EXTRA COPY
D M E A
RECEIVED FEB 11 1957

DATE	INITIALS	CODE
2/12	C	220
"	FEJ	110
2/13	WSM	400

224 New Customhouse
Denver 2, Colorado

February 7, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3881 (Tungsten) Contract Idm-E917
Walby and Clifford (Tin Cup, Gypsy and Big Ben)
San Juan County Colorado - FINAL PAYMENT

Enclosed are two copies of a memorandum to T. A. Christenson, dated January 29, 1957, relative to final payment under the terms of the subject contract.

You are requested to void previous copy of the enclosed memorandum, originally mailed to you on January 29, 1957.

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures

ytl
cc
MF-104 File E-917
Shaw (2)
Chron.

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

224 New Customhouse
Denver 2, Colorado

EXTRA COPY
D M E A
RECEIVED FEB 11 1957

DATE	INITIALS	CODE

January 29, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3881 (Tungsten) Contract Idm-E917
Walby and Clifford (Tin Cup, Gypsy and Big Ban)
San Juan County, Colorado - FINAL PAYMENT

Reference is made to our memorandum of October 1, 1956, whereby we transmitted the final Form MF-104 Operator's Monthly Report and Voucher for the month of August 1956, and requested that you withhold the amount of $500.00, pending resolution of matters relative to closing the account. The Operator's final report has been received; therefore, we recommend that final payment to the Operator be made on the following basis, which is in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, dated January 28, 1957.

Basis For Final Payment

Total Accepted Cost	$10,344.00
Government participation at 75 percent	7,758.00
Total prior payments	7,258.00
Balance Due The Operator	$ 500.00

Original signed by
W. M. TRAVER
W. M. Traver

JDC:ytl
cc
Chmn. Op. Comm. (2)
Shaw (2)
Harshman
Townsend
Corres. Idm-E917
MF-104 File Idm-E917
Chron.

$500.00
3/6/57 Emma 57-84

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

DATE	INITIALS	CODE
1.28	C	220
1/28		400

224 New Customhouse
Denver 2, Colorado

January 24, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3881 (Tungsten), Contract No. Idm-E917, Walby & Clifford, a Partnership, (Tin Cup, Gypsy, and Big Ben claims), San Juan County, Colorado

Enclosed are the Government's, Division, and Docket copies of the "TERMINATION AGREEMENT," which was forwarded by your letter of December 31, 1956, for signature by the two partners.

Copies of the "TERMINATION AGREEMENT" have been distributed to the Operator, the Finance Office, Region III, and to others concerned.

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures

JWT:prl

cc: Finance Office, Reg. III)
Marshman)
Shaw)
Townsend)
Corres. file)
Chron.
w/copy of "TERMINATION AGREEMENT"

Termination agreement

Division Copy

Pontin
Sawyer
Chapman
Venting
Chapman
Selfridge

TERMINATION AGREEMENT

It is agreed this 28th day of December, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Walby and Clifford, a partnership, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-2917 (Docket No. DMEA-3881), dated February 6, 1956, as amended, hereinafter called the "Contract," that:

1. Effective August 17, 1956, all obligations of the parties under the Contract are terminated, except as otherwise herein expressly provided.

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

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 with respect to certification of discovery or development, percentage royalty, and liens for its payment; and all rights of the Government with respect to records, audits, and recovery of any overpayment, as provided in the Contract, are 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 C. Whitbeckers
Administrator, Defense Minerals
Exploration Administration

WALBY AND CLIFFORD

Hugh E. Walby
Hugh E. Walby, partner

Earl Clifford
Earl Clifford, partner

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

EXTRA COPY
DMEA
RECEIVED JAN 28 1957

DATE	INITIALS	CODE
1/28	C	220
		400

224 New Customhouse
Denver 2, Colorado

January 24, 1957

Memorandum

To: T. H. Brading, DMEA Auditor, Region III

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3881 (Tungsten), Contract No. Idm-E917, Walby & Clifford, a Partnership (Tin Cup, Gypsy, and Big Ben claims), San Juan County, Colorado

The subject contract was terminated by mutual agreement, effective August 17, 1956. Enclosed for your records is a copy of the "TERMINATION AGREEMENT."

Acceptable unit costs of work or services completed on a Fixed Unit Cost basis are as follows:

The job of constructing access roads;
The job of rehabilitating the adit;
242 feet of drifting and crosscutting.

The Operator has rendered a final engineering and geologic report and a final accounting, as required by the contract. Therefore, final payment to the Operator is in order, contingent on release to this office of a Report of Review of reported project costs.

The sum of $500.00 was withheld from reimbursement to the Operator in processing the Operator's final accounting report, which was for the month of August, 1956.

Original signed by
W. M. TRAVER

W. M. Traver

JWT:prl
cc: Chairman, Op. Comm. (2)
Harshman
Towasend
Corres. file
Caron.

402

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

RECEIVED
SEP - 4 1956

224 New Customhouse
Denver 2, Colorado

August 29, 1956

Memorandum

WSM

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3881 (Tungsten), Contract Idm-E917, Walby & Clifford, a Partnership, San Juan County, Colorado

Enclosed are the original and two copies of Amendment No. 1 to Contract Idm-E917, which has been executed to extend the date fixed for start of the project work from May 1, 1956, to June 1, 1956.

Also enclosed are three copies of data relative to the Amendment.

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

W. M. Traver

W. M. Traver

Enclosures

Amend #1

RECEIVED
SEP - 4 1956

EXPLORATION PROJECT CONTRACT
WALBY AND CLIFFORD, A PARTNERSHIP
DOCKET NO. DMEA 3881
CONTRACT NO. IDM-E917

AMENDMENT NO. 1

It is agreed this 13th day of August, 1956 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Walby and Clifford, a partnership comprised of Hugh E. Walby and Earl Clifford, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. IDM-E917, Docket No. DMEA 3881, dated February 6, 1956, hereinafter called the "Contract," that the Contract is amended effective February 6, 1956 as follows:

1. The date fixed in Article 3, on or before which work shall be commenced, is extended from May 1, 1956 to June 1, 1956.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Executed in sextuplicate the day and year first above written.

UNITED STATES OF AMERICA

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

WALBY AND CLIFFORD

By Hugh E Walby
Hugh E. Walby, partner

By Earl Clifford
Earl Clifford, partner

DMEA
Date Rec'd.

AUG 23 1956

BUREAU OF MINES
Denver, Colorado

COPY

Ouray, Colo.
August 6, 1956

RECEIVED
SEP - 4 1956

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

Dear Mr. Traver:

In answer to your letter of August 6, as to when the work started on Contract Idm-E917. We started on June the first and finished the road and started on the drift the 13th of June.

I am writing this letter for my husband as he is in the hospital and too sick to do it himself but I know from the books the date he started. I am sure he will be able to sign the contract when it comes back as he is improving.

Very truly yours,

/S/ Mrs. Hugh E. Walby

Re: Docket DMEA 3831 (Tungsten)
Contract Idm-E917
Walby and Clifford
Silverton, Colo.

Docket No. 3881

OURAY, COLO.

June 7, - 56

RECEIVED
SEP - 4 1956

B. M. E. A.

Gentlemen

We are starting to build road to the Tin Cup and Gypsy tungsten claims this morning June 7 - 56.

Mr. Earl Clifford my partner wish to sell out his inberest in these claims and the man he is wanting to deal with is O.K. with me. Please advise me if he can sell with the loan on the property and what procedure to go thru to get the other man's name on the loan or if it can be done.

Yours very truly

WALBY & CLIFFORD

By /s/ M. R. Walby

Docket No 388
IDM-E 917

Ouray Colo
4/30/56

DMEA
Date Rec'd.
MAY 1 1956
BUREAU OF MINES
Denver, Colorado

U.S. Department of the Interior
Mr W.M. Traver

Owing to the fact that the snow is slow melting this spring we wont be able to start on the Job for maybe 2 more weeks
Will keep you informed.

Yours Very Truly
Walley & Clifford
By. Hugh E Walley
Box-253
Ouray Colo

402

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

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

August 13, 1956

RECEIVED
AUG 16 1956

WSM

Messrs. H. E. Walby and
Earl Clifford
P. O. Box 253
Ouray, Colorado

Re: Docket DMEA 3881 (Tungsten)
Contract Idm-E917
Walby and Clifford, a Partnership
San Juan County, Colorado

Gentlemen:

Reference is made to the advice by telephone today that more satisfactory results have been obtained in the drifting performed in the interim between your letter of August 2, 1956 and our notice to suspend operations of August 9, 1956.

Confirming approval today to Earl Clifford by telephone, the instruction of August 9, 1956 for you to suspend drifting operations upon receipt of that communication is hereby rescinded, and you are authorized to continue the drifting as outlined in the contract not to exceed a maximum of 275 feet.

Nothing in this authorization to continue work shall be construed to increase the total estimated cost of the project, the aggregate amount which the Government would be required to contribute, nor the fixed unit cost of any item of work.

DMEA Field Team, Region III

W. M. TRAVER

By W. M. Traver
Executive Officer

RECEIVED

Work resumed 8/16

JWT:jy
cc: Harshman
Chair. Op. Comm. (2)
Shaw (2)
Townsend
Corresp. E917 Chron
) w/copy of supporting data

COPY

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

August 9, 1956

Mr. H. E. Walby
Walby & Clifford
P. O. Box 253
Ouray, Colorado

Re: Docket DMEA 3881 (Tungsten)
Contract Idm-E917
Walby & Clifford, a Partnership
San Juan County, Colorado

Dear Mr. Walby:

Reference is made to your letter of August 2, 1956, wherein you advise that the vein being explored by drifting does not look favorable and request that you be permitted to raise in three different places in lieu of continuing the drift as authorized in the contract.

Inasmuch as you consider that further drifting is not warranted, please suspend drifting operations upon receipt of this letter.

It is the opinion of the Government that the tungsten mineralization exposures in the adit drift are not large enough to justify exploration by raising. Therefore your request for authority to raise in lieu of drifting is denied.

Please advise by return mail as to whether or not you have other plans for exploring the property, or if you would prefer to terminate the contract in its present status.

Very truly yours,

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

JWT:prl
cc: Harshman
Shaw (2)
Townsend
Corresp. file
Chron.

RECEIVED
AUG 16 1956

DMEA
Date Rec'd.

AUG 9 1956

BUREAU OF MINES
Denver, Colorado

REGION III

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

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

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

Subject: Docket DMEA 3681 (Tungsten) Contract Idm-8917, Walby and Clifford, a partnership, San Juan County, Colorado -- Recommendations to the contract

In a letter dated August 2, 1956, Hugh E. Walby requests that footage remaining to the contract as drifting and crosscutting be substituted for raising at three locations.

On July 31, 1956 only two small exposures of huebnerite were detected in 160 feet of drift along the vein under item 4 of the contract. The first was a very small patch of no commercial significance occurring 15 feet south of the start of item 4. The second was 82 feet south of the start of item 4 and consisted of a 6-foot streak of huebnerite and quartz with a maximum thickness of 0.1 foot, occurring along the hanging wall of the vein. The vein in general consisted of quartz and pyrite with occasional crystals of galena; it strikes about N 12° W., and dips 36° to 37° westerly.

The possibility of making a significant discovery with additional drifting is poor and the operator does not favor further drifting. Further exploration by raising is not justified with the drift approximately 75 feet below the surface. The huebnerite exposures in the adit-drift are not large enough to justify exploration by raising.

It is therefore recommended that the project be terminated.

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

E. N. Harshman
E. N. Harshman
Member Field Team

CMH/mr cc: 9
Idm-8917 - Chron

Field

DMEA
Date Rec'd
AUG 3 1956
BUREAU OF MINES
Denver, Colorado

Ouray, Colorado
August 2, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
U. S. Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 3881 (Tungsten)
Walby & Clifford, a Partnership

Dear Mr. Traver:

I am writing you in regard to Contract Number IDM-E917, tungsten, Silverton, Colorado.

Our vein does not look favorable for tungsten, as it has turned to Iron Pyrites and we would like to use up what footages we have left in raising on three different places in this drift. It would be a good move to have a geologist to look this over also. Please let me know if it will be possible to make a change and raise instead of continuing the drift. However, I will continue on the drift until we get an answer from you.

Yours very truly,

WALBY & CLIFFORD

By: Hugh E Walby
Hugh E. Walby
P.O. Box 253
Ouray, Colorado

HEW:mi

RECEIVED
AUG 16 1956

400

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

RECEIVED
MAR 12 1956

224 New Customhouse
Denver 2, Colorado

March 8, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3881 (Tungsten), Contract Idm-E917, Welby and Clifford, a Partnership, Tincup, Gypsy, and Big Ben Claims, San Juan County, Colorado.

Enclosed herewith are the Government's, Division, and Docket copies of Exploration Project Contract Idm-E917, which was forwarded by your letter of February 3, 1956, for signature by the Operator and attachment of executed Consent to Lien form.

Also enclosed are two copies of our letter of March 8, 1956, whereby we forwarded the Operator's copy of the contract and provided forms and instructions relative to reporting on the work to be performed under the contract.

W. M. Traver

W. M. Traver

Enclosures

Contract

Division Copy

RECEIVED
MAR 12 1956

MF-200A
(Revised June 1954)

Docket No. DMEA 3881

Commodity Tungsten

Contract No. Idm-E 917

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

It is agreed this FEB 6 1956 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] Walby and Clifford, a partnership comprised of Hugh E. Walby and Earl Clifford, whose mailing address is % Mr. Hugh E. Walby, Box 253, Ouray, Colorado, 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 San Juan, 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] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [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: Consent to Lien of Earl Clifford

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

16—70619-1

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

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

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

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $13,000.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $9,750.00: *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.*—

Rutin
Dwyer
"Appd. Gol. Uil."
Bahman
Martin
Talbert

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mittendorf

Administrator, Defense Minerals Exploration Administration

WALBY AND CLIFFORD
(Operator)

By Hugh E. Walby (Partner)

By Earl Clifford (Partner)

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
WALBY AND CLIFFORD
DOCKET NO. DMSA-3881

RECEIVED
MAR 12 1956

ANNEX I

The land referred to in Article 2 of the contract, and shown on the attached Figure 2, Claim and Exploration map, consists of two patented lode mining claims and one unpatented lode mining claim, all located in the S. ½ of section 29, T. 42 N., R. 7 W. N.M.P.M., Eureka Mining District, San Juan County, Colorado, as follows:

The Tin Cup and Gypsy Patented Claims, U. S. Survey No. 19588, are owned by the Operator, as evidenced by County Commissioner's Deed recorded in San Juan County Treasurer's Office in Book No. 176 at pages 306-308. Earl Clifford is the locator of the Big Ben unpatented claim, the location notice of which is recorded in Book 183, at page 178, County Clerk's records. The Consent to Lien of Earl Clifford is attached to this contract.

EXPLORATION PROJECT CONTRACT
WALBY AND CLIFFORD
DOCKET NO. DMEA-3881

EXHIBIT "A"

Description of the Work

Work Items

1. Build about 3/4 mile of access road to exploration site at existing adit.

2. Rehabilitate adit, including timbering, approximately 65 feet

3. From the present face of the adit, near the west end of the Gypsy claim, crosscut easterly and westerly, the total not to exceed 25 feet, to locate hanging wall and foot wall and possible parallel vein or veins These crosscuts shall be not less than 4 feet by 6 feet in the clear

4. From the face of the adit, continue drift southerly along the vein a maximum distance of 275 feet. This drift shall be not less than 4½ feet by 6½ feet in the clear.

It is estimated that 188 feet of crosscutting and drifting (work items 3 and 4) may require timbering.

Where the mineralization so warrants, sample and assay for WO_3. The work is shown in part, on map entitled "Figure 3 Plan Showing Geology in Open Tunnel . . ."

Estimated Cost of the Project

Fixed Unit Costs

Build access road	$ 1,000.00 1/	
Rehabilitate adit, including timbering approximately 65 feet	200.00 1/	
Crosscut and drift 300 feet @ $36.00/ft.	10,800.00	
Timber (work items 3 and 4) 833 feet @ $6.00/ft. (rounded to)	800.00	
Assay 40 samples for WO_3 @ $5.00/each sample	200.00	
Estimated Cost of Project		$13,000.00
Government Participation @ 75%		$ 9,750.00

1/ The completed work constitutes the unit.

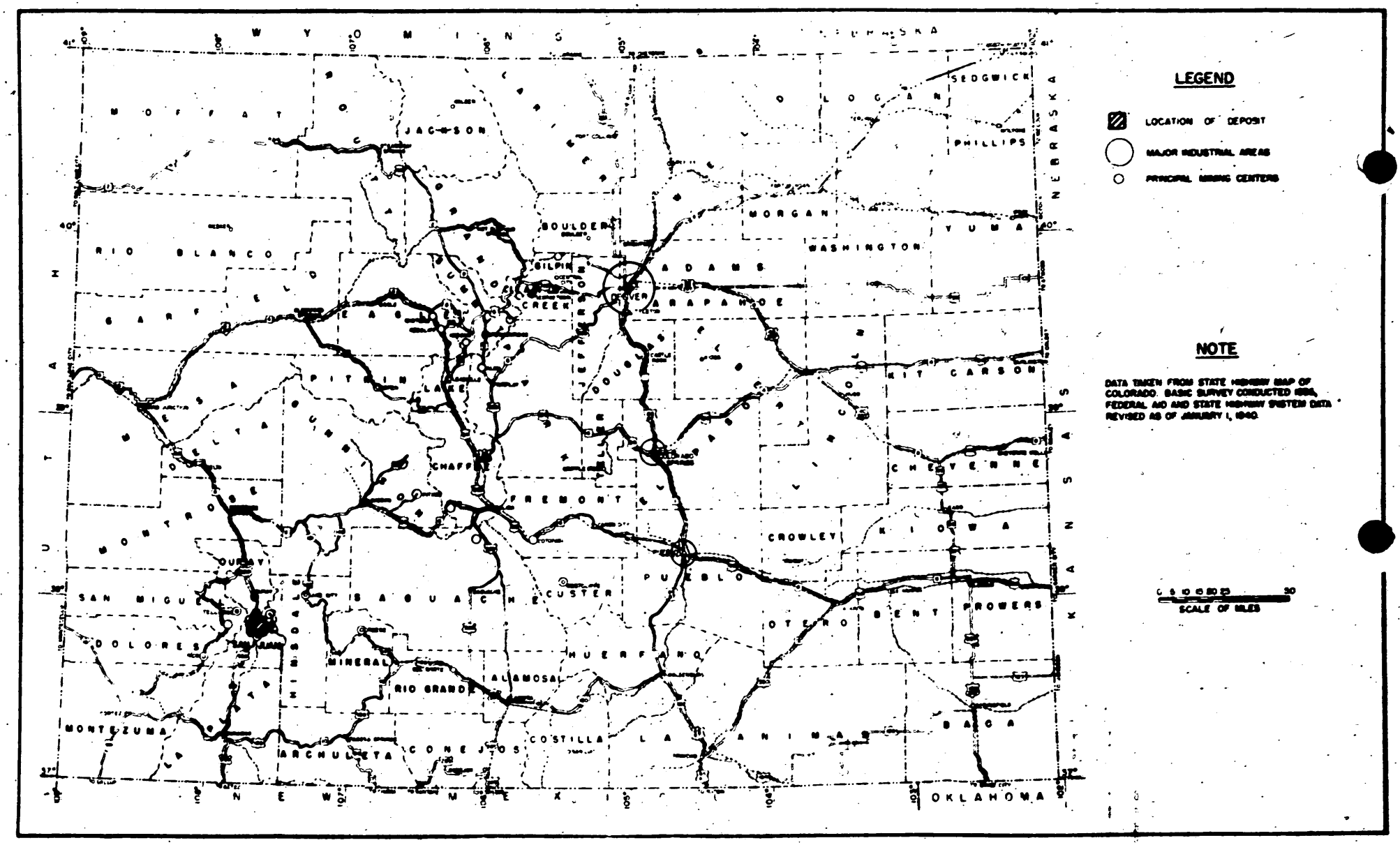

FIGURE 1 - LOCATION MAP, H.E. WALBY AND E. CLIFFORD (GYPSY AND TINCUP) CLAIMS, SAN JUAN COUNTY, COLO. DMEA 3881

RECEIVED
MAR 1

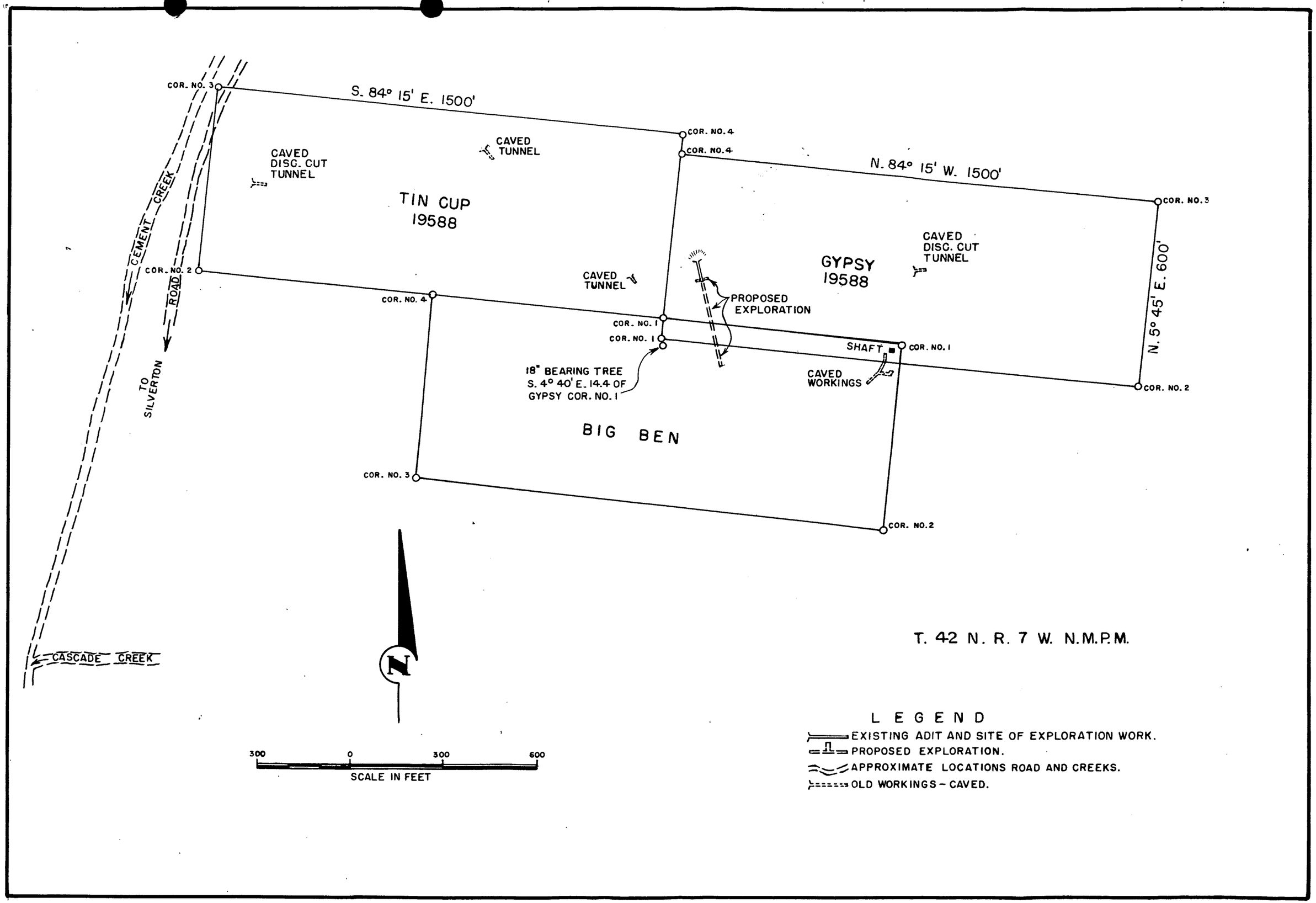

FIGURE 2 - CLAIM AND EXPLORATION MAP, H. E. WALBY AND E. CLIFFORD (GYPSY AND TIN CUP) PROPERTY, SAN JUAN COUNTY, COLO. DMEA 3881

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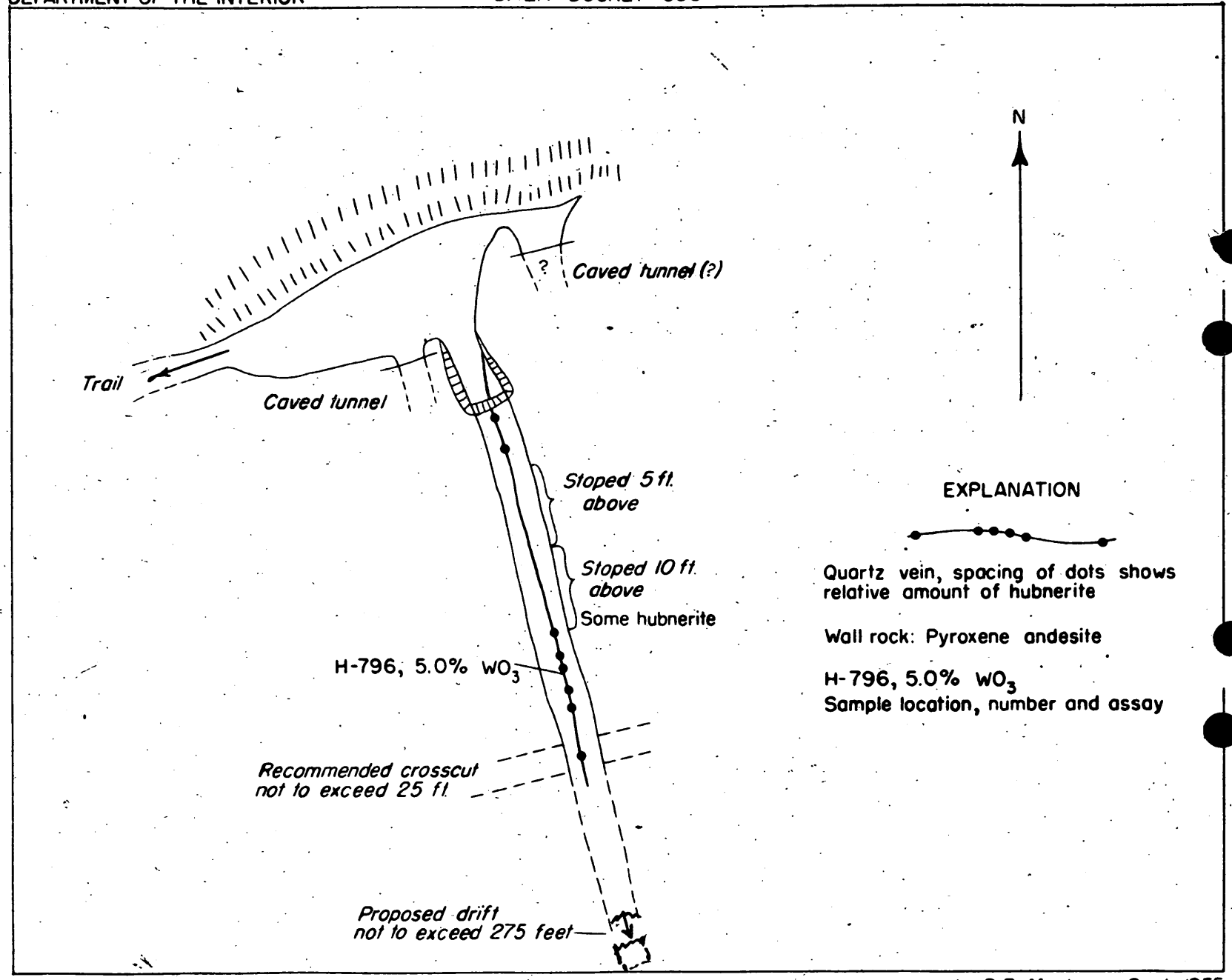
RECEIVED
MAR 12 1996



by D.R. MacLaren Sept, 1955

FIGURE 3 PLAN SHOWING GEOLOGY IN OPEN TUNNEL AND RECOMMENDED EXPLORATION CROSSCUT AND DRIFT. WALBY AND CLIFFORD PROSPECT, SAN JUAN COUNTY, COLORADO.

20 10 0 20 Feet

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MAR 12 1956

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Walby and Clifford
Docket No. DMEA- 3881
Contract No. Idm-E
Contract Date

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MAR 12 1956

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of San Juan, State of Colorado, described as follows:1/

Big Ben, unpatented lode mining claim, notice of location of which is recorded in Book 183, at page 178, in the office of the Clerk of San Juan County, Colo.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby—

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and None

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated None, and recorded in book None page None official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this _____ day of FEB 6 1956, 195__.

Earl Clifford [Seal]
Earl Clifford

_____ [Seal]

_____ [Seal]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____ [Corporate Seal]

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

RECEIVED
MAR 12 1956

224 New Customhouse
Denver 2, Colorado

March 8, 1956

Messrs. Hugh E. Walby
and Earl Clifford
c/o Mr. Hugh E. Walby
P. O. Box 253
Ouray, Colorado

Re: Docket DMEA 3881 (Tungsten)
Contract Idm-E917
Walby and Clifford, Partnership, Tincup, Gypsy and Big Ben Claims, San Juan County, Colorado

Gentlemen:

Enclosed herewith is your copy of Exploration Project Contract No. Idm-E917, Docket DMEA 3881.

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

Please note that the monthly accounting report requires a narrative report which should be accompanied by maps or sketches showing the work performed. The narrative report must be signed by the operator. The monthly report will not be processed for payment unless accompanied by a narrative report. Additional copies of forms MF-104 and MF-104A will be forwarded to you each month on receipt of your completed report for the prior month.

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

The contract is prepared on form NF-200A and under the provisions of Exhibit "A", which is a part of the contract, the work is to be performed at fixed unit costs which are the basis of reimbursement to you as units of work are completed and reported on forms NF-104 and NF-104A.

Your requests to this office for work approval, changes in the contract, or any other communication pertaining to operations under the contract, must be in writing, of which please supply the original and five copies, each copy complete with maps or sketches or other pertinent data.

No oral statement of any person shall be construed to modify or change the terms of the contract. Field representatives of the Government are not authorized to approve any change in the work program or contract provisions. Such approval can only be given by the Washington Office, NHPA, or by the NHPA Field Team, Region III.

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. It is a requirement and imperative that you notify this office in writing the date work actually commences under the contract, with a copy of your letter to Mr. Shaw.

Very truly yours,

W. M. Trever
Executive Officer, NHPA
Field Team, Region III

Enclosures

JWT:prl
cc: Chairman, Oper. Comm. (2)
Finance Office, Region III
Amendment file
Marshman
Shaw
Townsend
Corres. file
Chron.

Below is
Correspondence leading up to execution of Contract.

400

FEB - 3 1956

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

Re: Docket No. DMEA-3881, Tungsten
Walby and Clifford (partnership)
Tin Cup, Gipsy, and Big Ben
claims
San Juan County, Colorado

Dear Mr. Traver:

Enclosed are the original and five copies of a proposed contract, signed by the Administrator for the Government, together with Annex I (1 page), Exhibit "A" (1 page), and 3 maps. Two extra copies of Annex I, Exhibit "A", and the maps are enclosed for use of the Field Team.

If the terms and conditions of this proposed contract are satisfactory to you and the operator, all six copies should be signed by the operator and the usual distribution made.

If any part of the proposed contract does not have your approval or that of the operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office, together with the proposed changes for consideration.

Also enclosed are seven Consent to Lien forms properly filled out, to be signed by Earl Clifford, locator and owner of the Big Ben claim.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Enclosures

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

cc: Docket
Code 400
Oper. Comm.
Adm. Reading File
T. Kiilsgaard, USGS
R. W. Holliday, USBM
FT, Region 3

TLChapman/ls
2/1/56

JAN 26 1956

Memorandum

To: Administrator, DMEA
Attention: Chief, Iron and Ferro-Alloys Division

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-3861
(Tungsten)
Walby and Clifford
Tin Cup and Gypsy claims
San Juan County, Colorado

As requested in Mr. Martin's memorandum dated January 4, we have prepared the attached contract.

Apparently the partners do business under the name Walby and Clifford, and the Operator is so identified in the contract, which should be signed by both partners.

Since Clifford holds the Big Ben claim individually, his Consent to Lien should be affixed to the contract prior to execution. The attached Consent to Lien has been prepared for this purpose.

Two maps, referred to in the contract, should also be attached.

Robert P. Dwyer

Robert P. Dwyer

NCRubin/wog
January 23, 1956
Copies to: DMEA Docket
Solicitor's Docket
W.S.Martin (2)
G.C.Selfridge
R.P.Dwyer
N.C.Rubin
Chron.

January 4, 1956

MEMORANDUM

To: Associate Solicitor, Div. of Mineral Resources

From: Iron and Ferro-Alloys Division, DMEA

Subject: Preparation of contract
Docket No. DMEA 3881
Hugh E. Walby and Earl Clifford
Tin Cup and Gypsy claims
San Juan County, Colorado

Transmitted herewith is a draft of a proposed contract for the captioned project for your use in preparing the contract in final form.

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

Attachment

TLChapman/foc
1/3/56
cc to: Docket
Code 400

MF-200A
(Revised June 1954)

Docket No. DMEA 3881

Commodity Tungsten

Contract No. Idm-E

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

It is agreed this ..... 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] Hugh E. Walby and Earl Clifford a partnership

whose mailing address is % Mr. Hugh E. Walby, Box 253, Ouray, Colorado

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 San Juan, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

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

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

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

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

(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 Tungsten. The work to be performed is described in Exhibit "A." The Operator on or before December 1, 1956 shall commence the work, and on or before ..... (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 $13,000.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $9,750.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

.....
(Operator)

By .....

By .....

.....

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
HUGH E. WALBY AND EARL CLIFFORD
DOCKET NO. DMEA 3881

EXHIBIT "A"

Description of the Work

Attached maps are as follows:

Figure 1. Location Map, showing location of the property

Figure 2. Claim and Exploration Map, showing proposed exploration work on claims.

Figure 3. Plan showing geology in open tunnel and recommended crosscut and drift.

1. Build about 3/4 mile of access road.
2. Rehabilitate adit approximately 65 feet.
3. At the present face of the adit near the ~~North~~ West end of the Gypsy claim crosscut easterly and westerly, the total not to exceed 25 feet, to locate hanging and footwall and possible parallel vein or veins. These crosscuts to be not less than 4 x 6 feet in the clear.1/
4. From the face of the same adit continue drift southerly along the vein a maximum distance of 275 feet. This drift to be not less than 4½ x 6½ feet in the clear.1/

1/ It is estimated that 200 feet of crosscutting and drifting may require timbering where the mineralization so warrants sample and assay for WO_3.

Estimated cost of the project
Agreed Unit Costs

1.	Build about 1/4 mile of access road 2/.	$1,000.00	
2.	Rehabilitate adit, approximately 65 feet 2/	200.00	
3.	Crosscut and drift 300 feet at $36.00 per foot.	10,800.00	
4.	Timbering, 400 feet at $2.00 per foot.	800.00	
5.	Assaying 40 samples for WO_3 at $5.00 each.	200.00	
	Estimated cost of project.		$13,000.00
	Government participation, 75 percent.		9,750.00

2/ The complete job is the unit.

EXPLORATION PROJECT CONTRACT
HUGH E. WALEY AND EARL CLIFFORD
DOCKET NO. DMEA 3881

ANNEX I

The land referred to in Article 2 of the contract form, and shown on the attached Figure 2, Claim and Exploration map, consists of two patented lode mining claims and one unpatented lode mining claim, located in the S. ½ of section 29, T. 42 N., R. 7 W., Eureka Mining District, San Juan County, Colorado, as follows:

Claim Name	U.S. Survey No.	Book No.	Page No.	
Tin Cup	19588	Ownership 176	306-308	Treasurer
Gypsy	19588	Ownership 176	306-308	
Big Ben, located by Earl Clifford		183	178	Recorder

The Tin Cup and Gypsy claims are owned by the Applicants.

The Big Ben located by Earl Clifford, will have to be transferred or leased to the partnership.

IN REPLY REFER TO:

407

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

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DEC 2 5 1955

December 22, 1955

Re: DMEA 3881
Wilby and Clifford
Tincup-Gypsy group
San Juan Co., Colorado
$12,544.00 - Tungsten

Memorandum

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

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

Subject: Review of Field Team report.

The examiners and Field Team recommend the approval of an alternate work program on this hubnerite-bearing quartz vein from which 1,220 units of WO_3 have been produced.

The work program proposed by the examiners consists of:—

Construct 3/4 mile road	$ 1,000.00
Drive 275 feet drift at $38.48/ft.	10,582.00
Drive 25 feet crosscut at $38.48/ft.	962.00
	$12,544.00

The prospect probably warrants the work and the work proposed appears adequate for exploring the indifferent showing.

I concur with the recommendations of the examiners and the Field Team.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-12/22/55
cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)✓
Docket file
R. Holliday, 3513

400

December 16, 1955

Copy retained 4...

Memorandum

To: Chief, Iron & Ferroalloys Division-DMEA
Through: Acting Chief, Branch of Ferrous Metals & Ferroalloys

From: Commodity Specialist-Tungsten

Subject: Review of Report of Examination
Docket No. DMEA-3881
Tincup, Gypsy, Big Ben Claims
San Juan County, Colorado
Hugh E. Walby, Ouray, Colo. and
Earl Clifford of Silverton, Colorado
$12,544.00-Tungsten

The examining team recommends construction of 3/4 mile of access road 25 feet of cross cutting and 272 feet of drifting.

The reason is not clear for concluding "that the chance of discovering a large body of tungsten ore is poor....". However, the program recommended appears to be well planned and entirely justified.

I concur with the field team in recommending approval.

R. W. Holliday

RWHolliday/trm

Copy to: Mr. Holliday
Mr. Geehan
Docket file DMEA-3881
Files

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DEC 19 1955

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

RECEIVED DEC - 8 1955

402

224 New Customhouse
Denver 2, Colorado

December 5, 1955

WSM

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Joint Report of Examination, Docket DMEA 3881, Walby and Clifford (Tungsten) San Juan County, Colorado

Enclosed are the original and three copies of the joint report on the subject docket. The field examiners recommend a modified exploration program in which we concur.

Attached are nine extra copies of Figure 2 "Claim and Exploration Map," for possible use in the contract.

E. M. Harshman

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

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE

_____
(date)

DMEA
Date Rec RECEIVED
DEC 2 DEC - 8 1955
BUREAU OF

Building 20
Denver Federal Center
Denver 2, Colorado
December 1, 1955

Region III

Memorandum

TRANSMITTED
DEC 5 1955

To: Executive Officer, DMEA Field Team, Region III

From: E. N. Harshman
John F. Shaw

Subject: DMEA 3881, Walby and Clifford (Tungsten) San Juan County, Colorado

Enclosed are the original and 7 copies of the Joint Engineering and Geologic Report by D. R. MacLaren, Geologist, and C. M. Harrer, Mining Engineer, covering Docket No. 3881.

Walby and Clifford applied for exploration assistance to explore the Tincup, Gypsy and Big Ben claims by 300 feet of drifting. The estimated cost of the work was $21,002.00.

The property was examined by D. R. MacLaren, Geologist, and C. M. Harrer, Mining Engineer, on September 20, 1955. A revised program consisting of constructing an access road and 300 feet of drifting and crosscutting, at an estimated total cost of $12,344.00 was approved by the examining team. It is recommended that a short form contract be prepared to authorize the work agreed upon by the examining team and the applicant.

E. N. Harshman

E. N. Harshman
Member Field Team

John F. Shaw

John F. Shaw
Supervising Mining Engineer

JFS/mw
cc 7
E. N. Harshman
DMEA 3881
Chron.

Reviewed by
DEPT OVERSIGHT COMMITTEE

(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

RECEIVED
DEC - 8 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

TRANSMITTED
DEC 5 1955

DMEA 3551

H. R. WALKE AND R. CLIFFORD

TOMBOY AND OPAY CLAIMS

SAN JUAN COUNTY, COLORADO

Inspection

Received by
MINERALS EXAMINING COMMITTEE

(date)

Joint Engineering and Geologic Report

By

D. R. MacLaren, Geologist
Geological Survey

C. M. Harper, Mining Engineer
Bureau of Mines

November 28, 1955

DMEA 3881

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DEC - 8 1955

H. E. WALBY AND E. CLIFFORD
TINCUP AND GYPSY CLAIMS
SAN JUAN COUNTY, COLORADO

CONTENTS

Joint engineering and geologic report — Page

Summary 2
Introduction 2
Acknowledgments 2
Location, topography, and physical features 2
History and production 3
Ownership 3
Geology 4
Minable ore reserves 6
Present status 6
Exploration and development 6
Mining, milling, and other facilities 7
Applicant's project proposal and costs 7
Conclusions 10
Recommendations 10

ILLUSTRATIONS

Figure — Follows page

1. Location map, H. E. Walby and E. Clifford (Gypsy and Tincup) claims, San Juan County, Colorado 2

2. Claim and exploration map, H. E. Walby and E. Clifford (Gypsy and Tincup) property, San Juan County, Colorado 2

3. Plan showing geology in open tunnel and recommended crosscut and drift, Walby and Clifford prospect, San Juan County, Colorado 5

DMEA 3881

H. E. WALBY AND E. CLIFFORD
TINCUP AND GYPSY CLAIMS
SAN JUAN COUNTY, COLORADO

SUMMARY

Hugh E. Walby of Ouray and Earl Clifford of Silverton, Colorado, have applied for Defense Minerals Exploration Administration assistance to explore their Tincup, Gypsy and Big Ben claims for tungsten which occurs as the mineral hubnerite ($MnWO_4$). The claims comprise about 42.0 acres in the N1/2 of sec. 29, T. 42 N., R. 7 W., San Juan County, Colorado, at altitudes ranging between 10,000 and 12,000 feet above sea-level. The claims are in rough mountainous terrain. A good dirt road up Cement Creek passes along the west end of the Tincup claim. The rest of the claims are accessible over foot trails.

The applicants propose to construct about 3/4 mile of access road from the county road up Cement Creek to an old adit which is the site of their exploration program. In addition, they propose to explore a vein containing hubnerite by 300 feet of drifting. They originally estimated the cost of this work at $21,000.00.

The chances of discovering several small deposits of hubnerite tungsten are having a moderate over-all tonnage are fairly good and it is recommended that:

1. An access road be constructed to the property at a cost not to exceed $1,000.00.

2. Crosscuts be driven east and west from the present breast of the open adit a combined total distance not to exceed 25 feet at an estimated cost of $968.00.

3. The breast of the existing adit be advanced southwesly for 275 feet or until the quartz vein pinches out. Estimated cost $10,582.00.

Total cost of the project is estimated at $12,544.00, and Government participation of 75 percent would be $9,408.00.

INTRODUCTION

Hugh E. Walby of Ouray and Earl Clifford of Silverton, Colorado, are partners and owners of the Tinsup, Gypsy and Big Sam claims which they wish to explore for tungsten. They have applied for Defense Minerals Exploration Administration assistance to explore their claims with a program of underground exploration at an estimated cost of $21,000.00, which includes the construction of about 3/4 mile of access road.

The applicants' claims were examined by a joint Bureau of Mines and Geological Survey team on September 20, 1955. H. E. Walby accompanied the examining team.

ACKNOWLEDGMENTS

H. E. Walby, one of the partners, served as guide during the examination and contributed his knowledge of the property.

LOCATION, TOPOGRAPHY, AND PHYSICAL FEATURES

The Tinsup, Gypsy and Big Sam claims are contiguous, standard, lode claims in the N1/2 of sec. 29, T. 42 N., R. 7 W., in the Eureka mining district, San Juan County, Colorado, figures 1 and 2. The claims lie in an easterly direction from the Cement Creek valley floor, between Cascade and Tiger gulches, and at altitudes ranging between 10,000 and 12,000 feet above sea-level. The claims are in heavily wooded, steep and rough

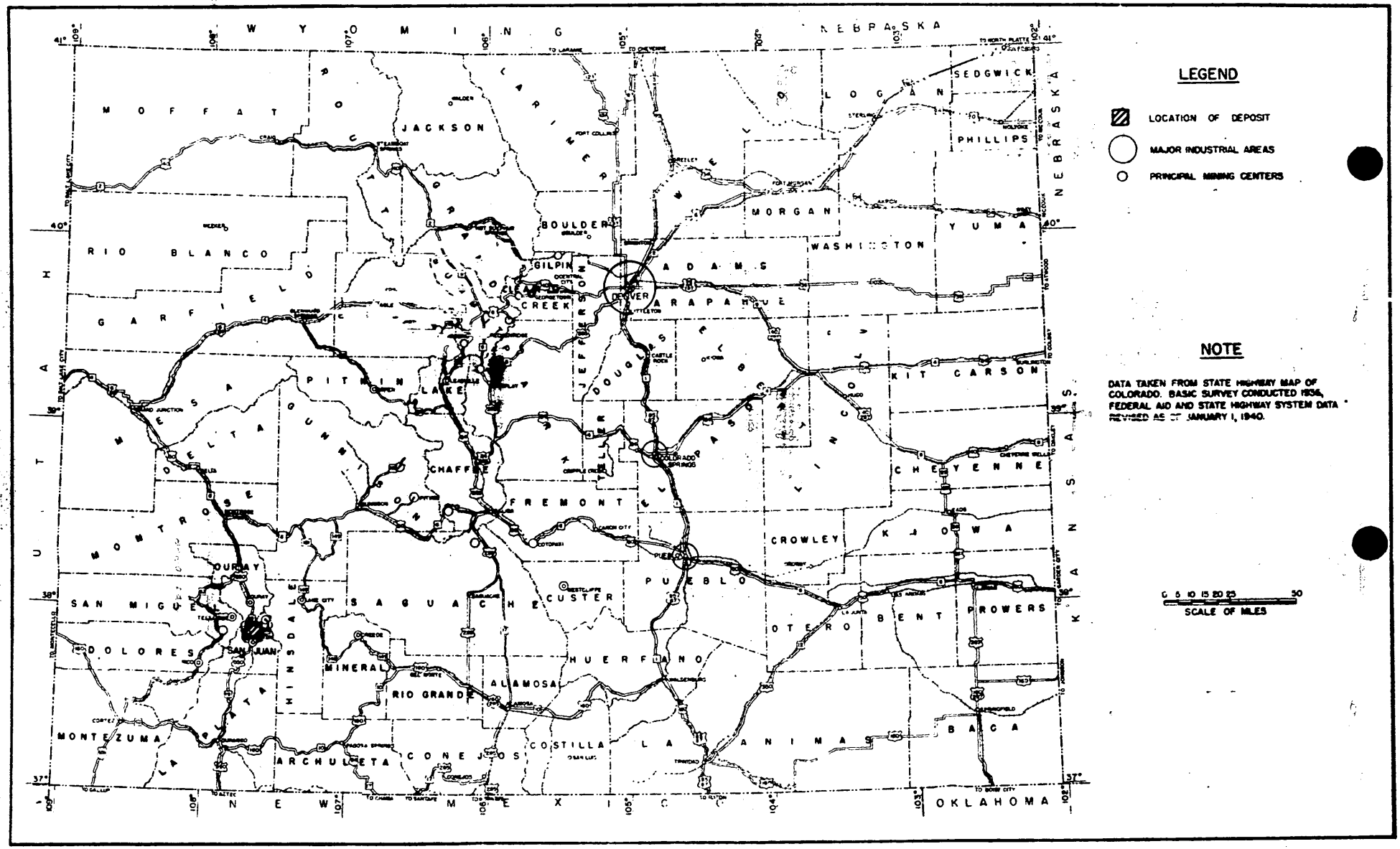

FIGURE 1 - LOCATION MAP, H.E. WALBY AND E. CLIFFORD (GYPSY AND TINCUP) CLAIMS, SAN JUAN COUNTY, COLO. DMEA 3881

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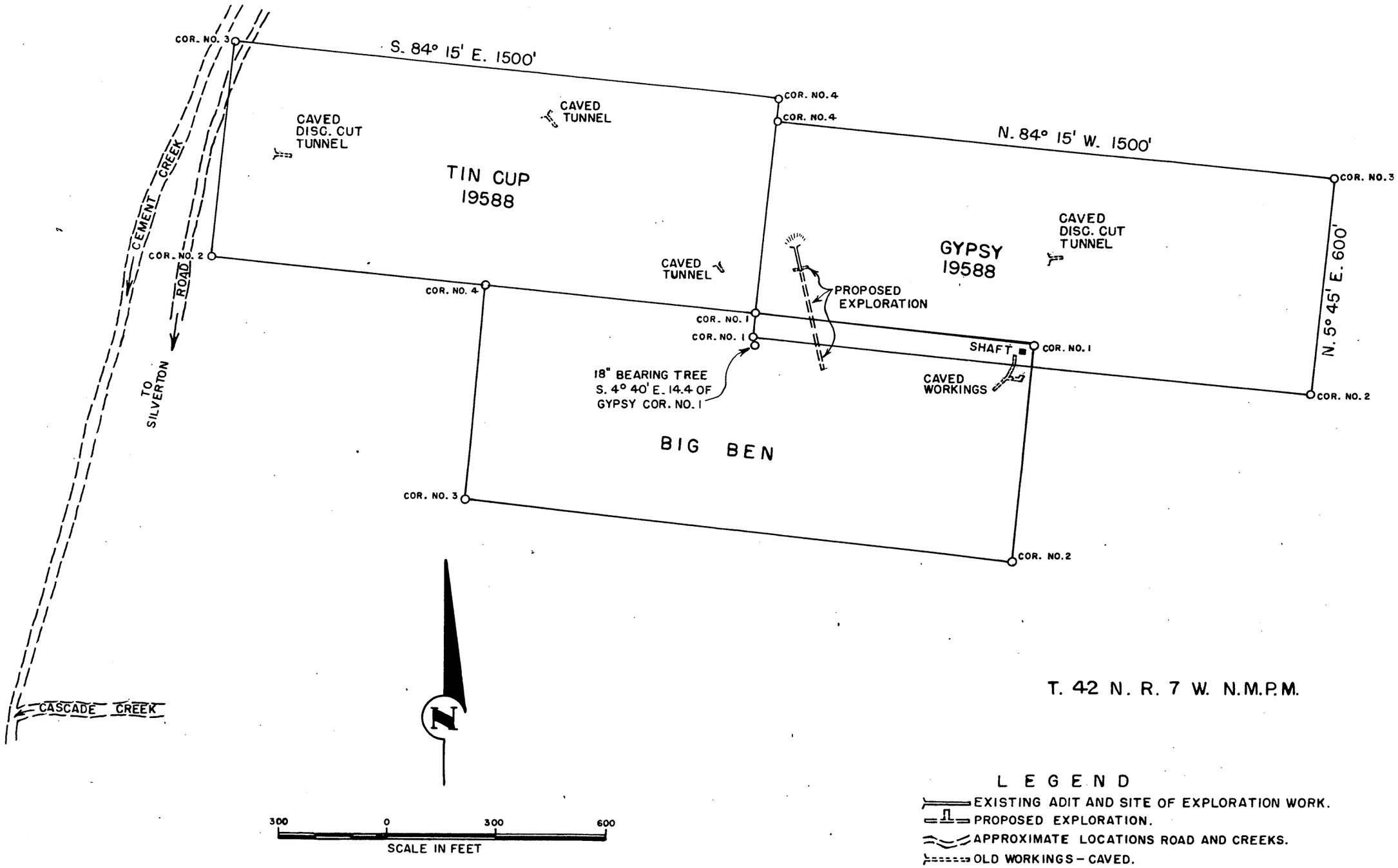


FIGURE 2 - CLAIM AND EXPLORATION MAP, H. E. WALBY AND E. CLIFFORD (GYPSY AND TIN CUP) PROPERTY, SAN JUAN COUNTY, COLO. DMEA 3881

mountainous terrain. A well maintained dirt road from Silverton extends up Cement Creek and passes the west end line of the Tinsup claim. From this point the claims are accessible over rough foot trails. Supplies and labor are readily obtainable from Silverton, Colorado, about 5 miles distant. The nearest water supply is from Cement Creek at the lower end of the Tinsup claim. Timber is readily obtainable on the claims. Snowfall is heavy and winters are severe.

HISTORY AND PRODUCTION

Production of hubnerite started in the Cement Creek area of San Juan County about 1899. The Cooper group of claims comprising the Tinsup and Gypsy lode claims (Mineral Survey 19588) was in production early in 1900 and during World War I. They were originally the property of Albert Cooper but changed hands several times and now are the property of H. E. Wally and Earl Clifford. Past production from the property is reported by the Bureau of Mines[1/] as 1,220 units of WO_3.

OWNERSHIP

The Tinsup and Gypsy claims are standard (600 x 1500) lode claims located by Albert Cooper and surveyed for patent (Mineral Survey No. 19588) on August 7, 1914. H. E. Wally of Ouray and Earl Clifford of Silverton, Colorado, partners, are owners of the claims through a "County Commissioners Deed" dated July 13, 1954. Ownership is recorded in book 176, pages 304-305 in the San Juan County Treasurer's office in Silverton. The claims

---

1/ Unpublished report of the Bureau of Mines. A Study of the Tungsten Potential in the San Juan Area, Ouray, San Juan and San Miguel Counties, Colorado, by Carl Palmer. Production statistics are confidential.

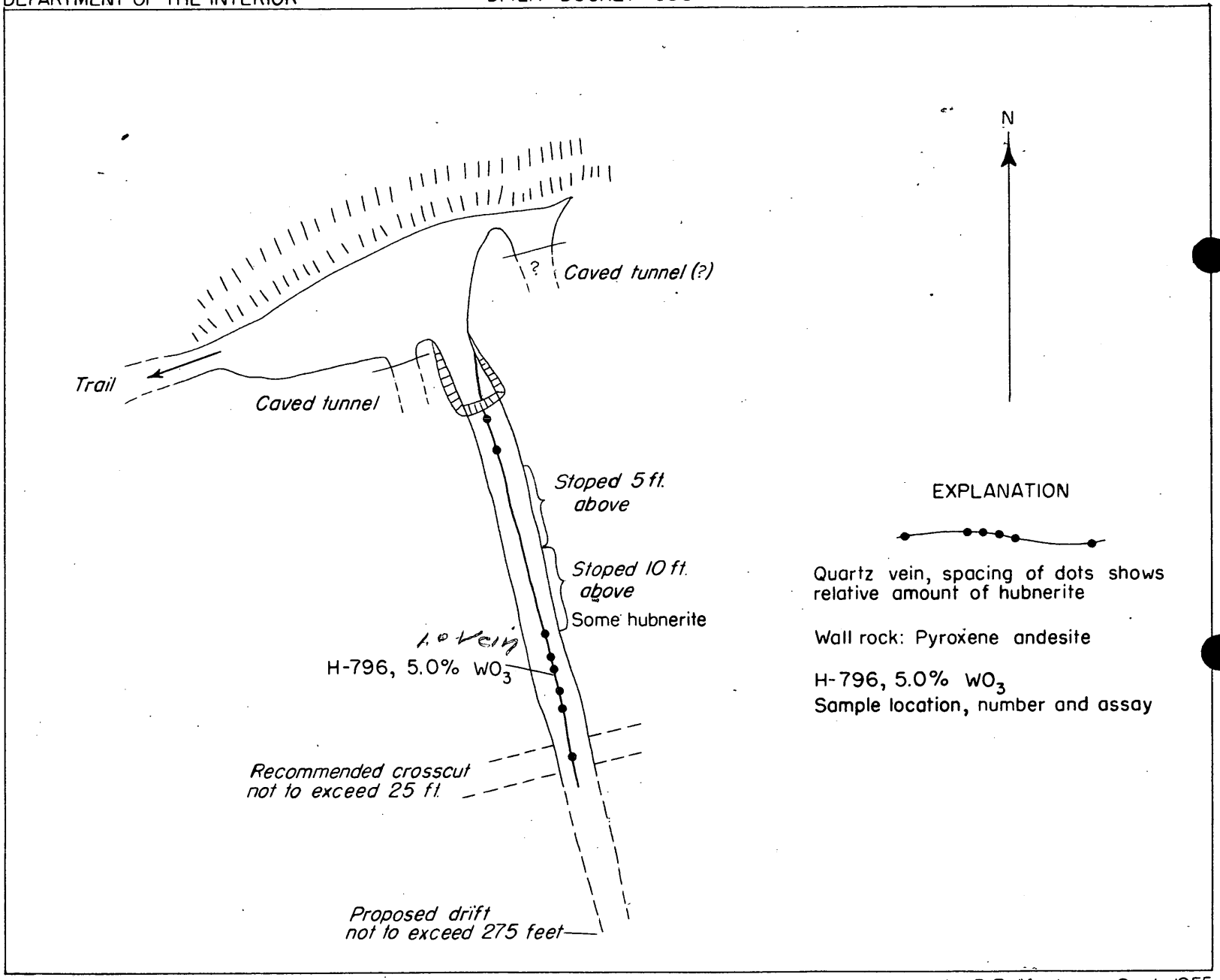
covering an area of 41.322 acres of rough mountainous terrain. The claims are variously known as the Gonyers and Gonyers-Clifford group locally. In addition, Earl Clifford, one of the partners, has staked the Big Ben claim which is recorded in book 183, page 178 of the County Clerk's records. This is a standard (600 by 1500) lode location comprising 20.661 acres, recorded on September 30, 1955.

GEOLOGY

The rocks along Cement Creek are principally pyroxene andesite flows of the upper part of the Silverton volcanic series, and a few intrusive bodies of rhyolite and latite. The andesite has been considerably fractured and many of the fractures are mineralized. The vein deposits may be differentiated into two mineralogic types, quartz-pyrite-gold veins and tungsten-bearing quartz veins. The latter type veins may occur either independently or as a late stage of mineralization in the walls of the quartz-pyrite-gold veins. The tungsten-bearing mineral is huebnerite which occurs in the quartz as isolated lath-shaped crystals, radiating masses, and vein fillings. As a rule the huebnerite ore is erratically distributed in large masses of quartz vein material and silicified rock. Therefore, profitable production has been pretty well limited to periods of urgent demand for tungsten.

On the applicant's claims (Fig. 2) there are several old tunnels and at least one shaft. At the time of the examination the shaft and all but one of the tunnels were caved and inaccessible. From the material on the dumps, it is evident that some of these workings were driven on huebnerite-bearing veins. The one accessible tunnel near the north end of the Gypsy

claim, is about 53 feet long measured from the present portal. It is flanked by two other tunnels, both caved, one about 9 feet to the west and the other about 15 feet to the east, measured center to center of the apparent portals. The lengths of the flanking tunnels are not known and the one on the east side may be little more than a prospect pit as there is scarcely any dump material remaining. From the present size of the dump, compared to the open tunnel and the caved one to the west, the latter may be as much as 50 feet long, and possibly longer. The open tunnel follows a muhsorite-quartz vein that strikes S. 14° E., and dips 57° to 60° SW (fig. 3). The vein is a strong fracture that has been filled by quartz. The walls have been silicified and are frozen to the quartz in places, making it difficult to determine the true width of the quartz filling, which apparently ranges in width from an inch to over 2 feet. Muhsorite occurs in vein-like streaks up to 1 inch wide and 10 feet long within the quartz. From 10 to 33 feet from the portal is a stope. It extends about 5 feet above the back of the tunnel for the first 18 feet and about 10 feet above for the final 11 feet. From the portal to the north end of the stope is an irregular series of muhsorite seams less than one quarter of an inch thick. In the north end of the stope the seams appear to die out between the back of the tunnel and the back of the stope. From the south end of the stope a seam of muhsorite up to 1 inch thick and about 10 feet long is exposed in the back of the tunnel. For a distance of about 8 feet this seam is flanked by several irregular muhsorite seams up to one quarter of an inch thick and 1 to 2 feet long. The back of the stope could not be reached for close inspection but in the south end irregular lenses and seams of muhsorite could be seen from the back of the



by D.R. MacLaren Sept, 1955

FIGURE 3 PLAN SHOWING GEOLOGY IN OPEN TUNNEL AND RECOMMENDED EXPLORATION CROSSCUT AND DRIFT. WALBY AND CLIFFORD PROSPECT, SAN JUAN COUNTY, COLORADO.

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tunnel to the back of the stope. In the final 10 feet of the tunnel there are small irregular lenses and streaks of huebnerite ranging from one quarter of an inch to 1 inch thick and 1 to 3 feet long. About 4 feet south of the stope a channel sample cut by the examiners assayed 5.0 percent WO_3 over a width of 1 foot.

Due to heavy soil overburden and dense brush and timber cover the vein could not be traced on the surface. In the tunnel it appears to be a strong structure and may be expected to continue for several hundred feet at least. The closeness of the two flanking tunnels suggest that the vein in the open tunnel may be in a fracture zone somewhat wider than the width of the tunnel, and that there may be parallel veins of similar composition.

MINABLE ORE RESERVES

There is no basis on which to estimate ore reserves. Past production of 1,320 units of tungsten is reported by the Bureau of Mines. A sample cut across one foot of vein, 37 feet in from the portal assayed 5 percent WO_3.

PRESENT STATUS

Exploration and Development

Work on the Tinsup and Gypsy claims included intermittent prospecting evidenced by shallow and almost obliterated pits and several adits, only one of which was accessible (fig. 2). This accessible adit is the site of the proposed exploration program and has been driven 53 feet in a southeasterly direction along a fracture zone containing huebnerite. Access to the property is over 3/4 mile of foot or horse trail.

Mining, Milling, and Other Facilities

There is no mining equipment on the property other than a few pieces of hand drill steel, hammers and a shovel. There are no milling or other facilities on the property.

APPLICANT'S PROJECT PROPOSAL AND COSTS

E. E. Walby and E. Clifford propose to explore their Tinrup, Gypsy, and Big Ben claims with DMEA assistance, as follows:

1. Construct about 3/4 mile of access road across the property to the site of exploration which is an old adit. They originally estimated the cost of this road at $4,000.00. Discussion with the applicant indicated that this might be accomplished for about $1,000.00, or less.

2. Advance the present adit along the vein for 300 feet as a 5 x 7-foot drift. They propose to accomplish this on a single shift basis within 6 months at an over-all cost of $17,002.00 or $56.67 per foot. Their costs are distributed as follows:

(1) Independent contracts: 3/4 mile of access road	$4,000.00
(2) Labor and supervision:	
Labor (5 man at $2.00 per hour)	$10,752.00
Supervision	none
Technical services	none
(3) Operating materials and supplies:	
Timber	none
Explosives	$900.00
Pipe	180.00
Track	500.00
Fuel and lubricants	750.00
Carbide	75.00
Drill steel	300.00
Small tools	25.00
(4) Operating equipment:	
Rental - 185-210 c.f.m. compressor	$1,200.00
Rock drill complete with hoses and water tank	550.00
Purchase - 1 tram car	150.00

(5) Initial rehabilitation and repairs: existing adit $ 500.00

(6) New buildings, improvements, etc.: Compressor house and shop $ 200.00

(7) Miscellaneous:

Payroll taxes	$ 600.00
Bookkeeping (6 months)	300.00

(8) Contingencies: None

Total $21,002.00

These costs are excessive for the work involved.

EXPLORATION PROGRAM AND COSTS RECOMMENDED BY THE EXAMINING TEAM

The following exploration program is recommended:

1. Construct about 3/4 mile of access road from Cement Creek to the exploration site at a cost not to exceed $1,000.00.

2. Drive 7 x 5-foot crosscuts east and west from the present breast of the open tunnel, (figs. 2 and 3) for a combined distance not to exceed 25 feet. The west side crosscut should be driven first and stopped as soon as a definite hanging wall is established. The east side should then be driven until a definite footwall is established, or until the balance of the 25 feet has been used up. The purpose of the crosscut is to determine the width of the possible fracture zone, whether or not the west flanking tunnel extends beyond 50 feet from the cared portal, and whether parallel veins exist. The cost of 25 feet of crosscut is estimated at $38.48 per foot for a total of $962.00.

3. Extend the present open adit 275 feet southerly from the breast or until the quartz vein pinches out. The cost of 275 feet of drift is estimated at $38.48 per foot for a total of $10,582.00.

Total cost of the project is estimated at $12,544.00, and Government participation of 75 percent would be $9,408.00.

The project would be completed within 6 months.

The estimated costs are as follows:

(1) Independent contracts:

About 3/4 mile of access road estimated at about $1,000.00 (to be completed within two weeks).

Estimated costs for drifting and crosscutting - to be completed in 100 working days or 5-1/2 months.

		Total	Cost per foot
(2) Labor and supervision:			
Direct labor at $14.00 per foot (including overtime)	$4,200.00		$14.00
Working foreman at $450.00 per month for 4 months	1,800.00		6.00
		$6,000.00	$20.00
(3) Operating materials and supplies:			
Timber	$ 300.00		
Explosives	1,000.00		
Pipe	180.00		
Track	350.00		
Fuel and lubricants	650.00		
Drill steel and bits	300.00		
Small tools	100.00		
Miscellaneous (carbide, etc.)	75.00		
		$2,955.00	$ 9.85
(4) Operating equipment - rental only:			
Rental of compressor, drill, cars, etc.		$1,800.00	$ 6.00
(5) Initial rehabilitation and repairs:			
Clean up and retimbering of adit portal and clean up of adit preparatory to mining		$ 200.00	$ 0.67
(6) New buildings, improvements, etc.:			
Crude compressor house and shop		$ 100.00	$ 0.33
(7) Miscellaneous:			
Repairs to equipment	$100.00		
Payroll taxes	120.00		
Liability insurance	169.00		
Bookkeeping	100.00		
		$ 489.00	$ 1.63
Total cost of 300 feet of drift and crosscut		$11,544.00	$38.48

Total cost of project is $12,544.00.

Government participation of 75 percent is $9,408.00.

CONCLUSIONS

It is concluded that the chance of discovering a large body of tungsten ore is poor, but that the chance of discovering several small deposits that might have a moderate over-all tonnage is reasonably good.

RECOMMENDATIONS

The following exploration program is recommended for approval:

1. Construct about 3/4 mile of access road to the property at a cost not to exceed $1,000.00.

2. Complete 25 feet of crosscuts and 275 feet of drift from an existing and accessible adit at $38.48 per foot for a cost of $11,544.00.

Total cost of the project is estimated at $12,544.00 and Government participation of 75 percent would be $9,408.00.

400

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

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AUG - 1 1955

224 New Customhouse
Denver 2, Colorado

July 25, 1955

Memorandum

To: J. F. Shaw (w/brochure)
E. N. Harshman

W-900

From: Field Team, Region III

Subject: Docket DMEA-3881 (Tungsten), Walby and Clifford (partnership)
Tin Cup and Gypsy claims, San Juan County, Colorado

Enclosed is the subject application in the amount of $21,002.00. Attached for your information is a copy of a letter from the Chairman of the Operating Committee and a relevant memorandum from the geological survey member of the Commodity Group.

A field examination and suitable report are required.

W. M. TRAVER,

W. M. Traver

E. N. Harshman

E. N. Harshman

Enclosures

HMC:pw

cc: Subject
Chron
Sec.Op.Comm. (2)

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

RECEIVED
AUG - 1 1955

224 New Customhouse
Denver 2, Colorado

July 25, 1955

Memorandum

To: J. F. Shaw (w/brochure)
E. N. Harshman

From: Field Team, Region III

Subject: Docket DMEA-3831 (Tungsten), Walby and Clifford (partnership)
Tin Cup and Gypsy claims, San Juan County, Colorado

Enclosed is the subject application in the amount of $21,002.00. Attached for your information is a copy of a letter from the Chairman of the Operating Committee and a relevant memorandum from the geological survey member of the Commodity Group.

A field examination and suitable report are required.

W. M. TRAVER,

W. M. Traver

E. N. Harshman

E. N. Harshman

Enclosures

HMC:pw

cc: Subject
Chron
Sec.Op.Comm. (2)

400

JUL 19 1955

Mr. W. M. Trevor, Executive Officer
DMEA Field Team, Region III
27th New Custom House Building
Denver 2, Colorado

Re: Docket No. DMEA 3881 - Tungsten
Walby and Clifford (partnership)
Tin Cup and Gypsy claims
San Juan County, Colorado

Dear Mr. Trevor:

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

Two copies of a relevant memorandum, dated July 13, 1955, by Henry R. Cornwall, Geological Survey are enclosed for your information.

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee

Enclosure

APPROVED:

/s/ Robert W. Geehan

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

TLChapman:foc
7-18-55
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG. III
Messrs. Holliday, USBM
Kiilsgaard, USGS

JUL 1 9 1955

Mr. Hugh R. Walby
Box 253
Ouray, Colorado

Re: Docket No. DMEA 3881 - Tungsten
Walby and Clifford (partnership)
Tin Cup and Gypsy claims
San Juan County, Colorado

Dear Mr. Walby:

The above docketed application for exploration assistance for tungsten ores has been referred by the Iron and Ferro-Alloys Division of the Defense Minerals Exploration Administration and referred to Mr. W. M. Tranter, Executive Officer, DMEA Field Team, Region III, 8th New Custom House Building, Denver 2, Colorado, for a field examination of the property.

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

Sincerely yours,

C. O. Mittendorf

Administrator

TLChapman:fec
7-18-55
cc to: Docket
Code 400
Adm. Read. File
Operating Comm.
FT. REG. III
Messrs. Halliday, USBM
Eilisgaard, USGS

IN REPLY REFER TO:

400

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

RECEIVED
JUL 14 1955

July 13, 1955

Copy retained 400

Memorandum

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

From: H. R. Cornwall, U. S. Geological Survey

Subject: Tungsten application, DMEA 3861, N. E. Walby and Earl Clifford, Tin and Gypsy claims, San Juan Co., Colo.

The applicant wants to explore a tungsten-bearing quartz vein with a 300-feet drift. A 3/4-mile access road to the prospect is also required. The property had a small production during World War I.

We recommend that this application be referred to a Field Team for evaluation of the property, the competency of the applicant, and the proposed costs. The estimated costs appear too high, and the applicant's proposal to furnish his share by his own labor is probably not feasible.

Henry R. Cornwall

HRCornwall:iml
G-7/13/55

cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
R. Holliday, 3513