DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE Idm-E NO._____ DMEA NO. 5061

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [ ] Contract with all exhibits and annexes
- [X] Owner's Consent to Lien and Subordination Agreement
- [X] Application and attachments

Right Side

- [ ] Project summary (final)
- [ ] Work Completed analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

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

Folders No. 2: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

17963

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

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June 14, 1958

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration
U. S. Bureau of Mines
Department of Interior
Washington 25, D. C.

Dear Mr. Mittendorf:

I am enclosing four (4) copies of an Application for a DMEA Project. I am very sorry that this has been so long getting in; but, as you know, we have only been in possession of the Silver Lake property for a few months. I discussed this with your Denver Office and they have advised me to send it direct to you to facilitate handling. I hope that you and your associates are sufficiently familiar with this property that a field inspection will not be necessary, and that prompt approval can be given.

Our lease with American Smelting and Refining Company is attached. However, one or two of the claims that we will be working on this property are not included on this lease, but an agreement has already been made with ASARCO whereby these claims can be included and that document is in their office for signature at this time.

I had hoped that we would be able to present a request for assistance of the extension of the American Tunnel, but we are still involved in negotiations with United States Smelting, Refining and Mining Company; and until that is finalized, I can't make a request for assistance.

I surely hope that your agency will be renewed by the Congress. You have been of great assistance to these industries and your continued help is necessary at this time.

Yours very truly,

S. Stokes Tomlin, Jr.

S. Stokes Tomlin, Jr.

SSTJr:glh
Encls.

Form MF–103
Revised Oct. 1957

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42–R1035.3
Approval expires June 30, 1958

APPLICATION FOR AID IN AN EXPLORATION PROJECT

PURSUANT TO DMEA ORDER I, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

NAME OF APPLICANT (Full legal name and mailing address as it should appear on contract if one is executed)

Marcy-Shenandoah Corporation
Jarvis Building
Durango, Colorado

APPLICANT NOT TO USE THIS BLOCK

Docket Number: DMEA-5061
Date Received: 6-16-58
Government Participation %:
Region: III
Division Code: 500

BUSINESS ORGANIZATION (Check one)

- Individual [ ]
- Corporation [X]
- Partnership [ ]
- Other (Specify) [ ]

State in which firm is organized: Delaware

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

Name	Address	Title
S. Stokes Tomlin, Jr.,	Jarvis Bldg., Durango, Colorado,	President
Edward M. Barge,	Jarvis Bldg., Durango, Colorado,	Vice President
Robert M. Schell,	3233 Mathieson Dr., N.E., Atlanta, Ga.,	Secretary
Robert R. Snodgrass,	262 Spring St., Atlanta, Ga.,	Treasurer

Mineral(s) for which you wish to explore: Lead, zinc, copper, silver and gold

Estimated Cost of Project: $ 202,741.00

LOCATION OF PROPERTY

Name	County	State
Animas Mining District	San Juan	Colorado

GENERAL INSTRUCTIONS

Before filling out this application, please read DMEA Order–I, Revised, "Government Aid in Defense Exploration Projects." To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit four copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 1, existing mine workings and geology in item 2, and the proposed exploration project in item 4. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 2(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest DMEA Field Office.*

CERTIFICATION

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

MAY 15, 1958
Dated

S. Stokes Tomlin Jr.
BY (Signature)

PRESIDENT
Title

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

1. *Applicant's Property Rights:*

(a) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all land adjacent to the proposed project area which you own or control. Describe any part of the project land or workings which should not be subject to Government lien for royalty payments. If the land consists of unpatented claims, state the book and page number for each recorded location notice, including amended locations, and the place where recorded (courthouse, recorder's office, county, and state).

(b) State all the names by which you know the property.

(c) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise. If you are not the owner, submit with this application one exact copy of the lease, contract, or other document (with address of owner) under which you control the property.

(d) Describe all liens, mortgages, or other encumbrances on the property.

2. *Physical Description:*

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the lands, including existing mine workings. Describe all production facilities.

(b) State your interest, if any, in operations stated in 2*(a)*.

(c) State, as far as you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves on the property giving quantities and grades and sampling methods used, supporting your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you may have, indicating on each whether you require its return to you.

3. *Accessibility of Project:*

(a) To aid DMEA representatives who may be required to examine the property, state the name and address of the person who will meet the DMEA representative; give directions for reaching the property; and describe accessibility of the property including the mine workings.

(b) Name the shipping and supply points and places where employees reside and state the distances between them and the property.

4. *The Exploration Project:*

(a) Describe fully the proposed exploration project giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and longitudinal and cross sections as necessary. Show the location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *property boundaries* or to the closest identifiable corner.

(b) If an access road to the project must be built, show the location on the property map and state the length, type, and construction methods proposed.

(c) In the event that an exploration contract with DMEA is executed, how soon will the work start and how many months will be required to complete it? State your anticipated average daily or monthly rate of progress for each type of work.

5. *Experience:*

State your operating experience and background with relation to your ability to carry out this exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of Costs:*

Furnish detailed estimates of the costs *for each item of the work proposed in 4(a)* under the headings listed below with a total for each heading and the estimated total cost of the project. Costs for any work to be performed by an independent contractor should be shown separately under category *(a)* below. Costs for any work that is not to be performed by an independent contractor should be given in detail under categories *(b)* through *(g)*.

(a) Independent contracts. State the cost of any proposed independent contract for the performance of all or any part of the work, expressed in units of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. *(Note* – If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. For necessary supervision, engineering and geological services, and labor, include an itemized schedule of numbers, classes, rates of wages, salaries or fees, and periods of employment. State whether these technicians and employees are available.

(c) Operating materials and supplies. List items of material and supplies with their cost. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of operating equipment to be used giving specifications and indicating how each item is to be acquired – i.e., rented, purchased, or provided by the applicant. If it is rented or purchased, state the estimated rental or purchase price. If it is to be furnished by the applicant, give its present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of necessary *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant, which will be used on the exploration project.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration project stating specifications and cost including labor, materials and supervision.

(g) Miscellaneous. For the operating equipment listed in 6*(d)*, describe the type and estimate the cost of repairs and maintenance expected during project operations. Do not repeat initial repairs listed in 6*(e)*. Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories.

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

7. *(a)* State whether you are prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation stated in Sec. 7 of DMEA Order–I, Revised.

(b) Explain to what extent you propose to furnish your share of the costs by providing money, by use of equipment owned by you, or otherwise.

* * * * *

INT.-DUP. SEC., WASH., D.C. 25960

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INDEX

1. (a,b,c)

Exploration projects all in the Silver Lake Group of Claims, owned by American Smelting & Refining Company and under Lease to Marcy-Shenandoah Corporation for 20 years. Copy of Lease is attached and lists all mining claims in the Silver Lake Group.

List of Marcy-Shenandoah Claims attached.

Copies of letters from ASARCO regarding additional claims enclosed

The project maps show the claims where exploration work will be performed.

1. (d) - Not applicable

2. (a,b,c,d,e,f) - See other pages

2. (g) - Not applicable

3. (a) Please notify E. A. Larson at the Silverton Office, The Marcy-Shenandoah Mill, a few days before DMEA representative is to arrive, so that John Holmgren, Mine Supt., and Edward M. Barge. Engineer, will be on hand for the Mine inspection.

(b) Shipping and supply point is Silverton, Colorado, a distance of two miles from Mill and lower Tramway terminal.

4. (a) See other pages

(b) No access road required. A Jeep road is in fair condition and can be used in the summer months. We have to depend on our Aerial Tramway for year-around operation, for transporting miners, supplies and ore.

(c) The Main Level Drifting project should be started early in September. The Raise project to proceed when drifting is completed. Drifting on 200 and 400 levels, after raise is completed. See 6 (b,c).

5. John Holmgren, Mine Superintendent for the Shenandoah-Dives Mining Company for many years will supervise the underground work. Mr. Edward M. Barge will do the engineering and geological work. E. A. Larson will be in the Silverton Office, and will make up the DMEA monthly reports.

Experienced Miners, Electrician, Shop & Maintenance men, (former Shenandoah employees)are available.

MARCY-SHENANDOAH CORPORATION
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INDEX CONTD.

6. (a) Not applicable

(b,c,d,e,f) - See other pages

(g) Covered in foregoing items

MARCY-SHENANDOAH CORPORATION
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1 (a,b)

(copied from Lease, recorded in Book 185, Page 59, Jan. 9, 1958)

The following patented lode and placer mining claims in the Animas Mining District, San Juan County, Colorado, owned by the American Smelting & Refining Company, and leased to Marcy-Shenandoah Corporation on January 1st, 1958 for a period of twenty (20) years.

Claim	Survey No.	Claim	Survey No.
Adams Placer	15143	Exploit	12946
Algiers	11469	General Garfield Lodge	828
Alexandria	14024A	Genoa Lode	14024
Ann Harris Placer	11596	George Hesse Lode	9852
Argentine Lode	11380A	Growler	16476
Argentine Mill Site	11380B	Galicya Boy	13139
Arabian Boy	6994	General Hale	14066
American Boy 2/3	7244	General Merritt	14030
Blair Placer	841	General Miles	14066
Big Giant Extension Lode	14320	Gretchen	2163A
Big Giant Lode	1156A	Grip	6647
Barbedoes	14036	Helena Roux Lode	9852
Bear	280	Hillside	12946
Black Diamont	4811	Home Stake	5471
Buckeye	232	Illinois Lode	14019
Buckeye # 2	7896	Iowa	480
Cairo Lode	11469	Jeanette Roux Placer	11596
Contention Lode	14320	Jaffa	12122A
Cremorne Lode	827	J.E. Ward Millsite	9858
Carolina	5569A	Jocko	14163
Club	12978	J. W. Collins	6561
Cub	12193	Key	13065
Desmosthenes	14196	Lightning Attracting	16476
Dreadnaught	14320	Lowville Mill Site	5529B
Dandy Am'd	7896A	Lake Shore	13064
Dump	9843A	Lake Side	12818
Ellida	16476	Last Chance	9284
Esther Allen Lode	8801	Last Chance	12193
Elk	12977	Last Chance Am'd	7896
Emma	238	Lowville	5529
Eckley Cox	14066	Marcia L. Lode	8801A
Essex Street	9106A	Marcia L. Millsite	8801B
Essex Street or Whale Millsite	9106B	Maxwell Mill Site	5530B
Manilla	14030	M.D. Thatcher Placer	17699
Maxwell	5530A	Rivington Street	9003A
		Rochester	4764

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1 (a,b)

Claim	Survey No.	Claim	Survey No.
Melville	12353	Round Mountain	5110A
Nevada	8530A	Royal	6198A
Nevada Extension	8497	Royal Tiger #1	769
New York City	9104	Royal Tiger	48
North Star Extension	7772	Scranton City #2 Lode	16476
Potomac Lode	457	Scranton City Lode	15426
Professor Winkler Millsite	9842B	Silver Star Lode	681
Panuco Am'd	7896	Seymour	96
Pompeii	404	Silver Lake	2164A
Professor Weisback	11469	Silver Lake Spur	6994
Professor Percy	14066	Smyrna	12122A
Professor Stelzner	7568	Solstice	5571
Professor Wedding	11469	Stag	6646
Professor Zeuner	11469	Twentieth Century	16476
Pyramid #3	14220	Tiger Extension #2	14036
Pyramid #2	14220	Titusville	403
Pyramid	2461	Vienna Placer	14057
Republic Lode	1158	Whale	4764
Riverside Lode	8801	White Diamond	13011
Rochester Mill Site	8592	Tiger Mill Site	13749B
Ruby Placer #1	654	Millsite #1	424
Ruby Placer #2	655	Millsite #2	425

The following claims are being picked up by ASARCO to be added to the above list:

Freiburg *	14047
Galena *	11448
Last Chance *	11448
Badger *	11448
Argentine Mill Site	11380B
Essex Street Mill Site	9106B
J.E. Ward Mill Site	9858
North Star Extension	7772
Professor Newberry	14046

* All development will be on these claims. Government royalty or lien will apply only to these 4 claims.

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1 (c)

Name of Claim	Mining District	Survey No.
Und.$\frac{1}{2}$ of Gold Bug Mill Site	Animas	14393
"S" Mill Site	"	20407
Buena Vista	"	14012
Gold	"	14012
Bend Placer	"	11596
Peter Placer	"	11596
C.H. & H.V.B. Mill Sites	"	20594
Mayflower	"	1568
Mayflower #2	"	16551
Koroki	"	17788
Togo	"	17788
Terrible	"	272
Slide	"	1331
Yellow Jacket	"	311
Dives Fraction	"	20059
North Star	"	297
Huntington	"	15351
G.H.M.	"	20564)
B.S.G.	"	20564)
J.R.W.	"	20564)
C.A.C.	"	20564)
E.C.W. Mill Site	"	20595B)
H.M. Mill Site	"	20595B)
N.N. Mill Site	"	20595B)
M.B. Mill Site	"	20595B)
Tract A of T.H.W. Mill Site	"	20595B)
Tract B of T.H.W. Mill Site	"	20595B)
Mountain Quail	"	1157A
Gold Bug	"	14393

MARCY-SHENANDOAH CORPORATION
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DURANGO, COLORADO

1 (c)

January 31, 1958

Mr. Robert K. Wyman
Treasurer, San Juan County
Silverton, Colorado

SILVER LAKE GROUP
DELINQUENT TAXES

Dear Sir:

Enclosed is American Smelting and Refining Company's check No. 6992 in favor of the Treasurer, San Juan County, Silverton, Colorado, in the amount of $191.59.

This check is for the redemption of delinquent taxes on the following claims for 1956 and for payment of taxes on these claims for 1957:

Argentina Mill Site
Essex Street Mill Site
J. E. Ward Mill Site
North Star Extension
Last Chance

Yours truly,

J. P. FROST

JPF:bm
Encl. - Check

cc: S.Stokes Tomlin, Jr.

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1 (c)

April 9, 1958

Mr. Robert L. Wyman, Treasurer
San Juan County
Silverton, Colorado

Dear Mr. Wyman:

I understand that we are in arrears on taxes for the following claims:

Freiberg	1047
Golden	1148
Last Chance	1148

Would you please advise what it would cost to bring us up to date on these claims, say, if payment were made by June 1st of this year.

Yours truly,

[illegible] signed By
J. P. MOST
J. P. MOST

JPP:km
cc: S.S.Tomlin,Jr.

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2 (a,b) Mining operations started in 1887. By 1899 there were 35,000 feet of workings. The property was purchased by American Smelting and Refining Company in 1901. Milling during the years 1890-1902 was done at Silver Lake. From 1903-1906 milling was transferred to a new location on the Animas River. The mill burned in 1906 but was rebuilt. Mining and milling continued until the big flu epidemic of 1918. In 1936 ASARCO started exploration from a lower level. The property was leased to the Shenandoah-Dives Mining Company in 1942 who mined and milled the ore from the Silver Lake Mines until their closing in 1953. That same year a D.M.E.A. program was started to develop ore on the southwestern margins of the property. In 1955 this project was abandoned, no commercial ore having been found. In 1957 Shenandoah-Dives Mining Company was merged into a new corporation calling itself Marcy-Shenandoah Corporation who obtained a 20-year renewable lease from ASARCO. Figure 2 shows the general area covered in this application and Figure 1 a more detailed map of some of the underground workings.

2 (c) Mine production records are lacking for the years 1887-1901 inclusive. However, stope maps, dumps, and tailings estimate indicate at least 400,000 tons production prior to 1902. Bureau of Mines records show a production of 360,000 tons 1902-1906 inclusive and 270,000 tons 1907-1918 inclusive. From 1942-1953 inclusive the Shenandoah-Dives Mining Company produced about 550,000 tons from the Silver Lake Unit of ASARCO. Total production from the Silver Lake Mines 1887-1953 inclusive, therefore, approximates 1,580,000 tons.

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2 (d) Proven commercial ore reserves are nil. However, mineralized material of lower grade with a gross metal value at today's prices of less than $10.00/ton are considerable. C. A. Chase, former general manager of Shenandoah-Dives Company, after completing the "O" Raise on the Silver Lake Vein, projected several million tons of this low-grade material. In addition he saw another several million tons of similar grade available by extending the "Letter G" project.

2 (e) All of the known ore bodies in the general area are grouped along radial fissures bordering the southern edge of the Silverton Caldera. The Silver Lake Mines include some of the most productive of these veins. Mineralization is a complex assemblage of gold, silver, lead, copper, and zinc. The average tenor is low. The aggregate of all the veins probably have an average width of 6 feet, productive length of 10,000 feet and grade of .04 oz. Au/ton, 1.0 oz. Ag/ton, 1.0% Pb, .5% Cu, and .3% Zn. However, the relative metal values vary considerably within the vein systems. Higher gold values were reported in the upper parts of Silver Lake Basin. Little oxidation of the sulfide minerals has occurred because of the recent glaciation and vigorous mechanical erosion taking place today.

Higher grade ore shoots do occur sporadically, sometimes near vein intersections, sometime in favorable rock facies of the Burns Quartz Latite, or sometimes for unpredictable causes. Most of the development has taken place in the Burns Quartz Latite. This is the predominant rock from altitudes of 11,600' to 13,000'. That mineralization extends to deeper levels is attested by the adjacent Mayflower Mine which produces

2 (e) contd.

in the underlying Eureka Rhyolite from an interior shaft from 10,800' to 11,200' elevation. However, in the Silver Lake Vein, where it follows walls of a porphyry dike, it makes no difference whether the country rock is Burns Latite or Eureka Rhyolite. Openings in the dike are determined by the irregularities in the walls and are especially favorable where the dip steepens.

2 (f) Old stope maps of the Silver Lake Mines were examined and compiled. Figures 3 and 4 are assay maps of the Silver Lake Level No. 9, parallels 235-241. Dollar values are given as per 1903 price quotations. Figure 4 shows the pinching of the ore shoot as the intersection of the Silver Lake and New York veins is approached.

Average grade of 360,000 tons of ore produced from all parts of the Silver Lake Mines 1902-1906 inclusive (U.S. Bureau of Mines) was:

Au	.147	oz/ton
Ag	5.03	oz/ton
Pb	1.9%	
Cu	1.0%	
Zn	_____?	

Although the Zn content was not assayed, later work by Shenandoah-Dives Mining Company show a ratio of Pb to Zn of about 3:1. Therefore, we can estimate about .6% Zn content during the years 1902-1906. In order to determine the relative metal contents represented in Figure 3, the above assays were used to interpolate figures from dollars/ton to assay values.

The weighted average values (1903 values) in Figure 3 give a footwall streak averaging 1.6' thick of $20.50/ton and a hanging-wall streak averaging 4.6' thick of $20.15/ton. Assuming a barren interval of 3.8' between, we

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2 (f) contd.

obtain a weighted average of 10' thickness having a gross metal value in 1903 of $12.50/ton.

Interpolating the assay values for this 10' interval, we obtain the following absolute metal contents:

Au	.238	oz/ton
Ag	8.04	oz/ton
Pb	3.1%	
Cu	1.6%	
Zn	1.0%	

The tonnage that can be expected is now calculated. As can be seen by Figure 5, the ore shoot has a dip of 55° and a rake along the intersection of the two veins. The calculated height of the ore shoot between the proposed drift and Silver Lake Level No. 9 is therefore about 770'. With an average drift length of 260' and width of 10' we have a possible 167,000 tons @ 12 cu. ft/ton. However, a 50% productive factor was found to be true by the Shenandoah-Dives Mining Company in later work on other portions of the Silver Lake Vein. Therefore, we can assume the reserves to be developed by this work to be about 83,500 tons of the above grade. Of course, additional reserves above the Silver Lake Level No. 9 will also be made available. This will likely amount to another 80,000 tons. An unknown plus factor to be added is the exploration by drilling or x-cut of the New York Vein (see Figure 6).

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4 (a) Figures 5 and 6 show the proposed work. All drift is to be $8\frac{1}{2}$' x $8\frac{1}{2}$'. The raise is to be 6' x 14'. Diamond drill stations will be prepared as operations permit. Details to be handled later. It is advisable to allow some freedom of planning in case geological conditions change. As can be seen in Figure 6 faulting will cause some uncertainties. No water problems are anticipated and the ground is solid.

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6 (b,c)

EXPLORATION - DRIFTING

1,280 ft. Main Level
280 ft. X-Cut, 200 level, after raise is completed
240 ft. " 400 " " " " "
1,800 ft. Total Drifting & X-Cutting

7 month project - 6 day work week

	260 ft. month	Total 1,800 ft.
Labor		
Miners & Helpers @ $17.00/ft.	$ 4,370.00	$30,600.00
Supervision	750.00	5,250.00
Shift Bosses	500.00	3,500.00
Electrician	600.00	4,200.00
Shop - sharpening	425.00	2,975.00
Engineer - Geologist	400.00	2,800.00
Tram, 2 shifts, transporting men & supplies	950.00	6,650.00
Office	375.00	2,625.00
Haulage, nipping & Compressor	900.00	6,300.00
Payroll Taxes	492.00	3,444.00
Liability Insurance	333.00	2,331.00
Explosives & Elec. Caps	1,430.00	10,010.00
Electric Power	1,600.00	11,200.00
Drill Steel & Bits	598.00	4,186.00
Track & Ditch	650.00	4,550.00
Air, Water & Vent. Pipe	780.00	5,460.00
Diamond Drilling 840 ft.	420.00	2,940.00
TOTALS	$15,573.00	$109,021.00

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MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

6 (b,c) contd.

EXPLORATION RAISE

550 ft. - 7 month project

55 degree incline

	78 ft. /month	Total 550 ft.
Labor		
Miners & Helpers @ $35.00/ft.	$ 2,730.00	$19,250.00
90 ft. Station Cutting	180.00	1,260.00
Supervision	750.00	5,250.00
Shift Boss	500.00	3,500.00
Hoistmen	800.00	5,600.00
Electrician	600.00	4,200.00
Shop - sharpening - M&R Drills	500.00	3,500.00
Engineer - Geologist	400.00	2,800.00
Tramway, 2 shifts, transport. men & supplies	950.00	6,650.00
Office	375.00	2,625.00
Haulage, nipping & Compressor	500.00	3,500.00
Payroll Taxes	435.00	3,045.00
Liability Insurance	294.00	2,058.00
Explosives & Caps	390.00	2,730.00
Electric Power	1,600.00	11,200.00
Drill Steel & Bits	179.00	1,253.00
Timber, Plank & Ladders	292.00	2,044.00
Air, Water & Vent. Pipe	215.00	1,505.00
TOTALS	$11,690.00	$81,970.00

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

6 (c)

SUPPLIES ON HAND

1800	ft. Track, 52 lb. Rail & Splice Bars	$2,052.00
7	tons 1" Q.O. Drill Steel	3,150.00
1100	lbs. 1-1/8" Rd. Drill Steel	151.00
1000	ft. 2/0 Motor Lead Cable	803.00
534	ft. 5000 Volt 1/0 Power Cable	726.00
9600	lin. ft. Timber	1,238.00
417	pcs. Lagging	439.00
26000	Bd. Ft. 6" x 8" Fir	3,600.00
1400	Bd. Ft. Ladder Stock	270.00
2200	Bd. Ft. Plank (fir)	365.00
	Total	$12,794.00

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6 (d)

MINE EQUIPMENT
April 1, 1958

		$	$
	ELECTRIC PLANT:		
	Steel Sub-station at Mill, 3 - 250 K.V.A. Transformers, Switches, Lightning Arresters, 15 ft. above ground on hillside	30,000.00	
	Power Line to Mine, 2 miles - 17000 volt	7,800.00	
	Transformers at Mine, 3 - 200's	9,000.00	
	Transformers Underground 3 - 50's	2,500.00	
	2500 volt Underground Cable, 7,320 ft. @ $2.20	16,104.00	
	Trolley Wire, Hangers, Switches, 8,087 ft. @ $ .40	3,235.00	
	200 H.P., 125 KW, 250 volt, Synchronus Motor Generator Set complete with Switches	7,500.00	
	75 H.P., 75 KW, 250 volt, Motor Generator Set	2,500.00	
1	2080 cu.ft. C. P. Compressor and 200 H.P. Motor	18,500.00	
1	80 H.P. - 9 ton Locomotive	13,000.00	
1	62 H.P. - 8 ton Locomotive	12,000.00	
	Electric Shop, Lamps, Spare Armatures & Equipment	6,500.00	
			128,639.00
	MINE:		
	Phones Lines and Signals	1,000.00	
	8,187 ft. Track - 30 gauge - 45# & 52# Rail @ $1.93	15,800.00	
	1,160 ft. 8" Airline @ $2.94 — $ 3,410.00		
	3,990 ft. 6" Airline @ $2.32 — 9,250.00		
	2,507 ft. 4" Airline @ $1.31 — 3,280.00		
	7,657 ft. Air Line	15,940.00	
	6,980 ft. 2" Waterline @ $.45	3,140.00	
	677 ft. 1" Waterline @ $.21	142.00	
7	75 cu. ft. Cars	6,000.00	
8	105 cu. ft. Cars and Dumpers	14,000.00	
1	Eimco Mucking Machine (New)	5,000.00	
1	Eimco Muching Machine (Used)	2,000.00	
1	2 - Column Jumbo	1,000.00	
	Shop Equipment	4,000.00	
	Dry Room Equipment	1,000.00	
	Engineering Equipment and Supplies	1,500.00	
	Mine Timber Shed and Tools	4,000.00	
	2/5 Value of Mine Boardinghouse, Heating Plant, Living Quarters, Kitchen, Engineering Office	10,000.00	
	1,800 ft. 20 H.P. Ingersoll Rand Blower and Vent Pipe	2,600.00	
	Drills, Hose, Couplings, Oilers necessary for complete Project (12.5 months)	6,500.00	
			93,622.00
	2 miles Aerial Tramway - Steel Tower Construction 80/ton/hr.		150,000.00
	Total All,		$ 372,261.00

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MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

6 (e,f)

REHABILITATION: ESTIMATED COSTS - SURFACE WORK

Repairs to damaged power line, caused by snow slides	$ 150.00
Power & Labor to dry out and test all electrical equipment (Compressor, Locomotives, Generators, Ventilating Blower, etc.,)	1,600.00
Move Mucking Machine & small generator set, from Mill to Mine	400.00
Clean up caved area of upper Tram Terminal, oil Tram Cables and rolling stock	350.00
Construct incline skip track & skip, install hoist, to handle supplies from upper tramway to Mine timber shed on Main Level--this in the place of the stub tramway, which will allow room for a waste dump on our main level trestle between Timber shed and Mine Hotel Building. Repair trestle and construct dumping arrangement for handling waste	2,000.00
	4,500.00

UNDERGROUND

Repairs to trolley line, portal to 3220 co-or., replacing some timber, picking up small caves	750.00
Mucking, picking up caves and timbering in the 3220 East drift to the Ventilating blower station	1,250.00
Install pipe, trolley from 3220, west to face (approx. 1400 ft) where DMEA project will start	500.00
Install Ventilating blower, at junction of two drifts, about 400 ft. from face; install power line from 3220 to Ventilating blower; install vent pipe from blower to face	1,000.00
Cleaning out and picking up caves and replace necessary timber on Base level between crusher bins and tramway	1,250.00

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

6 (e,f) contd.

Cleaning out and replacing bad timber in crushing plant	1,250.00
Pick up cave and retimber at 12 co-or on main level, where large generator set is at present inaccessible	1,250.00
	7,250.00
Grand Total	$ 11,750.00

Marcy-Shenandoah Corporation, Jarvis Building, Durango, Colorado

6.

1(c)

MINING LEASE

THIS MINING LEASE, entered into as of this 1st day of January, 1958, regardless of the actual times of signing and acknowledgment, between AMERICAN SMELTING AND REFINING COMPANY, a New Jersey Corporation, lessor, and MARCY-SHENANDOAH CORPORATION, a Delaware Corporation, lessee.

W I T N E S S E T H

Article 1. Description of Property. The lessor represents that it is the owner of the following patented lode and placer mining claims in the Animas Mining District, San Juan County, Colorado:

Claim	Survey No.	Claim	Survey No.
Adams Placer	15143	Exploit	12946
Algiers	11469	General Garfield Lode	828
Alexandria	14024A	Genoa Lode	14024
Ann Harris Placer	11596	George Masse Lode	9852
Argentine Lode	11380A	Grovier	16476
Argentine Mill Site	11380B	Galicya Bay	13139
Arabian Bay	6994	General Hale	14066
American Bay 2/3	7244	General Merritt	14030
Blair Placer	841	General Miles	14066
Big Giant Extension Lode	14320	Gretchen	2163A
Big Giant Lode	1156A	Grip	6647
Barbadoes	14036	Halena Roux Lode	9852
Bear	280	Hillside	12946
Black Diamond	4811	Horse Stake	5471
Buckeye	232	Illinois Lode	14019
Buckeye #2	7896	Iowa	480
Cairo Lode	11469	Jeannette Roux Placer	11596
Contention Lode	14320	Jaffa	12122A
Cremorne Lode	827	J. C. Ward Millsite	9858
Caroline	5569A	Josho	14163
Club	12976	J. W. Collins	6561
Cub	12193	Key	13065
Demosthenes	14196	Lightning Attracting	16476
Dreadnought	14320	Loraville Mill Site	5529B
Dandy Am'd	7896A	Lake Shore	13064
Dump	9843A	Lake Side	12818
Ellida	16476	Last Chance	9284
Esther Allen Lode	8801	Last Chance	12193
Elk	12977	Last Chance Am'd.	7896
Eliza	238	Loraville	5529
Sekley Cox	14066	Marcia L. Lode	8801A
Essex Street	9106A	Marcia L. Millsite	8801B
Essex Street or Shale Millsite	9106B	Maxwell Mill Site	5530B
		M. D. Thatcher Placer	17699

Claim	Survey No.	Claim	Survey No.
Manila	11030	Livingston Street	9030
Maxwell	5530A	Rochester	4764
Melville	12353	Round Mountain	5110A
Nevada	6530A	Royal	6198A
Nevada Extension	9497	Royal Tiger #1	769
New York City	9104	Royal Tiger	[illegible]
North Star Extension	7778	Scranton City #2 Lode	16476
Potassic Lode	457	Scranton City Lode	15426
Professor Winder Millsite #2	[illegible]	Silver Star Lode	681
Pueco #2	7196	Skyline	56
Rempell	[illegible]	Silver Lode	[illegible]
Professor Reifsteck	11467	Silver Tail Copper	6098
Professor Percy	11066	Smyrna	12122
Professor Stelzner	7568	Solstice	5571
Professor Redding	11469	Stag	6686
Professor Zeuner	11469	Twentieth Century	16476
Pyramid #3	11220	Tiger Extension #2	11436
Pyramid #2	11220	Titusville	403
Pyramid	2461	Vienna Placer	11457
Republic Lode	1153	Whale	4764
Riverside Lode	8801	White Diamond	13011
Rochester Mill Site	8592	Tiger Mill Site	13749B
Ruby Placer #1	654	Millsite #1	474
Ruby Placer #2	655	Millsite #2	425

and is also the owner of the following unpatented lode mining claims in the same district and county:

American Girl, location certificate recorded in Book 172 at p. 361
Lorraine " " " " " 172 " p. 359

records of said San Juan County.

The following claims, commonly referred to as the Aspen group, are presently under lease to GRANT G. GIFFORD, by lease dated October 1, 1955:

Name	U. S. Survey No.	Name	U. S. Survey No.
Aspen	199	Prince	1997A
Chloride	411	San Juan	15112
Legal Tender	753	Sediment	15112
Mammoth	449	River	15112
McGregor	423	New York	15112
Susquehanna	447	Washington	15112
LaRoca	191.79		

Lessor hereby assigns said lease of October 1, 1955 to lessee for such time as this agreement of January 1, 1958 remains in force and effect, and if said lease upon the Aspen group should be cancelled, forfeited or terminated, then and in such event, said Aspen group shall automatically be

included in this agreement.

Article 2. Grant of Lease. The lessor, in consideration of the royalties herein reserved and the covenants herein to be performed by the lessee and the further consideration of Ten Dollars ($10.00) paid by lessee to lessor, receipt of which is hereby acknowledged, does hereby lease, let and demise, unto the lessee, its successors and assigns, all the above described property.

Article 3. Term of Lease. The term of this lease shall be Twenty (20) years from the date hereof unless extended or sooner terminated in the manner hereinafter provided.

Article 4. Extension of Lease. At the expiration of the original term of twenty (20) years, the lessee may at its option, if this lease shall then be in effect and the lessee shall not be in default and shall be diligently complying with the work provisions of this lease, have an extension for an additional period of ten (10) years. Lessee shall exercise said option by notifying the lessor in writing at least sixty (60) days prior to the date the lease would otherwise expire.

Article 5. Possession and Control of Property. The lessee shall have, and it is hereby given and granted, the right to enter into and take over immediately the sole and exclusive possession and control of said property and the whole and every part thereof, and, during the term of this agreement, to remain in the sole and exclusive possession and control thereof, and to investigate, measure, sample, examine, test, develop, work, mine, operate, use, manage and control the same and the water and water rights appurtenant thereto, and to mine, extract and remove from said property the ores and minerals therein and appurtenant and belonging thereto, and to treat, mill, ship, sell or otherwise dispose of the same and receive the full proceeds therefrom; and to erect, construct, maintain, use and operate thereon and therein buildings, structures, machinery and equipment. The time, nature, location and extent of such or any

or all mining or mining operations and the cessation and resumption thereof shall be at the sole discretion of the lessee.

Article 6. Manner of work. The lessee agrees to cause all work, development and mining to be done in a careful and minerlike manner and to conform in all respects with the mining laws and regulations of the State of Colorado.

Article 7. Work Requirements. Beginning January 1, 1960, lessee shall expend Eighteen Thousand Dollars ($18,000.00) each and every calendar year for any of the purposes of Article 5 hereof, in, upon or for the benefit of the demised premises, and if in any such calendar year lessee shall fail to expend Eighteen Thousand Dollars ($18,000.00), it shall, within 30 days thereafter pay to lessor the difference between $18,000.00 and the amount actually spent during such year. Any amounts spent in excess of $18,000.00 in any such year may be credited against the amounts required to be expended in the subsequent two calendar years. Similarly, any amounts so spent before January 1, 1960, may be credited against the amounts required to be expended in the two years subsequent to January 1, 1960.

In the event lessee shall give notice of its intention to surrender this lease as hereinafter provided, it shall expend money or pay the penalty for failing to do so, proportionately for the then current year, but free or after the date of the notice it shall be relieved of all further expenditures or penalties.

Article 8. Royalties. Lessee shall pay to lessor royalties on ores mined and removed from the demised premises in accordance with the schedules set forth below:

a) On ores milled by lessee

2% of net returns on all ore with net returns up to $5.00 per ton
3% of net returns on all ore with net returns over $5.00 to and including 17.50 per ton

4% over $ 7.50 to and including $10.00 per ton
5.5% over $10.00 to and including $12.50 per ton
7% over $12.50 to and including $15.00 per ton
8.5% over $15.00 to and including $17.50 per ton
10% over $17.50 to and including $20.00 per ton
11.5% over $20.00 to and including $22.50 per ton
13.0% over $22.50 to and including $25.00 per ton
14.5% over $25.00 to and including $27.50 per ton
16.0% of net returns on all ore with net returns over $27.50

b) Definition of Net Mill Returns on Ore Milled by Lessee

Net mill returns on ore milled by lessee, in accordance with sub-paragraph (a) of this article, shall mean the calculated net value per dry ton of crude ore based on the calculated net smelter value of the concentrates produced from any ores so milled, exclusive of premium metal payments and government subsidies, less transportation costs from mill to smelter. The factors to be used in determining such net mill returns shall be smelter schedules, metal prices, and mill recoveries and ratios of concentration. Smelter schedules so employed shall be those currently applicable to the treatment of the concentrates covered hereby. Metal prices to be so employed shall be the average prices for the month in question as quoted in the sources referred to in the applicable smelter schedules. Mill recoveries and ratios of concentration shall be those shown by mill records. Lessee shall weigh and sample mine run ore before treatment in accordance with good mining practice, and the methods used must be approved by lessor.

c) Premium Payments or Government Subsidies

In the event any premium metal payments or government subsidies are paid on any ore mined from the demised premises, then, unless prohibited or limited by law or government regulation, lessee shall pay to lessor a percentage of such premium metal payment or government subsidy equal to the royalty percentage applied upon the net mill or smelter returns of such ore as determined in paragraphs (b) and (d) of this article.

d) Nonmetallic Ores

In the event lessee should sell any ores, or minerals extracted from them, which ores or minerals are of the type which are not ordinarily purchased by smelters, including but not limited to barite ores or such minerals as manganese minerals, then the lessee shall pay lessor royalties as set forth in sub-paragraph (a) above, with, in the case of raw ores sold, "net returns" being the F.O.B. mine price paid therefor, and in the case of such ores or minerals concentrated by lessee, "net returns" shall be calculated in a manner similar to that outlined in sub-paragraph (b) above, except that the price of the concentrates shall be that actually received F.O.B. mill by lessee.

e) Royalty Settlement Date

Royalty settlements shall be made by lessee on or before the 25th day of each and every calendar month during the term of this agreement for all mill or other returns received during the preceding calendar month. Each settlement shall be accompanied by a duplicate liquidation or settlement sheet on all ores or concentrates sold as contemplated under sub-paragraph (d) and a duplicate calculation sheet showing how royalties are computed on all ores milled by lessee.

f) Ores Milled by Others Than Lessee. In the event ores mined by Lessee shall be milled by others other than Lessee, then the Lessee shall pay Lessor royalties as set forth in sub-paragraph (a) of this article and "net returns" shall be calculated as provided in sub-paragraph (b) of this article, except that in calculating such returns, there shall be subtracted transportation costs from mine to mill in addition to transportation costs from mill to smelter.

g) Smelter Ores

In the event metallic ores mined by Lessee are sold directly to a smelter, Lessee shall pay Lessor the royalties set forth in sub-paragraph (a) of this article and "net returns" shall be the f.o.b. mine price of said ores.

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In the event lessee should sell any ores, or minerals extracted from them, which ores or minerals are of the type which are not ordinarily purchased by smelters, including but not limited to barite ores or such minerals as manganese minerals, then the lessee shall pay lessor royalties as set forth in sub-paragraph (a) above, with, in the case of raw ores sold, "net returns" being the F.O.B. mine price paid therefor, and in the case of such ores or minerals concentrated by lessee, "net returns" shall be calculated in a manner similar to that outlined in sub-paragraph (b) above, except that the price of the concentrates shall be that actually received F.O.B. mill by lessee.

e) Royalty Settlement Date

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f) Ores Milled by Others Than Lessee. In the event ores

Article 9. Marketing of Products. Products shall be marketed at the best terms obtainable from any responsible mill or smelter or other buyer, with due regard to freight differentials and any other charges involved. Lessor is hereby granted the right of first refusal to contract for the purchase of or the smelting of all concentrates produced from ores extracted from the demised premises and concentrated by lessee, provided, however, that the terms and conditions of such contract for the purchase or smelting of such concentrates shall be at least as favorable to lessee as contracts offered to lessee by others, freight differentials and other charges considered.

Article 10. Royalty Due United States Government. Under the terms of an exploration contract made between Shenandoah-Dives Mining Company and the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, Docket No. DMEA 2991, dated June 26, 1953, and terminated as of May 29, 1954, the Government has a lien on production from the demised premises until the amount advanced by the Government has been repaid or until June 26, 1963, whichever occurs earlier. Repayment is to be by means of royalties on ores produced from the demised premises, as set forth in said contract. Lessee hereby agrees to pay to the government the required royalties as they become due, and to hold harmless the lessor for any claim or damages on account of failure so to pay said royalties.

Article 11. Use of Adjacent Properties. The lessee shall have the right to remove ores, waste, water and other materials from the demised premises and to carry on general mining operations pertaining to the demised premises by means of shafts and workings on other properties controlled by lessee and to remove ores, waste, water and other materials from such other properties and to carry on general mining operations pertaining to such other properties on the surface of or through shafts and workings on the demised premises, but until weighed and sampled, all ores extracted and removed from the demised premises shall be kept separate from ores extracted and removed from any other properties.

Article 12. Records and Inspection. Lessee's maps and records of all mining operations upon the demised premises pertinent to the computation of royalties, shall be available for lessor's inspection upon request, but not more often than once each month; and the lessor may enter said property at all reasonable times for the purpose of inspecting the same, and lessee shall facilitate such inspection in every reasonable way, but lessor shall enter upon said demised property at lessor's own risk and so as not to hinder unreasonably the operations

of lessee; and the lessor shall indemnify and hold harmless the lessee from any damage, claim or demand by reason of injury to or the presence of the lessor or the lessor's officers, agent, representatives, licensees, or guests or any of them on the demised premises or approaches thereto. If this agreement is terminated for any reason, lessee shall, within 3 months following such termination, furnish lessor with all factual geologic, engineering and assay maps and sections of the demised premises, which shall include the location, direction and attitude of all exploratory drill holes drilled by lessee. Lessee shall also furnish copies of geologic and assay logs of such exploratory drill holes.

Article 13. Taxes. a) The lessee shall be charged with all general property taxes assessed as a nonproducing mine against the lessor's ownership in the demised premises during the term of this lease, and with taxes assessed as a producing mine as a result of lessee's operation of the demised premises. To this end, beginning with January, 1958, lessee shall during January of each year this lease is in effect, deposit with lessor at its Salt Lake Office, an amount equal to the taxes which would be assessed as a nonproducing mine upon the demised premises, based on the tax rate for that year. In addition, lessee shall authorize the smelters and ore purchasers who purchase ores, concentrates, or minerals to deduct one and one-half percent (1.5%) of the net purchase price of all such material sold from the demised premises or from lessee's mill, and remit such amounts directly to lessor at its Salt Lake Office. In case any lot or lots of concentrates or ores sold contain no material derived from the demised premises, the smelter or ore purchaser shall not be required to remit such percentage of the net purchase price for such lot or lots. From the amounts so deposited by lessee and deducted by the smelters or ore purchasers, lessor shall pay the general property taxes before they become delinquent. It is understood that taxes based on assessment as a producing mine do not fall due until the second year after the year

in which production is had. Promptly after the amount of such taxes is determined, lessor shall remit to lessee any excess of monies so deposited and received from smelters and ore purchasers, or bill lessee for any deficiency.

b) Lessor shall be charged with its proportion, based on the royalties hereinabove reserved, of taxes based on assessment as a producing mine, and of any production, severance or similar or other excise taxes, and, except in the case of taxes based on assessment as a producing mine, lessee shall advance such proportion and be reimbursed therefor.

c) The lessee shall pay before they are delinquent all taxes levied or assessed against any and all personal property, machinery and equipment placed upon said demised premises by the lessee during the term of this lease.

Article 14. State and Federal Laws. Lessee shall comply with the Workmen's Compensation Laws of Colorado and with Social Security, Unemployment Insurance and all other state and federal laws relating to lessee's operations and shall save lessor harmless from any claim for damages or liability by reason thereof.

Article 15. Protection from Liens and Damages. The lessee shall keep the demised premises and the whole and every part thereof free and clear of liens for labor done or work performed upon the demised premises or materials furnished to it for the development or operation thereof under this lease while the same is in force and effect, and will save and keep harmless the lessor from all costs, loss or damage which may arise by reason of injury to any persons employed by the lessee in or upon the demised premises or any part thereof, or, except as provided in Article 12 hereof, which may arise by reason of injury to any persons or damage to any property as the result of any work or operations of the lessee or of its possession and occupancy of the demised premises. A lien upon the property shall not constitute a default if the lessee in good faith disputes the validity of the claim, in which event the existence of the lien

shall constitute a default only from and after the validity of the lien has been adjudicated.

Article 16. Unavoidable Delays. If the lessee is unable to perform any of the terms or covenants of this lease except the payment of royalties, rentals and taxes, by reason of damage or delay resulting from disaster, labor disturbances, shortage of labor, strikes, lockouts, force majeure or act of God, or from any regulations or restrictions of any governmental agency, or on account of any eventuality beyond the reasonable control of lessee, the lessee shall be excused from performance during the period of such prevention, and shall be excused from payments in lieu of work during such period.

Article 17. Forfeiture Clause. The failure of the lessee to make or cause to be made any of the payments herein provided for or to keep or perform any agreement on its part to be kept or performed according to the terms and provisions of this agreement, shall, at the election of the lessor, work a forfeiture hereof; provided, however, that in the event of a default on the part of the lessee, and the election of the lessor to terminate this agreement on account thereof, the lessor shall give to the lessee a written notice of its intention to declare a forfeiture of this agreement and to terminate the same on account thereof, specifying the particular default or defaults relied upon by it, and the lessee shall have sixty (60) days after receipt of such notice in which to make good such default or defaults, in which event, there shall be no forfeiture therefor; and provided further, that in the case of default in the payment of royalties or the deposit due for taxes, referred to in Article 13(a) hereof, lessee shall have only five (5) days after receipt of such notice in which to make good such default or defaults. Waiver or failure to give notice of a particular default or defaults shall not be construed as condoning any subsequent default.

Article 18. Cancellation. Notwithstanding any provision herein to the contrary, the lessee may at any time upon 30 days' written notice to the lessor, cancel and terminate this lease. Upon such cancellation and termination of this lease, the lessee shall be under no further obligation of whatsoever kind or nature to the lessor, except for the making of payments which have already accrued at the date of such cancellation and termination. Work requirements or payments in lieu thereof, specified in Article 6 hereof, shall cease upon the date such notice is given.

Article 19. Surrender of Property. In the event of a valid forfeiture, cancellation or other termination of this lease, the lessee shall surrender to the lessor peaceable possession of the demised premises and shall deliver to lessor a written relinquishment thereof.

Article 20. Removal of Equipment. The lessee shall have and is hereby given and granted six months after a valid forfeiture, cancellation or other termination of this agreement to remove from said property, all warehouse stocks, merchandise, materials, tools, hoists, compressors, engines, motors, pumps, transformers, electrical accessories, metal or wooden tanks, pipes and connections, mine cars and any and all machinery, track fixtures, and equipment erected or placed in or upon said property by it, provided that such right of removal shall not extend to buildings, machinery foundations, and underground tracks, and mine timbers in place unless lessor shall have given its previous written consent thereto. If lessee is hampered by snowdrifts, washouts, inclement weather, or other climatic conditions, from completing the removal of said equipment within the time specified, then the lessor agrees to extend the time by a reasonable period if requested by the lessee.

Article 21. Notices. Any notices required or permitted to be given to the lessor hereunder shall be considered as delivered forty-eight (48) hours after the same shall have been deposited in the United States mail, duly regis-

tered, with postage thereon prepaid. All notices given hereunder shall be addressed to the respective addresses given below:

If to lessor, Attention Mining Department
120 Broadway
New York 5, New York

and

600 Crandall Building
Salt Lake City 1, Utah

and if to lessee, Jarvis Building
Durango, Colorado

Said addresses for receiving notices may be changed by either party upon two (2) days previous written notice to the other party.

Article 23. Assignment. Lessee may sublease any part or parts of the demised premises, provided that such sublease or subleases shall automatically terminate upon the termination of this agreement, but lessee may not assign this agreement without the written permission of lessor first had and obtained.

Article 24. Insurance. These presents shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

Article 24. Construction. Titles to the respective articles hereof shall not be deemed a part of this lease but shall be regarded as having been used for convenience only.

IN WITNESS WHEREOF this agreement is executed as of the day and year first above written.

AMERICAN SMELTING AND REFINING COMPANY

ATTEST:

Secretary

By
Vice President

Lessor

PARCY-SHENANDOAH CORPORATION

ATTEST

Asst Secretary

By
President

Lessee

STATE OF NEW YORK)
) ss
CITY AND COUNTY OF NEW YORK)

The foregoing instrument was acknowledged before me this 2nd day of January A.D. 1958 by A. A. Brown, Vice President of the American Smelting and Refining Company, lessor.

My commission expires:

Witness my hand and official seal.

CLARE A. BAIONE
Notary Public, State of New York
No. 24-0133075 Qualified in Kings Co.
Cert. filed in New York County
Commission Expires March 30, 1959

CLARE A. BAIONE
942 East 37th Street
Brooklyn 10, N. Y.

Notary Public

STATE OF COLORADO)
) ss
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 14th day of December A.D. 1958 by S. Stokes Tomlin, Jr., President of the Harry-Shenandoah Corporation, lessee.

My commission expires: March 24, 1959

Witness my hand and official seal.

Gladys L. Heatwole
Notary Public

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

August 28, 1958

Re: DMEA 5061
Lead-Zinc-Copper-
Silver-Gold $202,741
Marcy-Shenandoah Corp.
Silver Lake Mine
San Juan County, Colo.

Memorandum

To: W. R. Griswold, DMEA

From: H. M. Calloway, USBM

Subject: Review of application dated May 15 and received in Washington June 16, 1958

The application requests DMEA assistance to explore the downdip extension of an ore shoot mined many years ago from the Silver Lake vein #9 level (Unity Tunnel level). Specifically, the project calls for $11,750 rehabilitation of the surface plant and haulageway of the Shenandoah-Dives main adit; a 1200-ft extension of the 1220 drift northwestward from the present breast in the plane of the Silver Lake vein at an elevation of 11,200 ft; a 550-ft inclined raise on the footwall of the Silver Lake vein to the Unity Tunnel level; and 520-ft of drifting along the vein at two intermediate levels.

In justification the applicant points out assay maps from the Silver Lake #9 level stope and projections of the northwest-striking ore shoot formed by the intersection of the New York and Silver Lake veins as assumed from alignment of stopes on higher levels.

The applicant apparently interprets figures 3 and 4 as representing separate footwall and hanging wall streaks with separate width and assay values as shown. He thus arrives at a 10-ft inferred

width for his ore shoot projection. Possibly this interpretation is true. However, the discrepancy in dates between the two maps and comparable widths and values suggest figures 3 and 4 are of a single vein, sampled at different times by different samplers. This interpretation considerably reduces the width of the projected ore shoot. The samples (taken in 1903 and assays reported in terms of dollar value) are inadequate.

Assays and description of the breast and walls of the 3226-vein drift shown in figure 6 should have been included in the application. Lacking such data the reviewer is lead to an assumption that the vein is not present in the breast at the position where exploration drifting is to begin. Red shading in figure 6 suggests the vein lies in the north wall of the drift. It is realized that strong mineralization is not expected at this position, assuming the ore shoot projection is warranted. Nevertheless, the proposal presumes the presence of the vein.

From the data presented one infers the upward projection of the ore shoot should cause it to outcrop immediately southwest of the project area. Though the upper portion of the ore shoot is not to be explored by the proposed project, data concerning the presence, extent, and mineralization of the outcrop would establish the validity of projecting the ore shoot into the target area.

The Silver Lake vein strikes approximately N 50 W and dips 55° NE. Figure 2 gives data indicating a topographic slope of 40° toward the northeast. It, therefore, is apparent the vein and the surface dip in the same direction and diverge at an acute angle. A hasty, but possibly indicative, graphic estimate indicates the target area would be accessible by an adit driven 600 feet S 20 E (at an elevation of 11,200-ft) from a position 500-ft east of the portal of the Unity Tunnel on the haulage road. Could a revised project proposal, using such a shortcut, effect a substantial savings?

I recommend the application be referred to the field for examination and appraisal with emphasis on the following points:

(1) Need to re[illegible]ample the stope on the Silver Lake #9 level (Unity [illegible]).

(2) Need of sampling and descrip[illegible] the outcrop of the Silver L[illegible] in [illegible] of of the proj[illegible]ted ore shoot.

(3) Samples and [illegible]tion of the [illegible] breast from which proposed exp[illegible]n is to begin.

(4) Possibility of entryway [illegible] from surface at positions down slope and north of the outcrop.

H. M. Callaway

H. M. Callaway

Copy to Division of Minerals
Branch of Base Metals (2)
Mr. Lamb
Mr. Kihlgaard
F I L E S

HMCallaway/mec

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

August 28, 1958

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Silver-Gold $202,741
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Assays and description of the breast and walls of the 3220-vein drift shown in figure 6 should have been included in the application. Lacking such data the reviewer is lead to an assumption that the vein is not present in the breast at the position where exploration drifting is to begin. Red shading in figure 6 suggests the vein lies in the north wall of the drift. It is realized that strong mineralization is not expected at this position, assuming the ore shoot projection is warranted. Nevertheless, the proposal presumes the presence of the vein.

From the data presented one infers the upward projection of the ore shoot should cause it to outcrop immediately northeast of the project area. Though the upper portion of the ore shoot is not to be explored by the proposed project, data concerning the presence, extent, and mineralization of the outcrop would establish the validity of projecting the ore shoot into the target area.

The Silver Lake vein strikes approximately N 50 W and dips 55° NE. Figure 2 gives data indicating a topographic slope of 40° toward the northeast. It, therefore, is apparent the vein and the surface dip in the same direction and diverge at an acute angle. A hasty, but possibly indicative, graphic estimate indicates the target area would be accessible by an adit driven 600 feet S 20 E (at an elevation of 11,200-ft) from a position 500-ft east of the portal of the Unity Tunnel on the haulage road. Could a revised project proposal, using such a shortcut, effect a substantial savings?

I recommend the application be referred to the field for examination and appraisal with emphasis on the following points:

(1) Need to resample the stope on the Silver Lake #9 level (Unity Tunnel level).

(2) Need of samples and description of the outcrop of the Silver Lake vein in the area of the projected ore shoot.

(3) Samples and description of the drift breast from which proposed exploration is to begin.

(4) Possibility of entryway directly from surface at positions down slope and north of the outcrop.

H. M. Callaway

H. M. Callaway

Copy to Division of Minerals
Branch of Base Metals (2)
Mr. Lamb
Mr. Killsgaard
F I L E S

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H. M. Callaway

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Copy to Division of Minerals
Branch of Base Metals (2)
Mr. Lamb
Mr. Killegaard
F I L E S

HMCallaway/mec

Form MF–103
Revised Oct. 1957

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42–R1035.3
Approval expires June 30, 1958

APPLICATION FOR AID IN AN EXPLORATION PROJECT

PURSUANT TO DMEA ORDER I, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

NAME OF APPLICANT (Full legal name and mailing address as it should appear on contract if one is executed)

Marcy-Shenandoah Corporation
Jarvis Building
Durango, Colorado

APPLICANT NOT TO USE THIS BLOCK

Docket Number: DMEA-5061
Date Received: 6-16-58
Government Participation %:
Region: III
Division Code: 500

BUSINESS ORGANIZATION (Check one)

- Individual
- Corporation [x]
- Partnership
- Other (Specify)

State in which firm is organized: Delaware

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

Name	Address	Title
C. Stokes Tomlin, Jr.,	Jarvis Bldg., Durango, Colorado,	President
Edward M. Barge,	Jarvis Bldg., Durango, Colorado,	Vice President
Robert M. Schell,	5233 Mathieson Dr., N.E., Atlanta, Ga.,	Secretary
Robert R. Snodgrass,	262 Spring St., Atlanta, Ga.,	Treasurer

Mineral(s) for which you wish to explore: Lead, zinc, copper, silver and gold

Estimated Cost of Project: $ 302,941.00

LOCATION OF PROPERTY

Name	County	State
Animas Mining District	San Juan	Colorado

GENERAL INSTRUCTIONS

Before filling out this application, please read DMEA Order–I, Revised, "Government Aid in Defense Exploration Projects." To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit four copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 1, existing mine workings and geology in item 2, and the proposed exploration project in item 4. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 2(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals,* of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest DMEA Field Office.*

CERTIFICATION

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

5/15/58
Dated

BY *(Signature)*

President
Title

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

1. *Applicant's Property Rights:*

(a) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all land adjacent to the proposed project area which you own or control. Describe any part of the project land or workings which should not be subject to Government lien for royalty payments. If the land consists of unpatented claims, state the book and page number for each recorded location notice, including amended locations, and the place where recorded (courthouse, recorder's office, county, and state).

(b) State all the names by which you know the property.

(c) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise. If you are not the owner, submit with this application one exact copy of the lease, contract, or other document (with address of owner) under which you control the property.

(d) Describe all liens, mortgages, or other encumbrances on the property.

2. *Physical Description:*

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the lands, including existing mine workings. Describe all production facilities.

(b) State your interest, if any, in operations stated in 2*(a)*.

(c) State, as far as you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves on the property giving quantities and grades and sampling methods used, supporting your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you may have, indicating on each whether you require its return to you.

3. *Accessibility of Project:*

(a) To aid DMEA representatives who may be required to examine the property, state the name and address of the person who will meet the DMEA representative; give directions for reaching the property; and describe accessibility of the property including the mine workings.

(b) Name the shipping and supply points and places where employees reside and state the distances between them and the property.

4. *The Exploration Project:*

(a) Describe fully the proposed exploration project giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and longitudinal and cross sections as necessary. Show the location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *property boundaries* or to the closest identifiable corner.

(b) If an access road to the project must be built, show the location on the property map and state the length, type, and construction methods proposed.

(c) In the event that an exploration contract with DMEA is executed, how soon will the work start and how many months will be required to complete it? State your anticipated average daily or monthly rate of progress for each type of work.

5. *Experience:*

State your operating experience and background with relation to your ability to carry out this exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of Costs:*

Furnish detailed estimates of the costs *for each item of the work proposed in 4(a)* under the headings listed below with a total for each heading and the estimated total cost of the project. Costs for any work to be performed by an independent contractor should be shown separately under category *(a)* below. Costs for any work that is not to be performed by an independent contractor should be given in detail under categories *(b)* through *(g)*.

(a) Independent contracts. State the cost of any proposed independent contract for the performance of all or any part of the work, expressed in units of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. *(Note* – If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. For necessary supervision, engineering and geological services, and labor, include an itemized schedule of numbers, classes, rates of wages, salaries or fees, and periods of employment. State whether these technicians and employees are available.

(c) Operating materials and supplies. List items of material and supplies with their cost. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of operating equipment to be used giving specifications and indicating how each item is to be acquired – i.e., rented, purchased, or provided by the applicant. If it is rented or purchased, state the estimated rental or purchase price. If it is to be furnished by the applicant, give its present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of necessary *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant, which will be used on the exploration project.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration project stating specifications and cost including labor, materials and supervision.

(g) Miscellaneous. For the operating equipment listed in 6*(d)*, describe the type and estimate the cost of repairs and maintenance expected during project operations. Do not repeat initial repairs listed in 6*(e)*. Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories.

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

7. *(a)* State whether you are prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation stated in Sec. 7 of DMEA Order–I, Revised.

(b) Explain to what extent you propose to furnish your share of the costs by providing money, by use of equipment owned by you, or otherwise.

* * * * *

INT.-DUP. SEC., WASH., D.C. 25960

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

INDEX

1. (a,b,c)

Exploration projects all in the Silver Lake Group of Claims, owned by American Smelting & Refining Company and under Lease to Marcy-Shenandoah Corporation for 20 years. Copy of Lease is attached and lists all mining claims in the Silver Lake Group.

List of Marcy-Shenandoah Claims attached.

Copies of letters from ASARCO regarding additional claims enclosed

The project maps show the claims where exploration work will be performed.

1. (d) - Not applicable

2. (a,b,c,d,e,f) - See other pages

2. (g) - Not applicable

3. (a) Please notify E. A. Larsen at the Silverton Office, The Marcy-Shenandoah Mill, a few days before BMEA representative is to arrive, so that John Halmgren, Mine Supt., and Edward M. Burge. Engineer, will be on hand for the Mine inspection.

(b) Shipping and supply point is Silverton, Colorado, a distance of two miles from Mill and lower Tramway terminal.

4. (a) See other pages

(b) No access road required. A Jeep road is in fair condition and can be used in the summer months. We have to depend on our Aerial Tramway for year-around operation, for transporting miners, supplies and ore.

(c) The Main Level Drifting project should be started early in September. The Raise project to proceed when drifting is completed. Drifting on 200 and 400 levels, after raise is completed. See 6 (b,c).

5. John Halmgren, Mine Superintendent for the Shenandoah-Dives Mining Company for many years will supervise the underground work. Mr. Edward M. Burge will do the engineering and geological work. E. A. Larsen will be in the Silverton Office, and will make up the BMEA monthly reports.

Experienced Miners, Electrician, Shop & Maintenance men, (former Shenandoah employees)are available.

1

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

INDEX CONTD.

6. (a) Not applicable

(b,c,d,e,f) - See other pages

(g) Covered in foregoing items

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

1 (a,b)

(copied from Lease, recorded in Book 185, Page 59, Jan. 9, 1958)

The following patented lode and placer mining claims in the Animas Mining District, San Juan County, Colorado, owned by the American Smelting & Refining Company, and leased to Marcy-Shenandoah Corporation on January 1st, 1958 for a period of twenty (20) years.

Claim	Survey No.	Claim	Survey No.
Adams Placer	15143	Exploit	12946
Algiers	11469	General Garfield Ledge	828
Alexandria	14024A	Genoa Lode	14024
Ann Harris Placer	11596	George Hesse Lode	9852
Argentine Lode	11380A	Grawler	16476
Argentine Mill Site	11380B	Galicya Bay	13139
Arabian Bay	6994	General Hale	14066
American Bay 2/3	7244	General Merritt	14030
Blair Placer	841	General Miles	14066
Big Giant Extension Lode	14320	Gretchen	2163A
Big Giant Lode	1156A	Grip	6647
Barbedoes	14036	Helena Roux Lode	9852
Bear	280	Millaide	12946
Black Diamond	4811	Home Stake	5471
Buckeye	232	Illinois Lode	14019
Buckeye # 2	7896	Iowa	480
Caire Lode	11469	Jeanette Roux Placer	11596
Contention Lode	14320	Jaffa	12122A
Cremorne Lode	827	J.E. Ward Millsite	9888
Carolina	5569A	Jocko	14163
Club	12978	J. W. Collins	6561
Cub	12193	Key	13065
Demosthenes	14196	Lightning Attracting	16476
Dreadnaught	14320	Leaville Mill Site	5529B
Dandy Am'd	7896A	Lake Shore	13064
Dump	9843A	Lake Side	12818
Ellida	16476	Last Chance	9284
Esther Allen Lode	8801	Last Chance	12193
Elk	12977	Last Chance Am'd	7896
Emma	238	Leaville	5529
Eckley Cox	14066	Marcia L. Lode	8801A
Essex Street	9106A	Marcia L. Millsite	8801B
Essex Street or Whale Millsite	9106B	Maxwell Mill Site	5530B
Manilla	14030	M.B. Thatcher Placer	17699
Maxwell	5530A	Rivington Street	9903A
		Rochester	4764

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

1 (a,b)

Claim	Survey No.	Claim	Survey No.
Melville	12353	Round Mountain	5110A
Nevada	8530A	Royal	6198A
Nevada Extension	8497	Royal Tiger #1	769
New York City	9104	Royal Tiger	48
North Star Extension	7772	Scranton City #2 Lode	16476
Potomac Lode	457	Scranton City Lode	15426
Professor Winkler Millsite	9842B	Silver Star Lode	681
Pennsylvania	7896	Seymour	96
Pompeii	404	Silver Lake	2164A
Professor Weisbeck	11469	Silver Lake Spur	6994
Professor Percy	14066	Smyrna	12122A
Professor Stelzner	7568	Solstice	5571
Professor Wadding	11469	Stag	6646
Professor Zeumer	11469	Twentieth Century	16476
Pyramid #3	14220	Tiger Extension #2	14036
Pyramid #2	14220	Titusville	403
Pyramid	2461	Vienna Placer	14057
Republic Lode	1158	Whale	4764
Riverside Lode	8801	White Diamond	13011
Rochester Mill Site	8592	Tiger Mill Site	13749B
Ruby Placer #1	654	Millsite #1	424
Ruby Placer #2	655	Millsite #2	425

The following claims are being picked up by ASARCO to be added to the above list:

Freiburg	*	14047
Galena	*	11448
Last Chance	*	11448
Badger	*	11448
Argentine Mill Site		11380B
Essex Street Mill Site		9106B
J.E. Ward Mill Site		9858
North Star Extension		7771
Professor Newberry		14046

* All development will be on these claims. Government royalty or lien will apply only to these 4 claims.

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

1 (c)

Name of Claim	Mining District	Survey No.
Und.½ of Gold Bug Mill Site	Animas	14393
"S" Mill Site	"	20407
Buena Vista	"	14012
Gold	"	14012
Bond Placer	"	11596
Peter Placer	"	11596
C.H. & H.V.B. Mill Sites	"	20594
Mayflower	"	1568
Mayflower #2	"	16551
Koroki	"	17788
Tago	"	17788
Terrible	"	272
Slide	"	1331
Yellow Jacket	"	311
Divas Fraction	"	20059
North Star	"	297
Huntington	"	15351
G.H.M.	"	20564)
B.S.G.	"	20564)
J.R.W.	"	20564)
C.A.C.	"	20564)
K.C.W. Mill Site	"	20595B)
H.M. Mill Site	"	20595B)
N.N. Mill Site	"	20595B)
M.B. Mill Site	"	20595B)
Tract A of T.H.W. Mill Site	"	20595B)
Tract B of T.H.W. Mill Site	"	20595B)
Mountain Quail	"	1187A
Gold Bug	"	14393

FROST-CHEAHAMAN CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

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RECEIVED JUN 16 1959

DATE	INITIALS	CODE

1 (c)

January 31, 1958

Mr. Robert K. Hyman
Treasurer, San Juan County
Silverton, Colorado

SILVER LAKE GROUP
DELINQUENT TAXES

Dear Sir:

Enclosed is American Smelting and Refining Company's check No. 6992 in favor of the Treasurer, San Juan County, Silverton, Colorado, in the amount of $191.59.

This check is for the redemption of delinquent taxes on the following claims for 1956 and for payment of taxes on these claims for 1957:

Argentine Mill Site
Essex Street Mill Site
J. E. Ward Mill Site
North Star Extension
Last Chance

Yours truly,

J. P. FROST

JPF:bm
Encl. - Check

cc: S.Stokes Tomlin, Jr.

MARGE-GIRARDEAU CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

1 (c)

April 9, 1958

Mr. Robert K. Wyman, Treasurer
San Juan County
Silverton, Colorado

Dear Mr. Wyman:

I understand that we are in arrears on taxes for the following claims:

Freiburg	14047
Galena	11448
Last Chance	11448

Would you please advise what it would cost to bring us up to date on these claims, say, if payment were made by June 1st of this year.

Yours truly,

J. P. FROST

JPF:bm
cc: S.S.Tomlin,Jr.

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

2 (a,b) Mining operations started in 1887. By 1889 there were 35,000 feet of workings. The property was purchased by American Smelting and Refining Company in 1901. Milling during the years 1890-1902 was done at Silver Lake. From 1903-1906 milling was transferred to a new location on the Animas River. The mill burned in 1906 but was rebuilt. Mining and milling continued until the big flu epidemic of 1918. In 1936 ASARCO started exploration from a lower level. The property was leased to the Shenandoah-Dives Mining Company in 1942 who mined and milled the ore from the Silver Lake Mines until their closing in 1953. That same year a D.M.E.A. program was started to develop ore on the southwestern margins of the property. In 1955 this project was abandoned, no commercial ore having been found. In 1957 Shenandoah-Dives Mining Company was merged into a new corporation calling itself Marcy-Shenandoah Corporation who obtained a 20-year renewable lease from ASARCO. Figure 2 shows the general area covered in this application and Figure 1 a more detailed map of some of the underground workings.

2 (c) Mine production records are lacking for the years 1887-1901 inclusive. However, stope maps, dumps, and tailings estimate indicate at least 400,000 tons production prior to 1902. Bureau of Mines records show a production of 360,000 tons 1902-1906 inclusive and 270,000 tons 1907-1918 inclusive. From 1942-1953 inclusive the Shenandoah-Dives Mining Company produced about 550,000 tons from the Silver Lake Unit of ASARCO. Total production from the Silver Lake Mines 1887-1953 inclusive, therefore, approximates 1,580,000 tons.

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

2 (d) Proven commercial ore reserves are nil. However, mineralized material of lower grade with a gross metal value at today's prices of less than $10.00/ton are considerable. C. A. Chase, former general manager of Shenandoah-Dives Company, after completing the "O" Raise on the Silver Lake Vein, projected several million tons of this low-grade material. In addition he saw another several million tons of similar grade available by extending the "Letter G" project.

2 (e) All of the known ore bodies in the general area are grouped along radial fissures bordering the southern edge of the Silverton Caldera. The Silver Lake Mines include some of the most productive of these veins. Mineralization is a complex assemblage of gold, silver, lead, copper, and zinc. The average tenor is low. The aggregate of all the veins probably have an average width of 6 feet, productive length of 10,000 feet and grade of .04 oz. Au/ton, 1.0 oz. Ag/ton, 1.0% Pb, .5% Cu, and .3% Zn. However, the relative metal values vary considerably within the vein systems. Higher gold values were reported in the upper parts of Silver Lake Basin. Little oxidation of the sulfide minerals has occurred because of the recent glaciation and vigorous mechanical erosion taking place today.

Higher grade ore shoots do occur sporadically, sometimes near vein intersections, sometime in favorable rock facies of the Burns Quartz Latite, or sometimes for unpredictable causes. Most of the development has taken place in the Burns Quartz Latite. This is the predominant rock from altitudes of 11,600' to 13,000'. That mineralization extends to deeper levels is attested by the adjacent Mayflower Mine which produces

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

2 (e) contd.

in the underlying Eureka Rhyolite from an interior shaft from 10,800' to 11,200' elevation. However, in the Silver Lake Vein, where it follows walls of a porphyry dike, it makes no difference whether the country rock is Burns Latite or Eureka Rhyolite. Openings in the dike are determined by the irregularities in the walls and are especially favorable where the dip steepens.

2 (f) Old stope maps of the Silver Lake Mines were examined and compiled. Figures 3 and 4 are assay maps of the Silver Lake Level No. 9, parallels 235-241. Dollar values are given as per 1903 price quotations. Figure 4 shows the pinching of the ore shoot as the intersection of the Silver Lake and New York veins is approached.

Average grade of 360,000 tons of ore produced from all parts of the Silver Lake Mines 1902-1906 inclusive (U.S. Bureau of Mines) was:

Au	.147	oz/ton
Ag	5.03	oz/ton
Pb	1.9%	
Cu	1.0%	
Zn	_____?	

Although the Zn content was not assayed, later work by Shenandoah-Dives Mining Company show a ratio of Pb to Zn of about 3:1. Therefore, we can estimate about .6% Zn content during the years 1903-1906. In order to determine the relative metal contents represented in Figure 3, the above assays were used to interpolate figures from dollars/ton to assay values.

The weighted average values (1903 values) in Figure 3 give a footwall streak averaging 1.6' thick of $20.50/ton and a hanging-wall streak averaging 4.6' thick of $20.15/ton. Assuming a barren interval of 3.8' between, we

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

2 (f) contd.

obtain a weighted average of 10' thickness having a gross metal value in 1903 of $12.50/ton.

Interpolating the assay values for this 10' interval, we obtain the following absolute metal contents:

Au	.238	oz/ton
Ag	8.04	oz/ton
Pb	1.1%	
Cu	1.0%	
Zn	1.0%	

The tonnage that can be expected is now calculated. As can be seen by Figure 5, the ore shoot has a dip of 55° and a rake along the intersection of the two veins. The calculated height of the ore shoot between the proposed drift and Silver Lake Level No. 9 is therefore about 770'. With an average drift length of 260' and width of 10' we have a possible 167,000 tons @ 12 cu. ft/ton. However, a 50% productive factor was found to be true by the Shenandoah-Dives Mining Company in later work on other portions of the Silver Lake Vein. Therefore, we can assume the reserves to be developed by this work to be about 83,500 tons of the above grade. Of course, additional reserves above the Silver Lake Level No. 9 will also be made available. This will likely amount to another 80,000 tons. An unknown plus factor to be added is the exploration by drilling or x-cut of the New York Vein (see Figure 6).

MARCY-SHENANDOAH CORPORATION
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4 (a) Figures 5 and 6 show the proposed work. All drift is to be $8\frac{1}{2}' \times 8\frac{1}{2}'$. The raise is to be $6' \times 14'$. Diamond drill stations will be prepared as operations permit. Details to be handled later. It is advisable to allow some freedom of planning in case geological conditions change. As can be seen in Figure 6 faulting will cause some uncertainties. No water problems are anticipated and the ground is solid.

MARCH-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

6 (b,c)

EXPLORATION - DRIFTING

1,280 ft. Main Level
280 ft. X-Cut, 200 level, after raise is completed
240 ft. " 400 " " " " "
1,800 ft. Total Drifting & X-Cutting

7 month project - 6 day work week

	260 ft. month	Total 1,800 ft.
Labor		
Miners & Helpers @ $17.00/ft.	$ 4,370.00	$30,600.00
Supervision	750.00	5,250.00
Shift Bosses	500.00	3,500.00
Electrician	600.00	4,200.00
Shop - sharpening	425.00	2,975.00
Engineer - Geologist	400.00	2,800.00
Tram, 2 shifts, transporting men & supplies	950.00	6,650.00
Office	375.00	2,625.00
Haulage, nipping & Compressor	900.00	6,300.00
Payroll Taxes	492.00	3,444.00
Liability Insurance	333.00	2,331.00
Explosives & Elec. Caps	1,430.00	10,010.00
Electric Power	1,600.00	11,200.00
Drill Steel & Bits	598.00	4,186.00
Track & Ditch	650.00	4,550.00
Air, Water & Vent. Pipe	780.00	5,460.00
Diamond Drilling 840 ft.	420.00	2,940.00
TOTALS	$15,573.00	$109,021.00

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

6 (b,c) contd.

EXPLORATION RAISE

550 ft. - 7 month project

55 degree incline

	78 ft. /month	Total 550 ft.
Labor		
Miners & Helpers @ $35.00/ft.	$ 2,730.00	$19,250.00
90 ft. Station Cutting	180.00	1,260.00
Supervision	720.00	5,250.00
Shift Boss	500.00	3,500.00
Maintenance	800.00	5,600.00
Electrician	600.00	4,200.00
Shop - sharpening - MSR Drills	500.00	3,500.00
Engineer - Geologist	400.00	2,800.00
Tramming, 2 shifts, transport. men & supplies	920.00	6,440.00
Office	375.00	2,625.00
Haulage, hoisting & Compressor	500.00	3,500.00
Payroll Taxes	436.00	3,048.00
Liability Insurance	294.00	2,058.00
Explosives & Caps	390.00	2,730.00
Electric Power	1,600.00	11,200.00
Drill Steel & Bits	179.00	1,253.00
Timber, Plank & Ladders	292.00	2,044.00
Air, Water & Vent. Pipe	215.00	1,505.00
TOTALS	$11,600.00	$81,970.00

MARTY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

6 (a)

SUPPLIES ON HAND

1800 ft. Track, 52 lb. Rail & Splice Bars	$2,052.00
7 tons 1" Q.C. Drill Steel	3,150.00
1100 lbs. 1-1/8" Rd. Drill Steel	151.00
1000 ft. 2/0 Motor Lead Cable	803.00
534 ft. 5000 Volt 1/0 Power Cable	726.00
9600 lin. ft. Timber	1,238.00
417 pcs. Lagging	439.00
28000 Bd. Ft. 6" x 8" Fir	3,600.00
1400 Bd. Ft. Ladder Stock	270.00
2300 Bd. Ft. Plank (fir)	165.00
Total	$13,794.00

MARCY-SHENANDOAH CORPORATION

JARVIS BUILDING
DURANGO, COLORADO

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DATE

6 (d)

MINE EQUIPMENT
April 1, 1958

		$	$
ELECTRIC PLANT:			
	Steel Sub-station at Mill, 3 - 250 K.V.A. Transformers, Switches, Lightning Arresters, 15 ft. above ground on hillside	30,000.00	
	Power Line to Mine, 2 miles - 17000 volt	7,800.00	
	Transformers at Mine, 3 - 200's	9,000.00	
	Transformers Underground 3 - 50's	2,500.00	
	2500 volt Underground Cable, 7,320 ft. @ $2.20	16,104.00	
	Trolley Wire, Hangers, Switches, 8,087 ft. @ $ .40	3,235.00	
	200 H.P., 125 KW, 250 volt, Synchronus Motor Generator Set complete with Switches	7,500.00	
	75 H.P., 75 KW, 250 volt, Motor Generator Set	2,500.00	
1	2080 cu.ft. C. P. Compressor and 200 H.P. Motor	18,500.00	
1	80 H.P. - 9 ton Locomotive	13,000.00	
1	62 H.P. - 8 ton Locomotive	12,000.00	
	Electric Shop, Lamps, Spare Armatures & Equipment	6,500.00	
			128,639.00
MINE:			
	Phones Lines and Signals	1,000.00	
	8,187 ft. Track - 30 gauge - 45# & 52# Rail @ $1.93	15,800.00	
	(1,160 ft. 8" Airline @ $2.94 $ 3,410.00)		
	(3,990 ft. 6" Airline @ $2.32 9,250.00)		
	(2,507 ft. 4" Airline @ $1.31 3,280.00)		
	7,657 ft. Air Line	15,940.00	
	6,980 ft. 2" Waterline @ $.45	3,140.00	
	677 ft. 1" Waterline @ $.21	142.00	
7	75 cu. ft. Cars	6,000.00	
8	105 cu. ft. Cars and Dumpers	14,000.00	
1	Eimco Mucking Machine (New)	5,000.00	
1	Eimco Muching Machine (Used)	2,000.00	
1	2 - Column Jumbo	1,000.00	
	Shop Equipment	4,000.00	
	Dry Room Equipment	1,000.00	
	Engineering Equipment and Supplies	1,500.00	
	Mine Timber Shed and Tools	4,000.00	
	2/5 Value of Mine Boardinghouse, Heating Plant, Living Quarters, Kitchen, Engineering Office	10,000.00	
	1,800 ft. 20 H.P. Ingersoll Rand Blower and Vent Pipe	2,600.00	
	Drills, Hose, Couplings, Oilers necessary for complete Project (12.5 months)	6,500.00	
			93,622.00
	2 miles Aerial Tramway - Steel Tower Construction 80/ton/hr.		150,000.00
	Total All,		$ 372,261.00

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

6 (e,f)

REHABILITATION: ESTIMATED COSTS - SURFACE WORK

Repairs to damaged power line, caused by snow slides	$ 150.00
Power & Labor to dry out and test all electrical equipment (Compressor, Locomotives, Generators, Ventilating Blower, etc.,)	1,600.00
Move Mucking Machine & small generator set, from Mill to Mine	400.00
Clean up caved area of upper Tram Terminal, oil Tram Cables and rolling stock	350.00
Construct incline skip track & skip, install hoist, to handle supplies from upper tramway to Mine timber shed on Main Level--this in the place of the stub tramway, which will allow room for a waste dump on our main level trestle between Timber shed and Mine Hotel Building. Repair trestle and construct dumping arrangement for handling waste	2,000.00
	4,500.00

UNDERGROUND

Repairs to trolley line, portal to 3220 co-or., replacing some timber, picking up small caves	750.00
Mucking, picking up caves and timbering in the 3220 East drift to the Ventilating blower station	1,250.00
Install pipe, trolley from 3220, west to face (approx. 1400 ft) where MMA project will start	500.00
Install Ventilating blower, at junction of two drifts, about 400 ft. from face; install power line from 3220 to Ventilating blower; install vent pipe from blower to face	1,000.00
Cleaning out and picking up caves and replace necessary timber on Base level between crusher bins and tramway	1,250.00

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

6 (e,f) contd.

Cleaning out and replacing bad timber in crushing plant	1,250.00
Pick up cave and retimber at 12 co-er on main level, where large generator set is at present inaccessible	1,250.00
	7,250.00
Grand Total	$ 11,750.00

FIGURE 3

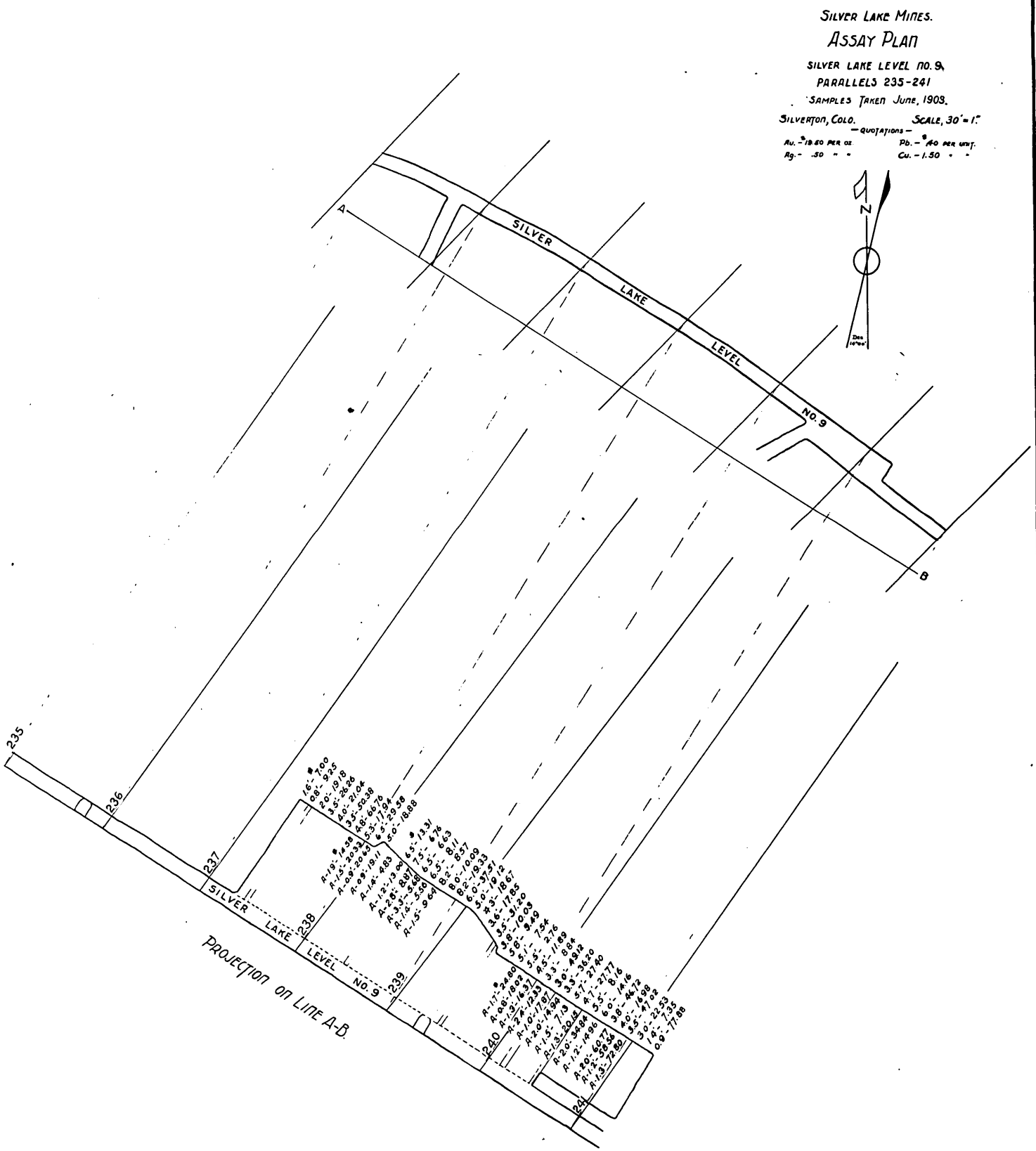
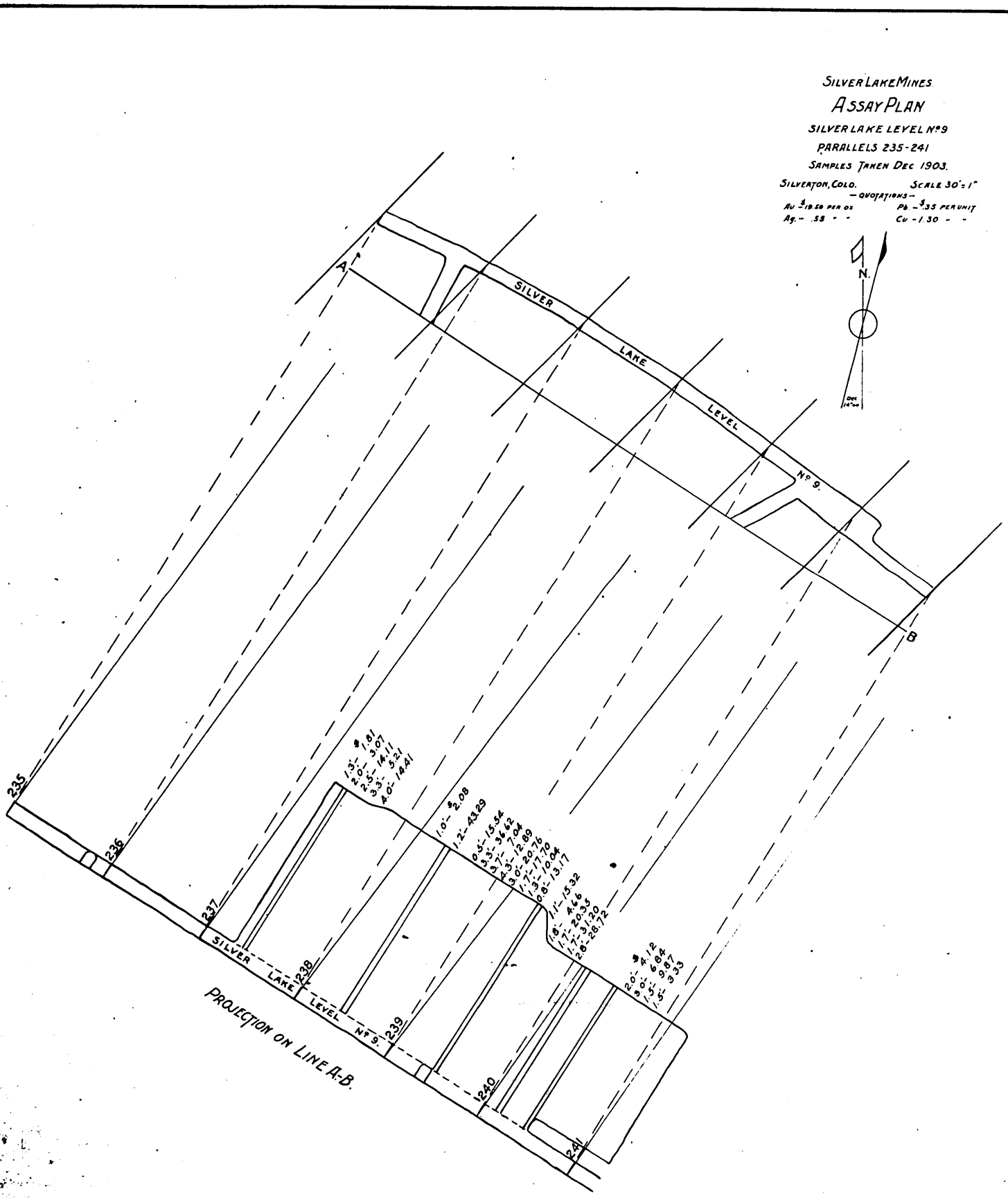

SILVER LAKE MINES.
ASSAY PLAN
SILVER LAKE LEVEL NO. 9.
PARALLELS 235-241
SAMPLES TAKEN JUNE, 1903.
SILVERTON, COLO.
SCALE, 30' = 1"
— QUOTATIONS —
Au. - $18.60 PER OZ.
Ag. - .50 " "
Pb. - $.40 PER UNIT.
Cu. - 1.50 " "
N
A
B
SILVER LAKE LEVEL NO. 9
235
236
237
238
239
240
241
PROJECTION ON LINE A-B.

FIGURE 4


SILVER LAKE MINES
ASSAY PLAN
SILVER LAKE LEVEL Nº 9
PARALLELS 235-241
SAMPLES TAKEN DEC 1903.
SILVERTON, COLO.
SCALE 30'=1"
— QUOTATIONS —
AU $19.50 PER OZ
AG — .58 " "
PB — $35 PER UNIT
CU — 1.30 " "
N.
A
B
SILVER LAKE LEVEL Nº 9.
235
236
237
238
239
240
241
1.5'- $1.81
2.0'- 3.07
2.5'- 14.11
3.5'- 5.21
4.0'- 14.41
1.0'- $2.08
1.2'- 43.29
0.5'- 15.54
3.3'- 36.62
2.7'- 7.04
4.3'- 12.89
3.0'- 20.76
1.7'- 17.70
1.3'- 10.04
0.8'- 13.17
1.1'- 15.32
1.8'- 4.66
1.7'- 20.35
1.7'- 31.20
2.8'- 28.72
2.0'- $4.12
2.0'- 6.84
1.5'- 9.87
1.5'- 3.33
PROJECTION ON LINE A-B.

DMEA Form 7
(12-56)

XXXXX
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
TELETYPE

W. S. Martin, Acting Chairman,
OME Operating Committee
Office of Minerals Exploration

1490108, Salaries and
Expenses, Office of Minerals Exploration,
Interior, 1959

OFFICIAL FILE COPY

Date	Chairman	Code
	Murphy	700
	Griswold	500
6/25	Martin	130
	Johnson	110
		220
		500

JUN 25 1959

Mr. J. W. Townsend
Executive Officer, OME Field Team
Region III
224 New Customhouse Building
Denver, Colorado

Reurtt June 23 docket DMEA 5061 Marcy-Shenandoah Corporation no OME application ever received in spite of our March 9 letter. Re docket DMEA 5067 Tarzan Mining Company similar situation, our letter to them May 7. Hence both have been considered as withdrawn.

W. S. Martin

W. S. Martin, Acting Chairman
OME Operating Committee

FMMurphy/WRGriswold/fw-6/24/59

cc: Docket DMEA-5061
" DMEA-5067
Dir.Read. File
Operating Committee
Mr. Kirkemo, USGS
Mr. Murphy
Chron.

8623

DN 235 BUR MINES 6-23-59 12-51

CHAIRMAN, OPERATING COMMITTEE, OME

PLEASE TELETYPE ADVICE AS TO THE STATUS OF DOCKET DMEA 5061, MARCHY-SHENANDOAH CORP., AND DOCKET DMEA 5067, TARZAN MINING CO.

J W TOWNSEND

orig. to 700

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 24 1959

DATE	INITIALS	CODE
6/24	a	220
		500

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

March 18, 1959

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O. M. E.
RECEIVED MAR 20 1959

DATE	INITIALS	CODE
3-20	C	200
"	HJ	110
3-23	~~w-pb.~~	~~500~~

Mr. Frank E. Johnson
U. S. Department of Interior
Office of Minerals Exploration
Washington 25, D. C.

Re: Docket No. DMEA-5061 (Lead-Zinc-Copper)
Marcy-Shenandoah Corporation
Silver Lake Mine
San Juan County, Colorado

Dear Mr. Johnson:

Reference is made to your letter of March 9, 1959 regarding our DMEA Application.

Effective on the 28th of February, 1959 Marcy-Shenandoah Corporation transferred all of its assets, title, and interest in its Silverton properties and facilities to Shenandoah, Ltd., a Limited Partnership, between Marcy-Shenandoah Corporation and Standard Uranium Corporation of Moab, Utah. The sole operating partner in this new partnership will be Standard Uranium Corporation. The matter of the DMEA Application has been discussed and it is the desire of the general partner that said processing of said application should be continued. It is the request of Marcy that you permit Standard, as the operating partner in the partnership, Shenandoah Ltd., to complete the application instead of Marcy-Shenandoah Corporation. I am this date forwarding the complete file to Standard Uranium Corporation, Attention Mr. Russell L. Wood, Assistant General Manager, with the request that he promptly comply with the requirements set forth in your letter.

Since you were personally once associated with the Sunnyside Mine, I am sure you will be interested in a copy of the "Special Edition" of the Silverton Standard regarding the new venture. Shenandoah Ltd. has already commenced work on rehabilitating the American Tunnel.

Yours very truly,

S. Stokes Tomlin, Jr.,
President

SSTJr:glh
Encl.

cc: Russell L. Wood

MME Form 7
(10-58)

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Date	Surname	Code
3/6	[illegible]	500
3/6	[illegible]	120
		~~110~~
		~~100~~
3/9	C	220
		500

MAR 9 1959

Mr. S. Stokes Tomlin, Jr., President
Marcy-Shenandoah Corporation
Jarvis Building
Durango, Colorado

Re: Docket No. DMEA-5061 (Lead-Zinc-Copper)
Marcy-Shenandoah Corporation
Silver Lake Mine
San Juan County, Colorado

Dear Mr. Tomlin:

Reference is made to our letter of January 29, 1959, regarding action required to make your DMEA application eligible for consideration under the OME regulations.

We wish to cooperate with you in allowing ample time to complete such action, but, if we do not hear from you within 30 days from the date of this letter, we will assume that you are no longer interested in proceeding with your application, and we will consider it as having been withdrawn.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

WRGriswold/er 3/6/59
Copy to: Docket
Dir Read File
Region III (2)
Chron.

43683

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/21	Griswold	500
1/22	Selfridge	120
		~~110~~
		~~100~~
1/24	"	225
		500

JAN 29 1959

Mr. S. Stokes Tomlin, Jr., President
Marcy-Shenandoah Corporation
Jarvis Building
Durango, Colorado

Re: Docket No. DMEA-5061 (Lead-Zinc-Copper)
Marcy-Shenandoah Corporation
Silver Lake Mine
San Juan County, Colorado

Dear Mr. Tomlin:

Enclosed is a copy of the regulations for obtaining Federal assistance in financing mineral exploration under which the new Office of Minerals Exploration will operate.

If you wish that your partly processed DMEA application be considered under the OME regulations, please complete and return four of the copies of the attached application, MME Form 40.

Your attention is called especially to the certification which when signed declares that you would not ordinarily undertake the proposed exploration under current conditions and circumstances at your sole expense, and to Item 1(a) - and 1(b) if applicable - which relates to information used to determine your financial eligibility under the new exploration program. Information that is included in your DMEA application need not be repeated in the OME application, but you can add new information if you so desire.

Also enclosed are six copies of the Lien and Subordination Agreements, MME Form 52, referred to in Item 2(c) of the application. Early submittal of five completed copies of the form will save time in case you apply for exploration assistance under the OME program and a contract is granted.

If you do not wish to participate in the OME program, we shall appreciate being so informed.

Sincerely yours,

Frank E. Johnson

Acting Director

WRGriswold/er 1/21/59
CC: Docket
Dir Read File
Region III (2)
Chron.

Enclosures

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF TERRITORIAL INTEGRATION
Washington 25, D. C.

January 31, 1959

Memorandum for Docket

Subject: Withdrawal of Pending DMBA Applications

Effective this date, this pending DMBA application is considered withdrawn for statistical purposes.

If, at a later date, the applicant requests reconsideration under the OMI program, all pertinent material in the DMBA file should be transferred to the new OMI docket.

Frank E. Johnson
Frank E. Johnson
Acting Director

orm 7
5)

OFFICIAL FILE COPY

Date	Surname	Code
10-17	Drawnel	500
10/17	Selfridge	120
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10/20	✓	225

OCT 17 1958

Mr. S. Stokes Tomlin, Jr., President
Marcy-Shenandoah Corporation
Jarvis Building
Durango, Colorado

Re: Docket No. DMEA-5061 (Lead-Zinc-Copper)
Marcy-Shenandoah Corporation
Silver Lake Mine
San Juan County, Colorado

Dear Mr. Tomlin:

We have your letter of October 10, 1958, relative to the cited application and also to a proposed application for an "American Tunnel" project.

There is no objection to a single company making more than one application, providing that the proposed projects are completely separate and distinct.

Sincerely yours,

ank E. Johnson

ACTING Director

WRGriswold/er 10-16 & 17-58
Copy to: Docket
Director
Dir. Read. File
Region III (2)
Chron.

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/16	Irwin	500
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		200

Mr. S. Stokes Tomlin, Jr., President
Marcy-Shenandoah Corporation
Jarvis Building
Durango, Colorado

Re: Docket No. DMEA-5061 (Lead-Zinc-Copper)
Marcy-Shenandoah Corporation
Silver Lake Mine
San Juan County, Colorado

Dear Mr. Tomlin:

We have your letter of October 10, 1958, relative to the cited application and also to a proposed application for an "American Tunnel" project.

There is no objection to a single company making more than one application, providing that the proposed projects are completely separate and distinct. However, applications which are merely designed to supplement or serve as additions to other Office of Minerals Exploration projects could not be considered.

Sincerely yours,

~~Frank E. Johnson~~

Director

WRGriswold/er 10-16-58
Copy to: Docket
Director Read. File
Director
Region III (2)
Chron.

8623

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 13 1958

DATE	INITIALS	CODE
10/13	C	220
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Pending		225

October 10, 1958

Mr. C. O. Mittendorf, Acting Director
Office of Minerals Exploration
U. S. Department of the Interior
Washington 25, D. C.

Dear Mr. Mittendorf:

I have studied the proposed OME regulations and have no suggestions to offer.

We now have pending a DMEA Application No. 5061; and according to your letter we will be required to fill out a new application form as soon as the new regulations for OME have been set up. We anticipate filing an application for assistance in extending the American Tunnel from Gladstone, Colorado to cut the Washington Vein at a point several hundred feet below the lowest workings. This project was discussed with you and your staff in Washington several months ago. As I read the new regulations, the limit of Government participation is $250,000 for any one contract. Presumably, under the regulations, a single company could have one or more contracts each totaling $250,000.00.

Your advice on this point would be appreciated. We do not want to take any steps that would prejudice the Government against the application that we intend to submit on the American Tunnel as described above. If your consideration of the DMEA Docket No. 5061 would interfere in any manner with our proposed application for assistance to the American Tunnel, we would withdraw the DMEA application now in your files.

Yours very truly,

S. Stokes Tomlin, Jr.,
President

SSTJr:glh

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 6 1958

DATE	INITIALS	CODE
10/6	C	220
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October 2, 1958

Mr. C. O. Mittendorf, Acting Director
Office of Minerals Exploration
U. S. Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-5061

Dear Mr. Mittendorf:

I have your letter of September 19th and was very pleased to learn that the Congress has breathed new life into the DMEA.

I would welcome the opportunity to study the new regulations, however, the attachment referred to in your letter of September 19th was missing. If you would be kind enough to give us another copy of that attachment, we would certainly be pleased to give you our comments.

Yours very truly,

S. Stokes Tomlin, Jr.,
President

SSTJr:glh

Press release mailed 10/6/58
C. C.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

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SEP 19 1958

Marcy-Shenandoah Corporation
Jarvis Building
Durango, Colorado

Re: Docket No. DMEA-5061 (Lead-Zinc-Copper)
Marcy-Shenandoah Corporation
Silver Lake Mine
San Juan County, Colorado

Dear Mr. Tomlin:

As you have an application for exploration aid pending in our office, perhaps you may wish to study the proposed OME regulations and comment on them before October 17 as provided in the first paragraph of the enclosed notice reprinted from the Federal Register of September 17.

Some time after October 17 when the final regulations become effective, we will send you the new application form so you may furnish any additional information necessary to process your application for aid under the new program.

Sincerely yours,

G. D. Stillerdon

ACTING Director

Enclosure
WRGriswold/er 9/19/58
Copy to: Docket
Admr R File
Region III (2)
Chron.

8623

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

August 28, 1958

Re: DMEA 5061
Lead-Zinc-Copper-
Silver-Gold $202,741
Marcy-Shenandoah Corp.
Silver Lake Mine
San Juan County, Colo.

Memorandum

To: W. R. Griswold, DMEA

From: H. M. Callaway, USBM

Subject: Review of application dated May 15 and received in Washington June 16, 1958

The application requests DMEA assistance to explore the downdip extension of an ore shoot mined many years ago from the Silver Lake vein #9 level (Unity Tunnel level). Specifically, the project calls for $11,750 rehabilitation of the surface plant and haulageway of the Shenandoah-Dives main adit; a 1280-ft extension of the 3220 drift northwestward from the present breast in the plane of the Silver Lake vein at an elevation of 11,200 ft; a 550-ft inclined raise on the footwall of the Silver Lake vein to the Unity Tunnel level; and 520-ft of drifting along the vein at two intermediate levels.

In justification the applicant points out assay maps from the Silver Lake #9 level stope and projections of the northwest-raking ore shoot formed by the intersection of the New York and Silver Lake veins as assumed from alignment of stopes on higher levels.

The applicant apparently interprets figures 3 and 4 as representing separate footwall and hangingwall streaks with separate width and assay values as shown. He thus arrives at a 10-ft inferred

width for his ore shoot projection. Possibly this interpretation is true. However, the discrepancy in dates between the two maps and comparable widths and values suggest figures 3 and 4 are of a single vein, sampled at different times by different samplers. This interpretation considerably reduces the width of the projected ore shoot. The samples (taken in 1903 and assays reported in terms of dollar value) are inadequate.

Assays and description of the breast and walls of the 3220-vein drift shown in figure 6 should have been included in the application. Lacking such data the reviewer is lead to an assumption that the vein is not present in the breast at the position where exploration drifting is to begin. Red shading in figure 6 suggests the vein lies in the north wall of the drift. It is realized that strong mineralization is not expected at this position, assuming the ore shoot projection is warranted. Nevertheless, the proposal presumes the presence of the vein.

From the data presented one infers the upward projection of the ore shoot should cause it to outcrop immediately southeast of the project area. Though the upper portion of the ore shoot is not to be explored by the proposed project, data concerning the presence, extent, and mineralization of the outcrop would establish the validity of projecting the ore shoot into the target area.

The Silver Lake vein strikes approximately N 50 W and dips 55° NE. Figure 2 gives data indicating a topographic slope of 40° toward the northeast. It, therefore, is apparent the vein and the surface dip in the same direction and diverge at an acute angle. A hasty, but possibly indicative, graphic estimate indicates the target area would be accessible by an adit driven 600 feet S 20 E (at an elevation of 11,200-ft) from a position 500-ft east of the portal of the Unity Tunnel on the haulage road. Could a revised project proposal, using such a shortcut, effect a substantial savings?

I recommend the application be referred to the field for examination and appraisal with emphasis on the following points:

(1) Need to resample the stope on the Silver Lake #9 level (Unity Tunnel level).

(2) Need of samples and description of the outcrop of the Silver Lake vein in the area of the projected ore shoot.

(3) Samples and description of the drift breast from which proposed exploration is to begin.

(4) Possibility of entryway directly from surface at positions down slope and north of the outcrop.

H. M. Callaway

H. M. Callaway

Copy to Division of Minerals
Branch of Base Metals (2)
Mr. Lamb
Mr. Kiilsgaard
F I L E S

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7/14	[illegible]	500
7/14	[illegible]	130
7/14	[illegible]	130
7/14	[illegible]	130
"	[illegible]	110
"	[illegible]	100
7/15	[illegible]	225

JUL 14 1958

Mr. S. Stokes Tomlin, Jr., President
Marcy-Shenandoah Corporation
Jarvis Building
Durango, Colorado

Re: Docket No. DMEA-5061 (Lead-Zinc-Copper)
Marcy-Shenandoah Corporation
Silver Lake Mine
San Juan County, Colorado

Dear Mr. Tomlin:

Early in June we sent you the Department of the Interior Information Service Release dated June 6, which announced that no new Defense Minerals Exploration Administration contracts could be executed after June 30th because of the ending of the present program for exploration assistance.

We regret to inform you that your application, identified above, could not be completely processed before June 30th because it was received too late.

However, we will be glad to hold your application until the Congress acts on pending legislation to continue exploration aid. If the aid is continued, we will then ask you to state whether you wish us to consider your application under regulations established for the new program.

Sincerely yours,

C. O. Mittendorf

Administrator

WRGriswold/er 7/12/58
Copy to: Docket
Admr R File
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Region III (2)
Mr. Griswold
Chron.
Operating Committee

8623

IN REPLY REFER TO:

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

FILE COPY
DMEA
RECEIVED JUN 20 1958

DATE	INITIALS	CODE
6/20	C	220
6/23	[illegible]	500

June 19, 1958
Re: DMEA 5061
Marcy-Shenandoah Corp.
Silver Lake Mine
San Juan County, Colorado
$202,741 Lead-Zinc-Copper

Memorandum

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

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

Subject: Review of application

The applicant requests assistance in searching for the downward extension of the junction zone of two ore-bearing vein systems, the Silver Lake and New York. Due to the angle of intersection and dips of the veins a plunging intersection zone results.

To reach the assumed intersection at the working Main level, a 1280-foot drift is proposed. The drift would be a continuation of a drift on the Stelzner vein, which in part, follows the Silver Lake dike. By convenient bending the dike and proposed drift reach a point near where what is taken to be the far western extension of the Silver Lake vein was drifted upon at the Last Chance Tunnel level. The last 190 feet of the drift, as presumed, should be in the junction zone of the Silver Lake and New York veins, the assumed locus of good ore shoots.

By a long raise, 565 feet, the drift would be connected with the Unity tunnel level and intermediate levels from the raise would explore and develop the ground between levels. Diamond drilling and rehabilitation work are also proposed.

According to the longitudinal projection compiled in April 1958, which accompanies the application, stoping was done above and below the Unity Tunnel in the junction zone of the Silver Lake and New York veins. The stope below the level, as pictured, is small and probably was reached by a winze. Above the level are several stopes at various elevations up to 800 feet above the Unity Tunnel. As shown, about 12% of the zone has been stoped.

The applicant assumes 50% of the zone to be explored will be productive, basing its figures on experience in another

part of the Silver Lake vein. The grade of the presumed downward extension, by implication, is based on the results of sampling in a stope as shown in Figures 3 and 4. The values in dollars are taken to represent two strands of a vein, 1.6 feet and 4.6 feet thick with a 3.8-foot barren streak between. The whole 10 feet of vein material is figured to contain the following "absolute metal content".

Au	0.238 oz./ton
Ag	8.04 " "
Pb	3.1%
Cu	1.6%
Zn	1.0%

The gross value is figured to be $12.50 per ton, at 1903 prices. Obviously at present day prices such material would be good ore.

I read Figures 3 and 4 differently, although I can only guess what the "A" samples of Figure 3 represent. Perhaps they do represent a strand and the other figures another strand 3.8 feet away but I take the 'A' set to be samples of a high grade streak in the 4.6 foot vein. At the top of stope as shown on Figure 4 and longitudinal section the vein has contracted in length and thickness, and presumedly stoping probably stopped in April 1904, not to be resumed although stoping was done in 1906 in nearby small stopes.

I assume there are values in the floor of the drift below the stope, but judging by the size of the stope from Level No. 10, the mineralization is patchy, as suggested by the stoping above the Unity Tunnel level.

If, as I see it, the vein thickness is perhaps at most 4.6 feet where worked in the 235 - 241 stope instead of 10 feet, and the productiveness of the junction zone is 12% instead of 50%, the proposed project loses interest. Perhaps there are supportable reasons for the applicant's optimistic presumptions.

Referral of the application to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

MARCY-SHENANDOAH CORPORATION
JARVIS BUILDING
DURANGO, COLORADO

ORIGINAL FILE COPY
DMEA
RECEIVED JUN 25 1958
DATE | | VALUE
6/25 | C | 220
6/26 | wpb | 500

June 23, 1958

Defense Minerals Exploration Administration
Base Metal Division
U. S. Bureau of Mines
Department of the Interior
Washington 25, D. C.

RE: Docket No. 5061

Gentlemen:

Further to my letter of June 14th, I am attaching an Amendment To Mining Lease which covers the five (5) additional mining claims involved in the subject DMEA Application.

Yours very truly,

S. Stokes Tomlin, Jr.,
President

SSTJr:glh
Encl.

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 25 1958
DATE | CODE

AMENDMENT TO MINING LEASE

THIS AMENDMENT TO MINING LEASE made and entered into as of this 10th day of May, 1958, regardless of the actual times of signing and acknowledgment by and between AMERICAN SMELTING AND REFINING COMPANY, a New Jersey Corporation, lessor, and MARCY-SHENANDOAH CORPORATION, a Delaware Corporation, lessee,

W I T N E S S E T H

THAT, WHEREAS, on January 1, 1958, lessor gave and granted unto the lessee that certain Mining Lease, recorded in the records of San Juan County, Colorado in Book 185, Page 59, letting and demising unto the lessee the Adams Placer, U. S. Survey No. 15143 and other claims therein set forth, all situate in the Animas Mining District, San Juan County, Colorado; and

WHEREAS, lessor is also seized and possessed of the following patented lode mining claims situate in said mining district and county:

Badger	U. S. Survey No. 11448
Freiberg	U. S. Survey No. 14047
Galena	U. S. Survey No. 11448
Last Chance	U. S. Survey No. 11448
Prof. Newberry	U. S. Survey No. 14046

and it is the desire of lessor and lessee as of this date to add and include in said lease the above claims, subject to the terms of said lease;

NOW, THEREFORE, in consideration of the premises and of the sum of One Dollar ($1.00) and other good and valuable considerations to lessor paid by lessee, receipt of which is hereby acknowledged, and of the terms and covenants of said lease to be henceforth applicable also to said claims, it is agreed as follows:

Article 1. Additional Claims. Said Mining Lease of January 1, 1958 is hereby amended to include, in addition to the other property therein demised, the following patented lode mining claims:

Badger	U. S. Survey No. 11448
Freiberg	U. S. Survey No. 14047
Galena	U. S. Survey No. 11448
Last Chance	U. S. Survey No. 11448
Prof. Newberry	U. S. Survey No. 14046

effective as of this date.

Article 2. Otherwise No Change. Except as above amended, said Mining Lease of January 1, 1958, and all articles and provisions thereof shall be and remain in full force and effect.

IN WITNESS WHEREOF lessor and lessee have executed this agreement as of the day and year first above written.

AMERICAN SMELTING AND REFINING COMPANY

ATTEST

Assistant Secretary

By Simon D. Strauss
Vice President

Lessor

MARCY-SHENANDOAH CORPORATION

ATTEST

Asst Secretary

By S. Stokes Tomlin
President

Lessee

STATE OF NEW YORK)
) ss
CITY AND COUNTY OF NEW YORK)

The foregoing instrument was acknowledged before me this 11th day of June A.D. 1958 by S.D.Strauss, Vice President of the American Smelting and Refining Company, lessor.

My commission expires: March 30, 1960.
Witness my hand and official seal.

W. Thomas Reed
Notary Public
W. THOMAS REED
Notary Public, State of New York
No. 31-8519150
Qualified in New York County
Commission Expires March 30, 1960

STATE OF COLORADO)
) ss
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 26th day of May A.D. 1958 by S. Stokes Tomlin, Jr., President of the Marcy-Shenandoah Corporation, lessee.

My commission expires: My Commission Expires March 24, 1959
Witness my hand and official seal.

Notary Public

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

June 17, 1958

Marcy-Shenandoah Corporation
Jarvis Building
Durango, Colorado

Subject: DMEA-5061

Gentlemen:

Your application for exploration assistance, dated May 15, 1958 submitted to our office at Washington, D.C. has been assigned Docket Number DMEA-5061 and referred to the Base Metals Division in the Washington Office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Director
Operations Control and
Statistics Division

Copy to: Region III.

37909

Special Silverton Mining Boom Edition!

FIRST SPECIAL EDITION SINCE END OF WORLD WAR II

THE SILVERTON STANDARD & THE MINER

Terminal of Last Regularly Scheduled Narrow Gauge Train in United States. BUILT 1882

THE WEEKLY MINER ESTABLISHED JULY 1874 — SILVERTON'S PIONEER NEWSPAPERS SINCE 1874 — SILVERTON STANDARD ESTABLISHED NOV. 2, 1889.

EIGHTY-THIRD YEAR PUBLICATION | SAN JUAN COUNTY, COLORADO | SUNDAY, MARCH 8, 1959 | 10c Per Single Copy | (Our Press Was Built in 1830) | NUMBER 19.

SILVERTON MINING BOOM IS ON THE WAY!

Work of Driving American Tunnel at Gladstone and Development of Silver Lake Will Begin Simultaneously. Marcy-Shenandoah Mill Will Operate Once More!

THIS IS THE STORY printed in Friday's regular edtion before any official word had been received in Silverton:

RUMORS FLY HERE AS SPIRITS SOAR

• • •

Is Silverton on Verge of Boom?

• • •

Silverton hopes for added mining activity this spring and summer and in the future began to soar this week as rumors began to fly about a major mining deal in the immediate area.

As of last night there was no official announcement on the subject but an early announcement is expected.

Silverton has had no major mining activity since the Shenandoah-Dives closed down in 1953. There is rumor this great mine may again be reactivated. It is one of the most modern flotation mills in this part of the district. The Pride mill and operating mines have been the only ones in production in the immediate area.

Silverton's dream of the future is the continuation of the American tunnel at Gladstone to open up a great mineralized area in that district, to extend under the old workings of the Sunnyside. (This would drain this once fabulous lead-zinc-gold mine.) Such a program would also promote better access and transportation to the once nationally-known Gold King at Gladstone, the Bonita, the Mogul and Lead Carbonate.

Standard Uranium Company has important holdings in the Mineral Point country. The big Marcy-Shenandoah mill could be kept busy milling custom ore such as this if volume was great enough. That volume could be attained if a sufficient number of properties were operated. The Shenandoah mine has great potential, however there has been little development work carried on there for quite some time.

A combine of properties in the county capable of both mining and milling ore, would be a feasible arrangement. Such an arrangement may be in the offing.

Silverton could stand a mining revival. There are many houses in Silverton that could be made livable within a period of 30 days. The schools are adequate to care for nearly double the enrollment. Silwas once a lively town of 3000. It is not beyond the realm of imagination that this could happen again—and in 1959-1960.

It is the hope of the Standard editor that rumors flying about concerning a major mining deal in the county may be confirmed within a short time. We were officially informed late last evening that no deal had as yet been closed.

Thus, Silverton lives on hopes of a brighter mining future.

Meet Russell Wood

Russell Wood, assistant general manager of the Standard Uranium Company, is a genial fellow. He will be in charge of the general operation here. He is a graduate of Colorado School of Mines and has spent his apprenticeship working in the hard rock mines. He is known by many miners in the area, having worked in the mines near Telluride. His ability as a mining executive, as well as a miner, was recognized by William McCormick, president of Standard Uranium. He received steady promotions to the position he now holds. In an interview with him at the Grand Imperial Hotel we foud him to be a gentlemen and a person whom has high regard for the people of our Silverton community. Extend a cordial welcome to this fine young executive who will be in charge of the county's newest mining operation, Shenandoah-Limited.

CREDIT GIVEN STOKES TOMLIN

Credit is due Stokes Tomlin, head of Marcy Shenandoah, for bringing about the organization of this great new mining company in San Juan County. He negotiated the all-important easement rights from the Gold King company for driving the American Tunnel to bottom the Sunnyside workings. He also negotiated the option on the Old Hundred, which may figure importantly into the new company. He had the big Shenandoah Dives mill reconditioned and put in shape to receive and mill ores when said ores would be available. His company will own fifty percent of the new organization to be known as the Shenandoah Limited.

Following close to a prediction made in the regular edition of the Silverton Standard this week, Silverton and San Juan County will soon hum with mining activity. The half-century dream of local residents that the American Tunnel at Gladstone would be extended to the fabulous Sunnyside property is going to become a reality. The famous Shenandoah-Dives, acquired by Marcy Exploration company over two years ago, will be reactivated; the big mill will start when ore reserves justify. This is positively the greatest mining news for district in 25 years!

A deal was finalized late Friday afternoon whereby the Standard Uranium Company formed a Limited Partnership with Marcy-Shenandoah Corporation of Silverton, to form the company to be known as Shenandoah Limited. The Standard Uranium Company is the general partner and Marcy Shenandoah is the limited partner. Each Company will be fifty-fifty owners of the corporation. The deal includes all property and properties under lease by Marcy-Shenandoah Corpn. This includes the Shenandoah-Dives mine and mill, the Old Hundred Gold Mining Company and an easement through the American Tunnel. The Standard Uranium properties in the county and area include the Frisco Tunnel, Frank Hough, San Juan Chief, Mickey Breen, Old Lout, Mountain Monarch and others.

Russell Wood, Assistant General Manager of the Standard Uranium Company and the official of the company making the general announcement, arrived in Silverton Friday evening. He and Mrs. Wood are guests at the Grand Imperial Hotel.

Work will begin simultaneously on driving the American Tunnel at Gladstone toward the Sunnyside and reactivating the Shenandoah mine, with first work to begin in the Shenandoah in the Silver Lake. The newly formed company has a long term lease on the Sunnyside. The first work at the Silver Lake will be to further develop the famous Letter G vein. This vein was cut shortly before the Shenandoah-Diveh mine closed down in 1953.

Mr. Wood, speaking for the new company, told the Standard editor that he estimated about twenty-five men would be used in driving the American Tunnel. The beginning crew will not be that large. Wood also estimated that it would take about a year and a half to complete the 4,800 feet of tunnel to bottom the Sunnyside workings. Three shifts will be employed. No major mineral veins are expected to be encountered in driving this great tunnel. It was originally started to open up this great mineralized country as a transportation and drainage tunnel. The tunnel, to be 9x9 feet, will unwater the fabulous Sunnyside mine. (The mine is said to have been abandoned over twenty years ago because of the tremendous water courses which literally drowned out miners and machinery, despite extensive and expensive pumping operations.)

Equipment for beginning the American Tunnel has been on order for over a week, at which time first details of the deal was worked out. Several large compressors are due to arrive here prior to March 16th, time tentatively set for work to start. Rail is also on order. Power for the muck trains will be diesel, which have worked satisfactorily in many other places similar to this tunnel operation. Adequate compressors will be installed to afford adequate ventilation at the breast of the tuunel.

An estimated fifteen men will be employed at the Shenandoah mine in developing the Silver Lake veins, more especially the Letter G. The mine boarding house will not be opened. Miners will commute daily, via tramway to the mill, to their homes in Silverton daily. Neither will there be a commisary operated at the mine as in the past.

The present company has negotiated a lease on the Argentine Claim, adjacent to the Shenandoah-Dives mine. This is the first time the American Smelting and Refining Company has leased this key claim. It will figure importantly in the operation by the new company.

The big Shenandoah mill, an 800-ton modern flotation plant, will be put into operation as soon as ore reserves justify. Mr. Wood said that he estimated it would take at least six months or more to develop sufficient ore to keep the mill operating at capacity. Custom ore will be invited. Eventually ore from the company's holdings in Animas Forks area will be shipped to the local custom mill. On completion of the American Tunnel, Sunnyside ore will be hauled by truck to the Shenandoah mill, said Mr. Wood.

Local Help Given Preference

With exception of a few company personell, local miners will be employed whenever possible. Already some of the key employees of the old Shenandoah Diveh Mining Company have been contacted and hired.

Assistant General Manager Wood said immediate inspection of the Old Hundred would be made to determine the ore reserves. This is one of the better known properties of the county, located in Cunningham gulch. It was tied up by contract by Marcy Corporation at time latter company acquired the Shenandoah Dives.

It is significant to note at this time that it was the late Charles A. Chase who organized the Shenandoah Dives Mining Company over thirty years ago and successfully operated it until his death a few years ago.

County road crews are expected to begin opening the road to Gladstone within the next few days. No time will be lost getting this operation under way, was the statement made to the Silverton Standard publisher within the past few hours by Russell Wood.

Worked All Night on This Special Edition

While it was no great surprise to learn that this great mining deal was completed, it was not definitely known until last night when the United States Smelting and Refining Company signed the final leases on the Sunnyside to clinch the deal. Thus, the Standard editor went to work preparing this special edition. It required most of the night and it carries first official printed word of the greatest mining deal that has taken place here in a half-century.

Silverton Will Meet The Challenge

Anticipating that such a thing might happen, the Standard editor has made a quick survey of business and living conditions in the county. We shall be in aposition to meet the challenge of new business.

Postmaster Salfisberg said he had adequate post box facilities to take care of over 250 more patrons. Telephone manager Frank Giacomelli has adequate room for expansion of the dial system. As high as 1500 more phones could be added in the present system. A much smaller demand than that is expected, however. The local Silverton Electric Light Company is prepared to hook up any new residents with service on short notice.

Power available to care for the new mining expansion is adequate at present. The Western Colorado Power Company will meet any demands by the new company.

There is not going to be any major employment for at least a few months. As stated before, the new demand for employment for the first year may not run over fifty men. This, however, would require living quarters for many families. Many houses are vacant that could be made livable within short notice.

Whatever the problems, Silverton will meet the challenge!

Edition Mailed to All Subscribers

This one-leaf special edition is being mailed to the Standard's over 1500 readers without additional cost. Needless to say, we are pleased to chronicle such news, even at much added expense.

This edition was printed and in the hands of readers and many subscribers before the town had scarecely been wakened by the first rays of the morning sun. We are proud (altho pretty damned tired from working all night) to make this announcement through the Standard.

The Standard Publisher.

Mr. and Mrs. George Tomasi are the proud parents of a 5 pound, seven ounce baby daughter born Thursday, March 5th at 7:04 P. M. at San Juan County Hospital. She has been named Barbara Kay. Dr. Lindes was the attending physician.

JOB PRINTING OFFICE SUPPLIES

Silverton Standard

DOUGHERTY'S SERVICE

T V and Appliance Service

We Will Make Service Calls to Your Home

WORK GUARANTEED

Phone DU7 5476

LOCATED NORTH END OF GREENE STREET

OUR WANT ADS ARE SMALL but they get NOTICED

GUS OLSON IMPROVING

Gus Olson is making a satisfactory recovery after being seriously injured in a mine accident three weeks ago. He was taken to Albuquerque for special surgery following treatment here by Dr. Lindes and at Durango. He was later found to have a cracked pelvis. Gus is recuperating at his home in Silverton and friends are hoping for a speedy and complete recovery.

TV PROGRAM

FRIDAY TV PROGRAM

12:00	Jimmy Dean Show	L
1:00	Big Payoff	L
1:30	Verdict Is Yours	L
2:00	Brighter Day	L
2:15	Secret Storm	L
2:30	Edge of Night	L
3:00	Matinee Movie	FG
5:30	Your Hit Parade	L
4:30	Love of Life	F
5:00	Know Your Schools	L
5:15	Doug Edwards News	
6:00	Trackdown	F
6:30	Jackie Gleason	L
7:00	Phil Silvers AW	F
7:30	Schlitz-Lux Playhouse	
8:00	Rescue 8	F
8:30	You Bet Your Life	K
9:00	Ranch Party	F
9:30	Patti Page Show	K
10:00	News, Weather, Sports	
10:15	Feature Theatre	F

SATURDAY TV PROGRAM

11:45	Hockey Preview	
12:00	Prof. Ice Hockey	
2:30	Champ. Bowling	
3:30	Wrestling, Chicago	
4:30	Kierans Kaliedoscope	
4:45	To Be Announced	
5:00	Kit Carson	F
5:30	Lone Ranger	F
6:00	Chevy Show	K
7:00	People Are Funny	J
7:30	Have Gun Will Travel	F
8:00	Gunsmoke	F
8:30	Price Is Right	K
9:00	Lawrence Welk Show	
10:00	George Burns Show	
10:30	Night Watch News	T
10:35	Saturday Night Owl	

SUNDAY TV PROGRAM

2:30	Church in the Home
3:00	This if the Life
3:30	Orig. Ama. Hour.
4:00	Bishop Sheen
4:30	Faith for Today
5:00	Christian Science Heals
5:15	Light of the world
5:30	Jack Benny 1:11-25
3.30	1-18 Bachelor Father
6:00	Ed Sullivan Shaw
7:00	Wyatt Earp Show
7:30	Roy Rogers
8:00	Peoples Choice
8:30	Bob Cummings Show
9:00	Weekly News Review
9:15	Camera Show
9:30	Thin Man
10:00	Sherlock Holmes

MONDAY TV PROGRAM

12:00	Jimmy Dean Show
12:30	Houseparty
1:00	Big Payoff
1:30	Verdict Is Yours
2:00	The Brighter Day
2:15	Secret Storm
2:30	Edge of Night
3:00	Matinee Movie
4:15	Arthur Godfrey
4:30	Love of Life
5:00	In Town Today
5:15	CBS News
5:30	To Be Announced
6:00	To Be Announced
6:15	Sporting Show
6:30	Father Knows Best
7:00	Danny Thomas
7:30	Ann Southern Show
8:00	Desi Lu Playhouse
9:00	Medic
9:30	Mr. Pete Gunn
10:00	News, Weather, Sports
10:15	Championship Bowling

TUESDAY T V PROGRAM

12:00	Jimmy Dean Hhow	
12:30	Houseparty	
1:00	Big Payoff	
1:30	Verdict Is Yours	
2:00	Brigher Day	
2:15	Secret Storm	
2:30	Edge of Night	
3:00	Matinee Movie	
4:15	Arthur Godfrey	
4:30	Love Of Life	F
5:00	In Town Today	
5:15	CBSB News	
5:30	Mighty Mouse Playhse	
6:00	Wildlife In Review	L
6:15	Ricardo Show	
6:30	To Tell the Truth	K
7:00	Talent Scouts	
7:30	Red Skelton	
8:00	Highway Patrol	F
8:30	Frontier Doctor	
8:30	Sea Hunt 1-13	
9:00	Wanted Dead or Alive	
9:30	Flight	
10:00	News Weathr &Sports	
10:15	Feature Theatre	F

WED. TV PROGRAM

12:00	Jimmy Dean Show	L
12:30	Houseparty	L
1:00	Big Payoff	L
1:30	Verdict Is Yours	L
2:00	Brighter Day	L
2:15	Secret Storm	L
2:30	Edge of Night	L
3:00	Matinee Movie	F
4:30	Love Of Life	F
5:00	In Town Today	L
5:15	CBS News	L
5:30	Hilltop Party	L
6:00	Wagon Train	F
7:00	Cartoon Time	F
7:30	I've Got a Secret	K
8:00	Cisco Kid	F
8:30	To Be Announced	
9:00	The Texan	F
9:30	Kingdom of the Sea	F
10:00	News, Weather&Sports	
10:15	Feature Theatre	F

T.V SCHEDULE

THURSDAY TV PROGRAM

12:00	Jimmy Dean Show	L
12:30	Houseparty	L
1:00	Big Payoff	L
1:30	Verdict Is Yours	L
2:00	Brighter Day	L
2:15	Secret Storm	L
22:30	Edge of Night	L
2:00	Matinee Movie	F
4:15	Arthur Godfrey	K
4:30	Love of Life	F
5:00	In Town Today	L
5:15	CBS News	L
5:30	Huckleberry Hound	F
6:00	December Bride	F
6:30	Danger Is My Business	
7:00	Tales of Texas Rangers	
7:30	Our Miss Brooks	
8:00	Mickey Spillane	F
8:30	Target	F
9:00	Tennessee Ernie Ford	
9:30	State Trooper	F
10:00	News, Weather Sports	
10:15	Feature Theatre	4

Welcome in at—

SWANSON'S

MODERN Grocery and Meat MARKET

You'll find shopping at our store both a pleasure and satisfaction.

You'll Be Pleased With Our Large Stocks of:

* Bakery Goods
* Frozen Foods
* Fruits & Vegetables
* Best in Staples

U.S.D.A. Meats

When you think of F O O D, Think of S W A N S O N ' S

CUSTOMER SATISFACTION IS OUR FIRST CONSIDERATION

THE SILVERTON STANDARD and THE MINER

Entered at Silverton, Colorado Post Office as Second Class Matter Under Act of Congress.

Published Fridays of Each Week by ROSS C. BEABER.

Subscription Rates: Per Year in San Juan County, $2.50; 6 Months $1.50. Out of County, per year $3.00 (mailed to any part of continental United States, or Possessions. Subscriptions to Foreign Countries $5.00 per year.

Mrs. Robert Caddes and daughter, Elaine are here from Denver visiting her parents, Mr. and Mrs. Wm. E. Steadman and grandmother, Mrs. Irene Scott.

ROTARY PROGRAM

The Silverton Rotary Club met at the usual time Wednesday at the Grand Imperial Hotel with most of the members present. Vice-president J. C. Grant presided in the absence of President Holmgren.

Jeff Sell was a guest. The Club discussed plans for the Spring Band Day which is tentatively scheduled for May 3. This will be similar to last year's performance. Both junior and senior bands will participate. The groups will maneuver and play a few numbers on the public streets, then march to the gym for a concert. The concert will be free. The Silverton Rotary Club will serve plate lunches and raffle cakes. The proceeds will go toward sending two or more band students to Gunnison for the band camp training and instruction school this coming August.

The evening's program, arranged by L. W. Parcell, consisted of several clarinet duets played by Band Director Jeff Sell and top-ranking school band clarinetist Lois Cole. The performance was excellent. At conclusion Rotarians' musican, Mrs. Nick Dresback and Jeff Sell played a few favorites on the piano and clarinet.

Now Working At Camp Bird

Frank Hitti is one of the first Silverton men reported to have gone to work at the Campbird mine near Ouray. It is said about twenty-five are now employed there. Future plans include tearing down old mill buildings and erecting a new, modern flotation plant.

OUR FIRST REAL

SALE

since establishing business here last year!

20% Off

on ALL LADIES DRESSES AND ROBES IN STOCK

All dresses are clean, crisp merchandise. Many bought this year and none older than last November!

Never before such a sale as this in Silverton on brand new merchandise!

including "Rush to the Rockies" Dresses

* Corduroys
* Fiesta Dresses
* Dress-up Dresses

On Sale Friday Saturday and Monday Only!

No Extension Beyond This Date!

(March 6, 7 and 9)

We Also Have Just Received

Easter Egg Dyes and Easter Favors. including Greeting Cards Artificial Flowers and Corsages.

Fullingim Department Store

All Next Week Our Store Will Be in Charge of Mrs. Thelma Zanoni While We Attend Market Week.

Store hours next week 10:30 to to 5:30 Daily.

Ford and Myrt

Your Doctor's Prescription Carefully Filled at Our Drugstore

ASK ABOUT OUR DISH PLAN — HOW CUSTOMERS MAY BUILD A LOVELY SET OF DISHES FOR A FRACTON OF THE REGULAR PRICE . . . .

at the

POST OFFICE PHARMACY

BANK BY MAIL

DEPOSITS IN THIS BANK INSURED UP TO $10,000.

3 PERCENT INTEREST PAID ON SAVINGS ACCOUNTS

The Citizens State Bank Ouray, Colorado

Member Federal Deposit Insurance Corporation

COLLEGE DAZE, from front Pg.

church." Among many examples stated were these: "The congregation now takes a greater part in the church service than ever before. It is definitely being de-clericalized. As a second example he told about the constantly rising number of lay teachers in Catholic schools —a thing unheard of fifty years ago. This also was an excellent address.

On Wednesday I attended a journalism convocation. The speaker, Robert S. Gamzey, editor of The Intermountain Jewish News, was to talk on "Religious Journalism and the Religion of Journalism." Because of a severe case of laryingitis, Mr. Gamzey's address was presented by a "stand in." Afterwards, via a typewriter, he answered many question on this unusual type of journalism. Although the whole talk was stimulating, one points stands out in my mind. A question was asked concerning the advertising of various Jewish charities in his paper. In the answer, Mr. Gamzey mentioned that 25,000 Jews, who

There's Always Fine Entertainment at

The LODE THEATRE

SERIAL SHOWN SATURDAYS ONLY

SATURDAY and SUNDAY ONLY
March 7 and 8
Robert Mitchum, Curt Jurgens in
"The Enemy Below"
Plus Dustcap Doormat, News and Vigilante Serial No. 13

SATURDAY and SUNDAY ONLY
March 14 and 15
Don Murray, David Wayne in
From Hell to Texas
Plus Camp Clobber, News and Vigilante Chapter 14.

SATURDAY and SUNDAY ONLY
March 21 and 22
Jerry Lewis and David Wayne in
The Sad Sack
Plus Peek a Boo, News and Vigilante No. 15 chapter.

SATURDAY and SUNDAY ONLY
March 28 and 29
CLARK GABLE, DORIS GRAY in
Teacher's Pet
Plus "Hide and Peak" and News

Will Enrich Others!

WILL OPEN UP NEW AREA

The American Tunnel, to be driven by the newly organized Shenandoah Ltd., will open up a great mineral area to mining, including the fabulous Gold King, now under lease by Al Freeland. Other well known mines which will be benefitted by the development, are Lead Carbonate, Pride of Bonita and Grand Mogul. It will enhance the value of these properties many fold, when the tunnel is finally completed.

Mrs. George Sitter was a Durango visitor Friday.

A New Use for Gold

The space probe launched toward the moon on Tuesday was gold-plated to eliminate the need for radio antennas protruding from the cone-shaped instrument package.

Gold is an excellent conductor of surrounding the probe's fiberglass radio waves. With the thin plating covering, its whole shell served as an antenna.

PORTRAITS

Anyone Wishing Portraits of themselves or family should contact

at Howardsville
Mrs. Lee Hetze

(Write me at Clifton, Colorado or Silverton, giving your address and phone number. I will arrange an appointment for you. I will take pictures either at your home or at my home in Howardsville.)

I may be away from Howardsville for a short time in the near future, however early appointments will be arranged.

(I have taken a number of pictures in Silverton since residing at Howardsville. I guarantee to do satisfactory work.)

PRICES REASONABLE

Mrs. Lee Hetzel

Over Fifty Years Ago

WE SERVED THE FOOD NEEDS OF THIS COMMUNITY WITH COMPLETE SATISFACTION

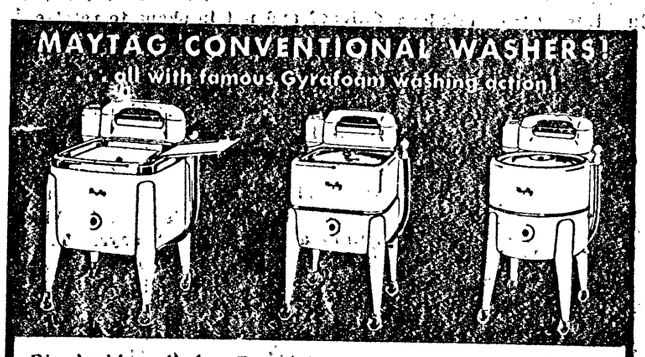
TODAY, as then, we are continuing to do the same thing . . bringing our customers the FINEST in Groceries, Frozen Foods and Quality Fresh and Frozen Meats . . .

WE INVITE YOU to join our many, satisfied Customers and get acquainted with our up-to-date Grocery and Meat Market

"HOME-OWNED & OPERATED FOR OVER A HALF CENTURY"

FRENCH BAKERY, GROCERY & MARKET

The Home of Blue Ribbon Beef



Big, double-walled aluminum tub keeps water hot longer. $209.95

Porcelain-on-steel square tub gives added capacity. $184.95

A real buy! This genuine Maytag is truly low-priced. $159.95

Models Now On Display

Carl D. Curtis, Inc.

PHONE DU7-5622 SILVERTON, COLORADO

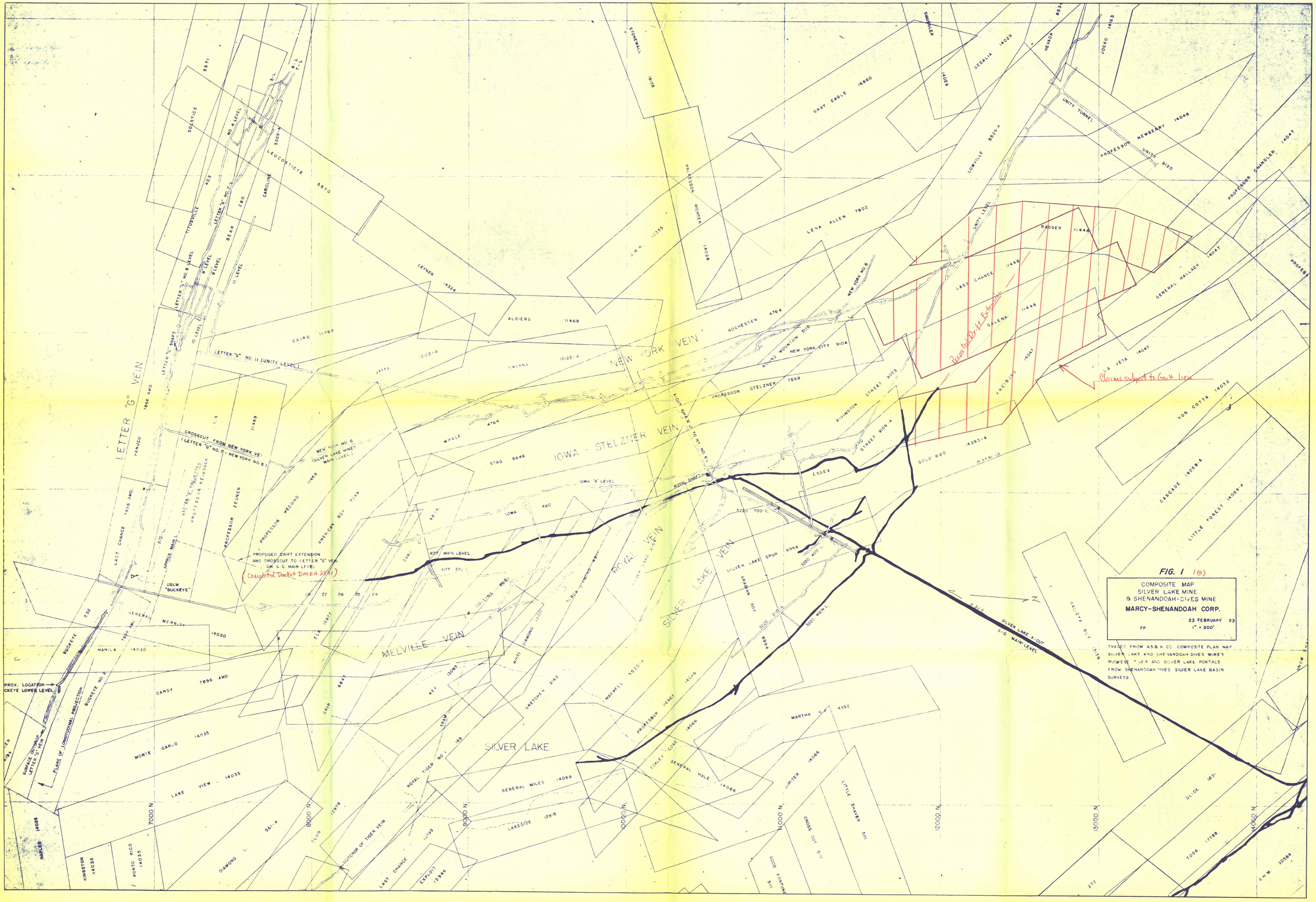
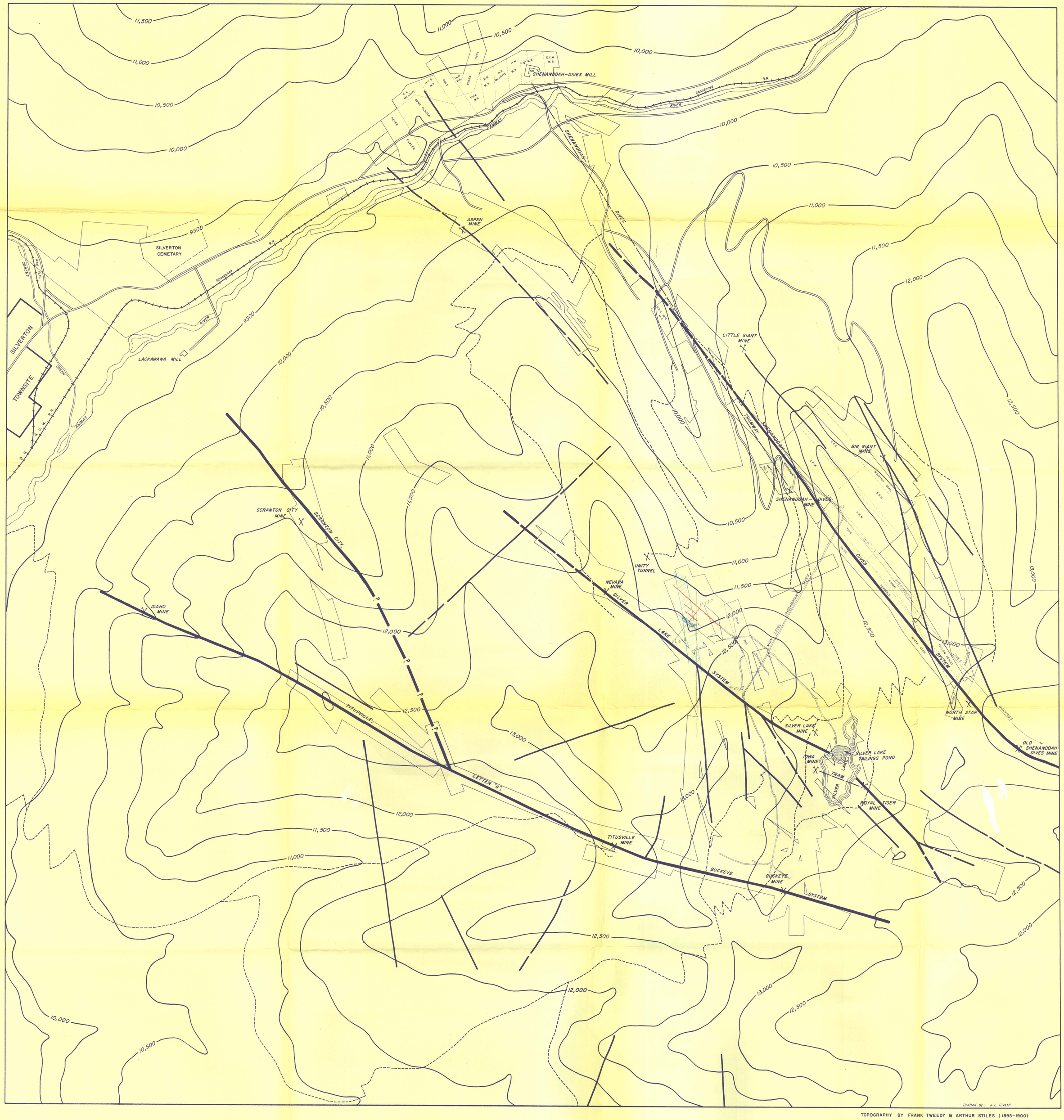


FIG. 1 1(a)
COMPOSITE MAP
SILVER LAKE MINE
& SHENANDOAH-DIVES MINE
MARCY-SHENANDOAH CORP.
23 FEBRUARY 53
FP
1" = 200'
TRACED FROM A.S.&H. CO. COMPOSITE PLAN MAP
SILVER LAKE AND SHENANDOAH-DIVES MINES
BUCKEYE TIGER AND SILVER LAKE PORTALS
FROM SHENANDOAH-DIVES SILVER LAKE BASIN
SURVEYS.
Claims subject to Gov't lien
Proposed Drift Extension
(Completed Docket DMEA 2941)
PROPOSED DRIFT EXTENSION
AND CROSSCUT TO LETTER "G" VEIN
ON S-D MAIN LEVEL
SILVER LAKE X-CUT
S-D MAIN LEVEL
ROYAL SHAFT
IOWA "A" LEVEL
NEW YORK VEIN
IOWA - STELZNER VEIN
ROYAL VEIN
SILVER LAKE VEIN
MELVILLE VEIN
SILVER LAKE
LETTER "G" VEIN
LETTER "G" NO. 11 (UNITY LEVEL)
CROSSCUT FROM NEW YORK VEIN
(LETTER "G" NO. 7 - NEW YORK NO. 6)
NEW YORK NO. 6
(SILVER LAKE MINE)
MAIN LEVEL
PROPOSED
PROFESSOR
NEISJACK
LETTER "G" SHAFT
LETTER "G" NO. 6 LEVEL
8 LEVEL
9 LEVEL
11 LEVEL
10 LEVEL
LETTER "G" NO. 7
SURFACE OUTCROP
LETTER "G" VEIN
PLANE OF LONGITUDINAL PROJECTION
PROX. LOCATION
CKEYE LOWER LEVEL
OUTCROP OF TIGER VEIN
USLM
"BUCKEYE"
GENERAL MERRITT
MANILA
DANDY
MONTE CARLO
LAKE VIEW
DIAMOND L
PORTO RICO
KINGSTON
SPAIN
LAST CHANCE
EXPLOIT
ROYAL TIGER NO. 1
GENERAL MILES
LAKESIDE
GENERAL HALE
JUPITER
LITTLE SHAVER
CROSS CUT
GOOD FORTUNE
MARTHA V.
PROFESSOR PERCY
MAXWELL
GRETCHEN
KEY
GRIP
ELK
AMERICAN BOY
PROFESSOR WEDGING
PROFESSOR ZEUNER
STAG
WHALE
ESSEX
GOLD BUG
FREIBURG
BADGER
LAST CHANCE
GALENA
GENERAL HALLACK
LA VETA
VON COTTA
CASCADE
LITTLE FOREST
SLIDE
TOSA
GALCYA BOY
ARABIAN BOY
SILVER LAKE SPUR
ROCHESTER
ROUND MOUNTAIN
NEW YORK CITY
PROFESSOR STELZNER
RIVINGTON STREET
STREET
ALGIERS
CAIRO
LEYNER
LENA ALLEN
GRAY EAGLE
PROFESSOR RICHTER
J.H.R.
STONEWALL
SMUGGLER
GEDALIA
NEVADA
JOCKO
UNITY TUNNEL
PROFESSOR NEWBERRY
PROFESSOR CHANDLER
LOWVILLE
UNITY LEVEL
SOLSTICE
TITUSVILLE
BEAR
CAROLINE
LEUCOSTICTE
7000 N.
8000 N.
9000 N.
10000 N.
11000 N.
12000 N.
13000 N.
14000 N.

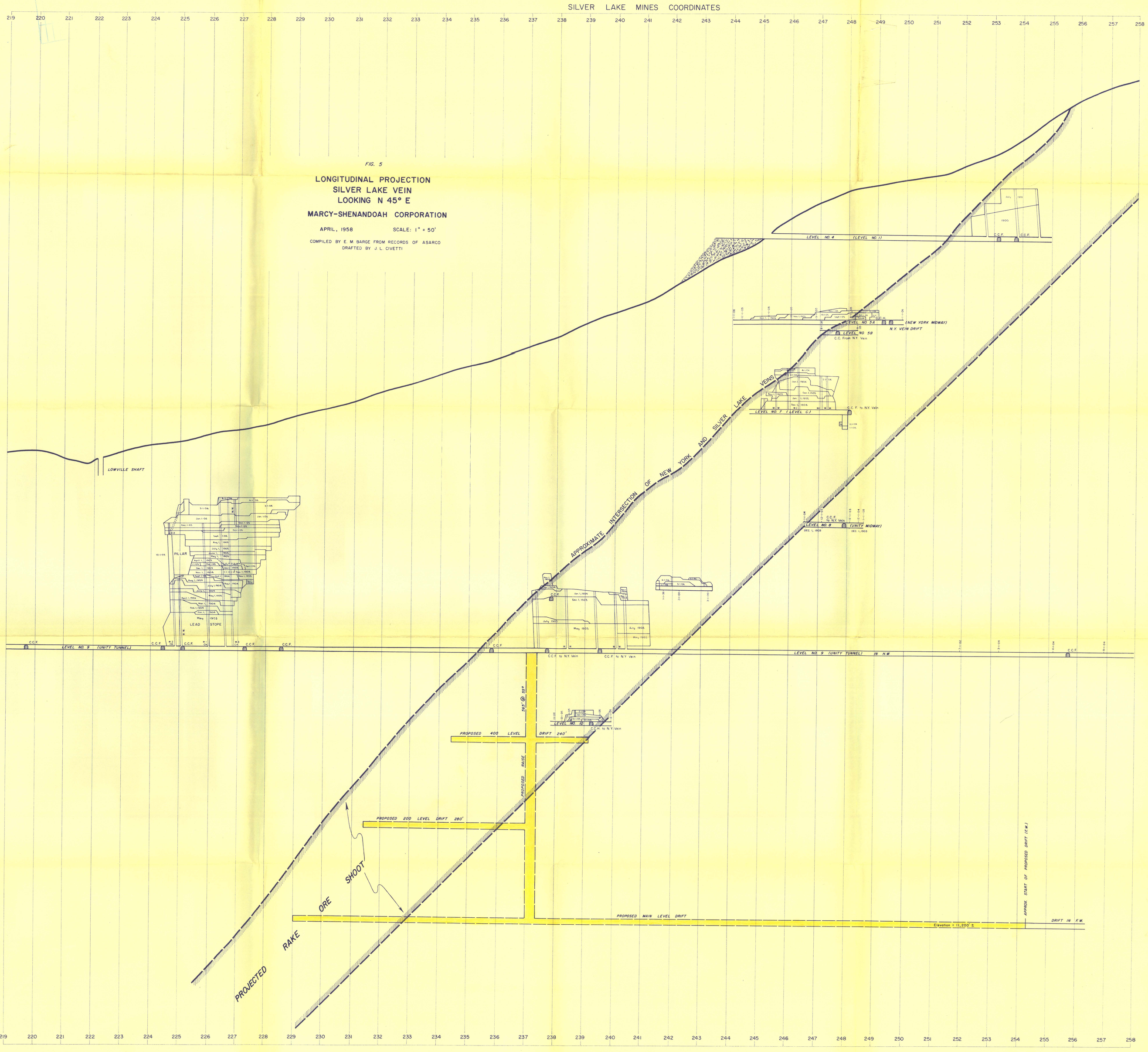


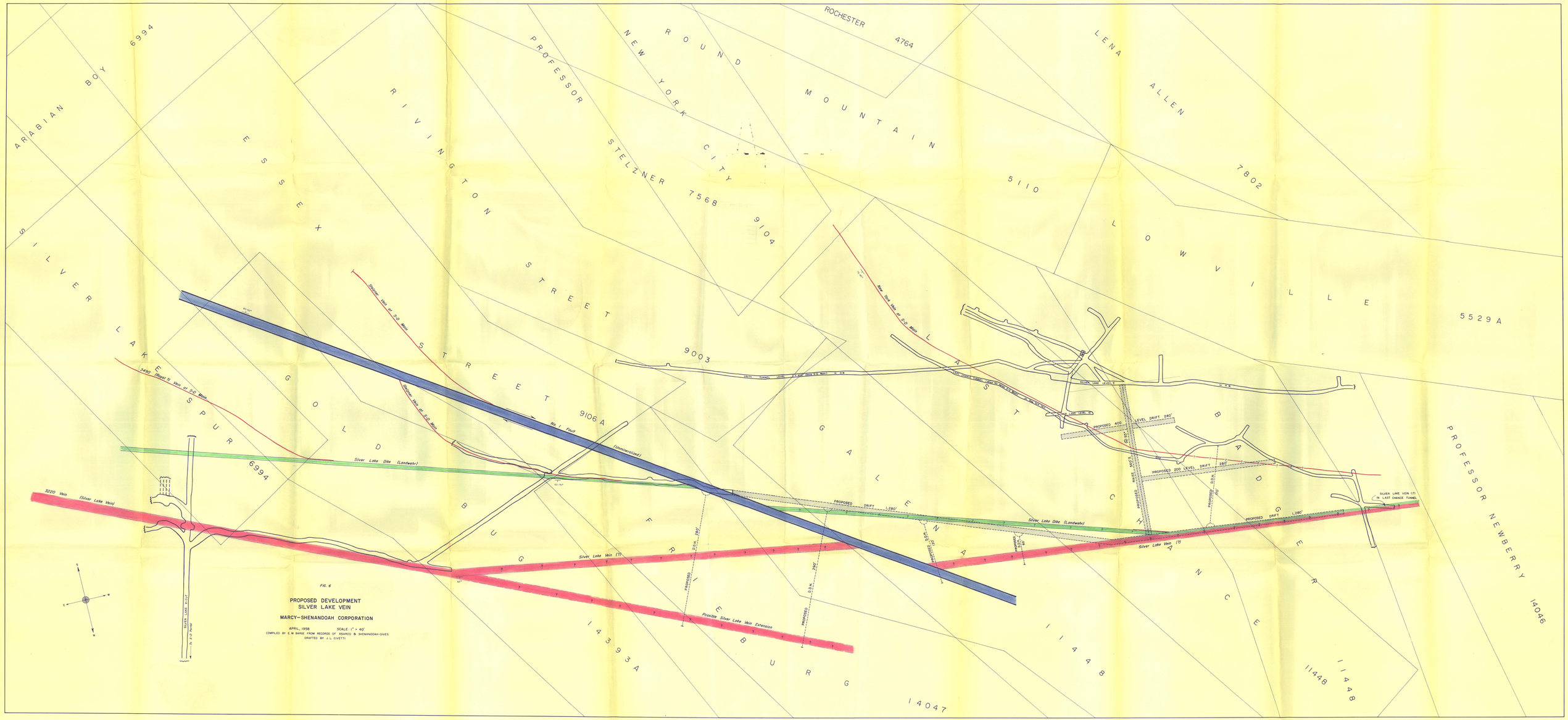
TOPOGRAPHY BY FRANK TWEEDY & ARTHUR STILES (1895-1900)
ECONOMIC FEATURES BY F. L. RANSOME (1899-1900)
CLAIMS FROM ASARCO MAP
TUNNELS FROM SHENANDOAH-DIVES CO. MAP (1953)

APPROXIMATE SCALE: 1" = 600'
OCTOBER, 1957

FIG. 2

MARCY-SHENANDOAH——ASARCO AREA MAP


SILVER LAKE MINES COORDINATES
219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258
FIG. 5
LONGITUDINAL PROJECTION
SILVER LAKE VEIN
LOOKING N 45° E
MARCY-SHENANDOAH CORPORATION
APRIL, 1958
SCALE: 1" = 50'
COMPILED BY E. M. BARGE FROM RECORDS OF ASARCO
DRAFTED BY J. L. CIVETTI
LEVEL NO. 4 (LEVEL NO. 1)
LEVEL NO. 5A
(NEW YORK MIDWAY)
N.Y. VEIN DRIFT
LEVEL NO. 5B
C.C. From N.Y. Vein
LEVEL NO. 7 (LEVEL G)
C.C.F. to N.Y. Vein
LOWVILLE SHAFT
APPROXIMATE INTERSECTION OF NEW YORK AND SILVER LAKE VEINS
LEVEL NO. 8
(UNITY MIDWAY)
DEC. 1, 1903
PILLAR
LEAD STOPE
LEVEL NO. 9 (UNITY TUNNEL)
LEVEL NO. 9 (UNITY TUNNEL) IN H.W.
C.C.F. to N.Y. Vein
LEVEL NO. 10
C.C.H. to N.Y. Vein
PROPOSED 400 LEVEL DRIFT 240'
PROPOSED RAISE
565' @ 55°
PROPOSED 200 LEVEL DRIFT 280'
PROJECTED RAKE ORE SHOOT
PROPOSED MAIN LEVEL DRIFT
Elevation = 11,200' ±
APPROX. START OF PROPOSED DRIFT (F.W.)
DRIFT IN F.W.


ARABIAN BOY
6994
SILVER LAKE
ESSEX
RIVINGTON STREET
PROFESSOR STELZNER
7568
9104
NEW YORK CITY
ROUND MOUNTAIN
ROCHESTER
4764
LENA ALLEN
7802
5110
LOWVILLE
5529 A
PROFESSOR NEWBERRY
14046
GOLD BUG
SPUR
6994
9003
9106 A
GALENA
STEBADGER
FRIEBURG
14047
14393 A
11448
Stopper Vein at 5.0 Mile
New York Vein at 5.0 Mile
3430 (Rogers) Vein at 5.0 Mile
No. 1 Fault
(Commercialized)
Silver Lake Dike (Landwehr)
3220 Vein (Silver Lake Vein)
Silver Lake Vein (?)
Possible Silver Lake Vein Extension
PROPOSED DRIFT 1,280'
PROPOSED D.H. 240'
PROPOSED 400 LEVEL DRIFT 240'
PROPOSED 200 LEVEL DRIFT 280'
PROPOSED RAISE 500'
SILVER LAKE VEIN (?)
IN LAST CHANCE TUNNEL
SCALE: 1" = 40'
FIG. 6
PROPOSED DEVELOPMENT
SILVER LAKE VEIN
MARCY-SHENANDOAH CORPORATION
APRIL, 1958
SCALE: 1" = 40'
COMPILED BY E.W. BARGE FROM RECORDS OF ASARCO & SHENANDOAH-DIVES
DRAFTED BY J.L. CIVETTI