bloomquist, engineer.

The operator began work under Stage II of the DMEA contract. This work consisted in extending the 2000-level drift on the Union vein for a total distance of 50 feet. The drifting under Stage II did not require any timbering.

Starting point of the drift under Stage II is 112 feet beyond A. S. R. survey station #2048.

An examination of the drift heading indicated that the vein was not of commercial grade. The vein displays conspicuous lead-zinc sulphides, pyrite, and rhodochrosite.

The operator reports the analyses of 5 samples taken from the drift. Sample data are shown on the assay and progress map submitted by the operator to accompany the monthly narrative report.

The operator's MF-104's and narrative are correct, and the operator requests reimbursement for $1450.00, of which the Government's share at 50% is $725.00. It is recommended that the operator be reimbursed for the Government's share of $725.00.

Edward W. Buel
Edward W. Buel
Mining Engineer

EWB/mr
enc: 6
Idm-2903
Chron

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P.O. BOX J CRESTED BUTTE, COLO.

RECEIVED DEC 26 1956 D.M.E.A.

December 7, 1956

Mr. W. A. Traver, Executive Officer
U.S. Dept. of Interior
Defense Minerals Exploration Administration
224 New Custom Building
Denver 2, Colorado

RE: Docket DMEA - 3866
Contract Idm-E903

Dear Sir:

General Remarks:

Drifting was resumed on the 2000 level Union Vein Nov. 15. Work was started and is still being carried on a single shift basis. Drift back is being taken down adjacent to the top of 2156 Rse. in preparation for stoping. Upon completion of this work drifting will be put on a two shift basis.

Forty one (41) ft. of advance was made during this period - no ore was produced in the drifting.

General Geology:

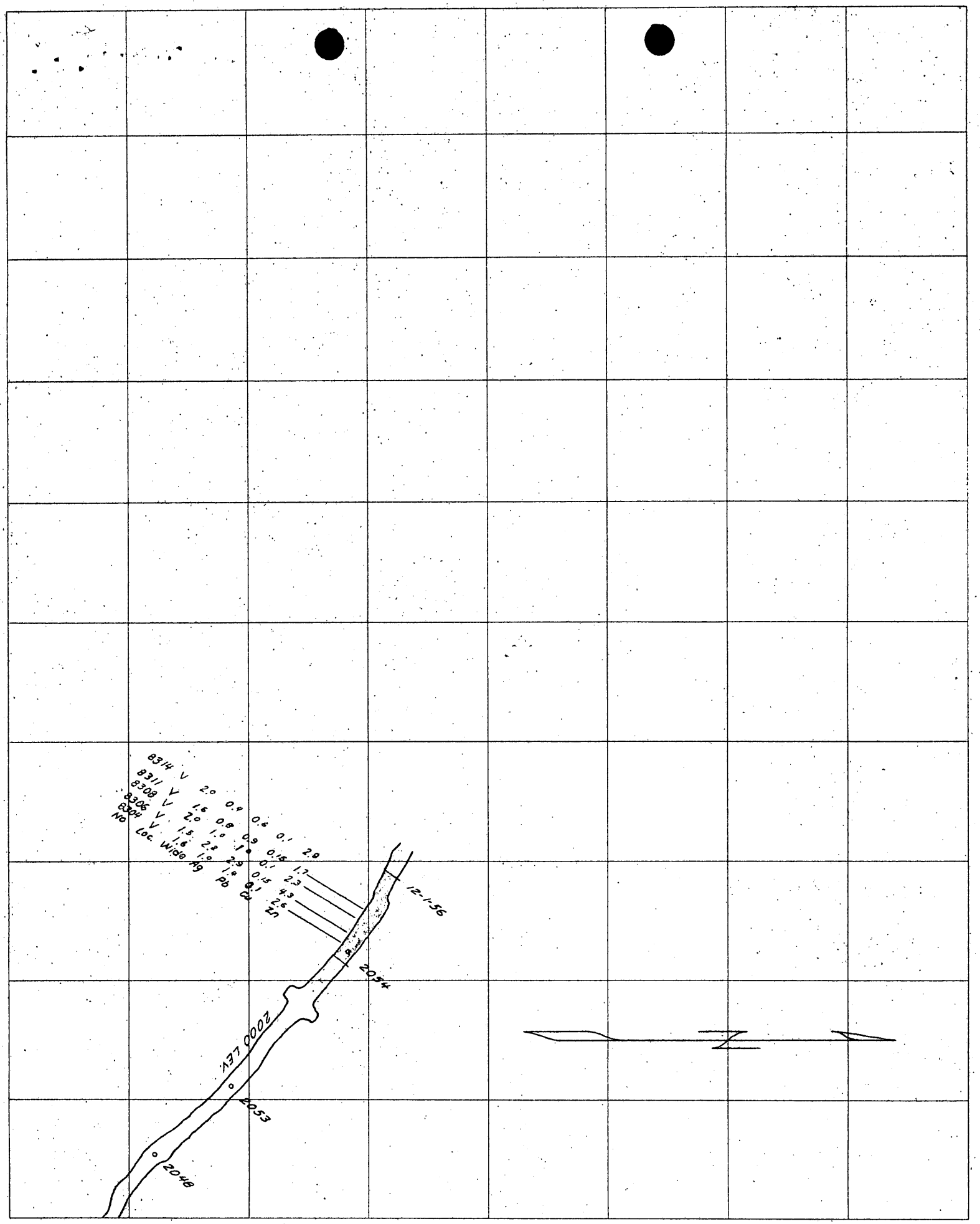
The fissure continues moderately strong. Some mineralization is present with the zone from one to three feet wide.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP:rmc
Encl:



MINE KEYSTONE LOCATION CRESTED BUTTE, COLO. LEVEL 2000

GEOLOGY BY SURVEY G.H.B. SCALE 1" = 50' DATE NOV. 1956

RECEIVED
DEC 26 1956
D.M.E.A.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1956 Docket No. DMEA 3866 Contract No. 1dm - E 903
Operator's Name American Smelting and Refining Co. Minerals Pb-Cu-Zn
Address 120 Broadway, New York 5, New York
Contract Amount, $107,220.00 Government Participation: ____% Amount, $ 53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Exploration Contract~~ Short Form						
~~Boring~~ Raising	1170.00	6435.00	7605.00			
~~Trenching~~						
~~Prospecting~~						
Drifting & x Cutting		15,750.00	15,750.00			
Drift X-Cut timber						
(2) ~~Labor & Supervision~~						
~~Mine~~						
~~Supervision~~						
~~Technical Service~~						
(3) ~~Operating Materials and Supplies~~						
~~Timber~~						
~~Explosives~~						
~~Fuel~~						
~~Truck~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Initial Rehabilitation and Repairs~~						
(6) ~~New Bldgs., Improvements, etc.~~						
(7) ~~Miscellaneous~~						
~~Repairs to Equipment~~						
~~Sampling and Analysis~~						
~~Royalty~~						
~~Insurance~~						
Drill Stations						
Assaying		312.00	312.00			
(8) ~~Contingencies (specify)~~						
TOTALS	~~1170.00~~	~~22,497.00~~	~~23,667.00~~	1170.00	22,497.00	23,667.00

RECEIVED DEC 10 1956

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Nov. 5, 1956 *Payee American Smelting & Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$585.00

Signature [signature]
(Authorized Certifying Officer)
Date 11/30/56 Vou. No. DMA 57-60

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-2903 in accordance with the terms of the contract.

Signature Edward W. Burel #585 Title Mining Engr. Date Nov. 16, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Signature W. M. Shaver Title Executive Officer Date NOV 26 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(*a*) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(*b*) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(*c*) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October, 1956 Docket No. DMEA 3E66 Contract No. Icn-E903
Operator's Name American Smelting and Refining Co. Minerals Pb-Zn-Cu
Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting & Xcutting	Ft.			15,750.00	450	35.00	2,450	35.00
~~Crosscutting~~								
Raising	Ft.	1170.00	30	7,605.00	195	39.00	200	39.00
~~Raise~~ Drift or Xcut								
~~Wrecking~~ Timbering	Ft.						245	6.00
Drilling: Core	Ft.						2,000	4.60
~~Blast~~ Casing	Ft.						200	2.00
~~Wrecking~~ Cementing	Ft.						200	2.00
~~Stopping~~ Drill Sta.	Ea.						10	100.00
~~Trucking~~								
~~Electric~~								
~~Road and Trailer~~								
Assaying	Ea.		0	312.00	104	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		1170.00		23,667.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								None
Initial Rehabilitation and Repairs								"
New Buildings, Improvements, etc.								"
								"
TOTAL COSTS		1170.00		23,667.00				107,220

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

Date November 5, 1956 Operator American Smelting & Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBSL Title Supt.

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

REMARKS:

(Instructions on reverse)

(For Government use only)

RECEIVED DEC 10 1956 D.M.E.A.

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

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

224 New Customhouse
Denver 2, Colorado

November 26, 1956

FINAL DISTRIBUTION MADE DEC 6 1956

RECEIVED DEC 10 1956 DMEA

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company, (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of October, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report - - - - - - - - - - - - November 5, 1956
Date Received in Field Office- - - November 16, 1956
Date Received in Region Office- - November 22, 1956

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E903
Chm. Op. Comm. (2)
Shaw (2)
Harshman w/copy engr's report
Chron.

Building 20
Denver Federal Center
Denver 2, Colorado
November 21, 1956

REGION III

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: Edward W. Buel

Subject: DMEA 3866 (lead-zinc-copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado. —Progress report for October 1956.

An examination was made of the subject property on October 23, 1956. The purpose of the examination was to inspect the work progress on the raise and to determine the location of exploration drifting under stage II of the contract.

It is to be noted that September's progress report of October 26, 1956, states that the operator advanced the raise for a total of 165 feet. This statement should be changed to read "...for a total of 165 feet up until the end of the month, or for a total of 195 feet at the time of the inspection."

The operator reports an advance of the raise of 30 feet during October. An inspection of the raise verified the amount of raise. The operator's narrative and MF-104's are correct.

It is recommended that the operator be reimbursed for 30 feet of raising as given in his MF-104's. Total costs of the work performed during October were $1,170.00 of which the Government's share at 50 percent is $585.00.

Edward W. Buel
Edward W. Buel
Mining Engineer

EWB:sh
Enc.
cc: 6
Idm-E903
Chron

K-7.7

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P.O. BOX J CRESTED BUTTE, COLO.

November 7, 1956

RECEIVED
DEC 10 1956
D.M.E.A.

Mr. W. M. Traver, Executive Officer
U. S. Dept. of Interior
Defense Minerals Exploration Administration
224 New Custom Building
Denver 2, Colorado

RE: Docket DMEA - 3866
Contract Idm-E903

Dear Sir:

General Remarks:

Thirty feet of timbered advance was made in the Union Drift Raise during October. Connection was made with the 2000 level October 13. One hundred fifty-three tons of waste was extracted from the raise during the month. All advance was in waste during October.

General Geology:

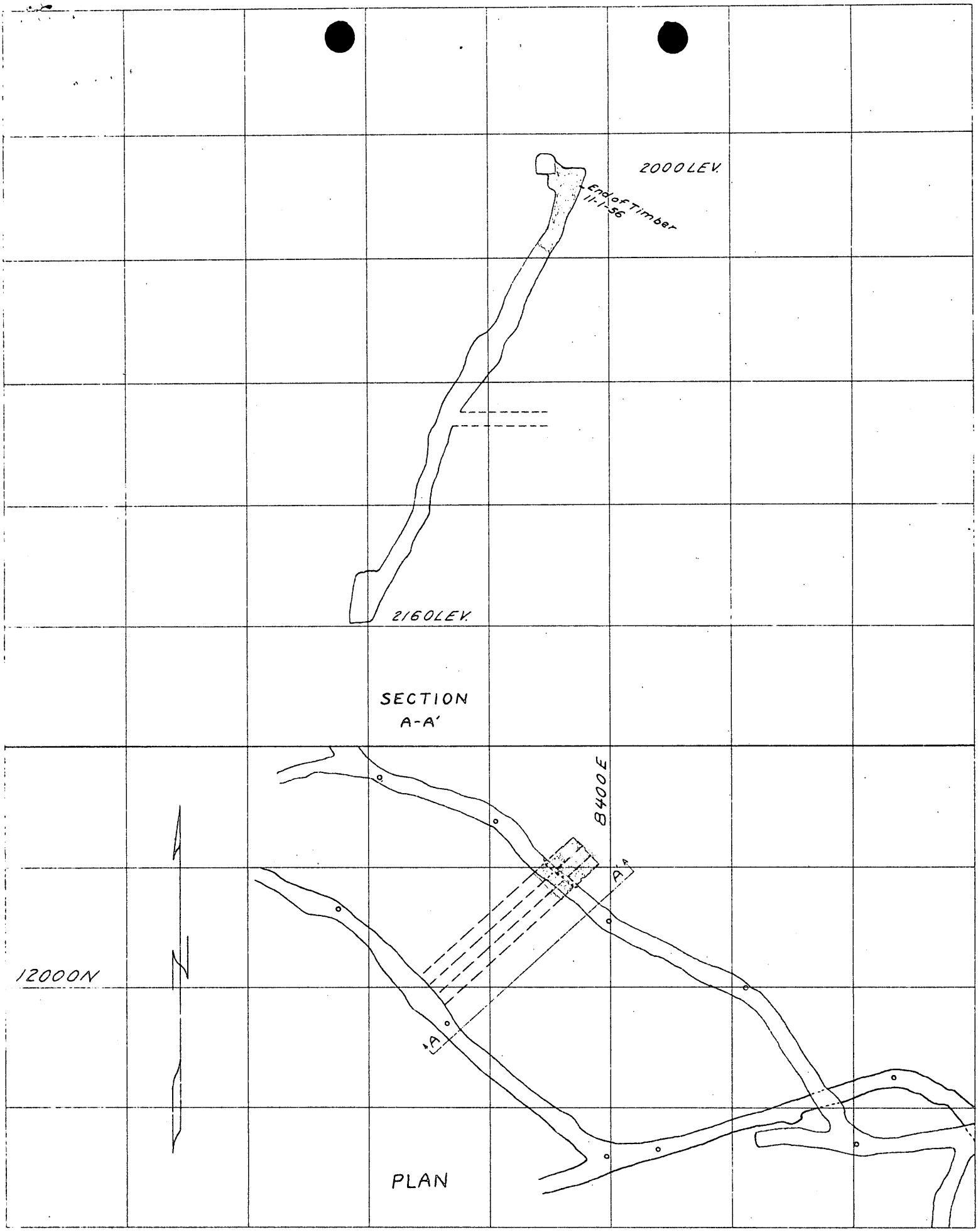
As mentioned in the last letter the raise was flattened in dip to connect with the 2000 level. Upon connection it was found our plotting of the dip to insure the connection was in error. An error inadvertently incurred in the survey of the 2160 Level Union Drift had thrown our plotting 15 ft. into the footwall. Had we followed the fissure a proper connection and a complete section of the vein would have been exposed between the 2160 and 2000 levels.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP:rmc
Encls:



MINE KEYSTONE LOCATION CRESTED BUTTE, COLO. LEVEL 21-56-1 RS.

GEOLOGY BY SURVEY G.H.B. SCALE 1" = 50' DATE OCT. 1956

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED NOV 8 1956 DMEA

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September, 1956 Docket No. DMEA 3666 Contract No. Id-5903
Operator's Name American Smelting & Refining Company Minerals Pb, Zn, Cu.
Address 120 Broadway, New York 5, New York
Contract Amount, $ 107,220.00 Government Participation: ____% Amount, $ 53,610.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form ~~Contracts~~:						
~~Drilling~~ Raising	2067.00	4368.00	6435.00			
~~Building~~						
~~Crosscutting~~						
Drifting &/or X-cutting		15,750.00	15,750.00			
Drift & X-cut Timber						
(2) ~~Labor and Supervision~~:						
~~Labor~~						
~~Supervision~~						
~~Technical Services~~						
(3) ~~Operating Mat'ls. and Supplies~~:						
~~Timber~~						
~~Explosives~~						
~~Pipe~~						
~~Steel~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~:						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Initial Rehabilitation and Repairs~~						
(6) ~~Bldgs., Improvements, etc.~~						
(7) ~~Miscellaneous~~:						
~~Repairs to Equipment~~						
~~Supplies and Assays~~						
~~Payroll Taxes~~						
~~Insurance~~						
Drill Stations						
Assaying	39.00	273.00	312.00			
(8) Contingencies (specify):						
TOTALS	2,106.00	20,391.00	22,497.00	2,106.00	20,391.00	22,497.00

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

Date Oct. 10, 1956 Payee American Smelting & Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 10 53 00

Signature [signature]
(Authorized Certifying Officer)

Date 11/2/56 Vouch. No. Sma 57-54

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-903 in accordance with the terms of the contract.

Signature Edward W. Buel #1053.00 Title Mining Engr. Date Oct. 25, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Haney Title Executive Officer Date OCT 31 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

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

RECEIVED 8 1956 DMEA

Month of October 1956 Docket No. DMEA 2866 Contract No. [illegible]
Operator's Name American Smelting and Refining Company Minerals Pb, Zn, Cu
Address 120 Broadway, New York 5, New York

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting &/or Sinking	Ft.			15,750.00	450	35.00	2,450	35.00
Crosscutting								
Raising	Ft.	2867.00	99	6,695.00	105	39.00	100	39.00
Stope Drift or Winzes Z-Cut Timbering	Ft.						245	6.00
Drilling: Core	Ft.						2,000	4.65
Down Boring	Ft.						250	2.00
Auger Cementing	Ft.						300	2.00
Bronco Drill Co.	Mo.						10	100.00
Trenching								
Test Pits								
Roads and Trails								
Assaying	Mo.	39.00	13	912.00	104	3.00	400	3.00
Total Distributed Costs		2906.00		22,497.00				Total Costs Authorized by Contract
Operating Equipment Purchased								None
Initial Rehabilitation and Repairs								"
New Buildings, Improvements, etc.								"
								"
Total Costs		2906.00		22,497.00				197,120

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

Remarks:

Date October 10, 1956 Operator American Smelting & Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Supt.

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

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

224 New Customhouse
Denver 2, Colorado

October 31, 1956

FINAL DISTRIBUTION
NOV 6 1956
MADE

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company, (Keystone Mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of September, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report - - - - - - - - - - - - - - - October 10, 1956
Date Received in Field Office- - - - - - October 15, 1956
Date Received in Region Office- - - - - October 29, 1956

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E903
Chm. Op. Comm. (2)
Shaw (2)
Harshman w/copy engr's report
Chron.

RECEIVED
OCT 3 1956
D.M.E.A.

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
October 26, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: Edward W. Buel

Subject: DMEA 3866 (Lead-zinc-copper) Contract Idm-8903,
American Smelting and Refining Company (Keystone mine)
Gunnison County, Colorado -- Progress report for September 1956

The operator completed 53 feet of raising during September under the subject contract. An inspection of the Keystone mine on October 23, 1956, verified the work advance.

The operator mined 93 tons of ore subject to Government royalty payments. The grade of the ore was not available.

The project raise has been advanced for a total of 165 feet. A total of 200 feet of raising is allowed under the contract. The raise is timbered for 165 feet.

The face of the 2000 level drift on the Union vein was inspected to determine the location and feasibility of the 2000 feet of drifting and crosscutting allowable under Stage II of the contract. It was decided by the operator and the examining team that drifting under Stage II should be conducted from the face of the 2000 level drift on the Union vein.

The operator reports the analyses for 13 samples taken from the raise during the advance for September. Sample data are shown on the assay and progress map submitted by the operator to accompany his monthly narrative report.

The project work completed during the subject period agrees with the specifications given in the contract. The $2,106.00 total costs reported on the MF-104's for September are approved. Reimbursement to the operator of 50 percent of the approved reported costs or $1,053.00, is recommended.

Edward W. Buel

Edward W. Buel
Mining Engineer

EWB/mr
Idm-8903 Chron cc: 6

AMERICAN SMELTING AND REFINING COMPANY
ROY ROBB UNIT
P.O.BOX 3 GRANTS BOTH, COLO.

October 10, 1956

Mr. W. M. Traver, Executive Officer
U. S. Dept. of Interior
Defense Minerals Exploration Administration
224 New Custom Building
Denver 2, Colorado

Re: Docket DMEA 3866
Contract Ion-b903

Dear Sir:

General Remarks:

Fifty-three (53) feet of timbered advance was made in the Union Drift Raise during September. Ninety-three tons of ore and 129 tons of waste was extracted during this period.

General Geology:

As mentioned in last months letter the raise was being flattened in dip to intersect the 2000 level above. At the point we left the hanging wall of the fissure 18 inches of ore was showing. The raise is being driven entirely in waste since our position on the fissure is between the hanging and foot wall ore veins.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

N.:rac

Encls:

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT - 3 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1956 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting & Refining Company Minerals Zn, Pb, Cu
Address 120 Broadway, New York 5, New York
Contract Amount, $ 107,220. Government Participation: ____% Amount, $ 53,610

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
~~Shaft Raising~~ Drilling	1,248	3,120.00	4,368.00			
~~Bulldozing~~						
~~Crosscutting~~ Drifting &/or X-cutting		15,750.00	15,750.00			
Drift & X-Cut Timber						
(2) ~~Labor and Supervision~~						
~~Labor~~						
~~Supervision~~						
~~Technical Services~~						
(3) ~~Operating Mat'ls and Supplies~~:						
~~Timber~~						
~~Explosives~~						
~~Pipe~~						
~~Tools~~ Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~:						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Initial Rehabilitation and Repairs~~						
(6) ~~New Bldgs., Improvements, etc.~~						
(7) ~~Miscellaneous~~:						
~~Repairs to Equipment~~						
~~Sampling and Analysis~~						
~~Payroll Taxes~~						
~~Liability Insurance~~						
Drill Stations						
Assaying	42.00	231.00	273.00			
(8) ~~Contingencies (specify)~~:						
TOTALS	1,290.00	19,101	20,391.00	1,290.00	19,101.00	20,391.00

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

Date Sept. 10, 1956 *Payee American Smelting and Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 645.00

Signature _____
(Authorized Certifying Officer)

Date 10/3/56 Vou. No. DMA 57-41

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E903 in accordance with the terms of the contract.

Signature R. L. Bolner $645.00 Title Mining Engineer Date SEP 20 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Paver J. Slack Title Executive Officer Date SEP 28 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT - 8 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August, 1956 Docket No. DMEA 3866 Contract No. Idm-E303
Operator's Name American Smelting and Refining Company Minerals Pb, Zn, Cu.
Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting &/or Cutting	Ft.			15,750.00	450	35.00	2,450	35.00
~~Crosscutting~~								
Raising	Ft.	1,248	32	4,368.00	112	39.00	200	39.00
~~Stope Drift or XCut~~								
~~Stope~~ Timbering	Ft.						245	6.00
Drilling: Core	Ft.						2,000	4.60
~~Stope~~ Casing	Ft.						200	2.00
~~Stope~~ Cementing	Ft.						200	2.00
~~Stoping~~ Drill Sta.	Ea.						10	100.00
~~Trenching~~								
~~Test Pits~~								
~~Roads and Trails~~								
Assaying	Ea.	42.00	14	273.00	91	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		1,290.00		20,391.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								None
Initial Rehabilitation and Repairs								"
New Buildings, Improvements, etc.								"
								"
TOTAL COSTS		1,290.00		20,391.00				107,220

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

REMARKS:

Date Sept. 10, 1956 Operator American Smelting & Refining Co., Keystone Unit.
ORIGINAL SIGNED
NOLAN PROBST
Per Title Supt.

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

(Instructions on reverse)

(For Government use only)

R. L. Bolmer

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED
OCT - 5 1956

224 New Customhouse
Denver 2, Colorado

September 28, 1956

FINAL DISTRIBUTION
MADE OCT 5 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3866 (Lead-Zinc-Copper) Contract Idn-E 903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of August, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report----------September 10, 1956
Date Received in Field Office----------September 18, 1956
Date Received in Region Office----------September 27, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E903
Sec. Op. Comm. (2)
Shaw (2)
Harshman } w/copy engr's report
Townsend }
Chron.

DMEA
RECEIVED
OCT - 2 1956
DEPARTMENT OF THE INTERIOR
SEP 27 1956
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
September 26, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea JFS/aak
Supervising Mining Engineer

From: R. L. Bolmer

Subject: DMEA 3866 (Lead-zinc-copper) Contract I4m-1903, American Smelting and Refining Co. (Keystone mine) Gunnison County, Colorado -- Progress report for August 1956

The progress reported this period under the subject short-form contract -- 32 feet of advance in the 21-56-1 Raise on the Union vein -- was verified during an inspection of the Keystone mine on Sept. 12, 1956.

On the date of inspection, the project raise had been advanced to a height of approximately 1[illegible] feet above the back of the 2160 level drift; 112 feet of this distance was timbered. The operator previously has reported and been reimbursed for 80 feet of the latter distance. The 32 feet of timbered raise that the operator reports for the August period, therefore, is valid and proper. The August advance is posted on the plan and section maps that accompany the operator's report.

The advance of the project raise was curtailed somewhat during the reporting period due to an unusually high turnover of the contract labor employed in this heading. The project heading was halted during the period while the operator completed a sublevel crosscut from the raise to locate the true footwall of the Union vein zone. The crosscut was extended 39 feet from the raise and a test hole was drilled some 7 feet beyond that point. A series of reverse-dipping mineralized shears were intersected by the crosscut but neither a major structure nor a definite footwall to the zone was encountered.

The operator reports the analyses for 14 samples taken from along the August advance of the project raise. The locations, chemical analyses, and other data for these new samples have been posted on the assay map that accompanies the operator's report.

During August, 182 tons of exploration ore from the 21-56-1 Raise -- averaging 2.2 oz. Ag, 1.4% Pb, 0.5% Cu, and 2.4% Zn -- was concentrated in the Keystone mill. This production is subject to Government royalty.

The project work completed during the August period conforms to the specifications stipulated in the contract. The $1,290.00 total costs reported on the operator's MF-104 form for this period -- equivalent to 32 feet of timbered raise at the agreed upon unit price of $39.00 per foot plus the analysis of 14 individual samples at $3.00 each -- are approved. Reimbursement to the operator of 50 percent of the approved reported costs, or $645.00, is recommended.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

RLB/mv
cc: 6
Idm-3903
Chron

AMERICAN SMELTING AND REFINING COMPANY
MINING DEPARTMENT

F. V. RICHARD, MANAGER
W. R. LANDWEHR, CHIEF GEOLOGIST
NORMAN WEICO, MILLING ENGINEER

000 PACIFIC NATIONAL LIFE BUILDING
SALT LAKE CITY 1, UTAH

September 15, 1956

RECEIVED
SEP 19 1956
Div. of Mineral Technology
BUREAU OF MINES
Denver Experiment Station
Denver, Colorado

Mr. John F. Shaw
U. S. Bureau of Mines
Room 137, Building 20
Denver Federal Center
Denver, Colorado

DOCKET NO. DMA 3666
COMPANY NO. [illegible]

Dear Sir:

Attached are five copies each of Mr. Probst's letter to Mr. Traver of September 10th, Operator's Unit Cost and Progress Report, Operator's Monthly Report and Voucher, and Progress Maps covering the advance made during the month of August.

The following is the grade of development ore produced:

Tons	Ag	Pb	Cu	Zn
282	2.2	1.4	0.5	2.4

Mr. Probst will send you royalty payments on this production in the near future.

Very truly yours,

F. V. RICHARD

FVR:tm
Encls. Form MF-104 (5)
Form MF-104A (5)
Progress Map (5)
Letter, LHT from NP (5)
cc: N. Probst, no encl.

ATLANTIC REFINING AND SMELTING COMPANY
KEYSTONE UNIT
P.O. BOX J CRESTED BUTTE, COLO.

RECEIVED
OCT - 3 1956

September 10, 1956

Mr. W. M. Traver, Executive Officer
U. S. Dept. of Interior
Defense Minerals Exploration Administration
224 New Custom Bldg.
Denver 2, Colorado

RE: Docket DMEA 3266
Contract Idm-E903

Dear Sir:

General Remarks:

Thirty-two (32) ft. of advance was made in the Union Drift raise during August. In this period 282 tons of ore and 14 tons of waste was extracted.

General Geology:

39 ft. of footwall crosscut (mentioned in the previous letter) did not reveal any major footwall structure. A reverse dipping shear pattern was present thru the entire X-Cut. Mineralization was almost totally absent in the X-Cut.

The raise is being flattened in dip to intersect the ore shown on the level above.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP:rmc

Encls:

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

Budget Bureau No. 42-R1036.5

RECEIVED
SEP 13 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1956 Docket No. DMEA 3866 Contract No. Idm-D903
Operator's Name American Smeltering and Refining Co. Minerals Zinc, Lead, Copper
Address 120 Broadway, New York 5, New York
Contract Amount, $ 107,220. Government Participation: 50% Amount, $ 53,610.

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Short Form Contracts:						
Raising	1,755.00	1,365.00	3,120.00			
Drifting &/or Xcutting		15,750.00	15,750.00			
Drift & Xcut Timbering						
(2)						
(3)						
Drill Hole Casing						
Drill Hole Cementing						
(4)						
(5)						
(6)						
(7)						
Drill Stations						
Assaying	36.00	195.00	231.00			
(8)						
TOTALS	1,791.00	17,310.00	19,101.00	1,791.00	17,310.00	19,101.00

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

Date Aug. 4, 1956 *Payee American Smelting & Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Superintendent

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 895.50

Signature [illegible]
(Authorized Certifying Officer)

Date 9/7/56 Vou. No. DMA 57-30

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 8903 in accordance with the terms of the contract.

Signature R. L. Bolner, $895.50 Title Mining Engineer Date AUG 28 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Weaver Title Executive Officer Date SEP 6 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(*a*) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(*b*) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(*c*) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED SEP 13 1956

Month of July 1956 Docket No. DMEA 3866 Contract No. Idm-E903

Operator's Name American Smelting and Refining Co. Minerals Lead, Zinc, Copper

Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting &/or crosscutting	Ft.			15,750	459	35.00	2,450	35.00
~~Crosscutting~~								
Raising	Ft.	1,755	45	3,120	80	39.00	200	39.00
~~Xcut~~ Drift or Xcut								
~~Xcut~~ Timbering	Ft.						245	6.00
Drilling: Core	Ft.						2,000	4.60
~~Xcut~~ Casing	Ft.						200	2.00
~~Xcut~~ Cementing	Ft.						200	2.00
~~Xcut~~ Drill Sta.	Ea.						10	100.00
~~Trenching~~								
~~Test Pits~~								
~~Roads and Trails~~								
Assaying	Ea.	36.00	12	231	77	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		1,791.00		19,101.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								None
Initial Rehabilitation and Repairs								"
New Buildings, Improvements, etc.								"
								"
TOTAL COSTS		1,791.00		19,101.00				107,220

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

REMARKS:

Date Aug. 4, 1956 Operator American Smelting & Refining Co.

ORIGINAL SIGNED BY
Per NOLAN PROBST Title Supterintendent

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

(Instructions on reverse)

(For Government use only)

R. L. Bolmer

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED SEP 13 1956

224 New Customhouse
Denver 2, Colorado

September 6, 1956

FINAL DISTRIBUTION MADE SEP 11 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3866 (Lead-Zinc-Copper) Contract Idm-E903, The American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of July, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report- - - - - - - - - - - - - - - August 4, 1956
Date Received in Field Office- - - - - - August 23, 1956
Date Received in Region Office- - - - - August 29, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E903
Sec. Op. Comm. (2)
Shaw (2)
Chron.

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 29, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: R. L. Bolmer

Subject: DMEA 3866 (Lead-zinc-copper) Contract Ida-E903, American Smelting and Refining Co. (Keystone mine) Gunnison County, Colorado -- Progress report for July 1956

The progress reported this period under the subject short-form contract -- 45 feet of advance in the 21-56-1 Raise on the Union vein -- was verified during an inspection of the Keystone mine on August 7, 1956.

On the date of inspection, the 21-56-1 Raise had been advanced to a point approximately 90 feet above the back of the 2160 level drift; 80 feet of this distance was timbered. The operator previously has reported and been reimbursed for 35 feet of the latter distance. The 45 feet of timbered raise that the operator reports for the July period, therefore, is valid and proper. The July advance is posted on the plan and section maps that accompany the operator's report.

The project raise was started on a streak of high grade sulfide mineral which was believed to lie along the true footwall of the Union vein zone. In this vicinity, the zone is as much as 40 feet in width. The sulfide streak, as exposed during the July advance of the project raise, steepened considerably and deviated from a straight-line projection to a mineralized section of the vein opened along the 2080 level Union drift (see operator's current progress map and sections). The latter mineralization is known to lie along the true footwall of the zone. The operator has started a short sublevel crosscut into the footwall of the sulfide streak followed by the raise to determine, if possible, its true location within the zone. It is probable also that test holes will be drilled into the hanging wall of the sulfide streak before project raising is continued.

The operator reports the analyses for 12 samples taken from along the July advance of the project raise. The locations, analyses, and other data for these 12 new samples have been posted on the assay map that accompanies the operator's report.

During the month of July, 284 tons of exploration ore from the 21-56-1 Raise -- averaging 2.2% Ag, 2.2% Pb, 0.7% Cu, and 4.4% Zn -- was concentrated in the Keystone mill. This production is subject to Government royalty.

The project work completed during the July period conforms to the specifications stipulated in the contract. The $1,791.00 total costs reported on the operator's MF-104 forms for this period -- equivalent to 45 feet of timbered raise at the agreed upon unit price of $39.00 per foot plus the analysis of 12 individual samples at $3.00 each -- are approved. Reimbursement to the operator of 50 percent of the approved reported costs, or $895.50 is recommended.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

RLB/mr
cc: 6
I&m-8903
Chron

K-7.7

RRB

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P.O. Box J CRESTED BUTTE, COLO.

August 8, 1956

Mr. W. M. Traver, Executive Officer
U. S. Dept. of Interior
Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

RE: Docket DMEA 3866
Contract Idm-E903

Dear Sir:

General Remarks:

Forty-five (45) ft. of advance was made in the Union Drift Raise during July. In this period 284 tons of ore was extracted.

General Geology:

The raise has been driven to follow the best ore, this has gradually steepened the section until it appears we are now on the hangingwall of the fissure. During the last 10 ft. of advance the vein section has pinched to 12 inches.

At the point toward which we are driving on the 2000 Union Vein the ore lies on the footwall of the fissure. A projection between this point and the 2160 Level Union vein shows our present position in the raise to be well in the hanging-wall of the fissure.

A small cross cut is being driven in the footwall in an attempt to locate our position within the fissure.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST
Nolan Probst, Supt.

NP:rmc

Encls.

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

Budget Bureau No. 42-R1036.5

RECEIVED
JUL 19 1956
Mineral Technolog
BUREAU OF MINES
Experiment Statio
Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED
AUG - 6 1956

Month of June, 1956 Docket No. DMEA 3866 Contract No. Tom-E903
Operator's Name American Smelting & Refining Co. Minerals Lead, Zinc, Copper
Address 120 Broadway, New York 5, New York
Contract Amount, $ 107,220. Government Participation: 50 % Amount, $ 53,610.

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
~~Drilling~~						
~~Exploration~~ Raising	1,365.00	-	1,365.00			
~~Crosscutting~~						
Drifting &/or Xcutting		15,750.00	15,750.00			
Drift & Xcut Timber						
(2) ~~Underground Operation~~:						
~~Labor~~						
~~Supervision~~						
~~Technical Services~~						
(3) ~~Operating Materials and Supplies~~:						
~~Timber~~						
~~Explosives~~						
~~Pipe~~						
~~Wire~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~:						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Maintenance and Repair~~						
(6) ~~Non-Ridge Improvements, etc.~~						
(7) ~~Miscellaneous~~:						
~~Rentals to Equipment~~						
~~Supplies and Analysis~~						
~~Power Costs~~						
~~Insurance~~						
Drill Stations						
Assaying	36.00	159.00	195.00			
(8) ~~Contingencies (Specify)~~:						
TOTALS	1,401.00	15,909.00	17,310.00	1,401.00	15,909.00	17,310.00

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

Date July 2, 1956 *Payee American Smelting & Refining Co.

Per Nolan Probst Title Superintendent

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 700 50

Signature [illegible]
(Authorized Certifying Officer)

Date 7/27/56 Vou. No. DMA 57-14

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E903 in accordance with the terms of the contract.

Signature R. L. Palmer, SWN for BFS $700.50 Title Mining Engineer Date JUL 20 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Traver Title Executive Officer Date JUL 26 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form ME-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
AUG - 6 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1956 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting & Refining Co. Minerals Lead, Zinc, Copper
Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting & /or Crosscutting	Ft.			15,750.00	450	35.00	2,450	35.00
~~Crosscutting~~								
Raising	Ft.	1,365.00	35	1,365.00	35	39.00	200	39.00
~~Shafts~~ Drift or Xcut								
~~Winzes~~ Timbering	Ft.						245	6.00
Drilling: Core	Ft.						2,000	4.60
~~Churn~~ Casing	Ft.						200	2.00
~~Auger~~ Comenting	Ft.						200	2.00
~~Stripping~~ Drill Sta.	Ea.						10	100.00
~~Trenching~~								
Test Pits								
Roads and Trails								
~~Assaying~~	Ea.	36.00	12	195.00	65	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		1,401.00		17,310.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								None
Initial Rehabilitation and Repairs								"
New Buildings, Improvements, etc.								"
								"
TOTAL COSTS		1,401.00		17,310.00				107,220.00

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

REMARKS:

Date July 2, 1956 Operator American Smelting & Refining Co.

Per Nolan Probst JR Title Supterintendent

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

(Instructions on reverse)

(For Government use only)

R. L. Bolmer

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED
AUG 6 1956

224 New Customhouse
Denver 2, Colorado

July 26, 1956

FINAL DISTRIBUTION
MADE AUG 2 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3066 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of June, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-208A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report---------- July 2, 1956
Date Received in Field Office---------- July 19, 1956
Date Received in Region Office---------- July 24, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E903
Sec. Op. Comm. (2)
Shaw (2)
Chron.

DMEA
Date Rec'd.
JUL 24 1956
RECEIVED
AUG - 6 1956
BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
July 23, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw Scott W Hagerty for JFS
Supervising Mining Engineer

From: R. L. Bolmer

Subject: DMEA 3866 (Lead-zinc-copper), Contract Idm 8903, American Smelting and Refining Co. (Keystone-mine), Gunnison County, Colorado--Progress report for June 1956

The progress reported this period under the subject short-form contract--35 feet of raising on the Union vein from the 2160 level of the Keystone mine--was verified during an inspection of the property July 9, 1956.

The 21-58-1 project raise was started June 5, 1956 at a point along the 2160 level Union drift approximately 96 feet northwest of the 21-55 W. crosscut. On the date of inspection, the raise had been advanced 49 feet above the rail in the Union drift or 41 feet from the back of that drift. The raise had been timbered to a height of 35 feet above the back of the drift. This latter footage is the amount of raising progress that the operator correctly reports for the June period.

The raise was driven on the true footwall of the Union vein zone. It was excavated to an overall cross section of approximately 5 by 15 feet. The center of the excavated section was supported with 8- by 8-inch cribbing that had been preframed on the surface from creosoted railroad ties. This center compartment was approximately 52 by 42 inches in the clear inside the timber. It was provided with a ladderway, platforms, and a timber slide and served as access for water and compressed air lines. The outside of the cribbing on either end of the manway compartment was tightly covered with 3- by 8-inch lagging. The remainder of the excavated section of the raise to either side of central timbered manway was not otherwise supported and served as waste

pass compartments. Each of these outside compartments was approximately 5 by 5 feet in cross section and was provided with a draw chute at the drift level. Some 325 tons of ore averaging 2.9 oz/ton Ag., 2.7% Pb, 0.5% Cu, and 5.0% Zn, which had been recovered from the 41 feet of raise driven during the June period, was concentrated in the Keystone mill.

Also during the June period, the 2160 level Union drift was advanced an additional 32 feet on the operator's account to a point some 185 feet northwest of the 21-55 W. Crosscut. The initial 135 feet of this drift (to a point 39 feet beyond the raise) was completed under Stage I of the contract. The vein, as exposed along the June advance of the Union drift, continued mineralized over widths ranging from 5 to 7.5 feet. During the month, some 186 tons of ore from this heading averaging 3.0 oz/ton Ag, 1.6% Pb, 0.4% Cu, and 3.3% Zn were concentrated in the Keystone mill.

The analyses of 11 additional samples (4 from the Union drift plus 7 from the 21-38-1 Raise) are posted on the operator's June progress maps bringing the total reported thus far to 92. This period the operator claims reimbursement for 12 analyses bringing the total number claimed thus far to 65.

The project work reported by the operator for the June period was completed according to the specifications stipulated in the contract. The $1,401.00 total costs reported for this period on the operator's MF-104 forms--equivalent to 35 feet of timbered raise at the agreed upon unit price of $39.00 per foot plus 12 chemical analyses at $3.00 each--are approved. Reimbursement to the operator of 50 percent of the approved reported costs, or $700.50, is recommended.

R. L. Balmer

R. L. Balmer
Mining Engineer

RLB:sh

cc: 6
Idm-E903
Chron.

K-7.7

RAB

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

RECEIVED
AUG - 6 1956

July 13, 1956

Mr. L. M. Trover, Executive Officer
U. S. Dept. of Interior
Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

RE: DOCKET UM-A 3866
CONTRACT Km-2903

Dear Sir:

General Remarks:

35 ft. of raise was driven on the Union Vein during June. 325 tons of ore was extracted from the raise during the month. During the same period 186 tons of ore was extracted from the drift which was advanced 32 ft. on our account.

General Geology:

The raise is located 8 ft. north west of survey station 2144. At this point a definite split in the vein was apparent, however, raising was started and has continued on the footwall split. Vein widths have been in excess of 4 ft. with numerous veinlets trending toward the hanging wall split.

Very truly yours,

Nolan Probst, Supt.
By E. E. Pratt

EP:ghf

Encls.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

RECEIVED
JUN 27 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May, 1956 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting & Refining Company Minerals Lead, Zinc, Copper
Address 120 Broadway, New York 5, New York
Contract Amount, $ 107,220. Government Participation: 50 % Amount, $ 53,610.

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing Raising						
Crosscutting & or						
Drifting Crosscutting	4,165.00	11,585.00	15,750.00			
Drift or X Cut Timber						
(2) Labor and Supervision						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Drill hole casing						
Drill hole cementing						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs, Improvements, etc						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Drill Stations						
Assaying	60.00	99.00	159.00			
(8) Contingencies (specify):						
TOTALS	4,225.00	11,684.00	15,909.00	4,225.00	11,684.00	15,909.00

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

Date June 5, 1956 *Payee American Smelting & Refining Co.

Per [signature] Title Superintendent

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 2112.50

Signature [signature]
(Authorized Certifying Officer)

Date 6/22/56 Vou. No. DMA 56-123

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E903 in accordance with the terms of the contract.

Signature R. L. Bolner, $2,112.50 Title Mining Engineer Date JUN 15 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Shaw Title Executive Officer Date JUN 20 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
JUN 27 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May, 1956 Docket No. DMEA 3866 Contract No. Idm-E903

Operator's Name American Smelting & Refining Company Minerals Lead, Zinc, Copper

Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting &/or Crosscutting	Ft.	4,165.00	119	15,750.00	450	35.00	2,450	35.00
~~Crosscutting~~								
Raising	Ft.						200	39.00
~~Shafts~~ Drifts or Cross-								
Winzes cut Timber	Ft.						245	6.00
Drilling: Core	Ft.						2,000	4.60
~~Churn~~ Casing	Ft.						200	2.00
~~Auger~~ Cementing	Ft.						200	2.00
~~Stripping~~ Drill Sta.	Ea.						10	100.00
~~Trenching~~								
~~Test Pits~~								
~~Roads and Trails~~								
Assaying	Ea.	60.00	20	159.00	53	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		4,225.00		15,909.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								None
Initial Rehabilitation and Repairs								"
New Buildings, Improvements, etc.								"
								"
TOTAL COSTS		4,225.00		15,909.00				107,220.00

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

REMARKS:

Date June 5, 1956 Operator American Smelting & Refining Co.

Per [signature] Title Superintendent

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

(Instructions on reverse)

(For Government use only)

[signature]

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED JUNE 21 1956

224 New Customhouse
Denver 2, Colorado

FINAL DISTRIBUTION
JUN 25 1956
MADE

June 20, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3866 (Lead, Zinc and Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone Mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the month of May, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report----------June 5, 1956
Date Received in Field Office---------- June 14, 1956
Date Received in Region Office---------- June 19, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E903
Sec. Op. Comm. (2)
Shaw (2)
Chron.

REGISTRY
JUN 27 1956

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
June 18, 1956

DMEA
Date Rec'd.
JUN 19 1956
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: R. L. Bolmer

Subject: DMEA 3866 (Lead-zinc-copper) Contract Ida-2903, American Smelting and Refining Co. (Keystone mine) Gunnison County, Colorado -- Progress report for May 1956

The progress reported for the May period under the subject short-form contract -- 119 feet of drifting northwesterly along the Union vein on the 2160 level of the Keystone mine -- was verified during an inspection of the property June 5, 1956.

At the close of the April period, the project drift along the Union vein extended 16 feet northwesterly from the 21-55 W. crosscut. On the date of the latest inspection, the breast of this heading had been advanced an additional 149 feet to a point 165 feet northwest of the crosscut. The 119 feet of drifting which the operator reports for the May period, therefore, is valid and proper. This footage completes the 450 feet of combined drifting and crosscutting authorized under Stage I of the contract. The final 30 feet of drifting along the Union vein was non-project work completed at the operator's own expense so as to provide the needed tail room for loading from the authorized Stage I raise on the Union vein. The raise will be started midway along the 2160 level project drift on the Union vein and will make connection with an existing 2000 level Union drift.

A revised summary of the project progress reported to date under Stage I of the contract is given below. Project drifting started February 6, 1956 from the then existing breast of the 2160 level north drift along the Keystone vein at a distance 82.8 feet inby the point designated "Drill Steel" on the operator's current progress map. Project drifting along the Union vein is measured from the north rib of the 21-55 W. crosscut.

Period	2160 N. Dr. on Keystone vein	21-55 W. xc to Union vein	N. Dr. on Union vein	Total reported advance
Feb. 56	78'			78'
Mar. 56	61'	49'		110'
Apr. 56		127'	16'	143'
May 56			119'	119'
Total	139'	176'	135'	450' *

(* Max. footage of combined drifting and crosscutting authorized under Stage I)

The Union vein exposed during this period remained strong and well mineralized. The single, 3- to 5-foot streak of massive sulfide mineralization, which is exposed within the vein zone along the southeastern sections of the project drift, continues for a distance of some 90 feet north of the 21-55 W. crosscut at which point it splits into narrower foot and hanging wall branches separated by a 4- to 6-foot horse of weakly mineralized sandstone. Only part of the hanging wall split is exposed within the northern limits of drift. The two branches of mineral apparently had begun to consolidate near the breast of the heading.

A total of 26 channel samples have been taken from along the mineralized portion of the Union vein zone as exposed to date on the 2160 level. The locations and analyses of these samples are posted on the operator's progress map. An unweighted average of the widths and analyses of these samples is given below.

Width	Grade			
4.8 feet	4.5 oz./ton Ag	4.8% Pb	1.0% Cu	7.0% Zn

The exploration ore, which was recovered from the 2160 Level project headings on the Keystone and Union veins, is summarized below. This ore, which is subject to the Government's percentage royalty, was commingled and concentrated with the company's total production from the other sections of the mine.

Period	Weight* (tons)	Average Grade ** oz/ton Ag	%Pb	%Cu	%Zn
Feb. 56	256	3.5	0.4	0.5	2.5
Mar. 56	194	1.1	0.7	0.2	1.6
Apr. 56	100	2.2	1.4	0.3	2.7
May 56	779	3.4	3.3	0.8	5.1

* Based on adjusted car factor

** Based on corrected grab sample assays

A preliminary metallurgical balance for the total tonnage of crude ore milled at the Keystone operations during the period May 1-31, 1956 is listed below. The 6,535 tons of crude ore concentrated during this period was derived from all the operating sections of the mine. It includes the 779 tons of exploration ore recovered during the period from the project drift on the Union vein.

Product	Dry Tons	Assay				% Recovery			
		Oz./ton Ag	%Pb	%Cu	%Zn	Ag	Pb	Cu	Zn
Heads	6535.0	5.50	2.85	0.87	5.48	100.0	100.0	100.0	100.0
Pb Concet.	379.8	79.62	35.30	11.26	6.87	84.2	91.2	74.9	7.3
Zn Concet.	608.7	3.32	0.22	1.04	51.27	5.6	0.9	11.1	87.2
Tails	5546.5	0.66	0.21	0.14	0.36	10.2	7.9	14.0	5.5

The project work reported by the operator for the May period was completed according to the specifications stipulated in the contract. The $4,225.00 total costs reported for this period on the operator's MF-104 forms -- equivalent to 119 feet of drifting at the agreed upon unit price of $35.00 per foot plus 20 assays at $3.00 each -- are approved. Reimbursement to the operator of 50 percent of the reported approved costs, or $2,112.50, is recommended.

R. L. Bolmer
Mining Engineer

RLB/mv
cc: 6
Idm-8903
Chron

K-7.7

AMERICAN SMELTING AND REFINING COMPANY
WESTERN MINING DEPARTMENT

F. V. RICHARD, MANAGER
W. R. LANDWEHR, CHIEF GEOLOGIST
NORMAN WEISS, MILLING ENGINEER

June 12, 1956

600 PACIFIC NATIONAL LIFE BUILDING
SALT LAKE CITY 1, UTAH

RECEIVED
JUN 14 1956
Div. of Mineral Technology
BUREAU OF MINES
Denver Experiment Station
Denver, Colorado

Mr. John F. Shaw
U. S. Bureau of Mines
Room 137, Building 20
Denver Federal Center
Denver, Colorado

DOCKET NO. DMEA 3866
CONTRACT NO. Idm-E903

Dear Sir:

Attached are five copies each of Mr. Probst's letter to Mr. Traver of June 9th, Operator's Unit Cost and Progress Report, Operator's Monthly Report and Voucher, and Progress Maps covering the 2160 level development on the Union vein at the Keystone Mine for the month of May.

The following is the grade of the development ore produced for the month:

Tons	Ag, oz.	Pb, %	Cu, %	Zn, %
779	3.4	3.3	0.8	5.1

Royalty payments on development ore production to date under this contract will be made shortly by separate letter.

Very truly yours,

F. V. Richard

F. V. RICHARD

FVR:bm
Encls. Form MF-104 (5)
" MF-104A (5)
Progress Map (5)
Letter, WMT from NP (5)
cc: N. Probst, no encls.

K-7.7

R.L.B.

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

June 9, 1956

RECEIVED
JUN 27 1956

Mr. W. M. Traver, Executive Officer
U. S. Dept. of Interior
Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

RE: DOCKET DMEA 3866
CONTRACT Idm-E903

Dear Sir:

General Remarks:

119 ft. of drifting along the Union Vein was done during the month of May. This brings the total drifting and crosscutting to 450 ft., thereby completing the Stage I drifting. The 779 tons of rock taken from the drift during the month was sent to the mill as ore.

General Geology:

The vein generally became softer with a change of wall rock from shale to sandstone. During the last 50 ft. of drifting a horse of sandstone waste split the vein. In the split zone the hangingwall segment of the vein is near vertical in dip. The footwall portion of the vein retained its normal dip. In the present drift face the vein has consolidated.

Vein width has averaged about 4½ ft.

Very truly yours,

Nolan Probst

Nolan Probst, Supt.

NP:ghf

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUN 11 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of April, 1956 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting & Refining Co. Minerals Lead, Zinc, Copper
Address 120 Broadway, New York 5, New York
Contract Amount, $107,220. Government Participation: 50 % Amount, $53,610.

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling						
~~Bulldozing~~ Raising						
~~Crosscutting~~						
Drifting & Crosscutting						
Drift or X Cut Timber	5,005.00	6,580.00	11,585.00			
(2) ~~Independent Supervisors~~						
~~Labor~~						
~~Supervision~~						
~~Professional Services~~						
(3) ~~Operating Materials and Supplies~~:						
~~Timber~~						
~~Explosives~~						
~~Pipe~~						
~~Steel~~						
Drill Hole Casing						
Drill Hole Cementing						
(4) ~~Operating Equipment~~:						
~~Rental~~						
~~Purchase~~						
~~Depreciation~~						
(5) ~~Mine Rehabilitation and Repairs~~						
(6) ~~New Bldgs., Improvements, etc.~~						
(7) ~~Miscellaneous~~:						
~~Repairs to Equipment~~						
~~Sampling and Analysis~~						
~~Payroll Taxes~~						
~~Liability Insurance~~						
Drill Stations						
Assaying	18.00	81.00	99.00			
(8) Contingencies (specify):						
TOTALS	5,023.00	6,661.00	11,684.00	5,023.00	6,661.00	11,684.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date May 5, 1956 *Payee American Smelting & Refining Co.
Per [signature] Title Supt.

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$2511.50

Signature [signature]
(Authorized Certifying Officer)

Date 6-7-56 Vou. No DMA-56-118
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 6903 in accordance with the terms of the contract.

Signature W. P. Palmer $2541.50 Title Mining Engineer Date MAY 31 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Laney Title Executive Officer Date JUN 5 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
JUN 11 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April, 1956 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting & Refining Co. Minerals Lead, Zinc, Copper
Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting and/or Crosscutting	ft.	5,005.00	143	11,585.00	331	35.00	2,450	35.00
~~Crosscutting~~								
Raising	ft.						200	39.00
~~Shaft~~ Drift or cross-cut Timber								
Winzes	Ft.						245	6.00
Drilling: Core	Ft.						2,000	4.60
~~Churn~~ Casing	Ft.						200	2.00
~~Auger~~ Cementing	Ft.						200	2.00
~~Stoping~~ Drill Sta.	Ea.						10	100.00
~~Trenching~~								
~~Test Pits~~								
~~Roads and Trails~~								
Assaying	Ea.	18.00	6	99.00	33	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		5,023.00		11,684.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								None
Initial Rehabilitation and Repairs								"
New Buildings, Improvements, etc.								"
								"
TOTAL COSTS		5,023.00		11,684.00				107,220.00

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

Date May 5, 1956 Operator American Smelting & Refining Co.

Per Nolan Bowles Title Supt.

REMARKS:

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

(Instructions on reverse)

(For Government use only)

R. L. Bolmer

INSTRUCTIONS

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

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

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

GPO 872894

Dma 56-118

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

FINAL DISPOSITION
JUN 7 1956
MADE

June 5, 1956

RECEIVED
JUN 1 2 1956

RMA Rev Customhouse
Denver 2, Colorado

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3866 (Lead-Zinc-Copper) Contract 14m-2903
American Smelting and Refining Company (Keystone Mine)
Gunnison County, Colorado--Operator's Monthly Progress
Report, for the month of April, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

REMARKS

Date of Report---------- May 5, 1956
Date Received in Field Office----------May 28, 1956
Date Received in Region Office----------June 5, 1956

W. M. TRAVER

W. M. Traver

Enclosures

JRG:ab

cc: MF-104 file 3903
Sec. Op. Comm. (2)
Shaw (2)

Shrem.

DMEA
Date Rec'd.

JUN 5 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
June 1, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: R. L. Bolmer

Subject: DMEA 3866 (Lead-zinc-copper) Contract Idm-2903, American Smelting and Refining Co. (Keystone mine) Gunnison County, Colorado -- Progress report for April 1956

The progress reported for the April period under the subject short-form contract -- 143 feet of combined crosscutting and drifting on the 2160 level of the Keystone mine -- was verified during an inspection of the property May 8, 1956.

During the period, the 2160-55 W. crosscut was advanced 125 feet on a course of S.70°W. to and somewhat beyond its intersection with the Union vein. A drift started northwesterly along this vein had been advanced 18 feet from the crosscut by the end of the period.

The 2160-55 W. crosscut was driven in sandstone to Sta. 2141 + 90'. The final 59 feet of the heading was in black shale. Both the sandstone and shale are members of the Mesa Verde formation. The crosscut intersected the true footwall of the Union vein zone in the vicinity of Sta. 2142. The footwall portion of the zone contained a series of narrow veinlets each containing from 2 to 5 inches of massive sulfides in a gangue of vuggy quartz. A wider, highly mineralized section of the zone was crosscut between Sta. 2142 + 18' and + 23'. It apparently forms the true hanging wall of the zone in this area. Although the crosscut was continued some 26 feet further into the hanging wall, it encountered no additional mineralization.

The bedding adjacent to the Union vein strikes S. 65° W. (about parallel to the crosscut and dips 15° to 18° NE. The highly mineralized hangwall section of the Union structure strikes N. 55° - 60° W. and dips 58° to 64° SW. This section contains fairly massive patches of lead, zinc, copper and iron sulfides and bands of rhodochrosite. The gangue is similar to the black shale wall rock but contains numerous quartz veinlets. Post-mineral shearing along the structure has formed considerable clay gouge.

On the date of inspection the Union drift has been advanced to a point 30 feet beyond the ℄ of the crosscut. At this distance the mineralized streak had narrowed to about ½ feet. Its sulfide content, however, appeared more massive. Lower grade mineralization extended for some distance into both walls. A check sample, RLB-139, taken across 3.2 feet of the main mineral streak exposed in the breast of the drift assayed 11.0 oz. Ag, 4.9% Pb, 9.2% Zn, and 2.8% Cu.

The project progress reported to date under Stage I of the exploration contract is summarized below. Project drifting started February 6, 1956 from the then existing breast of the 2160 drift N. on the Keystone vein at a point 82.8 feet inby the point designated "Drill Steel" on the operator's current progress map.

Period	Drifting along Keystone vein	Crosscutting to Union vein	Drifting along Union vein	Total reported advance
Feb. 1956	78'			78'
March 1956	66'	44'		110'
April 1956		125'	18'	143'
Totals	144'	169'	18'	331'

A metallurgical summary of the company's milling operations for the period April 1-30, 1956 is given below. The 5,308 tons of crude ore that was milled during this period was derived from all operating sections of the Keystone mine. It includes 100 tons of development ore averaging 2.8 oz. Ag, 1.4% Pb, 2.7% Zn, and 0.3% Cu which were recovered from the project headings on the Union vein and which are subject to Government royalty.

Product	Dry Tons	ASSAYS Ag-oz.	Pb%	Cu%	Zn%	METAL CONTENTS Ag-oz.	Pb-Tons	Cu-Tons	Zn-Tons	RECOVERIES - Per Cent Ag	Pb	Cu	Zn
Heads	5308.0800	7.27	2.34	1.15	5.81	38591	124.1348	60.8284	308.2973	100.00	100.00	100.00	100.00
Pb Concs.	323.6218	98.15	35.27	13.65	4.99	31765	114.1304	44.1665	16.1468	82.3	91.9	72.6	5.2
Zn Concs.	522.3870	4.33	.25	1.24	50.16	2264	1.3296	6.4638	262.0406	5.9	1.1	10.6	85.0
Tails	4461.9912	1.02	.19	.23	.67	4562	8.6748	10.1981	30.1099	11.8	7.0	16.8	9.8

The project work reported by the operator for the April period conforms with the provisions of the contract. The $5,023.00, total costs, reported for this period on the operator's MF-104 forms -- equivalent to the completed 143 feet of combined drifting and crosscutting at the agreed upon unit price of $35.00 per foot plus 6 assays at $1.00 each -- are approved. Reimbursement to the operator of 50 percent of the approved reported costs, or $2,511.50, is recommended.

This period, the operator reports and claims reimbursement for a total of 6 assays on its MF-104 forms; however, the location and analyses of only 2 new samples have been posted on the current progress map. During the last inspection, a number of additional new samples and assays from the project headings had been posted on the mine maps. The failure to post this data on the project progress maps probably was due to the recent changes in engineering personnel at the mine and will be called to the operator's attention. To date, the operator actually has reported the analyses of 56 samples taken from along project headings but has claimed reimbursement for only 33.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

RLB/mr
cc: 6
I&m-5903
Chron

AMERICAN SMELTING AND REFINING COMPANY
KEY TOWN UNIT
P. O. BOX J CRESTED BUTTE, COLO.

May 8, 1956

RECEIVED
JUN 1 1 1956

Mr. W. B. Traver, Executive Officer
U.S. Dept. of Interior
Defense Minerals Exploration Administeration
224 New Custom House
Denver 2, Colorado

RE: DOCKET DMSA 3666
SUBDOCKET Idm-6303

Dear Sir:

General Remarks:

143 ft. of drifting and crosscutting was done during the month of April. The Union vein was cut at a distance 120 ft. normal to the Keystone vein. 100 tons was sent to the mill as ore with 479 tons discarded as waste.

General Geology:

Vein width averages 3 to 4 ft. wide. Bearing and dip corresponds closely with the Union vein exposed on the level above. Numerous vertical and near vertical veinlets were cut in the 15 ft. preceeding the exposure of the Union vein.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP:ghf

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1956 Docket No. DMEA 3866 Contract No. Idm-E903
Operator's Name American Smelting & Refining Company Minerals Lead, Zinc, Copper
Address 120 Broadway, New York 5, New York
Contract Amount, $107,220 Government Participation: 50 % Amount, $53,610

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) [redacted] Short Form } Contracts:						
Drilling						
[redacted] Raising						
[redacted]						
Drifting &/or Crosscutting						
Drift or crosscut timber	3850.00	2730.00	6580.00			
(2) [redacted]						
[redacted]						
[redacted]						
[redacted]						
(3) [redacted]						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
Drill Hole Casing						
Drill Hole Cementing						
(4) [redacted]:						
[redacted]						
[redacted]						
[redacted]						
(5) [redacted]						
(6) [redacted]						
(7) [redacted]:						
[redacted]						
[redacted]						
[redacted]						
[redacted]						
Drilling Stations						
Assaying	36.00	45.00	81.00			
(8) [redacted]:						
TOTALS	3886.00	2775.00	6661.00	3886.00	2775.00	6661.00

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

Date April 4, 1956 Payee American Smelting & Refining Co.

Per Nolan Probst Title Superintendent

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

RECEIVED APR 30 1956

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1943.00

Signature [signature]
(Authorized Certifying Officer)

Date 4/26/56 Vou. No. Dma 56-102

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMA-E903 in accordance with the terms of the contract.

Signature R. L. Palmer, $1,943.00 Title Mining Engineer Date APR 19 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Lacy Title Executive Officer Date APR 25 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word; such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March, 1956 Docket No. DMEA 3066 Contract No. Idm-5903
Operator's Name American Smelting & Refining Company Minerals Lead, Zinc, Copper
Address 120 Broadway, New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting and/or Crosscutting	Ft.	3050.00	110	6580.00	188	35.00	2,450	35.00
~~Crosscutting~~								
Raising	Ft.						200	39.00
~~Shaft Drift or Cross-~~								
~~Wings Cut Timbering~~	Ft.						245	6.00
Drilling: Core	Ft.						2,000	4.60
~~Churn Casing~~	Ft.						200	2.00
~~Auger Cementing~~	Ft.						200	2.00
~~Stripping Drill Sta~~	Ea.						10	100.00
~~Trenching~~								
~~Test Pits~~								
~~Roads and Trails~~								
Assaying	Ea.	36.00	12	81.00	27	3.00	400	3.00
TOTAL DISTRIBUTED COSTS		3886.00		6661.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								None
Initial Rehabilitation and Repairs								"
New Buildings, Improvements, etc.								"
TOTAL COSTS		3886.00		6661.00				107,220.00

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

REMARKS:

Date April 4, 1956 Operator American Smelting & Refining Co.

Per Nolan Probst Title Superintendent

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

(Instructions on reverse)

(For Government use only)

RECEIVED
APR 30 1956

R. L. Bolmer

INSTRUCTIONS

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

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

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

GPO 872894

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

ADMINISTRATIVE OFFICE REGION III
BUREAU OF MINES
DENVER, COLORADO

April 25, 1956

224 New Customhouse
Denver 2, Colorado

FINAL DISTRIBUTION

MADE APR 26 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone Mine) Gunnison County, Colorado - Operator's Monthly Progress Report for the period March 1956.

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

REMARKS

Date of Report	April 4, 1956
Date Received in Field Office	April 18, 1956
Date Received in Region Office	April 20, 1956

W. M. TRAVER,

W. M. Traver

WMC:ab
cc: MF-104 File E903
Sec. Op. Comm. (2)
Shaw (2)
Chron.

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APR 30 1956

DMEA
Date Rec'd

APR 20 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
April 19, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea
Supervising Mining Engineer

From: R. L. Rainey

Subject: DMEA 5666 (Lead-Zinc-Copper), Contract 14n-2903, American Smelting and Refining Co. (Keystone mine), Gunnison County, Colorado -- Progress report for March 1956

The progress reported for the March period under the subject short-term contract -- 110 feet of combined drifting and crosscutting on the 2460 level of the Keystone mine -- was verified during an inspection of the property April 9-10, 1956.

On the date of inspection, the 2460 adit level of the Keystone mine had been extended a total of 254 feet from its existing breast at the start of project operations. The initial 136 feet of this advance was on a drift (2460 S. Dr.) along the Keystone vein; the remainder was on a crosscut (2460-33 W. XC) directed toward the Union vein. A total of 188 feet of the above advance was completed through March 31, 1956, 78 feet of which has been reported previously (Feb. 1956) for reimbursement by the operator. The 110 feet of advance that the operator is reporting for the March period, therefore, is valid and proper.

The only other project work reported for reimbursement this period is the analysis of 12 samples taken from along the northwesterly exposures of the Keystone vein. Actually 19 individual samples were taken from 9 locations along the March advance of the project heading. These were assayed for silver, lead, copper, and zinc. The sample data and assay results are posted on the progress map that accompanies the operator's March report.

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APR 30 1956

The Keystone vein weakened and its mineral content decreased along the northwesterly extension of the project drift. The operator's request to start the authorized crosscut to the Union vein earlier than stipulated in the contract was approved by the Mine Field Team. The Union crosscut was turned from the Keystone drift in the vicinity of Survey Stn. SL-40 (see March progress map). At this point the main mineralized stringer within the structure had narrowed to a width of about 6 inches. It was composed chiefly of quartz and contained minor amounts of sulfides. The turn-off for the Union crosscut exposed a number of parallel shears west of the main sulfide stringer which probably represent the true hanging wall of the Keystone structure. These parallel shears were narrow and vuggy. Two of them contained a few inches of massive sulfides and, on the date of inspection, were still making appreciable amounts of water. The Union crosscut is being driven on a course of S. 75° W. The Union vein zone, as exposed directly above this section on the 3000 level of the mine, ranges up to 40 feet in width. The operator was advised to extend the SL40-55 W. crosscut through the full width of zone to the true hanging wall of the structure. The project heading then would be continued northwesterly as a drift along the most promising exposure within the zone.

The operator reports that 194 tons of rock broken during the March advance of the SL40 E. Dr. was milled as development ore and that 177 tons was discarded as waste. All of the 116 tons of rock crosscut in the SL40-55 W. crosscut during March was discarded as waste. The development ore that was sent to the mill contained an adjusted metal content of 222.3 oz. silver, 1.446 tons lead, 0.341 tons copper, and 3.193 tons zinc. The adjusted average grade of this material was 1.1 oz./ton Ag, 0.7% Pb, 0.2% Cu, and 1.6% Zn. The metal content of the development ore, after corrections to reflect the operator's average mill recovery for the March period, will be subject to Government royalty.

The $3,825.00 total costs reported for the period on the operator's MF-104 forms -- equivalent to the completed 110 feet of combined drifting and crosscutting at the agreed upon unit price of $35.00 per foot plus 12 manups at $3.00 each -- are approved. Reimbursement to the operator of 45 percent of the approved reported costs, or $1,943.00, is recommended.
SO

R. L. Bohner

R. L. Bohner
Mining Engineer

RLB/mr
cc: 6
Idaho-Bunker
Chron

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

April 9, 1956

Mr. John F. Shaw
U. S. Bureau of Mines
Room 137, Building 20
Denver Federal Center
Denver, Colorado

DOCKET NO. DMEA 3866
CONTRACT NO. Idm-E903

Dear Sir:

Attached find five copies each of Form MF-104A, Operator's Unit Cost and Progress Report; Form MF-104, Operator's Monthly Report and Voucher, and Progress Maps.

General Remarks:

During the month, 59 feet of drifting was done on the Keystone Vein and 51 feet of crosscutting toward the Union Vein.

From this drifting, 194 tons was sent to the mill as ore and 177 tons discarded as waste.

General Geology:

There was a gradual weakening of the Keystone Vein with continued drifting. At the point where crosscutting toward the union vein commenced, the Keystone Vein had narrowed to 8 inches which was predominately quartz with little sulfides present. The sandstone beds adjacent to the vein at this point were tight and quite hard.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP:ghf

Encls.

RBB

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

Budget Bureau No. 42-R1036.5

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APR 12 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of _____, 195_ Docket No. DMEA _____ Contract No. _____
Operator's Name _____ Minerals _____
Address _____
Contract Amount, $_____ Government Participation: ___% Amount, $_____

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS				2775.00	—	2775.00

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

Date 3/7/56 *Payee _____

Per _____ Title _____

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$1387.50

Signature _____
(Authorized Certifying Officer)

Date 4/10/56 Vou. No. DMEA 56-91

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E903 in accordance with the terms of the contract.

Signature R. Bolmer, $1,387.50 Title Mining Engineer Date MAR 20 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Lamm Title Amc Executive Officer Date APR 5 1956

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
APR 12 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February 1956 Docket No. DMEA 3866 Contract No. Idm-E903

Operator's Name American Smelting & Refining Co. Minerals Lead, Zinc, Copper

Address 120 Broadway New York 5, New York

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting and/or crosscutting	Feet	2730.00	78	2730.00	78	35.00	2,450	$ 35.00
~~Crosscutting~~								
Raising	Feet						200	39.00
~~Drift or cross-~~								
~~cut~~ timbering	Feet						2,245	6.00
Drilling: Core	Feet						2,000	4.60
~~Casing~~	Feet						200	2.00
~~Cementing~~	Feet						200	2.00
~~Drill~~ stas.	Each						10	100.00
~~Trenching~~								
~~Test Pits~~								
~~Exploration~~								
Assaying	Each	45.00	15	45.00	15	* 0.577	400	3.00
TOTAL DISTRIBUTED COSTS		2775.00		2775.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								None
Initial Rehabilitation and Repairs								"
New Buildings, Improvements, etc.								"
TOTAL COSTS		2775.00		2775.00				$107,220.00

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

Date 3/7/56 Operator American Smelting & Refining Co.

Per [signature] Title [signature]

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

REMARKS:

(Instructions on reverse)

(For Government use only)

* ? should be $3.00

R. L. Bolmer

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED
APR 12 1956

FINAL DISTRIBUTION
MADE APR 10 1956

224 New Customhouse
Denver 2, Colorado

April 5, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone Mine) Gunnison County, Colorado - Operator's Monthly Progress Report, for the period February, 1956

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

Work has been accomplished as authorized in the contract and payment is recommended for 50 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

The $2,775.00 total costs reported for the period on the Operator's MF-104 forms - equivalent to the completed 78 feet of drifting at the agreed unit price of $35.00 per foot plus 15 assays at $3.00 each are approved. Reimbursement to the Operator of 50 percent of the approved reported costs, or $1,387.50.

Remarks

Date of Report----------March 7, 1956
Date Received in Field Office---------- March 19, 1956
Date Received in Region Office---------- March 23, 1956

W. M. TRAVER

W. M. Traver

Enclosures
HMC:jy
cc: MF-104 File E903
Sec. Op. Comm. (2)
Shaw (2)
Chron.

DMEA
Date Rec'd.

MAR 23 1956

BUREAU OF MINES
Denver, Colorado
Building 20
Denver Federal Center
Denver 2, Colorado
March 21, 1956

REGION III

Memorandum

To: Executive Officer, DMEA Field Team, Region III

RECEIVED
APR 1 1956

Through: John F. Shaw
Supervising Mining Engineer

From: R. L. Bolner

Subject: DMEA 3866, Contract Idm-4903 (Lead-zinc-copper), American Smelting and Refining Co. (Keystone mine), Gunnison County, Colorado - Progress report for February, 1956

The initial progress under the subject short-form contract was inspected on March 13, 1956. The inspection was made with Nolan Probst, superintendent of the Keystone Unit, and R. K. Kilpatrick, a staff geologist for the company.

The authorized starting point for Stage I exploration was the existing northwesterly breast of the 2160 adit level of the Keystone mine. A reference point (80d spike driven in final drift set) had been established at a point 82.8 feet outby this breast during an earlier inspection of the mine on January 19, 1956. Previous stope preparation work had left considerable debris in certain sections along the northwestern end of the level. It was necessary to clean up and rehabilitate these sections before the authorized extension of the level could commence. The necessary preparation work was started January 24, 1956. This date is considered the start of project operations. All of the preparatory work was performed at the operator's expense. In addition to rehabilitating the northwestern end of the level, the operator extended electrical power to this section of the mine and established a new transformer station. An electric fan was installed and ventilation pipe was extended to near the existing breast. The necessary preparation was completed and the authorized project drifting was started on February 6, 1956.

The progress reported by the operator for the February period - the northwesterly extension of the 2160 level for a distance of 78 feet as a drift along the Keystone vein - was verified during the latest inspection. On that date, the heading had been advanced a total of 113 feet. No timber support had been required within this distance. The advance during the month of February is indicated correctly on the MF-104 forms and on the other data comprising the operator's progress report for that period. The conditions

encountered during the period are described adequately in the operator's narrative. All of project work during the period was performed according to the specifications stipulated in the contract.

The only other work reported for reimbursement this period is the assaying of 15 channel samples taken along the project heading. Actually 34 individual samples were taken and assayed from 14 locations along the first 76 feet of the project drift. The general procedure was to sample the newly exposed breast of the heading after each succeeding round. The central or more highly mineralized zone within the exposed Keystone structure was sampled separately. The hanging and/or footwall of this central zone, when exposed in the drift, also were sampled individually. The 14 sample locations are indicated on the map that accompanies the operator's progress report. The 34 samples each were assayed for silver, lead, copper, and zinc. The assay results are posted on the operator's map. These results indicate that the mineralized zone within the structure ranged in width from 1.0 to 6.1 feet and averaged about 2.5 feet. At no point along the first 76 feet of the project drift did the mineralization approach ore grade.

The contract does not authorize the assaying of any samples under Stage I but does allow 400 assays under Stage II. The 650 feet of combined drifting, crosscutting, and raising to be performed under the first stage ordinarily would require the same proportionate amount of sampling and assaying as would the 2000 feet of combined drifting and crosscutting and the 2000 feet of core drilling allotted to the second stage. This inequity has been called to the attention of the Field Team who has agreed to allocate a proportionate number of the authorized assays to the Stage I work. The 15 assays reported for reimbursement this period are accepted contingent to such allocation by the Field Team.

In the first few rounds of the project heading, the Keystone vein continued on a northwesterly course toward its projected intersection with the Union vein. Beyond this point, however, it turned and followed a more northerly course. The final 100 feet of the vein exposed on the date of inspection strikes N. 40° W., a course essentially parallel to the 2000 level drifts on both the Keystone and Union veins directly above this location. It is unlikely that the two veins ever would junction on such a course and, in no event, within the 350-feet estimate stipulated in the contract. Recent reports indicate that the Keystone vein exposed in the project heading subsequent to the date of inspection has started to weaken as it did directly above this location on the 2000 level. The operator requested and was granted permission to start the authorized alternate crosscut to the Union vein from the present advance of about 140 feet in the project drift instead of from the 350-feet distance stipulated in the contract.

A total of 322 tons of rock were broken in the first 76 feet of the project heading; 256 tons of this material was milled as development "ore" and 66 tons was discarded as waste. A sample is taken of each car of rock removed from the heading. The total metal content in the heading

material is computed monthly on the basis of these car samples and an established car factor. This metal content is adjusted monthly so as to conform with the total input to the mill for the month from all sources in the mine as determined by mechanical sampling and weighing of the mill feed. The average mill recovery for the various metals also is computed each month. The Government's royalty will be based on the adjusted metal content in the material milled from the project heading, the average mill recoveries, and the average prices received for the various metals from the smelter. Generally there is considerable delay in the receipt of the smelter settlements. The royalty due on the concentrates recovered from the project heading will be computed and paid when all of the necessary data are available.

The $2,775.00 total costs reported for the period on the operator's MY-104 forms - equivalent to the completed 78 feet of drifting at the agreed unit price of $35.00 per foot plus 15 assays at $3.00 each - are approved. Reimbursement to the operator of 50 percent of the approved reported costs, or $1,387.50, is recommended.

R. L. Balmer

R. L. Balmer
Mining Engineer

RLB/mw
cc 6
IAm-2903
Chron

This completes our
[illegible] on Tiaraco
[illegible]

5-7.7
RKB

AMERICAN SMELTING AND REFINING COMPANY
ASARCO UNIT
P. O. BOX 8 CRIPPLE CREEK, COLO.

March 24, 1956

RECEIVED
APR 12 1956

Mr. John F. Shaw
U. S. Bureau of Mines
Room 137, Building 20
Denver Federal Center
Denver, Colorado

MINE NO. DMA 3866
OPERATOR NO. 1SM-1903

Dear Sir:

Attached you will find 5 copies of the Operators Unit Cost and Progress Report and 5 copies of the Operator's Monthly Report and Voucher. Under separate cover from our Salt Lake Office, you will receive in a few days, 5 copies of the progress map with assays.

General Remarks:

Advance of the 2160 level drift face on the Keystone Vein commenced February 6, 1956, at which date preliminary preparations were completed. Eighteen (18) feet of advance was made up to and inclusive of February 15, on which date a regular crew was assigned to the drift and a total of 76 ft. of advance was made for the month. A total of 322 tons of rock was hauled from this heading of which 256 tons was sent to the mill as development ore and 66 tons discarded as waste.

Sampling Procedure and Sampling Procedure:

The face is cut sampled each round with separate cuts being made of the vein material and waste across the drift width. A composite grab sample is taken of each drift round by grab sampling each car. These samples are brought to the surface and assayed daily. A daily record is made of the car count from the face.

In keeping with general practice throughout the mine estimated car weights are adjusted to actual mill weightometer weights at the end of each month. All weights reported will be corrected weights. Likewise, the metal content of all mine grab samples are adjusted to actual metal content indicated by sample of mill heads by assigning factors each month to grab sample assays of each metal. All grab sample assays reported will therefore be corrected assays.

General Geology - Keystone Vein 2160 Level

At the outset of drifting it appeared the Keystone Vein was trending toward the Union Vein, however, after two rounds of advance, it assumed its regular attitude. Mineralization has been sparse and composed almost entirely

of small veinlets of pyrite with scattered sulfides of Zn, Pb and Cu. The vein has been essentially tight with the wall rock firm and little gouge showing. Sympathetic veinlets of quartz and sulfides enter and leave the drift in several instances with definite pattern. Wall rock is predominatoly sandstone with minor intercalations of shale.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP:jhf

Encls.

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

CERTIFICATION BY THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

To: Mr. Adin A. Brown, Vice President
American Smelting and Refining Company
Mining Department
120 Broadway
New York 5, New York

Pursuant to the provisions of Exploration Project Contract No. Idm-8903, dated December 5, 1955, Docket No. DMEA-3866, hereinafter called the "contract", between the American Smelting and Refining Company, a corporation, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Drifting westerly along the Union Extension vein on the 2160 level, and the 2000 level and also raising from the 2160 to the 2000 level has proved the existence of lead-zinc-copper ores with silver content. Such ores occur in steeply dipping fissure veins that cut thick-bedded sandstone and shale of the Cretaceous Mesa Verde formation.

Date DEC 2 4 1959

WPKlugesheid/er 4/22/59
Copy to: Docket
Mr. C. A. Freddll, Dir. TEP,DMS
Mr. Lamb, UCBM
Mr. Aillsgaard, USGS
Dir Read File
Op. Committee
Cont. Adm. & Audit Div.
Finance Office
Region III (2)
Mr. Johnson
Mr. Grimwold
Chron.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Director, Office of
Minerals Exploration

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

APR 27 1959

Mr. Adin A. Brown, Vice President
American Smelting and Refining Company
120 Broadway
New York 5, New York

Re: Docket No. DMA-3866 (Lead-Zinc)
American Smelting and Refining Company
Keystone (Union Extension) Mine
Gunnison County, Colorado
Contract No. Idm-E903

Dear Mr. Brown:

Transmitted herewith is a certification of discovery or development related to Exploration Project Contract No. Idm-E903, dated December 5, 1955, on the lands described in the contract.

By the terms of the Exploration Project Contract and of the certification, all minerals mined or produced from December 5, 1955, to December 5, 1968, are subject to the Government's percentage royalty as set forth in the contract, until the sum of $39,722.50, which the Government has advanced as its participating interest is repaid.

You should continue to make royalty payments, as in the past, to Executive Officer, OME Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado. The payments should be accompanied, as has been customary, by suitable evidence covering the liquidations of the various products.

You are requested to notify the Executive Officer of any change in ownership or production rights that may have any effect on the Government's right to its percentage royalty. Your attention is especially called to Article 2(d), relating to the preservation of the Government's right to a percentage royalty on production. Also, if production ceases at any time for an extended period, please notify the Executive Officer at six-month intervals that such is the case.

WPKlugescheid/er 4-22-59

Sincerely yours,

Frank E. Johnson

Acting Director

Copy to: Docket
Mr. C.A.Fredell, Dir.TLS,DMS
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Dir Read File
Op. Committee
Cont. Adm. & Audit Div.
Finance Office
Mr. Johnson
Mr. Griswold
Region III (2)
Chron.

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

APR 27 1959

Mr. Clarence A. Fredell, Director
Technical Research & Development Division
Defense Materials Service
General Services Administration
6018 GSA Building
Washington 25, D. C.

Re: Docket No. DMEA-3866 (Lead-Zinc)
American Smelting & Refining Co.
Keystone (Union Extension) Mine
Gunnison County, Colorado
Contract No. Idm-E903

Dear Mr. Fredell:

Enclosed is a copy of a certification of discovery or development related to Exploration Project Contract No. Idm-E903.

The contract was dated December 5, 1955, with the Government participating to the extent of 50 per cent in an exploration project estimated to cost $107,220.00. Actual expenditures were $79,445.00, with the Government's share being half of such amount or $39,722.50.

The total amount of work provided for under the contract consisted of 2,450 feet of drifting and crosscutting, 245 feet of timbering, 200 feet of raising, and 2,000 feet of diamond drilling. Work actually completed consists of 1,823 feet of drifting and crosscutting, 195 feet of raising, and 1,515 feet of diamond drilling.

The discovery consisted of silver-bearing, lead-zinc-copper ores occurring in fissure veins in sandstone and shale of the Cretaceous Mesa Verde formation. The estimated ore reserve resulting from the work of exploration under the contract consisted of 18,700 tons of ore having an average grade of 4.4 ounces of silver per ton, 4.8 per cent lead, 0.4 per cent copper, and 7.9 per cent zinc.

Sincerely yours,

Frank E. Johnson
Acting Director

WPKlugescheid/er 4-22-59
Copy to: Docket
Mr. Lamb, USBM
Mr. Kiilsgaard, USGS
Dir Read File
Op. Committee
Cont. Adm. & Audit Div.
Region III (2)
Mr. Johnson
Mr. Grisgold
Chron.

Enclosures

R 11 1959
O.M.E

Audit's copy

TERMINATION AGREEMENT

It is agreed this 23d day of January, 1959, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the Government", and American Smelting and Refining Company, hereinafter called the "Operator", parties to that certain Exploration Project Contract No. Idm-E903, Docket No. DMEA-3866, dated December 5, 1955, as amended, hereinafter called the "Contract", that:

1. Effective April 23, 1958, 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 not contribute to any fixed unit costs of work performed after April 22, 1958.

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

4. All rights of the Government respecting certification of discovery or development, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

5. 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 E. Johnson
ACTING Director, Office of Minerals Exploration

AMERICAN SMELTING AND REFINING COMPANY

By [illegible]

Title Vice President

FILE COPY
O. M. E.
RECEIVED DEC 15 1958
DATE | INITIALS | CODE
800

224 New Customhouse
Denver 2, Colorado
December 10, 1958

CERTIFIED MAIL

Mr. J. F. Frost, Manager
American Smelting and Refining Company
Western Mining Department
600 Crandall Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 5866 (Lead, Zinc, Copper)
Contract No. Idm-8903
American Smelting and Refining Company
(Keystone mine)
Gunnison County, Colorado

Dear Mr. Frost:

Under the provisions of Article 3 of the contract, as amended by Amendment No. 2, the work under the contract shall be pursued in such a matter to bring it to completion on or before December 1, 1958, unless the Operator's obligation to complete the work is terminated as provided for under Article 8 of the contract.

By letter of September 29, 1958, we forwarded to you the Government's, Audit, Finance Office, and Field Team copies of proposed Amendment No. 3 to the contract which was prepared to provide for a suspension of operations under the contract beginning April 22, 1958 and ending not later than January 1, 1959 and extension of the completion date under Article 3 to July 1, 1959. To date, the Amendment has not been executed and returned to this office as requested.

Under the circumstances, your company is presently in default of provisions in the contract. To correct the situation, you must either execute and return proposed Amendment No. 3 or obtain the Government's approval to terminate the contract in its present status in conformance with Article 8 of the contract, and as outlined to you in our letter of October 9, 1958.

The contract cannot be maintained in an indefinite status; therefore, your prompt attention to the matter is requested.

Very truly yours,

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

JWT/ad
cc: Chairman, Operating Comm. (2)
Harshman
Buel, OME/DFC
Corres. File
Cooper
Chron.

EXTRA COPY
O. M. E.
RECEIVED NOV 18 1958
DATE | INITIALS | CODE
800

OME
DEPARTMENT OF THE INTERIOR
NOV 12 1958
REGION III
DENVER COLORADO

Nov. 10, 1958

Memorandum

To: Executive Officer, OME Field Team, Region III

From: E. W. Buel

Subject: Docket DMEA 3066 (Lead-Zinc) Contract Im-2003
American Smelting and Refining Co. (Keystone mine)
Gunnison County, Colo. -- Progress report

A visit was made to the Keystone mine on November 3, 1958. It was learned from Mr. W. Probst, mine manager, that the operator still expects to ask for a formal termination of the contract. A tentative request for termination is given in the operator's letter of October 7, 1958, to the Field Team.

The mine, except for a limited amount of development and exploration work, is on a standby basis. The operator has completed about 700 feet of drifting to the north and south along the Keystone vein. This drifting is on the sub-level below the main haulage level (3800-level). Drifting is reported to be in ore-grade material. The amount and grade of the ore was not obtained.

E. W. Buel
E. W. Buel
Mining Engineer

EWB/mw
cc: 6
Im-2003
chron

224 New Customhouse
Denver 2, Colorado

April 22, 1958

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 3866 (Lead-Zinc-Copper) Contract No. Idm-E993, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado

Enclosed are three copies of a change in previous work approval issued by the DMEA Field Team, Region III. Also enclosed are two copies of the Operator's letter of April 16, 1958, and three copies of a memorandum dated April 21, 1958, from F. B. Moore, Geologist, Geological Survey, pertaining to the change in drill hole lengths.

Copies of the work approval change have been distributed to the Operator, the Finance Office, and to others concerned in Region III.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Encls.

JWT:bh

cc: Finance Office, Region III) w/copy of work approval change
Harshman
DMEA/DFC (Buel)
Corres. File
Townsend
Chron.) w/copy work approval change, operator's letter and Field memo.

22d New Customhouse
Denver 2, Colorado

April 22, 1958

Mr. Nelson Probst, Superintendent
American Smelting and Refining Company
P. O. Box J
Crested Butte, Colorado

Re: Docket No. DMEA 3866 (Lead-Zinc-Copper)
Contract No. 14m-3903
American Smelting and Refining Company
(Keystone Mine) Gunnison County, Colo.

Dear Mr. Probst:

In reference to your letter of April 16, 1958, and with specific reference to the work approval by the DMEA Field Team, Region III, dated December 18, 1957, maximum lengths of the two drill holes described in the work approval are changed as follows:

2. (a) Maximum length changed from 250 feet to 350 feet.

2. (b) Maximum length changed from 300 feet to 250 feet.

Nothing in this approval for change in drill hole lengths shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

By E. M. Harshman
E. M. Harshman

By J. W. Townsend
J. W. Townsend,
Acting Member

JWT:bh
cc: Chairman, Op. Comm. (3)
Finance Office, Reg.III
Amendment File, Reg.III
Harshman
DMEA/DFC (Dual)
Corres. File
Townsend
Chron.

cc: Mr. W. R. Landwehr
American Smelting & Refining Co.
Crandall Building
Salt Lake City 1, Utah

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA
DEPARTMENT OF THE INTERIOR
APR 21 1958
REGION III
DENVER, COLORADO

Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

April 21, 1958

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: E. N. Barshman EMB

From: F. B. Moore

Subject: Docket DMEA 3866 (Lead-zinc-copper), Contract Idm-E 903, American Smelting and Refining Company (Keystone mine - Union Extension), Gunnison County, Colorado

In regard to lateral diamond core drilling along the Union vein extension on the 2000 level of the Keystone mine, the northeast side is considered the more promising for the occurrence of parallel veins. The parallel Keystone vein projects to a distance of 200 to 250 on the northeast in the drill area near station 2076; a second vein, the West, projects from the surface into this area.

For the above reason, I recommend that the northeasterly hole be drilled to a depth of 300 to 350 feet and the southwesterly hole be drilled to a depth of 200 to 250 feet.

EXTRA COPY
DMEA
RECEIVED APR 25 1958

DATE	INITIALS	CODE

F. B. Moore
F. B. Moore
Geologist

FBMoore:mp

K-7.7.
DMEA

DMEA
DEPARTMENT OF THE INTERIOR
APR 18 1958
REGION III
DENVER, COLORADO

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J. CRESTED BUTTE, COLO.

April 16, 1958

Executive Officer
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA-3866
Contract Idm-E903

Gentlemen:

In your letter of December 18, 1957 to Mr. W. R. Landwehr you recommended:

(a) One drill hole N 55° E a maximum length of 250 ft.
(b) One drill hole S 55° W a maximum length of 300 ft.

During Mr. Moore's visit last month he recommended the following which is currently being executed:

(a) One drill hole N 55° E to a maximum length of 350 ft.
(b) One drill Hole S 55° W to a maximum length of 250 ft.

Kindly substantiate Mr. Moore's recommendation.

Very truly yours,

Nolan Probst, Supt.

Orig. & 4 cc: Executive Officer
cc: John F. Shaw
J. F. Frost
File

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DMEA
RECEIVED APR 25
DATE | INITIALS | CODE

EXTRA COPY
DMEA
RECEIVED MAR 7 1958
DATE | CODE
900

224 New Customhouse
Denver 2, Colorado

March 5, 1958

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3866 (Lead-Zinc), Contract No. Idm-E903, American Smelting and Refining Company (Keystone mine - Union Extension), Gunnison County, Colorado

Enclosed are three copies of work approval change issued by the DMEA Field Team, Region III, pertaining to the location of the drill station for the two drill holes approved by letter of December 18, 1957.

Also enclosed are three copies of a memorandum, dated February 26, 1958, from F. B. Moore, Geologist, Geological Survey, pertaining to the change in location of the drill station.

Two copies of the Operator's letter of February 14, 1958, requesting an opinion from this office regarding the location of the drill station, were forwarded by copies of our memorandum dated February 17, 1958 to the field examiners requesting their recommendations in the matter.

Copies of the change in work approval have been distributed to the Operator, the Finance Office, Region III, and to others concerned.

Original signed by
W. H. KING

W. H. King

Enclosures

JWT:prl

cc: Finance Office, Region III) w/copy of work approval change.
Harshman) w/copy of work approval change and field memorandum.
DMEA/DFC (Buel))
Corres. file)
Townsend
Chron.

[illegible] Ave Gunnisons
Denver 2, Colorado
March 3, 1958

Mr. Helen Probst
P. O. Box "F"
Crested Butte, Colorado

Re: Docket No. DMEA 3866 (Lost-Slum)
Contract No. [illegible]
American Smelting and Refining Company
(Keystone mine - Helen Extension)
Gunnison County, Colorado

Dear Mr. Probst:

Reference is made to your letter of February 14, 1958, concerning the location of the drill station for the two diamond drill holes approved for drilling by the DMEA Field Team, Region III, under item 2 of the letter, dated December 18, 1957.

In lieu of locating the drill station where previously approved, the drill station will be located at the most advantageous point, as determined by ground conditions, in the drift on or along the Helen vein within the area from a point not to exceed 80 feet northerly from Survey Station No. [illegible] to a point not to exceed 50 feet southerly from Survey Station No. [illegible]. Otherwise, there are no changes in the provisions pertaining to the drilling of the two holes from those outlined in the referred to work approval dated December 18, 1957.

Nothing in this work approval change shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

By W. E. King
W. E. King

By [illegible]
E. E. Kornbrek

cc: American Smelting and Refining Company
Greendell Building
Salt Lake City 1, Utah

JWF:prl
cc: Chem. Op. Comm. (3)
Finance Office, Region III
Amendment file, Region III
Karshmer
DMEA/DFC (Bael)
Corres. file
Townsend
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

IN REPLY REFER TO:
DMEA
DEPARTMENT OF THE INTERIOR
MAR 3 - 1958
REGION III
DENVER, COLORADO

February 26, 1958

EXTRA COPY
DMEA
RECEIVED MAR 7 1958

DATE	INITIALS	CODE
	EMH	

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: E. M. Harshman

From: F. B. Moore

Subject: Docket DMEA 3266 (Lead-zinc-copper), Contract Idm-E 903, American Smelting and Refining Company (Keystone mine - Union Extension), Gunnison County, Colorado

The Keystone mine was visited February 19, 1958, by F. B. Moore, Geological Survey, following reports that the Union Extension drift was not following the Union vein. An underground inspection was made with Mr. Bloomfield, company engineer. The general situation was discussed with Mr. Nolan Probst, superintendent.

The Union Extension drift was turned westerly off the Union vein near station 2072 when a heavy flow of water was encountered in the vein. The drift was turned back to a heading of nearly north and should be running about parallel to the vein at a distance of 15 to 20 feet. Approximately 145 feet of "drifting" has been done since leaving the vein. Two long holes, 30 and 70 feet beyond the 2072 station, have intersected the Union vein at distances of 15 to 20 feet. A third hole, 120 feet beyond the station, is currently being drilled.

In the last 200 feet of exposure the Union vein has changed from a general 65 to 75 westerly dip to vertical or, in places a steep

easterly dip. The strike also appears to be changing from a 25 to 30° northwesterly direction to more nearly northerly. Beyond station 2072 the Mesa Verde sandstone becomes quite siliceous and has flattened from a 25 to 30° southerly dip to one of 2 to 3° southerly. Two northerly-trending shears cross in the face. One is a 1-foot nearly vertical zone of crushed rock and gouge with no visible sulfides. The second, consisting of 6 inches of quartz and pyrite, dips 50° to the east. The second shear was making considerable water at the time of the examination. Between station 2072 and the face several narrow northerly- and northwesterly-trending shears are present. A few contain thin (1/2 to 1 inch) seams of sulfides, chiefly sphalerite. Pyrite fills small fractures and is disseminated in the siliceous sandstone in many places in the area.

The changes in strike and dip of the Union vein together with the increase in silicification of the sandstone and the possible increase in pyrite may indicate that the drift is approaching an area influenced by a series of northerly-trending veins as represented by the Barrien-Furniture Boy vein. The expected position of the Barrien, however, is about 1,000 feet northwesterly from the present face. Insufficient footage (831 feet) remains in the contract to reach this vein on the present trend of the drift.

Because the drift is now in a virgin area in which conditions seem to be changing, it was pointed out to the operator that diamond core drilling would now be in order. The best ground for exploration should lie to the east. The Keystone vein, if it continues, would lie less than

200 feet away. It was cut at 200 feet in DMSA drill hole 20-10 and, unless it too changes strike, should be coming to a junction with the Union a few hundred feet ahead of the face. Diamond drill hole 20-9, drilled westerly, cut no mineralized ground.

Probst agreed to diamond drilling but preferred to drill from the footwall side of the Union vein and to wait until he encountered what he considered to be better ground. He estimated that, by crowding the drift to the east, he would cut the Union vein within 50 feet or that the drill station would cut it. Drilling from that point--600 to 700 feet from the previous station--would consist of 300-350 feet northeasterly and 200-250 feet southwesterly. Footage remaining for one last hole would be about 500 feet.

In view of previous company reluctance to diamond drill and because the mining policy is actually decided by the Salt Lake or New York office, it is recommended that a drill station be cut at a distance of not more than 80 feet beyond station 2076. If bad ground is encountered the drill site can be moved back but not farther than 50 feet in a portalwise direction from where the Union vein leaves the drift. From the selected site the two holes should be drilled normal to the expected strike of the Keystone vein. The cutting of the drill station and the drilling may be done concurrently with drifting beyond the point 80 feet from station 2076. Approval of the last 500 feet of drifting should be made contingent upon completion of the two drill holes.

F. B. Moore

F. B. Moore, Geologist

FBMoore:arh

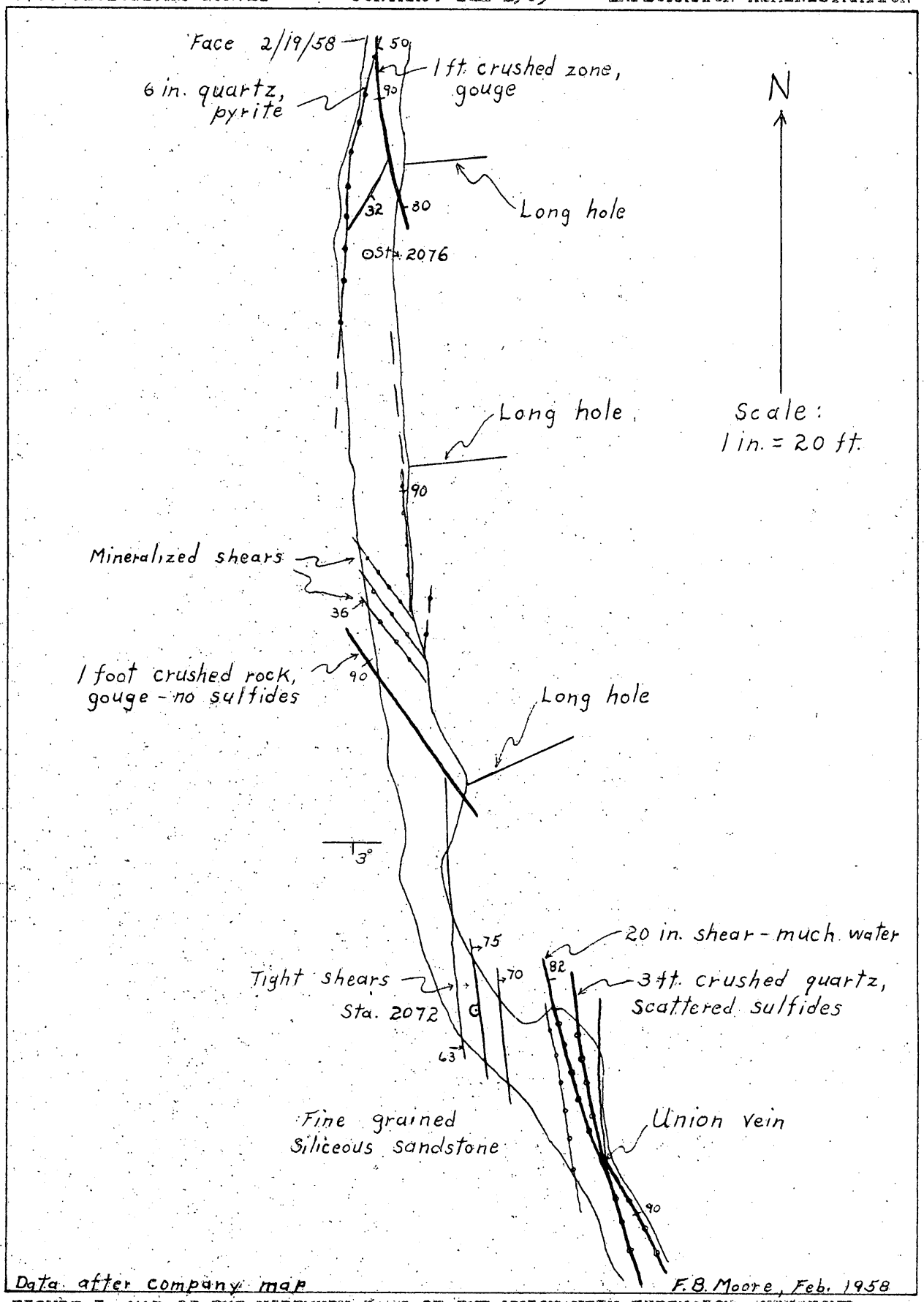

FIGURE I- MAP OF THE NORTHERN PART OF THE UNION VEIN EXTENSION, KEYSTONE MINE, GUNNISON COUNTY, COLORADO

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DATE	INITIALS	CODE

EXTRA COPY
DMEA
RECEIVED DEC 23 1957

DATE		CODE
12/23	gb	220
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224 New Customhouse
Denver 2, Colorado
DEC 20 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3866 (Lead-zinc-copper), Contract No. Idm-E903, American Smelting and Refining Company (Keystone mine - Union Extension), Gunnison County, Colorado

Enclosed are three copies of project work approval issued by the DMEA Field Team, Region III, pertaining to work under Stage II of the contract.

Also enclosed are three sets of data relative to the matter, consisting of the Operator's request of December 6, 1957, and a joint memorandum report, dated December 17, 1957, from E. W. Buel and R. U. King.

Copies of the work approval have been distributed to the Operator, the Finance Office, Region III, and to others concerned.

Original signed by
W. H. KING

W. H. King

Enclosures

JWT:prl

cc: Finance Office, Reg. III - w/copy of work approval.
Harshman) w/copy of work approval and
DMEA/DFC-Buel) supporting data.
Corres. file)
Townsend
Chron.

EXTRA COPY DMEA RECEIVED DEC 23 1957		
DATE	INITIALS	CODE

224 New Customhouse
Denver 2, Colorado

December 18, 1957

Mr. W. R. Landwehr, Chief Geologist
Western Mining Department
American Smelting and Refining Company
Crandall Building
Salt Lake City 1, Utah

Re: Docket No. DMEA 3866 (Lead-Zinc)
Contract No. I4m-E903
American Smelting and Refining Company
(Keystone mine - Union Extension)
Gunnison County, Colorado

Dear Mr. Landwehr:

In reference to your letter of December 6, 1957, and consistent with provisions in the Contract relative to prior approval by the Government for work under Stage II of the Contract, the Government approves the following work:

1. Extend the drift northwesterly on the 2000-foot level an additional 500 feet.

2. Prepare drill sites in the drift on the 2000-foot level driven northwesterly under previous approval at a location approximately 500 feet northwesterly of holes 20-9 and 20-10, and drill the following two holes:

   (a) One hole to be directed horizontally on a bearing N 55° E a maximum length of 250 feet.

   (b) One hole to be directed horizontally on a bearing S 55° W for a maximum length of 500 feet.

The drilling under item 2 (a) and (b) is to be performed as expeditiously as the drift advance will permit, so that information obtained from the drilling will be available as soon as possible, prior to the completion of the drifting advance approved under item 1.

Nothing in this work approval shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

By W. H. King
W. H. King

By E. N. Marshman
E. N. Marshman

cc: Mr. Nolan Probst
P. O. Box "J"
Crested Butte
Colorado

JWT:prl

cc: Chmn. Op. Comm. (3)
Finance Office, Region III
Amendment file, Region III
Marshman
DMEA/DFC (Buel)
Corres. fil
Townsend
Chron.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA
DEPARTMENT OF THE INTERIOR
DEC 18 1957
REGION III
DENVER, COLORADO

Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

December 17, 1957

EXTRA COPY
DMEA
RECEIVED DEC 18 1957

DATE	INITIALS	CODE
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Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: E. N. Harshman

From: E. W. Buel
R. U. King

Subject: DMEA Docket 3866 (Lead-zinc-copper), Contract ~~DMA-2~~ 905, American Smelting and Refining Company (Keystone mine), Gunnison County, Colorado

The operator requested in a letter dated December 6, 1957, DMEA approval of a continuation of Stage II drifting.

All but 90 feet of all approved drifting was completed as of December 1, 1957. On completion of this footage, 1,000 feet of drifting along the Union vein on the 2000 level will have been accomplished. Exploration for parallel structures in the foot- and hanging-walls has amounted to 1,142 feet of core drilling. A total of 2,000 feet of drifting, and 2,000 feet of core drilling is allowed under Stage II of the contract with prior Government approval.

Results of sampling show that the Union vein contains at least 5 ore shoots distributed along the first 900 feet of DMEA drift on the 2000 level. It is estimated that ore grade mineralization occupies about two-thirds of the vein length on this level. The vein,

from 6 inches to 6-3/4 feet wide, contains from 0.1 to 10.3 percent Pb, 0.2 to 1.8 percent Cu, 0.3 to 35.1 percent Zn, and 0.2 to 36.6 oz. Ag per ton.

Although for the last 200-foot interval the Union vein is relatively thin and only weakly mineralized, it is present in the face (Buel, Progress Report, Dec. 10, 1957), and it seems likely that the metal content of the vein may again increase and its width improve as the drift approaches the mineralized structures exposed on the Berrian-Furniture Boy claims near the crest of Mt. Emmons (fig. 3, Examination Report).

Due to the proximity of a probable parallel vein (Keystone ?) in the footwall (Richter, Interim Geologic Report, Nov. 15, 1957) further exploration by core drilling of both the footwall and hanging wall zones seems warranted.

It is recommended therefore that the applicant's request to continue Stage II exploration be approved and that it consist of (1) an additional 500 feet of drifting westerly along the Union vein and (2) two core drill holes into the hanging- and foot-walls from a point in the 2000 level drift approximately 500 feet west of the existing holes 20-9 and 20-10, as follows: Hole No. 1, horizontal, N 55° E, maximum length 250 feet; Hole No. 2, horizontal, S 55° W, maximum length 300 feet.

It is also recommended that some provision be made to urge the operator to commence drilling at an early date, so that information

will be available to guide later drifting and/or crosscutting in the event the Union vein should pinch out and other parallel veins be shown to be more promising structures.

H. M. Longnecker
for E. W. Buel
Mining Engineer

R U King
R. U. King
Geologist

RUKing:mp

December 6, 1957

Grandell

EXTRA COPY
DMEA
RECEIVED DATE

DATE		CODE

DMEA
DEPARTMENT OF THE INTERIOR
DEC 9 - 1957
REGION III
DENVER, COLORADO

Executive Officer
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

DOCKET: DMEA-3866 (Sb-Pb-Cu)
CONTRACT No.: Idr-903

Dear Sir:

Your letter of March 20, 1957 approved certain work on the captioned contract. This work is almost finished. Approval of a continuation of the drifting on the 2000 level of the Union Tin in the Keystone Mine is hereby requested. Proposed work is a portion of Stage II as originally planned for this project. Prompt approval would be appreciated so there will be no suspension of this work.

It is expected that diamond drill stations, for drilling in both the hanging wall and in the footwall, will be cut near the end of the presently approved 500 feet of drift.

Yours very truly,

ORIGINAL SIGNED BY
W. R. LANDWEHR

W. R. LANDWEHR

JFS:bm
Encls.- 4 extra
cc: John F. Shaw

DMEA
... OF THE ...
... 1957
REGION II
DENVER, COLORADO

Executive Officer
DMEA Field Team, Region
224 New Customhouse
Denver 2, Colorado

DOCKET: DMEA-[illegible] (Pb-Zn-Cu)
CONTRACT NO.: [illegible]

Dear Sir:

... 22, 1957 approved certain ... This work is almost finished. ... drifting on the 3[illegible] level of ... Mine is hereby requested. Proposed work ... II as originally planned for this project ... would be appreciated so there will be no suspension ... work.

It is expected that diamond drill stations, for drilling in both the hanging wall and in the footwall, will be cut near the end of the previously approved 500 feet of drift.

Yours very truly,

W. R. Landwehr

W. R. LANDWEHR

JFF:bm
Encls.- 4 extra
cc: John F. Shaw

Audit's Copy

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING & REFINING COMPANY
DOCKET NO. DMEA-3866

AMENDMENT NO. 2

It is agreed this 13th day of November, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and American Smelting & Refining Company that Exploration Project Contract No. Idm-8903 (Docket No. DMEA-3866), dated December 5, 1955, as amended, is further amended as follows:

1. In Article 3 of the Contract the date for completion of the work is extended from "December 1, 1957" to "December 1, 1958".

2. In Article 7 of the Contract the period "13 years" is substituted for the period "10 years".

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 unit cost of any item of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C D Mitteisorg
Administrator, Defense Minerals
Exploration Administration

AMERICAN SMELTING & REFINING COMPANY

By Adrian Dan

Title Vice President

OFFICIAL FILE COPY
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224 New Customhouse
Denver 2, Colorado

July 8, 1957

EXTRA COPY
DMEA
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DATE | INITIALS | 1957
CODE
800

Mr. Nolan Probst, Superintendent
American Smelting and Refining Co.
P. O. Box "J"
Crested Butte, Colorado

Re: Docket No. DMEA-3866 (Lead-Zinc-Copper)
Contract No. 14m-[illegible]
American Smelting and Refining Company
(Keystone mine) Gunnison County, Colo.

Dear Mr. Probst:

Reference is made to the project work approval issued by this office, dated March 20, 1957, and the work change order dated June 21, 1957, relative to the length of the hole to be drilled under item 1 of the first-mentioned project work approval.

After review of the data forwarded by your letter of July 1, 1957, the Government approves the drilling of the hole in question to a length necessary to penetrate the projected position of the Keystone vein beyond reasonable doubt. Based on data presently available, it is estimated that the hole will be about 615 feet in length.

Nothing in this approval for the change in extent of work shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

W. E. King

E. N. Harshman

JWT:bh
cc-Mr. F. V. Richard
Salt Lake City, Utah

Chairman, Op. Comm. (3)
Finance Office, Reg. III
Amendment File, Reg. III
Harshman
DMEA/DFC
Townsend
Corres. File - Chron.

K.7.7

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

DMEA
DEPARTMENT OF THE INTERIOR
JUL 2 1957
REGION III
DENVER, COLORADO

July 1, 1957

Mr. W. H. King, Executive Officer, DMEA
Field Team, Region III
United States Department of Interior
224 New Custom House
Denver 2, Colorado.

Re: Docket DMEA-3866
Contract Idm-E903

Dear Sir:

In accordance with the request made in your letter of June 21, for the plan and cross section maps thru the proposed drill hole location on the 2000 level Union Vein, find enclosed three of each. These are enclosed for your further study of my proposal of a 600 foot hole in the footwall of the Union Vein in section 66.

The walls of the 1370, 1470 and 1570 levels have never been explored except for short drill holes on the 1370 level. A decided split of the vein structure on the 1850 level, of which one leg of the split shows a tendency toward bearing in the same direction as the overlying levels, will be noted on the plan map. This brings up the possibility that the upper levels may lie on a footwall split of the Keystone Vein. If this does exist, it is noted minable ore lies considerably ahead on the upper levels of the Keystone Vein in respect to the lower levels.

Surface outcrops ahead of our present workings indicate parallel structures which may be part of the Keystone Vein pattern, if the 1370 level continues its present bearing. This divergence of structure between the 2160 and 1370 levels may be accounted for if a persistent footwall split does occur as indicated on the 1850 level.

You will note from the enclosed plan map a 615 foot hole would be necessary to intersect a possible downward extension of the Keystone Vein should a split occur and the dip remains constant.

Would you please in the future send copies of your correspondence to Mr. F. V. Richard, Mgr., Western Mining Dept., 600 Crandall Bldg., Salt Lake City, Utah.

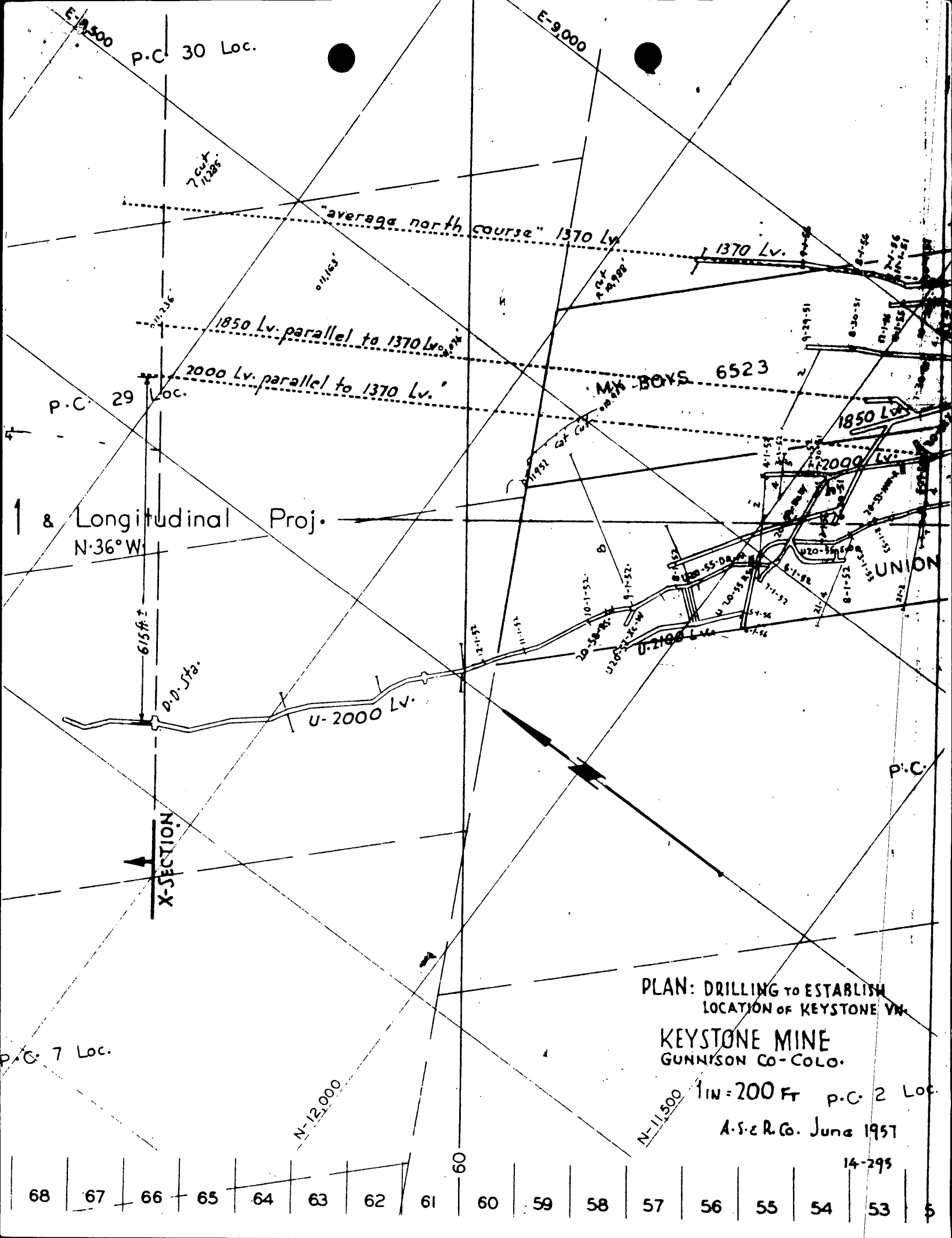
Yours very truly,

Nolan Probst

Nolan Probst, Supt.

NP/skm
cc: FVRichard

PHOTO CY TO
~~EXECUTIVE~~
...ALTY E903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P.C. 30 Loc.
"average north course" 1370 Lv.
1370 Lv.
1850 Lv. parallel to 1370 Lv.
2000 Lv. parallel to 1370 Lv.
MX BOXS 6523
P.C. 29 Loc.
1850 Lv.
2000 Lv.
& Longitudinal Proj.
N·36° W.
615 ft ±
D.D. Sta.
U-2000 Lv.
U-2100 Lv.
UNION
X-SECTION
P.C.
P.C. 7 Loc.
N-12,000
N-11,500
60
P.C. 2 Loc.
PLAN: DRILLING TO ESTABLISH LOCATION OF KEYSTONE VN.
KEYSTONE MINE
GUNNISON CO-COLO.
1 IN = 200 FT
A.S.&R. Co. June 1957
14-295
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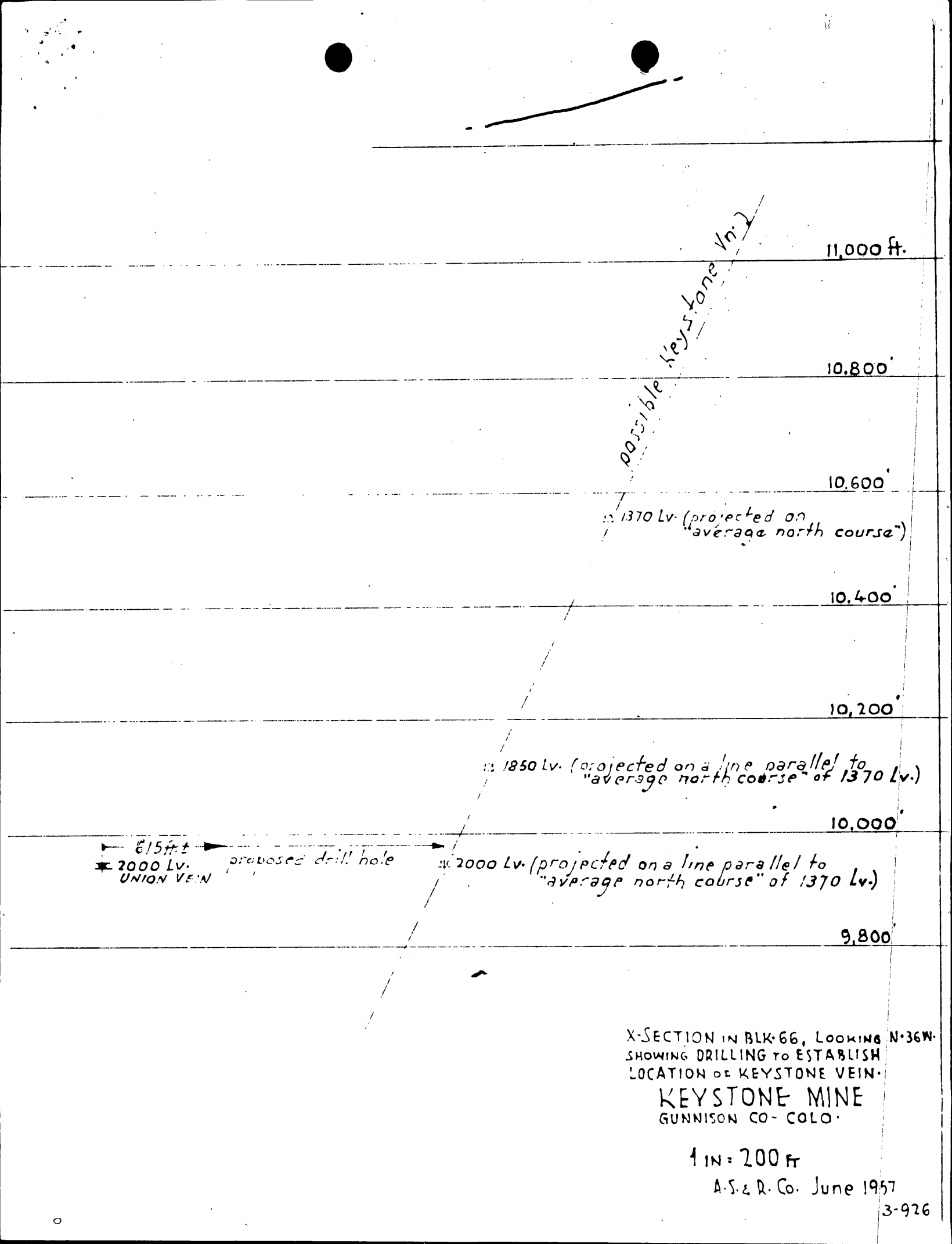

X-SECTION IN BLK·66, LOOKING N·36W·
SHOWING DRILLING TO ESTABLISH
LOCATION OF KEYSTONE VEIN·

KEYSTONE MINE
GUNNISON CO- COLO·

1 IN = 200 FT

A.S.&R. Co. June 1957

3-926

IN REPLY REFER TO:
DMEA
DEPARTMENT OF THE INTERIOR
JUL 5 1957
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

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DATE	INITIALS	CODE

July 3, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: E. M. Hershman

From: R. U. King
E. W. Buel

Subject: DMEA Docket 3866 (lead-zinc-copper), Contract Idm-E 903, American Smelting and Refining Company (Keystone mine), Gunnison County, Colorado

The operator in replying by letter dated July 1, 1957, to the Field Team letter of June 21, 1957, presents his justification for the request to extend the north drill hole from 400 to 600 feet.

The justification for extending the hole to 600 feet is based on projections of the dip and strike of the Keystone vein on the 1370 and 1850 levels, and not by projecting the Keystone vein on the 2000 level--the level on which the exploration is being conducted.

The operator has used the most adverse strike projection possible, and is using the Keystone vein solely as the target for the lateral drilling. The lateral targets originally included the "West vein" (Union vein?) at the surface, an item apparently overlooked by the operator in his request.

The 500-foot depth suggested in the Field Team letter of June 21, 1957, would have been adequate to reach probable projection down dip of the West vein (Union vein?) and the projections along strike of the Keystone vein on the 2000 level. However, since the target projections made by the operator are entirely within the realm of possibility, the extension of the north hole to 615 feet can be regarded as a safety measure and therefore should be approved.

R U King
R. U. King, Geologist

E. W. Buel
E. W. Buel, Mining Engineer

RUKing:arh

EXTRA COPY DATE		
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DATE		CODE
		800

224 New Customhouse
Denver 2, Colorado

June 21, 1957

Mr. Nolan Probst, Superintendent
American Smelting and Refining Company
P. O. Box J
Crested Butte, Colorado

Re: Docket No. DMEA 3866 (Lead-Zinc-Copper)
Contract No. Idm-E905
American Smelting and Refining Company
(Keystone mine)
Gunnison County, Colorado

Dear M . Probst:

Reference is made to your letter of June 14, 1957, wherein you request the Government's approval to increase the drill hole to the northeast, approved under item 1 in our letter of March 20, 1957, from 400 feet to 600 feet in length.

A review of map data available to us indicates that the vein should be encountered within 500 feet, and you may consider this the Government's approval to extend the hole to that extent. In the meantime, please forward three copies of a plan map in the vicinity of and a vertical cross section through the proposed drill hole that depicts the structures involved or projections thereof.

If, in your opinion, 500 feet will be insufficient to reach the objective, please advise when you forward the above mentioned plan and cross section.

Nothing in this change order shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor any item of allowable cost which is expressly designated "maximum."

Very truly yours,

W H King

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

JWT:prl

cc: Chmn.Op.Comm.-4) w/copy of
Harshman) Operator's
DMEA/DFC) letter of
Townsend) June 14.
Corres. file)
Finance Office Reg. III
Amendment file Reg. III
Chron.

DFC

DMEA
DEPARTMENT OF THE INTERIOR
JUN 17 1957
REGION III
DENVER, COLORADO

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

JUNE 14, 1957

EXTRA COPY
DMEA
RECEIVED JUN 24 1957

DATE	INITIALS	CODE

DMEA Field Team, Region III
U. S. Department of The Interior
224 New Custom House
Denver 2, Colorado

Re: Docket DMEA-3866
Contract No. Idm-E903

Attention: E. N. Harshman:

Gentlemen:

I have been authorized to drill the two diamond drill holes previously requested by your office and your field engineer. As you requested, these holes are to be drilled in section 66 on the 2000 Level Union Vein. One hole to be drilled on a bearing approximately N 55 °E to a depth of 400 Ft, the other drilled on a bearing approximately S 55 °W to a depth of 300 Ft.

The most immediate known objective of any drilling to the NE would be intersection, of a possible extension of the Keystone Vein. Projecting our upper levels on the Keystone Vein to a point opposite the proposed drill site on the 2000 Union Vein a marked divergence of vein structure is noted. Should this divergence persist in dip it is entirely possible that a 400 Ft. hole in the footwall of the Union Vein would not be deep enough to intersect a possible Keystone extension.

I would like your consideration toward extending the hole to the NE from 400 to a 600 Ft. depth. Your early consideration of this request will be appreciated.

Very truly yours,

Nolan Probst

Nolan Probst, Supt.

IN REPLY REFER TO:

DMEA

DEPARTMENT OF THE INTERIOR

JUN 21 1957

REGION III

DENVER, COLORADO

UNITED STATES

DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

Defense Minerals Exploration Administration

Denver Federal Center

Denver, Colorado

June 20, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: F. M. Harshman

Subject: DMEA Docket 3866 (Lead-zinc-copper) Contract Idm-E 903, American Smelting and Refining Company (Keystone mine), Gunnison County, Colorado

Please refer to the operator's request of June 14, 1957, in which it is proposed to drill 2 holes from the 2,000-foot level on the Union vein to explore for parallel structures in the foot and hanging walls.

A Field Team letter of March 20, 1957, authorized 2 holes at a point about 500 feet from the start of Stage II drifting on the Union 2,000-foot level as follows:

(1) One hole will be drilled horizontally, directed approximately N. 55° E., for a length of 400 feet.

(2) One hole will be drilled horizontally, directed approximately S. 55° W., for a length of 300 feet.

The operator, in his June 14, 1957, letter, requests without supporting data, that the hole directed N. 55° E. be authorized for a total length of 600 feet instead of 400 feet as specified in the work approval of March 20, 1957.

A review of the plan map which accompanies the operator's progress report for May 1957 (titled "2150 Drift North, Progress, Geology and Assay Map") indicates that the N. 50° E. hole would have to be drilled to a length of about 450 feet to intersect the northwesterly projection of the Keystone vein. The operator may have additional information not available to me, which would indicate the desirability of drilling this hole to the 600-foot length.

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In the absence of such data I recommend that the hole be approved for a length of 500 feet and that the operator be requested to furnish a map and cross-sections to support his request for the 600-foot length.

It should be noted that the projection of the Keystone is not the sole objective of the northwesterly hole. The vein which outcrops on the surface and appears to lie between the Union and Keystone veins (known as the West vein) and other possible enechlon structures are also targets.

E. N. Harshman

E. N. Harshman
Member, Field Team

ENHarshman:mp

224 New Customhouse
Denver 2, Colorado

March 20, 1957

EXTRA COPY
DMEA
RECEIVED

DATE		CODE
		800

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA-3866 (Lead-Zinc-Copper), Contract Idm-E903
American Smelting and Refining Company (Keystone Mine)
Gunnison County, Colorado

Enclosed are four copies of confirmation of work approval issued by the DMEA Field Team, Region III. Also enclosed are four sets of data relative to the work approval.

Copies of the work approval have been distributed to the Operator, Finance Office, Region III, and to others concerned.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Encls.

JWT:bh

cc-Finance Office, Reg. III) w/copy
Harshman) of work
Shaw) approval
Townsend) and sup-
Corres. File E-903) porting data
Chron.

EXTRA COPY DMEA		
RECEIVED		1957
DATE	INITIALS	CODE

224 New Customhouse
Denver 2, Colorado

March 20, 1957

Mr. Nolan Probst, Superintendent
American Smelting and Refining Co.
Keystone Unit
P. O. Box J
Crested Butte, Colorado

Re: Docket DMEA-3866 (Lead-Zinc-Copper)
Contract No. Idm-E903
American Smelting and Refining Co.,
on its own behalf and as Agent for
Park City Consolidated Mines Company
(Keystone Mine), Gunnison Co., Colo.

Dear Mr. Probst:

This confirms verbal approval by the Government on March 8, 1957, for you to extend the drift northwesterly on the Union 2,000 level an additional 500 feet. In addition, the following diamond drilling is approved. The diamond drilling consists of two holes to be drilled from a point approximately 500 feet from the start of Stage II drifting on the Union 2,000 level.

1. One hole will be drilled horizontally, directed approximately N. 55° E., for a length of 400 feet.

2. One hole will be drilled horizontally, directed approximately S. 55° W., for a length of 300 feet.

Nothing in this confirmation of work approval shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

E. M. Harshman

By E. M. Harshman
Acting Executive Officer

cc-Mr. F. V. Richard
JWT:bh
cc--Chair., Op. Comm. (4)
Finance Office, Reg. III
Amendment File, Reg. III
Harshman
Shaw
Townsend
Corres. File E-903
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION III

DMEA
DEPARTMENT OF THE INTERIOR
MAR 18 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado

March 15, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 22 1957

DATE	INITIALS	CODE
	Team, Region III	

Memorandum

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

Through: John F. Shaw
E. N. Harshman

From: D. H. Richter
E. W. Buel

Subject: Docket DMEA 3866 (Lead-Zinc-Copper) Contract Idm-E903, American Smelting and Refining Company (Keystone mine), Gunnison County, Colorado - Approval for continuance of Stage II work

The operator was given verbal approval on March 8, 1957, to do an additional 500 feet of drifting along the Union vein on the 2,000-level. In addition to the drifting, the operator was informed that two diamond-drill holes should be drilled to determine the existance of any other veins that may be parallel to or en echelon with the Union vein. Stage II provides for 2,000 feet of drifting and 1,000 feet of diamond drilling.

The operator recently exposed in the Union drift a very favorable showing of ore-grade material, presently known to be 7 feet wide and extending several feet along the drift. On the basis of this new showing and from previous ore-bearing areas discovered by DMEA drifting, the operator was given verbal approval for continuance of the Union drift.

Initially recommended diamond drilling consists of two holes to be drilled from a point approximately 500 feet from the start of Stage II drifting on the Union 2,000 level. One hole will be drilled horizontally, approximately N. 55° E., for a length of 400 feet. The other hole will be drilled horizontally, approximately S. 55° W., for a length of 300 feet. It is anticipated that additional drilling will be recommended, contingent upon the results of the initial drilling.

Donald H. Richter
Donald H. Richter
Geologist

Edward W. Buel
Edward W. Buel
Mining Engineer

cc 9
EWHarshman
Idm-E903
Chron

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P.O. BOX J CRESTED BUTTE, COLO.

March 12, 1957

RECEIVED
MAR 14 1957
Div. of Mineral Technology
BUREAU OF MINES
Denver Experiment Station
Denver, Colorado

Mr. Ed Buel
U. S. Dept. of Interior
Defense Minerals Exploration Administration
224 New Custom Building
Denver 2, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
MAR 18 1957
REGION III
DENVER, COLORADO

RE: Docket DMEA - 3866
Contract Idm - E903

Dear Sir:

Pursuant to our telephone conversation of March 11, I am enclosing for your study the theoretical projection of the 2000 Level Union Drift with the proposed arrangement of the diamond drill stations. These stations will be located at 500 ft. intervals and on opposite sides of the drift.

The present showing of ore in the 2000 Union Drift face appears encouraging. Considerably more gouge is developed at this point than elsewhere on the Union Vein.

Kindly confirm in writing your verbal approval for the next 500 ft. of drifting on the project.

Very truly yours,

Nolan Probst

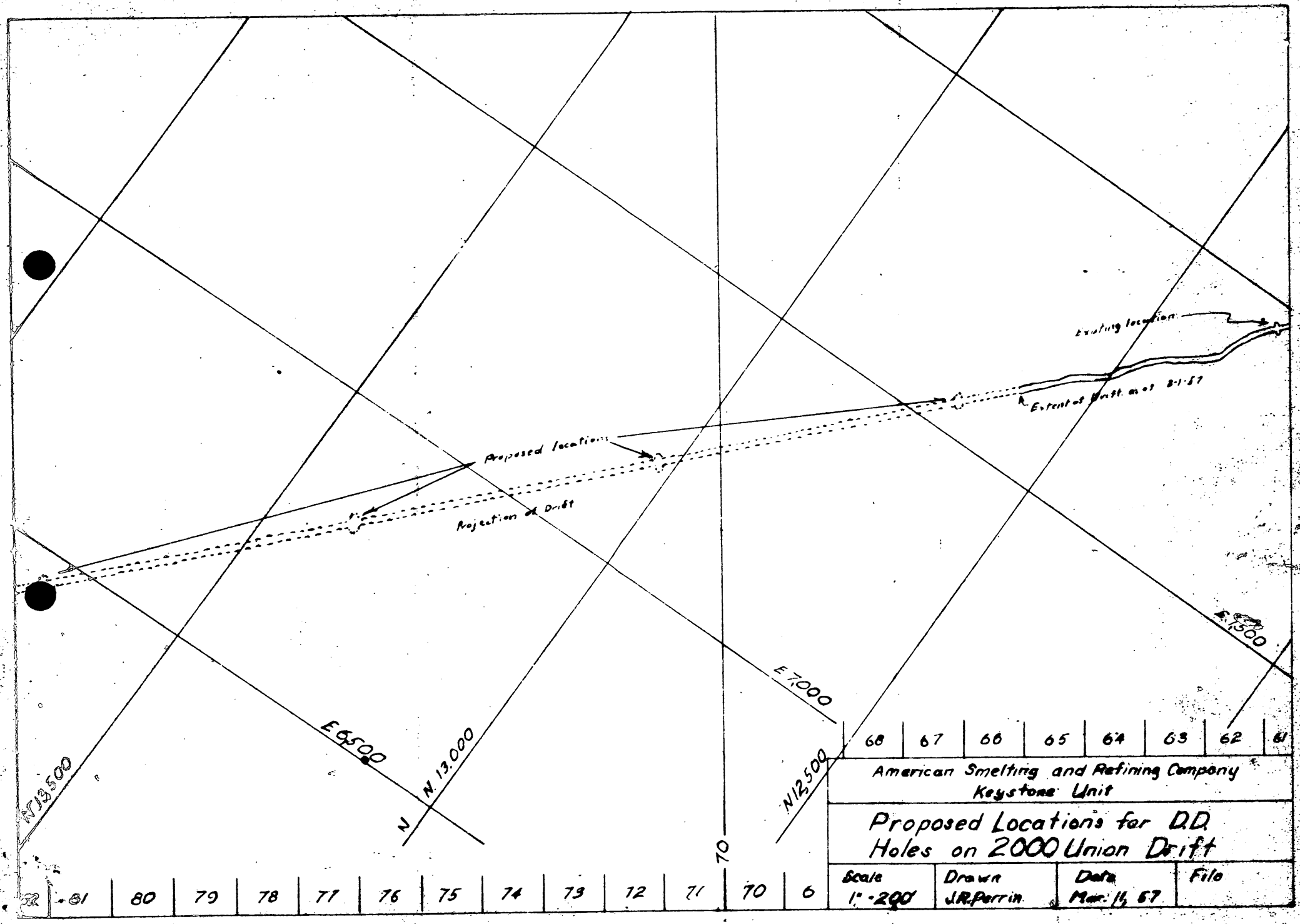
Nolan Probst, Supt.

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 22 1957

DATE	INITIALS	CODE

NP:rmc

cc: FVR w/encl.
RKKirkpatrick, w/o encl.


Existing location
Extent of Drift as of 8-1-57
Proposed location
Projection of Drift
E 7000
E 6500
N 13,000
N 13500
N 12500
E 5500
10
68
67
66
65
64
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62
61
American Smelting and Refining Company
Keystone Unit
Proposed Locations for D.D. Holes on 2000 Union Drift
Scale
1" = 200'
Drawn
J.R. Perrin
Date
Mar. 11, 57
File
81
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OFFICIAL FILE COPY
D M E A
RECEIVED MAR 22 1957

DATE	INITIALS	CODE

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

RECEIVED NOV 2 1956 DMEA

224 New Customhouse
Denver 2, Colorado

October 29, 1956

Mr. F. V. Richard
American Smelting and Refining Company
Crandall Building
Salt Lake City, Utah

Re: Docket No. DMEA 3866 (Lead-Zinc-Copper)
Contract No. Idm-E903
American Smelting and Refining Company,
on its own behalf and as Agent for Park
City Consolidated Mines Company
(Keystone mine)
Gunnison County, Colorado

Dear Mr. Richard:

In reference to your request of September 6, 1956, and consistent with provisions in the Contract pertaining to Stage II work, this confirms verbal approval by the Government on October 23, 1956, for you to proceed with 500 feet of drift northwesterly on the 2,000 level.

Nothing in this confirmation of work approval shall be construed to increase the estimated total cost of the project the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

JWT:prl
cc: Chairman, Op. Comm. (4)
Finance Office, Reg. III
Amendment file, Reg. III
Harshman
Shaw
Townsend

cc: Mr. Nolan Probst, Superintendent
Keystone Unit
American Smelting and Refining Company
P. O. Box "j"
Crested Butte, Colorado

Corres. file
Chron.

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
October 25, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: E. E. Harshman
John F. Shea

From: D. H. Richter
R. L. Bolmer

Subject: Project DMEA 3066 (lead-zinc-copper) Contract 14n-2903, American Smelting and Refining Company (Keystone mine) Gunnison County, Colorado — Authorization of Stage II

The operator, on September 6, 1956, requested permission to proceed with Stage II work, under the subject contract, on the 2000 level of the mine. A memorandum dated September 14, 1956, by E. E. Harshman and R. L. Bolmer stated that inasmuch as the full length of the 2000 level Union drift could not be examined due to bad air, definite recommendations regarding the operator's request should be deferred until the drift is made accessible. On October 19, 1956, the Field Team was verbally advised that the drift was accessible and an examination was made October 23, 1956.

The Union vein is well exposed throughout the length of the drift on the 2000 level and although some areas were relatively barren of sulfide mineralization, the vein structure is apparently strong. At the face of the drift the vein is 1.5 feet thick and consists primarily of quartz, with minor amounts of sphalerite, galena, and pyrite. Assays across the vein at the face run 4 oz. silver, 2.5 percent lead, 0.5 percent copper, and 2 percent zinc. This assay is more or less representative for the last 500 feet of vein exposed in the drift. Back from this point, however, to the apparent beginning of the Union vein, the vein is usually richer and wider. The vein which at the face strikes N. 5° W. and dips 60° SW. is entirely in a light gray dense sandstone of the Cretaceous Mesa Verde Formation.

Inasmuch as the vein structure is still strong at the end of the 2000 level drift and sulfide mineralization was present, the operator was verbally authorized on October 22, 1956 to proceed with 500 feet of the Stage II work on the 2000 level.

Donald H. Richter
D. H. Richter
U. S. Geological Survey

R. L. Bolmer
R. L. Bolmer
U. S. Bureau of Mines

cc: 9
14n-2903
[illegible]
Chron

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

RECEIVED
JUN 25 1956

224 Mar Centenaire
Denver 2, Colorado

June 20, 1956

Mr. Helmu Probst, Superintendent
Keystone Unit,
American Smelting & Refining Co.
P. O. Box J
Crested Butte, Colorado

Re: Contract IMEA 3066 (Lead-Zinc-Copper)
Contract Ida-3303, American Smelting
& Refining Company on its own behalf
and as agent for Rock City Consoli-
dated Mines Company (Keystone Mine),
Gunnison County, Colorado

Dear Mr. Probst:

Reference is made to your letter of June 11, 1956, to Mr. R. L. Bohner, Mining Engineer, Bureau of Mines, relative to the location of a raise not to exceed 300 feet in height, which is to be driven under Stage I of Contract Ida-3303.

The Government concurs in your suggested location of the raise in the IMEA drift on the Dakota Vein at a point approximately 150 feet northwest of the Sh-55 west crosscut which was also driven under Stage I of the IMEA contract.

Completion of the above-described raise will complete the exploration work anticipated under Stage I of the contract, and in that respect your attention is directed to the provision in the contract that the performance of the work under Stage II is contingent on the results obtained from the work performed under Stage I, and the Stage II work is subject to prior written approval by the Government.

Your request for the Government's approval for the work you propose to perform under Stage II must be in writing and six copies furnished to this office, each copy complete with maps or other pertinent data to justify your work proposal.

Nothing in this work conference shall be construed to increase the estimated total cost of the project, the appropriate amount which the Government may be required to contribute, nor the fixed work cost of any item of work.

Very truly yours,

NIKE FIELD TEAM, Region III

By [signature]
W. H. Tinney,
Executive Officer

cc - Mr. F. V. Rhodegut

WHT:bk

cc-Chairman, Op. Comm. (4)
Finance Office, Region III
Accountant File, Region III
Hagstrom
Shaw
Townsend
Centrac. File E-903
Chron.

COPY

AMERICAN SMELTING AND REFINING COMPANY
[redacted]
P. O. Box 3
Crested Butte, Colo.

June 11, 1956

RECEIVED
JUN 25 1958

Mr. R. L. Bohnny
U. S. Bureau of Mines
[redacted]
Denver 2, Colorado

[redacted]

Dear Sir:

This is to request approval of the location of the connecting raise from the [redacted] level to the [redacted] level Helen Vein.

A few additional rounds in the drift face of the [redacted] level Helen Vein has shown a consolidation of vein and improvement in mineralization.

Very truly yours,

/S/ Helen Prebet

Helen Prebet, Supt.

HP:ghf

cc: FVRichard

Government's copy

RECEIVED
JUN - 8 1956

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING & REFINING COMPANY
DOCKET NO. DMEA-3866

AMENDMENT NO. 1

It is agreed this 30th day of April, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and American Smelting & Refining Company that Exploration Project Contract No. Idm-E903 (Docket No. DMEA-3866), dated December 5, 1955, is amended, effective December 5, 1955, as follows:

The following provision is added at the end of Article 7(c) of the contract:

> "Provided, however, That so long as the Operator operates smelting facilities as an integrated part of its business, the settlement made by the Operator's smelter to its mine or mill on the ore or concentrates subject to the Government's royalty shall be, for the purpose of calculating the royalty payable to the Government under this contract, on the same settlement basis that the said smelter makes to its independent suppliers under the schedule most favorable to any independent supplier, or should gross income from mining operations for percentage depletion purposes in Federal income tax determination show a greater value for ore or concentrate sales than that which would result from applying the smelter schedule most favorable to an independent supplier, the greater value would be used as the basis for calculating royalty payable to the Government."

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 unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals Exploration Administration

AMERICAN SMELTING & REFINING COMPANY

By [signature]

Title Vice President

APR 25 1956

Memorandum

To: The Administrator, DMEA

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-3866, American Smelting & Refining Co.
Contract Idm-8903, Amendment No. 1 (Lead, Zinc, Copper)

As requested in a reference slip dated April 23, 1956, from the Deputy Administrator, we have prepared an amendment incorporating into the contract the provision outlined in the letter from the Operating Committee to the Executive Officer dated April 10, 1956.

Any instructions to the Operator concerning the procedure for making settlement for the Government's royalty, such as that outlined in your letter dated June 5, 1953, to the U. S. Smelting and Refining Co., Docket No. DMEA-2028, may be stated in the Administrator's letter transmitting the amendment to the Operator for signature.

Robert P. Dwyer

Attachments

HCRubin/cmd

Copy to: DMEA Docket
Solicitor's Docket (2)
W. R. Griswold
G. C. Selfridge
J. L. Chambers
R. P. Dwyer
H. C. Rubin
chron.

APR 1 0 1956

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

Re: Docket No. [illegible]-3066 (Lead-Zinc)
American Smelting & Refining Co.
Keystone (Union Extension) Mine
Gunnison County, Colorado
Contract No. Ida-90[illegible]

Dear Mr. Traver:

We have your memorandum of April 2, with enclosures, relative to royalty payments under the cited contract.

In the cases of lead-zinc producers who also operate custom smelters, we have recently been adding the following proviso to our contracts:

> "Provided, however, That so long as the operator operates smelting facilities as an integrated part of its business, the settlement made by the operator's smelter to its mine or mill on the ore or concentrates subject to the Government's royalty shall be, for the purpose of calculating the royalty payable to the Government under this contract, on the same settlement basis that the said smelter makes to its independent suppliers under the schedule most favorable to any independent supplier, or should gross income from mining operations for percentage depletion purposes in federal income tax determination show a greater value for ore or concentrate sales than that which would result from applying the smelter schedule most favorable to an independent supplier, the greater value would be used as the basis for calculating royalty payable to the Government."

The first part of the proviso is essentially as stipulated in the June 6, 1953 letter of the Administrator to the [illegible] Smelting, Refining and Mining Company (Docket No. [illegible]-202[illegible]). The second part of the proviso, referring to "gross income from mining operations for percentage depletion purposes" is to cover any possibility that the

smelter might give especially favorable rates to the mine in question. Such a rate decrease would, of course, increase the gross income from mining operations and permit larger depletion credits for Federal income tax purposes. In such an event the Government should receive royalty payments based upon the more favorable rate.

I presume that, in this particular instance, the ores subject to Government royalty will always be commingled with other mine ores. Hence, it would seem that the instructions contained in the cited Administrator's letter would also be applicable here. However, as above, should the mine receive preferential treatment from the smelter beyond that given any independent supplier, the greater value becomes the basis for royalty calculation.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Concur:

J. W. Pennington

Director, Bureau of Mines

N. E. Nelson

Geological Survey

P.S. With reference to the "mill schedule DMEA-1" submitted by the Operator, milling costs are, of course, not an allowable deduction.

MGriswold/bjl (4/6/56)

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

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

RECEIVED
APR 6 - 1956

224 New Customhouse
Denver 2, Colorado

April 4, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3866 (Lead-Zinc-Copper), Contract Idm-R903, American Smelting and Refining Co., (Keystone mine), Gunnison County, Colorado

Enclosed are four copies of concurrence by the DMEA Field Team, Region III, to discontinue drifting on the Keystone vein.

Also enclosed are four sets of data relevant to the matter.

W. M. Traver

W. M. Traver

Enclosures

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

RECEIVED
APR 6 - 1956

224 New Customhouse
Denver 2, Colorado

March 30, 1956

Mr. Knowland Probst, Superintendent
American Smelting and Refining Company
Keystone Unit
P. O. Box J
Crested Butte, Colorado

Re: Docket DMEA 3866 (Lead-Zinc-Copper)
Contract Idm-E903, American Smelting
and Refining Company on its own behalf
and as agent for Park City Consolidated
Mines Company, Keystone Mine, Gunnison County, Colorado

Dear Mr. Probst:

In reference to your letter of March 19, 1956 this constitutes confirmation of the verbal permission by the DMEA Field Team, Region III of March 19, 1956 through R. L. Bolmer, Mining Engineer, Bureau of Mines, which was as follows:

> Because of conditions encountered as the drifting progressed, the extension of the 2160 adit level drift Northwesterly along the Keystone vein will be discontinued at a point approximately 125 feet from the starting point of said drift extension. The balance of the 450 feet of drifting and/or crosscutting authorized under Stage I will be used in crosscutting to and drifting on the Union vein.

Nothing in the foregoing work approval shall 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 unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

W. M. TRAVER

W. M. Traver

E. N. Harshman

E. N. Harshman

cc: Mr. F. V. Richard

JWT:jy
cc: Amend. File, Reg. III
Corresp. File
Chair. Op. Comm. (4)
Finance Office, Reg. III
Harshman
Shaw
Townsend
Chron.

DMEA
Date Rec'd.
MAR 29 1956
BUREAU OF MINES
Denver, Colorado

Region III

Building 20
Denver Federal Center
Denver 2, Colorado
March 29, 1956

Memorandum

RECEIVED
APR 6 - 1956

To: Executive Officer, DMEA Field Team, Region III

From: R. L. Bolmer and R. U. King
Through: John F. Shaw
E. N. Harrison

Subject: Docket DMEA 3866 (Lead-Zinc-Copper), Contract Idm-8903, American Smelting and Refining Co. (Keystone mine), Gunnison County, Colo. -- Recommendations regarding operator's request to begin crosscut to Union vein.

The operator under the subject contract, in a letter dated March 19, 1956, requested permission to discontinue the authorized 2160 level drift on the Keystone vein and to begin an authorized alternate crosscut to the Union vein.

On the date of the operator's letter, the 2160 adit level of the Keystone mine (the project heading) had been advanced approximately 125 northerly as a drift along the Keystone vein. Within this distance, the Keystone vein weakened appreciably and changed course. Its strike, as exposed along the final 110 feet of the project heading, is essentially parallel to that of the Union vein. It is apparent from present exposures that the two structures will not junction within the 350-feet distance estimated in the contract.

The northerly extension of the Union vein is the primary exploration objective of the project. Inasmuch as the Keystone vein -- which was to be followed to this objective -- has weakened and changed course, it is recommended that the operator be granted permission to drive the authorized alternate crosscut to the Union vein from the present point of advance in the 2160 North drift rather than from the point stipulated in the contract.

This memorandum will confirm the informal recommendations made previously regarding this matter. In a telephone conversation on March 19, 1956, the operator was given verbal authority to start the requested crosscut from the existing breast of the 2160 North drift. The operator has asked for written verification of this authority.

R. L. Bolmer

R. L. Bolmer, Mining Engineer
Bureau of Mines

E. N. Harrison
for R. U. King, Geologist
Geological Survey

cc 9
Idm-8903
Chron.

rrb/ab

RECEIVED
APR 6 - 1956
DMEA
Date Rec'd.
MAR 21 1956
BUREAU OF MINES
Denver, Colorado

AMERICAN SMELTING AND REFINING COMPANY
KEYSTONE UNIT
P. O. BOX J CRESTED BUTTE, COLO.

March 19, 1956

Mr. W. M. Traver, Executive Officer
U. S. Dept. of Interior
Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

RE: DOCKET DMEA 3866
CONTRACT Idm-E903

Dear Sir:

This is to request permission to discontinue further drifting on the Keystone Vein and Cross-Cut to the Union Vein.

The vein structure in the present Keystone Vein face (125 ft. from starting point) is about 6" wide of which 2" is sulfides. The ground is tight and fairly hard. There is no present indication the Keystone Vein will connect with the Union Vein.

It is planned to cross-cut to the Union Vein at a 50° angle from the Keystone Vein.

Very truly yours,

ORIGINAL SIGNED BY
NOLAN PROBST

Nolan Probst, Supt.

NP:ghf

Orig & 5 cc: WMTraver
cc: FVRichard
File

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

[illegible] New Customhouse
Denver 2, Colorado

March 26, 1956

Mr. F. V. Richard
American Smelting and Refining Company
Crandall Building
Salt Lake City, Utah

Re: Project DMEA 3066
(Lead - Zinc - Copper),
Contract [illegible],
American Smelting and
Refining Company on its
own behalf and as agent
for Park City Consolidated
Mines Company, Keystone
Mine, Gunnison Co., Colo.

Dear Mr. Richard:

Consistent with the provisions in the contract, and to correct an inequity between the cost estimate of the work under Stages I and II, this constitutes the Government's approval for you to take and assay on the work under Stage I not to exceed 130 of the 400 samples listed under Stage II, thereby leaving at least 270 samples to be taken and assayed on the work which may or may not be approved for performance under Stage II.

Nothing in this work approval shall 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 unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

W. M. Traver

E. E. Hirschman

JWT:prl
cc: Chairman, Oper. Comm. (4)
Finance Office, Region III
Amendment File, Region III
Hirschman
Shaw
Townsend
cc: Mr. Haviland Probst
Box J
Crested Butte, Colo.

Corres. file
Chron.

DMEA
Date Rec'd.

MAR 23 19[illegible]

BUREAU
Denv[illegible]

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
March 22, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Reg. III

Through: John F. Shaw SWH for
Supervising Mining Engineer

From: R. L. Bolmer

Subject: DMEA 3866, Contract Idm-5903 (Lead-zinc-copper), American Smelting and Refining Co. (Keystone mine), Gunnison County, Colorado -- Reallocation of assaying authorized under Stage II of project.

The assaying of samples is not included with the other work authorized under Stage I of the subject project. A total of 400 assays, however, are allowed under Stage II. It is believed that this inequity should be corrected.

The 650 feet of combined drifting, crosscutting, and raising that is to be performed under the first stage of the project ordinarily would require the same proportionate amount of sampling and assaying as would the 2000 feet of combined drifting and crosscutting and 2000 feet of core drilling allotted to the second stage. It is recommended, therefore, that approximately 130 of the 400 assays presently authorized under Stage II exploration be allocated to the work under Stage I.

R. L. Bolmer

R. L. Bolmer
Mining Engineer

RLB/mr cc: 9
Idm-5903
Chron

MME Form 14
Sept. 1958

Contract No. Idm-E) 14-23) ~~902~~

Docket No. DMEA) MME) ~~3066~~

Date of Action ~~3/26/59~~ Terminated Contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor: American Smelting and Refining Co.
Mining Department
120 Broadway
New York 3, N. Y.

Date of Contract	Region	State	Commodity
December 5, 1955	III	Colorado	Lead-Zinc-Copper

	Reserve	Obligation
Prior Amount	0	53,610.00
Increase	0	0
Decrease	~~0~~	~~13,887.50~~
Revised Amount	0	39,722.50

Remarks:

cc: 800
210

43244

Government's copy

RECEIVED JAN 3

MF-200A
(Revised June 1954)

Docket No. DMEA - 3866

Commodity Lead, Zinc, Copper

Contract No. Idm-E 903

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

It is agreed this DEC 5 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] The American Smelting and Refining Company, a corporation organized and existing under and by virtue of the laws of the State of New Jersey, on its own behalf, and as Agent for Park City Consolidated Mines Company, a corporation organized and existing under and by virtue of the laws of the State of Utah, whose mailing address is American Smelting and Refining Company, Mining Department 120 Broadway, New York 5, N. Y., 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 maps.

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 Gunnison, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] ..... 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: waived.

[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."

(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, zinc, and copper. The work to be performed is described in Exhibit "A." The Operator on or before February 1, 1956 shall commence the work, and on or before December 1, 1957 (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 $107,220.00 The Government will contribute 50 percent of the fixed unit costs as work is performed, in a total sum not in excess of $ 53,610.00: *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.

AMERICAN SMELTING AND REFINING COMPANY
on its own behalf (Operator)
and as agent for Park City Consolidated Mines Company

By R. F. Goodwin
Vice President

THE UNITED STATES OF AMERICA

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

I, Harold Howe, certify that I am the secretary of the corporation named as Operator herein; that R. F. Goodwin who signed this contract on behalf of the Operator, was then a Vice President 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.

Harold Howe

[CORPORATE SEAL]

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

RECEIVED
JAN 3

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING & REFINING COMPANY
DOCKET NO. DMEA-3866

ANNEX I

The land referred to in Article 2 of the contract consists of patented and unpatented lode mining claims situate in Elk Mountain and Ruby mining Districts, Gunnison County, Colorado, described as follows:

(a) Unpatented lode mining claims, certificates of location of which are recorded in the office of the Clerk and Recorder of Gunnison County as follows:

Name	Book	Page
Park City No. 1 (Approximate N.W.½ only)	255	513
Park City No. 7	255	516
Park City No. 9	255	517
Park City No. 10	255	518
Park City No. 11	255	518
Park City No. 15	255	520
Park City No. 16	255	521
Park City No. 17	255	521
Park City No. 27* *(All that fraction in the N.W. portion thereof lying west of the Berrien claim)	255	526
Park City No. 29	255	527
Park City No. 32	255	529

(b) Patented lode mining claims:

Berrien U. S. Mineral Survey No. 3738

Furniture Boy, U. S. Mineral Survey No. 3739

Union, U. S. Mineral Survey No. 6523
(That part of the claim lying northwest of a line running N. 44° E., from a point on the southwest side line 700 feet southeast from the northwest corner of said claim.)

Above claims are outlined in red on the accompanying map, Figure 2.

The American Smelting and Refining Company owns an undivided 60-percent interest in the above mining claims. The remaining undivided 40-percent interest in the claims is owned by the Park City Consolidated Mines Company.

Known ore reserves in blocks Numbers 1, 2, 3, 4, 5, 6, 7, and 8 on the Union vein, as marked in blue on the accompanying map, Figure 6, are situated within the area to be explored by this project. Nevertheless, it is agreed that ore mined from the foregoing blocks during the period for the performance of the work under the contract, or subsequently if the project is certified as a discovery, is also subject to the payment of royalty to the Government under the terms of the contract.

EXPLORATION PROJECT CONTRACT
AMERICAN SMELTING & REFINING COMPANY
DOCKET NO. DMEA-3866

EXHIBIT "A"

Description of the Work

The maps attached to and made a part of the contract are as follows:

Figure 2 - Map of the Keystone-Park City group of claims, Gunnison County, Colorado, showing boundaries of property that will be subject to the provisions of an exploration project contract, DMEA-3866.

Figure 5 - Plan of Keystone mine, Gunnison County, Colo., showing location and extent of proposed exploration, DMEA-3866.

Figure 6 - Longitudinal section of Keystone mine, Gunnison County, Colo., showing location and extent of proposed exploration, DMEA-3866.

The work shall consist of two stages, as set forth below. The Operator shall perform the work described in Stage I, and shall perform as much of the work described in Stage II as the Government approves in advance in writing.

Stage I

Extend the 2,160 adit level of the Keystone mine northwesterly as a drift along the Keystone or the Keystone-Union, or the Union vein for a total distance of 450 feet. It is expected that the Keystone vein will join the Union vein within 350 feet. Should the Keystone vein die out or not join the Union vein within 350 feet the remainder of the allotted footage of 450 feet may be expended in crosscutting for and drifting along the Union vein.

Raise 200 feet on the Union vein exposed by Stage I work; however, if exploration on the 2,160 level is approved in Stage II, the Government may at its option in writing authorize the Operator to raise from a point approximately below the face of the existing 2,000 level Union drift.

An estimated 10 percent of the drifts and crosscuts will require timbering. Drifts and crosscuts shall be not less than ~~6~~ 5 feet by 7 feet in the clear of timber, and raises shall be not less than ~~5-feet-by-10-feet-in-rock-section.~~ 4 feet by 8 feet in usable section. (Width of drift to be measured at center of posts if these are inclined)

Com
R.J.S.

Stage II

From either the face of the drift on the vein followed in Stage I or the face of the 2,000 level drift, whichever the results of Stage I exploration indicate to be more promising, drift northwesterly along the vein for a total distance of 2,000 feet. With the prior approval of the Government, crosscutting to pick up anticipated offsets in the vein may be substituted for an equivalent footage of the stipulated drifting.

From the same exploration drift along the vein, explore the foot and hanging walls of the vein by means of 2,000 feet of diamond drilling. (The location, length, bearing, and inclination of the drill holes shall be determined after all or part of the drifting has been completed and will require the prior approval of the Government.)

An estimated 10 percent of the drifts and crosscuts will require timbering. Drifts and crosscuts shall be not less than ~~6~~ 5 feet by 7 feet in the clear of timber. (Width measured at center of posts if these are inclined).

Com
R.J.S.

Diamond drill holes shall be not less than AX size unless otherwise approved by the Government; cores shall be marked and properly stored for inspection, and if from mineralized zones shall be split and assayed for lead, zinc and copper. Holes shall be reamed and cased, or cemented and re-drilled, where necessary.

Estimated Cost of the Project

Fixed Unit Costs

Stage I

450 feet of drifting and/or crosscutting @ $35.00/ft.	$15,750.00
Timbering 1/ in drifts or crosscuts, 45 feet @ $6.00/ft.	270.00

200 feet of raising 2/ @ $39.00/ft.	$ 7,800.00	
Estimated Total Cost of Stage I		$ 23, 820.00

Stage II

2,000 feet of drifting and/or cross-cutting @ $35.00/ft.	70,000.00	
Timbering 1/ in drifts or crosscuts, 200 feet @ $6.00/ft.	1,200.00	
Diamond drilling, 2,000 feet @ $4.60/ft. 3/	9,200.00	
Reaming and casing, 200 feet @ $2.00/ft.	400.00	
Cementing and re-drilling, 200 feet @ $2.00/ft.	400.00	
Excavation of drilling stations, 10 stations @ $100.00/each	1,000.00	
Assaying, 400 samples assayed for lead, zinc and copper @ $3.00/sample	1,200.00	
Estimated Total Cost of Stage II		$ 83,400.00
Estimated Total Cost of the Project		$107,220.00
Estimated Total Government Participation @ 50%		$ 53,610.00

1/ Standard 8- by 8-inch framed drift sets on 5-foot centers. Any allowance for timber support not required under Stage I may be expended as needed under Stage II without prior approval of the Government.

2/ Unit price includes timbering with standard 2-compartment 8- by 8-inch framed raise sets.

3/ Unit price includes logging of cores by company engineer, and splitting and storage of recovered cores and sludges.

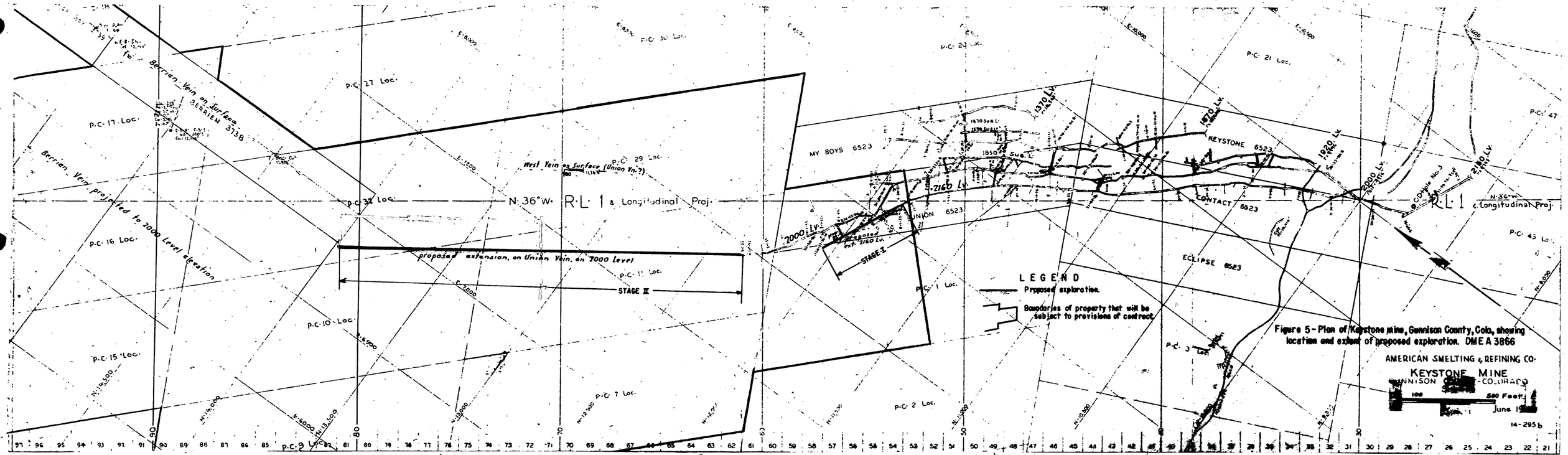
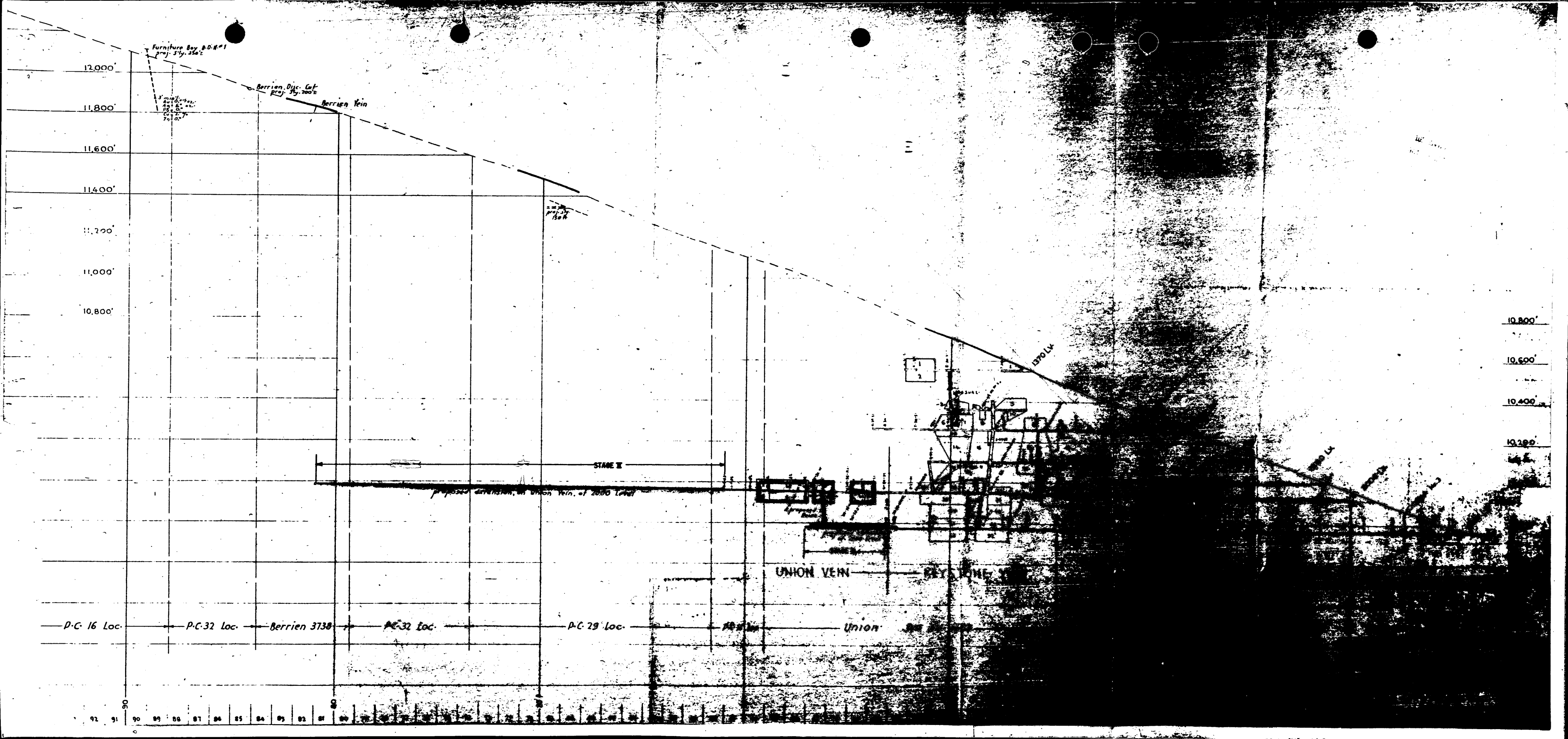


Figure 5 - Plan of Keystone mine, Gunnison County, Colo., showing location and extent of proposed exploration. DME A 3866


Furniture Bay
Berrien Disc. Cut
Berrien Vein
12,000'
11,800'
11,600'
11,400'
11,200'
11,000'
10,800'
1370 Lv.
STAGE II
proposed extension on Union Vein, at 2000 Level
UNION VEIN
KEYSTONE
P.C. 16 Loc.
P.C. 32 Loc.
Berrien 3738
P.C. 32 Loc.
P.C. 29 Loc.
Union
10,800'
10,600'
10,400'
10,200'

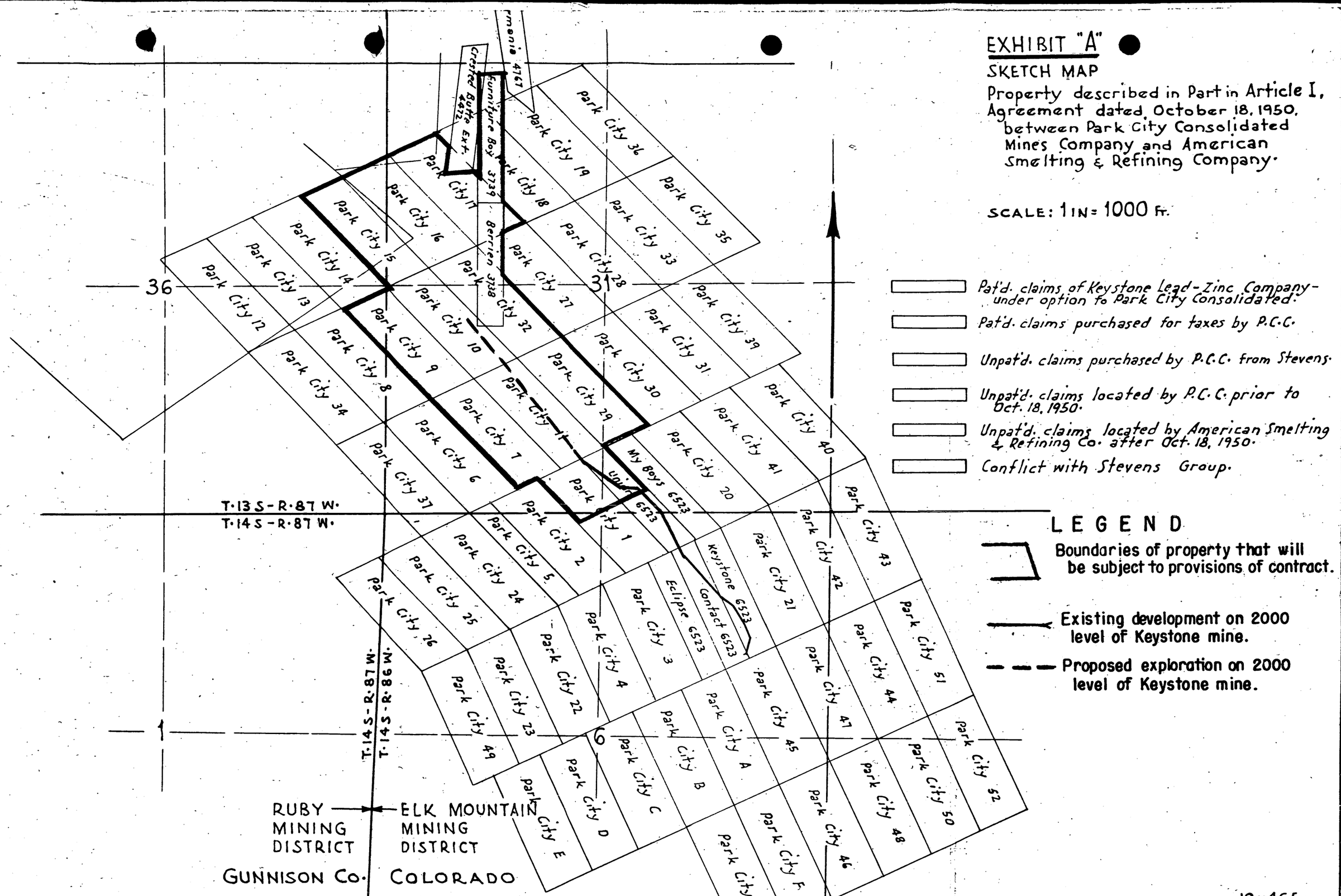


Figure 2 - Map of the Keystone-Park City group of claims, Gunnison County, Colo., showing boundaries of property that will be subject to the provisions of an exploration project contract. DMEA 3866

Docket No. 3866

Commodity Lead-Zinc-Copper

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 903

Date of Contract ~~xxxxxxxxxxxx~~: December 5, 1955

Name and Address of Operator:

American Smelting and Refining Company
Mining Department
120 Broadway
New York 5, N. Y.

Amount of Government participation $53,610.00

Percent of Government participation 50 %

Region: III State: Colorado

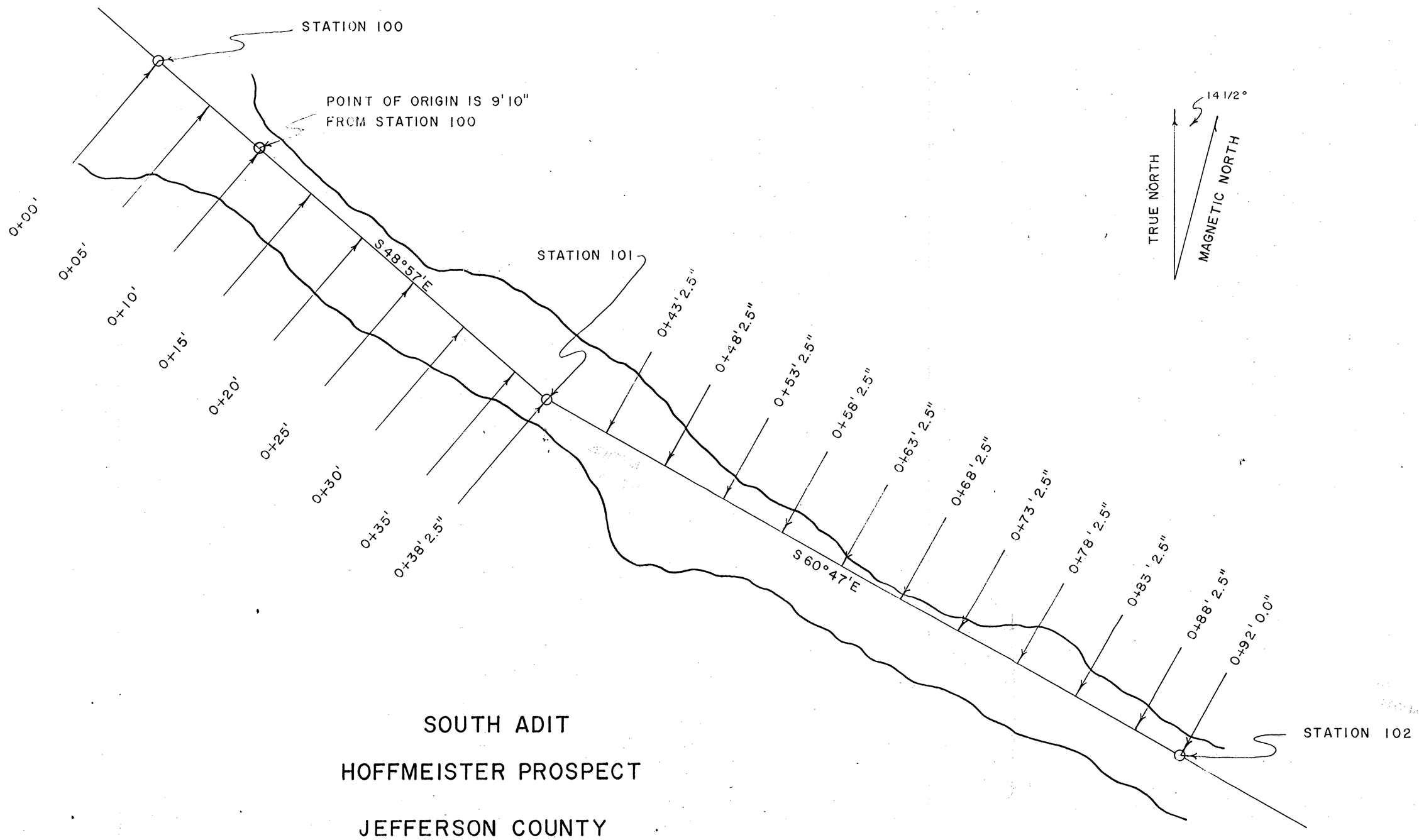
(Name)

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

(Title)

Date Delivered to Bureau of Mines, Washington. 11/6/55

54458



SOUTH ADIT

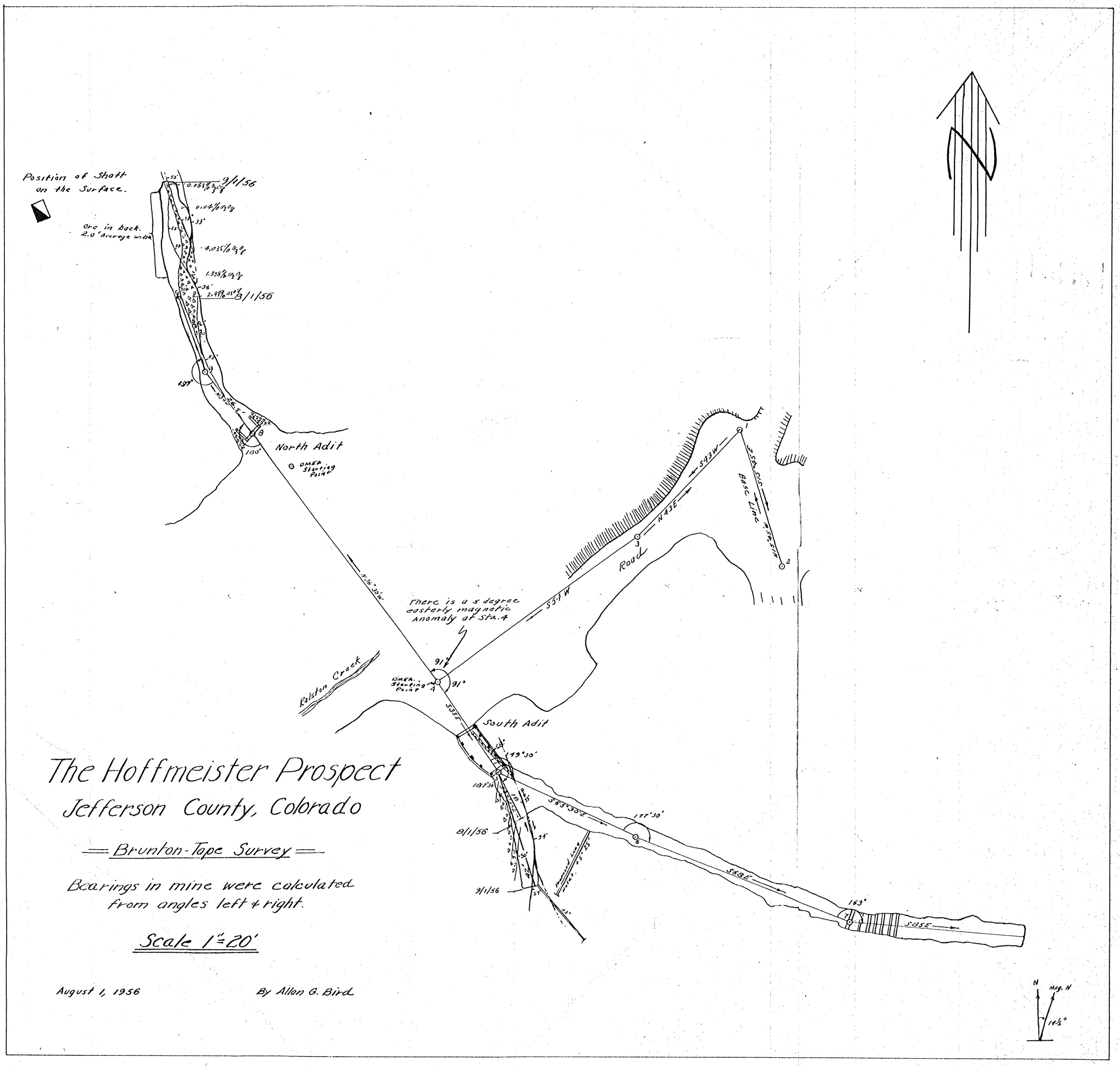
HOFFMEISTER PROSPECT

JEFFERSON COUNTY

COLORADO

MAY 3, 1956

SCALE: 1" = 5'



The Hoffmeister Prospect

Jefferson County, Colorado

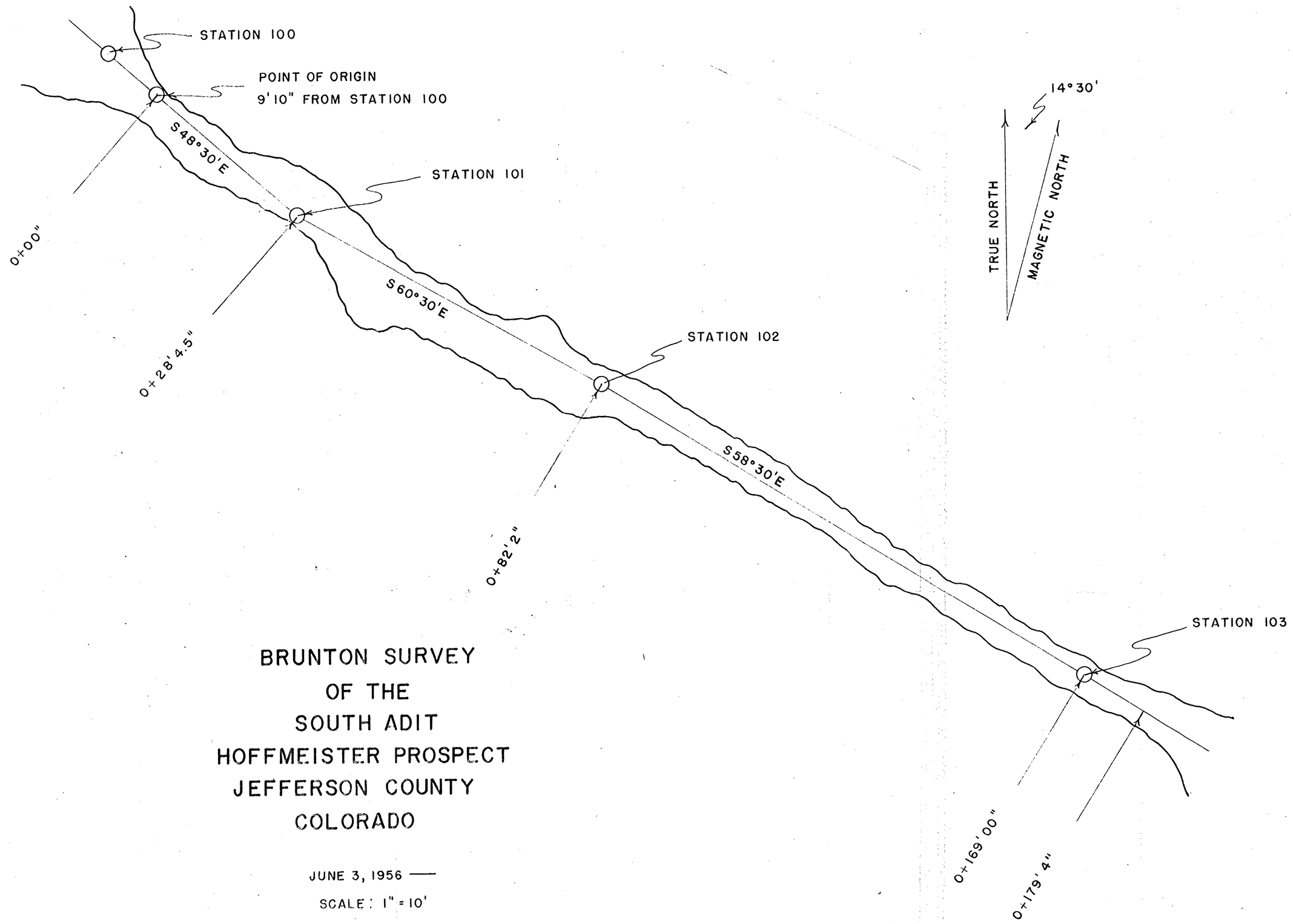
— Brunton-Tape Survey —

Bearings in mine were calculated from angles left & right.

Scale 1" = 20'

August 1, 1956

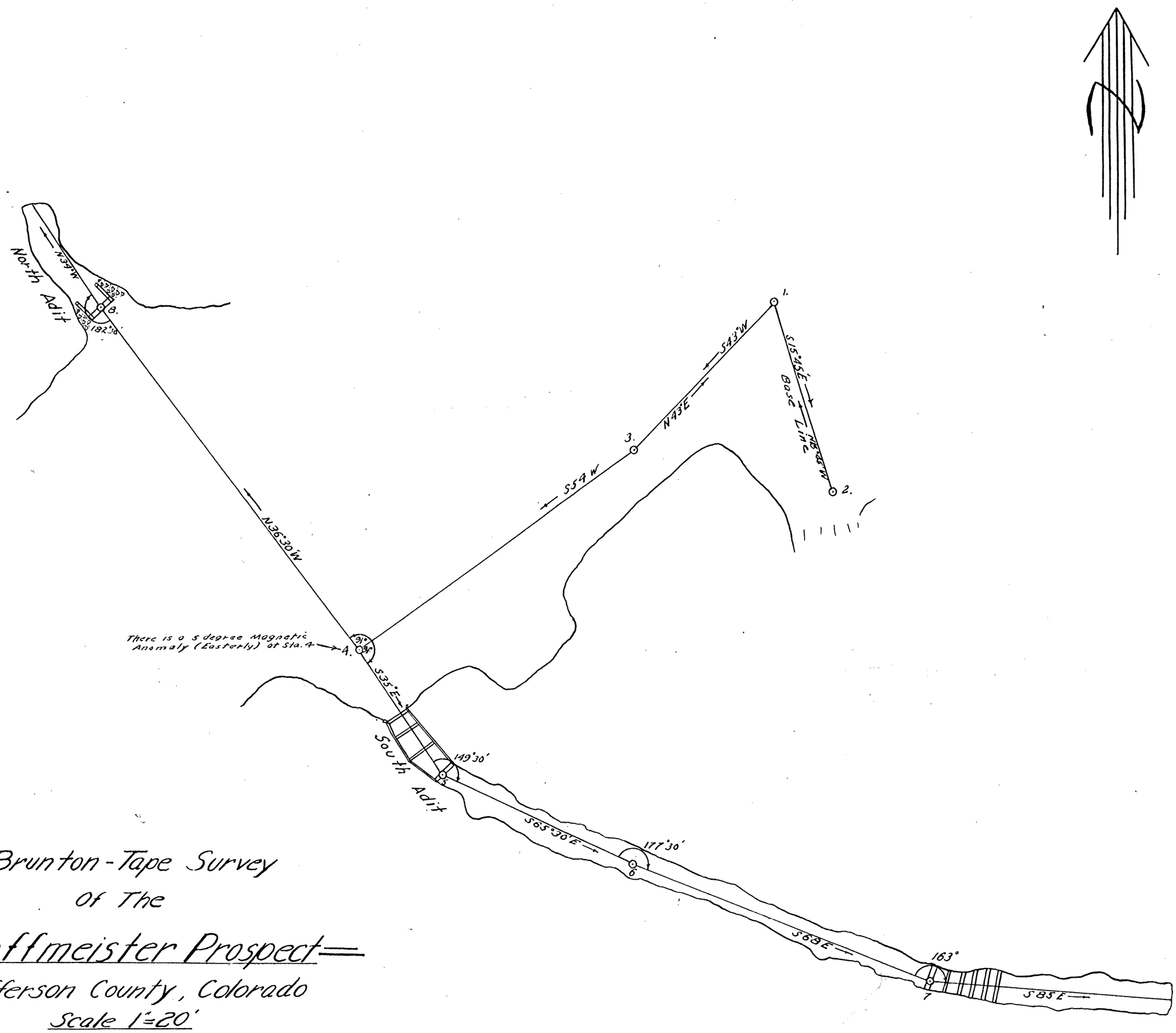
By Allan G. Bird



BRUNTON SURVEY
OF THE
SOUTH ADIT
HOFFMEISTER PROSPECT
JEFFERSON COUNTY
COLORADO

JUNE 3, 1956 —

SCALE: 1" = 10'



Brunton-Tape Survey of The

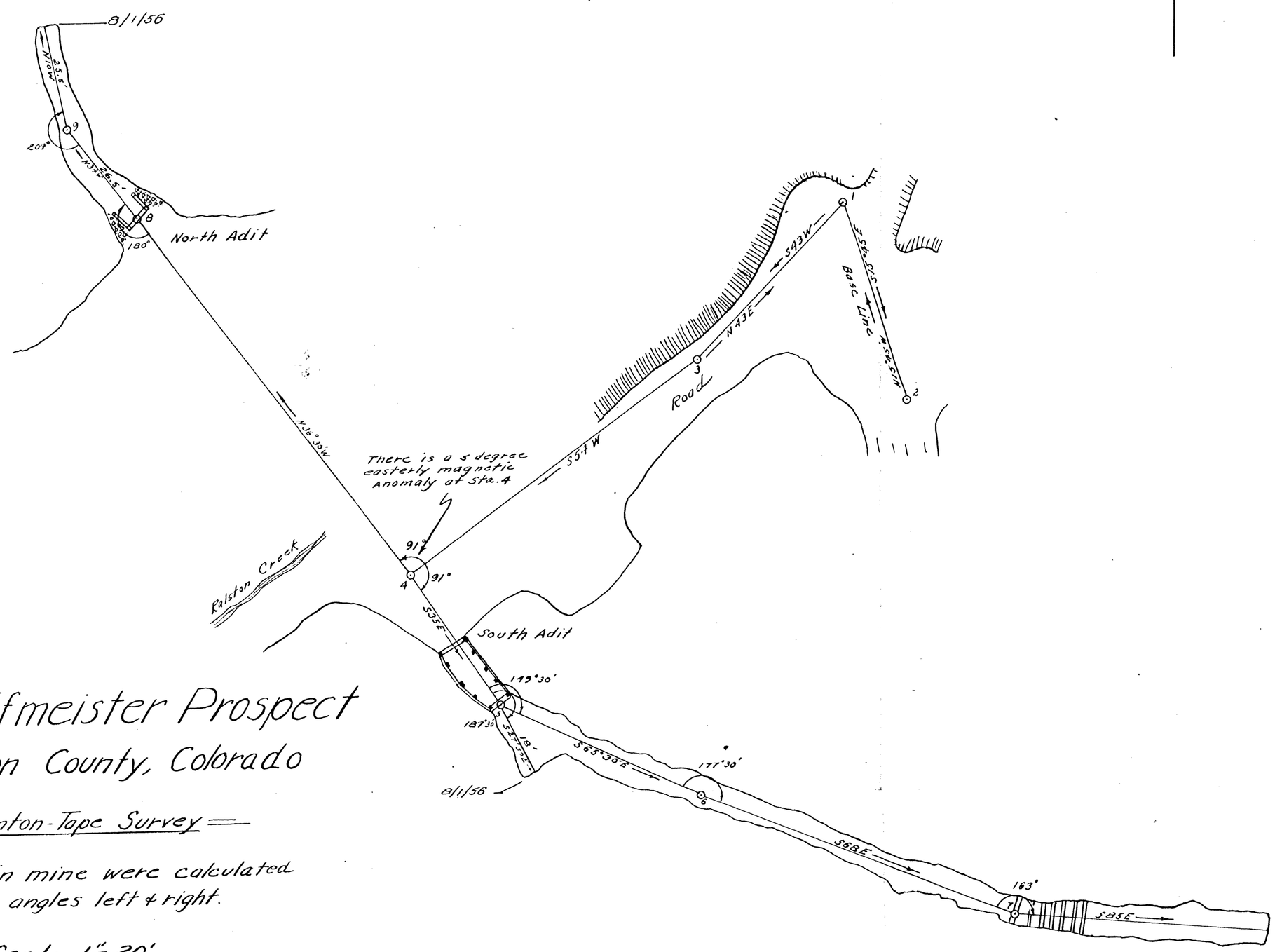
Hoffmeister Prospect

Jefferson County, Colorado

Scale 1"=20'

July 14, 1956 By Allon G. Bird

Joseph W. Walsh Operator



The Hoffmeister Prospect

Jefferson County, Colorado

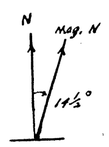
— Brunton-Tape Survey —

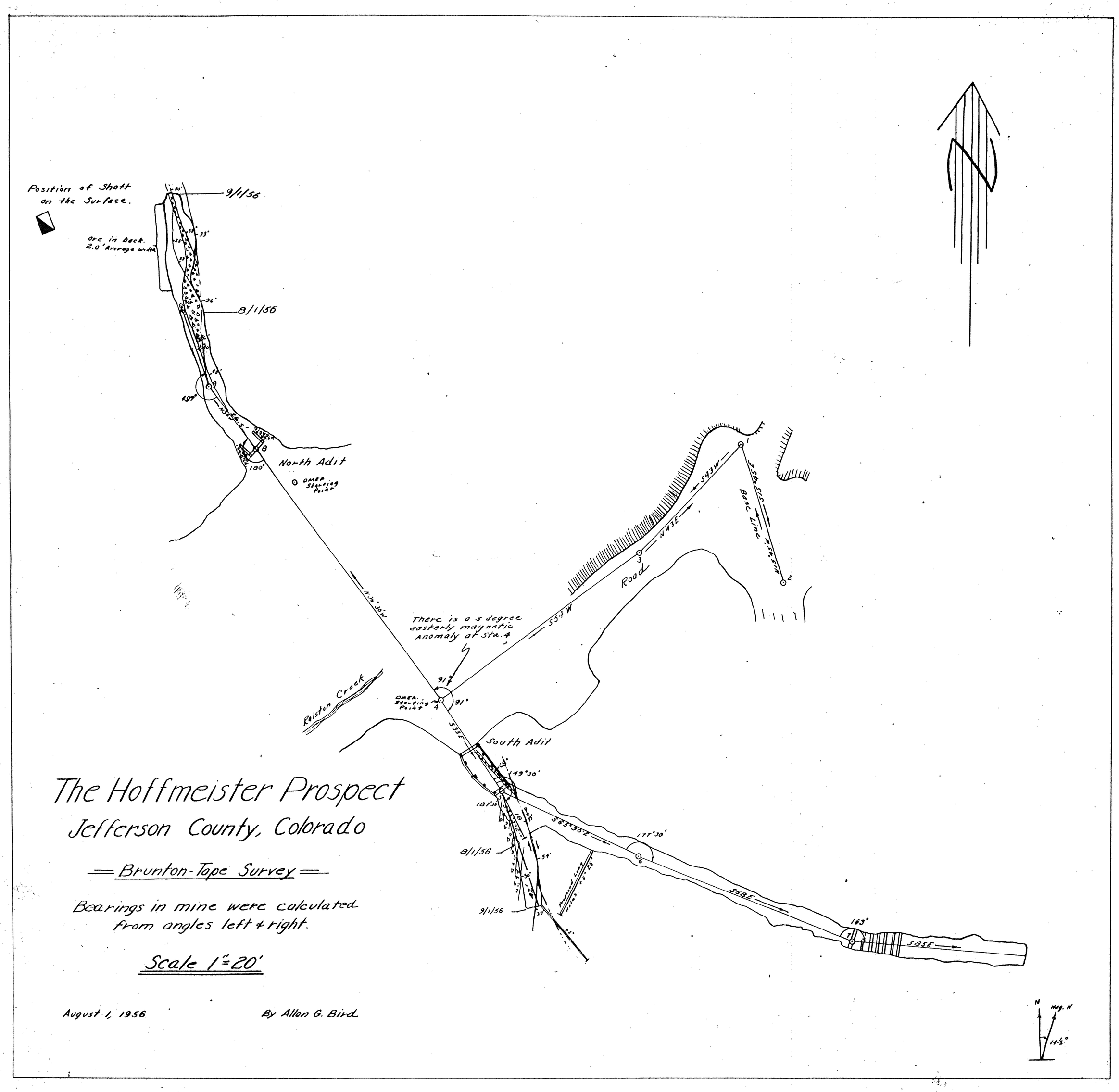
Bearings in mine were calculated from angles left + right.

Scale 1" = 20'

August 1, 1956

By Allan G. Bird





The Hoffmeister Prospect

Jefferson County, Colorado

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August 1, 1956

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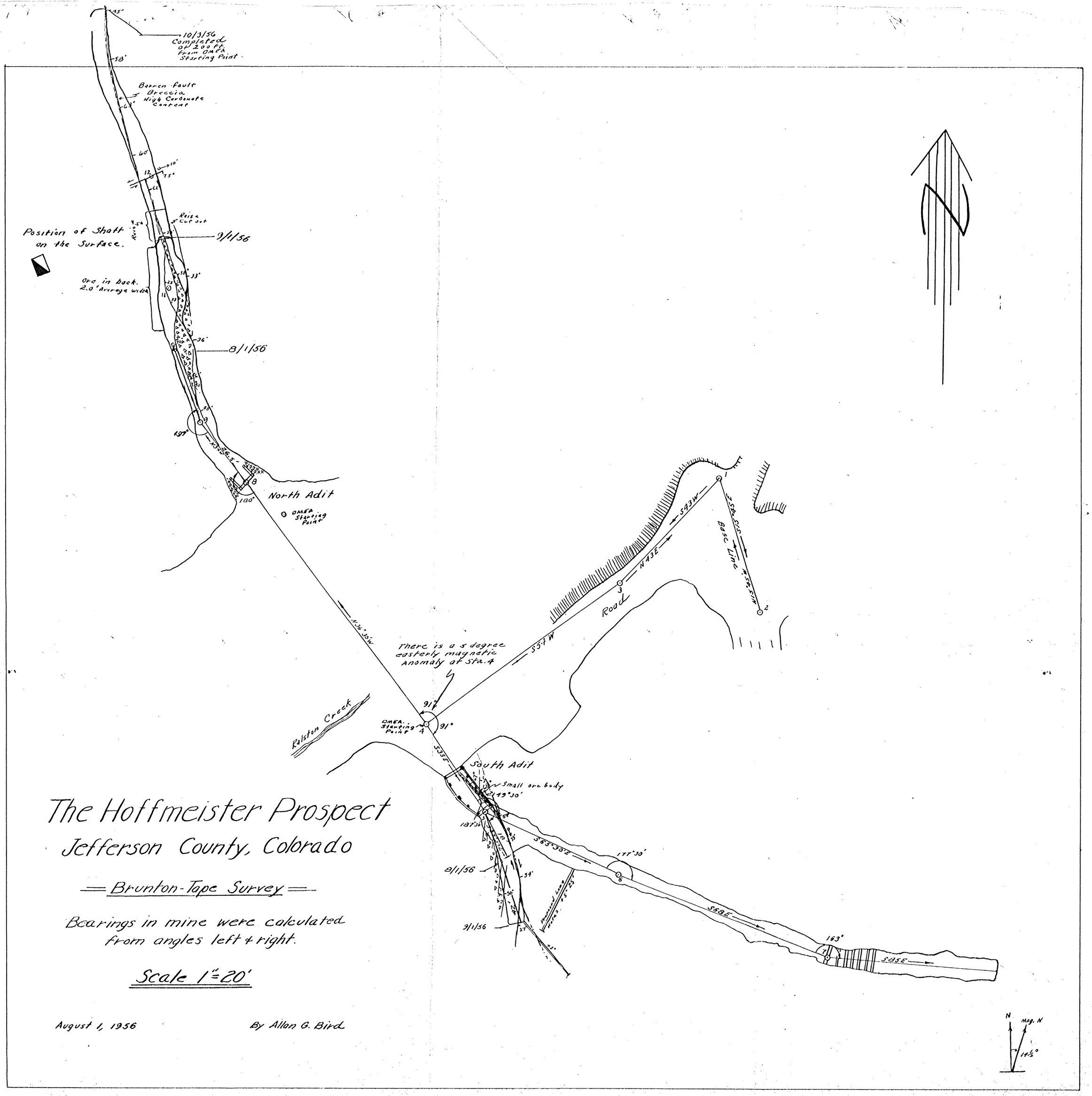


The Hoffmeister Prospect

Jefferson County, Colorado

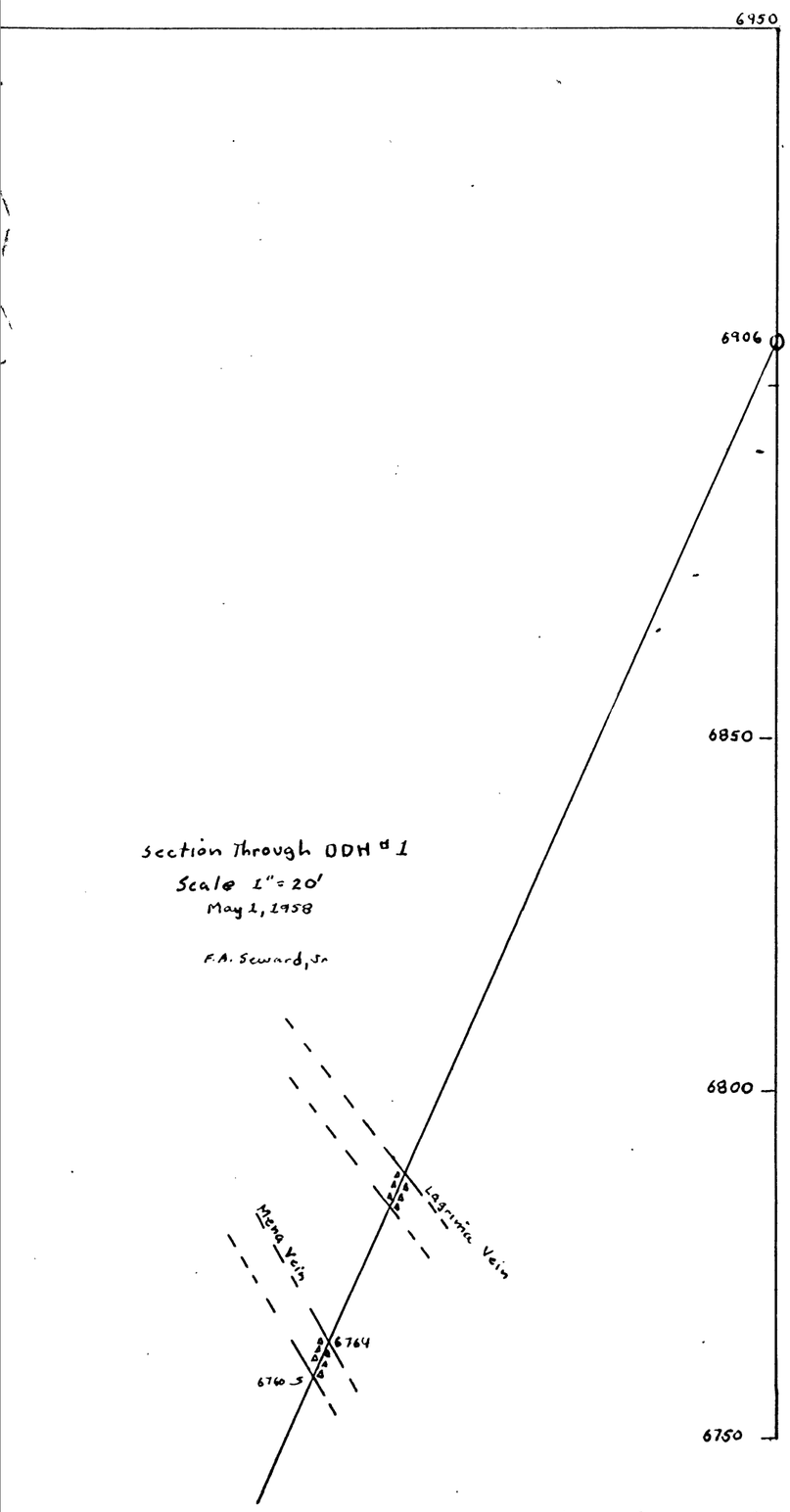
Brunton-Tape Survey

Bearings in mine were calculated from angles left & right.

Scale 1" = 20'

August 1, 1956

By Allan G. Bird

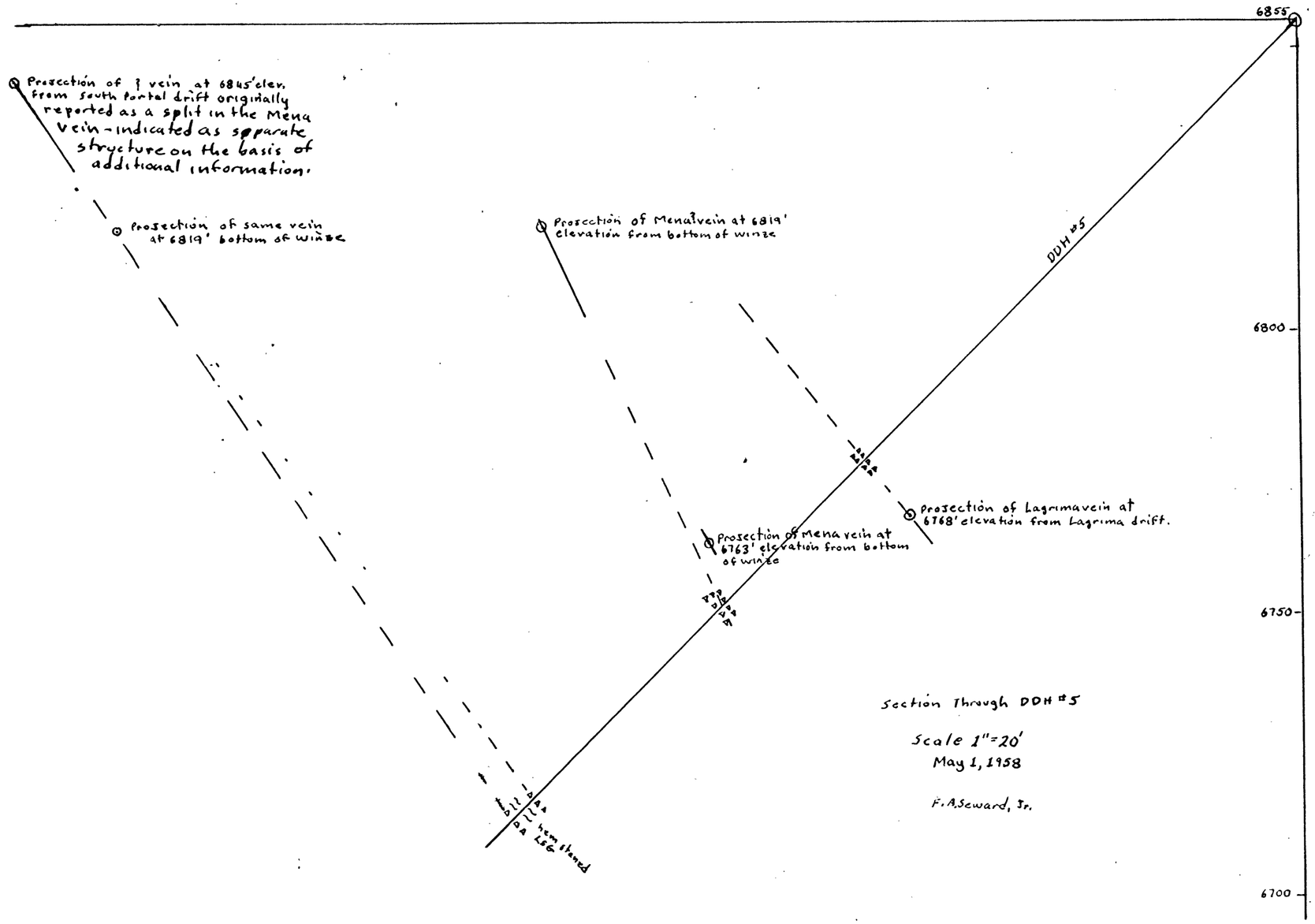


Section Through DDH #1

Scale 1" = 20'

May 1, 1958

F.A. Seward, Jr.



Section Through DDH #5

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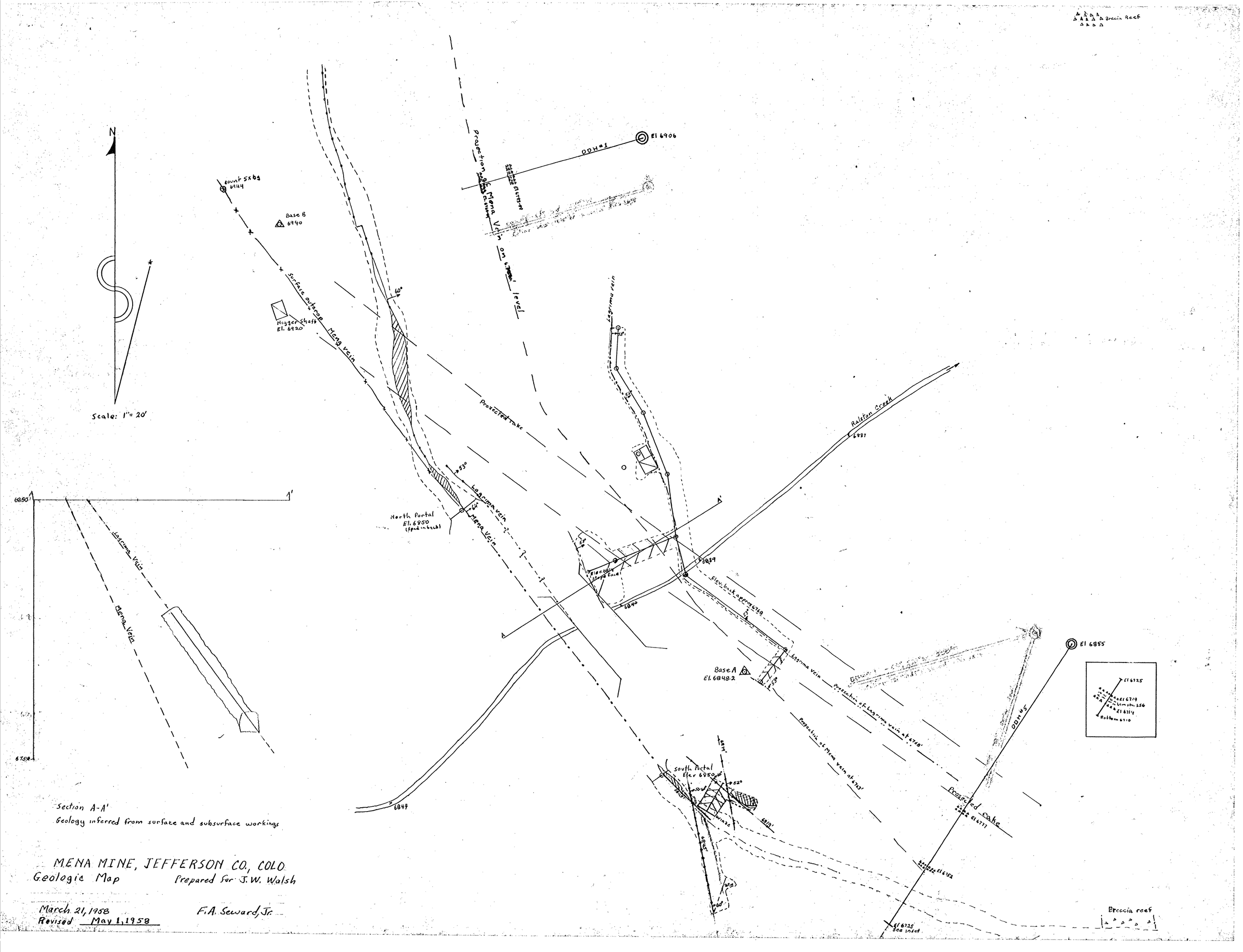
May 1, 1958

F.A. Seward, Jr.



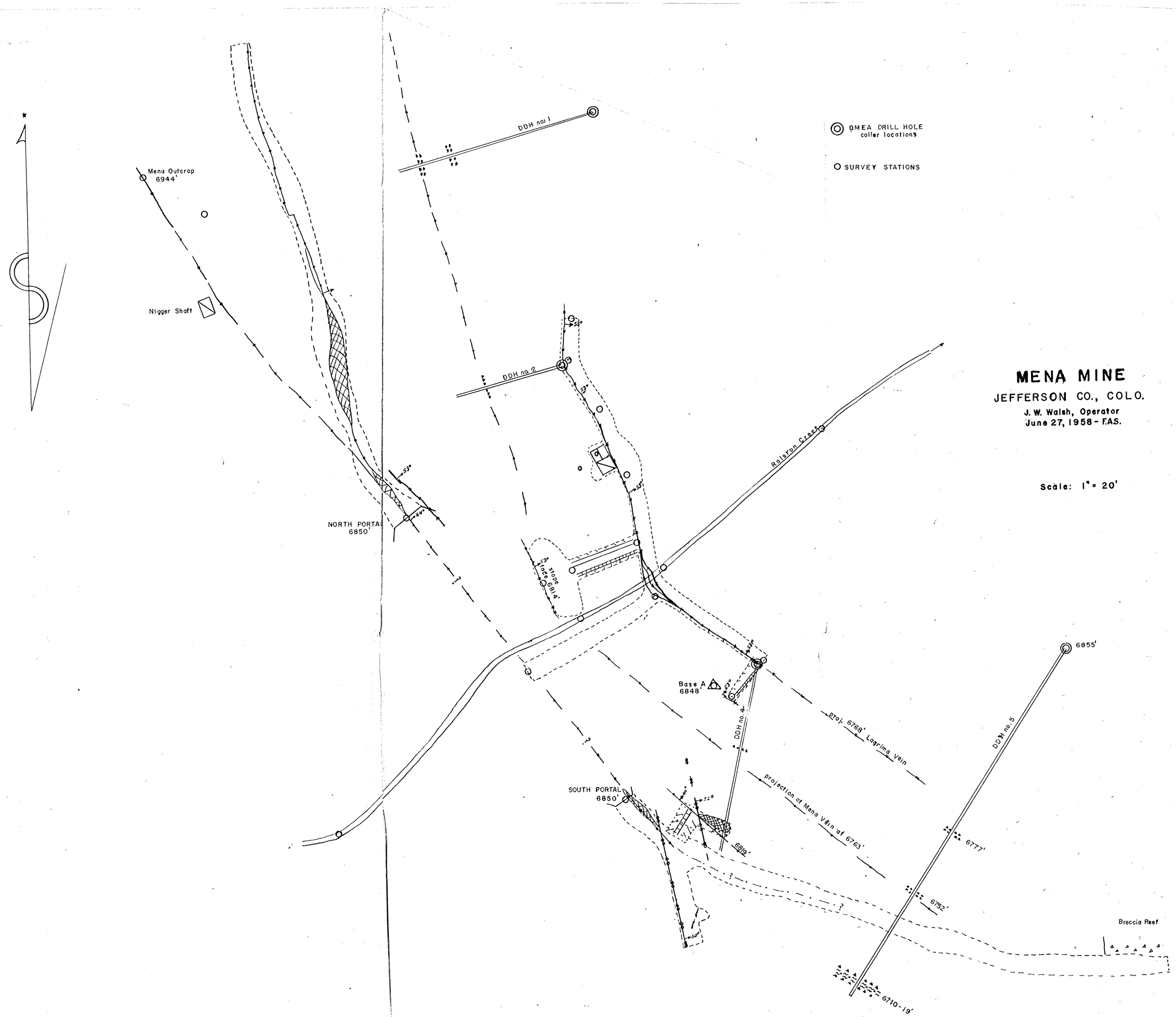
Section A-A'
Geology inferred from surface and subsurface workings

MENA MINE, JEFFERSON CO., COLO.

Geologic Map — Prepared for J.W. Walsh

March 21, 1958
Revised May 1, 1958

F.A. Seward, Jr.



MENA MINE

JEFFERSON CO., COLO.

J. W. Walsh, Operator
June 27, 1958 - F.A.S.

Scale: 1" = 20'