DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

EXTRA COPY
D M E A
RECEIVED FEB 11 1957

DATE	INITIALS	CODE

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Gormax Mining Company, a Partnership Consisting of
Gordon D. Smith and Maxine Smith
P. O. Box 2,
Creede, Colorado

pertaining to Exploration Project Contract No. Idm-E935, Docket No. DMEA-3982, including Amendment No. 1, for the months of April, 1956 to November, 1956, inclusive, and Termination Agreement dated January 11, 1957, covering a project for the exploration of Lead-Zinc on property known as Gormax Adit J.I.C. Claim located in Mineral County, approximately 4 miles north of Creede, Colorado.

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

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

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

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

Total cost as billed by Contractor		$19,876.50
Exceptions:		
By DMEA Finance Officer	$0.00	
Herewith	0.00	0.00
Total Accepted Cost		$19,876.50

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Nine thousand, nine hundred thirty-eight and 25/100ths Dollars

** $9,938.25 **

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

February 7, 1957

Donald T. Finch

Donald T. Finch, Auditor

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 18 1957

DATE	INITIALS	CODE

224 New Customhouse
Denver 2, Colorado

February 8, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3982 (lead-zinc) Contract Idm-E935 Gormax Mining Company, a partnership, (Gormax No. 1 Mine) Mineral County, Colorado-FINAL PAYMENT

Reference is made to our memorandum of January 17, 1957 whereby we transmitted the final Form MF-104, Operator's Monthly Report and Voucher for the month of November 1956, and requested that you withhold the amount of $300.00 pending resolution of matters pre-requisite to closing the account.

The Operator's Final report has been received; therefore, we recommend that final payment be made to the Operator 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 February 7, 1957.

Basis for Final Payment

Total accepted cost	$19,876.50
Government participation at 50 percent	9,938.25
Total prior payments	9,638.25
Balance due the Operator	$ 300.00

Original signed by
W. M. TRAVER

W. M. Traver

$300.00
2/12/57 Idm 57-55

WMC:ytl
cc
Chairman Op.Comm.(2)
Shaw (2)
Harshman
Townsend
MF-104 File-E-935
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
224 New Customhouse
Denver 2, Colorado

February 13, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 18 1957

DATE	INITIALS	CODE
2/18	C	220
19	CDM	100
		800

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3982 (lead-zinc) Contract Idm-935
Gormax Mining Company, a partnership
(Gormax No. 1 Mine) Mineral County, Colorado
FINAL PAYMENT

Enclosed are two copies of a memorandum to T. A. Christensen, dated February 8, 1957, relative to final payment under the terms of the subject contract.

W. M. Traver

W. M. Traver

Enclosures

hh
cc:
MF-104 File 935
Shaw (2)
Chron.

Form MR 104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

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

Month of NOVEMBER, 1956 Docket No. DMEA 3982 Contract No. Idm-2935
Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc
Address CREEDE, COLORADO
Contract Amount, $56,720.00 Government Participation: 50 % Amount, $28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) [redacted] Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting 34 Feet	$867.00	$19,009.50	$19,876.50			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$867.00	$19,009.50	$19,876.50	867.00	19,009.50	19,876.50

RECEIVED JAN 25 1957 D.M.E.A.

I certify that the above bill is correct and just and that payment therefor has not been received.
Date December 7, 1956 Payee GORMAX MINING COMPANY
Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$133.50
Signature [illegible]
(Authorized Certifying Officer)
Date 1/18/57 Vou. No. 2-MA 57-78
(See other side)

Note: Withheld 300.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. dm-E935 in accordance with the terms of the contract.

Signature Edward W. Buel $433.50 Title Mining Engr. Date 1/15/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Carey Title Executive Officer Date JAN 17 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED JAN 25 1957 D.M.E.A.

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

Month of NOVEMBER 1956 Docket No. DMEA 3982 Contract No. DMA-E935
Operator's Name COMAX MINING COMPANY Minerals Lead-Zinc
Address GREELE, COLORADO

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	Feet	$867.00	34	$5916.00	232	$25.50		
Crosscutting	"			$13,948.50	547	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assaying	Each			$12.00	4	$3.00	80	$3.00
TOTAL DISTRIBUTED COSTS		$867.00	34	$19,876.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$867.00	34	$19876.50				$867.00

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

REMARKS: See attached narrative.

Date Dec. 7, 1956 Operator COMAX MINING COMPANY

Per Gordon D. Smith Title Gen. Mgr.
Gordon D. Smith

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED JAN 25 1957 D.M.E.A.

Administrative Audit Difference Statement

Date: [illegible]
Payee's Reference: [illegible]

FINAL DISTRIBUTION MADE JAN 22 1957

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

Amount Claimed $ [illegible]

Difference $ [illegible]

Amount Approved $ [illegible]

The reason for the difference was due to:

[illegible]

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

January 17, 1957

RECEIVED JAN 25 1957 DMEA

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3982 (Lead-Zinc) Contract Idm-R935, Germax Mining Company, a partnership (Germax No. 1 mine) Mineral County, Colorado - Operator's Monthly Progress Report for the month of November, 1956 (FINAL)

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

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made on the following basis, contingent on your verification of arithmetical accuracy within the report, except for the following deduction.

Withheld an amount of $300.00 pending resolution of matters relative to closing the account. Contract work was stopped on November 9, 1956, and a suitable termination agreement is now in process of execution by the parties to the contract.

Remarks:

Date of Report ---------- December 7, 1956
Date Received in Field Office---- December 10, 1956
Date Received in Region Office--- January 16, 1957

Original signed by
W. M. TRAVER

Enclosures
JDC:jy

W. M. Traver

cc: Chm. Op. Comm. (2)
Shaw (2)
Burnham } w/copy engr's report
Townsend }
MF-104 File R935
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
JAN 16 1957
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
January 15, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: Edward W. Buel

Subject: DMEA 3982 (lead-zinc) Contract Idm-8935, Gormax Mining Company (Gormax No. 1 mine) Mineral County, Colorado -- Progress report for the month of November 1956

An inspection was made of the subject property by W. Pratt, Geological Survey, and E. W. Buel, Bureau of Mines, on January 11, 1957. The DMEA members were accompanied by Mr. Gordon D. Smith, general manager of Gormax Mining Company.

The operator submitted a letter of November 10, 1956, to the DMEA Field Team, requesting approval to terminate work under the contract. Formal approval was given the operator by the Field Team to discontinue work under the contract.

An inspection of the property revealed that the operator has ceased all mining operations. Most of the rail and service lines have been removed from the workings.

During November the operator reported an advance of 34 feet of drifting. A measurement of the drift showed a total length of 232 feet from that portion of the drift referred to as "crosscut progress" as discussed in C. M. Harrer's DMEA progress report for August 1956 -- September 19, 1956. This portion of the drift which measures 37 feet has been included in previous MF-104's as crosscutting.

The operator requests 34 feet of drifting which was verified by measurement during the recent inspection. It is recommended that the operator be reimbursed for 34 feet of drifting at a cost of $867.00 of which the Government's share at 50 percent is $433.50.

Edward W. Buel
Edward W. Buel
Mining Engineer

EWB/mr
cc: 6 Idm-8935 Chron

DMEA
JAN 25 1957

GORMAX MINING COMPANY
CREEDE, COLORADO

Narrative report for the month of November, 1956.

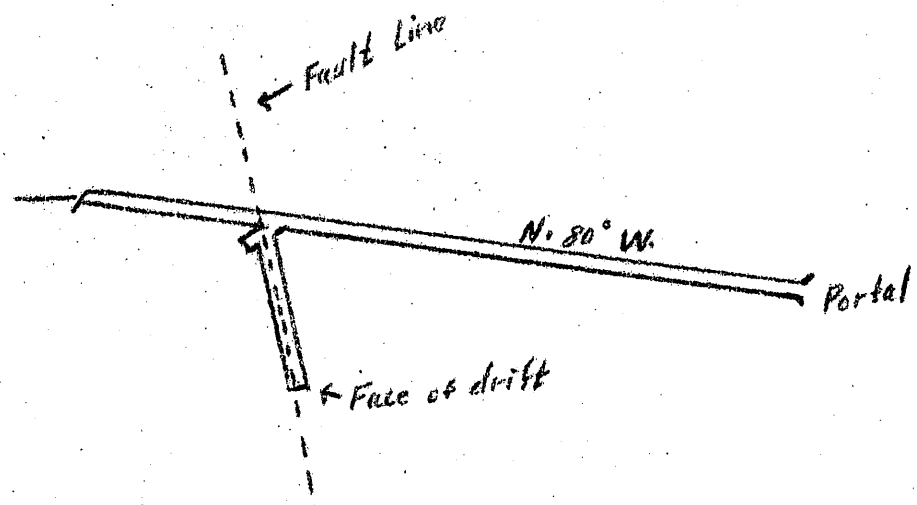
Gormax Mining Company continued work under stage one of DMEA Docket 3982, Contract Idm-E935. Drifting on the fault was continued for a distance of 34 feet in a Southerly direction for a total of 232 feet of drifting on the vein. There has been no material change in structure or values since beginning the drift. On November tenth the Executive Officer, DMEA Field Team, Region Three was contacted by telephone and an appointment made to discuss the feasibility of continueing. Work was stopped on that date. On November 13th a conference was held in Denver between the Executive Officer, his assistant and the operator. The concensus of opinion was that further drifting would be a waste of money and the operator agreed to accept a certificate of no discovery at any time the Government was satisfied that further exploration would accomplish no useful purpose.

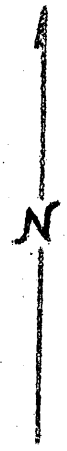
Submitted by:

Gordon D. Smith

Gordon D. Smith,
General Manager,
Gormax Mining Company.

Sketch of location and extent of work on
Gormax Mining Company Contract Icm-E935,
Docket DMEA 3962 for month of November, 1956.





Scale: 1" = 300'

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

Budget Bureau No. 42-R1036.5

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

Month of OCTOBER, 1956 Docket No. DMEA 3982 Contract No. Idm-E935
Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc
Address CREEDE, COLORADO
Contract Amount, $ 56,720.00 Government Participation: 50 % Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting 123 Feet	$3136.50	$15,873.00	$19,009.50			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
					15,861.00	19,009.50
TOTALS	$3136.50	$15,873.00	$19,009.50	3148.50	15,873.00	19,021.50

RECEIVED NOV 13 1956

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

Date Nov. 4, 1956 *Payee GORMAX MINING COMPANY

Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

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

$ 1574.25

Signature [illegible]
(Authorized Certifying Officer)

Date 11/16/56 Vou. No. Oma 57-57

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Dma-E935 in accordance with the terms of the contract.

Signature Edward W. Buel #1568.25 Title Mining Engineer Date Nov. 6, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Jones Title Executive Officer Date NOV 15 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-194A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of OCTOBER 1956 Docket No. DMEA 3982 Contract No. Idm-E935

Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc

Address CREEDE, COLORADO

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	Feet	$3136.50	123	$5049.00	198	$25.50		
Crosscutting	"			$13,948.50	547	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assaying	Each		4	$ 12.00	4	$3.00	80	$3.00
TOTAL DISTRIBUTED COSTS		$ 3136.50	123	$19,009.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$3136.50	123	$19,009.50				$3136.50

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

REMARKS: See attached narrative.

Date Nov. 4, 1956 Operator GORMAX MINING COMPANY

Per Gordon D. Smith Title Gen. Mgr.

Gordon D. Smith

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED NOV 23 1956 D.M.E.A.

Administrative Audit Difference Statement

Climax Mining Company
P. O. Box 2,
Creede, Colorado

Date: November 16, 1956
Payee's Reference: October 1956

FINAL DISTRIBUTION
NOV 20 1956
MADE

Gentlemen:

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

Amount Claimed	$	3,136.50
Difference	$	- 12.00
Amount Approved	$	3,118.50

The reason for the difference was due to:

Reinstate: $12.00 the cost of 4 Chemical Analyses, which was disallowed from the August 1956 voucher. Assay certificate for the analyses has been received and is included in October voucher.

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

November 15, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3982 (Lead-Zinc) Contract Idm-E935, Gormax Mining Company (Gormax Mine) Mineral County, Colorado - Operator's Monthly Progress Report for the month of October, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Reinstate: the amount of $12.00, the cost of 4 chemical analyses, which was disallowed from the August, 1956 voucher. Assay certificate for the analyses has been received and is included with this voucher.

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

Reconciliation with Amount Reported by the Operator on Form MF-104 for October, 1956

Amount reported on Form MF-104 for October, 1956- - -	$3,136.50
Amount reinstated- -	12.00
Total accepted cost -	$3,148.50

Government participation at 50 percent $1,574.25

Remarks

Date of Report - - - - - - - - - - - - -	November 4, 1956
Date Received in Field Office- - - -	November 6, 1956
Date Received in Region Office- - -	November 8, 1956

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy
cc: MF-104 File E935
Chm. Op. Comm. (2)
Shaw (2)
Harshman)
Townsend) w/copy engr's report
Chron.

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
November 7, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: E. W. Buel

Subject: Docket DMEA 3982 (Lead-zinc) Contract Idm-2935, Gorman Mining Company (Gorman No. 1 mine) Mineral County, Colorado -- Progress report for October 1956

The subject property was inspected by C. N. Harrer of the U. S. Bureau of Mines and the writer on November 2, 1956, in company with Gordon D. Smith, general manager for the operator.

At the time of the inspection the "Watercourse vein" had been extended 123 feet during the reporting period. Total length of the drift is 198 feet.

As seen from the more recent drifting the "Holy Moses" fault is very weakly mineralized. No conspicuous ore mineralization could be detected in the face. A 2-foot chip sample (KB-25) was taken across the fault in the face. The dip of the fault has not materially changed as seen from the earlier drifting. The fault dips from 75° - 80° SW. and strikes roughly N. 20° W. in the present drift face.

A sample taken by the operator over a width of 6.5 feet and less than 40 feet from the drift face showed 0.37 ounce silver and nil for lead and gold.

Because of the unfavorable appearance of the "Holy Moses" fault along the drift, the operator is in a dilemma as to whether he should continue drifting or discontinue work under the contract. Mr. Smith said that he would comply with the Government's decision regarding the continuance of the work.

The operator's narrative and MF-104's are correct.

Reimbursement to the operator is recommended for 123 feet of drifting as given in his MF-104's for October 1956. Total costs of the work performed during October were $3136.50 of which the Government's share at 50 percent is $1568.25.

E. W. Buel

EWB/mw cc: 6 Idm-2935 Chron

E. W. Buel

GORMAX MINING COMPANY
CREEDE, COLORADO

RECEIVED NOV 1956

Narrative report for the month of October, 1956.

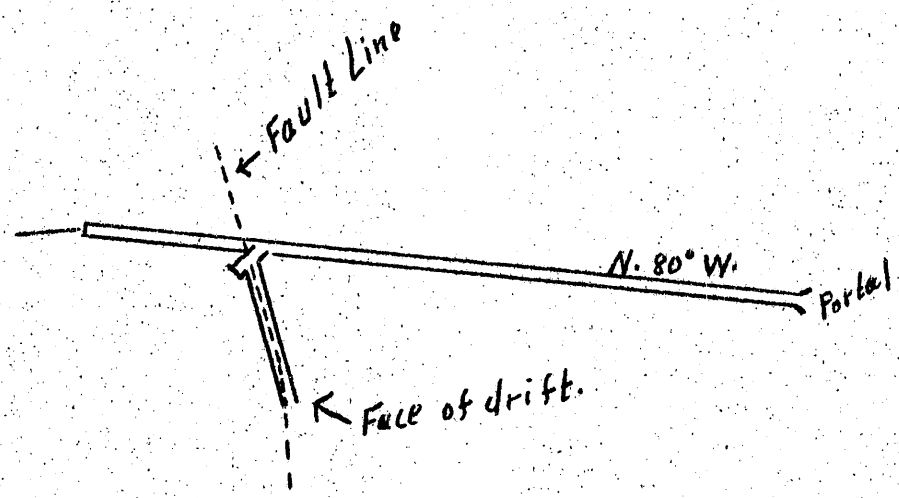
Gormax Mining Company continued work under stage one of DMEA Docket 3982, Contract Idm-E935. Drifting on the fault was extended for a distance of 123 feet South approximately 20 degrees East. There has been no material change in structure since the last report. The vein matter appears to be highly altered Rhyolite with small streaks of quartz and pockets of gouge. Although assays show small values in gold, silver and lead, there has been no appreciable increase in mineral content. No zinc has been encountered. Both footwall and hanging wall are clearly defined. The vein matter has shifted from the footwall to the hanging wall and the vein is swinging to the West in a long arc. No timbering has been necessary to date.

Submitted by:

Gordon D. Smith

Gordon D. Smith,
General Manager,
Gormax Mining Company.

Sketch of location and extent of work
on Gormax Mining Company Contract Idm-E935,
Docket DMEA 3982 for the month of October, 1956.



Scale: 1" = 300'

Gordon E. Hosselkus

P. O. Box 17
Phone OL 8 - 2497

CREEDE ASSAY OFFICE

Custom Assaying.
Creede, Colorado

Certificate of Assay

ASSAYED FOR Cormax Mining Company

DATE September, 1956

No.	Description	Gold	Silver	Lead	Zinc	Copper	Mang.	
#1		Trace	0.12	0.2	Nil			
#2	No Description	None	0.18	Nil	Nil			
#3	No Description	None	0.05	0.1	Nil			
#4		0.005	0.68	0.5	Nil			

Gordon Eugene Hosselkus

Form MF-184 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

DEPARTMENT OF THE INTERIOR
OCT 10 1956
REGION III
DENVER, COLORADO

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of SEPTEMBER, 1956 Docket No. DMEA 3982 Contract No. 100-5935
Operator's Name GORMAN MINING COMPANY Minerals Lead-Zinc
Address CRESTED, COLORADO
Contract Amount, $ 56,720.00 Government Participation: 50% % Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Contract~~ Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting 75 Feet	$1912.50	$13,960.50	$15,873.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$1912.50	$13,960.50	$15,873.00	1912.50	13,960.50	15,873.00
				1 –	12.00	12.00

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

Date October 5, 1956 Payee GORMAN MINING COMPANY

Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
13948.50 15861.00
$ 956.25

Signature
(Authorized Certifying Officer)

Date 10/12/56 Vou. No. 57-45

(See other side)

1 Previous Disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm E935 in accordance with the terms of the contract.

Signature C. M. Harper $956.25 Title Mining Engineer Date Oct. 9, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature C. M. Hershman Title acting Executive Officer Date OCT 10 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of SEPTEMBER 1956 Docket No. DMEA 3982 Contract No. Idm-E935
Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc
Address CREEDE, COLORADO

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	Feet	$1912.50	75	$ 1912.50	75	$25.50		
Crosscutting	"			$13948.50	547	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assaying	Each			$ 12.00	4	$ 3.00	80	$ 3.00
TOTAL DISTRIBUTED COSTS		$1912.50	75	$15872.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1912.50	75	$15,873.00				$1912.50

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

REMARKS: See attached narrative

Date October 5, 1956 Operator GORMAX MINING COMPANY

Per Gordon D. Smith Title Gen. Mgr.
Gordon D. Smith

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

(Instructions on reverse)

(For Government use only)
C. W. Harrer

DMEA
DEPARTMENT OF THE INTERIOR
OCT 10 1956
REGION III
DENVER, COLORADO

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED
OCT 19 1956

224 New Customhouse
Denver 2, Colorado

October 10, 1956

FINAL DISTRIBUTION
MADE OCT 16 1956

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 3987 (Lead-Zinc) Contract Idm-E935, Gormax Mining Company (Gormax No. 1 mine) Mineral County, Colorado - Operator's Monthly Progress Report for the month of September, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report- - - - - - - - - - - - -October 5, 1956
Date Received in Field Office- - - - -October 9, 1956
Date Received in Region Office- - - - October 10, 1956

E. N. Harshman

E. N. Harshman

Enclosures
JDC:jy
cc: MF-104 File E935
Sec. Op. Comm. (2)
Shaw (2)
Harshman w/copy engr's report
Chron.

RECEIVED
OCT 19 1956

DMEA
DEPARTMENT OF THE INTERIOR

REGION III

OCT 10 1956
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
October 9, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw JFS
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3982 (Lead-Zinc) Contract Idm-8935, Gormax Mining Company (Gormax No. 1 mine) Mineral County, (Creede) Colorado -- Progress report for September 1956

Progress under the contract was examined on October 5, 1956 by the writer and Frank Moore, geologist, Geological Survey, in the company of Gordon D. Smith, general manager.

At the time of the examination the "Watercourse vein" had been drifted on for 75 feet southwesterly. The vein zone is 2 to 8 feet wide and dips 70° southwesterly. A 6-foot sample taken 10 feet from the end of the drift assayed 0.01 ounce gold and 0.68 ounce silver per ton and 1.0 percent lead. The vein consists essentially of altered rhyolite and quartz with mud seams.

Payment is recommended for the operator's request for 75 feet of drift along the "Watercourse vein" at a total expenditure of $1,912.50. Government participation of 50 percent is $956.25.

The operator's forms MF-104 and MF-104A and narrative report are correct. He will substantiate his claim for assays at a later date.

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

CMH/mr
cc: 6
Idm-8935
Chron

GORMAX MINING COMPANY
CREEDE, COLORADO

Narrative report for the month of September 1956.

Gormax Mining Company continued work under stage one of DMEA Docket 3982, Contract Idm-E935. Drifting on the fault was extended for a distance of 75 feet approximately South 20 degrees East. The first fifty feet of the drift was in loose broken up rock filled with mud seams. The seams then started getting closer together and now forms a vein approximately 18 inches wide with a westerly dip of approximately 70 degrees. The vein matter appears to be highly altered Rhyolite with some quartz, but has not yet made ore, though it does assay small values in gold, silver and lead. There is no zinc content. There is now a clearly marked hanging wall and foot wall some six feet apart. The vein matter lies along the foot wall with the rest of the xx fault filled with altered Rhyolite. It is the opinion of the operator that the fault will make a turn to the South within a short distance and that if there is ore to be encountered it will be at the turn.

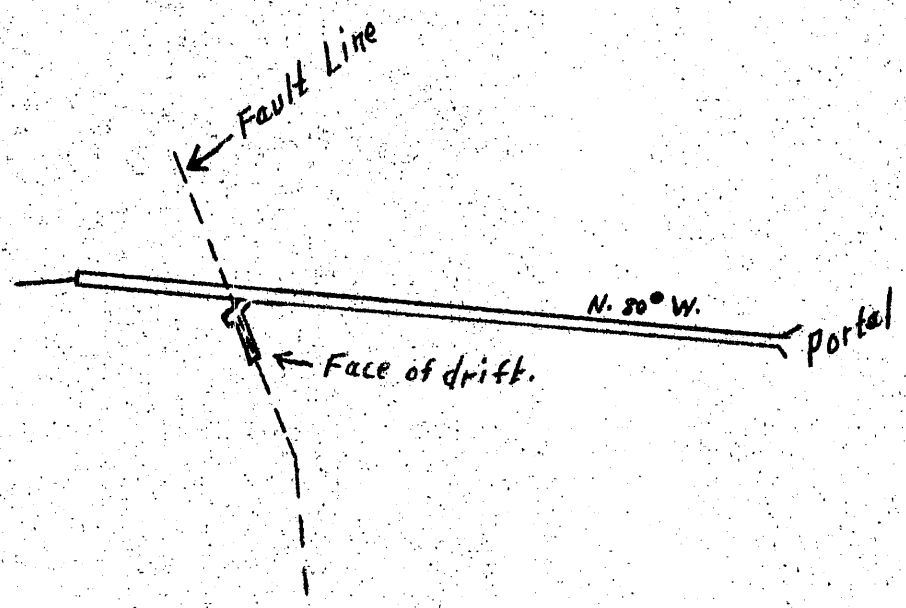
Submitted by:

Gordon D. Smith

Gordon D. Smith,
General Manager,
Gormax Mining Co.

Sketch of location and extent of work
on Gormax Mining Company Contract Idm-E935,
Docket IMEA 3982 for month of September 1956.

RECEIVED
OCT 19 1956



Scale: 1" = 300'

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of AUGUST, 1956 Docket No. DMEA 3982 Contract No. Idm-E935
Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc
Address CREEDE, COLORADO
Contract Amount, $ 56,720.00 Government Participation: 50 % Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting 133 Feet	$3391.50	$10,557.00	$13,948.50			
Drifting						
Assaying 4 samples	$12.00		$12.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$3403.50	$10,557.00	$13,960.50	3391.50	10,557.00	13,948.50

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Sept. 13, 1956 *Payee GORMAX MINING COMPANY
Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

RECEIVED SEP 23 1956

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$ 1695.75
Signature
(Authorized Certifying Officer)
Date 9/21/56 Vou. No. DMA 57-37
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E935 in accordance with the terms of the contract.

Signature C. M. Harner $1,695.75 Title Mining Engineer Date Sept 18, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Traver Title Executive Officer Date SEP 20 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of AUGUST 1956 Docket No. DMEA 3982 Contract No. Idm-E935

Operator's Name GORMAN MINING COMPANY Minerals Lead-Zinc

Address CREEDE, COLORADO

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting	Feet	$3391.50	133	$13,948.50	547	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assaying	Each	$ 12.00	4	$ 12.00	4	$ 3.00	80	$ 3.00
TOTAL DISTRIBUTED COSTS		$3403.50	137	$13,960.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$3403.50	137	$13,960.50				$3403.50

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

Date September 13, 1956 Operator GORMAN MINING COMPANY

Per Gordon D. Smith Title Gen. Mgr.

Gordon D. Smith

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

REMARKS: See attached narrative.

(Instructions on reverse)

(For Government use only)

C. McGarrer

RECEIVED
SEP 26 1956

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED
SEP 26 1956

Administrative Audit Difference Statement

Cannon Mining Company
P. O. Box B,
Crooks, Colorado

FINAL DISTRIBUTION

MADE

Date: September 21, 1956
Payee's
Reference: August 1956

Gentlemen:

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

Amount Claimed $ 3,192.00

Difference $ 12.00

Amount Approved $ 3,172.00

The reason for the difference was due to:

Deducted:

6 Chemical analysis samples at 2.00 per sample - 12.00

This amount will be reinstated on receipt of any certification.

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

September 20, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3982 (Lead-Zinc) Contract Idm-E935, Gormax Mining Company (Gormax mine) Mineral County, Colorado - Operator's Monthly Progress Report for the month of August, 1956

RECEIVED SEP 2 7 1956

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

Except as otherwise noted below it is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report, except for the following deduction.

Suspend an amount of $12.00, the reported cost for the chemical analysis of 4 samples at $3.00 per sample. This amount will be reinstated on receipt of assay certificates from the Operator.

Remarks

Date of Report- - - - - - - - - - - - - September 13, 1956
Date Received in Field Office- - - - - September 17, 1956
Date Received in Region Office- - - - September 20, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E935
Sec. Op. Comm. (2)
Shaw (2)
Harshman) w/copy engr's report
Tomsend)

DMEA
DEPARTMENT OF THE INTERIOR
SEP 20 1956
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
September 19, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw JFShaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3982 (Lead-Zinc) Contract I4m-E935, Gormax Mining Company (Gormax No. 1 mine) Mineral County, (Creede) Colorado -- Progress report for August 1956

Progress under the contract was checked on September 13, 1956 in the company of Gordon D. Smith, general manager.

At the time of the examination of the property the main crosscut had been advanced N. 80° W., for a total of 510 feet under item 1 of Stage I of the contract. This is an advance of 96 feet for the month of August. In addition, the operator drilled an 80-foot hole beyond the end of the crosscut at his own expense. No mineralized structures were encountered.

With prior approval of DMEA, exploration of the "Watercourse vein" 880 feet in from the portal, was started during the month. A crosscut was started 856 feet in from the portal and driven S. 43° W., to enter the "Watercourse vein" on an easy curve. This crosscut has entered the vein and will follow it in an approximate S. 35° E. direction. Crosscut progress was measured at 37 feet. Total advance to the time of examination is therefore 133 feet.

The vein strikes N. 35° W., and has an approximately vertical dip where uncovered. It contains about 18 inches of reddish-brown wet gouge which is weakly mineralized. The operator has sampled the "Watercourse vein" both in the crosscut and in the drift with the following results:

Location	Feet Width	Oz./Ton Gold	Silver	Percent Lead	Zinc
Crosscut-880 ft. in from portal north wall "Watercourse vein"	1.5	0.00	0.05	0.1	0.0
Crosscut-880 ft. in from portal South wall "Watercourse vein"	1.5	Trace	0.12	0.2	0.0
Drift on Watercourse vein 15 ft. southeast of crosscut northwest wall	1.5	Trace	0.18	0.11	0.0
Drift on Watercourse vein 22 ft. south east of crosscut Southeast wall	1.5	Trace	0.18	0.0	0.0

Beyond the "Watercourse vein" the rhyolite is altered and sheared and includes a narrow seam of manganese and iron stained, brown to black gouge.

Payment is recommended for the operator's request for 133 feet of crosscut at a total expenditure of $3,391.50. Government participation of 50 percent is $1,695.75.

Although the operator shows 4 assays taken along the "Watercourse vein' in his narrative report and sketch, payment of the $12.00 requested for the assays is recommended withheld until the operator furnishes copies of the assayer's results and charges.

The operator has filled the authorized units on his forms MF-104A incorrectly. All units allowed in the contract should appear and should be separated as Stage I and Stage II.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/mw
cc: 6
Idm-8935
Chron

GORMAX MINING COMPANY
CREEDE, COLORADO

Narrative report for the month of August 1956.

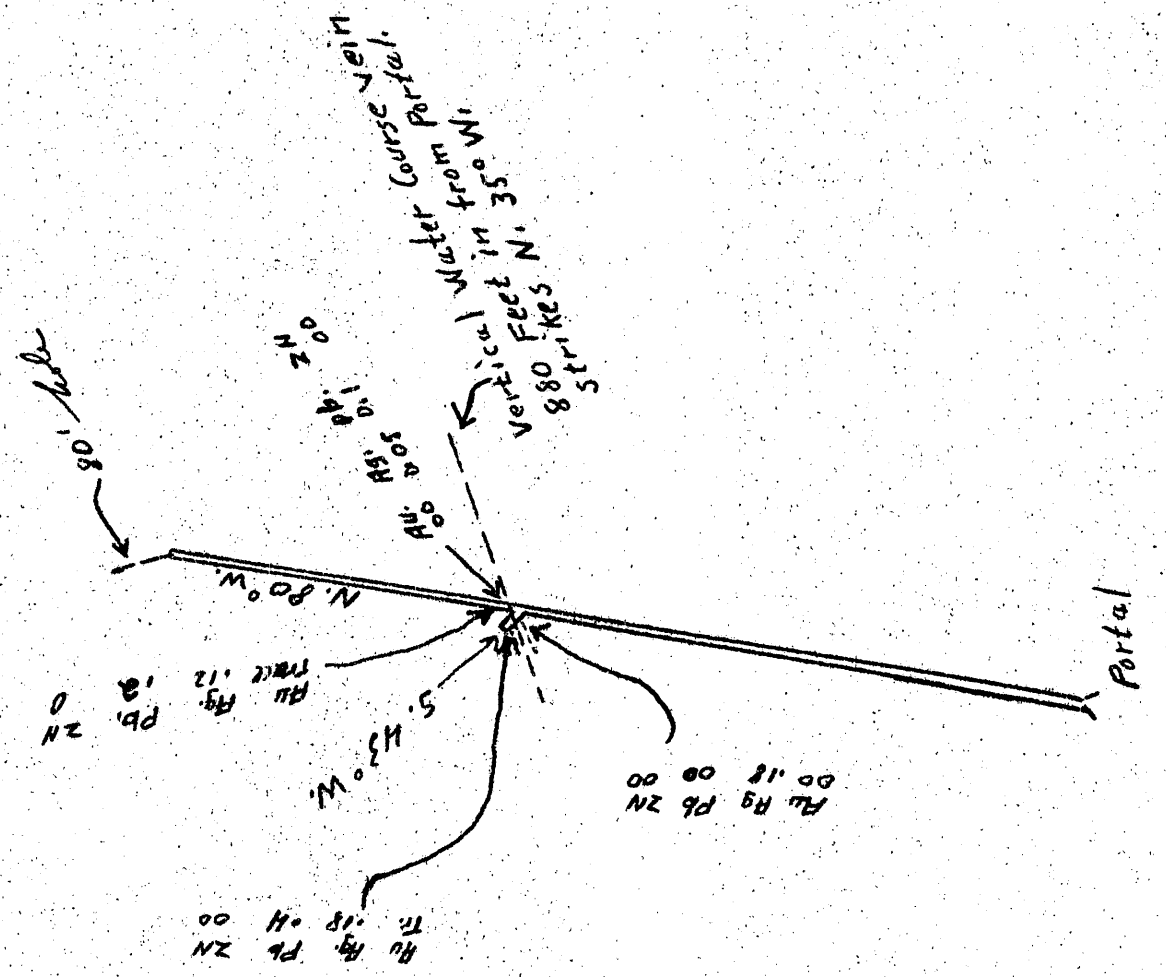
Gormax Mining Company continued work under stage one of DMEA Docket 3982, Contract Idm-E935. The crosscut was extended in a westerly direction for a distance of 96 feet making a total of 1138 feet from the portal. A two inch hole was then drilled a distance of 80 feet ahead of the breast with no apparent change in the structure. DMEA officials were then contacted and the operator was instructed to drift South on a water course 880 feet in from the portal. With the permission of Mr. Traver a crosscut was started at a point 24 feet East of the water course on a bearing of S 43 degrees W. The water course was intersected in a very broken up and confusing area. The crosscut was pushed a few feet beyond the water course to a supposed hanging wall split showing a small seam of manganiferous gouge and brownish to black mud. The total distance of cross cutting in the southwesterly direction totaled 37 feet. A switch was layed and track installed in the curve. We are now slabbing off to make another turn into the water course or fault, as the case may be. The strike of the course is approximately N. 35 degrees W. It is from eight inches to about 18 inches wide and filled with a red to reddish brown gouge which assays some values in gold, silver and lead, with no apparent zinc content. The assays and the locations from which they were taken are shown on the enclosed sketch. The rock on both sides of the water course vein is highly crushed rhyolite showing considerable movement. There is a small amount of water in the gouge. Assaying will be continued at frequent intervals and Dmea will be advised of any significant change either in values or structure.

Submitted by:

Gordon D. Smith

Gordon D. Smith,
General Manager,
Gormax Mining Company.

Sketch of location and extent of work
on Gormax Mining Company Contract Idm-E935,
Docket DMEA 3982 for month of August, 1956.



N

Scale 1" = 300'

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED SEP - 7 1956

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of JULY, 1956 Docket No. DMEA 3982 Contract No. Idm-E935
Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc
Address CREEDE, COLORADO
Contract Amount, $ 56,720.00 Government Participation: 50% Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting 91 Feet	$2320.50	$8236.50	$10,557.00			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$2320.50	$8236.50	$10,557.00	2,320.50	8,236.50	10,557.00

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

Date August 6, 1956 Payee GORMAX MINING COMPANY,

Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

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

$ 1160.25

Signature [illegible]
(Authorized Certifying Officer)

Date 8/29/56 Vou. No. DMA 57-25

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E935 in accordance with the terms of the contract.

Signature C. M. Herrer $1160.25 Title Mining Engineer Date Aug. 8, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Lawrey Title Executive Officer Date AUG 24 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP - 7 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of JULY 1956 Docket No. DMEA 3982 Contract No. Idm-5935
Operator's Name GORMAX MINING COMPANY, Minerals Lead-Zinc
Address CREEDE, COLORADO

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting	Feet	$2320.50	91	$10,557.00	414	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Timbering							1000	$5.00
Total Distributed Costs		$2320.50	91	$10,557.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		$2320.50	91	$10,557.00				$2320.50

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

Remarks: See attached narrative.

Date August 6, 1956 Operator GORMAX MINING COMPANY,
Per Gordon D. Smith Title Gen. Mgr.
Gordon D. Smith

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

(Instructions on reverse)

(For Government use only)
C. M. Harper

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED

224 New Customhouse
Denver 2, Colorado

August 24, 1956

FINAL DISTRIBUTION
MADE SEP 5 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3982 (Lead-Zinc) Contract Idm-E935, Gormax Mining Company (Gormax No. 1 Mine) Mineral County, Colorado - Operator's Monthly Progress Report for the month of July, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

All matters relative to property location and ownership have been satisfactorily resolved per Amendment No. 1.

Remarks

Date of Report - - - - - - - - - - - - - - August 6, 1956
Date Received in Field Office- - - - - August 8, 1956
Date Received in Region Office- - - - August 9, 1956

W. M. TRAVER
W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E935
Sec. Op. Comm. (2)
Shaw (2)
Townsend w/copy engr's report
Chron.

DMEA
Date Rec'd.

AUG 9 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 9, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3982 (Lead-Zinc) Contract Idm-8935, Gormax Mining Company (Gormax No. 1 mine) Mineral County, (Creede) Colorado -- Progress report for July 1956

Progress under the contract was examined on August 2, 1956 in the company of Gordon D. Smith, general manager. The writer was accompanied by R. U. King, geologist, Geological Survey and S. H. Price, engineering aide.

At the time of the examination, the crosscut had been advanced a total of 417 feet under item 2 of Stage I of the contract. This is an advance of 94 feet for the month of July 1956. The crosscut adit is now 1,045 feet in from the portal.

The operator's statement of work performed during the month of July 1956 is correct and less than that measured. His narrative report is complete. His forms MF-104 and MF-104A are correct.

Payment is recommended of the operator's request for 91 feet of crosscut at a cost of $2,320.50. Government participation of 50 percent is $1,160.25. Payment is contingent on clarification of the contract and submission of a survey of the subordinated property.

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

CMH/nw
cc: 6
Idm-8935
Chron

GORMAX MINING COMPANY
CREEDE, COLORADO

Narrative report for the month of July, 1956.

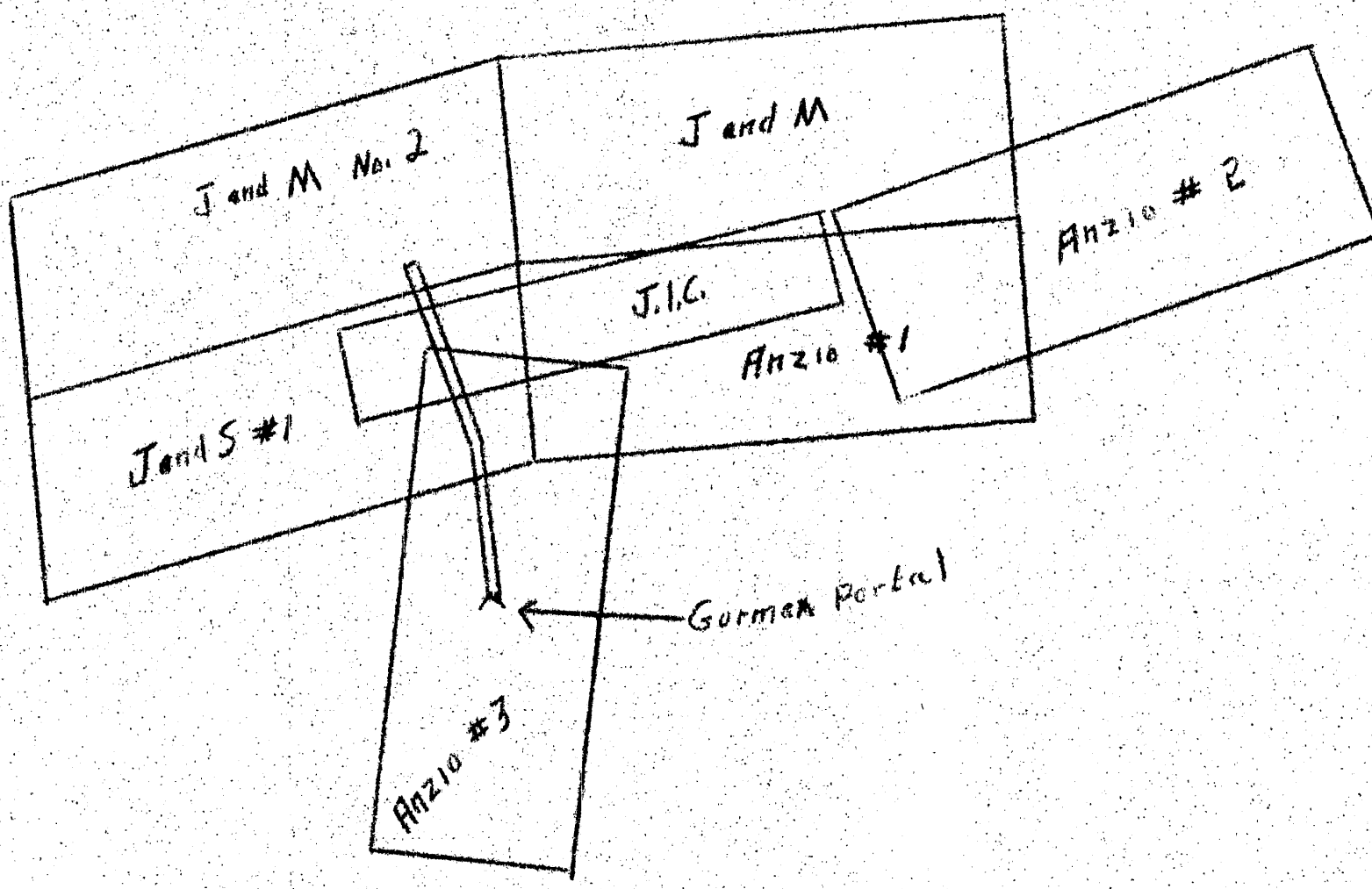
Gormax Mining Company continued work under stage one of DMEA Docket 3982, Contract Idm-E935. The crosscut was extended a total of ninety one feet through Rhyolite formation. Two water courses and one small vein of what appears to be manganese were encountered. The manganese vein averages about eight inches in width and strikes North about twenty three degrees West. Both water courses flowed considerable volume for two to three days then receded to a trickle. All machinery and equipment is in good working order and operations are continuing at a satisfactory speed.

Submitted by:

Gordon D. Smith

Gordon D. Smith,
General Manager,
Gormax Mining Company.

Sketch of location and extent of work on
Gormax Mining Company Contract Idm-E935,
Docket No. DMEA 3982 for month of July 1956.



Scale 1" = 500'

N

Form M[illegible]-194 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

RECEIVED
AUG - 1 1956

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

Month of [redacted], 195[redacted] Docket No. DMEA [redacted] Contract No. [redacted]
Operator's Name [redacted] Minerals [redacted]
Address [redacted]
Contract Amount, $ [redacted] Government Participation: [redacted]% Amount, $ [redacted]

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) [redacted] Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting 6 @ [redacted]	[redacted]	[redacted]	[redacted]			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	[redacted]	[redacted]	[redacted]	1,530.00	6,706.50	8,236.50

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

Date [redacted] Payee [redacted]

Per Gordon D. Smith Title [redacted]

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

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

(Instructions on reverse)

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

$765.00

Signature [illegible]
(Authorized Certifying Officer)

Date 7/26/56 Vou. No. DMA 57-13

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Adm-E935 in accordance with the terms of the contract.

Signature C. M. Harner $765.00 (cash for J F) Title Mining Engineer Date July 23, 1965

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Mills Title Executive Officer Date JUL 25 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
AUG - 1 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1956 Docket No. DMEA 3982 Contract No. IDM-E 935
Operator's Name Gormax Mining Co.
Address Creede, Colo. Minerals Lead - Zinc

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting	Feet	$1530.00	60	$8236.50	323	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Timbering							1000	$3.00
TOTAL DISTRIBUTED COSTS		$1530.00	60	$8236.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1530.00	60	$8236.50				$1530.00

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

Date July 12, 1956 Operator Gormax Mining Co.

Per Gordon D. Smith Title Gen. Mgr.

REMARKS: See attached narrative.

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

(Instructions on reverse)

(For Government use only)

C. M. Harrer — corrected form.

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED
AUG 1 1956

224 New Customhouse
Denver 2, Colorado

July 25, 1956

FINAL DISTRIBUTION
MADE JUL 30 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3982 (Lead-Zinc) Contract Idm-E935, Gormax Mining Company (Gormax No. 1 mine) Mineral County, Colorado - Operator's Monthly Progress Report for the month of June, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report---------- July 12, 1956
Date Received in Field Office---------- July 16, 1956
Date Received in Region Office---------- July 24, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E935
Sec. Op. Comm. (2)
Shaw (2)
Chron.

REGION III

Memorandum

Building 20
Denver Federal Center
Denver 2, Colorado
July 23, 1956

DMEA
Date Rec'd
JUL 24 1956
BUREAU OF MINES
Denver, Colorado

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3962 (Lead-zinc) Contract Idm-H935, Gormax Mining Company, (Gormax No. 1 Mine) Mineral County (Creede) Colorado---Progress report for June 1956

Progress under the contract was examined on July 12, 1956 in the company of the General Manager, Gordon D. Smith.

Progress for the month of June 1956 consists of 60 feet of crosscut as reported by the operator. Measurement at the time of examination was 63 feet. The crosscut adit has now been advanced a total of 323 feet under the contract in hard rhyolite. This is 950 feet in from the portal.

In addition to advancing the crosscut, the operator installed about 850 feet of 8-inch galvanized ventilation pipe and an 1800 cfm fan and gasoline engine drive. The haulage track was reconditioned and an air trammer installed and dumping facilities were improved.

Payment is recommended for the operators request for 60 feet of completed crosscut at a total expenditure of $1,530.00. Government participation of 50 percent is $765.00

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

CMH:sh

cc: 6
Idm-H935
Chron.

GORMAX MINING COMPANY,
CRESTE, COLORADO

RECEIVED
AUG - 1 1956

Ma r w a tive report for month of June 1956

Gormax mining company continued work under stage one of DMEA Docket 2922, Contract IGA-1933. Crosscutting was stopped on June 5th due to bad air in the tunnel. Eight hundred fifty feet of 6" galvanized vent pipe was insta lled, together with an 1800 CFM Ingersoll-Rand blower powered by a 35 HP Wisconsin Engine. A switch and spur track was insta lled outside the porta l and a home made "cherry picker" was built inside the adit a distance of 880 feet. A Universal Air Tramper was purchased and three additional ore cars added. The track was reconditioned and one 15 foot altered zone which had been air blasting and falling on the track was timbered at a distan e of 470 feet from the porta l. A Marsh piston pump was installed near the pipe line manifold and a receiver tank was moved from the portal in a distance of 850 feet. All other machinery was given a general tune up. Crosscutting wa s resumed on June 25th and a total of sixty feet of crosscutting was completed in June. The formation a ppears to still be Campbell Mountain Rhyolite somewhat sotted and with frequent very small wet seams.

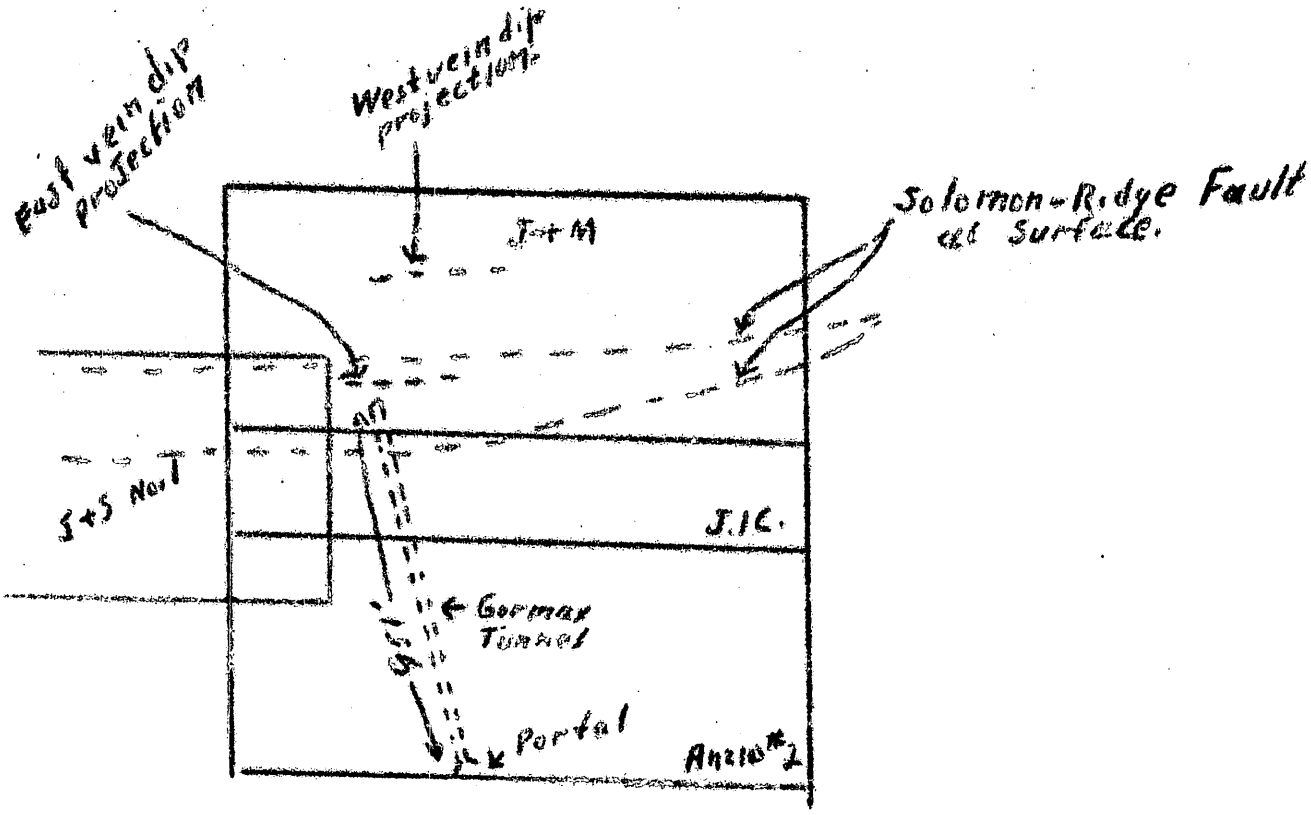
Submitted by:

Gordon D. Smith

Gordon D. Smith,
General Manager,
Gormax Mining Company.

RECEIVED
AUG - 1 1956

Sketch of location and extent of work on
Gorman Mining Company Contract Ida-2935,
Docket No. DMEA 3982 for month of June 1956.



Scale: 1" = 500'

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

Budget Bureau No. 42-R1036.5

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

RECEIVED JUN 27 1956

Month of May, 1956 Docket No. DMEA 3982 Contract No. 14-2935
Operator's Name COMMAX MINING COMPANY Minerals Lead-Zinc
Address CIRADE, COLORADO
Contract Amount, $ 56,720.00 Government Participation: 50 % Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting 125 Feet	$3,187.50	$3519.00	$6706.50			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$3187.50	$3519.00	$6706.50	3,187.50	3,519.00	6,706.50

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

Date June 8, 1956 *Payee Commax Mining Company.

Per Gordon D. Lunetta Title Gen. Mgr.

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

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

(Instructions on reverse)

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

$ 1593.75

Signature [illegible]
(Authorized Certifying Officer)

Date 6/22/56 Vou. No. GMA 56-123

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E935 in accordance with the terms of the contract.

Signature C. M. Harner $1,593.75 Title Mining Engineer Date June 18, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date JUN 20 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED JUN 27 1956

Month of May 1956 Docket No. DMEA 3982 Contract No. Idm-1935

Operator's Name Climax Mining Company, Minerals Lead-Zinc

Address Creede, Colorado

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting	Foot	$3187.50	125	$6706.50	263	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Timbering	*						1000	$5.00
Total Distributed Costs		$3187.50	125	$6706.50				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		$3187.50	125	$6706.50				$3187.50

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

Remarks: None

Date June 8, 1956 Operator Climax Mining Company,

Per Gordon D. Smith Title Gen. Mgr.

Gordon D. Smith,

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

(Instructions on reverse)

(For Government use only)

C. M. Harner

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED JUN 2 7

224 New Customhouse
Denver 2, Colorado

FINAL DISTRIBUTION
MADE JUN 25 1956

June 20, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3982 (Lead-Zinc) Contract Idm-E935, Gormax Mining Company (Gormax No. 1 Mine) Mineral County, Colorado - Operator's Monthly Progress Report for the month of May, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report----------June 8, 1956
Date Received in Field Office---------- June 13, 1956
Date Received in Region Office---------- June 20, 1956

W. M. TRAVER

W. M. Traver

Enclosures
JDC:jy
cc: MF-104 File E935
Sec. Op. Comm. (2)
Shaw (2)
Chron.

DMEA
Date Rec'd.

JUN 20 1956

BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
June 19, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3362 (lead-zinc) Contract Ida-8935, Gormax Mining Co., (Gormax No. 1 mine) Mineral County, (Creede) Colorado - Progress report for May 1956

Progress under the contract was examined on June 13, 1956 in the company of the General Manager, Gordon D. Smith and M. K. Tournavitis, Industrial Trainee from Greece under the International Cooperation Administration.

Progress for the month of May 1956 consists of 125 feet of crosscut as reported by the operator. Measurement at the time of inspection was 128 feet and 10 feet additional was not mucked out. The adit has now been advanced a total of 263 feet under the contract in hard rhyolite. This is 890 feet in from the portal. At present operations have stopped temporarily, preparatory to installing ventilation pipe. The heavy flow of water encountered 893 feet in from the portal is draining satisfactorily.

The operator's forms MF-104 and MF-104A are correct and his narrative report is well detailed.

Payment is recommended for the operator's request for 125 feet of completed crosscut at a total expenditure of $3,187.50. Government participation of 50 percent is $1,593.75.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/mr
cc: 6
Ida-8935
Chrono

RECEIVED
JUN 27 1956

GORMAN MINING COMPANY
CRESTED, COLO.

Narrative report for month of May 1956.

Gorman Mining Company continued work under stage one of IMRA Project 3982, Contract Idm-2935. The crosscut was cut a distance of 125 feet in May. No unusual conditions were encountered during the first 118 feet. At that point a water course was contacted which ran an estimated 1500 to 2000 gallons of water per hour for two days. The water then began to recede and has now dropped to an estimated 300 to 500 gallons per hour. Pressure was so high that loading the drill holes was very difficult and a five day period was required to make seven feet in the crosscut. The water course dips about 70 degrees to the East, which is reverse to the dip of the fault, and is believed to be draining from the fault. Some timbering will probably be necessary after the water course has been passed. The formation is still a reddish brown Rhyolite, but is becoming sheared and somewhat broken up. It is believed probable that we are nearing the fault.

All machinery and equipment is operating satisfactorily and the work is being held to specifications and good mining practices.

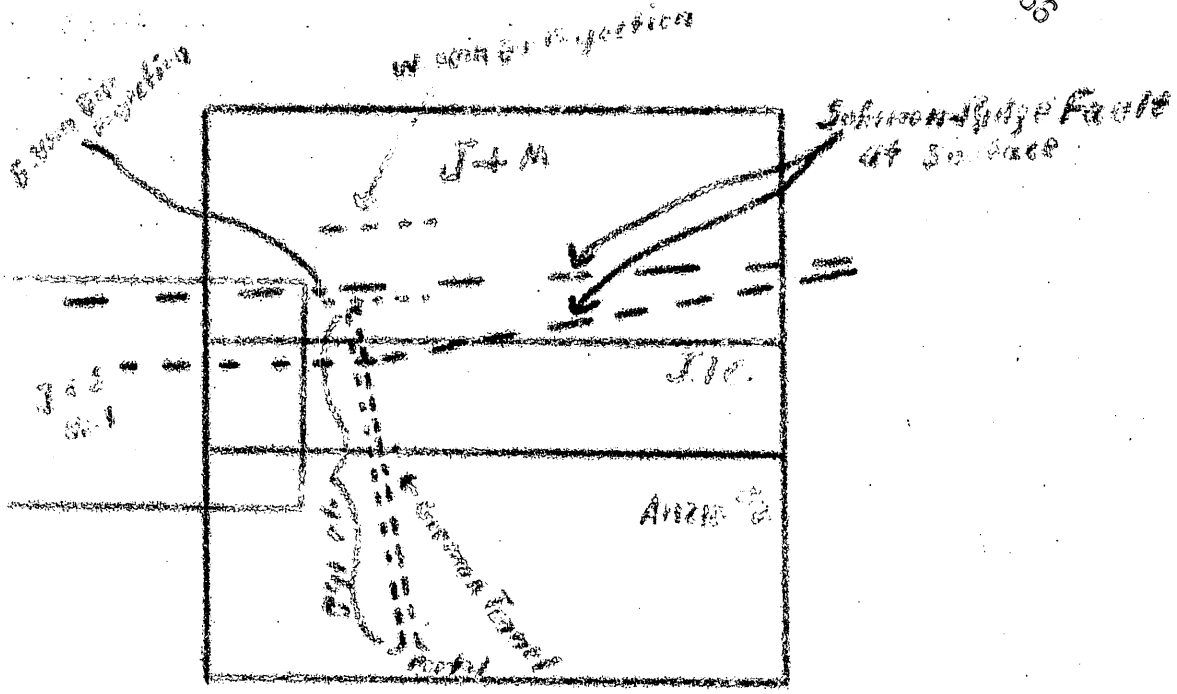
Submitted by:

Gordon D. Smith

Gordon D. Smith,
General Manager,
Gorman Mining Co.

Sketch of location and extent of work
on Cemex Mining Company Contract IAm-2935,
Docket No. IMMA 3782 for Month of May 1956.

RECEIVED
JUN 27 1956



Scale: 1" = 300'

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

Budget Bureau No. 42-R1036.5

RECEIVED
JUN - 4 1956

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

Month of APRIL 1956 Docket No. DMEA 3982(Lead-Zinc) Contract No. Idm-X935
Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc
Address P.O. Box 2, Creede, Colorado
Contract Amount, $56,720.00 Government Participation: 50 % Amount, $28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) [redacted] Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting 138 Feet	$3519.00	None	$3519.00			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$3519.00	None	$3519.00	3,519.00	—	3,519.00

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

Date May 4, 1956 *Payee Gormax Mining Company,

Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

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

$1759.50

Signature [signature]
(Authorized Certifying Officer)

Date 5/28/56 Vou. No. GMA 56-114

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. John-E935 in accordance with the terms of the contract.

Signature C. M. Harrar $1,759.50 Title Mining Engineer Date May 23, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature J. W. Irwin Title Acting Executive Officer Date MAY 25 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form DIF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUN - 4 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 196 Docket No. DMEA 3982 Contract No. IDM-2935
Operator's Name GORMAN MINING COMPANY Minerals Lead-Zinc
Address P.O. Box 2, Creede, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting	Feet	$3519.00	138	$3519.00	138	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Timbering	#						1000	$5.00
TOTAL DISTRIBUTED COSTS		$3519.00	138	$3519.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$3519.00	138	$3519.00				$3519.00

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

REMARKS No timbering needed this month.

Date May 4, 1956 Operator GORMAN MINING COMPANY

Per Gordon D. Smith Title GEN. MGR.
Gordon D. Smith,

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

(Instructions on reverse)

(For Government use only)
C. M. Farrer

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED
JUN - 4 1956

224 New Customhouse
Denver 2, Colorado

May 25, 1956

FINAL DISTRIBUTION

MADE MAY 31 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3982 (Lead-Zinc) Contract Idm-E935, Germax Mining Company, (Germax No. 1 Mine) Mineral County, Colorado - Operator's Monthly Progress Report for the month of April, 1956

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 50 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report----------May 4, 1956
Date Received in Field Office---------- May 8, 1956
Date Received in Region Office---------- May 15, 1956
Reason for delay: Held for correction of Form MF-104 by Operator. Corrected form received May 21, 1956.

J. W. Townsend

J. W. Townsend

Enclosures
JDG:jy
cc: MF-104 File E935
Soc. Op. Comm. (2)
Shaw (2)
Chron.

Region III

Building 20
Denver Federal Center
Denver 2, Colorado
May 14, 1956

RECEIVED
JUN - 4 1956
DMEA
Date Rec'd.
MAY 15 1956
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: C. M. Harrer
Through: John F. Shaw, Supv. Min. Engr.

Subject: Docket DMEA 3982 (Lead-Zinc), Contract Idm-E935, Germax Mining Company (Germax No. 1 mine), Mineral County (Creede) Colorado — Progress report for April 1956.

Progress under the contract was examined on May 10, 1956 in the company of Gordon D. Smith. As mentioned in the initial progress report, work started on April 5, 1956 and actual crosscutting started on April 6. Crosscutting under the contract started 627 feet in from the portal of the Germax crosscut adit. This is identified by a track spike driven into the north wall of the adit. Progress for the month consists of 138 feet of crosscut as reported by the operator. Measurement at the time of inspection was 169 feet under the contract. The adit is driven 416 feet from its portal on a S. 80° W. bearing and then S. 77° W. for its remainder of 380 feet.

At 760 feet in from the portal a clayey, altered and limonitic shear was cut which strikes about N. 50° W. and dips 80° S.W. This shear is very wet and a sample of the mud contained 0.4 percent lead.

At 783 feet in from the portal, a second shear with 0.3 foot of limonitic and clayey gouge was cut. This shear was not as wet as the first. It has a strike parallel to the first and dips 75° S.W.

The Germax Mining Company has a well established mining plant housed in one large building near the adit portal and work is progressing rapidly and efficiently.

Payment is recommended for the operator's request for 138 feet of crosscut adit at a total expenditure of $3,519.00. Government participation of 50 percent is $1,759.50.

C. M. Harrer

C. M. Harrer
Mining Engineer

enclosures

cc 6
Idm-E935
Shaw

GORMAX MINING COMPANY
CREEDE, COLO.

RECEIVED
JUN - 4 1956

Narrative report for month of April 1956.

Docket

Gormax Mining Company commenced work under stage one of DMEA Contract 3942, Contract Ide-8235 on April 6, 1956. Since that time a total distance of 138 feet of crosscutting has been completed. DMEA assistance started at the 628 foot mark from the portal, as measured by Mr. C.M. Herrer on April 12, 1956. At a distance of 751 feet from the portal the formation changed from a gray andesitic type of rock to a reddish brown rhyolite. At 760 feet from the portal a water seam of considerable volume was encountered. It is still flowing with no indication of playing out. This is considered to be most advantageous to the operation as it will lessen the distance for bringing drilling water to the face by several hundred feet. An assay was run on the mud in the water seam which indicated the following:

Au	Ag	Pb
0.01	0.40	0.4

All crosscutting has been in solid formation requiring no timbering. The adit is being held to a minimum of five and one half feet in width and seven feet in height. All loose rock is being barred down and a clean tunnel maintained. Rail and pipe is being layed as close to the breast as feasible and ties are spaced at two feet. U.S. and Colorado Safety Rules and Regulations are being complied with. Weather conditions have been favorable for the past two weeks and the work is progressing satisfactorily from the standpoint of the operator.

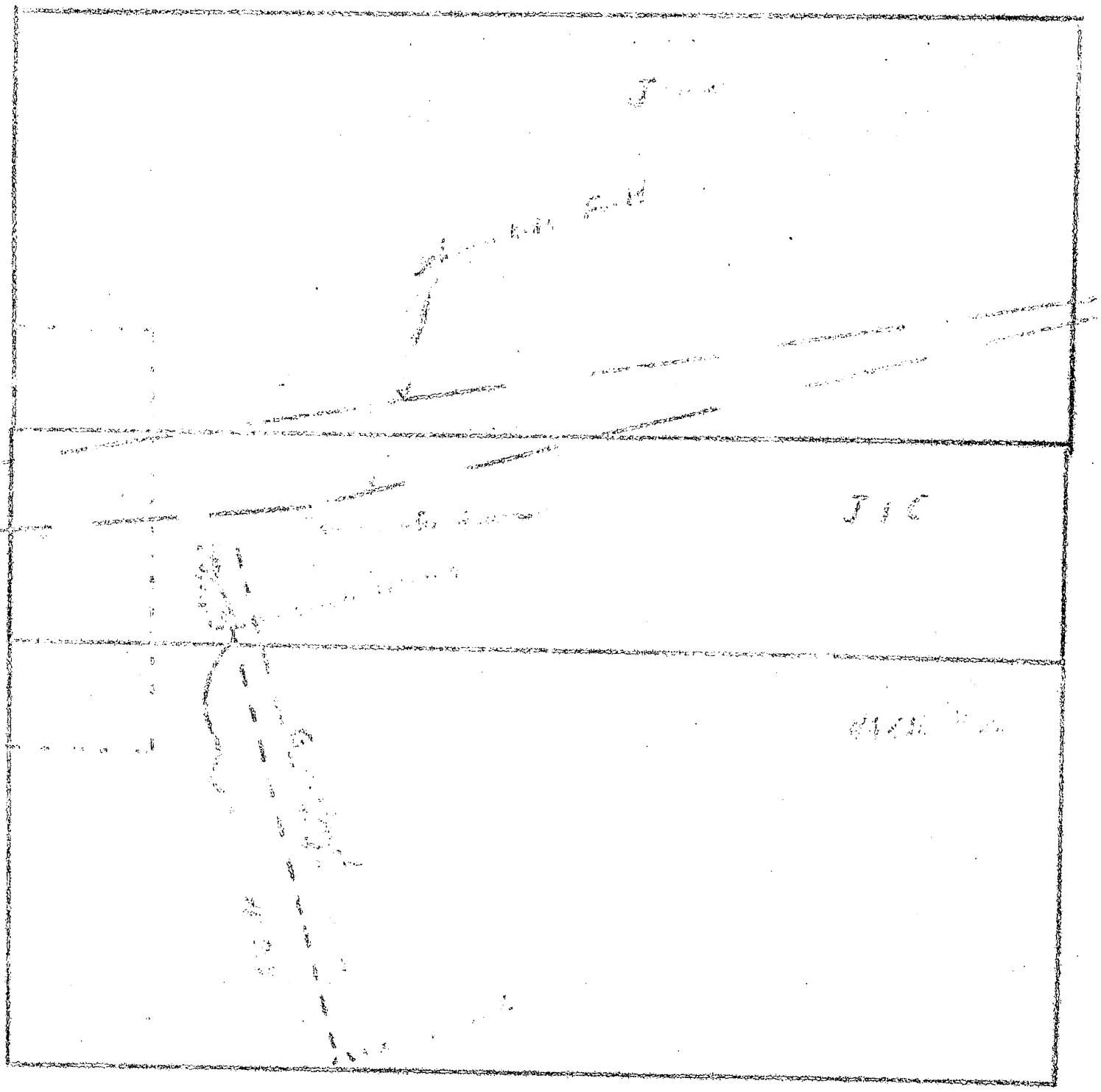
Submitted by:

Gordon D. Smith

Gordon D. Smith,
General Manager,
Gormax Mining Co.

RECEIVED
JUN - 4 '5

Sketch of location and extent of work on Cerro Mining Company Contract Ion-6955, Docket No. DMA 3982, for month of April 1956.



Scale 1" = 200 ft.

AUG - 7 1957

Mr. Gordon L. Smith, Agent
Gorman Mining Company
Post Office Box 2
Creede, Colorado

re: Docket No. [illegible]-3702 (Lead-Line)
Gorman Mining Company
Gorman Mine
Mineral County, Colorado
Contract No. [illegible]-935

Dear Mr. Smith:

Reference is made to your terminated exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve records for the period indicated.

Your interest in the Defense Minerals Exploration Administration program and participation therein are fully appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

JAmlt/bjm (8/6/57)

Copy to: Docket
Admr. R. File
Op. Committee
Mr. Johnson
Mr. Chambers
Mr. Bishop
Mr. Killegaard
Region III (?)
Chron.

Government's Copy

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 31 1957

DATE	INITIALS	CODE
1-31	C	220
		800

TERMINATION AGREEMENT

It is agreed this 11th day of January, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Gormax Mining Company, a partnership consisting of Gordon D. Smith and Maxine S. Smith, hereinafter called the "Operator," parties to Exploration Project Contract Idm-E935, Docket No. DMEA-3982, dated March 22, 1956, as amended, hereinafter called the "Contract," that:

1. Effective November 10, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

3. Any work or operations prosecuted or costs incurred by the Operator beginning with said effective date, except as otherwise provided in this termination agreement, shall be for the sole account of the Operator without contribution by the Government.

4. 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.

5. All rights of the Government provided for in the Contract with respect to a certification of discovery or development, percentage royalty and liens for its payment, records, audit, and recovery of any overpayment, are preserved.

6. 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.

7. Effective November 10, 1956, the Amended Undertaking Concerning Royalty, dated August 8, 1956, and executed by Gavin W. Skinner and James M. Muir, Jr., for Outlet Mining Company, and for themselves as individuals, and all obligations thereunder, shall be and are hereby terminated, provided, however, that if the Government exercises its right under Article 5 of this Termination Agreement, and makes a certification of discovery or development under the said Contract Idm-E935, the said Amended Undertaking Concerning Royalty shall remain in full force and effect.

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

THE UNITED STATES OF AMERICA

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

GORMAX MINING COMPANY

Gordon D. Smith
Gordon D. Smith, partner

Maxine S. Smith
Maxine S. Smith, partner

Article 7 agreed to:

Gavin W. Skinner
Gavin W. Skinner

James M. Muir Jr.
James M. Muir, Jr.

For themselves as individuals, and
for Outlet Mining Company

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

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

August 24, 1956

Mr. Gordon D. Smith, Agent
Gormax Mining Company
P. O. Box 2
Creede, Colorado

Re: Docket DMEA 3982 (Lead-Zinc)
Contract Idm-E935
Gormax Mining Company, a Partnership Consisting of Gordon D. Smith and Maxine S. Smith (Gormax mine), Mineral County, Colorado

Dear Mr. Smith:

Information in this office indicates that the drifting westerly in the Gormax adit under Stage I of Contract Idm-E935 has proceeded beyond the most westerly point possible to intersect the Solomon-Ridge Fault. Therefore it is concluded that further crosscutting will serve no useful purpose.

You are requested to discontinue crosscutting upon receipt of this letter and apply the remaining footage of crosscutting and drifting authorized under Stage I toward drifting southerly on the structure intersected at about 880 feet from the portal of the adit. The extent of drifting southerly on the foregoing structure or other structures encountered in the adit must be acceptable to the Government.

If you are not in complete accord with the foregoing procedure, please advise by return mail and suspend all drifting operations under the Contract until the matter has been settled to the joint satisfaction of you and the Government.

Very truly yours,

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

JWT:prl
cc: Chairman, Op. Comm. (4)
Finance Office, Reg. III
Amendment file
Harshman
Shaw
Townsend
Corres. file
Chron.

IN REPLY REFER TO:

DMEA
Date Rec'd.

AUG 24 1956

BUREAU OF MINES
Denver, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

August 23, 1956

Memorandum

To: W. M. Trever, Executive Officer, DMEA Region III
Through: E. N. Harshman
J. F. Shea

E N H
WXK
for JFS

From: Robert U. King

Subject: DMEA Docket 3908 (Lead-zinc), Contract Idm E-935, Gormax Mining Company (Gormax mine), Mineral County, Colorado

The operator of the subject contract submitted a plat and survey of the claims and workings from which it appears that he has prosecuted the crosscutting phase of work under the contract sufficiently to have reached the objectives outlined, and therefore, it is recommended that current work be stopped and the operator be advised to start on the second phase of work under Stage I, namely, drifting along the Solomon-Ridge fault.

The Gormax adit (crosscut) reached a point 1,043 feet from the portal on August 1, 1956, a distance of 150 to 200 feet beyond the point where the Solomon-Ridge fault would cross the adit based on strike projection from the Phoenix mine through the JEC shaft and on dip projection of 55 to 65° west (fig. 1).

It is concluded that further crosscutting will serve no useful purpose to DMEA nor to the operator, and it is recommended that driving of the adit be stopped and the operator advised that the footage remaining under Stage I be applied to drifting on what now appears to be the projection of the Solomon-Ridge fault. This structure was intersected at about 880 feet from the portal; it strikes northwestward, and consists of 6 inches to 2 feet of brecciated and altered wall rock with clay gouge. It should be drifted on in a southerly direction toward existing mines exploiting deposits in the Solomon-Ridge fault.

RU King
Robert U. King

RUKing:arh

U.S Department of the Interior
Geological Survey

DMEA 3982 IdmE-935

Prepared for
Defense Minerals Exploration Administration

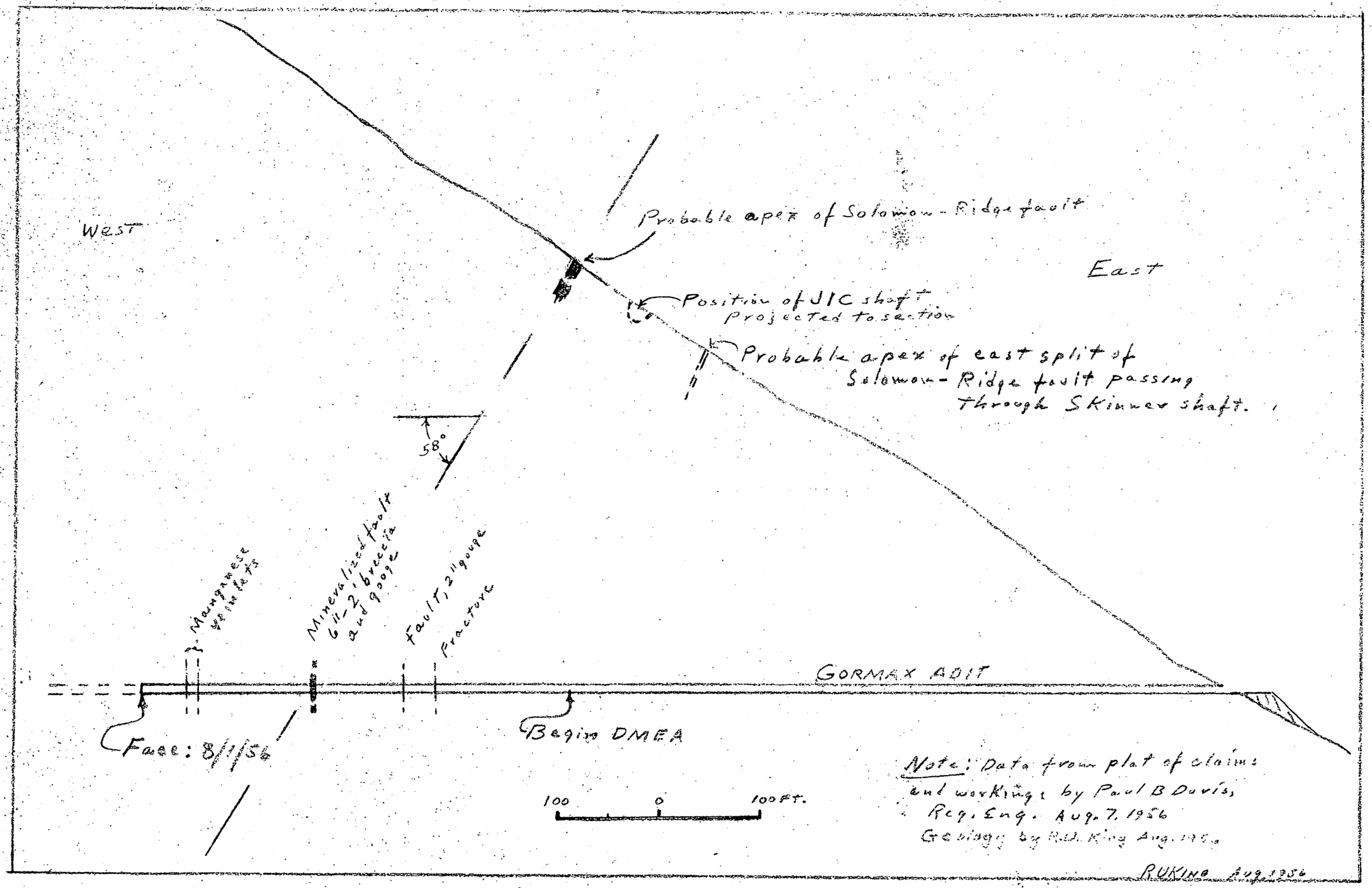


Figure 1.- Vertical section along Gormax Adit, Gormax Mine, Mineral County Colorado

W.O.

Gov.

EXPLORATION PROJECT CONTRACT
GORMAX MINING COMPANY
DOCKET NO. DMEA 3982
CONTRACT NO. Idm-E935

AMENDMENT NO. 1

It is agreed this 16th 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 Gormax Mining Company, a Partnership consisting of Gordon D. Smith and Maxine S. Smith, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E935, Docket No. DMEA 3982, dated March 22, 1956, hereinafter called the "Contract", that:

WHEREAS, additional land has been added to the Operator's lease; and, WHEREAS, a new map designated "Figure 2 (Revised 8-8-56)" has been prepared to correct errors in the map, "Figure 2," attached to the contract; now, THEREFORE, the contract is amended (for the purpose of including said additional land and to substitute the map designated "Figure 2 (Revised 8-8-56)" in lieu of the map designated "Figure 2") as follows:

1. In "Annex I", attached to the contract and referred to in Article 2. (b) (2) thereof, all material following the caption "Annex I" is deleted and in lieu thereof the following is substituted:

The land referred to in Article 2 of the contract consists of all of six mining claims and a part of one claim situated in the King Solomon Mining District, Mineral County, Colorado, as hereinafter described:

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AUG 27 1956

Claim	Recorded in County Courthouse, Mineral County, Colorado: Book	Page
J. I. C. Patented Lode Mining Claim	U. S. Survey No. 13526	
Anzio No. 1	4 C	183
Anzio No. 2	4 C	196
Anzio No. 3	4 C	197
J. & M.	4 C	197
J. & M. No. 2	4 C	204
That portion of J. & S. No. 1 lying northerly of the south end line of J.I.C. Lode Mining Claim	4 C	196

Excluded Land

Excluded from the land referred to in Article 2 of the contract are those portions of the land described above that are below the level of the Gormax Adit, the portal of which is approximately 10,040 feet above sea level, referred to and described in that certain lease executed between Outlet Mining Company, as Lessor, and the Operator, as Lessee, dated July 18, 1955, as amended February 1, 1956 and July 27, 1956, and reserved to the Lessor therein: Provided, that if the excluded land is later leased to or otherwise acquired by the Operator it thereupon shall automatically become a part of the land referred to in Article 2.

2. The map, "Figure 2", attached to the contract is deleted and in lieu thereof the map entitled, "Figure 2 (Revised 8-8-56) Map of Gormax Mining Company Claims and Adjacent Property, showing Geologic and Recommended Exploration, Gormax Mine, King Solomon Mining District, Mineral County, Colorado, DMEA 3982" is attached hereto and made a part of this amendment.

3. Referring to Article 2 (c) of the Contract, new "Consent to Lien" form "MF-205, June, 1956," and "Amended Undertaking Concerning Royalty," executed by the Lessors, are attached hereto and made a part of this amendment and are substituted in lieu of the instruments referred to in Article 2 (c).

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, nor the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

GORMAX MINING COMPANY

By Gordon D. Smith
Gordon D. Smith, Partner

By Maxine S. Smith
Maxine S. Smith, Partner

UNITED STATES OF AMERICA

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

Government's Copy

EXPLORATION PROJECT CONTRACT
GORMAX MINING COMPANY
DOCKET NO. DMEA-3982

AMENDED UNDERTAKING CONCERNING ROYALTY

WHEREAS, negotiations are now pending between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Gormax Mining Company, a partnership consisting of Gordon D. Smith and Maxine S. Smith (the "Operator"), for execution of an amendment to Exploration Project Contract Idm-E935 (the "Contract"), relating to certain land in the State of Colorado, County of Mineral, described as follows:

J.I.C. Patented Claim (Survey No. 13526);
Unpatented Anzio No. 1 (Book 4 C, page 183);
Unpatented Anzio No. 2 (Book 4 C, page 196);
Unpatented Anzio No. 3 (Book 4 C, page 197);
Unpatented J. & M. (Book 4 C, page 197);
Unpatented J. & M. No. 2 (Book 4 C, page 204);
and All of that portion of the Unpatented J. & S. No. 1 Claim (Book 4 C, page 196), which is northerly of the South end line of the J.I.C. Claim, said land is shown on a map, "Figure 2 (Revised 8-8-56)", attached to the contract, which map is incorporated herein by reference.

RECEIVED
AUG 27 1956

WHEREAS, the lease agreement between the Outlet Mining Company, a partnership consisting of the undersigned, and the Operator, dated July 18, 1955 and amended February 1, 1956 and July 27, 1956, excludes and reserves to the undersigned all of the above described land lying below the level of the Gormax tunnel, described in said lease ("Excluded Land"); and,

WHEREAS, the Government will not execute an amendment to the Contract with the Operator unless payment of royalty on production from the land lying below the level of said tunnel is undertaken by the undersigned in addition to their undertaking under the Consent to Lien executed by them;

NOW THEREFORE, in consideration of the acceptance by the Government of the leased land first above described for the purposes of the Contract, and as an inducement to the Government to enter

into the amendment to the Contract, the undersigned as a partnership and as individuals undertake (In addition to the provisions of the Consent to Lien executed by them) to pay to the Government royalty on all minerals mined or produced from land lying below the level of the Gormax tunnel in accordance with and subject to all the provisions of Article 7 of the Contract the same as though the undersigned were the Operator under the Contract with respect to the said land lying below the level of the Gormax tunnel. The undersigned consent to any amendment or assignment of the Contract, notice of any such amendment or assignment being hereby waived, and agree that this Amended Undertaking Concerning Royalty shall apply thereto. If the records of any sales or other disposition of the production upon which any such royalty may accrue, whether the production is by the undersigned or by others, are not made available to the Government for the computation of said royalty, the undersigned agree that the amounts thereof may be determined according to the best estimates that can reasonably be made; and, in the event of a dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or his successor, or by his representative authorized for that purpose, shall be final and binding upon the undersigned.

Dated Aug. 8, 1956, and executed for OUTLET MINING COMPANY and as individuals.

Gavin W. Skinner

Gavin W. Skinner

James M. Muir Jr.

James M. Muir, Jr.

MF-205
(Combines and supercedes MF-2[illegible] and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Gormax Mining Company
Docket No. DMEA- 3982
Contract No. Idm-E 935
Contract Date March 22, 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Mineral, State of Colorado, described as follows: 2/
J.I.C. Patented Lode Mining Claim, U.S. Survey No. 13526, and unpatented lode mining claims as follows: Anzio No. 1 recorded in Book 4C, p. 183; Anzio No. 2 recorded in Book 4C, p. 196; Anzio No. 3 recorded in Book 4C, p. 197; J. & M. recorded in Book 4C, p. 197; J. & M. No. 2 recorded in Book 4C, p. 204; and all of that northerly portion of the J. & S. No. 1 Claim recorded in Book 4C, p. 196, which is northerly of the South end line of the J.I.C. Claim.

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;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None.

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

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

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None. (State "None" or "See Annex No.____")

Dated this 8th day of Aug, 1956.

Gavin W. Skinner Gavin W. Skinner	[Seal]	Cruda, Colo. X	[Address]
James M. Muir Jr. James M. Muir, Jr.	[Seal]	San Diego, Calif X	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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]

GORMAX MINING COMPANY
CREEDE, COLORADO

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

July 30, 1956

Mr. W.M. Traver,
Executive Officer, DMEA,
224 New Customhouse,
Denver 2, Colorado.

Re: Docket DMEA 3982 (Lead-Zinc)
Contract Idm-E935
Gormax Mining Co.,
Mineral County, Colo.

Dear Mr. Traver:

Enclosed herewith are five copies of amendment to lease from Cutlet Mining Company to the Gormax Mining Company covering the J & M No. 2 claim. If I can be of any further assistance in expediting things please let me know.

Thanking you, I am

Yours very truly,

Gordon D. Smith

Gordon D. Smith,
General Manager,
Gormax Mining Co.

Encls.

AMENDMENT TO MINING LEASE

WHEREAS, the parties hereto have on the 18th day of July, 1955, entered into a certain mining lease wherein Lessor OUTLET MINING COMPANY leased to Lessee GORMAX MINING COMPANY those certain mining premises situated in the King Solomon Mining District, Mineral County, Colorado, to-wit:

> The J.I.C. Lode Mining Claim, U. S. Survey No. 13526; Anzio No. 1, Lode Mining Claim staked and filed and recorded in Book 4C, page 183, in the County Courthouse, Mineral County; Anzio No. 2, Lode Mining Claim, staked and filed and recorded in Book 4C, page 196, in the County Courthouse, Mineral County, excluding therefrom such portion below the Gormax Tunnel as described in Exhibit "A".

AND WHEREAS, the said parties did on February 1, 1956, amend said lease by adding thereto the following described mining premises, to-wit:

> The J and M Lode Mining Claim staked and filed and recorded in Book 4C, page 197, in the County Courthouse, Mineral County; Anzio No. 3 Lode Mining Claim, staked and filed and recorded in Book 4C, page 197, in the County Courthouse, Mineral County; all that northerly portion of the J and S No. 1 Lode Mining Claim which is northerly of the South end line of the J.I.C. Lode Mining Claim, excluding therefrom such portion of any and all of said claims below the Gormax Tunnel level.

AND WHEREAS, it is now the mutual desire of said Lessor and said Lessee to add additional property to said mining lease, as amended, under like terms and conditions;

Now, THEREFOR, in consideration of the premises and of the sum of TEN DOLLARS ($10.00) paid by Lessee to said Lessor, receipt of which is hereby acknowledged, and of other valuable consideration, said Lessor hereby amends said lease above described in the manner following, to-wit:

Lessor OUTLET MINING COMPANY, in addition to those certain mining premises

heretofor leased by said Lessor to Lessee GORMAX MINING COMPANY under date of July 18, 1955, and those additional premises described in amendment to lease under date of February 1, 1956, hereinabove referred to, does hereby lease, let and demise unto Lessee GORMAX MINING COMPANY, the following described mining premises, to-wit:

The J and M No. 2 Lode Mining Claim, staked and filed and recorded in Book 4C, page 204, in the County Courthouse, Mineral County, Colorado, excluding therefrom such portion of said claim below the Gormax Tunnel level.

Dated: July 27, 1956.

OUTLET MINING COMPANY

By Gavin W. Skinner
Lessor

James M. Muir Jr.

GORMAX MINING COMPANY

By Gordon A. Smith
Lessee

Maxine L. Smith

Contract No. Idm-E 935

Docket No. 3902

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
March 22, 1956	III	Colorado	Lead-Zinc

Name and Address of Operator:

Gorman Mining Co.
P. O. Box 2
Creede, Colorado

	Reserve	Obligation
Prior Amount	0	028,360.00
Increase	0	0
Decrease	0	~~18,421.75~~
Revised Amount	0	0 9,938.25

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 2/28/57

989

RECEIVED
APR 11 1956

SPECIAL
POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned partners of the GORMAX MINING COMPANY do hereby designate by this power of attorney, Gordon D. Smith, as managing partner, to act as the Agent of said partnership in all matters connected with the United States Department of Interior, Defense Minerals Exploration Administration, Contract Idm-E935, Docket DMEA 3982, and in behalf of said partnership to submit to the Government all necessary reports and information required under said contract; and as said Agent is authorized to receive individually and to receipt for, any monies that are now or may hereafter become due to be paid to said partnership by reason of said Contract Idm-E935.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on this 5th day of April 1956.

Maxine S. Smith (Seal)
Partner

Gordon D. Smith (Seal)
Partner

STATE OF CALIFORNIA,
County of San Diego. ss.

On This 5th day of April, A.D., 1956, before me, a Notary Public in and for said County and State, personally appeared Gordon D. Smith and Maxine S. Smith, known to me, Harold W. Brown, to be the persons whose names are subscribed above, and acknowledged to me that they executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year first above written.

HAROLD W. BROWN, Notary Public
U. S. Naval Air Station, MIRAMAR
San Diego, San Diego County, Calif.
My Commission expires 25 January 1958

Harold W. Brown
Notary Public in and for said County & State.

Government's Copy

RECEIVED

APR 11 1956

MF-200A
(Revised June 1954)

Docket No. DMEA 3982

Commodity Lead-Zinc

Contract No. Idm-E 7935

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

It is agreed this MAR 22 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]
Gormax Mining Company, a Partnership consisting of Gordon D. Smith and Maxine S. Smith,
whose mailing address is P. O. Box 2
Creede, 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 a map (Figure 2)

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 Mineral, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the[4] Lessee of[5] the mineral 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] Lease,[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:
See Annex I.

(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 Lessors, and Special Agreement of Lessors concerning payment of royalty.

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

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Lead-Zinc The work to be performed is described in Exhibit "A." The Operator on or before April 15, 1956, shall commence the work, and on or before December 31, 1957 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work., except as otherwise provided in Exhibit "A" with respect to stages of 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 $56,720.00 The Government will contribute 50 percent of the fixed unit costs as work is performed, in a total sum not in excess of $28,360.00: *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.

GORMAX MINING COMPANY
(Operator)

By Gordon D. Smith (Partner)

By Maxine S. Smith (Partner)

THE UNITED STATES OF AMERICA

By C. O. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

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
GORMAX MINING COMPANY
DOCKET NO. DMEA-3982

ANNEX I

The land referred to in Article 2 of the Contract consists of all of four mining claims and a part of one claim situated in the King Solomon Mining District, Mineral County, Colorado, as hereinafter described:

Claim	Location Notices Recorded in County Courthouse Mineral County, Colorado	
	Book	Page
J. I. C., patented Lode Mining Claim	U. S. Survey No. 13,526	
Anzio #1	4C	183
Anzio #2	4C	196
J & M	4C	197
That portion of J & S No. 1 lying northerly of the south end line of J. I. C. Lode Mining Claim	4C	196

These claims are shown on the attached map entitled: "Figure 2 - Map of Gormax Mining Company Claims and Adjacent Property . . . DMEA-3982."

Excluded Land

Excluded from the land referred to in Article 2 of the Contract are those portions of the land described above that are below the level of the Gormax Adit, the portal of which is 10,400 feet above sea level, referred to and described in that certain lease executed between the Outlet Mining Company, as Lessor and the Operator, as Lessee, dated July 18, 1955, as amended February 1, 1956, and reserved to the Lessor therein: Provided, that if the excluded land is later leased to or otherwise acquired by the Operator it thereupon shall automatically become a part of the land referred to in Article 2.

MF-203
Revised March 24, 1955

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FEB 23 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Gormax Mining Company
Docket No. DMEA- 3982
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Mineral, State of Colorado, described as follows:1/
The J.I.C. Lode Mining Claim U. S. Survey No. 13526, and unpatented lode mining claims as follows: Anzio No. 1 recorded in Book 4-C Page 183; Anzio No. 2 recorded in Book 4-C Page 196; J & M recorded in Book 4-C, Page 197; and all that northerly portion of the J & S No. 1 which is northerly of the south end line of the J.I.C. claim recorded in Book 4-C Page 196.

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

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

2/ 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 _____, 195__.

Gavin W. Gruner [Seal]

James M. Muir Jr. [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]

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EXPLORATION PROJECT CONTRACT
GORMAX MINING COMPANY
DOCKET NO. DMEA-3982

EXHIBIT "A"

Description of the Work

The work is divided into two successive stages. The Operator shall perform the work under Stage I, and shall perform as much of the work under Stage II as is approved in advance by the Government.

The work is outlined on the attached map, Figure 2.

All workings shall be timbered as necessary.

The crosscut and drifts shall be not less than 5 feet by 7 feet in cross section in the clear of timber.

The location, direction, and extent of all work are subject to the approval of the Government.

Stage I

1. Extend the existing Gormax Adit in a westerly direction to intersect the easterly and westerly splits of the Holy Moses vein, and then drift on the vein or veins encountered. The total amount of crosscutting and drifting shall not exceed 1,200 feet.

2. It is estimated that not to exceed 600 feet of timbering will be required under Stage I.

3. Not to exceed 80 samples shall be assayed for lead, zinc, and silver under Stage I.

Stage II

1. Extend the drifts driven under Stage I on the vein or veins not in excess of an additional 800 feet. The location, direction, and extent of the work are subject to prior written approval of the Government.

2. It is estimated that not to exceed 400 feet of timbering will be required under Stage II.

3. Not to exceed 160 samples shall be assayed for lead, zinc, and silver under Stage II.

Fixed Unit Costs

Stage I

1.	1,200 feet of crosscutting and drifting	@ $25.50/ft.	$30,600.00	
2.	600 feet of timbering	@ $5.00/ft.	3,000.00	
3.	80 samples assayed	@ $3.00/sample	240.00	
	Estimated Total Cost - Stage I			$33,840.00

Stage II

1.	800 feet of drifting	@ $25.50/ft.	$20,400.00	
2.	400 feet of timbering in the drift or drifts	@ $5.00/ft.	2,000.00	
3.	160 samples assayed	@ $3.00/sample	480.00	
	Estimated Total Cost - Stage II			$22,880.00
	Estimated Total Cost of the Project			$56,720.00
	Government Participation @ 50%			$28,360.00

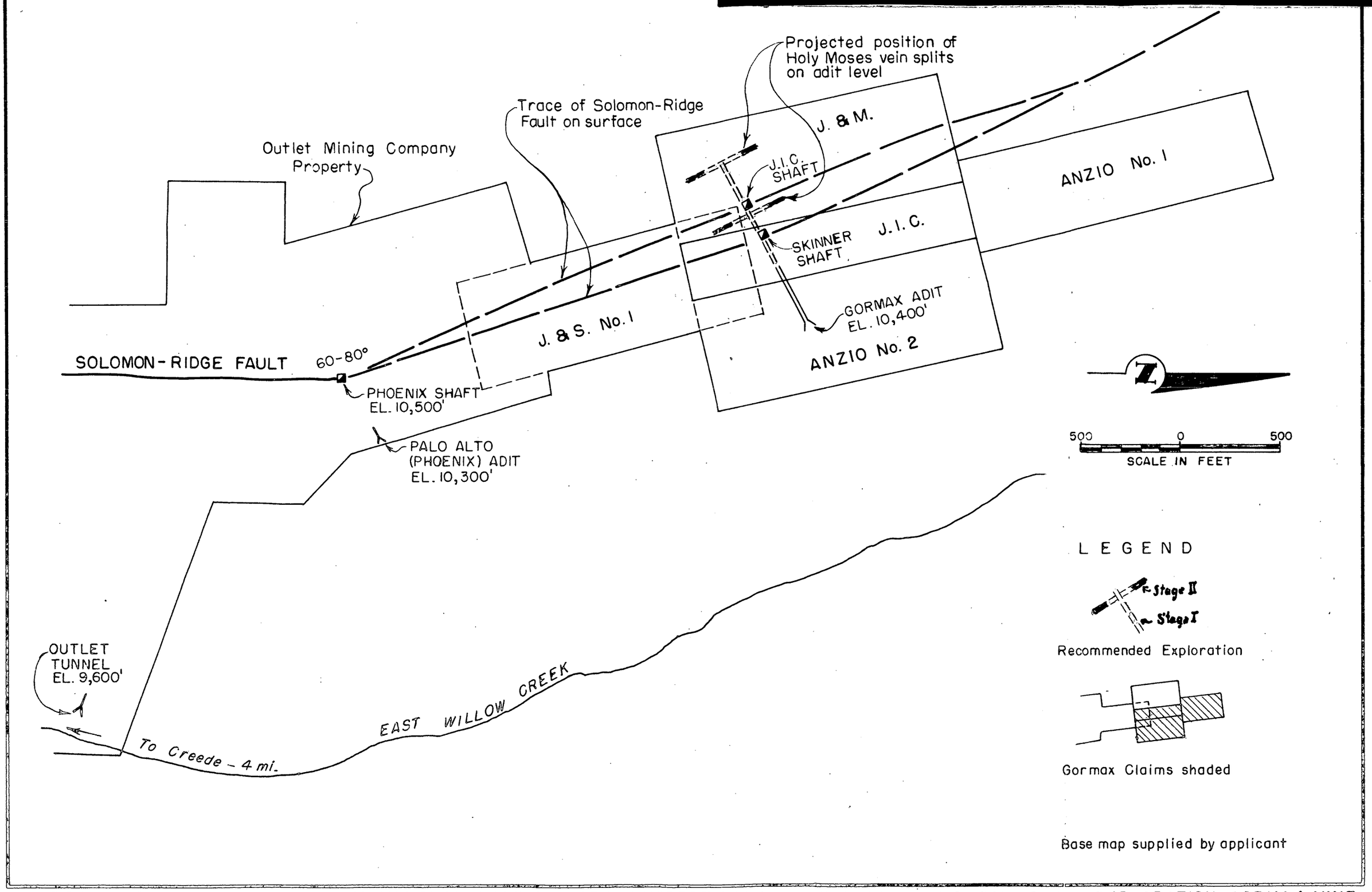

FIGURE 2 - MAP OF GORMAX MINING COMPANY CLAIMS AND ADJACENT PROPERTY, SHOWING GEOLOGY AND RECOMMENDED EXPLORATION, GORMAX MINE, KING SOLOMON MINING DISTRICT, MINERAL COUNTY, COLO. DMEA 3982

EXPLORATION PROJECT CONTRACT
GORMAX MINING COMPANY
DOCKET NO. DMEA-3982

RECEIVED
APR 1 1 1956

UNDERTAKING CONCERNING ROYALTY

WHEREAS, negotiations are now pending between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Gormax Mining Company, a partnership consisting of Gordon D. Smith and Maxine S. Smith (the "Operator"), for execution of an Exploration Project Contract (the "Contract") relating to certain land in the State of Colorado, County of Mineral, described as follows:

> J. I. C. Patented Claim (Survey No. 13526); unpatented Anzio No. 1 (Book 4-C, Page 183); unpatented Anzio No. 2 (Book 4-C, Page 196); unpatented J & M (Book 4-C, Page 197); and all that portion of the J & S No. 1 which is northerly of the south end line of the J. I. C. Claim. Said land is shown on a map, Figure 2, attached to the proposed Contract, which map is incorporated herein by reference.

WHEREAS, the lease agreement between the Outlet Mining Company, a partnership consisting of the undersigned, and the Operator, dated July 18, 1955, and amended February 1, 1956, excludes and reserves to undersigned all of the above-described land lying below the level of the Gormax tunnel described in said lease ("excluded land"); but the Government will not execute the Contract with the Operator unless payment of royalty on production from the land lying below the level of said tunnel is undertaken by the undersigned in addition to their undertaking under the Consent to Lien executed by them.

NOW THEREFORE, in consideration of the acceptance by the Government of the leased land described above for the purposes of the Contract, and as an inducement to the Government to enter into the Contract, the undersigned as a partnership and as individuals undertake (in addition to the provisions of the Consent to Lien executed by them) to pay to the Government royalty on all minerals mined or produced from the excluded land in accordance with and subject to all the provisions of Article 7 of the Contract the same as though the undersigned were the Operator under the Contract with respect to the excluded land. The undersigned consent to any amendment or assignment of the Contract, notice of

any such amendment or assignment being hereby waived, and agree that this Undertaking Concerning Royalty shall apply thereto. If the records of any sales or other disposition of the production upon which any such royalty may accrue, whether the production is by the undersigned or by others, are not made available to the Government for the computation of said royalty, the undersigned agree that the amounts thereof may be determined according to the best estimates that can reasonably be made; and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or his successor, or by his representative authorized for that purpose, shall be final and binding upon the undersigned.

Dated MAR 29 1956, 1956, and executed for Outlet Mining Company and as individuals.

Gavin W. Atkinson

James M. Muir Jr.

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

MAR 16 1956

Memorandum:

To: The Administrator, IMMA
Attention: Chief, Rare Metals Division

From: Associate Solicitor, Division of Mineral Resources

Subject: IMMA-3982 (Lead-Zinc)
Gorman Mining Company
Gorman Mine
Mineral County, Colorado

As requested in memoranda dated February 17 and March 5, 1956, from Mr. Griswold, we have prepared the attached contract.

It will be noted that there is excluded from the description of the land in the contract all that land below the level of the Gorman Tunnel, although the Consent to Lease of the landowner-lessor does not contain this exclusion. The effect of this arrangement is that the Government would not be entitled to receive any royalty from land below the level of the Gorman tunnel, and the Operator would not be entitled to mine there.

We understand, from informal discussion with Mr. Alt and Mr. Frank Johnson, that the Government will require that the landowner undertake to pay royalty on the same basis as the Operator on production below the level of the Gorman tunnel as a condition to entering into the contract. Accordingly, we have prepared the attached Special Agreement Concerning Royalty to be executed by the landowner prior to execution of the exploration contract.

Robert P. Dwyer

Robert P. Dwyer

H.C.Rubin/wog
March 14, 1956
Copy to: Solicitor's Docket (2)
IMMA Docket
S.C.Selfridge
W.R.Griswold (2)
J.L.Chambers
R.P.Dwyer
H.C.Rubin
Chron.

Docket No. 3982

Commodity Lead-Zinc

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E935

Date of Contract or ~~amendment~~: March 22, 1956

Name and Address of Operator:
Gormax Mining Co., a Partnership- Gordon D. Smith and Maxine S. Smith
P.O. Box 2
Creede, Colorado

Amount of Government participation $28,360.

Percent of Government participation 50 %

Region: III State: Colorado

J.L. Chambers, Chief,
(Name)
Contract Administration & Audit Div.
(Title)

Date Delivered to Bureau of Mines, Washington. 3/22/56

54458

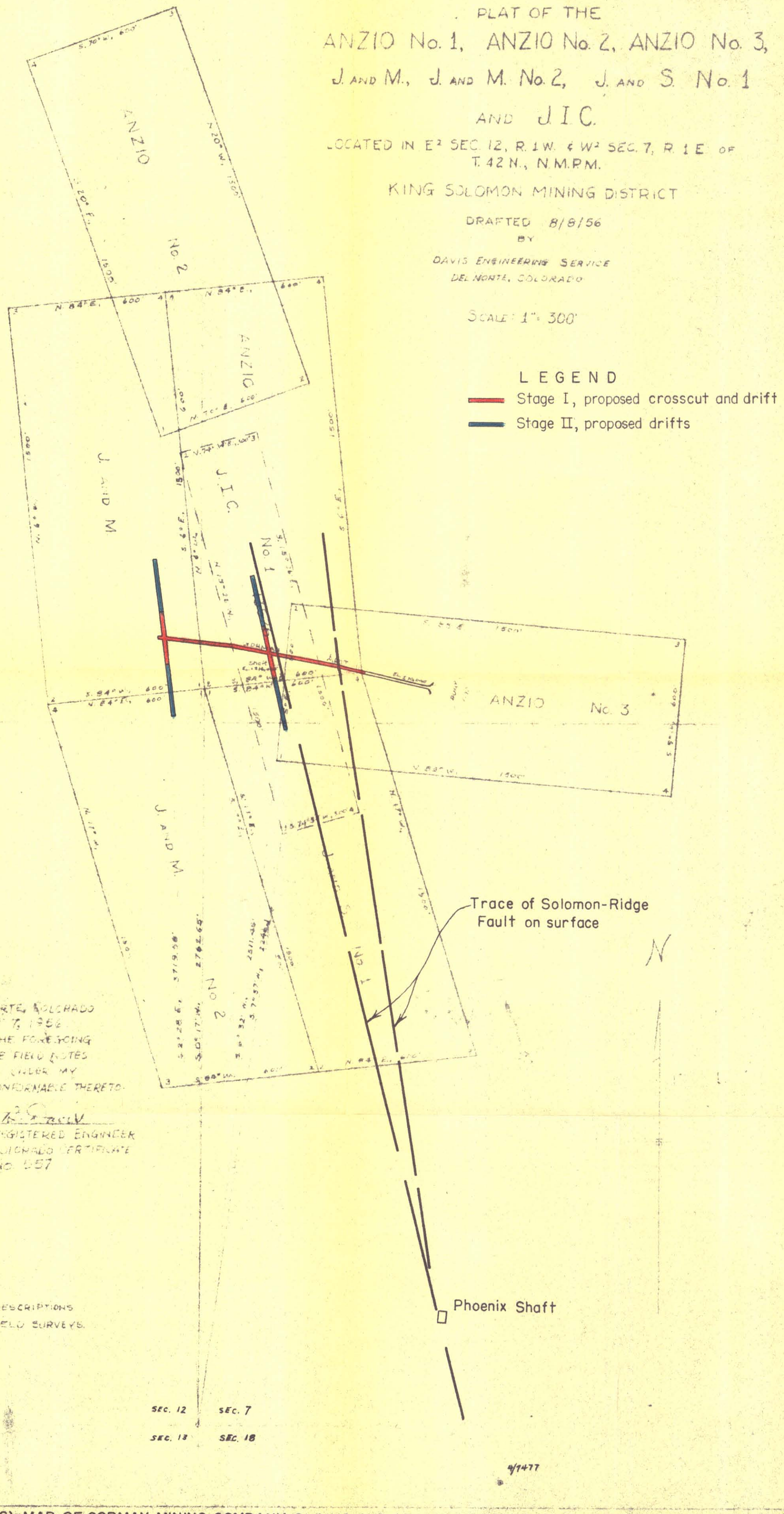

FIGURE 2 - (REVISED 8-8-56) MAP OF GORMAX MINING COMPANY CLAIMS AND ADJACENT PROPERTY, SHOWING GEOLOGY AND RECOMMENDED EXPLORATION, GORMAX MINE, KING SOLOMON MINING DISTRICT, MINERAL COUNTY, COLO. DMEA 3982