DMEA Form 9

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

DMEA NO. 3982.

Application (Denied
(Withdrawn
(After disposition, delete items not applicable)

Contract (Terminated - not Certified
(Cancelled
(Terminated - Certified
(Royalty Agreement

This is the official contract file containing all official records of the project. The records contained in the files are checked and are arranged in this order:

Left Side

Interim Royalty Audits
Reports of Royalty Review
Certification of Discovery
Certificate of Audit (Final)
Interim Audit(s)
✓ Report of Review
✓ Termination Notice or Agreement
Recision Notice
Assignment of Contract
✓ Contract Amendments (latest on top)
✓ Contract with all exhibits and annexes
✓ Owner's Consent to Lien
✓ Subordination Agreement
✓ Leases and assignments of leases
✓ Application and attachments
(3) Envelope for maps

Right Side

✓ Project summary
✓ Work completed analysis
All other material is filed in chronological order with correspondence including the following reports as checked:

✓ Final Field Team Report (Tab)
Operator's Final Report
(2R) ✓ Interim Reports
(2R) ✓ Operator's monthly reports and all attachments (latest on top)
✓ On-site Exam Report(s) (Tab)
(4) Settlement Sheets

When the volume of records is expected to warrant additional folders, or when convenience of reference warrants separate folders for certain records, they should be set up in this order:

Left Side

Folder No. 2: (In chron. order) Interim Summary Reports by W. O. Engineers

Right Side

Operator's Semi-Annual Report for Certified Project, Field Team Interim Reports, Operator's Monthly Report with transmittal, narrative, maps, and Field Team review.

Folder No. 3: Maps (Use pocket folder or envelope. Fold maps with title block out and show reference to related document or correspondence.)

Folder No. 4: Settlement Sheets

Folder No. 5: Drill Logs

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

EXTRA COPY
D M E A
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DATE	INITIALS	CODE
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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, Auditor

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		225

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. Muiz, 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.

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DATE	INITIALS	CODE

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

Indreitz 1/7/57
Dunyon
Chambers
Selfridge

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

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:

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

Indrts 9/7/56
Lawyer

Docket 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-E955 (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.

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 17, 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 8 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-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Gorman 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 August, 1956.

Gavin W. Skinner	[Seal]	Oceanside, Calif.	[Address]
James H. Muir, Jr.	[Seal]	San Diego, Calif.	[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]

SPECIAL
POWER OF ATTORNEY

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KNOW ALL MEN BY THESE PRESENTS:

That the undersigned partners of the CORMAX 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-3935, Docket DMA 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-3935.

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,
ss.
County of San Diego.

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 in and for said County & State.

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

Docket Copy

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APR 11 1956

MF-200A
(Revised June 1954)

Docket No. DMEA 3982

Commodity Lead-Zinc

Contract No. Idm-E 935

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."

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(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.*—

Rutin
Sawyer
"Appd. Sol. Off."
J. Alt
Fairwold
Talbut
Selfridge
J. Johnson

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 O. Mitchell
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

RECEIVED
APR 1 1 1958

EXPLORATION PROJECT CONTRACT
GORMAX MINING COMPANY
DOCKET NO. IMMA-3902

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. 13,596	
Annie #1	4C	183
Annie #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 . . . IMMA-3902."

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

RECEIVED
FEB 23 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Cornax Mining Company
Docket No. DMEA- 3932
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: Annie No. 1 recorded in Book 4-C Page 193; Annie No. 2 recorded in Book 4-C Page 195; J & M recorded in Book 4-C, Page 197; and all that northerly portion of the J & G 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. Spinner [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]

RECEIVED
APR 1 1 1956

EXPLORATION PROJECT CONTRACT
GOTHAM MINING COMPANY
DOCKET NO. IMBA-1988

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 Gorman 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. 1,800 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

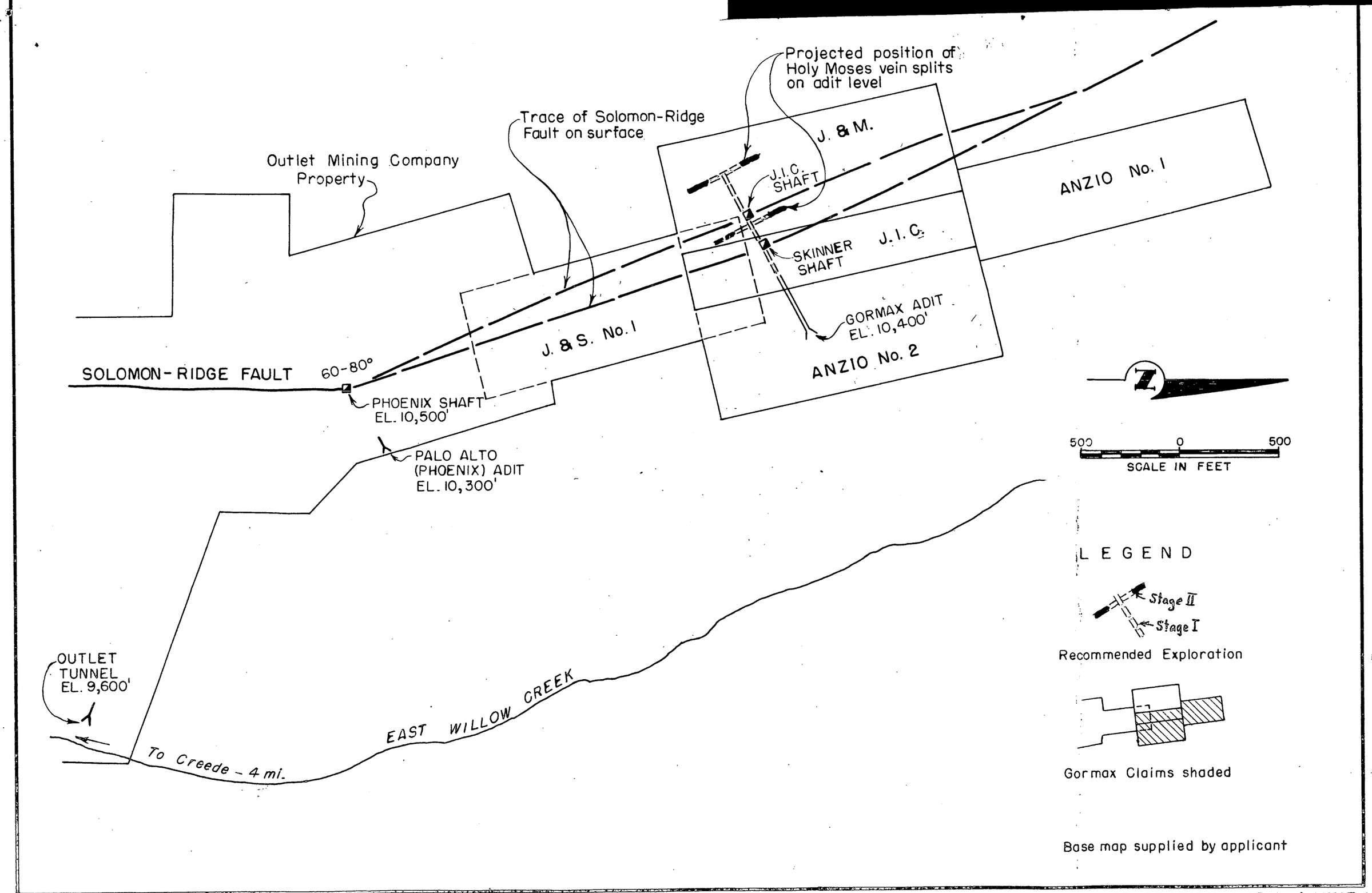

FIGURE 2 - MAP OF GORMAX MINING COMPANY CLAIMS AND ADJACENT PROPERTY, SHOWING GEOLOGY AND RECOMMENDED EXPLORATION, GORMAX MINE, KING SOLOMON MINING DISTRICT, MINERAL COUNTY, COLO. DMEA 3982

EXPLORATION PROJECT CONTRACT
GORMAN MINING COMPANY
DOCKET NO. DMRA-3988

RECEIVED
APR 1 1 1956

WITNESSETH: CONTINGENT 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 Gorman 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. 13566); unpatented Annie No. 1 (Book 4-C, Page 183); unpatented Annie 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 Gorman 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 9 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 amount 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 Catlet Mining Company and as individuals.

Gavin W. Gardner

James M. Murphy

GORMAX MINING CO.
CREEDE, COLORADO

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 Outlet 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. Johnson
Lessor

James M. Muir Jr.

GORMAX MINING COMPANY

By Gordon D. Smith
Lessee

Madine L. Smith

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

RECEIVED
FEB 13 1956

February 7, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3982 (Lead-Zinc), Gormax Mining Company, Gormax Mine, Mineral County, Colorado

Enclosed are the original and two copies of an Amendment to the Mining Lease which we requested from the applicant in our letter of January 13, 1956. Also enclosed are three copies of our letter to the applicant requesting recording data on these claims so that we may prepare the Owner's Consent to Lien.

W. M. Traver

Enclosures

AMENDMENT TO MINING LEASE

WHEREAS, the pa rties 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 #1, Lode Mining Claim staked and filed and recorded in Book 4C, Page 183, in the County Courthouse, Mineral County; Anzio #2, Lode Mining Claim, filed and recorded in the County Courthouse, Mineral County, excluding therefrom such portion below the Gormax Tunnel as described in Exhibit "A".

And, WHEREAS, it is now the mutual desire of said Lessor and said Lessee to add additional properties to said mining lease under like terms and conditions.

Now, THEREFOR, in consideration of the premises and of the sum of TEN DOLLARS ($10.00) paid by said Lessee to said Lessor, receipt of which is hereby acknowledged, and of other valuable consideration, said Lessor hereby amends said lease 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, 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 Lode Mining Claim recorded in the County Courthouse, Mineral County, Colorado; Anzio #3 Lode Mining Claim recorded in the County Courthouse, Mineral County, Colorado; and all that northerly portion of the J and S #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.

Dated: February 1, 1956.

OUTLET MINING COMPANY

By James M. Muir Jr.
Lessor

Harm W. Stinner

GORMAX MINING COMPANY

By Gordon D. Smith
Lessee

Madeine S. Smith

AMENDMENT TO MINING LEASE

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

The J.I.C. Lode Mining Claim, U.S. Survey No. 12520; Amsio #1, Lode Mining Claim staked and filed and recorded in Book 40, Page 183, in the County Courthouse, Mineral County; Amsio #2, Lode Mining Claim, filed and recorded in the County Courthouse, Mineral County, excluding therefrom such portion below the Gorman Tunnel as described in Exhibit "A".

And, WHEREAS, it is now the mutual desire of said Lessor and said Lessee to add additional properties to said mining lease under like terms and conditions.

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

Lessor QUINTE MINING COMPANY, in addition to those certain mining premises heretofore leased by said Lessor to Lessee GORMAX MINING COMPANY under date of July 18, 1955, hereinabove referred to, does hereby lease, let and demise unto Lessee GORMAX MINING COMPANY, the following described mining premises, to-wit:

The J and K Lode Mining Claim recorded in the County Courthouse, Mineral County, Colorado; Amsio #3 Lode Mining Claim recorded in the County Courthouse, Mineral County, Colorado; and all that northerly portion of the J and S #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 Gorman Tunnel level.

Dated: February 1, 1956.

QUINTE MINING COMPANY

By _____
Lessor

GORMAX MINING COMPANY

By _____
Lessee

COPY OF

AMENDMENT TO MINING LEASE

WHEREAS, the pa rties 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 #1, Lode Mining Claim staked and filed and recorded in Book 4C, Page 183, in the County Courthouse, Mineral County; Anzio #2, Lode Mining Claim, filed and recorded in the County Courthouse, Mineral County, excluding therefrom such portion below the Gormax Tunnel as described in Exhibit "A".

And, WHEREAS, it is now the mutual desire of said Lessor and said Lessee to add additional properties to said mining lease under like terms and conditions.

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

Lessor OUTLET MINING COMPANY, in addition to those certain mining premises heretofer leased by said Lessor to Lessee GORMAX MINING COMPANY under date of July 18, 1955, 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 Lode Mining Claim recorded in the County Courthouse, Mineral County, Colorado; Anzio #3 Lode Mining Claim recorded in the County Courthouse, Mineral County, Colorado; and all that northerly portion of the J and S #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.

Dated: February 1, 1956.

OUTLET MINING COMPANY

By s/ James M. Muir Jr.
Lessor

s/ Gavin W. Skinner

GORMAX MINING COMPANY

By s/ Gordon D. Smith
Lessee

s/ Maxine S. Smith

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

RECEIVED
FEB 13 1956

February 7, 1956

224 New Customhouse
Denver 2, Colorado

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

Re: Docket DMEA 3982 (Lead-Zinc), Gormax Mine, Mineral County, Colorado

Dear Mr. Smith:

This will acknowledge receipt of four copies of the Amendment to your Mining Lease dated February 1, 1956. Copies of this lease will be forwarded the DMEA Washington office.

Owner's Consent to Lien forms will be required and will be prepared by this office and sent to you so that you may obtain the owners' signatures. Before we can prepare the Owner's Consent to Lien forms, however, it will be necessary for you to advise us the book and page numbers of the recording of the Anzio No. 2, the J & M, and the J & S No. 1 claims. The recording data on Anzio No. 1 is included in your lease, and since the J.I.C. claim is patented, we do not need the recording data on it.

As soon as we receive the above information, we will prepare the necessary Owner's Consent to Lien forms and forward them to you.

Very truly yours,

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

HMC:ab

cc: Chair. Op. Comm. (2)
Harshman
Docket 3982
Chron.

MMC

GORMAX MINING COMPANY
CREEDE, COLORADO

(3)

DMEA
Date Rec'd
FEB 7 1956
BUREAU OF MINES
Denver, Colorado

February 2, 1956

RECEIVED
FEB 13 1956

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

Re: Gormax Mining Co.,
DMEA-3982

Dear Mr. Traver:

In accordance with your request of recent date please find enclosed amendment to our lease together with three copies thereof, which extends the Gormax lease from Outlet Mining Company to include the additional property required by you.

Since almost five months have passed since our application was submitted, we are very anxious to do anything in our power which will expedite final action. Please do not hesitate to call on us if there is anything more that we can do.

We hope that you are now completely recovered from your recent illness.

Thanking you, and with kindest personal regards, we are

Sincerely,

GORMAX MINING COMPANY,

Gordon D. Smith

Gordon D. Smith

encl/1

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

RECEIVED
SEP 1 3 1955

September 15, 1955

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA Aid, (Lead-Zinc), Gormax Mining Company, Gormax Mine, Mineral County, Colorado

Enclosed are three copies of the subject application in the amount of $16,960.00. One copy of the application is being retained in our files.

W. M. Traver

W. M. Traver

Enclosures

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved
Budget Bureau No. 42-R1035.2.

DMEA
Date Rec'd
SEP 14 1955

BUREAU OF MINES
Denver, Colorado

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

RECEIVED
SEP 19 1955

Not to be filled in by applicant.

Docket No. DMEA-3982
Metal or Mineral Lead - Zinc
Date Received 9/19/55
Estimated Cost $16,960.00
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: GORMAX MINING COMPANY, P.O. BOX 2, CREEDE, COLORADO.
A partnership organized and recorded in Mineral County, Colorado and owned by Gordon D. Smith and Marine S. Smith, 1073 Agate St., San Diego 9, California. (Legal Res.)

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract J.I.C. Mining Lode (Mineral Survey No. 13526) as recorded in Book 47, page 410 of Mining Deeds, Mineral County, Colorado.
Land that may be benefited: Annie Lode Claim as described in Book 4-C, page 183, Location Records, Mineral County, Colorado.

(*b*) State any mine name by which the property is known. Gormax Mine.

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Lessee from Outlet Mining Company.

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property. See enclosure No. 1.

(*e*) If you own the land, describe any liens or encumbrances on it Not applicable.

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. See 3 (a) above.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes. See enclosure No. 2.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Lead & Zinc.

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc. See enclosures 3, 4, and 5.

(*c*) The work will start within 10 days and be completed within 10 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations. See enclosure No. 3.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project: See encl. 6.

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)? Yes.

(*b*) How do you propose to furnish your share of the costs? Cash.

[X] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper. See enclosure No. 7.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated Sept. 12, 1955

GORMAX MINING COMPANY
(Applicant)

By Gordon D. Smith
Gordon D. Smith

Maxine S. Smith
Maxine S. Smith

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

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

GORMAX MINING COMPANY
Creede, Colorado

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MINING LEASE

THIS LEASE made this 18th day of July, 1955, between the OUTLET MINING COMPANY, a Colorado limited partnership with its office in Creede, Colorado, hereinafter referred to as "LESSOR", and GORMAX MINING COMPANY, a partnership doing business in Mineral County, Colorado, between Gordon Daniel Smith and Maxine S. Smith, hereinafter referred to as the "LESSEE", WITNESSETH:

I.

That said Lessor, for and in consideration of the rents and royalties to be paid and the covenants and agreements to be kept and performed by Lessee as hereinafter set forth, has let and demised and hereby does lease and demise unto said Lessee the following described 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 #1, Lode Mining Claim staked and filed and recorded in Book 40, Page 183, in the County Courthouse, Mineral County; Anzio #2, Lode Mining Claim, filed and recorded in the County Courthouse, Mineral County, excluding therefrom such portion below the Gormax Tunnel as described On Exhibit "A".

To have and to hold the same, for the purpose of mining only, for the term of ten (10) years with an option to renew for ten more years to be exercised as hereinbelow set forth, said lease to begin on the 18th day of July, 1955, and expiring at 12:00 o'clock noon of the 18th day of July, 1965, unless option is exercised for ten more years, or unless sooner forfeited or otherwise terminated pursuant to the provisions of this lease, option to be exercised in writing thirty (30) days prior to termination of this lease.

ENCLOSURE (1)

Lessor agrees that the leased property may be worked and mined by Lessee at its election, through and by means of a tunnel which will be cut by Lessee, at Lessee's expense, said tunnel to be known as the "Gormax Tunnel #1", said tunnel passing through the Anzio #2, Lode Mining Claim, bearing approximately South 80 degrees West and cutting the J.I.C. Lode Mining Claim at a depth of about 420 feet, and approximately 450 feet from said J.I.C. South end line. No other entry into the leased premises from other adjoining property shall be made by Lessee without the written consent of Lessor first obtained. Such tunnels shall be operated and maintained at Lessee's expense, (except as hereinafter stated), and Lessor shall share in the expense of operation and maintenance only in the cases hereinafter stated.

IT IS EXPRESSLY UNDERSTOOD AND AGREED that all portion of said Anzio #1 and #2, Lode Mining Claims and the said J.I.C. Lode Mining Claim below said Gormax Tunnel #1 level will remain the property of the Outlet Mining Company, subject to the provisions of this lease, and is hereby specifically and expressly reserved, for the full term of this lease or any extension thereof for the Outlet Mining Company, or its transferees.

II.

Lessee and Lessor hereby further covenant and agree as follows:

1. That Lessee will perform not less than thirty (30) work shifts per calendar month while cutting the Gormax Tunnel #1 to the east vein on the J.I.C. Lode Mining Claim, and sixty (60) days after the Gormax Tunnel contacts the said east vein, Lessee agrees to perform not less than eighty (80) work shifts per calendar month. Provided that failure to perform as herein provided shall be excused when performance is prevented by adverse weather conditions, extra-ordinary mining casualty, strikes, fires, acts of God and other conditions beyond the control of Lessee. No excess amount of work performed in one calendar month shall be applied upon the work requirements of any subsequent month.

Lessee shall promptly give written notice to Lessor of any cause or condition preventing their performance of the foregoing requirements and of the anticipated length of time necessary to remove the cause and resume operations, and shall further give written notice to Lessor promptly upon resuming operations hereunder.

3. That Lessee will perform all work in accordance with approved mining methods and in compliance with all applicable statutes and regulations, with due regard to the preservation of said property as a working mine; will well and sufficiently timber all shafts and other workings; repair and replace old timbering where necessary for safe mining; and keep all shafts, drifts, tunnels and other workings thoroughly drained and clear of loose rock and rubbish, unless prevented by extraordinary mining casualty; and that it will store no waste rock underground, nor fill any stope or other working therewith, without first obtaining written consent of Lessor.

Lessee shall as soon as feasible ship all shipping ore in lots without mixing low grade ores and higher grade ores; and Lessor shall have the right at any time to take or demand samples of the ores as mined or shipped.

4. That lessee will keep accurate accounts, maps and records of operations and shipments and will render to Lessor at Creede, Colorado, on or before the 15th day of each calendar month, a written report showing progress of work, the number of shifts of work performed and where performed, the quantity of ore taken out and shipped during the preceding calendar month, and the ore buyer, mill or smelter to which the ore was shipped. At request of Lessor, during the term of the lease, and at the termination of the lease, the Lessee will at its expense make and deliver to Lessor an accurate map or maps of all workings in said mine made or driven by it as related to the working shaft or shafts, and existing used workings.

Lessor expressly reserves the right to enter upon and into said leased premises at all reasonable times for purposes of inspection, surveys, measurements and sampling of ore bodies, and Lessee shall permit the authorized engineers and other representatives of Lessor to enter said

premises for such purposes, and shall render reasonable assistance to such representatives.

5. (a) That Lessee will pay or cause to be paid to Lessor as rental for said leased premises the following royalties upon ores mined and shipped from said leased premises, to-wit:

7% on ore having a net value to and including $10.00 per ton.

9½% on ore having a net value over $10.01, to and including $15.00 per ton.

12% on ore having a net value over $15.01, to and including $20.00 per ton.

14½% on ore having a net value over $20.01, to and including $25.00 per ton.

17% on ore having a net value over $25.01, to and including $50.00 per ton.

20% on ore having a net value over $50.01, to and including $75.00 per ton.

25% on ore having a net value over $75.01, to and including $100.00 per ton.

30% on ore having a net value over $100.00 per ton.

The term "net value" as used herein means the "gross value" as computed in smelter or mill returns, less smelter or mill treatment charges and railroad transportation charges only. Transportation from mine to railroad shall not be deducted in the determination of such "net value".

In the event Lessee shall elect to transport such ores by truck directly to the purchasing mill or smelter, rather than by rail, there shall be deducted from gross value, in determining the "net value" of the ore so transported, an amount equivalent to the actual charge per ton which would be made for railroad transportation of such ores, if shipped by rail.

All royalties and other withholdings hereinafter mentioned shall be paid by the purchasing mill or smelter directly to the Lessor at Creede, Colorado, or as Lessor may otherwise direct in writing; and all such payments shall be accompanied by a copy of the ore settlement sheets with full detail of settlement.

Lessee also agrees that any and all premium or bonus payments that may hereafter be made by the United States Government, or any agency thereof, upon or for the production of any of the ores or metals produced, shipped

Lessee shall promptly give written notice to Lessor of any cause or condition preventing their performance of the foregoing requirements and of the anticipated length of time necessary to remove the cause and resume operations, and shall further give written notice to Lessor promptly upon resuming operations hereunder.

3. That Lessee will perform all work in accordance with approved mining methods and in compliance with all applicable statutes and regulations, with due regard to the preservation of said property as a working mine; will well and sufficiently timber all shafts and other workings; repair and replace old timbering where necessary for safe mining; and keep all shafts, drifts, tunnels and other workings thoroughly drained and clear of loose rock and rubbish, unless prevented by extraordinary mining casualty; and that it will store no waste rock underground, nor fill any stope or other working therewith, without first obtaining written consent of Lessor.

Lessee shall as soon as feasible ship all shipping ore in lots without mixing low grade ores and higher grade ores; and Lessor shall have the right at any time to take or demand samples of the ores as mined or shipped.

4. That lessee will keep accurate accounts, maps and records of operations and shipments and will render to Lessor at Creede, Colorado, on or before the 15th day of each calendar month, a written report showing progress of work, the number of shifts of work performed and where performed, the quantity of ore taken out and shipped during the preceding calendar month, and the ore buyer, mill or smelter to which the ore was shipped. At request of Lessor, during the term of the lease, and at the termination of the lease, the Lessee will at its expense make and deliver to Lessor an accurate map or maps of all workings in said mine made or driven by it as related to the working shaft or shafts, and existing used workings.

Lessor expressly reserves the right to enter upon and into said leased premises at all reasonable times for purposes of inspection, surveys, measurements and sampling of ore bodies, and Lessee shall permit the authorized engineers and other representatives of Lessor to enter said

premises for such purposes, and shall render reasonable assistance to such representatives.

5. (a) That Lessee will pay or cause to be paid to Lessor as rental for said leased premises the following royalties upon ores mined and shipped from said leased premises, to-wit:

7% on ore having a net value to and including $10.00 per ton.

9½% on ore having a net value over $10.01, to and including $15.00 per ton.

12% on ore having a net value over $15.01, to and including $20.00 per ton.

14½% on ore having a net value over $20.01, to and including $25.00 per ton.

17% on ore having a net value over $25.01, to and including $50.00 per ton.

20% on ore having a net value over $50.01, to and including $75.00 per ton.

25% on ore having a net value over $75.01, to and including $100.00 per ton.

30% on ore having a net value over $100.00 per ton.

The term "net value" as used herein means the "gross value" as computed in smelter or mill returns, less smelter or mill treatment charges and railroad transportation charges only. Transportation from mine to railroad shall not be deducted in the determination of such "net value".

In the event Lessee shall elect to transport such ores by truck directly to the purchasing mill or smelter, rather than by rail, there shall be deducted from gross value, in determining the "net value" of the ore so transported, an amount equivalent to the actual charge per ton which would be made for railroad transportation of such ores, if shipped by rail.

All royalties and other withholdings hereinafter mentioned shall be paid by the purchasing mill or smelter directly to the Lessor at Creede, Colorado, or as Lessor may otherwise direct in writing; and all such payments shall be accompanied by a copy of the ore settlement sheets with full detail of settlement.

Lessee also agrees that any and all premium or bonus payments that may hereafter be made by the United States Government, or any agency thereof, upon or for the production of any of the ores or metals produced, shipped

and sold from said leased premises, shall, unless forbidden by law, be divided between Lessee and Lessor upon the basis of their respective participations in the net proceeds of the ores under the foregoing schedule of royalties. The Lessor's portion of any such premium or bonus payments shall, if allowable, be paid directly to Lessor in the manner provided above for payment of royalties.

(b) In addition to the royalties herein reserved, and to insure payment and satisfaction of Lessee's tax obligations hereinafter set forth, Lessee agrees and directs that the mill or smelter purchasing such ores shall withhold an additional one and one-half per cent (1½%) of the entire net value of such ores as hereinbefore defined, and shall remit the amount thereof to Lessor at the time of remitting Lessor's royalty payments. Such amounts shall be held by Lessor as a Tax Fund to be applied to the payment and discharge of Lessee's tax obligations as hereinafter set forth.

6. Lessee agrees, as part of the rental for said leased premises, to pay or cause to be paid all general taxes assessed on an acreage basis against the said premises for each calendar year in which it is in possession under this lease, or any extension thereof, beginning with the taxes assessed for the calendar year July 1, 1955, payable in 1956. If Lessee is in possession for only a portion of a year, the taxes for that year shall be prorated between Lessor and Lessee on the basis of the taxes for the last preceding year.

In the event the production of ore from said leased premises shall be sufficient in any year to cause assessment of said premises thereafter on the basis of such productions, the taxes so assessed shall be borne and paid, when due, by Lessee and Lessor in the same proportions that they respectively participated in the net proceeds of the ores produced and sold in the year of production.

Lessor shall apply the moneys in the Tax Fund, to the extent thereof, in payment and discharge of Lessee's tax obligations as they accrue. If

the amount in such fund shall not be sufficient for that purpose at the time such taxes become due and payable, Lessee will, on written notice from Lessor, promptly pay to Lessor an amount sufficient to pay all taxes then due and payable by Lessee.

Lessor may retain any balance of such fund until all liability of Lessee for taxes, whether on an acreage or production basis, has been satisfied and discharged, whereupon Lessor shall promptly pay over any remaining portion to Lessee.

Lessee agrees that in consideration of this lease any and all property staked, leased, purchased or otherwise obtained by Lessee or their associates, successors or assigns while this lease is in effect which lies on or near the King Solomon, Ridge, Holy Moses Fault, known as the King Solomon Mining District, Mineral County, Colorado, will become the property of the Outlet Mining Company, and that any time Lessee acquires property in said mining area for its own purposes, instead of transferring it to Lessor, the rights of Lessee under this lease, at the option of Lessor, are forfeited.

Both Lessor and Lessee agree that any unstaked ground in the above described paragraph that Lessee desires to mine will be staked by Lessor at Lessee's request in writing and leased to Lessee under the same terms and conditions of this Lease. Lessor agrees to pay the staking and survey costs of such property, and it is understood by both Lessor and Lessee that in the event Lessor refuses within thirty (30) days to acquire such property, then it is understood that such property will become the property of Lessee at its own expense and will not be a ground for forfeiture of this lease under the provisions of the preceding paragraph.

7. Lessee agrees promptly to pay all taxes levied upon buildings, equipment and personal property of Lessee placed or used upon the leased premises, and to protect Lessor and its property against all claims or liens by reason thereof.

8. Lessee agrees before commencing work in or upon said leased premises, to take out, and thereafter continuously to carry and keep in force, Workmen's Compensation Insurance in full compliance with the Workmen's Compensation Laws of Colorado now in effect or as hereafter amended, regardless of the number of employees; and upon request of Lessor to furnish Lessor with satisfactory written evidence of its full and continued compliance with said Act.

9. Lessee agrees to keep said premises and every part thereof free and clear of mechanics', laborers', miners', materialmen's and other liens, and promptly to pay and discharge all wages and bills for materials and supplies; and to post and keep posted in a conspicuous place upon said leased premises, in the name and on behalf of Lessor, a written or printed notice in the following (or substantially the following form), to-wit:

NOTICE BY OWNER

TO WORKMEN, MATERIALMEN AND OTHERS

The mining premises upon which this notice is posted are being operated by GORMAX MINING COMPANY, a partnership, as Lessee, under a mining lease, and the interests of the undersigned, Lessor and owner, in these premises shall not be subject to any lien for any work or labor performed on said premises or in connection with the mining operations thereon, or any materials, machinery, fixtures, coal, power, caps, rails, spikes, or iron, or other supplies or materials furnished by any person for use in or about the working, preservation, prospecting or development of these premises, nor shall the owner be liable therefor.

Notice is also given that the Lessee has complied with the Workmen's Compensation Law of Colorado, and has provided compensation insruance covering all employees; and that the owner shall not be liable for any injuries to workmen or others in or about these premises.

OUTLET MINING COMPANY

Lessor and Owner.

Dated: July 18, 1955.

(Must be posted in a conspicuous place on the land or on the building or other improvement thereon.)

10. Lessee agrees to protect, defend and save harmless the Lessor from and against all claims, demands, actions, damages and expenses, arising or growing out of any injury or death of persons, or damage to property, in, upon or about the leased premises, during the life of this lease, or resulting from any negligent operations of Lessee.

11. Lessee agrees to hold, as the property of Lessor, all veins, lodes, cross-lodes, spurs and mineral deposits appurtenant to the leased premises, and to prevent any and all persons not in privity with the parties hereto from entering upon or taking or holding possession of said premises or any part thereof, under any pretense whatsoever. Lessee shall not be obliged to institute or prosecute any suit or other proceeding for the protection of such rights and property, but may be relieved of obligation to Lessor by promptly reporting conditions to Lessor and permitting the Lessor to make such inspections and take such action as it may deem advisable, including the filing of appropriate suit or suits in the name of the Lessee, but at the expense of the Lessor.

12. Lessee agrees that ores not shipped and waste rock from the J.I.C. and Anzio #1 and #2 claims shall be kept on the property of Lessee in a separate dump from any ores and waste rock which may be taken out of any other properties mined by Lessee, and that the title to all ores not shipped and waste rock dumped upon the premises of Lessee shall remain in Lessor, with the right to enter upon such premises and sort and ship such ores at any time after the termination of this lease; - it being understood that as long as this lease or any extension hereof shall remain in effect the Lessee shall have the right to sort such dump and ship the ores under the provisions hereof.

13. Lessee agrees to deliver to Lessor quiet and peaceable possession of the leased premises and property hereby leased with all improvements made thereon, in good order and condition and with the workings and tunnels clear of loose rock and rubbish and ready for immediate working (unless prevented by causes beyond the control of Lessee) at the expiration of this lease, or any extension thereof, without notice or demand from Lessor.

14. In the event of a default of Lessee in the keeping or performance of any of its covenants and agreements herein contained, and of its failure to remedy any such default or defaults within thirty (30) days after written notice from Lessor, the Lessor may in writing declare a forfeiture of this lease, and may thereupon re-enter and repossess said leased premises, with or without process of law, and dispossess Lessee and all persons occupying the same, using such force as may be necessary; or Lessor may proceed against Lessee and all other persons in possession as guilty of unlawful or forcible detainer of the premises, or may pursue any other remedy at law or equity. At the expiration of this lease, or its termination by forfeiture, Lessee may within sixty (60) days thereafter remove its machinery, equipment, tools and mine rails, but shall not remove any timber inserted in the mine workings or buildings placed upon the leased premises. Property not so removed shall become the property of Lessor, unless Lessor consents in writing to permit such property to remain longer in or upon the leased premises.

15. This lease shall not be assigned without the written consent of Lessor first obtained and endorsed hereon or attached hereto, and this and other covenants of this lease shall extend to and be binding upon the successors and permitted assigns of Lessee. Neither shall this lease be recorded in the public records of the county, without written permission of Lessor. Subject to these provisions, this lease shall inure to the benefit of and be binding upon the successors, assigns, heirs, executors and administrators or other personal representatives of the parties hereto.

DATED: July 18, 1955.

OUTLET MINING COMPANY

By (Signed) Gavin W. Skinner
LESSOR

(Corporate Seal)
ATTEST:

(Signed) James M. Muir, Jr.
Secretary

GORMAX MINING COMPANY

By (Signed) Gordon D. (Daniel) Smith

(Signed) Maxine S. Smith

GORMAX MINING COMPANY
Creede, Colorado.

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4. (a) An exploration adit is now being driven on the property. The purpose of this application is to obtain assistance in completing the exploration. The work is progressing at the rate of about five feet of adit per day. It is anticipated that a distance of 250 feet will have been reached by the time of final action on this application, leaving 800 feet to go. This application is therefor based on assistance for 800 feet of tunnel instead of for the total distance of 1050 feet. All necessary building has been completed at the portal. An access road to the portal is completed. Prior exploration on this property consists of a shaft which is now caved. It was sunk in 1906 to a reported depth of near 40 feet by a J.W. Skinner. The shaft is on the East vein of the J.I.C. Lode claim and assay records now in possession of the Emperius Mining Company at Creede reflect that on September 1, 1906 the Wheeler & Wheeler Assay Office assayed a sample of ore for J.W. Skinner which showed five ounces of silver and 58% lead. According to Mr. William T. Jackson, who was at that time engaged in mining nearby, and who still lives in Creede, this assay was taken from the bottom of the J.W. Skinner shaft. The shaft was then abandoned by Mr. Skinner for the reason that he was looking for silver and it was not then profitable to mine 58% lead.

4. (b) No past production.

4. (c) The property is located on the Solomon Fault in the King Solomon Mining District of Mineral County, Colorado approximately three miles North of the town of Creede. The hanging wall side of the fault appears to be Campbell Mountain Rhyolite and the foot wall side Willow Creek Rhyolite. A survey of the property with M-Scopes (an electronic mineralization detection instrument) indicates that there are two veins which run the entire length of the property as shown on enclosure 4. It is the opinion of applicant that these two veins are extensions of the two veins now being mined on the Phoenix claim which joins the J.I.C. on the south, and which is on the same fault. The Phoenix, which is being operated by the Outlet Mining Company, is producing good lead ore with some zinc. Enclosure 5 shows the schematic layout of the various claims of the immediate area, including the Phoenix and the J.I.C. It is believed that the ore will be oxides at the proposed depth of contact by the Gormax adit. The reason of applicant for wishing to explore is a desire to develop and operate a producing lead and zinc mine together with any other minerals that may be found in marketable amounts.

4. (d) The property is accessible by county road to within ½ mile of the portal and by private road the rest of the way. Ore can be hauled over this road the year around. The nearest shipping, supply and residence point is Creede, Colorado which lies three miles to the South of the property and is served by the Denver Rio Grande & Western Railroad.

4. (e) Ample manpower, materials, supplies and equipment are available at Creede. Water is available at the mine. Power will be supplied by applicant from internal combustion engines at the portal.

ENCLOSURE (2)

GORMAX MINING COMPANY,
Creede, Colorado.

5. (b) Proposed work will consist of driving an adit S. 80 W. as shown on enclosure No. 4 for a total distance of 1060 feet to strike the West vein of the J.I.C. Lode claim at a depth of over 400 feet. It is anticipated that the East vein of the J.I.C. lode claim will be cut at a distance of 660 feet from the portal and at a depth of 550 feet.

The J.I.C. shaft as shown on enclosure No. 4 is an old caved shaft of unknown origin which lies between the two veins. It was used for convenience as a reference point in determining depth by Mr. Paul Davis, the mining engineer who surveyed the property and located the most advantageous portal point for the proposed adit.

After both veins are contacted it is planned to drift both North and South on both veins without Government aid and to develop a producing lead and zinc mine. The Gormax adit will strike the West vein of the J.I.C. Lode claim 450 feet North of the South boundary of the property. The area available to applicant for mining consists of 450 feet to the south, 1050 feet the north on the J.I.C. Lode claim and an additional 1500 feet to the north on the Ansio Lode claim.

6. (d) Operating experience of applicant consists of six years of mining operations business management. Operating experience of the person who will supervise the work, Mr. William C. Jackson, consists of 18 years of actual mining and supervision of mining operations in the Creede, Colorado area.

ENCLOSURE (3)

GORMAX MINING COMPANY,
Creede, Colorado.

6. Estimate of Costs:

(a.) None.

(b). One miner-supervisor, 8 months @ $350.00 per month.....$2800.00
2560 miner man hours @ $1.50 per hour..... 3840.00
Geological consultant (estimated)..... 200.00
Engineering has been completed and paid for by applicant.
Labor total.....$6840.00

(c) Powder, fuse and caps @ $3.00 per foot.....$2400.00
Drill steel and air hose @ $1.00 per foot..... 800.00
Ventilation pipe & fittings @ $1.00 per foot..... 800.00
Air and water pipe & fittings @ $1.20 per foot..... 960.00
Rails, ties, spikes and rail plates @ $1.40 per foot..... 1120.00
Fuel & oil for compressor and blower engines @ 1.10 per ft..... 880.00
Mine timber @ .35 per foot..... 280.00
Hand tools @ .25 per foot (shovels, picks, etc.)..... 200.00
Mucking machine supplies @ .20 per foot..... 160.00
Total supplies $7600.00

(d) Applicant owns and will furnish: engine driven compressor, engine driven ventilation blower, mine cars, jack hammers, Atlas machine, and all necessary buildings without charge to contract. Purchase of a mucking machine would be necessary. A suitable used machine in good condition can be purchased for $1500.00.

Total equipment to be purchased.....$1500.00

(e) No rehabilitation or repairs required. All buildings and equipment owned by applicant are in good condition and ready to operate.

(f) None required.

(g) Estimated maintenance of operating equipment is: .50 per foot..$ 400.00
Assays (estimated)..... 60.00
Accounting...(will be done by applicant at no contract cost). 00
Workmens Compensation Insurance @ .40 per foot.....320.00
Social Security Taxes @ .50 per foot..... 240.00
Total $1020.00

(h) Contingencies will be born by applicant at no contract cost.

Total cost of 800 foot adit @ $21.20 per foot.....$16,960.00

ENCLOSURE (6)

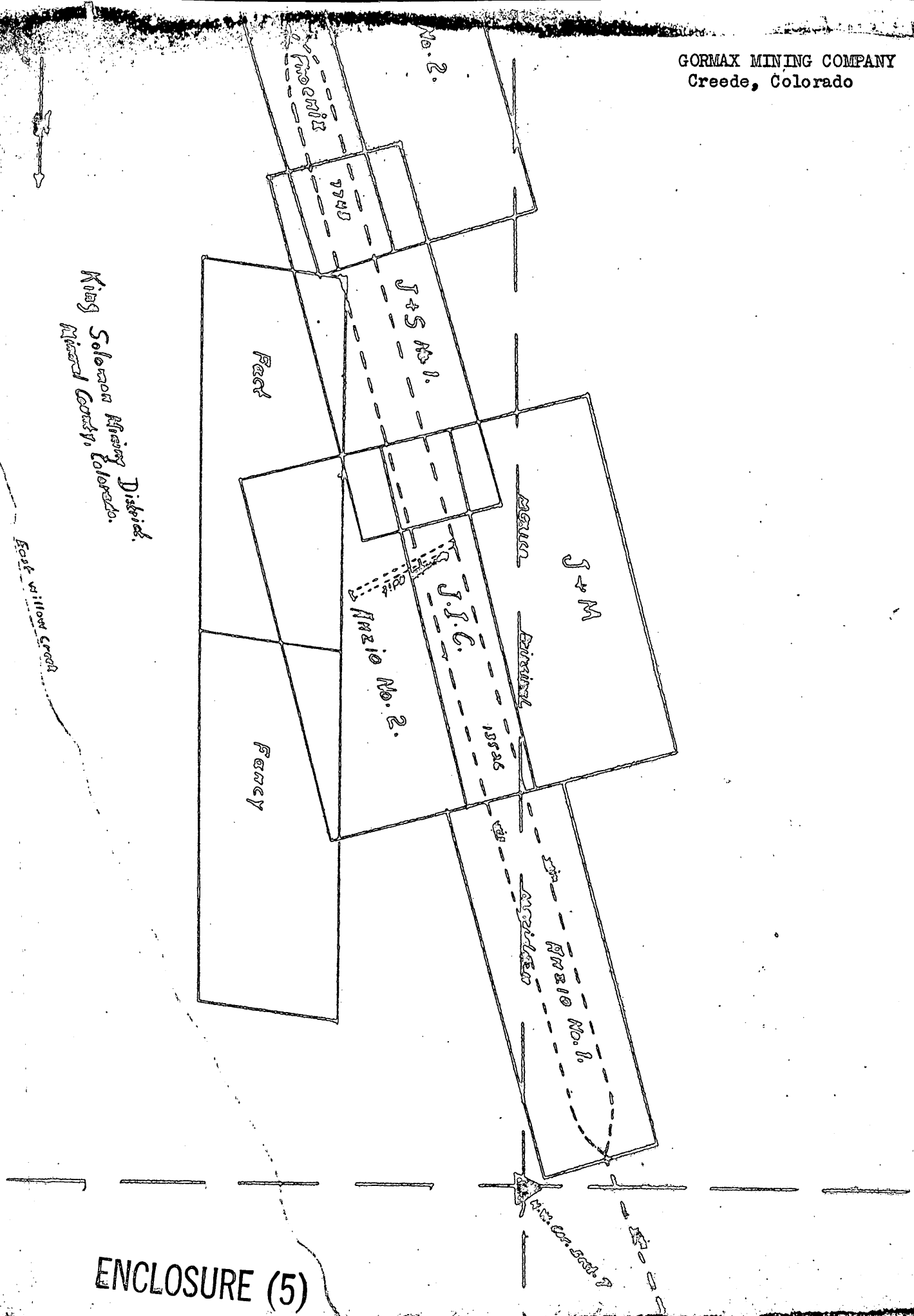
GORMAN MINING COMPANY,
Creede, Colorado.

7. (b) Provided that it is not inconsistent with the established policy of the Government, applicant would prefer to pay all expenses of the operation as they are incurred and be reimbursed the proportionate amount by the Government on a footage basis. This method would permit applicant to protect the credit of the Company by prompt payment of obligations and would greatly simplify accounting procedures.

In the event that a mucking machine cannot be purchased when needed for the $1500.00 estimated in 6 (d) above, applicant will pay all charges in excess of that amount. Further, if this item poses any problem in the evaluation of this application, it is requested that the $1500. be deleted. Applicant will then obtain a mucking machine with personal funds.

ENCLOSURE (7)

GORMAX MINING COMPANY
Creede, Colorado



ENCLOSURE (5)

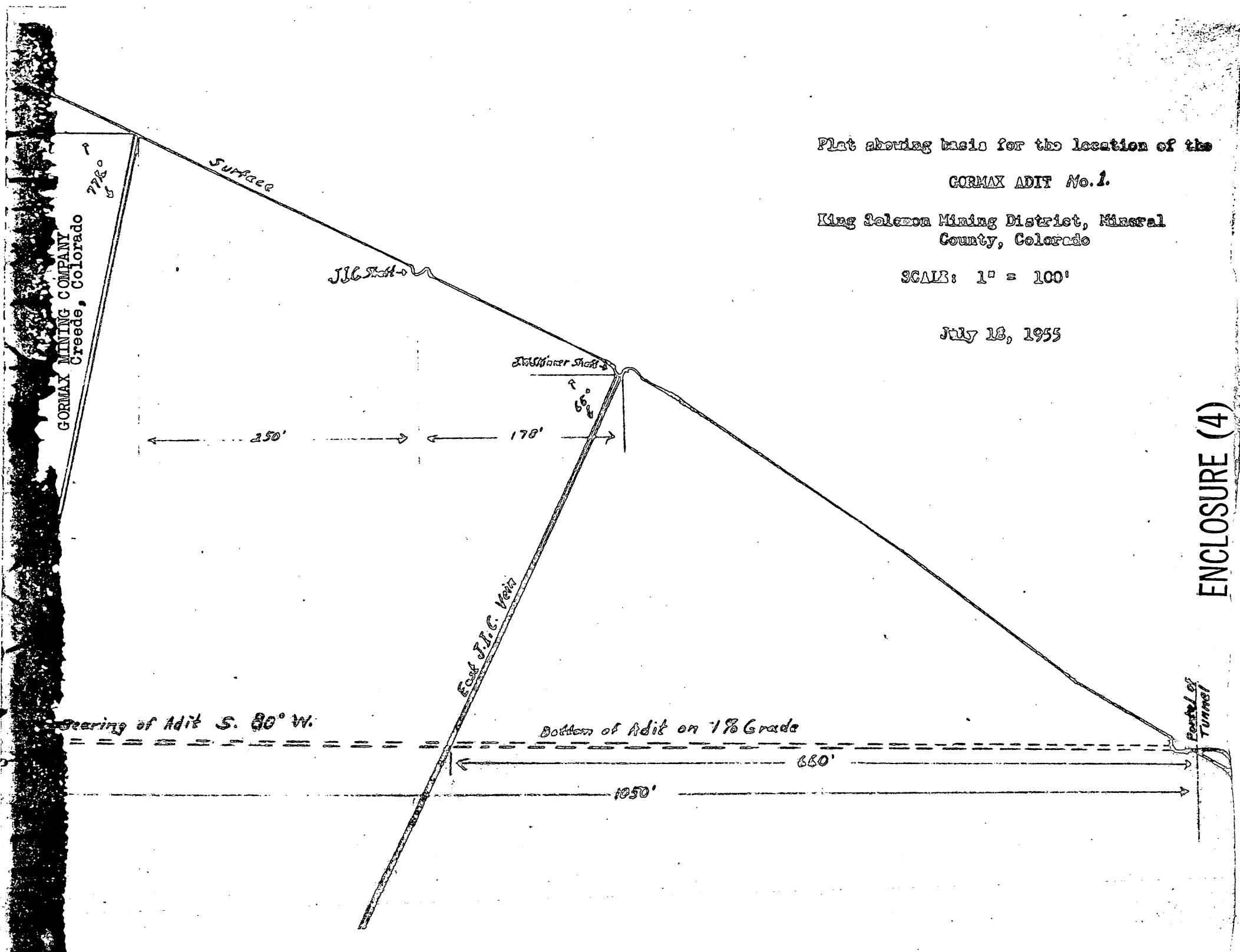
Plat showing basis for the location of the

GORMAX ADIT No. 1.

King Solomon Mining District, Mineral County, Colorado

SCALE: 1" = 100'

July 18, 1955



ENCLOSURE (4)

Plat showing basis for the location of the

GORMAX ADIT No. 1.

Ulay Solomon Mining District, Mineral County, Colorado

SCALE: 1" = 100'

July 18, 1955

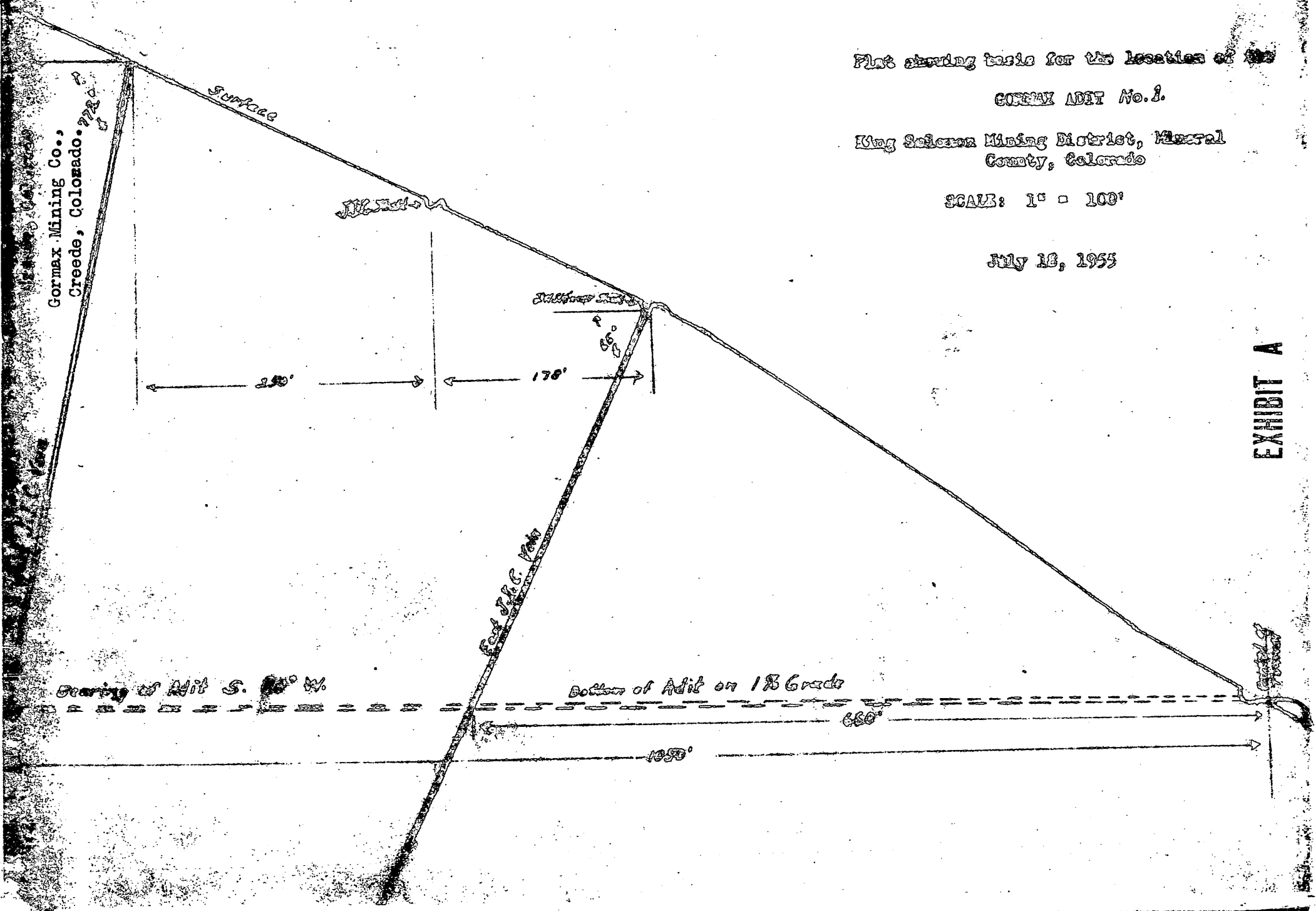


EXHIBIT A

A Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

PROJECT SUMMARY REPORT

By: J. W. Alt Date: August 5, 1957

1. Docket No. DMEA-3982 (Lead-Zinc)
   Contract No. Adm-E935
   Property: Gormax Mine
   Mineral County, Colorado

   Operator: Gormax Mining Company
   Post Office Box 2, Creede Colorado

   Operator's Property Rights: Lessee
   Mining Lease: Outlet Mining Company, July 18, 1955
   Amendment to Lease, February 1, 1956
   Consent to Lien, not dated
   Consent to Lien and Subordination Agreement, August 8, 1956
   Amended Undertaking Concerning Royalty, August 8, 1956

2. Contract dated March 22, 1956; to complete December 31, 1957

Work Authorized

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. Total amount of crosscutting and drifting shall not exceed 1,200 feet.

Stage II

1. Extend the drifts under Stage I on the vein or veins not in excess of an additional 800 feet.

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 for lead, zinc and silver @ $3.00/sample	240.00
	Estimated Cost - Stage I	$33,840.00

8623

Stage II

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

Amendments

No. 1 - Agreed date August 16, 1956

Amendment to include additional land, and a new property map. Annex I of the contract is deleted.

Work Completed

547 feet of crosscutting @ $25.50/ft.	$13,948.50
232 feet of drifting @ $25.50/ft.	5,916.00
4 samples assayed @ $3.00/sample	12.00
Total Cost of the Project	$19,876.50
Government Participation @ 50%	$ 9,938.25

Amount of contract, $56,720.00; unexpended balance, $36,843.50
Work on the project was started on April 5, 1956.
Project work was mutually terminated November 10, 1956.

3. Report of Review, dated February 7, 1957

Total cost as billed by contractor	$19,876.50
Exceptions	none
Total Accepted Cost	$19,876.50
Goverment Participation @ 50%	$ 9,938.25

Operator's Final Report - dated January 25, 1957
Field Team Final Report - dated June 5, 1957 (rec'd June 21, 1957)

4. Certification date: No Certification of Discovery or Development was made as the project was unsuccessful in discovering ore.

5. The work was carried on by the Operator in an efficient and workmanlike manner.

The work under the terms of the contract was begun at a point 627 feet from the portal of the Gormax adit. The crosscut was driven for a total distance of 1,138 feet from portal. A drift was started in a southerly direction to follow a mineralized fault that was cut at a point 880 feet from the portal. The drift was driven for a total distance of 232 feet, and followed the "Watercourse" vein.

Because of the unfavorable mineralized showing along the "Watercourse" vein, the Operator requested approval to terminate the contract.

In view of the results of the exploration on the Gormax claims, it appears that at the adit level the Solomon-Ridge fault has pinched to a narrow and barren fissure and that significant lead-zinc mineralization is not likely to occur in the northern portions of the fault zone. The results of sampling indicate that the tenor of the Holy Moses vein, in the vicinity of the Gormax workings, will average about 0.5 per cent lead, a trace of zinc, 0.5 ounce silver per ton, and a trace of gold.

The Field Team states:

> "The amount of exploratory work completed under DMEA contract shows the paucity of mineralization in the explored areas. From the exploration, it is concluded that the likelihood of discovering significant ore bodies beyond the known productive interval of the Holy Moses vein along the Solomon-Ridge structure is remote.
>
> "The property has been adequately explored, and it is recommended that no further exploration be undertaken by the Government."

The Field Team does not recommend certification of the project and we concur.

J. W. Alt

J. W. Alt

Copy to: Docket
Chron.

DMEA Form 17
Feb. 58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WORK COMPLETED ANALYSIS

After final audit or review report is received, prepare original only and file in official docket

Operator: Gormax Mining Company		Actual Cost	
State: Colorado		Agreed Unit Cost	X
Final Report of Audit		Commodity: Lead-Zinc	Docket No. DMEA-3982
Final Report of Review	X		Contract No. Idm-E935

Operation	Authorized by Contract and Amendments		Completed		Net cost after sale of Government Property
	Units	Cost	Units	Cost	
Drifting & Crosscutting Stages I & II	2,000' @ $25.50	$51,000.	779'	$19,864.50	$19,864.50
Raising					
~~Shafts~~ Timbering Drs & Crosscuts -Stages I & II	1,000' @ $5.00	$5,000.00			
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) Assays for Stages I & II - 240 @ $3.00		720.00	4.	12.00	12.00
Totals		$ 56,720.00		$19,876.50	* $19,876.50

* Net cost total must agree with final report of audit or review.

Prepared by W. P. Klugescheid/er Date

31398

☒ Audited 2/7/57. WORK ANALYSIS SHEET - DMEA PROJECT ☐ Actual Cost

☐ Certified Analysis as of Per Ppr. ☒ Agreed Unit Costs
Incl. Voucher for Feb. 1956.

Name **GORMAX MINING COMPANY** Docket No. 3982

State **COLORADO** Commodity **LEAD-ZINC** Idm-E No. 935

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting Stage I.	1200' @ 25.50	$30,600.00	779'	19,864.50	
Stage II	800'	20,400.00			
Raising					
~~Shafts~~ Timbering Drs + crosscuts. Stage I	600' @ 5.00	3,000.00			
Stage II	400'	2,000.00			
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) Assays Stage I	80 @ 3.00	240.00	4	12.00	
Stage II	160	480.00			
Totals		$56,720.00		$19,876.50	

Checks Audit

Date of Contract--March 22,1956.
Amendment No. 1--Includes further claims and a new map of property.
Termination Agreement--dated January 11, 1957.
Field Team Final Report received--June 21, 1957. Certification is not recommended.
Operator's Final Report received--January 31, 1957.

Prepared by W. P. Klugescheid

71626

Drifting & Crosscutting.

Stage I	1200' @ $ 25.50	$30,600.00
Stage II	800' @ 25.50	20,400.00

Timbering, Ders + ACS.

Stage I	600' @ 5.00	3,000.00
Stage II	400' @ 5.00	2,000.00

Assays

Stage I	80 @ 3.00	240.00
Stage II	160 @ 3.00	480.00

$ 56,720.00

Spent 1956. April, May, June, July ~~August~~ ~~Sept~~ ~~Oct.~~ Nov.

~~331' 414' 547' 622' 745' 979'~~

~~138 263'~~ @ 25.5

~~15,557.00~~ ~~8,336.50~~

~~13,948.50~~ ~~6,706.50~~

~~15,861.00~~ ~~3,519.00~~

~~18,997.50~~ 19,864.50

Assays. 4 @ 3.00 12.00

~~13,960.50~~

~~15,873.00~~

~~19,009.50~~

19,876.50

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8/6	alt	500
8/6	Friend	500
8-7	Chambers	800
		135
8/7	Johnson	110
"	Mittendorf	100
8/7	S. K.	228
		500

AUG - 7 1957

Mr. Gordon D. Smith, Agent
Gormax Mining Company
Post Office Box 2
Creede, Colorado

Re: Docket No. DMEA-3962 (Lead-Zinc)
Gormax Mining Company
Gormax Mine
Mineral County, Colorado
Contract No. Adm-E935

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 (fw)

Administrator

JWAlt/bjm (8/6/57)

Copy to: Docket
Admr. R. File
Op. Committee
Mr. Johnson
Mr. Chambers
Mr. Bishop
Mr. Kiilsgaard
Region III (2)
Chron.

8623

DMEA RECEIVED JUN 21 1957		
DATE	INITIALS	CODE
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		5001
6/24	JWA	

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

June 21, 1957

Re: DMEA-3982; ~~Pb-Zn; $19,876~~
Gormax Mining Company
Gormax Mine, Creede Area
Mineral County, Colorado

Memorandum

To: W. R. Griswold, DMEA

From: O. M. Bishop, USBM

Subject: Review of Final Field Report, dated June 13, 1957 and received June 20, 1957

I have reviewed the final report with some care to determine if the project description, facts reported and the conclusions drawn form an adequate report, permitting evaluation of the property.

I concluded that the project was conducted in a very workmanlike manner by both the applicant and the DMEA field men and that the report, its conclusions and recommendations were sound.

In this particular project, I consider assaying of 4 samples at a cost of $12.00 adequate, but as general observation, I would like to make the point that in several projects, there are too few assay data based on channel samples across the ore structures being tested.

O. M. Bishop

O. M. Bishop

cc: Division of Minerals
Mr. Kiilsgaard
Mr. Lamb
Mr. Bishop
Files

IN REPLY REFER TO:

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DMEA
RECEIVED JUN 21 1957

DATE	INITIALS	CODE
6/24	C	220
6/24	Jwa	500

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

June 21, 1957
Re: DMEA 3982 Idm-E935
Gormax Mining Company
Gormax Mine
Mineral County, Colorado
Lead - zinc

Memorandum

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

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

Subject: Review of Field Team Final Report

The contract, awarded March 22, 1956, approved the expenditure of $62,525.00 on crosscutting to and drifting upon the inferred downward and lateral projection of the Holy Moses vein, or splits of it.

The crosscut penetrated what is now taken to be the west split of the Holy Moses vein, locally the J.I.C. west vein. The Holy Moses vein or Solomon Ridge fault has been productive of considerable ore in mines to the south.

The vein cut in the Gormax adit was drifted upon for 242 feet. It is weakly mineralized at widely spaced intervals. Because of the unfavorable results the operator requested that the contract be terminated and the request was granted, $56,720.00 having been spent.

No ore having been "discovered", certification is not recommended by the examiners. I agree with that decision.

N. E. Nelson

N. E. Nelson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

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June 13, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket No. DMEA-3982 (Lead-Zinc), Contract No. Idm-E935, Gormax Mining Company (Gormax Mine) Mineral County, Colorado - FINAL REPORT

Enclosed are the original and three copies of a joint final engineering and geologic report dated June 5, 1957, by E. W. Buel, Mining Engineer, Bureau of Mines, and R. U. King, Geologist, Geological Survey, and transmittal thereof dated June 7, 1957, from A. S. Konselman and E. N. Harshman, pertaining to work completed under the subject contract.

The original and one copy of the Operator's final report were forwarded by memorandum January 29, 1957.

The contract was terminated before completion of all the work provided for, by an agreement dated January 11, 1957, which was made effective November 10, 1956.

The exploration work completed consisted of 779 feet of drifting and crosscutting and analysis of 4 samples at a total accepted cost of $19,876.50, toward which the Government contributed 50 percent, or an amount of $9,938.25.

Final payment to the Operator was processed by this office February 8, 1957, in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, dated February 7, 1957.

The exploration work completed did not result in the discovery or development of a significant quantity of lead-zinc ore; therefore, certification of the project is not recommended.

Encls.

W H King
W. H. King

E. N. Harshman
E. N. Harshman

Reviewed by
DMEA OPERATING COMMITTEE
6-21-57
(date)

FIELD TEAM FINAL REPT

Sent
T-C

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
JUN 7 - 1957
REGION III
DENVER, COLORADO

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June 7, 1957

Memorandum

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

From: A. S. Konselman
E. N. Harshman

Subject: DMEA Docket 3982 (Lead-zinc), Contract Idm-E935, Gormax Mining Company (Gormax mine), Mineral County, Colorado
FINAL PROJECT REPORT

Enclosed are the original and eight copies of a joint final report by R. U. King, U. S. Geological Survey, and E. W. Buel, U. S. Bureau of Mines, in which the exploration program under the subject contract is described.

Work completed consists of 779 feet of crosscutting and drifting and four sample analyses. The total cost of the project is $19,876.50, Government participation 50 percent or $9,938.25.

The operator requested termination of the contract before the completion of all authorized Stage I work. Because of the weak character of the vein and the paucity of ore-grade material along it, the Government concurred in this request and the project work was terminated effective November 10, 1957.

Exploration along the west split of the Holy Moses vein did not result in the discovery of lead-zinc ore and a Certification of Discovery or Development is not recommended.

The property has been adequately explored by the work completed and no additional work, with Government assistance, is recommended.

Reviewed by
DMEA OPERATING COMMITTEE
6-21-57
(date)

A. S. Konselman
Mining Engineer

E. N. Harshman
Member, Field Team

Enclosures(9)

DMEA
DEPARTMENT OF THE INTERIOR
JUN 7 - 1957
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF FINAL EXAMINATION BY FIELD TEAM
REGION III

DMEA 3982

Contract Idm-E935

Gormax Mining Company

Gormax mine

Mineral County, Colorado

Lead-zinc

Joint Final Engineering and Geological Report

by

E. W. Buel, Mining Engineer
Bureau of Mines

R. U. King, Geologist
Geological Survey

June 5, 1957

Reviewed by
DMEA OPERATING COMMITTEE
6-21-57
(date)

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Description of contract amendments..... 9

Description of work completed..... 9

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TABLE

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1. Summary of authorized and completed work and costs of the project..... 11

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DATE | INITIALS | CODE

DMEA 3982

Contract Idm-E935

GORMAX MINING CO.
GORMAX MINE
MINERAL COUNTY, COLORADO

INTRODUCTION

The Gormax Mining Company of Creede, Colorado, applied for Defense Minerals Exploration Administration assistance to explore for lead-zinc at the Gormax mine.

The property was examined on November 15, 1955, by W. D. McMillan, U. S. Bureau of Mines, and R. U. King, U. S. Geological Survey.

A modified exploration of 800 feet of crosscuts and 1,200 feet of drifts in two stages at an estimated cost of $62,525.00, was recommended by the examining team.

A contract (Idm-E935) between the applicant and the Government was drawn up on March 22, 1956, authorizing the applicant to explore for lead-zinc on the property. The cost of the exploration program was $56,720.00 of which the Government's participation was 50 percent, or $28,360.00.

LOCATION AND ACCESSIBILITY

The Gormax mine is in sec. 7, T. 42 N., R. 1 E. and sec. 12, T. 42 N., R. 1 W., NMPM, King Solomon mining district, Mineral County, Colorado. The property lies on the east slope of Campbell Mountain, adjacent to East Willow Creek.

The property is readily accessible from Creede, Colorado, over 4 miles of a county graded road and for 1 mile over a steep access roadway. Creede is on State Highway 149. (fig. 1)

GEOGRAPHY

The property is in the King Solomon mining district. The district, which encompasses the town of Creede, is in the eastern part of the San Juan Mountains.

Steep-walled canyons separated by high ridges characterize the physiography of the Creede area. At the higher elevations north of Creede, cirques and tarns are evidence of recent alpine glaciation, whereas to the south of Creede, broad flat valleys are the result of the choking of drainage channels by glacial debris.

The climate is typical of the Colorado mountainous regions which have cool summers and temperatures that range below zero during the winters. Snow is not excessive in the area, probably not accumulating to more than 5 or 6 feet in depth at altitudes below 10,500 feet.

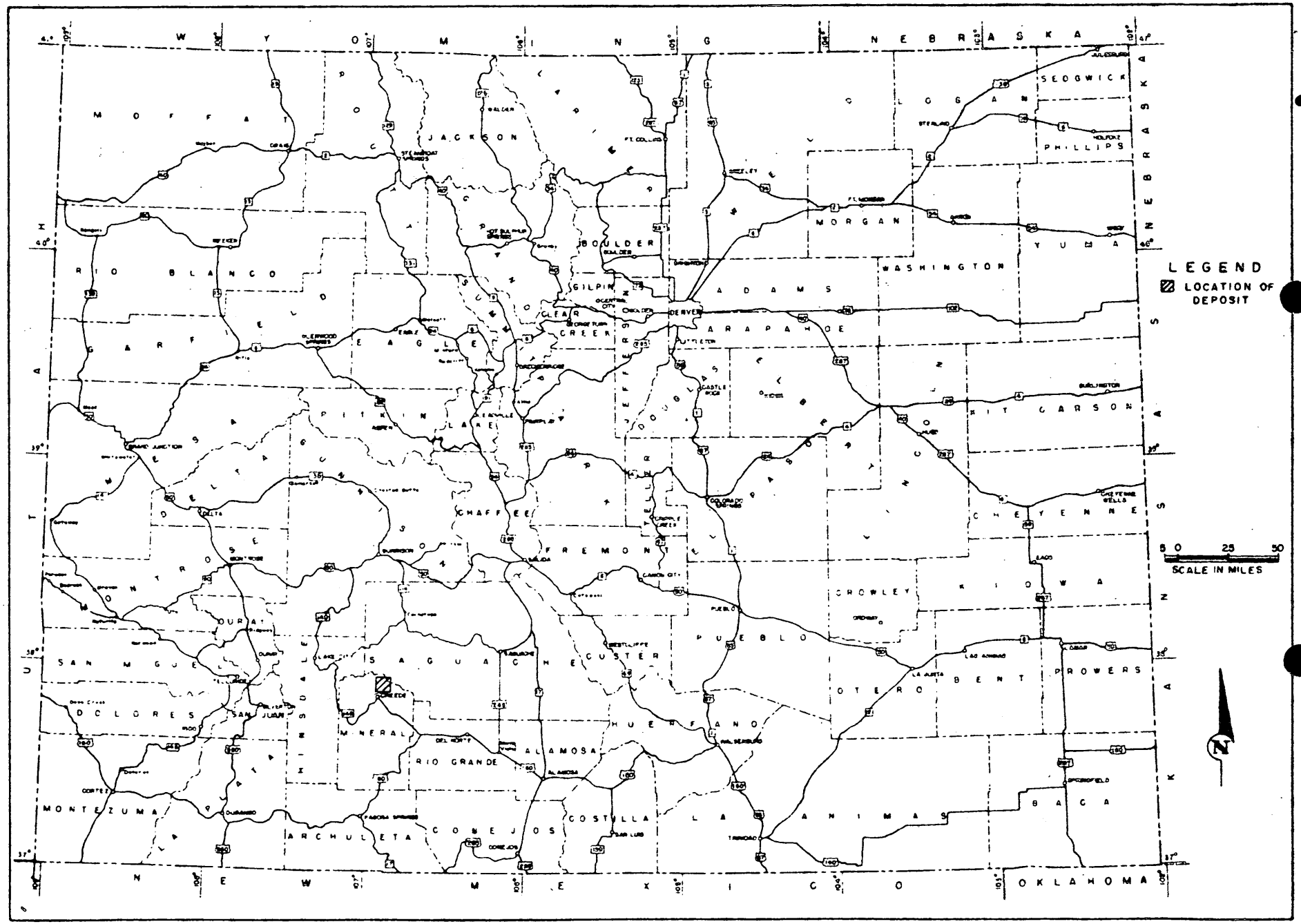


FIGURE 1 - LOCATION MAP, GORMAX MINING COMPANY PROPERTY, KING SOLOMON MINING DISTRICT, MINERAL COUNTY, COLO.
DMEA 3982 - Idm-E935

Timber and water are plentiful in the district but timber suitable for mining needs is not available on the property and must be obtained from local sawmills. Sufficient water was encountered during the driving of the DMEA crosscut to supply the mine.

Power needs at the property were supplied by portable equipment.

Mining and domestic supplies are available in Creede.

Mining labor is plentiful in the area.

A recently constructed sink-float mill for the treatment of lead-zinc ores is in Creede. This mill, owned by the Emperius Mining Company, however, does not undertake custom milling.

A spur line of the Denver and Rio Grande Western Railroad serves the Creede area.

The relief of the district ranges from 8,700 feet in the Rio Grande valley south of Creede to over 12,000 feet atop of Nelson Mountain. Altitudes on the property range from 10,000 to 11,000 feet; the principal workings are at approximately 10,400 feet.

OPERATOR'S PROPERTY RIGHTS

The operator's property rights, as described under Article 2 of DMEA contract Idm-E935, includes the following lode mining claims:

Mineral County Courthouse

Claim	Book	Page	Remarks
Anzio No. 1	4-C	183	
Anzio No. 2	4-C	196	
J & M	4-C	197	
J & S No. 1	4-C	196	All that portion which is northerly of the south end line of the J. I. C. claim
J. I. C.	-	-	Patent (Survey No. 13526)
J & M No. 2	4-C	204	

The operator's rights on the above claims excluded those portions of the land that were below the level of the Gormax adit, the portal of which is 10,400 feet above sea level. The Government, however, in an "Undertaking Concerning Royalty" from the owners obtained royalty rights on all portions of the lands below the Gormax adit level.

The owner of the claims is Outlet Mining Company, Creede, Colorado. The claims exclusive of the J & M No. 2, were leased to Gormax Mining Company (the operator) on July 15, 1955. The J & M No. 2 was added to the lease on July 27, 1956.

HISTORY AND PRODUCTION

The King Solomon mining district has been extensively mined for gold, silver, lead, zinc, and copper from a period beginning in the

1890's and continuing to the present. Production from the mines up to 1954 amounted to 1,964 ounces of gold, 238,685 ounces of silver, 50,000 pounds of copper, 4,356,000 pounds of lead, and 2,222,000 pounds of zinc. Nearly all of the reported production is believed to be from mines located along the Solomon-Ridge structure.

The history of the Gormax mine is not available from any records. It is thought, however, that no production has resulted from the property.

PRESENT STATUS

As of the date of the initial DMEA examination, the property comprised a 250-foot crosscut adit (Gormax), a 40-foot caved shaft (Skinner), and a presumably shallow caved shaft (J. I. C.). Upon the completion of the DMEA contract, the crosscut adit was extended to a total length of 1,138 feet. Under the contract a drift measuring 242 feet in length was driven from the Gormax crosscut adit (fig. 3).

At the time of the last DMEA inspection on January 11, 1957, the operator was in the process of removing all mine rail and service lines.

OPERATOR'S PROJECT PROPOSAL

The operator originally proposed to explore the west J. I. C. (west split of the Holy Moses) vein for lead and zinc. This proposed exploration consisted of extending the Gormax adit by crosscutting to the intersection of the vein. The operator estimated that a total of 800 feet of crosscutting would be required at a cost of $16,960.00. No drifting along the west J. I. C. vein was included in the operator's exploration plan. This program was revised to include crosscutting and drifting.

GEOLOGY

Rhyolite flow breccias that are part of the San Juan Mountains Tertiary volcanic field comprise the country rock at the Gormax mine in the eastern part of the Creede mining district. The productive lead-zinc-silver deposits of the district occur as distinct shoots chiefly along steeply dipping fault structures (fig. 2).

One of the major structures in the eastern part of the district that has contained rich ore bodies is the Solomon-Ridge fault zone. The Holy Moses vein in this fault zone from 2,000 to 12,000 feet south of the Gormax property, has accounted for a large part of the total production of lead and zinc of the Creede district. The Solomon-Ridge fault has been traced across the property by float and

intermittent outcrop, and for more than a mile north of the property. The fault which splits at intervals into separate faults trends north-northwest and dips from 60° to 80° west. The splits are known as the east and west J. I. C. veins. The portal of the Gormax adit lies opposite one of the splits.

The Gormax adit is driven N. 80° W. for 1,138 feet entirely in andesitic and rhyolitic volcanic flow breccias, that are tentatively correlated with the Mammoth Mountain rhyolite (fig. 2). The formation consists of massive rhyolitic and andesitic volcanic flow rocks, tuff, and breccias, which exhibit a weak stratification due to their volcanic origin. The only noticeable variation in the rocks is a color change from dark gray to dark reddish brown that occurs at 850 feet in from the portal of the adit.

The adit penetrated several narrow fault fissures, that consist of open voids, gouge-filled faults, and water courses (fig. 3). The fissures range from unmineralized fractures to a 2-foot wide gouge-filled mineralized fault. The most prominent fault was encountered at 885 feet from the portal, it is correlated with the west split of the Holy Moses (west J. I. C.) vein in the Solomon-Ridge fault zone. The fissure, which was followed by drifting south-southeasterly for over 200 feet, is weakly mineralized at widely spaced intervals.

U.S. DEPT. OF THE INTERIOR
GEOLOGICAL SURVEY

FINAL REPORT
DMEA 3982 IDM-E935

PREPARED FOR THE
DEFENSE MINERALS ADMINISTRATION

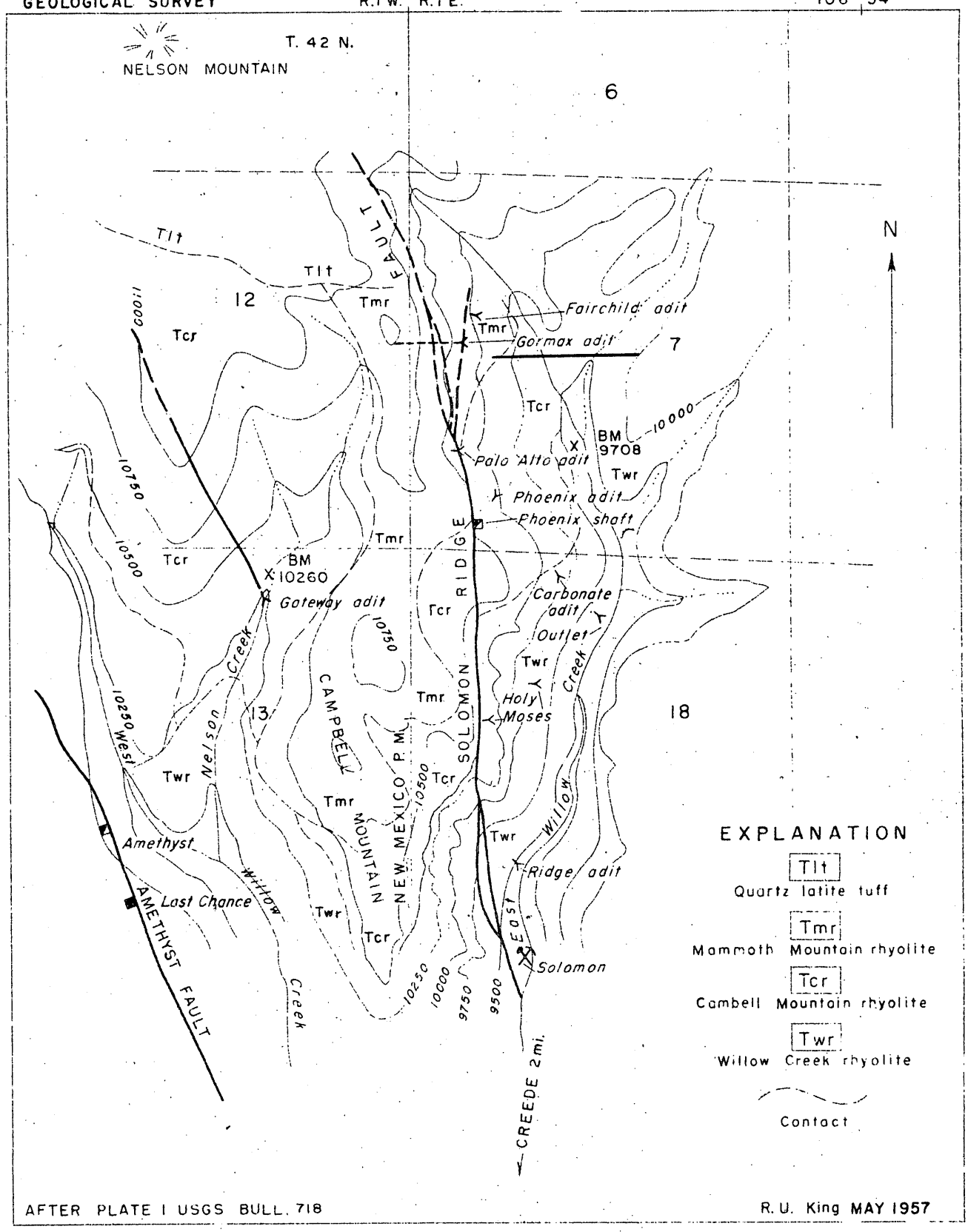


FIGURE 2 - GEOLOGIC MAP SHOWING RELATION OF GORMAX ADIT TO MINES AND GEOLOGY, CREEDE DISTRICT, MINERAL COUNTY COLORADO

0 2000 4000 Feet

None of the other water courses or fissures encountered in the adit are mineralized to any significant degree, and it is concluded that the east split of the Holy Moses (east J. I. C.) vein either pinches to a barren fissure or that the split occurs above the Gormax adit level.

In view of the results of the exploration on the Gormax claims, it appears that at the adit level the Solomon-Ridge fault has pinched to a narrow and barren fissure and that significant lead-zinc mineralization is not likely to occur in the northern portions of the fault zone. The results of sampling indicate that the tenor of the Holy Moses vein, in the vicinity of the Gormax workings will average about 0.5 percent lead, a trace of zinc, 0.5 ounce silver per ton, and a trace of gold.

PROJECT OPERATIONS

Description of contract work

Exploratory work authorized by the contract was divided into a two stage program.

Stage I provided for the extension of the Gormax adit in a westerly direction to intersect the easterly and westerly splits of the Holy Moses vein, and then to drift along the vein or veins. The

ILLUSTRATIONS

Figure		Follows page
1.	Location map, Gormax Mining Company property, King Solomon mining district, Mineral County, Colorado. DMEA 3982, Contract Idm-E935	2
2.	Geologic map showing relation of Gormax adit to mines and geology, Creede district, Mineral County, Colorado	7
3.	Geologic map of the Gormax adit, Gormax Mining Company, Mineral County, Colorado	12

total amount of crosscutting and drifting was not to exceed 1,200 feet. A maximum of 600 feet of timbering as required was also authorized under Stage I.

Stage II allowed the extension of the drifts driven under Stage I on the vein or veins for a total not in excess of 800 feet. The location, direction, and extent of the work was subject to prior written approval from the Government. Allowable timbering under Stage II was not to exceed 400 feet.

A total of 240 samples was authorized in the contract.

Description of contract amendments

In a letter of July 30, 1956, to the DMEA Field Team, the operator requested an amendment to the contract which would provide for the addition of the J & M No. 2 claim under the terms of the contract. Written approval was given by the Field Team, to the operator's request in Amendment No. 1 of August 16, 1956.

Description of work completed

Work was begun under the contract on April 5, 1956. DMEA participation in crosscut measuring 5-1/2 feet wide by 7 feet high in the Gormax adit began at a point 627 feet from the portal.

The crosscut untimbered except for a few sets, was driven for a total distance of 1,138 feet from the portal, or for 511 feet under the

DMEA contract. Upon the completion of this work, it was decided that a drift would be started in a southerly direction to follow a mineralized fault structure that was cut at a point 880 feet from the portal. The fault was referred to as the "Watercourse" vein by the operator. The drift was started at a point 856 feet from the portal to provide a reasonable turn to the vein. The drift (also referred to as a crosscut by the operator and inspecting engineer) was started in a S. 43° W. direction. This drift was later modified to allow for actual drifting southerly along the "Watercourse" vein.

The drift on the "Watercourse" vein was driven for a total of 242 feet of actual drifting. Of this amount the operator was paid for 10 feet under crosscutting, so that the MF-104's for November show drift payments for only 232 feet instead of an actual drift measurement of 242 feet.

The operator submitted a letter of November 10, 1956, to the DMEA Field Team, requesting approval to terminate work under the contract. Because of the unfavorable mineralized showing along the "Watercourse" vein, formal approval was given the operator to discontinue work under the contract. Effective date of Termination Agreement, authorizing suspension of all work under contract Idm-E935, was November 10, 1956.

CONCLUSIONS AND RECOMMENDATIONS

The amount of exploratory work completed under the DMEA contract shows the paucity of mineralization in the explored areas. From the exploration, it is concluded that the likelihood of discovering significant ore bodies beyond the known productive interval of the Holy Moses vein along the Solomon-Ridge structure is remote.

The property has been adequately explored, and it is recommended that no further exploration be undertaken by the Government.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 22 1957

DATE	INITIALS	CODE
5/22	JWS	220
5/24	alb	500

May 20, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket DMEA-3982 (Lead-Zinc) Contract Idm-E935, Gormax Mining Company (Gormax mine) Mineral County, Colorado

Your letter of May 17, 1957 asked when you might expect the final Field Team Report on the subject DMEA project.

Due to a very heavy spring work load, after a severe winter, it is estimated that work on all final reports to be prepared by the Denver staff will of necessity be deferred until late summer.

Exploration at the Gormax mine did not result in a discovery of ore grade material, and Certification of Discovery will not be recommended.

Every attempt will be made to get at the older final reports, as time and work load permits, and the Gormax final report will be placed at the top of the list of reports to be prepared by the Denver staff.

E. N. Harshman

E. N. Harshman

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/16	[illegible]	500
	[illegible]	500
5/17	Selfridge	130
"	Johnson	110
"	Rittenhouse	100
5/20	[illegible]	220
		500

500

MAY 17 1957

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA-3982 (Lead-Zinc)
Gormax Mining Company
Gormax Mine
Mineral County, Colorado
Contract No. Idm-E935

Dear Mr. Harshman:

With reference to the cited project, will you please advise us as to when we may expect to receive the final Field Team report.

As work on this project was terminated on November 10, 1956, we are anxious to close our files for this contract.

Sincerely yours,

George C. Selfridge
(By esf)
Chairman, Operating Committee
JWAlt/er 5/16/157
Copy to: Docket
Adm R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

Frank D. Lamb
(By esf)
Member, Bureau of Mines

Thor H. Kiilsgaard
(By esf)
Member, Geological Survey

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 31 1957

DATE	INITIALS	CODE
1-31	cw	220
1/31		800
		225

224 New Customhouse
Denver 2, Colorado

January 29, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3982 (Lead-Zinc), Contract No. Idm-E935, Gormax Mining Company (Gormax mine), Mineral County, Colorado

Operators Final Rpt

Enclosed are the original and one copy of a final report submitted by the Operator pertaining to work under the subject Contract.

W. M. Traver

W. M. Traver

Enclosures

WO

DMEA
DEPARTMENT OF THE INTERIOR
JAN 28 1957
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 31 1957

DATE	INITIALS	CODE

CREEDE, COLORADO

January 25, 1957

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

Re: Docket DMEA-3982 (Lead-Zinc)
Contract Idm-E935
Gormax Mining Company
Mineral County, Colorado

Dear Mr. Traver:

As requested in your letter of the 17th instant and in accordance with Article 6 (c) of the contract form we are submitting this as our

FINAL REPORT.

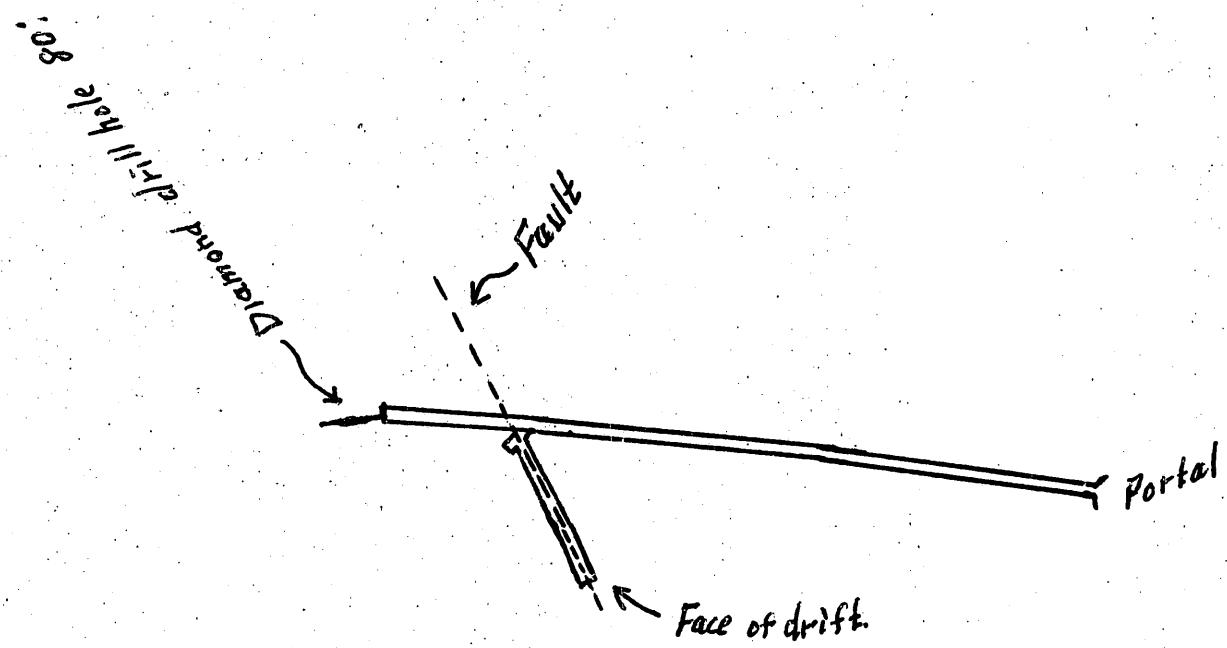
On April 6, 1956 the Gormax Mining Company commenced work under the above numbered contract at a distance of 628 feet from the portal of Gormax Mine No. 1. At a distance of 751 feet from the portal a small water course was cut and the formation changed from a gray andesitic rock to a reddish brown Rhyolite. The gouge in the water course assayed .01 gold, .40 silver and .4 lead. At a distance of 880 feet from the portal a fault was cut which carried considerable water. The gouge assayed about the same as the first water course. The crosscut was continued in a westerly direction to a total distance of 1138 feet from the portal with no significant change in structure. The breast of the tunnel was then diamond drilled a distance of 80 feet with no change. DME A officials were then contacted and the operator was instructed to drift South on the fault which had been encountered at 880 feet from the portal. A turn was made into the fault as shown on the enclosed sketch map and a total distance of 232 feet of drifting on the fault was accomplished. The strike of the fault varied from N. 35 degrees W. to N. 22 degrees W. The fault opening varied from about eight inches to about two feet in width and was filled with a red to reddish brown gouge. Assays ran from a trace of gold, silver and lead to a high of .08 gold, .18 silver and .4 lead. A conference between the operator and DMEA officials was then held and it was the concensous of opinion that further exploration was not advisable. The operator then requested a certificate of no discovery and ceased operations. Engineering and geological representatives of DMEA then examined the work and a termination agreement was prepared and executed. Total cost of the project has amounted to $38,839.50 since the beginning, or a total cost per foot of$28.35. The difference between the amount allowed by the Government and the reflected costs is believed by the operator to have been absorbed in the construction of the portal, compressor house, road, etc. It is the opinion of the operator that actual crosscutting or drifting only can be accomplished within the unit allowance of the contract. Timbering cannot be done within the amount allowed. Approximately $6,000.00 will be recovered by the operator from sale of machinery and equipment.

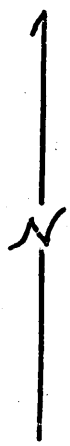
GORMAX MINING COMPANY,

by Gordon D. Smith

Gordon D. Smith, Mgr.

Sketch of location and extent of work
on Gormax mining Company Contract Idm-E935m
Docket DMEA 3982 submitted with Final Report.





Scale: 1" = 300'

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 31 1957

DATE	INITIALS	CODE
1-6	G.	225

224 New Customhouse
Denver 2, Colorado

~~January 29, 1957~~

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3982 (Lead-Zinc), Contract No. Idm-E935, Gormax Mining Company (Gormax mine), Mineral County, Colorado

Enclosed are the Government's, Division, and Docket copies of the "TERMINATION AGREEMENT" which was forwarded by your letter of January 11, 1957, for signature by the operating partners and others concerned.

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

W. M. Traver

W. M. Traver

Enclosures

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 31 1957

DATE	INITIALS	CODE
1/31	CW	220
1/31	[illegible]	800
2/5	[illegible]	225

224 New Customhouse
Denver 2, Colorado

January 29, 1957

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3982 (Lead-Zinc), Contract No. Idm-E935, Gormax Mining Company (Gormax mine), Mineral County, Colorado

The subject Contract was terminated by mutual agreement, effective November 10, 1956. Enclosed for your records is a copy of the "TERMINATION AGREEMENT."

Acceptable units of work or service completed on a "Fixed Unit Cost" basis are as follows:

Crosscutting ----------	510 feet
Drifting ----------	269 feet
Samples assayed ----------	4.

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

The sum of $300.00 was withheld from reimbursement to the Operator in processing the final accounting report, which was for the month of November, 1956.

Original signed by
W. M. TRAVER

W. M. Traver

Enclosure

JWT:prl

cc: Chairman, Op. Comm. (2)
Harshman
Townsend
Corres. file
Chron.

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

OFFICIAL FILE COPY DMEA RECEIVED JAN 22 1957		
DATE	INITIALS	CODE
1-22	CW	226
1/29	[illegible]	800
	G.	225

224 New Customhouse
Denver 2, Colorado

January 17, 1957

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

Re: Docket DMEA-3982 (Lead-Zinc)
Contract Idm-E935
Gormax Mining Company
(Gormax No. 1 mine)
Mineral County, Colorado

Dear Mr. Smith:

Form MF-104, Operator's Monthly Report and Voucher for November, 1956, has been received in this office and is being processed for payment.

An amount of $300.00 is withheld pending resolution of matters prerequisite to closing the account, which includes

1. Execution of a suitable termination agreement by the parties to the contract.

2. Rendering to the Government by the partnership, a final report in accordance with Article 6 (e) of the contract form.

3. Release to this office of a Report of Review of reported project costs by the Contract Administration and Audit Division, DMEA.

If you have any question regarding the above, please feel free to contact this office.

Very truly yours,

Original signed by
W. M. TRAVER
W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JDC:jy
cc: Chm. Op. Comm. (2)
Shaw (2)
Harshman
Townsend
Corresp. E935
Chron.

OFFICIAL FILE COPY DMEA RECEIVED JAN 16 1957		
DATE	INITIALS	CODE
1-16	CW	220
1/16	[illegible]	800
		225
January 14, 1957		

224 New Customhouse
Denver 2, Colorado

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

Re: Docket No. DMEA 3982 (Lead-Zinc)
Contract No. Idm-E935
Gormax Mining Company
(Gormax mine)
Mineral County, Colorado

Dear Mr. Smith:

Enclosed are the Government's, Division, Docket, Finance Office, and Field Team copies of a proposed "TERMINATION AGREEMENT," which has been prepared to terminate Contract No. Idm-E935, effective November 10, 1956.

If the "TERMINATION AGREEMENT" is satisfactory, all copies are to be signed by both partners of Gormax Mining Company as indicated. All copies of the "TERMINATION AGREEMENT" are to be signed by Gavin W. Skinner and James M. Muir, Jr. for themselves as individuals and for Outlet Mining Company, as indicated, and thereafter all copies returned to this office.

Upon return of the properly signed copies of the "TERMINATION AGREEMENT," the "Operator's Copy" will be forwarded to you.

Very truly yours,

Original signed by
W. M. TRAVER

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

JWT:prl

cc: Chairman, Op. Comm. (2)
Harshman
Shaw
Townsend
Corres. file
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/10/57	[illegible]	500
	[illegible]	500
1-10	Chamber	800
1/11	Selfridge	130
1/11	[illegible]	110
		~~100~~ 13
1/14	CW	~~225~~

JAN 11 1957

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

Re: Docket No. DMEA-3982 (Lead-Zinc)
Gormax Mining Company
Gormax Mine
Mineral County, Colorado
Contract No. Idm-E935

Dear Mr. Traver:

We are enclosing the original and five copies of a Termination Agreement for the cited property, signed by the Administrator. Also, enclosed are two extra copies for the use of the Field Team. This termination agreement has been prepared in conformance with your memorandum, dated December 11, 1956.

If the termination agreement meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute the copies in the usual manner. In the event that the agreement is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JWB)
JWAlt/er 1/9/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

Enclosures

APPROVED:

Frank D. Lamb
Member, Bureau of Mines (JWB)

Thor H. Kiilsgaard
Member, Geological Survey (JWB)

A.C.R.

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

January 3, 1957

Memorandum for the Files

From: J. W. Alt, Base Metals Division

Subject: Justification for Mutual Termination Agreement for Docket No. DMEA-3982, Contract No. Idm-E935, Gormax Mining Company, Gormax Mine, Mineral County, Colorado, Lead-Zinc.

The Operator has requested a termination of this contract and the Field Team concurs.

According to the terms of the contract, 779 feet of the 1,200 feet of drifting and crosscutting provided under Stage I, were completed. The Operator completed 547 feet of crosscutting and a drift southward 232 feet along the Solomon Ridge structure which contains the "Watercourse" vein, believed to be a split of the "Holly Moses" vein. The structure as exposed by drifting, is 1½ to 3 feet wide and consists of iron-stained, crushed rock and gouge with little or no visible sulfide mineralization. A recent sample taken from the drift by the Operator showing the following: 0.86 per cent lead, nil zinc, 1.5 oz. silver, and 0.01 oz. gold. Additional samples taken along the drift did not show any appreciable mineral values.

The Field Team states:

> "In view of the poor mineralized showing over a considerable extent of the structure, and in the absence of any favorable indications for encountering an ore body, it is recommended that the operator be permitted to terminate exploration work under the DMEA contract.
>
> "Certification of a discovery will not be recommended."

The total amount expended under the terms of the contract is approximately $19,876.50. The total amount of the contract is $56,720.00, therefore there is an unexpended balance of approximately $36,845.50.

We concur with the recommendations of the Field Team and the commodity members, that this contract be mutually terminated.

J. W. Alt

Docket
Base Metals

J. W. Alt

DMEA Form 7
(12-56)

500

OFFICIAL FILE COPY

Date	Surname	Code
1/9/57	Alt	500

January 3, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Mutual Termination Agreement for Contract No. Idm-E935, Docket No. DMEA-3982, Gormax Mining Company, Gormax Mine (Lead-Zinc), Mineral County, Colorado

Will you please prepare a Mutual Termination Agreement for the cited contract. The effective date of the agreement is November 10, 1956.

Please refer to the memorandum from W. M. Traver, Executive Officer, DMEA Field Team, Region III, dated December 11, 1956, and to memorandum from E. W. Buel and F. B. Moore, dated November 30.

Do not include a "pseudo certification" in this termination agreement.

W. R. Griswold

W. R. Griswold

JWAlt/er

Copy to: Docket
Base Metals
Chron.

8623

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

OFFICIAL FILE COPY
IN REPLY REFER TO:
DMEA
RECEIVED JAN 4 1957

DATE	INITIALS	CODE
1/4	C	220

January 2, 1957
Re: DMEA 3982
Gormax Mining ~~Company~~
Gormax Mine No. 1
Mineral County, Colorado
Lead-Zinc

Memorandum

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

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

Subject: Review of Field Team memorandum recommending termination of contract.

The applicant was awarded a contract, March 22, 1956, approving the driving of a crosscut to the inferred downward and lateral projection of the Holy Moses vein, or splits of it, known as the J.I.C. veins, East and West. The structures are parts of or are related to the long Solomon Ridge fault. To the south ore has been mined from ore shoots in the fault or related veins.

The Operator crosscut what is now assumed to be the Holy Moses vein about midway of the inferred positions of the J.I.C. East and West veins. The crosscut was driven 257 feet past the intersection and a diamond drill hole, 80 feet long, was drilled from the face of the crosscut. The vein was drifted upon southward for 235 feet. Only low grade material was found in a vein 1½ to 3 feet wide, and the Operator requested that the contract be terminated.

The examiners recommend that the request be granted and that no certification be made. I concur with the recommendation.

N. E. Nelson

N. E. Nelson

Betty

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

December 31, 1956

Re: DMEA 3982; Contract Idm-E 935
Gormax Mining Co.
Gormax No. 1 Mine
Mineral County, Colorado

Memorandum

To: W. R. Griswold, DMEA

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

Subject: Recommendation for termination of Contract requested December 11, 1956, received December 26, 1956

The operator, in a letter of November 10, 1956, requested contract termination on the basis of his finding to date that the "Watercourse" vein is essentially barren.

The field examiners Buel (USBM) and Moore (USGS) note that the vein structure where exposed by 235 feet of drifting is but 1.5 to 3.0 feet wide, that vein matter is largely iron-stained, fractured rock and gouge with limited sulfide mineralization. Sampling-assaying procedures indicated less than 1 percent combined lead and zinc and less than $1.00 in gold and silver values.

On the basis of this poor showing and the 2,000-foot distance to the nearest known ore shoot, the field team and its examiners recommend termination of the contract as of November 10, 1956.

I concur in this recommendation.

O. M. Bishop

O. M. Bishop

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

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

RECEIVED DEC 13 1956 D.M.E.A.

224 New Customhouse
Denver 2, Colorado

December 11, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 3982 (Lead-Zinc), Contract No. Idm-E935, Gormax Mining Company (Gormax No. 1 mine), Mineral County, Colorado

Enclosed is the following material pertaining to termination of the subject contract:

1. The original and three copies of the Operator's letter, dated November 10, 1956, requesting the Government's approval to terminate the contract.

2. The original and three copies of a joint memorandum, dated November 30, 1956, from E. W. Buel, Mining Engineer, Bureau of Mines, and F. B. Moore, Geologist, Geological Survey, wherein they recommend that the contract be terminated in its present status.

The Operator has completed 779 feet of the 1200 feet of drifting and crosscutting provided for under Stage I of the contract.

The matter is forwarded for your consideration and appropriate action, with the recommendation that a suitable termination agreement be prepared to terminate the contract, effective November 10, 1956, as the last work performed by the Operator was on November 9, 1956.

W. M. Traver

W. M. Traver

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20
Denver Federal Center
Denver 2, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
DEC 5 1956
REGION III
DENVER, COLORADO

November 30, 1956

RECEIVED 13 1956 D.M.E.A.

REGION III

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
E. N. Harshman

From: E. W. Buel
F. B. Moore

Subject: Docket DMEA 3982 (Lead-zinc), Contract Idm-E935
Gormax Mining Company (Gormax No. 1 mine), Mineral County, Colorado. TERMINATION OF CONTRACT

The operator in a letter of November 10, 1956, to the Field Team requested termination of exploration work under the subject contract. The operator states that a continuance of work under the contract would be a waste of time and effort as well as money.

The operator completed 510 feet of crosscutting, of which 257 feet was driven beyond the projected Solomon Ridge fault, to determine whether the main part of the structure was intersected before any DMEA drifting was undertaken. The operator drove a drift southward along the Solomon Ridge structure which contains the "Watercourse" vein, believed to be a split of the "Holy Moses" vein, for approximately 235 feet. The structure, as exposed by drifting, is 1-1/2 to 3 feet wide and consists of iron-stained, crushed rock and gouge with little or no visible sulfide mineralization. A recent sample taken from the drift by the operator showed the following: 0.86 percent Pb, nil Zn, 1.5 oz. Ag, and 0.01 oz. Au.

Additional samples taken along the drift did not show any appreciable mineral values.

The Gormax adit cuts the Holy Moses, or Watercourse, vein 2,000 feet north of the Phoenix shaft, the northermost known productive mine along the vein. The lack of well-mineralized ground in the Gormax drift indicates that the workings may be outside the part of the vein in which ore can be expected.

In view of the poor mineralized showing over a considerable extent of the structure, and in the absence of any favorable indications for encountering an ore body, it is recommended that the operator be permitted to terminate exploration work under the DMEA contract.

Certification of a discovery will not be recommended.

Edward W. Buel
Mining Engineer

Frank B. Moore
Geologist

cc 9

GORMAX
MINING COMPANY
CREEDE, COLORADO

DMEA
DEPARTMENT OF THE INTERIOR
NOV 13 1956
REGION III
DENVER, COLORADO

November 10, 1956

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

Re: Docket DMEA 3982 (Lead-Zinc)
Contract Idm-E935
Gormax Mining Company
Gormax Mine
Mineral County, Colorado

Dear Mr. Traver:

The Gormax Mining Company has now drifted a distance of two hundred thirty two feet on the fault with no appreciable change in mineral values. The vein is now approximately three feet in width and assays as follows:

Au	Ag	Pb	Zn
.01	1.50	.86%	Nil

The above assay is about average for the entire length of the drift.

Since it is neither the policy nor the desire of Gormax Mining Company to waste money, either ours or the Governments, it is requested that DMEA consider the feasibility of issuing a certificate of no discovery on the above captioned contract. It is our considered opinion that further exploration would be a waste of time and effort. In the event that DMEA thinks otherwise we are ready and willing to continue the drift, but we believe that we have gone as far as sound reasoning will permit and that further exploration would be along the line of wishful thinking rather than sound mining practice.

We are deeply grateful to you and DMEA for the assistance that has been given us and we sincerely hope that when Outlet Mining Company explores the fault at a lower level, DMEA will be able to recover what has been expended.

Thanking you, we are

Yours very truly,

GORMAX MINING COMPANY,

by Gordon D. Smith

Gordon D. Smith,
General Manager.

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

224 New Customhouse
Denver 2, Colorado

November 13, 1956

Memorandum

To: E. H. Marshman - w/enclosure
John F. Shaw - " "

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 5988 (Lead-Zinc), Contract No. IDm-R935, Germax Mining Company (Germax mine), Mineral County, Colorado.

Enclosed is a copy of the Operator's letter of November 10, 1956, which constitutes a request to terminate Contract No. IDm-R935 in its present status.

Please submit a memorandum report of your recommendations in the matter. Mr. Smith, on a visit to this office, advised that the last work was performed November 9, 1956 and that they commenced removing equipment from the property November 10.

Original signed by
W. M. TRAVER

W. M. Traver

JWT:prl

cc: Chairman, Op. Comm. (2)
Townsend
Corres. file
Chron.

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

224 New Customhouse

September 21, 1956

RECEIVED
SEP 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
Gormax Mine
Mineral County, Colorado

Dear Mr. Smith:

Form MF-104, Operator's Monthly Report and Voucher, for August, 1956 has been received in this office and is being processed for payment.

An amount of $12.00, the reported cost for analysis of four samples is suspended pending receipt from you of an assay certificate or certificates from the assay laboratory showing the results of the analyses. Assay certificates are required by this office for all analytical work performed under the contract.

You may include the assay certificates for August work with your next or any subsequent Monthly Report and Voucher, upon receipt of which the amount of $12.00 will be reinstated.

Very truly yours,

W. M. TRAVER

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

JDC:jy
cc: Corresp. E935
Sec. Op. Comm. (2)
Shaw (2)
Townsend
Chron.

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

September 10, 1956

Memorandum

To: Catherine Curtin, Statistics and Control Division, DMEA

From: Hazel Berry, Operating Committee, DMEA

Subject: Amendment to Contract

Attached is the following docket copy of an amendment to a contract which has been reviewed and approved by the Commodity Division, Contract Administration and Audit Division, and the Legal Division. The official docket is also attached.

Gormax Mining Co., DMEA-3982, Idm-E935 - Am. No. 1

Attachment - 1

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

224 New Customhouse
Denver 2, Colorado

August 24, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: 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.

Enclosed are the original and two copies of Amendment No. 1 to Contract Idm-E935 which has been executed under authority delegated to this office to add additional land to that described under Article 2 of the contract and substitute map, "Figure 2 Revised 8/8/56", for the map, "Figure 2", attached to the contract.

In conjunction with the Amendment and attached thereto are copies of an "Amended Undertaking Concerning Royalty" and new "Consent to Lien" form MF-205; the latter two instruments executed by the lessors.

Also enclosed are three copies of "Amendment to Mining Lease" executed July 27, 1956.

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

W. M. Traver

W. M. Traver

Enclosures

RECEIVED
AUG 27 1956

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

224 New Customhouse
Denver 2, Colorado

August 24, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: 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.

Enclosed are four copies of work instructions to the Operator issued by the DMEA Field Team, Region III.

Also enclosed are four copies of a memorandum from Robert U. King, Geologist, Geological Survey, relative to the matter.

W. M. Traver

W. M. Traver

Enclosures

RECEIVED
AUG 27 1956

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 5982 (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. H. Trever, Executive Officer, DMEA Region III
Through: E. N. Harshman
J. F. Shea

E. "will work for J #5

From: Robert U. King

Subject: DMEA Docket 3XIC (Lead-zinc), Contract Idm E-935, Cosmax Mining Company (Cosmax 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 Cosmax 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 JIC 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

Efficiency of project operations

The DMEA project was carried on by the operator in a most workmanlike manner. Except for a crosscut adit advance of 7 feet during one 5-day period, the operator was able to progress at a very satisfactory rate. The slow rate of advance was the result of an excessive flow of water, 1,500 to 2,000 gallons of water per hour, and by bad ground which were encountered when the "Watercourse" vein structure was intersected.

Cost of the project

Exploration Project Contract Idm-E935 was a shortform unit cost contract. The total estimated cost of the contract was $56,720.00 of which the Government's participation at 50 percent was $28,360.00. Allowable unit costs under the contract were as follows: crosscutting and drifting at $25.50 per foot, timbering at $5.00 per foot, and sample analyses at $3.00 each.

The units of work and costs authorized and completed under the contract are summarized in Table I.

Table I.--Summary of authorized and completed work and costs of the project.

Authorized Project Work				Project Work Completed	
Type	Units	Unit Cost	Total Cost	Units	Accepted Total Cost
Drifting and Crosscutting	2,000 ft.	$25.50/ft.	$51,000.00	779	$19,864.50
Timbering	1,000 ft.	5.00/ft.	5,000.00	-	
Sample analyses	240	3.00/ea.	720.00	4	12.00
Total Cost			$56,720.00		$19,876.50
Government participation			$28,360.00		$ 9,938.25

U.S Department of the Interior
Geological Survey

DMEA 3982 IdmE-935

Prepared for
Defense Minerals Exploration Administration

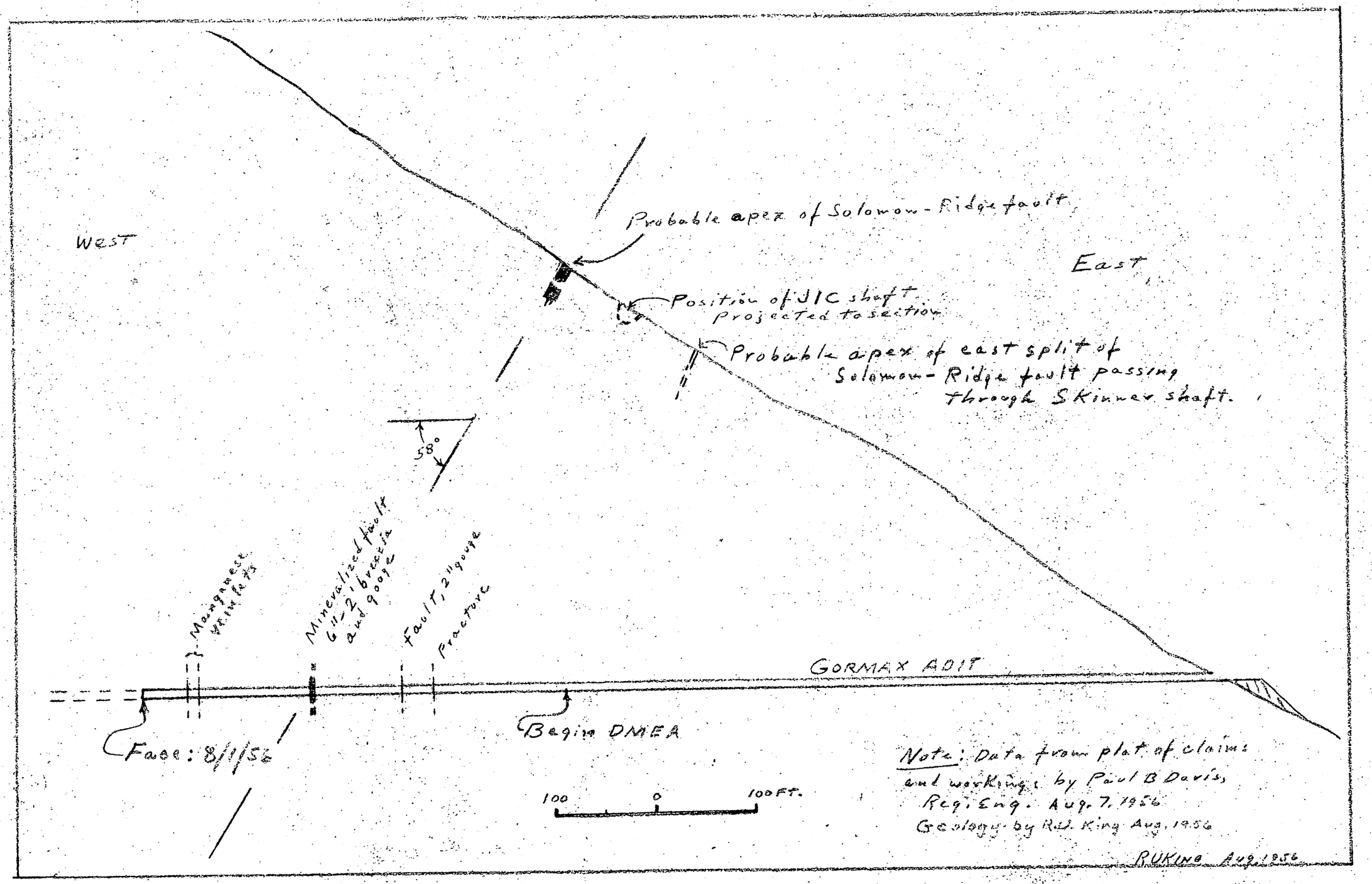


Figure 1.- Vertical section along Gormax Adit, Gormax Mine, Mineral County Colorado

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

RECEIVED
AUG - 6 1956

224 New Customhouse
Denver 2, Colorado CERTIFIED MAIL August 3, 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:

In conjunction with the proposed amendment to Contract Idm-E935 to add additional ground to that described under Article 2 of the Contract and substitution of a new map for the one attached to the Contract, we are enclosing the following for execution by Gavin W. Skinner and James W. Muir, Jr. for Outlet Mining Company and as individuals:

1. The original and six copies of form "MF-205, June 1956, Consent to Lien and Subordination Agreement," pertaining to the ground described under Article 2 of the Contract which includes the ground to be added by the proposed amendment to the Contract.

2. The Government's, Division, Docket, Finance Office, Field Team, Lessor's, and Operator's copies of a proposed "Amended Undertaking Concerning Royalty."

All copies of both instruments are to be dated and signed by the parties as indicated and all copies promptly returned to this office.

When the date revised, pertaining to the map Figure 2, has been inserted in the "Amended Undertaking Concerning Royalty," in the paragraph pertaining to the description of the land, a copy of form "MF-205, Consent to Lien and Subordination Agreement" and the Lessors' copy of the "Amended Undertaking Concerning Royalty" will be forwarded to the Lessors.

When the properly executed copies of form "MF-205, Consent to Lien and Subordination Agreement," and the "Amended Undertaking Concerning Royalty" are returned to this office, we will then complete the proposed Amendment to the Contract and forward it to you for signature.

Very truly yours,

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

Enclosures

cc: Outlet Mining Company
c/o Mr. Gavin W. Skinner
Creede, Colorado

JWT:prl

cc: Chairman, Op. Comm. (2)
Harahman
Shaw
Townsend
Corres. file
Chron.

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

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL
(Addressee Only)

July 24, 1956

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

RECEIVED
JUL 27 1956

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:

Reference is made to the suspension of operations under Contract Idm-E935 ordered by this office July 17, 1956.

Confirming the understanding reached by you and members of this office on your visit here July 24, 1956, the Government has no objection to your continuing with the project work in order to protect your investment, pending clarification of matters relative to the correct location and relationship of the mining claims and other physical features which are a basis for outlining the objective of the DMEA exploration work.

It is to be understood, however, that if all matters are not resolved to the satisfaction of the Government, any work performed subsequent to the date of July 17, 1956, the date operations were ordered to be suspended by this office, will be performed at Gormax Mining Company's own cost and expense without contribution by the Government.

It is further understood that you will immediately furnish this office with an accurate map showing the amended locations of the mining claims described under Article 2 of the contract and also showing all other pertinent physical features. Also, you are to provide information as to the recording of the amended claim locations so that an amendment to the contract correcting any discrepancies can be prepared.

At a later date, but as soon as possible, you are to forward an amendment to your lease to include the recently located "J and M No. 2" Claim and request that the claim be added to the ground described under Article 2 of the contract.

Amending the location of a part of the claims described under Article 2 of the contract will necessitate the execution of new Owner's Consent to Lien forms, which we will prepare and forward to you for obtaining signatures as soon as the necessary information is received from you.

Very truly yours,

W. M. TRAVER

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

JWT:prl

cc: Chairman, Oper. Comm. (2)
Harshman
Shaw (2)
Townsend
Corres. file
Chron.

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

RECEIVED
JUL 30 1956

224 New Customhouse
Denver 2, Colorado

July 18, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: 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

Enclosed is the following material relative to operations under the subject contract, all of which we believe to be self-explanatory:

1. Two copies of a memorandum, dated July 17, 1956, from C. M. Harrer, Mining Engineer, Bureau of Mines.

2. Two copies of a certified letter from this office to the Operator, dated July 17, 1956.

3. Two copies of a follow-up letter from this office to the Operator, dated July 18, 1956.

W. M. Traver
W. M. Traver

Enclosures

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

RECEIVED
JUL 20 1956

July 18, 1956

Mr. Gordon D. Smith
Germax Mining Company
P. O. Colorado
Creed

Re: Docket DMEA 3982 (Lead-Zinc)
Contract Idm-2935
Germax Mining Company, a
partnership consisting of
Gordon D. Smith and
Maxine S. Smith
(Germax mine)
Mineral County, Colorado

Dear Mr. Smith:

A review of our letter to you, dated July 17, 1956, indicates the possibility that further clarification of the Government's position in the matter is needed.

The fact that neither the easterly nor the westerly splits of the vein have been encountered within the contemplated distance may be entirely due to the inaccuracy of the map data used to establish the positions of the vein splits at the elevation of the adit.

It is deemed not to be in the interest of the Government to contribute to costs of the work that may not be accurately directed to the proposed objective by reason of the inaccuracy of the map used as a basis for directing the work; therefore, our instructions to you to suspend operations until the matter of true locations of the mining claims and other features have been satisfactorily resolved.

As stipulated in our letter of July 17, 1956 it will be necessary for you to submit an adequate map showing the locations of the claims involved under Contract Idm-2935. The accuracy of the map and the data that it depicts are of utmost importance. Therefore it will be necessary that you have a survey made by a licensed engineer and prepare an accurate map, at your own expense, that will show the true locations of all the mining claims listed in Annex I attached to Contract Idm-2935.

In addition and related to the claim boundaries, the following are to be shown on the map:

1. Location of the Gurmax adit and elevation of the portal.

2. Location and elevation of the collars of the J.I.G. and Skinner shafts.

3. Locations and elevations of any surface outcrops of the easterly and westerly splits of the Solomon Fault or the Holy Moses vein.

The required map should be prepared on large enough scale to show all details accurately.

Please submit six copies of the map prepared, and when received the matter will be reviewed and you will be advised of the Government's decision relative to resumption of work.

Very truly yours,

W. M. TRAVER

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

JWT:prl

cc: Chairman, Oper. Comm. (2)
Harshman
Shaw
Townsend
Corres. file
Chron.

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

RECEIVED
JUL 2 7 1956

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

July 17, 1956

Mr. Gordon B. Smith
Germax Mining Company
P. O. Box 2
Creede, Colorado

Re: Docket DMEA 3902 (Lead-Zinc)
Contract Idm-E935
Germax Mining Company, a partnership consisting of Gordon B. Smith and Maxine S. Smith
(Germax mine)
Mineral County, Colorado

Dear Mr. Smith:

Enclosed is a copy of a map obtained from Charles King, of the Outlet-Sublet Mining Company.

The map obtained from Mr. King shows the Germax adit and the claims involved in Contract Idm-E935 in an entirely different arrangement than shown on the map, "Figure 2", attached to the contract.

Because of the apparent discrepancy in the location of the Germax adit and the claims involved in Contract Idm-E935, you are to suspend operations immediately under Contract Idm-E935 pending clarification of the discrepancy between the map provided by Mr. King and the map attached to the Contract.

Operations are not to be resumed under the Contract until you are advised in writing by this office, a prerequisite to which is the requirement that you provide this office with an adequate map showing the location of the claims involved with Contract Idm-E935, the map to show the location and elevation of the Germax adit portal, the location and elevation of the collar of the J.I.C. and Skinner shafts, and the location and elevation of any known outcrops that indicate the easterly and westerly splits of the Solomon-Ridge Fault on the surface; all of the foregoing locations and elevations in relation to the boundaries of the mining claims involved.

Please acknowledge receipt of this letter.

Very truly yours,

W. M. TRAVER

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

Enclosure

JWT:prl
cc: Chairman, Oper. Comm. (2)
Karshman
Shaw
Townsend
Corres. file
Chron.

DMEA
Date Rec'd.
JUL 17 1956
OF MINES
Denver, Colorado

RECEIVED
JUL 20 1956

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
July 17, 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-E935, Gormax Mining Co. (Gormax No. 1 mine) Mineral County, Colorado -- Request for formal survey

As of July 9, 1956 the Gormax adit is 953 feet from its portal. This is at the approximate projected position of the most westerly split of the Holy Moses vein as shown on the map accompanying the contract.

The actual location and elevations of the Gormax adit portal, the J. I. C. shaft and the vein outcrops is not accurately known and may differ considerably from their contract map locations. Further, the possibility arises that the veins may not be recognizable at the adit level depth.

The accompanying map, traced from a plot (dated April 25, 1956) made by Davis Engineering Service of Del Norte, Colo., for the Outlet-Sublet Mining Companies (DMEA 3940, Contract Idm-E923); remarks by Chas. King of the above company; and the lack of a formal survey by the operator are the basis of doubt.

It is therefore recommended that exploration be recessed until the adit and significant surface features including the location on the claims, the adit, the shafts and veins be surveyed. Elevations of the adit portal, the shafts and vein outcrops are also necessary.

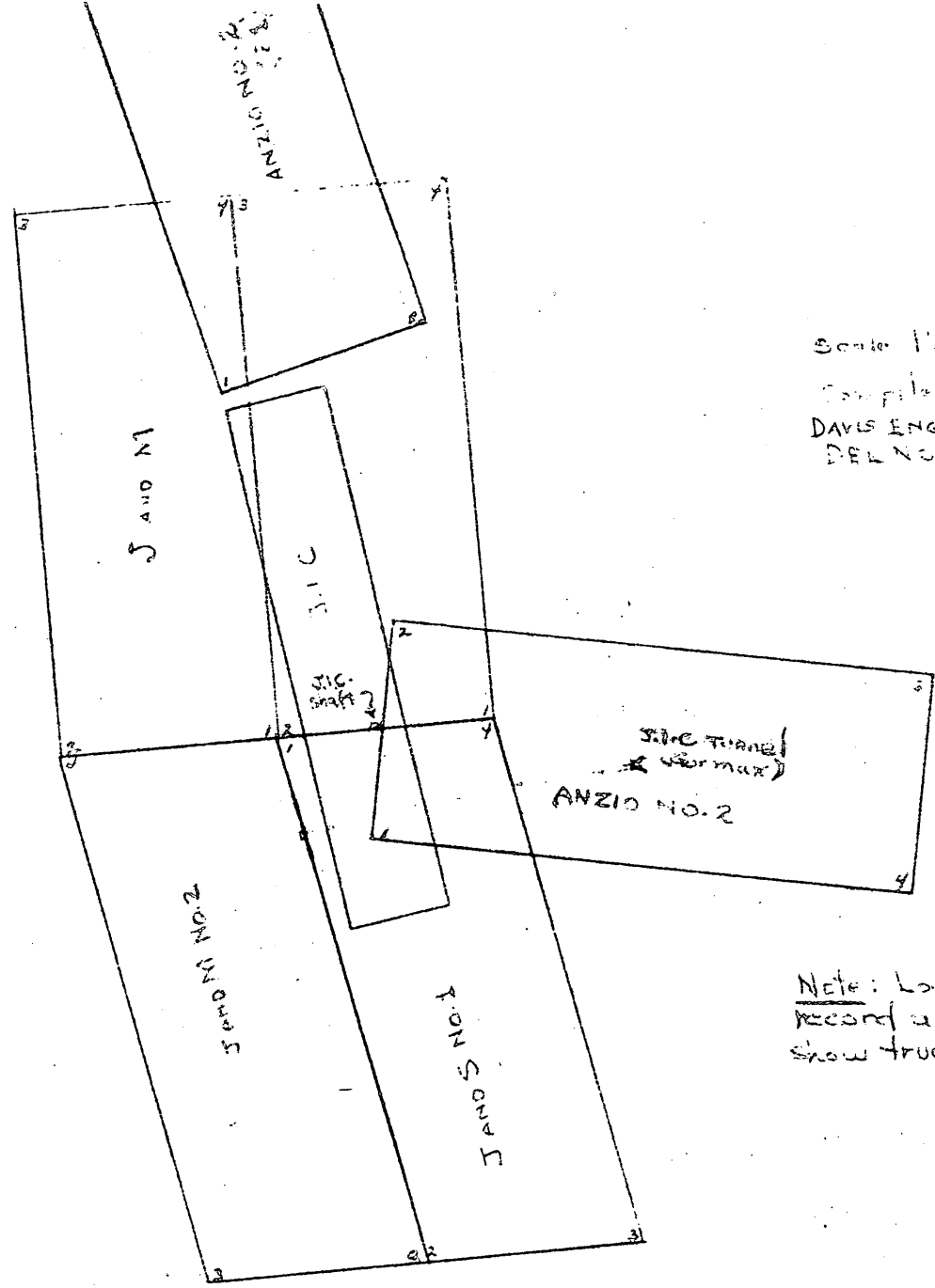
The survey should be at the operator's expense.

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

CMH/mw
Idm-E935
Chron

I concur.

E. M. Hanshman



Scale 1" = 500'

Compiled by
DAVIS ENGINEERING SERVICE
DEL NORTE, COLO. 4/25/56

Note: Lote locations are [illegible] record and do not necessarily show true locations on the ground.

RECEIVED
JUL 20 1956

Docket

JUL 1 2 1956

Memorandum

To: Administrator

From: George C. Selfridge, Special Assistant

Subject: Examination Trip
Docket No. DMEA 3982 (Lead-Zinc)
Gormax Mining Company
Gormax Mine
Mineral County, Colorado
Contract No. Idm-8935

The Gormax adit was visited with Messrs. Traver and Harshman and two U. S. Geological Survey men who are mapping the district. The adit, which trends to the southwest, cuts rhyolite or rhyolite tuff. It was thought that the first vein would be reached in approximately another 200 feet. Five-foot rounds are pulled with 24 holes using approximately one box of powder. Only one shift is worked. All tramming is by hand, but the operator plans to purchase an air trammer at an approximate cost of $2400. Copco 6-foot steel costs $18 a piece and drills approximately 1,000 feet. Ties cut from 4"x6" timber cost $.30 each. An Atlas drill and jacklag are used. Drillers in this area did not like the Ther drill which Cold Spring Tungsten found so satisfactory. The operation is short on air, a small Wada engine and an old compressor being used.

The subject contract provides $25.50 a foot for drifting.

George C. Selfridge

George C. Selfridge

GCSelfridge:mm
7/13/56
(7/12)
cc to: Docket
Admr. R. File
Messrs. Johnson
Griswold
Selfridge

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

RECEIVED
MAY 18 1956

224 New Customhouse
Denver 2, Colorado

May 16, 1956

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

Re: Docket DMEA-3982 (Lead-Zinc)
Contract Idm-E935
Gormax Mine
Mineral County, Colorado

Dear Mr. Smith:

We have received your Monthly Progress Report and Voucher for the month of April, 1956. The voucher cannot be processed for payment inasmuch as the amount reported on Form MF-104 is incorrect. The proper amount for 138 feet of crosscutting at $25.50 per foot is $3,519.00, as reported on the Forms MF-104A which you submitted with the April, 1956 report.

Enclosed are six copies of Form MF-104 for your use in making the necessary correction. Please return the corrected forms to Mr. Shaw, who will in turn forward them to this office.

Very truly yours,

W. M. TRAVER

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

Enclosures
JDC:jy
cc: Corresp. E935
Sec. Op. Comm. (2)
Shaw (2)
Chron.

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

RECEIVED
APR 11 1956

224 New Customhouse
Denver 2, Colorado

April 9, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: 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

Enclosed are the Government's, Division, and Docket copies of Exploration Project Contract Idm-E935, which were forwarded by your letter of March 22, 1956, for signature by the Operator.

The starting date has been inserted under Article 3 of the contract form and the Special Agreement concerning royalty has been signed by the landowners and a copy of the Special Agreement attached to each copy of the contract, as instructed in your letter of March 22.

In addition, we are enclosing the original and two copies of a special Power of Attorney executed by the two partners of Gormax Mining Company, designating Gordon D. Smith as managing partner to act as the agent of the partnership in all matters connected with the contract, Idm-E935.

Also enclosed are two copies of a letter from this office by which the Operator's Copy of the contract was forwarded, together with forms and instructions relative to reporting on the work to be performed under the contract.

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

W. M. Traver

W. M. Traver

Enclosures

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

RECEIVED
APR 1 1 1956

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

April 9, 1956

Mr. Gordon D. Smith
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 Co.,
Colorado

Dear Mr. Smith:

Enclosed herewith is your copy of Exploration Project Contract Idm-E935, Docket DMEA 3982.

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

Form MF-104, "Operator's Progress Report and Voucher," must be accompanied by maps or sketches showing the location and extent of work performed and a narrative report describing the work performed and conditions encountered. The monthly accounting report will not be processed for payment unless it is accompanied by a signed narrative report and other pertinent data. Additional copies of forms MF-104 and MF-104A will be forwarded to you each month on receipt of your report for the prior month.

For your information and in reply to many questions that have been asked, after forms MF-104 and MF-104A are received an engineer will check progress and approve your accounts, after which they

will be sent to the Regional Office, Region III, U. S. Bureau of Mines, 224 New Customhouse, Denver 2, Colorado, for auditing and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the costs. If you have any difficulty in completing these forms and reports, please call on Mr. Shaw or this office for assistance.

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

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

Your attention is directed to the provision that Stage II work is contingent on the results obtained from Stage I, and performance of the work under Stage II is subject to the prior written approval of the Government.

When the work under Stage I has been completed, you must request approval from this office for the work you propose to perform under Stage II. Your request for the work approval must be in sextuplet, each copy complete with a map showing the work previously completed and the work you propose for the next stage. Your request should be complete with assay returns from any samples taken, a description of the work performed, and the results thereof, and any other pertinent data which will be of value to the Government in evaluating the work performed.

You should anticipate a suspension of operation between stages of work to enable the Government geologist and engineer to evaluate the results of the work performed and make their recommendations to this office relative to the additional work you propose.

To eliminate as much delay to operations as possible, if that is of serious consideration, you should expedite forwarding of the results of the work completed and your request for the Government's approval of the additional work you propose.

No oral statement of any person shall be construed to modify or change the terms of the contract. Field representatives of the

Government are not authorized to approve any changes in the work program or contract provisions. Such approval can only be given by the Washington Office, DSSA, or by the DSSA Field Team, Region III.

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

Very truly yours,

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

Enclosures

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

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

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

March 30, 1956

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

Docket

Re: Docket DMEA 3982 (Lead-Zinc),
Gormax Mining Company,
Gormax mine, Mineral Co., Colo.,
Proposed Exploration Project
Contract Idm-E935

Dear Mr. Smith:

Enclosed are the Government's, Division, Docket, Finance Office, and Field Team copies of proposed Exploration Project Contract Idm-E935, which has been prepared pursuant to your application for Government assistance in exploration work under the Defense Minerals Exploration Administration program.

If the Contract is satisfactory to you, all copies are to be signed by both partners as indicated and all copies promptly returned to this office. When the properly executed copies of the contract are returned, the "Operator's Copy" will be forwarded to you together with forms and instructions relative to reporting on the work performed under the Contract.

When the executed copies of the Contract are returned to this office, please advise the date on or before which you will commence work, for our insertion under Article 3 of the Contract form.

Inasmuch as Gormax Mining Company is a partnership consisting of Gordon D. Smith and Maxine S. Smith, it would simplify administration of the contract if one of the partners were designated by power of attorney as the managing partner, thereby eliminating the necessity that both partners sign all reports and future documents pertaining to the Contract. The power of attorney should incorporate recitation to the effect as follows:

"The managing partner to act as the Agent of said partnership in all matters connected with United States Department of Interior, Defense Minerals Exploration Administration, Contract Idm-E935, Docket DMEA 3932, 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 said partnership by reason of said Contract Idm-E935."

Please supply this office with the original and five copies of the Power of Attorney, if such is executed.

Very truly yours,

W. M. TRAVER

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

Enclosures

JWT:prl
cc: Chairman, Oper. Comm. (2)
Harshman
Shaw
Townsend
Corres. file
Chron.

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

RECEIVED
MAR 30 1956

March 27, 1956

224 New Customhouse
Denver 2, Colorado

Docket

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

Re: Docket DMEA 3982 (Lead-Zinc), Gormax Mine, Mineral County, Colorado

Dear Mr. Smith:

This office is holding the original and five copies of a DMEA contract for the cited property signed by the Administrator. However, before we can release this contract for your signature, it will be necessary for you to obtain the signatures of the General Partners of the Outlet Mining Company on the original and seven copies of the enclosed agreement, Undertaking Concerning Royalty, and return them to this office.

This Undertaking Concerning Royalty has the same intent as was stated by Mr. James M. Muir, Jr. and Gavin W. Skinner, General Partners in their letter to the Executive Officer dated 29 November 1955, copy of which is attached.

Upon receipt of the signed copies of the attached Undertaking Concerning Royalty, we will forward the contract for your signature.

Very truly yours,

W. M. TRAVER,

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

Enclosures
HMC:ab
cc: Chair. Op. Comm. (2)
Townsend
Docket 3982
Chron.

File Copy
Surname
J. All
Irwin
Taffet
Selfridge
F. Johnson
Mortenday

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

500

MAR 22 1956

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

Re: Docket No. DMEA-3982 (Lead-Zinc)
Germax Mining Company
Germax Mine
Mineral County, Colorado

Dear Mr. Traver:

We are enclosing the original and five copies of a contract for the cited property, signed by the Administrator, together with Annex I, Consent to Lien, Exhibit "A" (2 pages), and one map. We are also enclosing two extra copies of Annex I, Exhibit "A", and the map for the use of the Field Team.

Also enclosed are the original and seven copies of a Special Agreement Concerning Royalty which will have to be executed by the landowner prior to the execution of the exploration contract. When the Special Agreement has been executed, please attach copies of it to the contract.

It will be necessary to insert in the contract, in the space provided under Article 3, the date when the Operator shall commence work on the contract.

If the contract meets with your approval, kindly present it to the Applicant for approval and signature and, when completed, distribute the copies in the usual manner. In the event that the contract is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (SWB)

Enclosures

JWAlt/er (3/19 & 20/56)
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

/s/ Robert W. Geehan (SWB)
Member, Bureau of Mines

W. P. Williams (SWB)
Member, Geological Survey

R.C.G.

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

MAR 16 1956

Memorandum:

To: The Administrator, DMEA
Attention: Chief, Base Metals Division

From: Associate Solicitor, Division of Mineral Resources

Subject: DMEA-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 Lien 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

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

File Copy

Surname J. ALB. Grigsned Selfridge [illegible] Wittendorf

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

MAR 13 1956

Docket

JWAlt/er Rm. 4444, Ext. 3669

Base Metals Div., DMEA

14X4401(01) Revolving Fund, Defense Production Act, Interior (allocated Working Fund to Office of Secy.)

TELETYPE

XXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Date:

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

Reurtt March 12, 1956, DMEA-3982, Gormax Mining Company. We believe a proposed contract will be submitted to the Operating Committee and the Administrator for consideration next week.

George C. Selfridge
Chairman, Operating Committee (JWB)

JWAlt/er 3/13/56

Copy to: ✓Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.
Confirmation Copy

R.C.K.

Chairman, Opr. Comm., D.M.E.A.

RECEIVED
MAR 13 1956

DN 235 BUR MINES 3-12-56 2-11

CHAIRMAI, OPERATING COMMITTEE

DMEA

GORMAX MINING CO. DMEA-3982 PRESSING FOR INFORMATION ON STATUS OF APPLICATION. PLEASE TT ADVICE.

W M TRAVER

Denver, Colo.

File Copy
Surname
J Leo

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

March 5, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Contract for Gormax Mining Company, Gormax Mine, Docket No. DMEA-3982 (Lead-Zinc), Mineral County, Colorado

Will you please prepare a contract for the cited application. A draft of the contract, Exhibit "A", and Annex I are attached to this memorandum. Also attached are nine copies of a map and six copies of Consent to Lien.

On February 17, the cited application was sent to your Division to prepare a contract. Mr. H. Rubin objected to a clause in the Amendment To Mining Lease, dated February 1, 1956. The docket was returned to us and we phoned the Executive Officer, DMEA Field Team, Region III, regarding the clause which excludes such portion of any and all of said claims below the Gormax Tunnel level. In reply to this phone conversation, we received a memorandum from the Executive Officer, dated February 29. This memorandum was shown to Mr. Rubin and he said to again route the cited Docket to you and that he would take care of the preparation of a contract.

W. R. Griswold

W. R. Griswold

MRGX
JWAlt/er

Copy to: Docket
Base Metals
Chron.

File Copy
Surname

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

JWAlt/er Rm. 4444, Ext. 3069

MAR - 2 1956

DMEA - Base Metals Division

XXXXX XXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX XXXXXXXXXX

14X4401(01) Revolving Fund, Defense Production Act, Interior (allocated Working Fund to Office of Secy.)

Date:

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

Your memo February 29, Docket DMEA 3982, Gormax Mining Company. It will not be necessary for you to contact Applicant. We will continue processing the application.

George C. Selfridge

Chairman, Operating Committee

JWAlt/ er 3/2/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Confirmation Copy
Chron.

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

RECEIVED
MAR - 1 1956

AIR MAIL

February 29, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

Attention: Mr. Alt

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3982 (Lead-Zinc), Gormax Mining Company, Mineral County, Colorado

This has further reference to my telephone conversation this date with Mr. Alt of your office concerning the lease on the subject property.

It is common practice throughout the western mining country for lessors to lease blocks of ground, and by so doing not tie up the remainder of the property which the lessor can develop from a lower level more economically. It is the intent in the case in question of both the lessor and lessee that the lessee has the right to mine and remove ore from the property above the Gormax Tunnel level. It is not the intent of the lessor, Outlet Mining Company, to avoid payment of royalty to the Government on any ore in these claims both above and below the Gormax Tunnel level as is clearly shown by their signing the Owner's Consent to Lien on the entire property which was forwarded you with our memorandum of February 20, 1956. Please refer also to their letter to the Executive Officer, Region III, dated the 29th of November, 1955, copies of which have been furnished you.

> "According to the terms of the Gormax Mining Company's Lease from the Outlet Mining Company all property below the level of the Gormax Tunnel shall remain the property of the Outlet Mining Company. This letter is to clarify the intent of the Outlet Mining Company to consent to lien on the entire width, breadth, and depth of the above described lode mining claims until full repayment is made to DMEA of any loan that may be made to the Gormax Mining Company for development of the above described lode mining claims."

The above letter was dated November 29, 1955 and the Amendment to

the Mining Lease is dated February 1, 1956.

If the lessor will again make the above statement to cover all claims covered by the Amendment to Mining Lease dated February 1, 1956, will your Legal Department be satisfied?

If we try to force the lessor to take out the two statements in the Amendment to Mining Lease dated February 1, 1956 "excluding therefrom such portion of any and all of said claims below the Gormax Tunnel level", we will in effect be forcing the lessor to lease the entire group of claims both above and below the Gormax Tunnel level which we believe the lessor would not do.

We will not contact the applicant until we receive further advice from you, by teletype.

W. M. Traver

W. M. Traver

3/2/56. I talked this over with Mr. Kabin and he said to send the docket back to them again.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

February 29, 1956

Memorandum for the Files

From: J. W. Alt, Base Metals Division

Subject: Gormax Mining Company, Gormax Mine, Docket No. DMEA-3982
Mineral County, Colorado, Lead-Zinc.

On this date, I phoned W. M. Traver, Executive Officer, DMEA Field Team, Region III, regarding the Amended Mining Lease, dated February 1, 1956, for the cited application. I told him that if possible the owners of this property, the Outlet Mining Company, should amend this lease to lease the land without the restrictions to the Gormax Mining Company. I explained the restrictions of this amended lease, the restriction being "excluding therefrom such portion of any and all of said claims below the Gormax Tunnel level."

Mr. Traver thought this could be done, and stated that he would immediately contact the Applicant and notify him of the desired change in the Amended Mining Lease.

I explained to Mr. Traver that we had prepared this contract, that it had been sent to the Legal Division, and that the letter to him from the Outlet Mining Company, dated November 29, 1955 would not be sufficient to include the land below the Gormax Tunnel level. Furthermore, this letter predates the Amended Mining Lease.

J. W. Alt.
J. W. Alt

JWAlt/er 2/29/56

Copy to: Docket
Base Metals
Chron.

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

RECEIVED
FEB 23 1956

February 20, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Field Team, Region III

Subject: Docket DMEA 3982 (Lead-Zinc), Gormax Mining Company, Gormax Mine, Mineral County, Colorado

This responds to your letter of October 10, 1955 on the subject docket.

Enclosed are the original and five copies of Owner's Consent to Lien on the claims involved in the subject application.

DMEA Field Team, Region III

By W. M. Traver
Executive Officer

Enclosures

File Copy
Surname
J. Alt.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

February 17, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Contract for Gormax Mining Company, Gormax Mine, Docket No. DMEA-3982 (Lead-Zinc), Mineral County, Colorado.

Will you please prepare a contract for the cited application. A draft of the contract, Exhibit "A", and Annex I are attached to this memorandum. Also attached are nine copies of a map.

The Executive Officer, Region III, has written to the Applicant regarding the recordings of the claims. Please refer to his letter dated February 7, 1956. The Field Team state that they will prepare the Consent to Lien.

W. R. Griswold

W. R. Griswold

JWAlt/er

Copy to: Docket
Base Metals
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

February 17, 1956

Memorandum for the Files

From: J. W. Alt, Base Metals Division

Subject: Gormax Mining Company, Gormax Mine, DMEA-3982 (Lead-Zinc), Mineral County, Colorado

In preparing this contract all supplies as listed in the Field Team Report, such as track, air and water pipe and vent tube have been considered as having a salvage value of 50 per cent. The cost of timber has been deducted from the total cost per foot.

The cost per foot of $25.50 is the same as that for the Outlet and Sublet Mining Companies' contract, Docket No. DMEA-3940. This was discussed with Mr. Traver, Executive Officer, Region III, in a telephone conversation on February 16, and he agreed to this cost. The reason for the exact same cost per foot for work performed is that these are adjacent mining companies and the nature of the work should be the same.

J. W. Alt

J. W. Alt

JWA/er

Copy to: Docket
Base Metals
Chron.

RECEIVED
FEB 20 1956

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

RECEIVED FEB 1 5 1956

February 13, 1956

224 New Customhouse
Denver 2, Colorado

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

Re: Docket DMEA 3982 (Lead-Zinc), Gormax Mine, Mineral County, Colorado

Dear Mr. Smith:

Enclosed are the original and five copies of Owner's Consent to Lien, Form MF-203. Will you please obtain the signatures of all the owners on all copies and return them to this office, so that we may continue to process your application.

Very truly yours,

W. M. TRAVER,

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

Enclosures

HMC:ab

cc: Chair. Op. Comm. (2)
Harshman
Docket 3982
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

February 9, 1956

Memorandum for the Files

From: J. W. Alt, Base Metals Division

Subject: Gormax Mining Company (Lead-Zinc), Gormax Mine, Docket No. DMEA-3982, Mineral County, Colorado

On this date I phoned W. M. Traver, Executive Officer, DMEA Field Team, Region III, regarding the cited application. I told him that we are processing this application and would need the following information:

When preparing Annex I to the contract, could we include the claims which were mentioned in his memorandum, dated January 16, 1956. He said it was all right to do this as he was sure that the Applicant would obtain leases on these claims. He informed me that he would prepare the Consent to Lien.

The Field Team recommendation in their cost per foot for drifting and crosscutting includes timbering. I told Mr. Traver that we would reduce this cost per foot and have a separate item for timbering which would be $5.00 per foot. He agreed to this.

I discussed with him the cost of samples assayed for lead and zinc. It was agreed that the Field Team recommendation of $5.00 per sample was too high and that we should allow $3.00 per sample assayed for lead-zinc-silver.

J.W. Alt
J. W. Alt

Copy to: Docket
Base Metals
Chron.

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

RECEIVED
FEB - 7 1956

February 6, 1956

Re: DMEA ~~3892;~~ 3982 Lead-Zinc - $62,500
Gormax Mining Company
Creede, Colorado
J.I.C., Anzio No. 1 and No. 2 Claims
Mineral County, Colorado

Memorandum

To: W. R. Griswold, DMEA

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

Subject: Field Team Review and Examination Report dated January 16 and January 10, respectively, received January 19, 1956

The Gormax Mining Company applied for DMEA assistance in exploring their J.I.C. and Anzio No. 1 and No. 2 Claims with 800 feet of crosscut adit at an estimated cost of $16,960. The field examiners, McMillan (USBM) and King (USGS) concluded that there is a good potential for discovering significant amounts of lead-zinc ore in the Holy Moses vein and with the applicant revised the proposed exploration, breaking it down into two stages. Stage I is to consist of the 800-foot Gormax adit crosscut and 400 feet of drifting on the vein or veins, which may be cut in the crosscut; Stage II is to consist of 800 feet of additional drifting on approved structures.

Inasmuch as the exploration is largely on a producing structure, at a horizon believed favorable and about 400 feet below the surface so that considerable ore would be developed by the adit level, I concur with the field examiners and field team in recommending approval of the proposal as amended.

As noted by the field team, the ownership of overlapping claim areas should be resolved through lease, purchase or some other satisfactory action.

O. M. Bishop

O. M. Bishop

Copy to - Division of Minerals
Branch of Base Metals (2)
Mr. Kiilsgaard, Rm. 5222
Mr. Geehan, Rm. 3608
Files

IN REPLY REFER TO:

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

RECEIVED
JAN 24 1956

January 23, 1956

Re: DMEA 3982
Gormax Mining Co.
J.I.C. Anzio No. 1 & 2 claims
Mineral Co., Colorado
$62,525.00 - Lead-Zinc

Memorandum

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

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

Subject: Review of Field Team report.

The applicant requested assistance in driving the Gormax crosscut adit 800 feet to intersections with the J.I.C. East and West veins. The J.I.C. veins are tentatively identified as splits of the Holy Moses vein which is being mined in the Phoenix mine and deep work on which is the subject of application DMEA 3940. The Palo Alto adit, through which the Holy Moses vein in the Phoenix mine is worked, is about 2,200 feet south of and 100 feet lower than the Gormax adit. The Holy Moses vein, or splits of same, have not been positively identified on the applicant's property, but such are inferred from dumps and pits. The Solomon Ridge fault is believed to be continuous through the Gormax, Phoenix, Holy Moses, Ridge and Solomon mines, a distance of 10,000 feet and as the ore mined in the district since 1903, 42,856 tons, has come from ore shoots in the fault, if not from one vein, the chances of finding veins in the Gormax property are considered good enough to warrant the alternate proposal of the examiners. The work proposed by the applicant, 800 feet of crosscut, was estimated to cost $16,960.00. The alternate proposal of the examiners includes 800 feet of crosscut and 400 feet of drifting in Stage I and 800 feet of drifting in Stage II. The estimated cost is:--

Stage I	$37,205.00
Stage II	25,320.00
	$62,525.00

The cost per foot allowed for the work by the applicant is probably low and it is inferred that the gratuity, in the way of footage proposed by the examiners, is necessary in order to make the exploratory work reasonably conclusive.

I concur with the staged work proposal recommended by the examiners and Field Team.

N. E. Nelson

N. E. Nelson

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

RECEIVED
JAN 19 1956

ON-SITE Report

January 16, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Joint Report of Examination, Docket DMEA 3982, (Lead-Zinc), Gormax Mining Company, J.I.C., Anzio No. 1, and Anzio No. 2 claims, Mineral County, Colorado

Enclosed are the original and three copies of a Joint Report of Examination covering the subject docket.

The field examiners recommend a two-stage exploration program at a cost of $62,500.00. We concur in this recommendation providing the applicant can obtain the right to mine and remove ore from the J & M claim and that part of the J & S No. 1 claim which overlaps the J & M, J.I.C., and Anzio No. 2 claims.

The owners of the property covered by the present lease have indicated their willingness to consent to lien on all ore found above and below the Gormax Tunnel. (See letter from Muir and Skinner dated November 29, 1955 forwarded you with our memorandum dated December 7, 1955). We believe the applicant will obtain a lease on the J & M claim and that part of the J & S No. 1 claim which may be in conflict, as we understand the ownership is the same as that of the present leased ground. (See copy of our letter to the applicant dated January 13, 1956).

Nine extra copies of Figure 2 are attached for possible use in the contract.

DMEA Field Team, Region III

W. M. Traver

E. N. Harshman

Reviewed by
DMEA OPERATING COMMITTEE
1-23-56
(date)

Enclosures

RECEIVED
JAN 10 1956

DMEA
Date Rec'd
JAN 11 1956
BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
January 10, 1956

TRANSMITTED
JAN 16 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: E. N. Harshman
John F. Shaw

Subject: Examination Report, Docket No. DMEA 3982, Gormax Mining Co., J.I.C. Anzio No. 1 and Anzio No. 2 claims, (lead-zinc) King Solomon Mining District, Mineral County, Colorado

Enclosed are the original and 7 copies of a Joint Engineering and Geologic Report by W. D. McMillan, Bureau of Mines, and R. U. King, Geologist, of the Geological Survey, covering docket number DMEA 3982.

The Gormax Mining Company applied for DMEA assistance in the amount of $16,960.00 to explore the J.I.C. Anzio No. 1 and Anzio No. 2 claims by 800 feet of adit. The property was examined on November 15, 1955, by W. D. McMillan, Mining Engineer, and R. U. King, Geologist.

The proposed exploration consists of a crosscut adit. The examining team concluded that there is a good possibility of discovering significant bodies of lead-zinc ore in the extension of the Holy Moses vein in the Solomon-Ridge fault.

A revised program consisting of 800 feet of crosscuts and 1,200 feet of drifts in two stages at an estimated cost of $62,525.00 is recommended by the examining team. The revised proposal was discussed with and is acceptable to the applicant.

The costs submitted by the applicant are believed to be too low and were accordingly revised upward by the examining team. The cost of labor and supplies in the Creede area is strongly influenced by the fact that the mill of the Emperius Mining Company was recently destroyed by fire and there is no mining activity in the area at this time. Consequently, labor may be obtained cheaply and equipment and supplies can be obtained at unusually low prices. It is anticipated that the Emperius Mining Company will re-build their mill in the spring; and as a result, the cost of labor and supplies will again be normal. It is recommended that a short-form contract be prepared in two stages--Stage I to consist of 1,200 feet of drifting and crosscutting at $30.00 per foot and Stage II to

Reviewed by
DMEA OPERATING COMMITTEE
1-23-56
(date)

consist of 800 feet of drifting at $30.00 per foot. Stage I should include 85 samples at $5.00 each and Stage II include 160 samples at $5.00 each.

Docket No. DMEA 3940, Outlet and Sublet Mining Companies, has been recommended for the approval of work on claims adjoining those held by the Gormax Mining Company, and it is believed that the allowable cost of drifting and crosscutting should be the same in both of these proposed contracts.

E. N. Harshman
Member Field Team

for Scott W. Hazen Jr.
John F. Shaw
Supervising Mining Engineer

Enclosures

JFS:ch

cc 7
ENHarshman
DMEA 3982
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

JAN 19 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

TRANSMITTED

JAN 16 1956

DMEA 3982

GORMAX MINING COMPANY

KING SOLOMON MINING DISTRICT

MINERAL COUNTY, COLORADO

Lead and Zinc

Joint Engineering and Geologic Report

By

W. D. McMillan, Mining Engineer
Bureau of Mines

R. U. King, Geologist
Geological Survey

December 21, 1955

Reviewed by
DMEA OPERATING COMMITTEE
1-23-56
(Date)

DMEA 3982
GORMAX MINING COMPANY
KING SOLOMON MINING DISTRICT
MINERAL COUNTY, COLORADO

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DMEA 3982
GORMAX MINING COMPANY
KING SOLOMON MINING DISTRICT
MINERAL COUNTY, COLORADO

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JAN 19 1956

By

W. D. McMillan and R. U. King

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Gormax Mining Company applied to DMEA for Government assistance to explore for lead and zinc on the J. I. C., Anzio No. 1, and Anzio No. 2 claims which they hold under lease. The application was for a single stage program consisting of 800 feet of adit at an estimated total cost of $16,960.00. Government participation at 50 percent would be $8,480.00.

An examination of the applicant's property was made on November 15, 1955.

Vein deposits of gold-and silver-bearing base metals in the prominent mineralized fault zone, known as the Solomon-Ridge fault, have been mined during the past 60 to 70 years. The most productive vein along the Solomon-Ridge fault is known as The Holy Moses vein.

The applicant proposes to explore two splits of the northerly extension of the Holy Moses vein, which he refers to as the East J. I. C. vein and the West J. I. C. vein. The Palo Alto (Phoenix) adit of the Phoenix mine is about 2,200 feet south of the Gormax adit. Significant amounts of lead-zinc ore are currently being mined at the Phoenix mine, and the examining team concludes that there is a geologic probability of finding significant deposits of lead-zinc ore on the subject property.

The examining team recommends approval of a short form contract consisting of approximately 800 feet of crosscuts and 1,200 feet of drifts in two stages at an estimated cost of $62,525.00. Government participation at 50 percent would be $31,262.50.

INTRODUCTION

Gormax Mining Company applied for Defense Minerals Exploration Administration assistance to explore the J. I. C., Anzio No. 1 and Anzio No. 2 claims for lead-zinc ore. Their proposal consists of driving a 5-foot by 7-foot adit 800 feet to intersect the east and west J. I. C. veins at depths of 350 and 400 feet, respectively. The position of the West J.I.C. vein is postulated on the basis of M-scope surveys. The applicant's estimated total overall cost is $16,960.00, equivalent to $21.20 per foot.

An examination was made on November 15, 1955, by a Region III examining team consisting of W. D. McMillan of the Bureau of Mines, and R. U. King of the Geological Survey, accompanied by William C. Jackson, representative of the applicant.

A modified program consisting of 800 feet of adit and 1,200 feet of drifts at a total cost of $62,525.00 is recommended. Government participation at 50 percent would be $31,262.50.

ACKNOWLEDGMENTS

The geologic interpretations and conclusions presented in this report are largely based on information supplied by T. A. Steven of the U. S. Geological Survey who is project chief of the Creede-Summitville project. Free use has been made of the Geological Survey Bulletins Nos. 530, 718, and 843.

LOCATION, TOPOGRAPHY, AND PHYSICAL FEATURES

The J. I. C. claim is in the western part of sec. 7, T. 42 N., R. 1 E.; the Anzio No. 1 claim is partly in sec. 12, T. 42 N., R. 1 W. and partly in sec. 7, T. 42 N., R. 1 W.; and the Anzio No. 2 claim is in sec. 7, T. 42 N., R. 1 W., King Solomon mining district, Mineral County, Colorado. The claims are on the east slope of Campbell Mountain, west of East Willow Creek, at altitudes of 10,000 to 11,000 feet. They are 4 miles north of Creede, the nearest source of supplies (fig. 1), and are reached by about 4 miles of county graded road and 1 mile of access road. Nelson Mountain, 1 mile northwest, has an altitude of 12,000 feet.

The climate of the area is typical of the Colorado Mountains, with cool summers and below zero temperatures in the winters, with up to 4 feet of snow. There is a moderate cover of pine, aspen, and willow in the valleys. Mining timber and lumber are available at local saw mills, and there is an ample supply of wood for domestic fuel on the claims. All power needs must be furnished by gasoline or diesel driven units. Water for mining and domestic purposes must be hauled 1 mile from East Willow Creek. At present there is no market for lead-zinc ores at Creede, and ore must be shipped to the A. S. & R. Company smelter at Leadville, Colorado.

The field check and examination of records at the Creede Courthouse indicate that the claims and lease are valid.

LABOR AND LIVING CONDITIONS

Ample manpower and accommodations are available at Creede.

HISTORY, PRODUCTION, AND OWNERSHIP

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Mining of gold, silver, copper, lead, and zinc along the Solomon-Ridge fault began in the latter part of the 19th century and has continued to this date. The production from the King Solomon district in 1954 amounts to 1,964 ounces of gold, 238,685 ounces of silver, 50,000 pounds of copper, 4,356,000 pounds of lead, and 2,222,000 pounds of zinc.

The applicant should have the right to mine ore on the J. & M. claim; the ownership of the area in conflict with the J & S No. 1 claim should be clarified; that area should be included if it is not already a part of the lease; and the lease should include the ground below the Gormax adit.

That portion of the J. I. C. patented lode claim, the Anzio No. 1 and the Anzio No. 2 claims above the Gormax adit (fig. 2) were leased to Gormax Mining Company on July 18, 1955. The lessee was granted the right to work through the Gormax adit.

PRESENT STATUS

Exploration and Development

As of the date of the examination, an adit (Gormax) had been driven about 250 feet S. 80° W. (fig. 2), toward the east J. I. C. vein (a split of the Holy Moses vein). The only other workings on the property are the Skinner shaft (caved) reported to be 40 feet deep and the J. I. C. shaft (caved) of unknown but presumably shallow depth.

Mining equipment and other facilities

Mining equipment on the property consists of the following:

1 - 12- by 20-foot compressor house

1 - Frame for ore bin and trestle for waste

1 - 60-H.P. Buda propane engine

1 - Gardner-Denver 266 c.f.m. 2-stage compressor

1 - 2- by 3-foot air receiver

1 - 3- by 16-foot air receiver

1 - Ingersoll-Rand drill, with jack leg

1 - 30-gallon pressure tank

1 - Gardner-Denver-G.D. No. 9 mucking machine

3 - Mine cars

Misc. pipe, rail, mechanic and carpenter tools

GEOLOGY AND ORE DEPOSITS

The country rocks of the Creede district consist chiefly of volcanic flow rocks, tuffs, and flow breccias that are part of the great Tertiary volcanic field of the San Juan Mountains.

The rocks are, for the most part, classed as rhyolite and quartz latite. They dip gently north, and block faulting which is common in the district has produced considerably local variation in the dips of the volcanic rocks.

The major fault zones, the Amethyst and the Solomon-Ridge, are the loci of most of the productive ore deposits of the district.

Rocks exposed in the vicinity of the proposed exploration project include, from older to younger, Phoenix Park quartz-latite; and the Willow Creek, Campbell Mountain, and Mammoth Mountain rhyolites. The Solomon-Ridge fault cuts these volcanic rocks and minor displacement has occurred along the fault. The Solomon-Ridge fault, which traverses the applicant's property, and which has been traced for over 2 miles along the east slope of Campbell Mountain, trends north-northwest and dips steeply to the west (fig. 3).

Veins occur in the Solomon-Ridge fault, which splits at irregular intervals into separate faults that are as much as 100 feet or more apart. The proposed exploratory crosscut on the subject property is opposite one of these splits, and it is expected that the crosscut will intersect two faults. The applicant has named the two faults the East J. I. C. vein and the West J. I. C. vein, but the applicant's plotted position of the West J. I. C. vein is subject to some question.

The ore deposts of the King Solomon district consist of silver-lead-zinc fissure veins. The veins occupy the strong Solomon-Ridge fault fissure and are generally extensive both along strike and dip. Deposits of gold- and silver-bearing base metals in veins along the Solomon-Ridge fault have been economically exploited over the past half century. The most productive vein along Solomon-Ridge fault zone is known as the Holy Moses vein. Important mines from which ore has been produced from the Holy Moses vein, include from south to north: the Solomon-Ridge, Holy Moses, and Phoenix mines (fig. 3).

The part of the Holy Moses vein that is to be explored for lead and zinc deposits through the Gormax adit lies about 2,000 feet north of the Phoenix mine from which ore is currently being produced.

The position of the Holy Moses vein on the subject property is inferred from the known attitude of the Solomon-Ridge fault at the Phoenix mine, south of the subject property, from dumps and exposures in pits on the property, and from prospect pits as much as one-half mile north of the property.

Recent mapping by the Geological Survey (T. A. Steven, official communication) indicates that the Skinner shaft is on the easterly split of the Holy Moses vein and the J. I. C. shaft is on the westerly split of the same vein. The applicant has identified the east split with the East J. I. C. vein, but has postulated on the basis of M-Scope surveys a West J. I. C. vein that would apex some 350 feet west of the J. I. C. shaft. The applicant believes that the West J. I. C. vein is the westerly split of the Holy Moses vein; there is no geologic evidence to substantiate the applicant's postulated position of the West J. I. C. vein.

The proposed drifting will explore the Holy Moses vein about 100 feet higher than at the Palo Alto (Phoenix) adit level, and about 400 feet below the surface outcrops. The Holy Moses vein has been exploited in the workings of the Phoenix mine (Phoenix shaft and Palo Alto adit) for a vertical distance of over 300 feet and horizontally for about 750 feet.

Ore bodies are irregularly spaced along the Holy Moses vein; ore shoots as much as 300 feet in length by 100 feet in breadth and 8 feet thick have been found in the vein. The ore minerals include sphalerite, argentiferous galena, and small quantities of chalcopyrite and gold. The gangue of the veins is composed chiefly of chloritic gouge, quartz, barite,

and altered wall rocks. Oxidation has altered the vein material to considerable depths in parts of the Creede district; the ores of the Phoenix mine on the Palo Alto adit level are highly oxidized and only small pods of sulfide ores remain. It is very probable that the proposed exploration through the Gormax adit will encounter similar oxidized ores.

The most favorable host rocks for ore in the King Solomon district are the Willow Creek and Campbell Mountain rhyolites. Although some ore has been found in veins in the Phoenix Park quartz latite, this formation is considered less favorable for ore than the overlying Willow Creek and Campbell formations. Inasmuch as the contact between the Phoenix Park and the overlying Willow Creek formations is well below the Gormax adit the proposed exploration would intersect the vein in favorable host rocks.

APPLICANT'S PROJECT PROPOSAL AND COST

The applicant proposes to explore the West J. I. C. vein for lead and zinc by driving the Gormax adit westerly to its intersection with that vein. No drifting is proposed on the West J. I. C. vein. The applicant estimates that the total length of adit required to reach the above objective would be 1,050 feet, but at his current rate of progress (5 feet per day) he would have accomplished 250 feet of adit by the time of final action on his application. He therefore has applied for DMEA assistance for the remaining 800 feet of tunnelling (crosscut adit) required to reach the West J. I. C. vein.

The estimated cost of the 800 feet of tunnel was $16,960.00. This is equivalent to a unit cost of $21.20 per foot. It should be noted that these costs are lower than normal for this area.

EXPLORATION PROGRAM AND COSTS RECOMMENDED

The examining team believes that the applicant's proposal to crosscut 800 feet to intersect the East and West J. I. C. veins does not constitute a suitable program because (1) the objective is too limited, and (2) the identification of the West J. I. C. vein is subject to question.

It is believed, however, that the geologic structure (Solomon-Ridge fault) in which the veins occur is sufficiently well mineralized along both strike and dip that there are good chances of finding significant mineralized sections within intervals of about 200 feet from the proposed crosscut.

It is probable that the Gormax adit when advanced will intersect the downward projection of the easterly and westerly splits of the Holy Moses vein approximately 900 feet from the portal. But inasmuch as the dip of the veins is not known with certainty within the area of proposed exploration it is recommended that the 800 feet of crosscut adit be allowed.

Therefore, the examining team recommends approval of the applicant's proposal for approximately 800 feet of crosscut adit, with an additional 400 feet of drifting, on the vein or veins in the first stage of exploration, and 800 feet of drifting in the second stage.

COST ESTIMATES

The estimated cost of performing this work is as follows:

<u>Stage I</u> - 800 feet of adit - 400 feet drift

Estimated time for completion - 9 months

Basis: 22 days per month--2 shifts, 44 shifts per month, 133 feet per month

Work performed by Force Account

Labor and supervision

			Cost/ft.
1 Miner supervisor - 9 months at $400.00/mo.	$3,600.00		
1 Foreman miner at $2.00/hr. 176 hrs./mo. x 9 = 1,584	3,168.00		
4 Miners at $1.50/hr. 704 hrs./mo. x 9 = 6,336	9,504.00		
1 Geological consultant 12 days at $50.00	600.00		
Total labor and supervision		$16,872.00	$14.06

Operating materials and supplies

Office - 9 mos. at $50.00	$ 450.00		
Explosive (dynamite, caps, fuses, etc.) 1,200 feet Est. at $3.26/ft.	3,912.00		
Pipe-air, water, ventilation 1,200 ft. est. at $2.10/ft.	2,520.00		
Track (rails, ties, plates, bolts, spikes) 1,200 feet Est. at $1.40/ft.	1,680.00		
Fuel and oil for compressor and blowers 1,200 feet Est. at $1.10/ft.	1,320.00		
Mine timbers 1,200 feet Est. at $0.35/ft.	420.00		
Miscellaneous (freight, bits, steel, carbide, small tools) 1,200 ft. Est. at $2.50/ft.	3,000.00		
Total operating materials and supplies		$13,302.00	$11.08

Depreciation or rental

1 - 260 c.f.m. compressor 9 mos. at $150.00/mo.	$ 1,350.00		
1 - Jack leg drill, complete with air and water hose, pressure tank, and bit grinder - 9 mos. at $100/mo.	900.00		
1 - 500-1000 c.f.m. centrifugal blower, gasoline driven 9 mos. at $70.00/mo.	630.00		
1 - Mucking machine 9 mos. at $100.00/mo.	900.00		
2 - 24 cu. ft. mine cars 9 mos. at $40.00/mo.	360.00		
Total depreciation or rental		$ 4,140.00	$ 3.45

Miscellaneous

Maintenance of equipment 9 mos. at $100.00/mo.	$ 900.00		
Payroll taxes and insurance 9 mos. at $90.00/mo.	810.00		
Accounting - 9 mos. at $50.00/mo.	450.00		
Stenographer-150 hrs. at $2.00/hr.	300.00		
Sampling and analyze 85 samples at $5.00/ea.	425.00		
Total miscellaneous		$ 2,885.00	$2.40
Total Cost Stage I		$37,199.00	Cost/Ft. $31.00

Estimated overall cost/ft.

$$\frac{\$37,199.00}{1200} = \$31.00$$

Estimated overall cost/ft.
less analyses

$$\frac{\$36,774.00}{1200} = \$30.65$$

Stage II - 800 feet of drifting

Estimated time for completion - 6 months.

Basis: 22 days per month - 2 shifts, 44 shifts per month,

133 feet per month

Unit costs same as in Stage I

Labor and Supervision			
800 feet at $14.06/ft.	$11,248.00		
Operating Materials and Supplies			
800 feet at $11.08/ft.	8,864.00		
Depreciation or rental			
800 feet at $3.45/ft.	2,760.00		
Miscellaneous (less sampling)			
800 feet at $2.05/ft.	1,640.00		
160 samples at $5.00/ea.	800.00		
Total miscellaneous	$ 1,640.00		
Total Est. Cost Stage II		$25,312.00	$2.05

Overall Cost per Ft.

$$\frac{\$25,312.00}{800} = \$31.64 \qquad \$31.64$$

Cost per foot, less samples

$$\frac{\$24,512.00}{800} = \$30.64$$

SUMMARY COST OF PROJECT

	Stage I	Stage II
Labor and Supervision	$16,872.00	$11,248.00
Operating Materials and Supplies	13,302.00	8,864.00
Depreciation or rental	4,140.00	2,760.00
Miscellaneous (less sampling)	2,460.00	1,640.00
Grand totals	$36,774.00	$24,512.00
Cost of sample analyses	425.00	800.00
Total Cost	$37,199.00	$25,312.00

Estimated total cost per foot	31.00	31.64
Cost per foot less analyses	30.65	30.64
Estimated total cost of project	$62,511.00	

COST FIGURES FOR CONTRACT

Stage I		
1,200 feet of 5- by 7-foot adits and drifts at $30.65/ft.	$36,780.00	
85 samples at $5.00/ea.	425.00	
		$37,205.00
Stage II		
800 feet of 5- by 7-foot drifts at $30.65/ft.	$24,520.00	
160 samples at $5.00/ea.	800.00	
		$25,320.00
Total estimated cost of project		$62,525.00
Government participation at 50 percent		$31,262.50

CONCLUSIONS AND RECOMMENDATIONS

The J.I.C. veins are equivalent to splits of the Holy Moses vein, which vein has been successfully exploited for lead-zinc ores for many years. The examining team concludes that there is geologic probability that there are significant bodies of lead-zinc ore along the extension of the Holy Moses vein in the King Solomon fault.

It is recommended that a short-form contract at a unit cost for exploration by crosscuts and drifts be approved. The contract should be in two stages. The first stage should provide for a crosscut to cut the east and west splits of the Holy Moses vein which is estimated at 800 feet. After the crosscut is completed, 400 feet of drifting on either or both the east and west splits should be authorized; the location, direction, and extent of the drifts should be dependent upon the results of the cross-cutting and require prior approval of the Government.

Stage II should be dependent upon the results of stage I and consist of 800 feet of drifting. The location, direction and extent of the drifts should be dependent on the results of the first stage exploration and will require prior approval of the Government.

The estimated total cost is $62,525.00. Government participation at 50 percent would be $31,262.50.

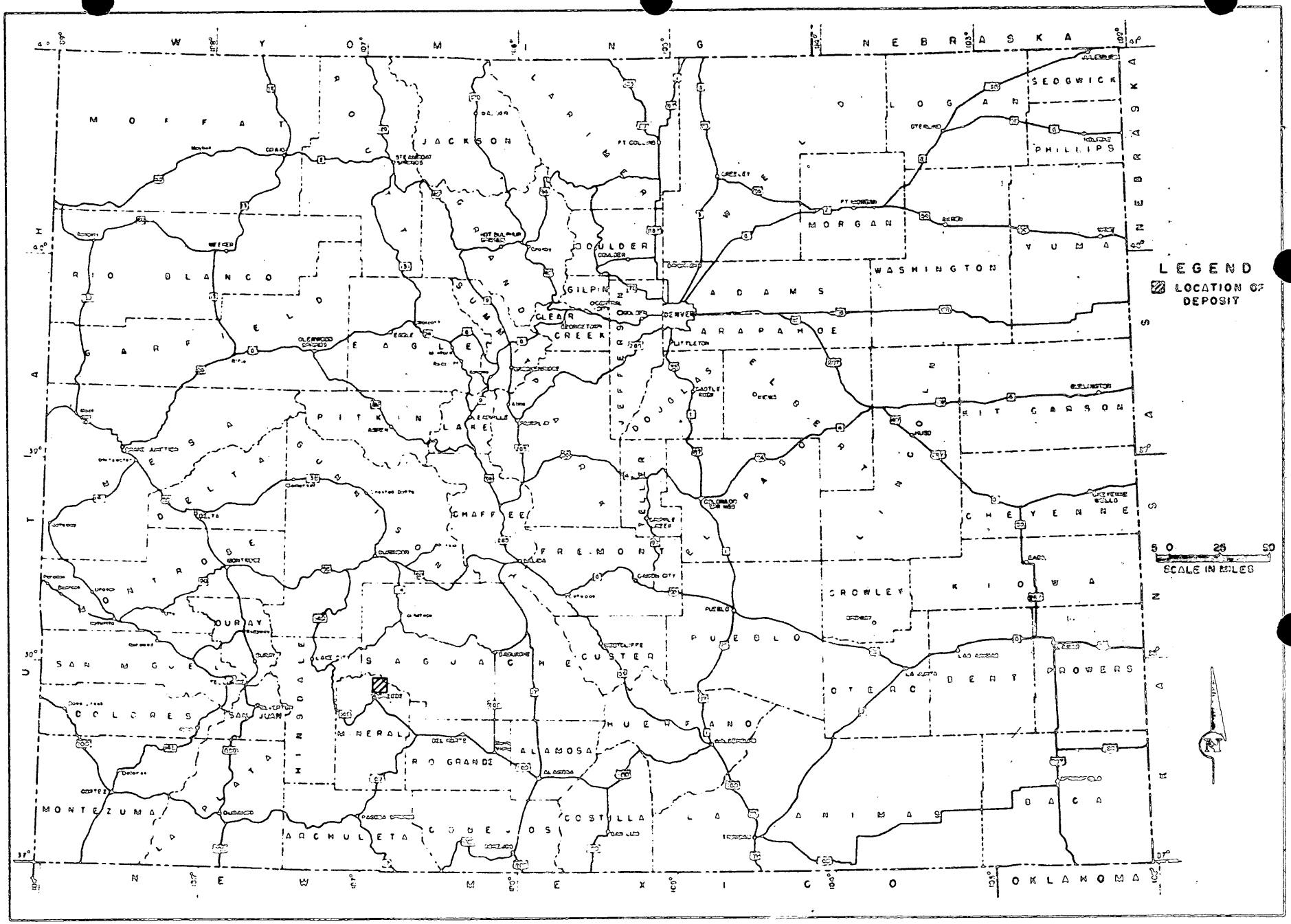

FIGURE 1 - LOCATION MAP, GORMAX MINING COMPANY PROPERTY, KING SOLOMON MINING DISTRICT, MINERAL COUNTY, COLO.
DMEA 3982

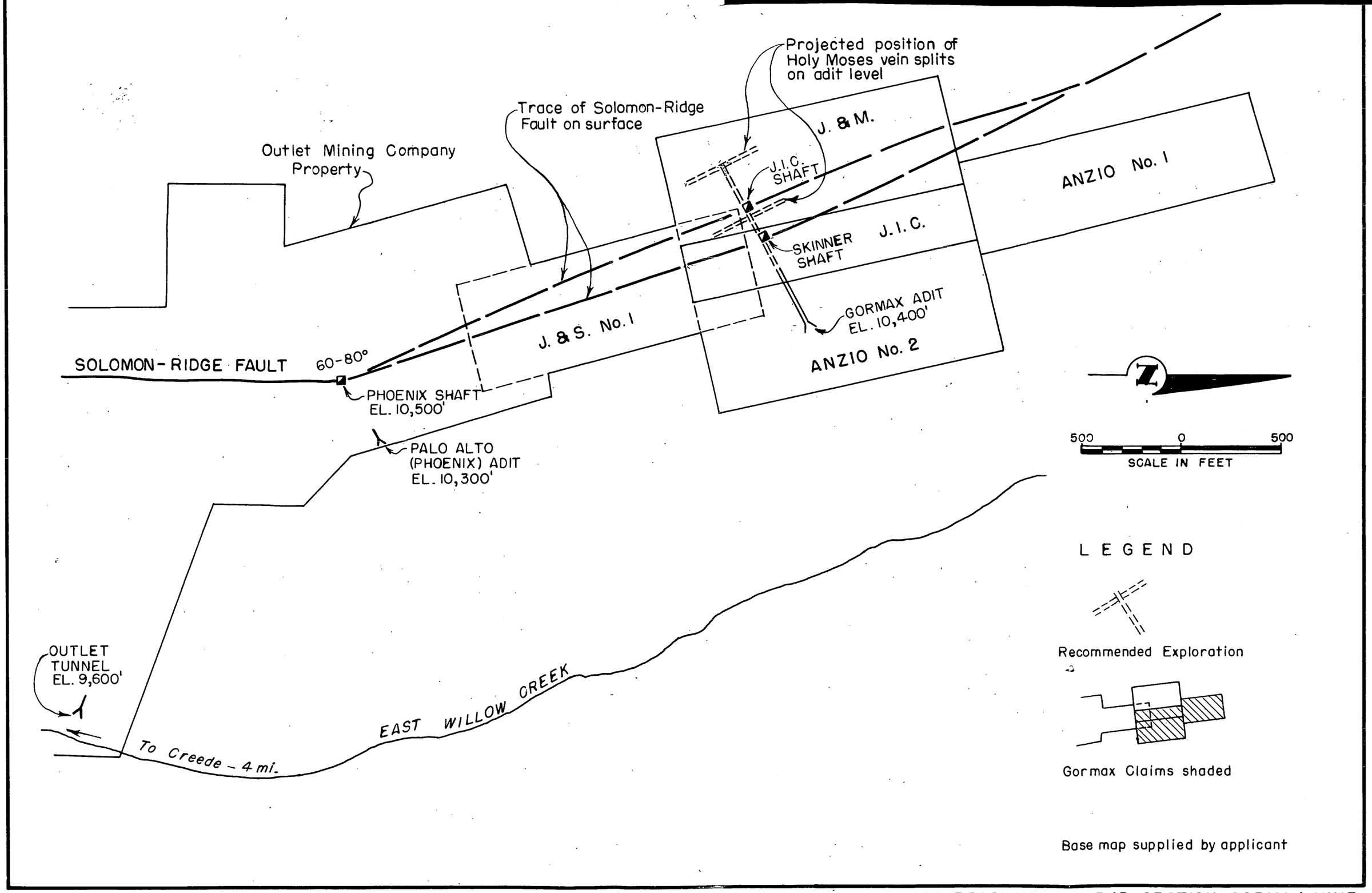

FIGURE 2 - MAP OF GORMAX MINING COMPANY CLAIMS AND ADJACENT PROPERTY, SHOWING GEOLOGY AND RECOMMENDED EXPLORATION, GORMAX MINE, KING SOLOMON MINING DISTRICT, MINERAL COUNTY, COLO. DMEA 3982

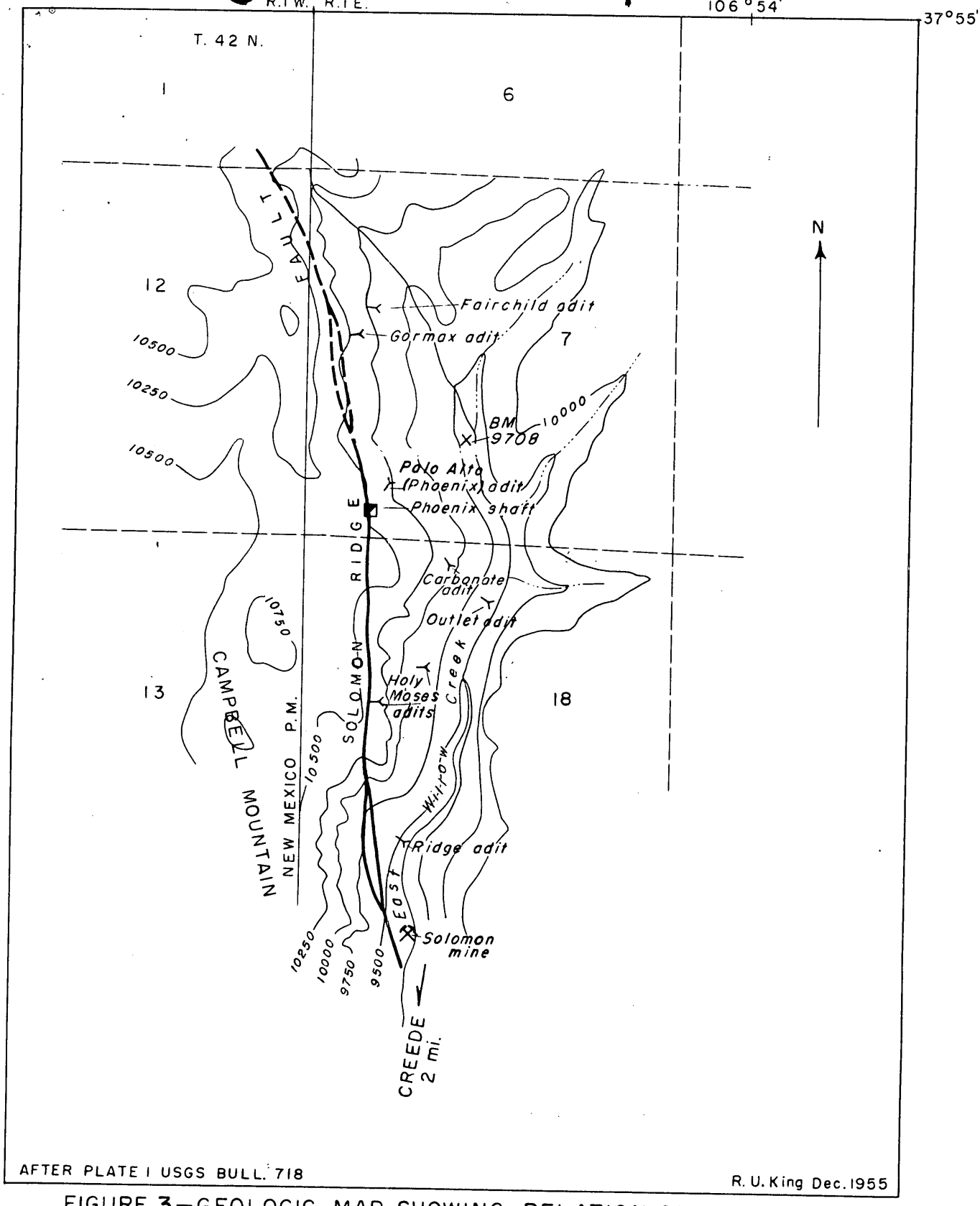

FIGURE 3.—GEOLOGIC MAP SHOWING RELATION OF GORMAX ADIT AND OTHER MINES TO SOLOMON RIDGE FAULT, CREEDE COLORADO.

0 2000 4000 Ft.

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

RECEIVED
JAN 16 1956

January 13, 1956

Act
Betty

224 New Customhouse
Denver 2, Colorado

Docket

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

Re: Docket DMEA 3982 (Lead-Zinc), Gormax Mine, Mineral County, Colorado

Gentlemen:

Some of the drifting being considered in your application for DMEA aid appears to be on a split of the vein which apexes on the J & M claim which your present lease does not include. Also a possible conflict might exist in the area where the J & S No. 1 claim overlaps a part of the J & M, JIC, and Anzio No. 2 claims.

Would it be possible for you to obtain a lease on the J & M claim and that part of the J & S claim which overlaps the J & M, JIC, and Anzio No. 2?

If the above mentioned ground can be obtained by you either by a new lease or an Amendment to your present lease, will you please send us a copy of the new lease or Amendment to the old lease so that we may continue to process your application.

Very truly yours,

W. M. TRAVER,

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

HMC:ab

cc: Sec. Op. Comm. (2)
Shaw
[redacted]
Docket 3982
Chron.
Harshman

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

RECEIVED
DEC 12 1955

December 7, 1955

224 New Customhouse
Denver 2, Colorado

Docket

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket DMEA 3982 (Lead-Zinc), Gormax Mining Company, Gormax mine, Mineral County, Colorado

Enclosed are two copies of a letter from James M. Muir, Jr., and Gavin W. Skinner, General Partners of the Outlet Mining Company stating their willingness to consent to lien. Also enclosed are two copies of our reply.

E. N. Harshman

E. N. Harshman

Enclosures

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

RECEIVED
DEC 12 1955

December 7, 1955

224 New Customhouse
Denver 2, Colorado

Mr. James M. Muir, Jr.
Outlet Mining Company
Creede, Colorado

Re: Docket DMEA 3982 (Lead-Zinc),
Gorman Mining Company, Gorman
mine, Mineral County, Colorado

Dear Mr. Muir:

This will acknowledge receipt of your letter dated November 29, 1955 stating your willingness to consent to lien. Regular forms are provided for the owner's consent to lien, and they will be prepared in this office prior to the preparation of a contract and will be forwarded for signature at that time.

For your information attached is one blank copy of Form MF-203, Owner's Consent to Lien.

Very truly yours,

E. M. Hendriksen

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

Enclosure

HMC:ab

cc: Gavin W. Skinner
Outlet Mining Company
Creede, Colorado
Sec. Op. Comm. (2)
Shaw
Marshman
Docket 3982
Chron.

RECEIVED
DEC 12 1955

OUTLET MINING COMPANY
A LIMITED PARTNERSHIP
CREEDE, COLORADO

29 November 1955

EXECUTIVE OFFICER,
DEFENSE MINERALS EXPLORATION ADMINISTRATION,
206 NEW CUSTOMHOUSE BUILDING,
DENVER, COLORADO.

Dear Sir:

This letter is to inform you that the General Partners of the OUTLET MINING COMPANY, whose signatures appear below, hereby consent to lien on any and all ores that may be shipped from the J.I.C. Lode Mining Claim, U.S. Survey No. 12526; the Annie No. 1 Lode Mining Claim, staked filed and recorded in book 45 at page 185 and the Annie No. 2 Lode Mining Claim recorded in the County Courthouse, Mineral County, Creede, Colorado and belonging the the Outlet Mining Company until full and complete satisfaction of any DMEA loan made to Germax Mining Company, application for which is now pending under your Docket No. 5955.

According to the terms of the Germax Mining Company lease from the Outlet Mining Company all property below the level of the Germax Tunnel shall remain the property of the Outlet Mining Company. This letter is to clarify the intent of the Outlet Mining Company to consent to lien on the entire width, breadth and depth of the above described Lode Mining Claims until full repayment is made to DMEA of any loan that may be made to the Germax Mining Company for development of the above described Lode Mining Claims.

OUTLET MINING COMPANY,

James M. Muir Jr. Gen. Partner.
James M. Muir Jr.

Kevin W. Skinner Gen Partner.
Kevin W. Skinner.

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

RECEIVED
OCT 1 0 1955

224 New Customhouse
Denver 2, Colorado

October 17, 1955

Memorandum

To: W. H. King (with brochure)
E. N. Harshman

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3982 (Lead-Zinc), Gormax Mining Co., Gormax Mine, Mineral County, Colorado

Enclosed is the subject application in the amount of $16,960.00. The brochure consists of the following:

(a) Application form and supplemental answer sheets

(b) Mining lease

(c) Claim Map, and two copies of cross section map of Gormax Adit No. 1

(d) One copy each of letter from the Chairman, Operating Committee, and memorandum reviews of the application by O. M. Bishop, U. S. B. M., and N. E. Nelson, U. S. G. S.

A field examination and suitable report are required.

W. M. Traver

Enclosures
WDC:jy
cc: Sec. Op. Comm. (2)
Docket
Chron.

File Copy
Surname
all.
Gerhardt
Selfridge

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

OCT 1 0 1955

Gormax Mining Company
Post Office Box 2
Creede, Colorado

Re: Docket No. DMEA-3982 (Lead-Zinc)
Gormax Mining Company
Gormax Mine
Mineral County, Colorado

Gentlemen:

Your application for Government assistance to explore your property has been reviewed by the Base Metals Division of the Defense Minerals Exploration Administration, and has been referred for a field examination to:

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

The Regional Office will contact you at an early date as to when an examination is to be made. Any assistance that you may give the members of the Field Team during the examination will be appreciated.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

JWAlt/er 10/7/55

Copy to: Docket
Admr R File
Base Metals
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Crhon.
Region III C&2

R.G.H.

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

October 4, 1955

Re: DMEA-3982
(Lead-Zinc, $16,960)
Gormax Mining Co.,
P.O. Box 2, Creede,
Colorado
Gormax Mine
Mineral County, Colo.

Memorandum

To: W. R. Griswold, DMEA

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

Subject: Application for exploration assistance dated September 12, 1955 and docketed September 19, 1955

The proposed exploration consists of driving an adit level 1,050 feet to cut the East and West veins at 660 and 1,050 feet, respectively, from the portal. Inasmuch as the adit is already in for a distance of 200 feet the applicant seeks assistance for 800 feet of the crosscut.

The location of the veins is apparently predicated on geophysical measurements with an M-scope, a caved shaft sunk in 1906 and allignment with two veins which are producing a good quality of ore from the adjacent Phoenix claim. Although this evidence may be valid it is not presented so that it can be evaluated. For that reason I recommend field referral and examination.

Costs outlined seem well below normal expectancy and should be reviewed with the applicant.

O. M. Bishop

O. M. Bishop

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

IN REPLY REFER TO:

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

RECEIVED
SEP 2 1 1955

September 21, 1955

Re: DMEA 3982
Gormax Mining Co.
Gormax Mine
Mineral Co., Colo.
$16,960.00 - Lead, Zinc

Memorandum

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

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

Subject: Review of application.

No information is given concerning surface expressions of the East and West J.I.C. veins or of the findings in the J. W. Skinner Shaft, sunk on the East J.I.C. vein. For some reason it is believed the veins are extensions of veins being mined on the Phoenix Claim, perhaps 600 feet south of the proposed adit.

If the assumption of continuity is reasonable, the work outlined may be justified. An attempt should be made to determine what prompts the work in progress and proposed.

Referral to the Field Team is indicated and so recommended.

N. E. Nelson

N. E. Nelson

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

RECEIVED
SEP 19 1955

September 15, 1955

224 New Customhouse
Denver 2, Colorado

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

Dear Mr. Smith:

This will acknowledge receipt of your letter dated September 12, 1955 and the DMEA application in quadruplicate for exploration on the Gormax Mine.

Your application has been placed in line for further processing.

Yours truly,

W. M. Traver

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

HMC:ab
cc: Chair. Opr. Comm. (2)
Docket 3835
Chron.
Harshman
Shaw

September 19, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region III.

DMEA- 3982 Gormax Mining Company

Robert E. Adams
Chief, Operation's Control
and Statistics Division

September 19, 1955
Subject: DMEA-3982
Re: Exploration Assistance
Gormax Mine

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

Gentlemen:

The receipt of your application dated September 12, 1955, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3982 and referred to the Base Metals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

File Copy
Surname
GCS Selfridge

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

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

OCT 10 1955

Re: Docket No. DMEA-3982 (Lead-Zinc)
Germax Mining Company
Germax Mine
Mineral County, Colorado

Dear Mr. Traver:

A review of the cited application, of which you have retained a copy, indicates that an examination of the property is necessary. Will you please have such an examination made and submit your recommendations to us.

In the event that you consider the application favorably, the Applicant should be requested to obtain Consents to Lien from the owners of the property.

A property map showing where the proposed exploration work is to be done should be requested from the Applicant.

The Applicant proposes to do 800 feet of exploration at $21.20 per foot. This cost appears to be extremely low and undoubtedly will be reviewed by the Field Team. For the amount of work, it would be cheaper to rent a compressor rather than purchase one as he suggests in item 6(d) of the application.

We have attempted to point out only a few items to you, as we realize that the entire proposal will need to be carefully studied by the Field Team.

Enclosed are copies of memoranda dated September 21 and October 4, 1955, by N. E. Nelson, USGS, and O. M. Bishop, USBM, respectively, giving their recommendations and comments.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

Enclosures

APPROVED:

/s/ Robert W. Geehan (GCS)
Member, Bureau of Mines

N. E. Nelson (GCS)
Member, Geological Survey

Mr. Bishop, USBM
Mr. Killsgaard, USGS
Chron.

EWAlt/er 10/7/55
Copy to: Docket
Admr R File
Op. Committee
Base Metals

R.C.G.

DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

FINAL REPORT
DMEA 3982 CONTRACT Idm-E 935

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

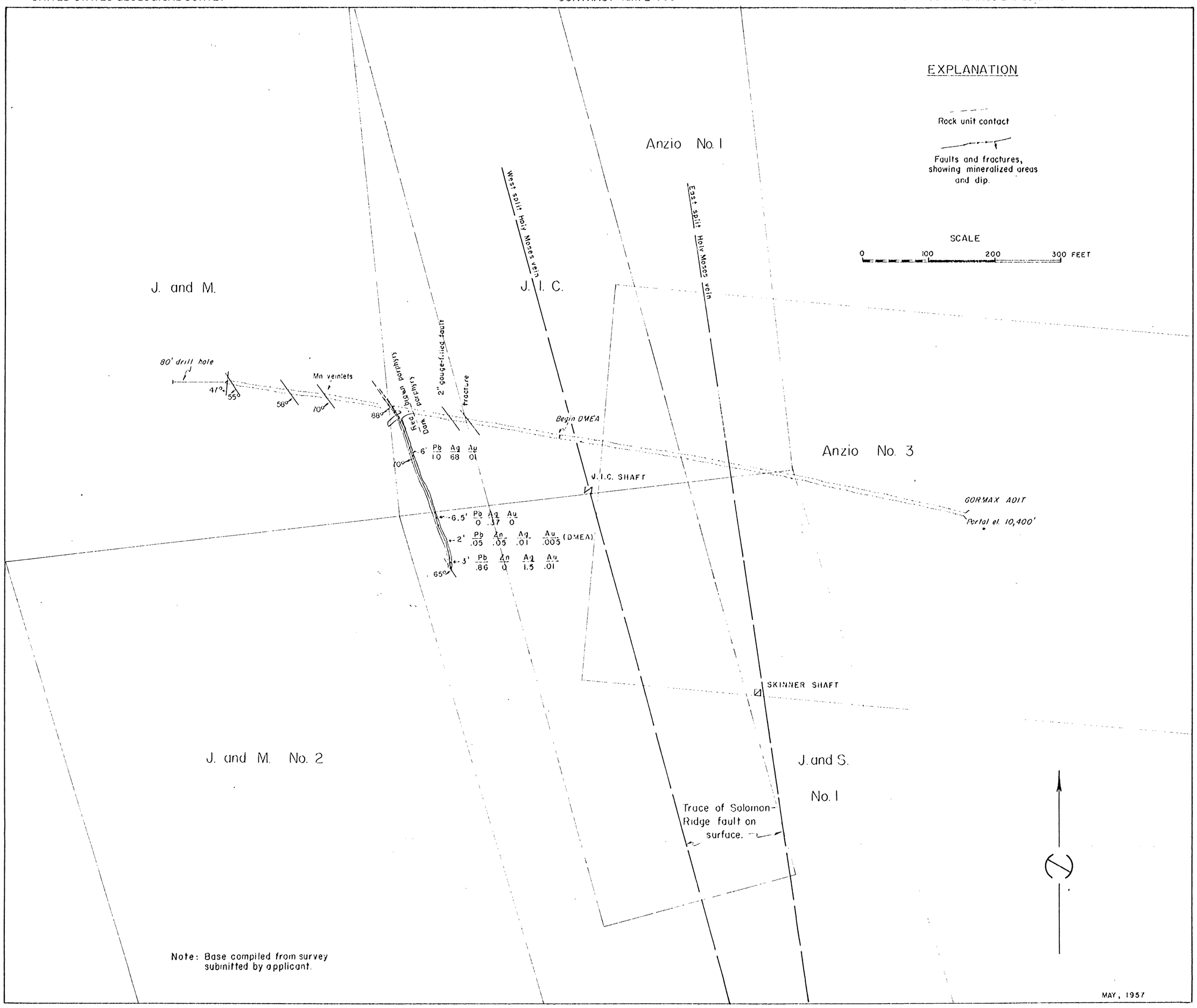

FIGURE 3. GEOLOGIC MAP OF THE GORMAX ADIT, GORMAX MINING COMPANY, MINERAL COUNTY, COLORADO.

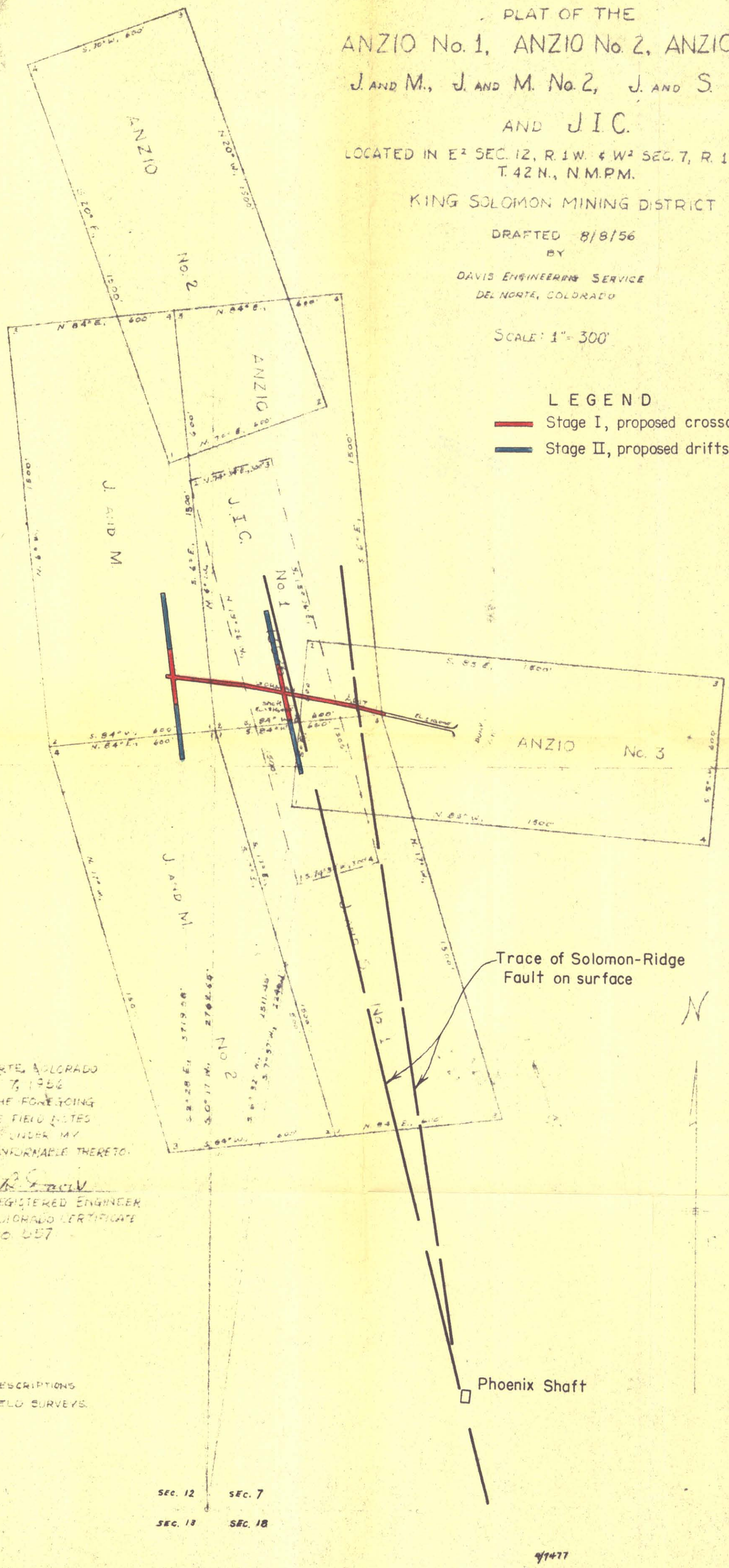

FIGURE 2 – (REVISED 8-8-56) MAP OF GORMAX MINING COMPANY CLAIMS AND ADJACENT PROPERTY, SHOWING GEOLOGY AND RECOMMENDED EXPLORATION, GORMAX MINE, KING SOLOMON MINING DISTRICT, MINERAL COUNTY, COLO. DMEA 3982