EXTRA COPY, DMEA		
RECEIVED FEB 18 1957		
DATE	INITIALS	CODE
		110
2/19	JWalt	500

224 New Customhouse
Denver 2, Colorado

February 13, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

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

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

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

Enclosures

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

EXTRA COPY
DMEA
RECEIVED FEB 13 1957

DATE	INITIALS	CODE

22\ New Customhouse
Denver 2, Colorado

February 8, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3982 (lead-zinc) Contract Idm-2935 Germax Mining Company, a partnership, (Germax No. 1 Mine) Mineral County, Colorado-FINAL PAYMENT

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

The Operator's Final report has been received; therefore, we recommend that final payment be made to the Operator on the following basis, which is in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, dated February 7, 1957.

Basis for Final Payment

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

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

$300.00

3/12/57 DMA 57-88

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

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 25 1957

DATE	INITIALS	CODE
1/25	CAM	100
1-28	G	225

224 New Customhouse
Denver 2, Colorado

January 21, 1957

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 (Gormax No. 1 mine) Mineral County, Colorado - REPORT OF FINAL INSPECTION

Enclosed are four copies of a report of final inspection, dated January 14, 1957, from Walden P. Pratt, Geologist, U. S. Geological Survey, covering operations under the subject contract through January 11, 1957.

W. M. Traver

Enclosures

IN REPLY REFER TO:
DMEA
DEPARTMENT OF THE INTERIOR
JAN 18 1957
REGION III
DENVER, COLORADO

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

January 14, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: E. N. Harshman

From: Walden P. Pratt

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

The Gormax No. 1 mine was visited on January 11, 1957, by W. P. Pratt, U. S. Geological Survey, and E. W. Buel, U. S. Bureau of Mines, for the purpose of measuring progress prior to termination of the contract, and mapping the unmapped part of the drift. The inspecting team was accompanied by Gordon D. Smith, general manager.

The drift has been advanced 34 feet since the last inspection on November 2, 1956. The drift has followed a zone of alteration and shearing in rhyolite porphyry. At the face the drift trends about S 5° W and exposes shearing and foliation striking N 23° W and dipping 65° W; no sulfide minerals were visible.

W. P. Pratt
Walden P. Pratt
Geologist

WPPratt:mp

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 25 1957

DATE	INITIALS	CODE
1/25	CBM	100

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

JAN 25 1957
D.M.E.A.

Administrative Audit Difference Statement

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

[illegible]

FINAL DISTRIBUTION
MADE JAN 22 1957

DMEA-3982

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

Amount Claimed $ [illegible]

Difference $

Amount Approved $ [illegible]

Klug.

The reason for the difference was due to:

[illegible]

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

23b New Customhouse
Denver 2, Colorado

January 17, 1957

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

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3982 (Lead-Zinc) Contract Idm-8935, Gormax Mining Company, a partnership (Gormax No. 1 mine) Mineral County, Colorado - Operator's Monthly Progress Report for the month of November, 1956 (FINAL)

Enclosed are the original and four copies each of Forms MF-10b and MF-10bA, Operator's Narrative Report, and Engineer's Report for the above period.

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

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

Remarks:

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

Original signed by
W. M. TRAVER

Enclosures
JDC:jy

W. M. Traver

cc: Chm. Op. Comm. (2)
Shaw (2)
Harshman } w/copy engr's report
Townsend }
MF-10b File 8935
Chron.

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

REGION III

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

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John P. Shaw
Supervising Mining Engineer

From: Edward W. Buel

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

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

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

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

During November the operator reported an advance of 3½ feet of drifting. A measurement of the drift showed a total length of 232 feet from that portion of the drift referred to as "crosscut progress" as discussed in C. M. Harrer's DMEA progress report for August 1956 -- September 19, 1956. This portion of the drift which measures 37 feet has been included in previous MF-10½'s as crosscutting.

The operator requests 3½ feet of drifting which was verified by measurement during the recent inspection. It is recommended that the operator be reimbursed for 3½ feet of drifting at a cost of $867.00 of which the Government's share at 50 percent is $433.50.

Edward W. Buel
Edward W. Buel
Mining Engineer

EWB/mr
cc: 6 Idm-8935 Chron

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

Budget Bureau No. 42-R1036.5

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

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

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						1/30/57 J.W.A.
Drilling				8/24/57 BOPK		
Bulldozing						
Crosscutting	✓					
Drifting 34 Feet	$867.00	$19,009.50	$19,876.50			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
	✓					
TOTALS	$867.00	$19,009.50	$19,876.50	867.00	19,009.50	19,876.50

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

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

Date December 7, 1956 Payee GORMAX MINING COMPANY

Per Gordon Schmitt Title Gen. Mgr.

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

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

(Instructions on reverse)

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

$ 133.50

Signature [illegible] (Authorized Certifying Officer)

Date 1/18/57 Vou. No. DMA 57-78

(See other side)

Note: Withhold 300.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date JAN 17 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

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

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

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

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Feet	$867.00	34	$5916.00	232	$25.50		
Crosscutting	"			$13,940.50	547	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assaying	Each			$12.00	4	$3.00	80	$3.00
TOTAL DISTRIBUTED COSTS		$867.00	34	$19,876.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$867.00	34	$19876.50				$867.00

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

REMARKS: See attached narrative.

Date Dec. 7, 1956 Operator GORMAX MINING COMPANY

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

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

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

GORMAX MINING COMPANY
CREEDE, COLORADO

Narrative report for the month of November, 1956.

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

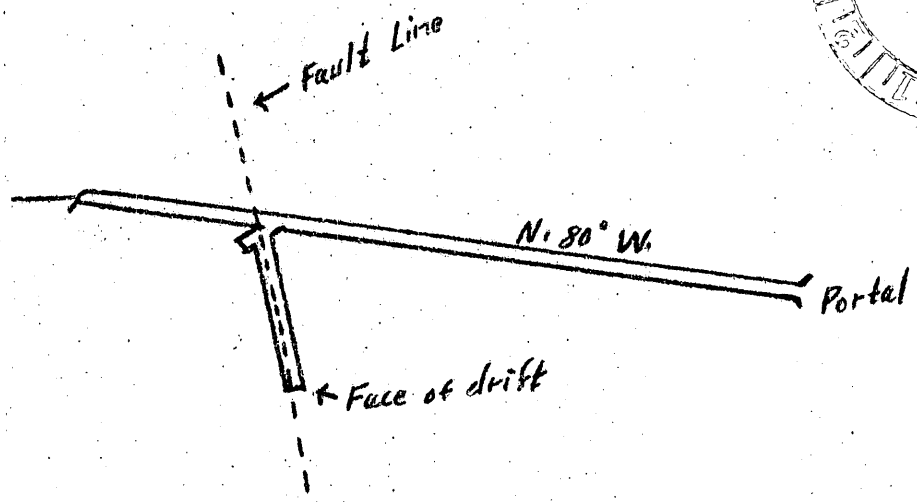
Submitted by:

Gordon D. Smith

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

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

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



Scale: 1" = 300'

Amer-3982 Klung Betty

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

Administrative Audit Difference Statement

[redacted]
[redacted]
[redacted]

FINAL DISTRIBUTION

MADE NOV 20 1956

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

[redacted]

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

Amount Claimed $ [redacted]

Difference $ [redacted]

Amount Approved $ [redacted]

The reason for the difference was due to:

[redacted]

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

November 15, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

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

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

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

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

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

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

Amount reported on Form MF-104 for October, 1956 - - -	$3,136.50
Amount reinstated -	12.00
Total accepted cost -	$3,148.50
Government participation at 50 percent	$1,574.25

Remarks

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

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures

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

RECEIVED 1956

REGION III

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

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw JFS
Supervising Mining Engineer

From: E. W. Buel

Subject: Docket DMEA 3982 (Lead-zinc) Contract Idm-3935, Gormax Mining Company (Gormax No. 1 mine) Mineral County, Colorado -- Progress report for October 1956

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

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

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

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

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

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

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

E. W. Buel

EWB/mr cc: 6 Idm-3935 Chron E. W. Buel

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

Budget Bureau No. 42-R1036.5

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

Month of OCTOBER, 1956 Docket No. DMEA 3982 Contract No. 10-E935
Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc
Address CREEDE, COLORADO
Contract Amount, $ 56,720.00 Government Participation: 50 % Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting 123 Feet	$3136.50	$15,873.00	$19,009.50	8/26/57		
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						11/26/56 J.W.A.
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$3136.50	$15,873.00	$19,009.50	3,148.50	15,873.00	19,021.50

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

Date Nov. 4, 1956 *Payee GORMAX MINING COMPANY

Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

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

$ 1574.25

Signature [illegible]
(Authorized Certifying Officer)

Date 11/14/56 Vou. No. DMA 57-57

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature Edward W. Buel $1,568.25 Title Mining Engineer Date Nov. 6, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

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

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

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

Month of OCTOBER 1956 Docket No. DMEA 3982 Contract No. Idm-2935
Operator's Name GOMEX MINING COMPANY Minerals Lead-Zinc
Address CRESTED, COLORADO

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

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

REMARKS: See attached narrative.

Date Nov. 4, 1956 Operator GOMEX MINING COMPANY
Per Gordon D. Smith Title Gen. Mgr.
Gordon D. Smith

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

(Instructions on reverse)

(For Government use only)

Edward W. Buel

INSTRUCTIONS

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

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

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

GPO 872894

GORMAX MINING COMPANY
CREEDE, COLORADO

Narrative report for the month of October, 1956.

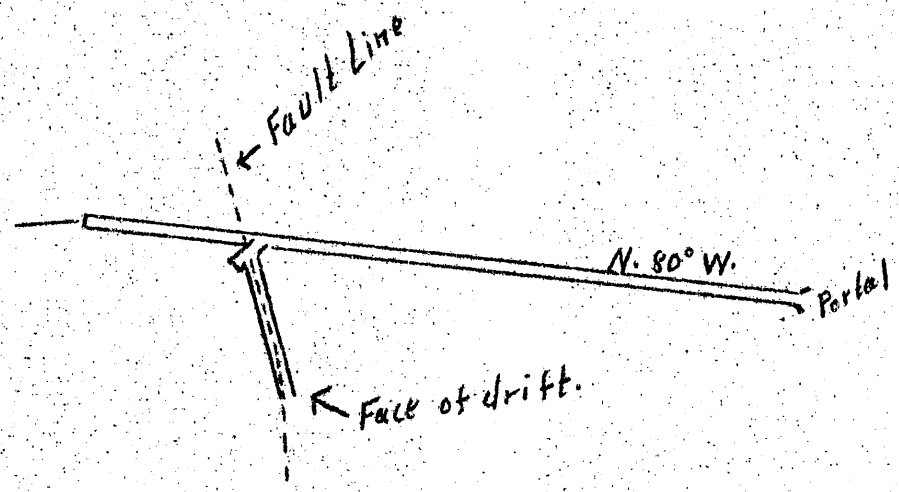
Gormax Mining Company continued work under stage one of DMEA Docket 3982, Contract Idm-E935. Drifting on the fault was extended for a distance of 123 feet South approximately 20 degrees East. There has been no material change in structure since the last report. The vein matter appears to be highly altered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

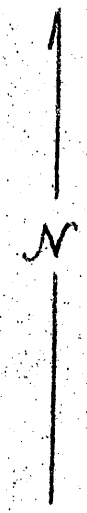
Submitted by:

Gordon D. Smith

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

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





Scale: 1" = 300'

Gordon E. Hosselkus

P. O. Box 17
Phone OL 8 - 2497

CREEDE ASSAY OFFICE

Custom Assaying.
Creede, Colorado

Certificate of Assay

RECEIVED 1956

ASSAYED FOR Gorman Mining Company

DATE October, 1956

No.	Description	Gold	Silver	Lead	Zinc	Copper	Mang.	
1		Trace	0.12	0.2	Nil			
2	No Description	None	0.18	Nil	Nil			
3	No Description	None	0.05	0.1	Nil			
4		0.005	0.08	0.9	Nil			

Gordon Eugene Hosselkus

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

RECEIVED
OCT 25 1956

224 New Customhouse
Denver 2, Colorado

October 22, 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, (Gormax mine) Mineral County, Colorado - INTERIM REPORT

Enclosed are the original and three copies of an Interim Report, dated October 18, 1956, by F. B. Moore, Geologist, U. S. Geological Survey, covering progress under the subject contract through October 5, 1956.

W. M. Traver

W. M. Traver

Enclosures

IN REPLY REFER TO:

DMEA

DEPARTMENT OF THE INTERIOR

OCT 19 1956

REGION III

DENVER, COLORADO

UNITED STATES

DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

October 18, 1956

RECEIVED
OCT 25 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: E. N. Harshman

From: F. B. Moore

Subject: DMEA Docket 3982 (Lead-zinc), Contract Idm-E 935, Gormax Mining Company, a partnership consisting of Gordon D. Smith and Maxine S. Smith (Gormax mine), Mineral County, Colorado
INTERIM REPORT

The Gormax mine was visited on October 5, 1956, by F. B. Moore, U. S. Geological Survey, and C. M. Harrer, U. S. Bureau of Mines. The examining team was accompanied by Gordon D. Smith, a partner in the Gormax Mining Company.

Work was stopped on the Gormax crosscut adit 1,138 feet from the portal and an 80-foot diamond drill hole was drilled to explore for the suspected western split of the Holy Moses vein. The ground has thus been tested for at least 200 feet beyond the projected position of such a split. The Holy Moses vein was cut 880 feet from the portal; apparently there is no split in the vein at this point.

The drift to the south on the vein has reached a distance of 97 feet from the center line of the crosscut. No drifting has been done to the north.

The vein strikes N. 24° W., dips 70° west at the south face but appears to be nearly vertical in the crosscut. At the south face

the vein is 1-1/2 to 2 feet wide and consists of iron-stained crushed rock and gouge. Two gougy splits 8 feet apart with crushed rock between form a vein zone in the crosscut. The vein is oxidized and no sulfides are visible. Assays of the vein material are low.

The wall rock in the Gormax adit was identified by Tom Steven, U. S. Geological Survey, as Mammoth Mountain rhyolite. Steven states that this rock is probably as favorable a host rock as other rhyolites in the area from which ore has been produced.

Smith indicated that he might drift a few rounds to the north as the structure is much stronger in the crosscut than in the south face. However, all the productive mines along the Holy Moses vein are to the south and, with the exception of the Phoenix shaft, are at lower altitudes. The Gormax adit may be near the north end of the Solomon-Ridge fault (Holy Moses vein) and also appears to be near the upper limit of known ore bodies in the area.

F. B. Moore

F. B. Moore
Geologist

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

RECEIVED
OCT 19 1956

224 New Customhouse
Denver 2, Colorado

October 10, 1956

FINAL DISTRIBUTION

MADE OCT 16 1956

Memorandum

To: T. A. Christensen

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

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

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

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

Remarks

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

E. N. Harshman

E. N. Harshman

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

DMEA
DEPARTMENT OF THE INTERIOR

OCT 10 1956

REGION III
DENVER, COLORADO

RECEIVED
OCT 19 1956

REGION III

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

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3982 (Lead-Zinc) Contract Idm-2935, Gormax Mining Company (Gormax No. 1 mine) Mineral County, (Creede) Colorado — Progress report for September 1956

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

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

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

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

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

CMH/mw
cc: 6
Idm-2935
Chron

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

Budget Bureau No. 42-R1036.5

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

RECEIVED
OCT 19 1956

Month of SEPTEMBER, 1956 Docket No. DMEA 3982 Contract No. Idm-L935
Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc
Address CRESTED, COLORADO
Contract Amount, $ 56,720.00 Government Participation: 50% % Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) [redacted] Short Form Contracts:						10/24/56 J.W.A.
Drilling						
Bulldozing						
Crosscutting						
Drifting 75 Feet	$1912.50	$13,960.50	$15,873.00	10/25/56		
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$1912.50	$13,960.50	$15,873.00	1912.50	13,960.50	15,873.00
					12.00	12.00
					13948.50	15861.00
					$956.25	

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

I certify that the above bill is correct and just and that payment therefor has not been received.
Date October 5, 1956 Payee GORMAX MINING COMPANY
Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
Signature
(Authorized Certifying Officer)
Date 10/12/56 Vou. No. DMA 57-445
(See other side)

Previous Disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

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

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 19 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

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

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Feet	$1912.50	75	$ 1912.50	75	$25.50		
Crosscutting	"			$13948.50	547	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assaying	Each			$ 12.00	4	$ 3.00	80	$ 3.00
TOTAL DISTRIBUTED COSTS		$1912.50	75	$15672.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1912.50	75	$15,873.00				$1912.50

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

REMARKS: See attached narrative

Date October 5, 1956 Operator [illegible] MINING COMPANY

Per Gordon D. Smith Title Gen. Mgr.

Gordon D. Smith

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

(Instructions on reverse)

(For Government use only)

C. M. Harrer

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

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
OCT 19 1956

GORMAX MINING COMPANY
CREEDE, COLORADO

Narrative report for the month of September 1956.

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

Submitted by:

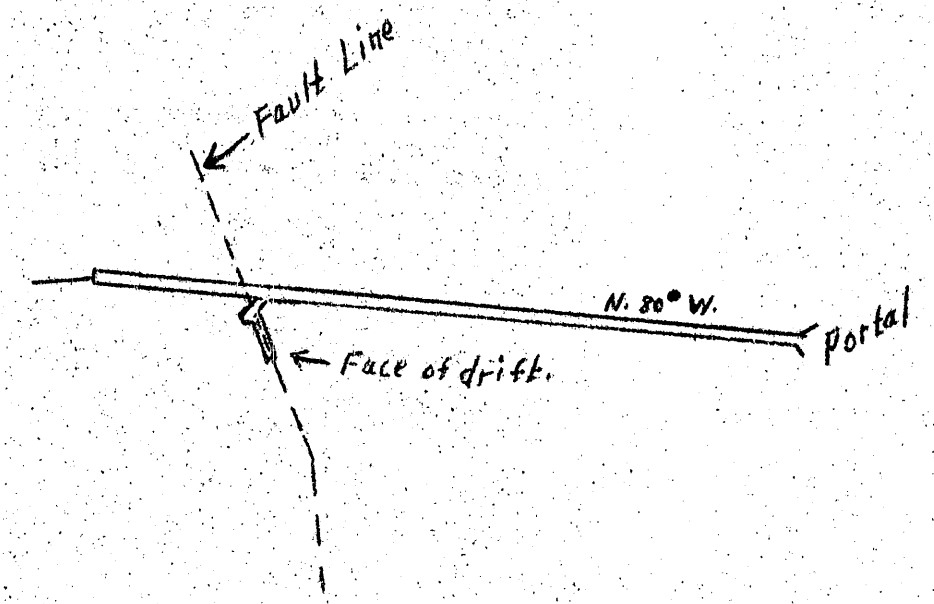
Gordon D. Smith

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

RECEIVED

OCT 19 1956

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



Scale: 1" = 300'

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

Administrative Audit Difference Statement

[illegible]

FINAL DISTRIBUTION MADE SEP 24 1956

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

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

Amount Claimed $ [illegible]

Difference $ [illegible]

Amount Approved $ [illegible]

The reason for the difference was due to:

[illegible]

[illegible]

[illegible]

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

Very sincerely yours,

N. E. Stokes
Audit Section

RECEIVED SEP 26 1956

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

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

All Betty

224 New Customhouse
Denver 2, Colorado

September 20, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

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

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

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

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

Remarks

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

W. M. TRAVER
W. M. Traver

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

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

REGION III

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

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw JS/aok
Supervising Mining Engineer

From: C. N. Harrer

Subject: Docket DMEA 3982 (Lead-Zinc) Contract IAm-2935, Ormsax Mining Company (Ormsax No. 1 mine) Mineral County, (Creede) Colorado -- Progress report for August 1956

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

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

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

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

	Feet Width	Oz./Ton Gold	Silver	Percent Lead	Zinc
Crosscut-830 ft. in from portal South wall "Waterscourse vein"	1.5	0.00	0.85	0.1	0.0
Crosscut-880 ft. in from portal South wall "Waterscourse vein"	1.5	Trace	0.12	0.2	0.0
Drift on Waterscourse vein 15 ft. southeast of crosscut northwest wall	1.5	Trace	0.18	0.11	0.0
Drift on Waterscourse vein 20 ft. south east of crosscut Southeast wall	1.5	Trace	0.18	0.0	0.0

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

Payment is recommended for the operator's request for 133 feet of crosscut at a total expenditure of $1,331.50. Government participation of 50 percent is $1,665.75.

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

The operator has filled the authorized units on his forms MF-10AA incorrectly. All units allowed in the contract should appear and should be separated as Stage I and Stage II.

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/mr
ent 6
Mar-1935
Chron

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

Budget Bureau No. 42-R1036.5

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

Month of AUGUST, 1956 Docket No. DMEA 3982 Contract No. Idm-1935
Operator's Name GORMAN MINING COMPANY Minerals Lead-Zinc
Address CREEDE, COLORADO
Contract Amount, $ 56,720.00 Government Participation: 50 % Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Short Form Contracts:						10/23/56 J.W.A.
Drilling	✓			10/23/56	25PK	
Bulldozing						
Crosscutting 133 Feet	$3391.50	$10,557.00	$13,948.50			
Drifting						
Assaying 4 samples	$12.00		$12.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$3403.50	$10,557.00	$13,960.50	3391.50	10,557.00	13,948.50

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

Date Sept. 13, 1956 *Payee GORMAN MINING COMPANY

Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

RECEIVED SEP 26 1956

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

$ 1695.75

Signature [illegible]
(Authorized Certifying Officer)

Date 9/21/56 Vou. No. DMA 57-37

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature C. M. Harper $1,695.75 J.S. Title Mining Engineer Date Sept. 18, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

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

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of AUGUST 1956 Docket No. DMEA 3982 Contract No. Ion-5935

Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc

Address CREEDE, COLORADO

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting	Feet	$3391.50	133	$13,946.50	547	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Assaying	Each	$ 12.00	4	$ 12.00	4	$ 3.00	80	$ 3.00
Total Distributed Costs		$3403.50	137	$13,960.50				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		$3403.50	137	$13,960.50				$3403.50

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

September 13, 1956

Date AUGUST Operator GORMAX MINING COMPANY

Per Gordon D. Smith Title Gen. Mgr.

Gordon D. Smith

Remarks: See attached narrative.

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

(Instructions on reverse)

(For Government use only)

C. M. Harper

RECEIVED
SEP 26 1956

INSTRUCTIONS

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

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

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

GPO 872894

GORMAX MINING COMPANY
CRESTE, COLORADO

Narrative report for the month of August 1956.

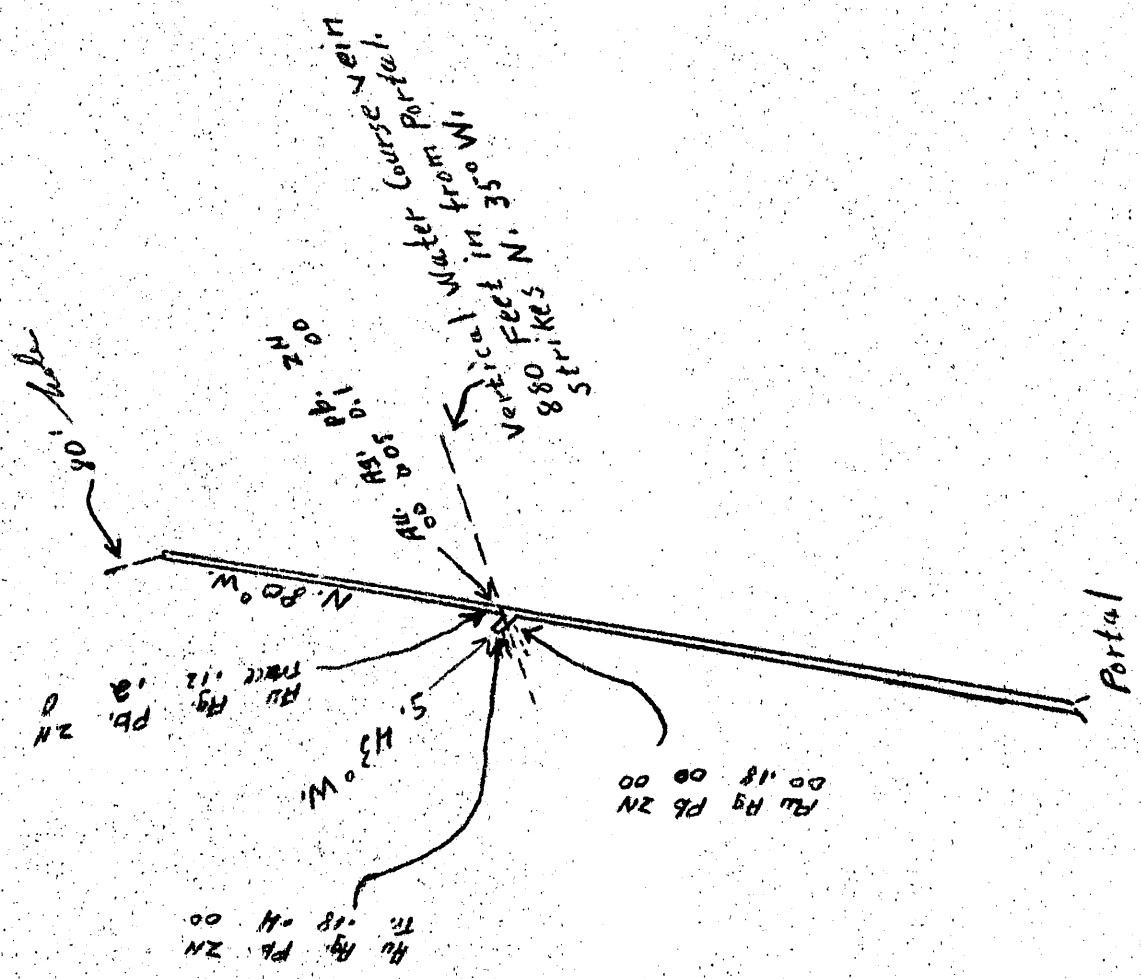
Gormax Mining Company continued work under stage one of DMEA Docket 3982, Contract Idm-E935. The crosscut was extended in a westerly direction for a distance of 96 feet making a total of 1138 feet from the portal. A two inch hole was then drilled a distance of 80 feet ahead of the breast with no apparent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

Submitted by:

Gordon D. Smith

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

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



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Scale 1" = 300'

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

224 New Customhouse
Denver 2, Colorado

August 24, 1956

FINAL DISTRIBUTION
MADE SEP 5 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

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

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

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

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

Remarks

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

W. M. TRAVER

W. M. Traver

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

DMEA
Date Rec'd.

AUG 9 1956

BUREAU OF MINES
Denver, Colorado

REGION III

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

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3912 (Lead-Zinc) Contract Idm-2935, Cormax Mining Company (Cormax No. 1 mine) Mineral County, (Creede) Colorado -- Progress report for July 1956

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

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

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

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

C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/mr
cc: 6
Idm-2935
Chron

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

Budget Bureau No. 42-R1036.5

RECEIVED
SEP - 7 1956

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

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

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						9/11/56 J.W.A.
Drilling				10/12/56	MAK.	
Bulldozing						
Crosscutting 91 Feet	$2320.50	$8236.50	$10,557.00			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$2320.50	$8236.50	$10,557.00	2,320.50	8,236.50	10,557.00

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

Date August 6, 1956 Payee CORNAX MINING COMPANY,

Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

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

$1160.25

Signature [illegible]
(Authorized Certifying Officer)

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

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature C. M. Harrer $1,160.25 w/PR for JZS Title Mining Engineer Date Aug. 8, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

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

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP - 7 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

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

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

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

Remarks: See attached narrative.

Date August 6, 1956 Operator GORMAX MINING COMPANY,

Per Gordon D. Smith Title Gen. Mgr.

Gordon D. Smith

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

(Instructions on reverse)

(For Government use only)
C. M. Harrer

INSTRUCTIONS

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

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

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

GPO 872894

GORMAX MINING COMPANY
CREEDE, COLORADO

Narrative report for the month of July, 1956.

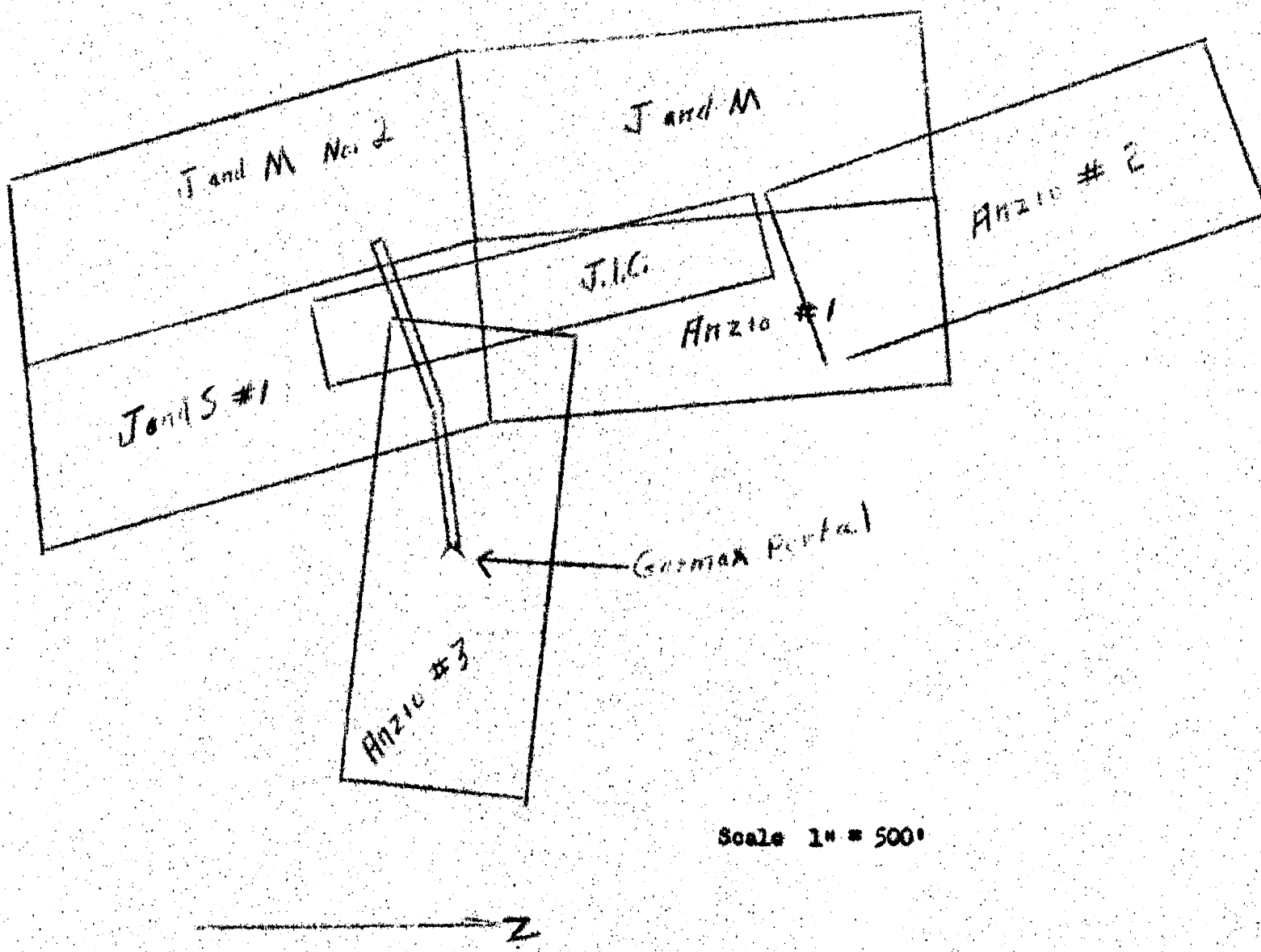
Gormax Mining Company continued work under stage one of DMEA Docket 3982, Contract Idm-E935. The crosscut was extended a total of ninety one feet through Rhyolite formation. Two water courses and one small vein of what appears to be manganese were encountered. The manganese vein averages about eight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

Submitted by:

Gordon D. Smith

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

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



Scale 1" = 500'

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

224 New Customhouse
Denver 2, Colorado

July 25, 1956

FINAL DISTRIBUTION

MADE JUL 30 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

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

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

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

Remarks

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

W. M. TRAVER

W. M. Traver

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

RECEIVED

REGION III

Memorandum

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

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

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw Scott W. Hager Jr. for
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3982 (Lead-zinc) Contract Idm-E935, Gormax Mining Company, (Gormax No. 1 Mine) Mineral County (Creede) Colorado---Progress report for June 1956

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

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

In addition to advancing the crosscut, the operator installed about 850 feet of 8-inch galvanized ventilation pipe and an 1300 cfm fan and gasoline engine drive. The haulage track was reconditioned and an air tramper installed and dumping facilities were improved.

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

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

CMH:sh

cc: 6
Idm-E935
Chron.

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

Budget Bureau No. 42-R1036.5

RECEIVED
AUG - 1 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of JUNE 1956 Docket No. DMEA 3982 Contract No. [illegible]
Operator's Name [illegible] MINING COMPANY Minerals [illegible]
Address [illegible], COLORADO
Contract Amount, $ 55,720.00 Government Participation: 50% Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) [illegible] Short Form Contracts:						8/2/56 J.W.L.
Drilling						
Bulldozing						
Crosscutting 6 @ [illegible]	$1530.00	$5706.50	$8236.50			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$1530.00	$6706.50	$8236.50	1,530.00	6,706.50	8,236.50

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

Date July 12, 1956 Payee [illegible] MINING COMPANY

Per Gordon D. Smith Title Gen. Mg r.

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

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

(Instructions on reverse)

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

$ 765.00

Signature [illegible]
(Authorized Certifying Officer)

Date 7/26/56 Vou. No. [illegible] 57-13

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-2935 in accordance with the terms of the contract.

Signature C. M. Harrel $765.00 Sent for JFS Title Mining Engineer Date July 23, 1965

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date JUL 25 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
AUG - 1 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

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

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting	Feet	$1530.00	60	$8226.50	323	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Timbering							1000	$1.00
TOTAL DISTRIBUTED COSTS		$1530.00	60	$8226.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1530.00	60	$8226.50				$1530.00

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

Date July 12, 1956 Operator Gormax Mining Co.
Per Gordon B. Smith Title Gen. Mgr.

REMARKS: See attached narrative.

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

(Instructions on reverse)

(For Government use only)
C. M. Harrer — corrected form

INSTRUCTIONS

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

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

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

GPO 872894

COMAX MINING COMPANY,
CRESTED, COLORADO

RECEIVED
AUG - 1 1956

Monthly report for month of June 1956

Comax Mining Company continued work under stage one of DMEA Docket 3950, Contract 10m-3931. Crosscutting was stopped on June 5th due to bad air in the tunnel. Eight hundred fifty feet of 8" galvanized vent pipe was installed, together with an 1800 CFM Ingersoll-Rand blower powered by a 35 HP Wisconsin Engine. A switch and spur track was installed outside the portal and a home made "dummy placer" was built inside the adit a distance of 880 feet. A Universal Air Tramer was purchased and three additional ore cars added. The track was reconditioned and one 15 foot cleared zone which had been air blasting and falling on the track was timbered at a distance of 400 feet from the portal. A Marsh piston pump was installed near the pipe line manifold and a receiver tank was moved from the portal in a distance of 850 feet. All other machinery was given a general tune up. Crosscutting was resumed on June 25th and a total of sixty feet of crosscutting was completed in June. The formation appears to still be Campbell Mountain Rhyolite somewhat altered and with frequent very small ore zones.

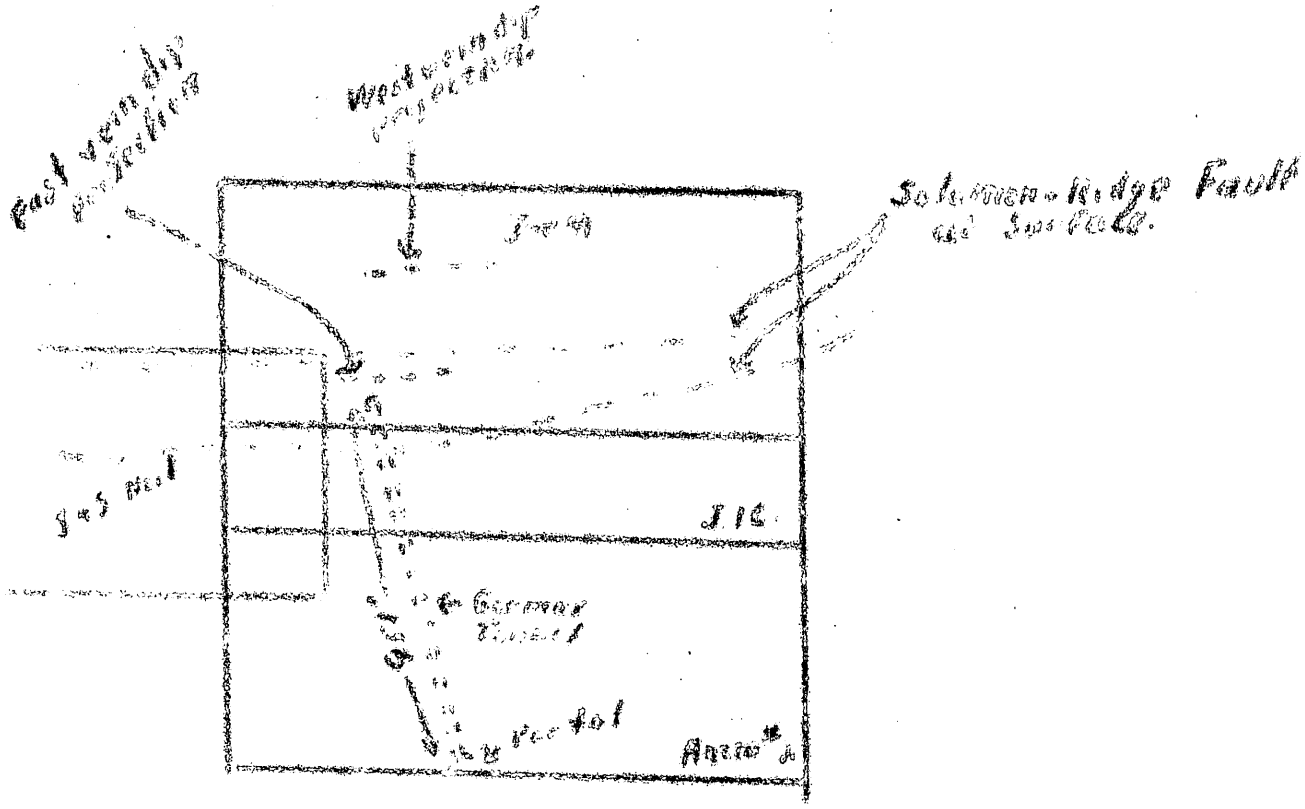
Submitted by:

Gordon D. Smith

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

RECEIVED
AUG - 1 1956

Sketch of location and extent of work on
Gorman Mining Company Contract Ida-8935,
Docket No. DMA 3962 for month of June 1956.



Scale 1" = 200'

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

JUN 26 1956

224 New Customhouse
Denver 2, Colorado

FINAL DISTRIBUTION
MADE JUN 25 1956

June 20, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

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

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

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

Remarks

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

W. M. TRAVER

W. M. Traver

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

DMEA
Date Rec'd.
JUN 20 1956
BUREAU OF MINES
Denver, Colorado

REGION III

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

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: C. M. Harrer

Subject: Docket DMEA 3962 (Lead-zinc) Contract Idm-2935, Gormax Mining Co., (Gormax No. 1 mine) Mineral County, (Creede) Colorado - Progress report for May 1956

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

Progress for the month of May 1956 consists of 125 feet of crosscut as reported by the operator. Measurement at the time of inspection was 128 feet and 10 feet additional was not sampled out. The adit has now been advanced a total of 263 feet under the contract in hard rhyolite. This is 890 feet in from the portal. At present operations have stopped temporarily, preparatory to installing ventilation pipe. The heavy flow of water encountered 883 feet in from the portal is draining satisfactorily.

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

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

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

CMH/mr
cc: 6
Idm-2935
Chron

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

Budget Bureau No. 42-R1036.5

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

RECEIVED JUN 27 1956

Month of May, 1956 Docket No. DMEA 3982 Contract No. Ian-2955
Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc
Address CRESTDE, COLORADO
Contract Amount, $ 56,720.00 Government Participation: 50 % Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						6/29/56. J.W.G.
Drilling						
Bulldozing						
Crosscutting 125 Shot	$3,187.50	$3519.00	$6706.50	7/19/56.		
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$3187.50	$3519.00	$6706.50	3,187.50	3,519.00	6,706.50

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

Date June 8, 1956 *Payee Gormax Mining Company,

Per Gordon D. Smith Title Gen. Mgr.

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

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

(Instructions on reverse)

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

$ 1593.75

Signature (Authorized Certifying Officer)

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

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idw-E905 in accordance with the terms of the contract.

Signature C. M. Warner $6,593.75 Title Mining Engineer Date June 18, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Lamer Title Executive Officer Date JUN 20 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
JUN 27 1956

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

Month of May 1956 Docket No. DMEA 3982 Contract No. Ian-2935
Operator's Name COMAX MINING COMPANY, Minerals Lead-Zinc
Address CRESTED, COLORADO

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting	Feet	$3187.50	125	$6706.50	263	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Timbering							1000	$5.00
TOTAL DISTRIBUTED COSTS		$3187.50	125	$6706.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
TOTAL COSTS		$3187.50	125	$6706.50				$3187.50

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

REMARKS: None

Date June 8, 1956 Operator Comax Mining Company,

Per Gordon D. Smith Title Gen. Mgr.

Gordon D. Smith,

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

(Instructions on reverse)

(For Government use only)

C. M. Harrer

INSTRUCTIONS

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

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

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

GPO 872894

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JUN 27 1956

GORMAN MINING COMPANY
CRESTED, COLO.

Narrative report for month of May 1956.

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

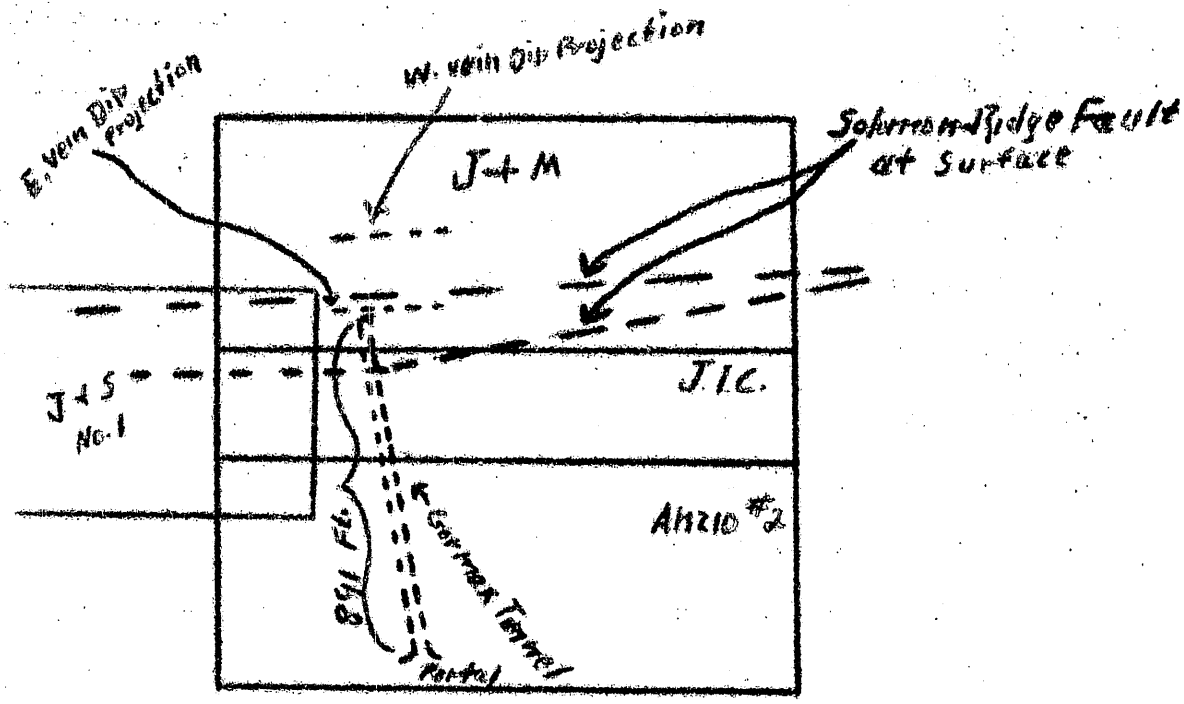
All machinery and equipment is operating satisfactorily and the work is being held to specifications and good mining practices.

Submitted by:

Gordon D. Smith

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

Sketch of location and extent of work
on Gomez Mining Company Contract IGm-2933,
Docket No. IMMA 3982 for Month of May 1956.



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JUN 27 1956

Scale: 1" = 500'

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

RECEIVED
JUN - 4 1956

224 New Customhouse
Denver 2, Colorado

May 25, 1956

FINAL DISTRIBUTION
MAY 31 1956
MADE

Klugschlad

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

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

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

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

Remarks

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

J. W. Townsend

J. W. Townsend

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

Region III

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

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

Memorandum

To: Executive Officer, DMEA Field Team, Region III

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

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

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

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

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

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

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

C. M. Harrer

C. M. Harrer
Mining Engineer

enclosures

cc 6
Idm-E935

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

Budget Bureau No. 42-R1036.5

RECEIVED
JUN - 4 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of APRIL 1956 Docket No. DMEA 3982 (Lead-Zinc) Contract No. Idm-2935

Operator's Name GORMAN MINING COMPANY Minerals Lead-Zinc

Address P.O. Box 2, Creede, Colorado

Contract Amount, $ 56,720.00 Government Participation: 50 % Amount, $ 28,360.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						6/7/56. J.W.L.
Drilling						
Bulldozing 138 Feet	$3519.00	None	$3519.00	7/19/56		
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$3519.00	None	$3519.00	3,519.00	—	3,519.00

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

Date May 4, 1956 *Payee Gorman Mining Company,

Per Gordon Dilworth Title Gen. Mgr.

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

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

(Instructions on reverse)

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

$1759.50

Signature [signature]
(Authorized Certifying Officer)

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

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

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

Signature C. M. Harper $ 6759.50 Title Mining Engineer Date May 23, 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Acting Executive Officer Date MAY 25 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JUN - 4 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 1956 Docket No. DMEA 3982 Contract No. Ion-R935
Operator's Name GORMAX MINING COMPANY Minerals Lead-Zinc
Address P.O. Box 2, Creede, Colorado

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting	Feet	$3519.00	138	$3519.00	138	$25.50	2000	$25.50
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Timbering	"						1000	$5.00
Total Distributed Costs		$3519.00	138	$3519.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		$3519.00	138	$3519.00				$3519.00

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

Date May 4, 1956 Operator GORMAX MINING COMPANY

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

Remarks No timbering needed this month.

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

(Instructions on reverse)

(For Government use only)
C. M. Kerner

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
JUN - 4 1956

GORMAX MINING COMPANY
CREEDE, COLO.

Narrative report for month of April 1956.

Gormax Mining Company commenced work under stage one of DMEA Docket 3982, Contract Idm-2935 on April 6, 1956. Since that time a total distance of 138 feet of crosscutting has been completed. DMEA assistance started at the 628 foot mark from the portal, as measured by Mr. C.M. Harrer on April 12, 1956. At a distance of 751 feet from the portal the formation changed from a grey andesitic type of rock to a reddish brown Rhyolite. At 760 feet from the portal a water seam of considerable volume was encountered. It is still flowing with no indication of playing out. This is considered to be most advantageous to the operation as it will lessen the distance for bringing drilling water to the face by several hundred feet. An assay was run on the mud in the water seam which indicated the following:

Au	Ag	Pb
0.01	0.40	0.4

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

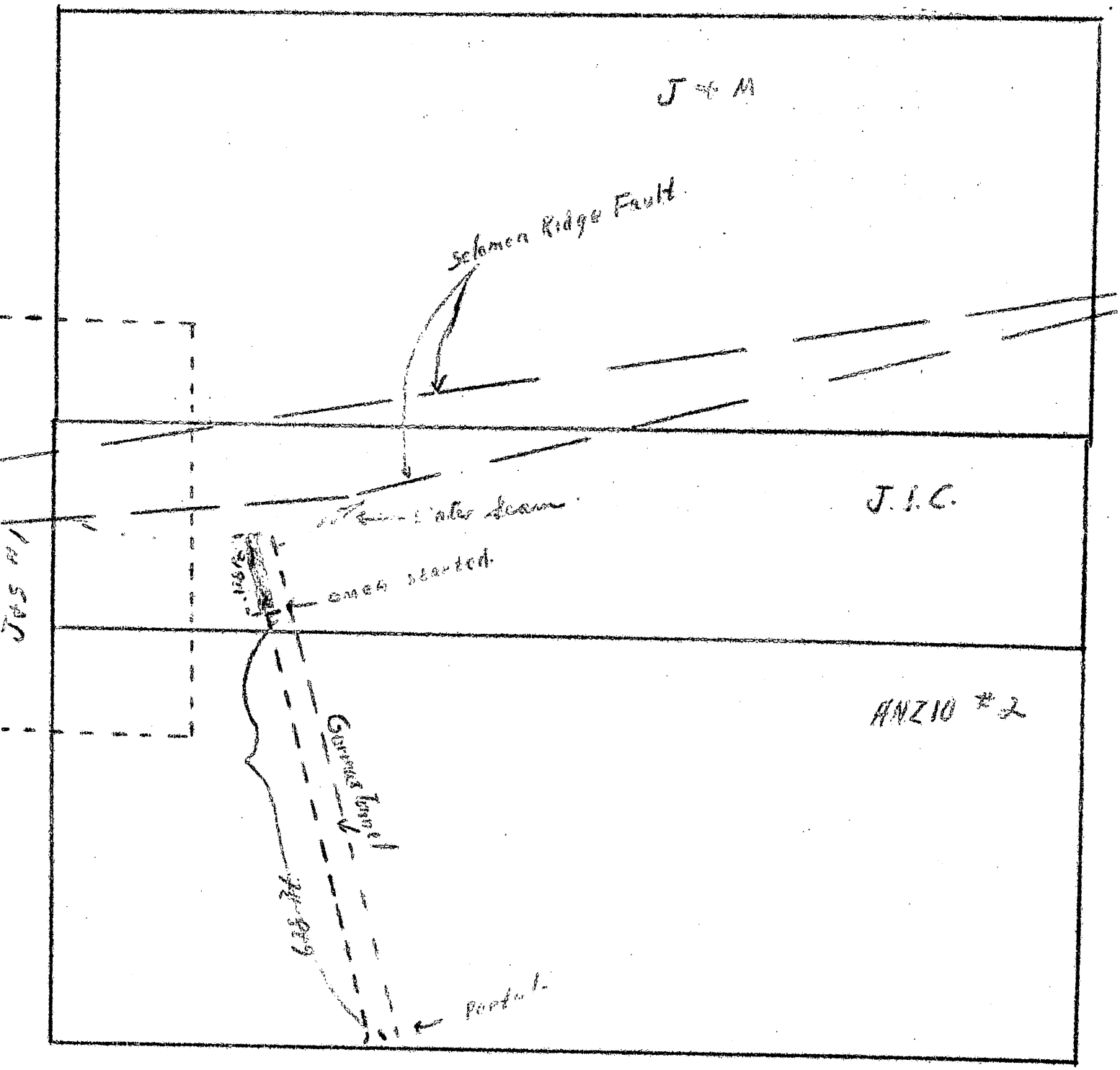
Submitted by:

Gordon D. Smith

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

Sketch of Location and extent of work on Gormax Mining Company Contract Idm-1935, Docket No. DMEA 3982, for month of April 1956.

RECEIVED
JUN - 4 1956



Scale 1" = 200 ft.