DEPARTMENT OF THE INTERIOR
DIVISION OF ADMINISTRATION AND AUDIT DIVISION

RECEIVED
FEB 6 1956

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

The Golden Crale Corporation (Uranium Division)
P. O. Box 85
Colorado Springs, Colorado

pertaining to Exploration Project Contract No. Idm-2776, Docket No. DMEA-3565, including Amendment No. 1, and Termination Agreement dated November 7, 1955, for the months of May through July, 1955, covering a project for the exploration of Uranium on property known as Harrison and Burnett Group of Claims, located in Montrose and San Miguel Counties about 21 miles from Naturita, Colorado.

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

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

(a) The administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowance thereunder;

(b) The monthly reports were supported by documentary proof of the costs claimed under the contract provisions for contribution by the Government on the basis of actual costs incurred.

(c) A major portion ($5,631.75) of the costs incurred covered work performed at unit rates under independent contract; and

(d) The balance ($1,362.35) of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs for work actually performed.

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

Total cost as billed by Contractor		$11,211.20
Exceptions: (Schedule attached)		
By DMEA Finance Officer	$4,217.10	
Herewith	0.00	4,217.10
Total Accepted Cost		$ 6,994.10

The contract calls for a 75 percent participation of exploration expenses by the U. S. Government. Therefore, payment to the contractor by the Government in the amount of Five thousand, two hundred forty-five and 58/100ths Dollars

** $5,245.58 **

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

Donald T. Finch

January 31, 1956

Donald T. Finch, Auditor

SCHEDULE OF EXCEPTIONS

THE GOLDEN CYCLE CORPORATION | DOCKET NO. DMEA-3565 | CONTRACT DEM-E778

DISALLOWANCES BY DMEA FINANCE OFFICER

The following disallowances were made at the direction of the Executive Officer of the DMEA Field Team, Region III, because the costs were applicable to Drill Holes at locations not provided for in the Exploration Contract and at locations not approved by the DMEA Field Team. The Auditor concurs in the disallowances.

May, 1955		
Drill Holes Nos. 3, 4 and 10		
Independent Contract	$1,922.50	
Fixed Unit Costs	449.80	$2,372.30
June, 1955		
Drill Holes Nos. 16 and 17		
Independent Contract	$1,500.50	
Fixed Unit Costs	344.30	1,844.80
TOTAL EXCEPTIONS		$4,217.10

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

FEB - 7 1956

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Report of Review
[illegible], DMEA-3565
The Golden Cycle Corp.

Dear Don:

Your Report of Review, in lieu of final audit, for the referenced project is acceptable and normal distribution is authorized after the period covered (in the 7th line of the 1st paragraph) is changed from "months of May, 1955 and June, 1955" to "months of May through July, 1955."

This change has been made in the Washington copies. Please change all other copies.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
February 2, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

RECEIVED
FEB 20 1956
FINAL DISTRIBUTION
FEB 16 1956
MADE

224 New Customhouse
Denver 2, Colorado

February 13, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3565 (Uranium) Contract Idm-E778, The Golden Cycle Corporation, Montrose and San Miguel Counties, Colorado

Reference is made to our memorandum dated August 30, 1955 wherewith we transmitted the final Form MF-104, Operator's Monthly Progress Report and Voucher for the period June-July, 1955 and requested that you withhold an amount of $500.00 from reimbursement to the Operator pending a study to determine the feasability of additional work.

The contract has been terminated and the Operator's Final Report has been received; therefore, we recommend that final payment to the Operator be made on the following basis which is in conformance with the Report of Review of contract expenditures by the Contract Administration and Audit Division, DMEA, dated January 31, 1956, which was released to this office February 9, 1956.

Basis for Final Payment

Total accepted costs	$6,994.10
Government participation at 75 percent	$5,245.58
Total prior payments	$4,745.58
Recommended Final Payment to Operator	$ 500.00

#500.00
2/15/56 DM 56-73

W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy

cc: MF-104 File E778
Sec. Op. Comm. (2)
Shaw (2)
Townsend Chron.

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

Budget Bureau No. 42-R1036.5

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

Month of June & July, 1955 Docket No. DMEA Contract No. [illegible]-778
Operator's Name [illegible] Minerals Uranium
Address P.O. Box [illegible], Colorado Springs, Colorado
Contract Amount, $ [illegible] Government Participation: 75 % Amount, $ 22,850.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	7,705.20	3,505.10	11,211.30	5941.40		
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	7,705.20	3,505.10	11,211.30	5,941.40	3425.00	9,366.40
				$2,372.30		$2,372.30

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

Date [illegible] 1, 1955 *Payee [illegible]

Per Max W. Brown Title Exec. Vice-President

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 5,941.40 1032.70 6994.10

$ 3956.05

Signature RRC
(Authorized Certifying Officer)

Date 9-6-55 Vou. No. DMA-56-23
(See other side)

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

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

(Instructions on reverse)

*Previous disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IdmE 778 in accordance with the terms of the contract.

Signature M. B. Falebury $4456.05 Title Mining Engineer Date August 19, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Carver Title Executive Officer Date AUG 30 1955

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June & July 195 5 Docket No. DMEA Contract No. DMEA-2-770

Operator's Name [illegible] Minerals Uranium

Address P. O. Box 66, Colorado Springs, Colorado

OPERATION Stage 1	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drilling: Core	ft	3,166.25	1,195	4,772.75	1,700	2.85	1,900	3.25
Drilling: Rotary	ft	3,188.00	1,594	4,282.00	2,141	2.00	3,000	2.50
Drifting								
Crosscutting								
Raising								
Shafts: Analysis	ea						100	50.00
Winzes: Incidentals	ft	1,511.95	2,749	2,155.55	3,921	.55	5,300	.55
Drilling: Core Stage 2								
Core Drill	ft						500	4.75
Churn								
Rotary	ft						3,000	2.60
Auger								
Analysis	ea						50	5.00
Stripping: Incidentals	ft						3,500	.55
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		7,786.20		11,211.30				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		7,786.20		11,211.30				30,140.00

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

Date Aug. 1, 1955 Operator The Colorado Grade Corporation

Per Max W. Loven Title Exec. Vice-President

Remarks: M. W. Lakebury

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED
SEP 1 0 1975

Administrative Audit Difference Statement

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

[illegible]

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

Amount Claimed $[illegible]

Difference $[illegible]

Amount Approved $[illegible]

The reason for the difference was due to:
[illegible]

[illegible]

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

Very sincerely yours,

N.E.Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

August 30, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3565, (Uranium) Contract, Ida-E778, The Golden Cycle Corporation, Montrose and San Miguel Counties, Colorado - Operator's Monthly Progress Report, for the period June and July, 1955.

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

Holes 16 and 17 were drilled at locations not approved in the contract. Payment for these holes is to be disallowed.

Holes 5, 6, 7, 8, 9, 11, 12, 13 and 18 were drilled according to the terms of the contract and payment is recommended for 75 percent of the amount claimed for these holes, contingent on your verification of the correctness of the applicable rates and arithmetical accuracy of computations, except as noted below.

$500.00 is to be withheld pending determination of the feasability of continueing work under the contract. The project is in recess.

Remarks
Date of Report- - - - - - - - - - - - - - - August 1, 1955
Date Received in Field Office- - - - - August 2, 1955
Date Received in Region Office- - - - - August 29, 1955
The Engineer's Report includes work performed during May, 1955.
Reason for delay: Held up pending action on Operator's request for an Amendment to the Contract.

W. M. TRAVER,

W. M. Traver

Enclosures

JDC:jy

cc: MF-104 File E778
Sec. Opr. Comm. (2)
Chron.
Shaw (2)

DMEA
Date Rec'd.

AUG 29 1955

BUREAU OF MINES
Denver, Colorado

Building 20
Denver Federal Center
Denver 2, Colorado
August 25, 1955

Region III

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw JFS
Supervising Mining Engineer

From: M. H. Salsbury

Subject: DMEA 3565 (Uranium) Contract Idm-2778, The Golden Cycle Corporation, Montrose and San Miguel Counties, Colorado -- Progress reports for May and June and July, 1955

The subject project was inspected on June 6, 1955, July 14, 1955, and August 5, 1955. The DMEA inspector was accompanied by Ben H. Slothower, superintendent for the Operator on the first visit when work was in progress. On subsequent visits the project had been recessed and a representative of the Operator was not present. The inspector was accompanied by Laurence Geets, Bureau of Mines Engineering Aide, on the July 14th visit. The visit on August 5th was made for the purpose of picking up drill core. A pickup load, two complete cores were brought to Grand Junction, Colorado.

The operator claimed payment in May, 1955 for 585 feet of core drilling and 587 feet of plug-bit drilling in 4 holes, plus the incidental allowance of $0.55 per foot for 1,172 feet of drilling, $644.50, for a total of $3,485.00 in which Government participation would be $2,568.75. The correct amount of the incidental allowance should have been $644.60. Portions of the drilling invoice on which payment under the actual cost provision of the subject contract is based, are consolidated as follows:

Hole No.	Depth feet	Plug feet	0-100	Core feet 1-200	2-300	3-350	Stand by hours
1	354.0	185.0		15.0	100.0	54.0	[illegible]
3	390.0	90.0	10.0	100.0	100.0	50.0	3 1/4
4	274.0	200.0			74.0		2
10	154.0	112.0		82.0			
Totals	1172.0	587.0	10.0	197.0	274.0	104.0	5 1/4

Payment to Johnson and Yearwa, contractors in accordance with their contract with the Operator was as follows:

587 feet of plug drilling at	$2.00	$1,174.00
10 feet of core drilling 0-100 feet	2.25	22.50
197 feet of core drilling 1-200 feet	2.50	492.50
274 feet of core drilling 2-300 feet	2.75	753.50
104 feet of core drilling 3-400 feet	3.25	338.00
5-1/4 hours stand-by time at	12.00	63.00
Total for May billed by drilling contractor		2,843.50
Total for drilling, less stand-by charge		2,780.50
Add incidental allowance of $0.55 per foot for 1,172 feet		644.60
	Total	3,425.10
Total on May 1955 104 forms		3,425.00
	Difference	.10

The Operator claimed payment in June, and July, 1955 for 1,195 feet of core drilling and 1,554 feet of plug-bit drilling in 11 holes plus the incidental allowance of $0.55 per foot for 2,749 feet of drilling, $1,511.95 for a total of $7,786.20 in which Government participation would be $5,839.65. Portions of drilling invoices on which payment under the actual cost provision of the subject contract is based, are consolidated as follows:

Hole No.	Depth feet	Plug feet	Core feet 0-100	1-200	2-300	3-350	Stand by hours
5	268.0	160.0		40.0	68.0		
6	164.0	70.0	30.0	64.0			6½
7	163.0	90.0	10.0	63.0			4½
8	232.0	125.0		75.0	32.0		2
9	254.0	160.0		40.0	34.0		2
11	238.0	112.0		88.0	38.0		
12	214.0	180.0		20.0	14.0		
13	260.0	160.0		40.0	60.0		
16	353.0	170.0		30.0	100.0	53.0	6
*17	273.0	125.0		75.0	73.0		3
18	350.0	200.0		73.0	27.0	50.0	2½
Total	2,749.0	1,554.0	40.0	608.0	456.0	103.0	26½

*Hole No. 17 had been drilled to a depth of 210 feet in June, 1955 but was not claimed in that month.

Payment to Johnson and Yearwa, contractors, in accordance with their contract with the Operator was as follows:

1554.0 feet plug drilling at	$2.00	$3,108.00
48.0 feet core drilling 0-100 feet at	2.25	90.00
606.0 feet core drilling 1-200 feet at	2.50	1,515.00
446.0 feet core drilling 2-300 feet at	2.75	1,226.50
183 feet core drilling 3-390 feet at	3.25	334.75
26½ hours stand by time at	12.00	318.00
Total billed by drilling contractor, June, July		6,592.25
Total for drilling, less stand by charge		6,274.25
Add incidental allowance of $0.55 per foot for 2,749 feet		1,511.95
Total on June, July, 1955 14A forms		7,786.20

Results of drilling were completely negative insofar as uranium mineralization is concerned. In regard to sand thickness, four holes were classed as "favorable", four "semi-favorable", and the balance as "unfavorable" both by the Operator and the U. S. Geological Survey.

At the southwest end of the property, holes nos. 16, 17 and 18 encountered practically no sandstone in the upper part of the Salt Wash member. It is evident that this formation is changing character to the west and there is little possibility of finding ore-bearing sandstone in this direction. For that reason approved holes nos. 19 and 20 were not drilled. Holes nos. 14, 15, and 16 were not drilled because the Operator did not receive authorization from the DMEA Field Team, Region III, to move them to new locations. Hole No. 2 was not drilled because the Operator discovered it was on a claim which they did not control. Control of this claim was arranged for but in view of the disappointing results of drilling, the Operator did not think it worthwhile to drill, either at the original location, or at a new location.

The operator has requested a recess pending completion of drilling on adjacent properties in the hope that some favorable conditions may be indicated. Failing this, cancellation of the subject contract without further Stage I or any Stage II drilling will be requested. The DMEA Inspector has recommended granting of the recess and will recommend cancellation of the contract, as there is little likelihood that further drilling will be advisable.

After the drilling project was started, the Operator's superintendent examined the surface geology more thoroughly and decided that he would have better control of plugging and covering depths by moving some holes closer to the rim. He misinterpreted the provision of the contract which defined hole locations and assumed he was free to do this as long as he placed the new sites some where along the parallel lines 500 feet apart defined in the contract. Accordingly he moved the locations of holes nos. 2, 3, 4, 10, 14, 15, 16 and 17 without receiving authorization from the DMEA Field Team Region III.

Of these holes, holes nos. 3, 4, 10, 16 and 17 were drilled at the unauthorized locations.

Later, Slathower was advised by the Operator's manager to check with DMEA personnel. On finding that unauthorized drilling could not be paid for, Slathower suspended drilling of these holes and requested an amendment. Geological Survey and Bureau of Mines field personnel both recommended the requested amendment on the grounds that drilling at the new locations provided just as much information at a lower cost, but the Washington office did not concur.

As a result, holes 3, 4, 10 and 17, which were completed before the drilling was stopped, cannot be approved for payment under the terms of the contract, which states, in part, that Stage I holes "shall be drilled at locations approximately indicated on the attached map---". (Description of the Work, Exhibit A of the subject contract).

Inasmuch as no ore has been discovered, a Certificate of Discovery is not being recommended by the DMEA inspector.

All holes have been probed with Geological Survey Barnsby equipment with negative results. Stand by time for this purpose paid by the operator was not charged to the Government, as it was not allowed for as a separate item in the contract.

It was determined during the field inspections that hole locations for which payment is being recommended conform with approved locations, and these holes were completed in accordance with contract requirements including caring procedures and storage. No chemical analyses were made. Contract maximums were not exceeded.

The Operator has submitted in quintuplicate a satisfactory narrative report, and forms MF-104 and MF-104A for May, 1955 and June-July, 1955 together with copies of the sub contract with the drillers, the driller's invoice, and geologic logs for both months. No map showing locations of completed holes was included, but hole locations are shown on the large scale map the Operator submitted with the request for amendment to move holes, and this can be referred to. If additional copies are considered essential for the narrative reports, the Operator can no doubt furnish additional copies. It is recommended by the DMEA inspector that no maps be required at this time but that a complete map accompany the Operator's Final Report when it is submitted. Drilling footages in the Operator's geologic logs correspond to the driller's invoices. Geologic logs made by the Geological Survey total 2 feet more. Monthly and cumulative totals on the MF-104 and MF-104A forms are correct, except that the correct claim in May would be $3,425.10 instead of $3,425.08, and this error is carried forward into the June-July cumulative totals. The Operator does not show the different items on the MF-104A forms but lumps them under Drilling. However, they are shown in detail on the MF-104 forms.

In accordance with the terms of the subject contract, the following holes are to be approved for payment:

	Hole No.	Depth feet	Plug feet	CORE feet 0-100	1-200	2-300	3-350
May	1	354	185		15	100	54
June July	5	228	160		40	68	
	6	164	70	30	64		
	7	163	90	18	63		
	8	232	185		75	32	
	9	234	160		40	34	
	11	238	112		88	38	
	12	214	180		20	14	
	13	260	160		40	60	
	16	338	208		71	27	30
June July total		2,183	1,299	48	501	273	58

In conformance with actual invoice rates as governed by the sub contract between the Operator and Johnson and Towson, allowable costs on the above footages are as follows:

June, 1955

1 hole totaling 354 feet.

185 feet plug drilling at	$2.00	$ 370.00
15 feet core drilling 100-200 feet at	2.50	37.50
100 feet core drilling 200-300 feet at	2.75	275.00
54 feet core drilling 300-350 feet at	3.25	175.50
Incidental allowance for 354 feet at	.55 ft.	194.70
Total for June, 1955		1,052.70
Government Participation at 75 percent		789.53

July, August, 1955

9 holes totaling 2,183 feet.

1,299 feet plug drilling at	$2.00	$2,598.00
48 feet core drilling 0-100 feet at	2.25	90.00
501 feet core drilling 100-200 feet at	2.50	1,252.50
273 feet core drilling 200-300 feet at	2.75	750.75
58 feet core drilling 300-350 feet at	3.25	188.50
Incidental allowance for 2,183 feet at	.55 ft.	1,201.65
Total for July-August, 1955		5,081.40
Government Participation at 75 percent		3,456.05

Payment is recommended for May, 1955 of $789.53, 75 percent of the amount claimed, $3,435.00, less $2,372.40 for disapproved holes,

plus $0.10, an error in multiplication on the incidental allowance as computed by the operator.

Payment is recommended for June-July, 1955 of $4,456.05, 75 percent of the amount claimed, $7,766.20, less $1,844.80 for disapproved holes.

for John F. Shaw
M. H. Salsbury
Mining Engineer

MHS:jw

cc: w/orig. ✓
ETTO
Chron.

[illegible] CORPORATION
Lonogram Division

RE: Docket DMM 3865 (Granfan)
Contract IGm-L778, Golden
Cycle Corp., (Garrison-Burnett t
- Small-Ice groups of claims),
Montrose and San Miguel Counties, Colorado

Report for June and July, 1955:

The April-end-May, 1955 report cited Holes 1, 3, 4, and 10 as having been completed in May, 1955. Actually, Hole 17 was drilled, called complete and demobed before the first of June. However, this hole had not been drilled deep enough and was subsequently deepened and was again completed and demobed in June; that is why it is cited in this report.

The drilling contractor, Johnson & Nouvan, moved a Mayhew dry-rotary drill onto our claims late in May and started to complete the non-core portion of each hole before the core rig was moved over the holes. The holes plugged, in the order in which they were drilled, were 13, 16, 18, 20, 14, 1[illegible], 11, 13, 9, 8, 7, 6, and 5. This non-core project was finished early in June.

Holes cored and completed in June, in the order of their completion, are 18, 13, 17, 19, 15, 11, 9, [illegible], and 7. Holes completed in July were, in the order of their completion, 6 and 5.

Because no really encouraging indications were found in the above holes, it was decided to recess the program until such a time as supplemental information of a truly favorable nature may be obtained from drilling or ground adjacent to ours.

The holes drilled during the above period are abstracted, geologically, below. The hole numbers should be referred to the Golden Cycle 1" = 500' claim map.

Hole 18: This hole is in a very mixed-up area with the Brushy Basin-Saltwash contact vague. Although it was drilled to a depth of 600 feet, no good sand was encountered even though the contact should have been at 1[illegible] feet. This is an unfavorable hole.

Hole 17: This hole, drilled to a depth of 275 feet, was much the same as Hole 18. The contact is vague and no good sand is present. This is an unfavorable hole.

Hole 13: This hole, drilled to a depth of 4[illegible] feet, was as unfavorable as Holes 17 and 18. There is little alteration and the sand is poor. This is an unfavorable hole.

Hole 16: This hole, drilled to a depth of 1[illegible] feet, contains a few [illegible] of sand, but it is slightly altered and holds little carbon. This is a semi-favorable hole.

Hole 19: In this area the sands are again mixed up.

There is two twenty foot of sand and the top of it is loaded with red clay. There is no carbon and little alteration present. This is an unfavorable hole.

Hole 11: This hole has a splendid thickness of sand and showing a relatively large amount of carbon. However, it contains little alteration and was unusually narrow to begin by. This is, because of sand thickness, a favorable hole.

Hole 9: This hole, placed next to favorable Hole 10, is a disappointment. The sand is thin, the mudstone red, and there is no carbon. This is a semi-favorable hole.

Hole 8: This hole is but little better than Hole 9. There is a little carbon present but the sand is thin and it is weakly altered. This is a semi-favorable hole.

Hole 7: This hole is really quite poor. While there is some green mud, it isn't near the sandstone. The sand is very dirty. This is an unfavorable hole.

Hole 6: The sand in this hole is as dirty as that in Hole 7 and the green mudstone as mixed up. There is litt le carbon. This is an unfavorable hole.

Hole 5: This hole is very poorly altered wit h red mud present in all the sands. It contains no carbon and is called an unfavorable hole.

Attached are a map showing t h e drill holes completed to date and the geologic logs of the holes completed during the above period.

Respectfully submitted,

Don W. Slothower

Don W. Slothower
Superintendent

July 14, 1955

JOHNSON & YOUVAN

DIAMOND CORE DRILLING

NATURITA, COLORADO

July 7, 1955

INVOICE

Golden Cycle Corporation
Carlton Building
Colorado Springs, Colorado

Diamond Drilling Account for June, 1955

Hole	Drill	Depth	Plug	0-100	1-200	2-300	3-350	Ream	Standby
7	50-65	163.0	90.0	10.0	63.0				4-1/2
8	50-65	232.0	125.0		75.0	32.0			2-
9	50-65	234.0	160.0		40.0	34.0			2-
11	50-65	238.0	112.0		88.0	38.0			
12	50-65	214.0	180.0		20.0	14.0			
13	50-65	260.0	160.0		40.0	60.0			
16	50-65	353.0	170.0		30.0	100.0	53.0		6-
*17	65	63.0				63.0			3-
18	50-65	350.0	202.0		71.0	27.0	50.0		2-1/2
		2,107.0	1,199.0	10.0	427.0	368.0	103.0		20-

*Previously drilled to a depth of 210 feet.

1,199 feet drilled @ $2.00 per foot	$2,398.00
10 " " @ 2.25 " "	22.50
427 " " @ 2.50 " "	1,067.50
368 " " @ 2.75 " "	1,012.00
103 " " @ 3.25 " "	334.75
20 hours standby time @ $12.00 per hour	240.00
	$5,074.75

OK BHS
DMEA MONOGRAM DRILLING

JOHNSON & YOUVAN

DIAMOND CORE DRILLING

NATURITA, COLORADO

July 25, 1955

INVOICE

Golden Cycle Corporation
Carlton Building
Colorado Springs, Colorado

Diamond Drilling Account for July, 1955

Hole	Drill	Depth	Plug	0-100	1-200	2-300	3-350	Ream	Standby
5	50-65	268.0	160.0		40.0	68.0			
6	50-65	164.0	70.0	30.0	64.0				6-1/2
		432.0	230.0	30.0	104.0	68.0			6-1/2

230 feet drilled @ $2.00 per foot	$ 460.00
30 " " @ 2.25 " "	67.50
104 " " @ 2.50 " "	260.00
68 " " @ 2.75 " "	187.00
6-1/2 hours standby time @ $12.00 per hour	78.00
	$1,052.50

OK
BHS

Monogram Drilling

GORDON STUDY CORPORATION
Foreign Division

DRILL LOG

Hole No. 5
BX size

Location: Lobo El Dinero, Dry Creek Ranch
Sec. 17, T45N, R13W, Montrose County, Colo.

Date Started: July 2, 1955
Date Finished: July 6, 1955
Date Logged: July 8, 1955

From:	To:	
0.0	160.0	Plug Bit, no core
160.0	161.5	Sandstone, light gray, medium-fine grained, moderate to abundant red chert, no carbon, abundant green-mud pebbles and white interstitial mud
161.5	174.0	Mudstone and siltstone, red, no carbon, abundant green mottling
174.0	189.5	Sandstone, light gray, medium-fine to coarse grained, abundant red chert, no carbon, abundant large green and red mud pebbles and white interstitial clay
189.5	215.0	Mudstone, red, no carbon, moderate green mottling
215.0	262.5	Sandstone, light gray, very-fine to medium-coarse grained, slight red chert, no carbon, moderate green and red mud pebbles in seams, abundant white interstitial clay, slight to abundant limonite stain, red mudstone and siltstone seams from 237' to 240'
262.5	268.0	Mudstone and sandstone, red, no carbon, very slight green mottling

(HOLE DRILLED TO TOTAL DEPTH)

B. H. Le Theron

[illegible]

[illegible]

[illegible] 6

[illegible]: [illegible], [illegible] Bench
[illegible] 7, [illegible], [illegible], [illegible], [illegible]

[illegible]: [illegible]
[illegible]: [illegible]
[illegible]: [illegible]

[illegible]	[illegible]	
[illegible]	[illegible]	[illegible], no [illegible]
[illegible]	[illegible]	[illegible], light [illegible], [illegible] to medium-fine [illegible], very slight red chert, slight lime [illegible] and [illegible], red [illegible] in [illegible], silicified, [illegible] [illegible]
[illegible]	[illegible]	[illegible], green, [illegible] and [illegible] thin bands
[illegible]	[illegible]	[illegible], red
[illegible]	[illegible]	[illegible], [illegible] gray, slight red chert, slight carbon, [illegible] [illegible] pebbles, red mud [illegible] 2" thick
[illegible]	[illegible]	[illegible], red, no carbon
[illegible]	[illegible]	Sandstone, light gray, medium-fine grained, slight red chert, no carbon, abundant green and pebbles and lithic [illegible], dirty sand
[illegible]	[illegible]	[illegible], red, no carbon, abundant green [illegible]
[illegible]	[illegible]	Siltstone, green, no carbon
[illegible]	[illegible]	[illegible], red, slight green [illegible]
[illegible]	[illegible]	Sandstone, light tan, medium fine grained, very slight red chert, very slight carbon, [illegible] of [illegible],
[illegible]	[illegible]	[illegible] and sandstone, green, no carbon, moderate calcite and silicification
[illegible]	[illegible]	Siltstone and sandstone, green, very fine grained, very slight red chert, no carbon, abundant silicification

Hole No. [illegible]

From:	To:	
[illegible]	[illegible]	Sandstone, light tan, medium to medium-fine grained, very slight red chert, green and pebbles, abundant bitumile stain
[illegible]	[illegible]	Sandstone, light tan, medium to medium-fine grained, very slight red chert, very slight carbon, green and pebbles, very abundant bitumile stain, very dirty sand
[illegible]	[illegible]	Sandstone, red, no carbon, slight to abundant green mottling

(HOLE STARTED TO GAIN MAY)

R H Schroeder

GOLDEN CYCLE CORPORATION
Lonegram Division

DRILL LOG

Hole No. 7
BX size

Location: Border 6 Claim, Dry Creek Bench
Sec. 17, T45N, R16W, San Miguel County, Colo

Date Started: June 2, 1955
Date Completed: June 29, 1955
Date Logged: July 1, 1955

From:	To:	
0.0	90.0	Plug bit, no core
90.0	94.0	Sandstone, light tan, medium grained, slight red chert, no carbon, abundant green and slight red mud pebbles, moderate silicification
94.0	95.0	Mudstone, red, no carbon, abundant green mottling
95.0	102.0	Mudstone, green, very slight carbon, few large isolated red chert pebbles
102.0	108.5	Mudstone, red, slight green ~~[illegible]~~ mottling
108.5	120.0	Sandstone. light gray, fine grained, slight red chert, no carbon, slight green mud pebbles, very dirty sand.
120.0	122.5	Mudstone, red, abundant green mottling
122.5	127.5	Sandstone, green, very fine grained, slight large red chert, no carbon, very abundant green interstitial mud, very dirty sand
127.5	130.0	Mudstone, red, abundant green mottling
130.0	135.5	Sandstone, light gray, medium fine grained, slight red chert, no carbon, very slight green mud pebbles, abundant liminite stain
135.5	163.0	Mudstone, red, abundant green mottling, several gray siltstone lenses

(BARREN TO GAMMA RAY)

(Note: Very dirty sand)
(Note: About 2' of Saltwash plugged)

B H Schroeder

GOLDEN EAGLE CORPORATION
Home Run Division

DRILL LOG

Hole No. 2
BX size

Location: Rebo 22 claim, Dry Creek Bench
Sec. 17, T42N, R14W, San Miguel County, Colo

Date Started: June 8, 1956
Date Completed: June 25, 1956
Date Logged: June 30, 1956

From:	To:	
0.0	125.0	Plug Bit, no core
125.0	135.0	Sandstone, light gray, medium fine grained, slight red chert, very slight carbon, slight to abundant green pebbles ~~in~~(mud), abundant white interstitial clay, fine carbon?
135.0	137.5	Mudstone and siltstone, red, no carbon, several green and gray siltstone splits, slight to abundant green mottling.
137.5	190.0	Sandstone, light red, fine grained, moderate red chert, no carbon, abundant red mud pebbles, moderate white interstitial clay
190.0	204.5	Sandstone, light gray, medium fine grained, slight red chert, no carbon, slight red & green & gray mud pebbles, abundant white interstitial clay, slight to abundant limonite stain
204.5	222.0	Mudstone and siltstone, red, very slight carbon, carbon in films, gray siltstone from 218' to 222'

(HOLE BARRED TO CALLA RAN)

(Note: About 2 feet of Saltwash plugged)

R H Slo Pierson

GOLDEN CYCLE CORPORATION
Monogram Division

DRILL LOG

Hole No. 9
BX size

Location: Lobo 26 Claim, Dry Creek Bench
Sec: 17, T45N, R16W, San Miguel County, Colo

Date Started: June 1, 1955
Date Completed: June 22, 1955
Date Logged: June 30, 1955

From:	To:	
0.0	160.0	Plug bit, no core
160.0	163.8	Sandstone, light gray, medium fine grained, abundant red chert, no carbon, abundant green mud pebbles in seams, moderate white interstitial clay
163.8	174.0	Mudstone, red, no carbon, ~~ab~~ very slight green mottling
174.0	194.0	Sandstone, light gray, medium fine to fine grained, slight red chert, no carbon, slight to abundant green pebbles, 1' red mudstone seams at 184'
194.0	204.0	Mudstone, red, no carbon, abundant green mottling
204.0	208.0	Sandstone, light red, very fine to fine grained, moderate red chert, no carbon, abundant red interstitial mud
208.0	222.5	Sandstone, light gray, medium fine grained, slight red chert, very slight carbon, very slight green pebbles, abundant white interstitial clay
222.5	234.0	Mudstone, red, no carbon, slight green mottling several siltstone lenses

(BARREN TO GAMMA RAY)

R H Stowers

GOLDEN CYCLE CORPORATION
Monogram Division

DRILL LOG

Hole No. 11
BX size

Location: West Fork 17 claim, Dry Creek Bench
Sec. 17, T45N., R16W., San Miguel County, Colo.

Date Started: June 1, 1955
Date Completed: June 17, 1955
Date Logged: June 20, 1955

From:	To:	
0.0	112.0	Plug bit, no core
112.0	121.0	Sandstone, tan to gray, medium fine grained, no chert, black opaques in seams, abundant white interstitial mud
121.0	122.0	Sandstone, light gray, medium grained, abundant red chert, some red and green ~~pebbles~~ mud pebbles in seams, abundant silicification, abundant limonite stain in seams
122.0	140.0	Mudstone, red with abundant green mottling, slight silicification in green areas
140.0	141.0	Siltstone, light gray, silicified
141.0	150.5	Mudstone (red) and siltstone (green), silicified
150.5	165.0	Sandstone, light gray, very fine grained, no carbon, slight green interstitial mud, very abundant red mudstone in seams
165.0	166.5	Mudstone, red, no carbon
166.5	233.0	Sandstone, light gray, fine to medium grained, slight red chert and black opaques, slight to abundant carbon, slight to abundant gray-green mud pebbles in seams, abundant white interstitial clay, slight to abundant limonite stain
233.0	238.0	Mudstone, red, no carbon, slight to abundant green mottling

(HOLE BARREN TO GAMMA RAY)
(unusually barren)

B H DeTrower

GOLDEN CYCLE CORPORATION
Monogram Division

DRILL LOG

Hole No. 12
BX size

Location: West Fork 17 claim, Dry Creek Bench
Sec. 17, T45N, R16W, San Miguel County, Colo.

Date Started: May 31, 1955
Date Completed: June 13, 1955
Date Logged: June 13, 1955

From:	To:	
0.0	180.0	Plug bit, no core
180.0	189.0	Sandstone and mudstone, tan and red, very fine grained, slight green mottling, moderate limonite stain, no carbon
189.0	191.0	Sandstone, medium fine grained, abundant red chert, moderate red and green mud pebbles
191.0	199.0	Sandstone, medium grained, light tan, moderate red chert, slight green mud pebbles in seams moderate red mud interstitial, no carbon
199.0	200.0	Sandstone, light gray, fine grained, no carbon limonite stain in seams, silicified
200.0	214.0	Mudstone, red, and siltstone, gray. Siltstone is silicified

(HOLE BARREN TO GAMMA RAY)

F. H. Stoever

ACADEMY OIL CORPORATION
Honeycomb Division

DRILL LOG

Hole No. 15
EX size

Location: West Fork 10 claim, Dry Creek Bench
Sec. 17, T45N, R18W, San Miguel County, Colo.

Date Started: May 31, 1955
Date Completed: June 15, 1955
Date Logged: June 16, 1955

From:	To:	
0.0	100.0	Plug Bit, no core
100.0	168.0	Sandstone, tan, medium grained, abundant red chert, no carbon, moderate red mud pebbles in seams
168.0	171.0	Mudstone, red, moderate green mottling, no carbon
171.0	200.0	Sandstone, light gray, medium fine grained, moderate red chert, moderate red and green mud lenses
200.0	247.0	Mudstone, red, abundant green mottling, no carbon
247.0	253.0	Sandstone, light tan, medium fine grained, slight red chert, slight carbon, slight red and green mud pebbles in seams, moderate white interstitial clay
253.0	260.0	Mudstone, red, abundant green mottling, no carbon

(HOLE BARREN TO GAMMA RAY)

B. H. Schlarmann

GOLDEN JUBILEE CORPORATION
Monogram Division

DRILL LOG

Hole No. 16
BX size

Location: West Fork 9 Claim, Dry Creek Bench
Sec. 19, T45N, R16W, San Miguel County, Colo.

Date Started: May 27, 1955
Date Completed: June 6, 1955
Date Logged: June 6, 1955

From:	To:	
0.0	168.0	~~Sandstone, light tan, very fine grained, no carbon~~ Plug bit, no core
168.0	169.0	Sandstone, light tan, very fine grained, no carbon
169.0	172.0	Mudstone and sandstone, red with green mottling, no carbon
172.0	175.0	Sandstone, light tan, very fine grained, no carbon, abundant red interstitial mud
175.0	213.0	Sandstone and mudstone, red, very fine, no carbon
213.0	223.0	Sandstone, light tan, fine grained, slight to abundant red pebbles in seams, slight to abundant green mottling
223.0	250.0	Plug bit, no core (plugged red mudstone)
250.0	260.0	Sandstone and mudstone, light red and green, very fine grained, no carbon
260.0	282.0	Sandstone, light gray, fine grained, slight to abundant red chert, slight carbon
282.0	319.0	Mudstone and sandstone, red, very fine grained, no carbon
319.0	341.0	Sandstone, light red, fine grained, no carbon, abundant red pebble s in seames
341.0	353.0	Mudstone, red, no carbon, slight to abundant very fine sandstone ribs

(Note: From measuring down from Brushy Basin-Burro Canyon contact, top of Saltwash is 185- to 195-ft. deep)

(HOLE BARRELED TO GAMMA RAY)

B H Sletherwar

GOLDEN CYCLE CORPORATION
Monogram Division

DRILL LOG

Hole No. 17
BX size

Location: West Fork 7 Claim, Dry Creek Bench
Sec. 19, T43N, R16W, San Miguel County, Colo.

Date Started: May 26, 1955
Date Completed: June 9, 1955
Date Logged: June 9, 1955

From:	To:	
0.0	125.0	Plug bit, no core
125.0	126.0	Mudstone, red, no carbon
126.0	136.0	Sandstone, light tan, fine to medium fine grain size, abundant red chert, slight to abundant carbon, green mud pebbles, red interstitial mud
136.0	147.0	Sandstone, light tan, medium-fine to medium grained, slight to abundant red chert, no carbon, red and green interstitial mud
147.0	148.0	Siltstone, green, no carbon
148.0	210.0	Mudstone, red, no carbon, green mottling
210.0	263.0	Sandstone, light tan and light red, slight carbon, slight to abundant ~~green mottling~~ red interstitial mud
263.0	273.0	Mudstone and sandstone, red, very fine grained, slight carbon, slight to abundant green mottling

(Note: From measuring down from Brushy Basin - Burro Canyon contact, top of Saltwash is 160- to 170-ft. deep.)

(HOLE BARREN TO GAMMA RAY)

R. H. Schroeder

WILDER CYCLE CORPORATION
Lemmon Division

DRILL LOG

Hole No. [illegible]
[illegible] Size

Location: West Fork [illegible] Claim, Dry Creek Bench
Sec. 19, T45N, R13W, San Miguel County

Date Started: Aug 27, 1955
Date Completed: June 2, 1955
Date Logged: June 2, 1955

From:	To:	
0.0	111.0	Plug bit, no core
111.0	114.0	Mudstone, red, no carbon, abundant green mottling
114.0	121.0	Sandstone, light red to grey, fine to medium corse grained, abundant red chert, no carbon
121.0	144.0	Mudstone, red, no carbon, abundant green mottling
144.0	169.0	Sandstone, light red to grey, fine to medium grained, abundant red chert, no carbon
169.0	171.0	Mudstone, red, no carbon
171.0	273.0	Plug bit, no core (Plugged thru mud)
273.0	274.0	Mudstone. red, no carbon
274.0	286.0	Sandstone, light gray, very fine grained, no carbon, red and green mud pebbles in seams
286.0	329.0	Mudstone and sandstone, red, very fine grained, no carbon
329.0	343.0	Sandstone, light tan, fine grained, no carbon, quite hard
343.0	350.0	Mudstone, red and gray, no carbon

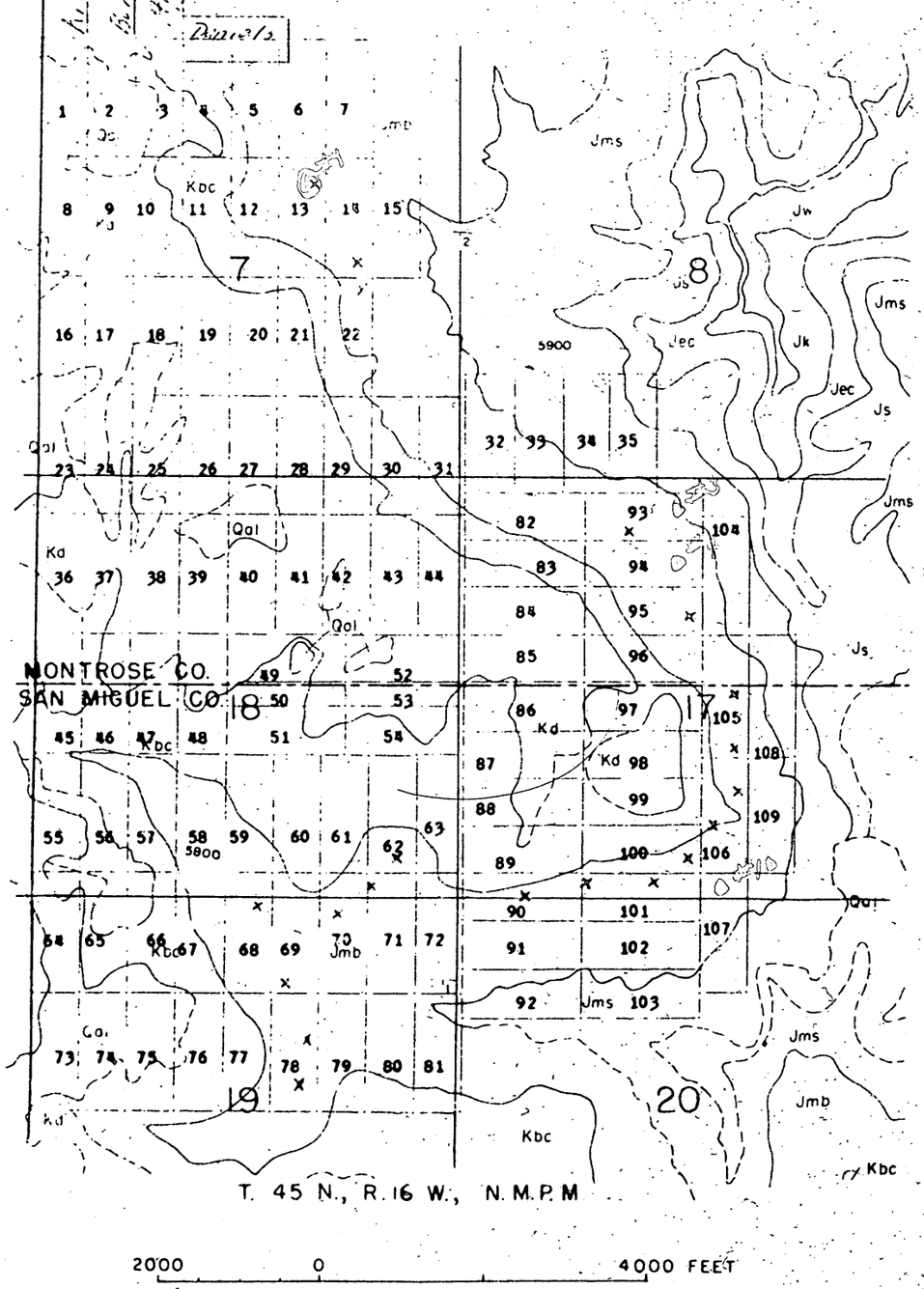
(Note: From measuring down from Brushy Basin - Burro Canyon contact, top of Saltwash is 155- to 165-ft. deep)

(HOLE BARREN TO GAMMA RAY)

B H McPherson

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 3565



EXPLANATION

QUATERNARY

Kd

DAKOTA SANDSTONE

UNCONFORMITY

CRETACEOUS

Kdc

BURRO CANYON FORMATION

Jmb

Jms

MORRISON FORMATION

Js

SUMMERVILLE FORMATION

Jec

ENTRADA SANDSTONE AND FORMATION UNDIVIDED

UNCONFORMITY

JURASSIC

Jk

KAYENTA FORMATION

Jw

WINGATE SANDSTONE

TRIASSIC

FORMATION CONTACT

STRIKE AND DIP OF

5900

STRUCTURE CONTOUR

PROPOSED 1ST STAGE DRILL HOLES

CLAIM INDEX

1	ASHBACK	56	LOBO NO. 2
2	HARRISON	57	LOBO NO. 3
3	TUG	58	LOBO NO. 4
4	LEE NO. 5	59	LOBO NO. 5
5	LEE NO. 7	60	LOBO NO. 6
6	LEE NO. 9	61	LOBO NO. 7
7	LEE NO. 11	62	LOBO NO. 8
8	DENNY	63	LOBO NO. 9
9	BOGGY	64	WEST FORK NO. 1
10	BOB	65	WEST FORK NO. 2
11	LEE NO. 5	66	WEST FORK NO. 3
12	LEE NO. 6	67	WEST FORK NO. 4
13	LEE NO. 8	68	WEST FORK NO. 5
14	LEE NO. 10	69	WEST FORK NO. 6
15	LEE NO. 12	70	WEST FORK NO. 7
16	EMILY	71	WEST FORK NO. 8
17	PAT	72	WEST FORK NO. 9
18	ELMER	73	MAY NO. 1
19	LEE NO. 13	74	MAY NO. 2
20	LEE NO. 14	75	MAY NO. 3
21	LEE NO. 15	76	MAY NO. 4
22	LEE NO. 16	77	MAY NO. 5
23	APRIL NO. 3	78	MAY NO. 6
24	APRIL NO. 2	79	MAY NO. 7
25	APRIL NO. 1	80	MAY NO. 8
26	LEE NO 25	81	MAY NO. 9
27	LEE NO. 24	82	LOBO NO. 24
28	LEE NO 23	83	LOBO NO. 22
29	LEE NO. 22	84	LOBO NO. 20
30	LEE NO. 21	85	LOBO NO. 18
31	LEE NO. 20	86	LOBO NO. 16
32	BORDER NO. 1	87	LOBO NO. 14
33	BORDER NO. 2	88	LOBO NO. 12
34	BORDER NO. 3	89	LOBO NO. 10
35	BORDER NO. 4	90	W.F. NO. 10
36	APRIL NO. 4	91	W.F. NO. 11
37	APRIL NO. 6	92	W.F. NO. 14
38	APRIL NO. 8	93	LOBO NO. 28
39	APRIL NO. 10	94	LOBO NO. 23
40	APRIL NO. 12	95	LOBO NO. 21
41	APRIL NO. 14	96	LOBO NO. 19
42	APRIL NO. 16	97	LOBO NO. 17
43	APRIL NO. 18	98	LOBO NO. 15
44	APRIL NO. 20	99	LOBO NO. 13
45	APRIL NO. 5	100	LOBO NO. 11
46	APRIL NO. 7	101	~~W.F.~~ NO. 17 Kobc
47	APRIL NO. 9	102	W.F. NO. 12
48	APRIL NO. 11	103	W.F. NO. 13
49	APRIL NO. 15	104	BORDER NO. 5
50	FRACTION NO. 1	105	BORDER NO. 6
51	APRIL NO. 13	106	LOBO NO. 26
52	APRIL NO. 19	107	W.F. NO. 15
53	FRACTION NO. 2	108	BORDER NO. 7
54	APRIL NO. 17	109	LOBO NO. 28
55	LOBO NO. 1		

BASE FROM USGS GEOLOGIC QUADRANGLE MAP NATURITA NW

NOTE: STRUCTURE CONTOURS DRAWN ON TOP OF ENTRADA SANDSTONE

Figure 2. MAP OF PART OF THE BULL CANYON MINING DISTRICT SHOWING THE LOCATION OF PROPOSED DRILL HOLES, GOLDEN CYCLE PROPERTY, MONTROSE AND SAN MIGUEL COUNTIES, COLORADO

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 16 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May 1955 Docket No. DMEA Contract No. IDI-5-778
Operator's Name THE GOLDEN CYCLE CORPORATION-URANIUM DIVISION Minerals Uranium
Address Box 65, Colorado Springs, Colorado
Contract Amount, $ 30,440.00 Government Participation: 75 % Amount, $ 22,830.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	3,425.10	-0-	3,425.10	1,052.70		1,052.70
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	3,425.10	-0-	3,425.10	1,052.70		1,052.70

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

Date June 24, 1955 *Payee The Golden Cycle Corporation

Per Max W. Lowen Title Vice-President

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

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

(Instructions on reverse)

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

$ 789.53

Signature RRC
(Authorized Certifying Officer)

Date 9-6-55 Vou. No. DMA-5623

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E178 in accordance with the terms of the contract.

Signature W. B. Salsbury $189.53 Title Mining Engineer Date August 19, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Jarvis Title Executive Officer Date AUG 30 1955

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
SEP 16 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 1955 Docket No. DMEA Contract No. [illegible]-C-778
Operator's Name The Golden Circle Corporation-Uranium Division Minerals Uranium
Address Box 35, Colorado Springs, Colorado

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Stage 1								
~~Drifting~~ Core Drilling	ft	$1605.50	585	$1,605.50	585	$2.75	1900	$3.25
~~Crosscutting~~ Rotary "	ft	1174.00	587	1,174.00	587	2.00	3400	2.50
~~Raising~~								
~~Shafts~~ Analysis	ea	- 60	-	- 60	-	-	100	50.00
~~Winzes~~ Incidentals	ft	644.50	1172	644.50	1172	.55	5300	.55
~~Drilling: Core~~ Stage 2								
~~Churn~~ Core Drill.	ft	-	-	-	-	-	500	4.75
~~Auger~~ Rotary "	ft	-	-	-	-	-	3000	3.50
~~Stripping~~ Analysis	ea	-	-	-	-	-	50	5.00
~~Trenching~~ Incidentals	ft	-	-	-	-	-	3900	.55
Test Pits								
Roads and Trails								
Total Distributed Costs		$3425.10		$3,425.10				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		$3425.10		$3,425.10				$30,400.00

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

Date June 24, 1955 Operator The Golden Circle Corp.
Per Max W. Bowen Title Vice President

Remarks: M. V. Salabury

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

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

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SEP 16 1955

Administrative Audit Difference Statement

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

[illegible]

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

Amount Claimed $ [illegible]

Difference $ [illegible]

Amount Approved $ [illegible]

The reason for the difference was due to:
[illegible]

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

Very sincerely yours,

N.E.Stokes
Audit Section

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

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

RECEIVED
SEP 16 1955

224 New Customhouse
Denver 2, Colorado

August 30, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Teams, Region III

Subject: DMEA Docket 3565, (Uranium) Contract, Idm-E778, The Golden Cycle Corporation, Montrose and San Miguel Counties, Colorado - Operator's Monthly Progress Report, for the period May, 1955.

Enclosed are the original and four copies of Form MF-104 and Form MF-104A and Narrative Report for the above period.

Holes 3, 4 and 10 were drilled at locations not approved in the contract. Payment for these holes is to be disallowed.

Hole No. 1 was drilled according to the terms of the contract and payment is recommended for 75 percent of the amount claimed for this hole, contingent on your verification of correctness of applicable rates and arithmetical accuracy of computations.

The Engineer's Report for this period is included in the June-July report and will be filed with the June-July MF-104's.

Remarks
Date of Report- - - - - - - - - - - - - - June 24, 1955
Date Received in Field Office- - - - - June 28, 1955
Date Received in Region Office- - - - - August 29, 1955
Reason for delay: Held up pending action on operator's request for an amendment to the contract.

W. M. TRAVER,

W. M. Traver

Enclosures

JDC:jy

cc: MF-104 File E778
Sec. Opr. Comm. (2)
Shaw (2)
Chron.

A G R E E M E N T

THIS AGREEMENT, made and entered into on this, the 2nd day of May, 1955, by and between GOLDEN CYCLE CORPORATION, Carlton Building, Colorado Springs, Colorado, party of the first part, and JOHNSON & YOUVAN, Naturita, Colorado, party of the second part.

WITNESSETH:

WHEREAS the first party desires drilling done on properties located on Monogram Mesa in Montrose and San Miguel Counties, State of Colorado, and

WHEREAS the second party is engaged in the business of drilling by contract, and,

WHEREAS it is the mutual wish and desire of the parties hereto that the second party do the drilling so desired on the terms and conditions hereinafter set forth;

NOW, THEREFORE, for and consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

That the second party shall commence drilling on the above mentioned properties with one (1) core drilling rig and shall perform the drilling desired by first party, it being understood and agreed that there will be minimum of four thousand (4,000) feet drilled. It is understood and agreed that this drilling is to be completed by July 1, 1955, and that second party will add an additional core rig if necessary. Second party shall furnish in addition to the drilling rigs, all materials, tools, equipment, water and labor required for the specified drilling. Second party agrees to carry adequate compensation and liability insurance so as to protect first party from any and all claims arising from addident or injury connected with the drilling operations. All core drilling shall be for the recovery of BX core.

The first party agrees to prepare in advance of drilling all necessary access roads and drilling sites in a manner suitlable for the transporattion of equipment of second party and for the drilling of the holes as required by this agreement.

The first party agrees to pay and second party agrees to accept for said drilling the amounts set forth in the following schedule:

Non-Core Drilling		$ 2.00 per foot
Core Drilling:	0-100 feet	2.25 " "
	100-200 "	2.50 " "
	200-300 "	2.75 " "
	300-350	3.25 " "
Reaming		1.50 " "
Standby Time		12.00 " hour
Casing left in hole at request of first part and not recoverable		2.00 " foot

Second party specifically agrees to furnish to first party drill logs and reports for all drilling done upon completion of each hole. First party agrees to pay for all drilling completed upon receipt of invoices. Invoices will be rendered at the end of each month or at the completion of the contract for all holes completed up to the date of invoice.

Second party is covered for compensation insurance under policy 9790 with the State Compensation Insurance Fund of the State of Colorado and for liability insurance with the Philadelphia Fire and Marine Insurance Company under policy 4MC1129.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals the day and year first above written.

GOLDEN CYCLE CORPORATION

By _____
Party of the First Part

JOHNSON & YOUVAN

By _____
Party of the Second Part

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JOHNSON & YOUVAN

DIAMOND CORE DRILLING

NATURITA, COLORADO

June 10, 1955

INVOICE

Golden Cycle Corporation
Carlton Building
Colorado Springs, Colorado

Diamond Drilling Account for May, 1955

Hole	Drill	Depth	Plug	0-100	1-200	2-300	3-350	Ream	Standby
1	60	354.0	185.0		15.0	100.0	54.0		

185 feet drilled @ $2.00 per foot		$370.00
15 " " @ 2.50 " "		37.50
100 " " @ 2.75 " "		275.00
54 " " @ 3.25 " "		175.50
		$858.00

OK
Monogram Division
Account - KA

JOHNSON & YOUVAN

DIAMOND CORE DRILLING

NATURITA, COLORADO

June 10, 1955

INVOICE

Golden Cycle Corporation
Carlton Building
Colorado Springs, Colorado

Diamond Drilling Account for May, 1955

Hole	Drill	Depth	Plug	0-100	1-200	2-300	3-350	Ream	Standby
3	60	350.0	90.0	10.0	100.0	100,0	50.0		3-1/4
4	65	274.0	200.0			74.0			2
10	65	194.0	112.0		82.0				
17	65	210.0	125.0		75.0	10.0			
		1,028.0	527.0	10.0	257.0	184.0	50.0		5-1/4

527 feet drilled @ $2.00 per foot	$1,054.00
10 " " @ 2.25 " "	22.50
257 " " @ 2.50 " "	642.50
184 " " @ 2.75 " "	506.00
50 " " @ 3.25 " "	162.50
5-1/4 hours standby time @ $12.00 per hour	63.00
	$2,450.50

OK
Monogram Mesa
Account 14
Bob Bower

GOLDEN CYCLE CORPORATION
Monogram Division

RE: Docket DMEA 3585 (Uranium)
Contract Idm-E778, Golden
Cycle Corp., (Harrison-Burnett
- Small-Lee groups of claims),
Montrose and San Miguel Coun-
ties, Colorado

Report for April and May, 1955:

A road survey for a drill-site road was started on April 19, 1955. The Bulldozer followed on April 24 and finished on May 5. Drilling, at Hole No. 1, commenced April 28 and four holes were completed during the above period. All, save one of them, were favorable holes.

Attached are a map showing the completed holes and the road system on the claim groups, and the geologic logs of the completed holes.

A steep and rough, but adequate, vehicular trail was cut from an existing USGS road to the various drill-hole locations. Drill sites with sumps were prepared.

Hole No. 1, plugged from surface to 185 feet and cored from 185 feet to 354 feet, bottom, was probed by gamma ray from 353 feet to 6 feet and found barren. An ore-bearing sand stone was found from 211.1 to 261.3 feet but it contained no mineralization. This hole was called "favorable".

Hole No. 3, moved from its planned location to Lobo 25 claim because of a conflict, was plugged from surface to 90.0 feet and cored from 90.0 to 350.0 feet, bottom, and was probed from bottom to top and found barren. An ore-bearing sandstone was found from 176.0 to 242.5 feet but it contained no mineralization. This hole was called "favorable(?)".

Hole No. 4, moved from its planned location to reduce drilling depth, was plugged from surface to 200.0 feet and cored from 200.0 to 274.0 feet, bottom, and was probed from bottom to top and found barren. An ore-bearing sandstone was found from 228.5 to 268.1 feet but it contained no mineralization. This hole was called "semi-favorable".

Hole No. 10, moved from its planned location to reduce drilling depth, was plugged from surface to 113.0 feet and cored from 113.0 to 194.0 feet, bottom, and was probed from bottom to top and found barren. An ore-bearing sandstone was found from 145.2 to 187.2 feet but it contained no mineralization. This hole was called "favorable".

Respectfully submitted,

Ben H. Slothower, June 20, 1955

Ben H. Slothower
Superintendent

s

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DEN CYCLE CORPORATION
Monogram Division

DRILL LOG

Hole No. 1
BX size

Location: Lee No. S Claim, Dry Creek Bench
Sec. 7, T45N, R16W, Montrose County, Colo.

Daet Started: April 28, 1955
Date Completed: May 5, 1955
Date Logged: May 5, 1955

From:	To:	
0.0	185.0	Plug bit, no core
185.0	201.8	Sandstone, light gray, fine grained, with abundant red chert and black opaques; no carbon; abundant red and a few green mudstone pebbles contained with some white interstitial clay.
201.8	211.1	Mudstone at top changing to sandstone at bottom, red with slight green mottling; no carbon.
211.1	247.7	Sandstone, light gray, medium-fine grained, with slight red chert and black opaques; slight carbon; slight limonite stain on wood fossils; ~~green mottling~~.
247.7	250.2	Mudstone, red, with no carbon; slight to abundant green mottling.
250.2	261.3	Sandstone, light gray, medium-fine grained, with slight red chert and black opaques,; slight carbon; moderate green pebbles in seams; slight white interstitial clay and moderate silification.
261.3	304.9	Mudstone and sandstone, red and green with slight carbon; gray sandstone layer 275.4 to 279.7/
304.9	320.8	Sandstone, light gray, medium-fine grained with slight red chert and black opaques; slight carbon in seams, slight to abundant green and gray pebbles in seams; moderate white interstitial clay.
320.8	324.4	Mudstone, red, with no carbon; abundant green ~~m~~mottling
324.4	353.1	Sandstone, light gray, medium-fine grained with slight red chert and slight to abundant black opaques; slight carbon; slight green and red mud pebbles in seams.
353.1	354.0	Mudstone and sandstone, red, with slight carbon. Abundant green mottling.

(HOLE LABELED TO GAMMA RAY) B. H. Thorson

RECEIVED
SEP 16 1956

GOLDEN CYCLE CORPORATION
Monogram Division

DRILL LOG

Hole No. 3
BX size

Location: Lobo No. 25 Claim, Dry Creek Bench
Sec. 17, T45N, R16W, Montrose County, Colo.

Date Started: May 6, 1955
Date Completed: May 14, 1955
Date Logged: May 16, 1955

From:	To:	
0.0	90.0	Plug Bit, no core
90.0	95.0	Mudstone, red, no carbon. Abundant green mottling.
95.0	102.0	Sandstone, light gray, very fine to fine grained, abundant red chert, no carbon, has a few green mud pebbles, silicification.
102.0	117.0	Mudstone, red, no carbon, abundant green mottling.
117.0	121.0	Sandstone, same as 95.0 to 102.0
121.0	142.0	Mudstone, same as 102.0 to 117.0
142.0	144.0	Sandstone, light red, very fine grainedd, no carbon, abundant red interstitial mud, abundant silicafication.
144.0	176.0	Mudstone, red, no carbon, slight green mottling.
176.0	242.5	Sandstone, light gray, med.-fine grained, slight red chert, no carbon, slight green pebbles in seams, abundant white interstitial clay, slight limonite stain.
242.5	243.6	Siltstone, green, no carbon, abundant gray-green mudstone pebbles; soft rock deformation.
243.6	330.0	Mudstone and sandstone, green and red, no carbon.
330.0	344.0	Sandstone, light gray, fine grained, moderate red chert, no carbon, abundant red mud pebbles.
344.0	350.0	Mudstone, red, no carbon, slight green mottling.

(HOLE BARREN TO GAMMA RAY)

B. H. Deverex

GOLDEN CYCLE CORPORATION
Monogram Division

DRILL LOG

Hole No. 4
BX size

Location: Lobo No. 23 Claim, Dry Creek Bench
Sec. 17, T45N, R16W, Montrose County, Colorado

Date Started: May 16, 1955
Date Completed: May 20, 1955
Date Logged: May 20, 1955

From:	To:	
0.0	200.00	Plug Bit, no core
200.0	228.5	Mudstone, red, no carbon, abundant green mottling
228.5	255.5	Sandstone, light gray, medium-fine to medium grained, moderate red chert, no carbon, slight green mud pebbles
255.5	264.6	Mudstone, red, no carbon, slight green mottling
264.6	268.1	Sandstone, light red, very fine to fine grained, slight red chert, very slight carbon, abundant red interstitial mud
268.1	274.0	Mudstone, red, no carbon, abundant green mud contained

(HOLE BARREN TO GAMMA RAY) D H Blackmer

GOLDEN CYCLE CORPORATION
Monogram Division

DRILL LOG

Hole No. 10
BX size

Location: West Fork 15 Claim, Dry Creek Bench
Sec. 17, T45N, R16W, Montrose County, Colo.

Date Started: May 23, 1955
Date Completed: May 25, 1955
Date Logged: May 25, 1955

From:	To:	
0.0	113.0	Plug Bit, no core
113.0	115.0	Sandstone, light brown, very fine grained, abundant red chert, no carbon, abundant red interstitial mud; silicification
115.0	118.7	Mudstone, all red, no carbon
118.7	129.4	Sandstone, light gray, very fine to medium fine grained, slight red chert, no carbon, few green mud pebbles
129.4	130.4	Mudstone, red, no carbon, slight green mottling
130.4	145.2	Sandstone, light red to light gray, very fine to medium fine grained, no carbon, slight red chert, no carbon, green mud pebbles at bottom
145.2	149.5	Mudstone, red, no carbon, very slight green mottling
149.5	150.6	Mudstone, green, no carbon
150.6	187.2	Sandstone, light gray, medium fine grained, slight to abundant carbon, moderate green mud pebbles.
187.2	194.0	Mudstone, green to red at bottom, no carbon

(HOLE BARREN TO GAMMA RAY) B. H. Thorner

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

Golden Cycle Corporation
Uranium Division
P. O. Box 56
Colorado Springs, Colorado

JUN 2 [illegible]

Re: Docket No. DMEA-356 (Uranium)
Contract No. DMA-778
Harrison-Burnett and Hall-Lee Groups
Montrose and San Miguel Counties, Colorado

Gentlemen:

Reference is made to your exploration contract with the Government.

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

Your interest in the DMEA program and participation therein are fully appreciated.

Sincerely yours,

G. O. Mittendorf

Administrator

Copies to: Mr. Duncan L. Harrison
Durango, Colorado

Walter J. Burnett
Naturita, Colorado

FMMurphy:ai
6/22/56

cc to: Docket
Code 700
Mr. Murphy
Admr.'s Reading File
Contract Adm. & Audit Div.
Mr. Johnson
DMEA Field Team, Region III (2)
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210

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

JUN 28 1956

Mr. Walter F. Burnett
Naturita, Colorado

Re: Docket No. DMEA-3565 (Uranium)
Contract No. Idm-E778
Golden Cycle Corporation
Harrison-Burnett and Small-Lee Groups
Montrose and San Miguel Counties,
Colorado

Dear Mr. Burnett:

Reference is made to the Owners' Consent to Lien which you and Mr. Duncan E. Harrison executed on January 10, 1955, in connection with the DMEA contract for an exploration project on your property located in Montrose and San Miguel Counties, Colorado.

For your information, there is enclosed a copy of our letter of this date to the Golden Cycle Corporation advising that the Government retains no claim or lien against the property described in the contract or on any future production therefrom.

Sincerely yours,

G. O. Mittendorf

Administrator

Enclosure

FMMurphy:ai 6-22-56
cc to: Docket
Code 700
Mr. Murphy
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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

JUN 29 1956

Mr. Duncan L. Harrison
Durango, Colorado

Re: Docket No. DMEA-3565 (Uranium)
Contract No. Idm-5778
Golden Cycle Corporation
Harrison-Burnett and Small-Lee Groups
Montrose and San Miguel Counties,
Colorado

Dear Mr. Harrison:

Reference is made to the Owners' Consent to Lien which you and Mr. Walter F. Burnett executed on January 10, 1955, in connection with the DMEA contract for an exploration project on your property located in Montrose and San Miguel Counties, Colorado.

For your information, there is enclosed a copy of our letter of this date to the Golden Cycle Corporation advising that the Government retains no claim or lien against the property described in the contract or on any future production therefrom.

Sincerely yours,

G. O. Mittendorf

Administrator

Enclosure

FMMurphy/ai 6-22-56
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DMEA Field Team, Region III (2)
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

Government's copy

AGREEMENT
between
THE UNITED STATES OF AMERICA
and
GOLDEN CYCLE CORPORATION
Terminating
CONTRACT NO. Idm-E778 (DOCKET NO. DMEA-3565)

It is agreed this 7th day of November, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration (hereinafter called the "Government"), and Golden Cycle Corporation (hereinafter called the "Operator") as follows concerning Exploration Project Contract Idm-E778 (Docket No. DMEA-3565) dated March 29, 1955 (hereinafter called the "Contract"):

1. Effective October 15, 1955, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute to allowable costs incurred prior to said effective date.

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

4. The Operator shall promptly perform all winding-up and settlement actions provide for in the Contract, including the rendering of the final report and final account.

RECEIVED
NOV 25 1955

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

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

THE UNITED STATES OF AMERICA

By C. Mitchell Dorr
Administrator, Defense
Minerals Exploration
Administration

GOLDEN CYCLE CORPORATION

By Max W. Powers

Title EXECUTIVE VICE PRESIDENT

Government's copy

EXPLORATION PROJECT CONTRACT
GOLDEN CYCLE CORPORATION
DOCKET NO. DMEA-3565

AMENDMENT NO. 1

It is agreed this 29th day of August, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Golden Cycle Corporation, parties to Exploration Project Contract Idm-E778 (Docket No. DMEA-3565), dated March 29, 1955, that:

1. In Article 3 of the contract form the date for completion of the work is extended to not later than January 31, 1956.

2. (a) Work under the contract shall be suspended during the period beginning July 15, 1955, and ending not later than October 15, 1955.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

(c) The Operator at his own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work and any property in which the Government has an interest.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. P. Mittendorf
Administrator, Defense Minerals Exploration Administration

GOLDEN CYCLE CORPORATION

By Max W. Power

EXECUTIVE VICE-PRESIDENT

Docket No. 3565

Commodity Uranium

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 778

Date of Contract March 29, 1955

Name and Address of Operator:

The Golden Cycle Corporation, Uranium Div.,
a West Virginia corporation
Post Office Box 86
Colorado Springs, Colo.

Amount of Government participation $22,830.00

Percent of Government participation 75 %

Region: III State: Colorado

Note: Please release $17,584.42. Contract terminated.

(Name)

J. L. Chambers, Chief
Contract Administration and
Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 2/27/56

54458

Docket No. DMEA - 3565

Commodity Uranium

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E ~~778~~

Date of Contract or Amendment: ~~XXXXXXXXXXXXXX~~ March 29, 1955

Name and Address of Operator:

The Golden Cycle Corporation, Uranium Div.,
a West Virginia corporation
Post Office Box 86
Colorado Springs, Colo.

Amount of Government participation $ 22,630.00

Percent of Government participation ~~75~~ %

Region: 111 State: Colorado

(Name)

J. L. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington.

3/29/55 54458

Government's copy

EXPLORATION PROJECT CONTRACT
GOLDEN CYCLE CORPORATION
DOCKET NO. DMEA-3565

MEMORANDUM OF EXPLANATION

Washington, D. C.

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Golden Cycle Corporation are parties to Exploration Project Contract Idm-E778 (Docket No. DMEA-3565), dated March 29, 1955.

The contract provides that the Government will contribute to the unit costs of drilling performed under independent contracts that do not exceed the estimated costs for each unit (per foot of drilling) set forth in Exhibit "A". The contract provides further that the Government's contribution to costs will be made as they are incurred, based upon monthly vouchers. However, it was the intent of the parties at the time the exploration project contract was negotiated and executed that the unit costs set forth under Category (1) in Exhibit "A" represent the maximum average cost per foot of drilling performed and accepted rather than the maximum cost per foot of drilling performed.

The Operator incurred costs on the basis of this understanding and the Government has made payment on the basis of this understanding.

C. Mitchell Dorr
Administrator, Defense Minerals
Exploration Administration

Date: NOV 23 1956

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

November 6, 1956

Memorandum

To: J. L. Chambers, Chief
Contract Administration & Audit Division

From: Ernest Wm. Ellis, Chief
Rare & Miscellaneous Metals Division

Subject: Docket No. DMEA-3565 (Uranium)
Contract No. Idm-E778
Golden Cycle Corporation
Harrison-Burnett and Small-Lee
groups of claims
Montrose and San Miguel Counties, Colorado

In "Exhibit 'A,' Estimated Cost of Project, Actual Costs, Category (1) Independent Contracts" of Stages I and II under the above-referenced contract it was the intent of the engineer who prepared the contract that the figures $2.50 for each foot of non-core drilling and $3.25 for each foot of core drilling represented the maximum average cost for drilling at any depth, even though in the course of the project work the costs of drilling on individual holes or some parts thereof might exceed these figures.

Ernest Wm. Ellis

Ernest Wm. Ellis

DMEA
Date Rec'd.
Government's copy
APR 8 1955

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 14 1955

BUREAU OF MINES
Denver, Colorado

MF-200
(Revised June 1954)

Docket No. DMEA -3565

Commodity Uranium

Contract No. Idm-E -778

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 29th day of March, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] The Golden Cycle Corporation, Uranium Division, a West Virginia corporation,

whose mailing address is P. O. Box 86 Colorado Springs, Colorado,

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Colorado, County of Montrose and San Miguel, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

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

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

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

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

of the land (lessor, seller, optionor, etc.), are attached, as follows: See Annex I

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of uranium. The work to be performed is described in Exhibit "A." The Operator on or before May 1, 1955, shall commence the work, and on or before October 31, 1955 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $30,440.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $22,830.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9. See Article 13

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

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

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

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

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

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

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—
To the extent that costs are set forth in Exhibit "A" as "Fixed Unit Costs" they are in lieu of the actual costs that would otherwise be allowable costs of the project under Article 6.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. M. Mittendorf
Administrator, Defense Minerals
Exploration Administration

THE GOLDEN CYCLE CORPORATION
(Operator)

By Merrill E. Shoup
PRESIDENT

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

John Jacobs, Jr.
John Jacobs, Jr., Asst.Sec'y.

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

Minerals Administration
RECEIVED
APR 1 4 1955

EXPLORATION PROJECT CONTRACT
THE GOLDEN CYCLE CORPORATION
DOCKET NO. DMEA-3565

ANNEX I

1. The Operator is a lessee under an agreement dated June 29, 1954, with Walter F. Burnett and Duncan E. Harrison of the mineral rights in all those claims listed below under the heading "Harrison and Burnett Group." The docket indicates that the claims were validated under Public Law 585, 83d Congress, approved August 13, 1954.

2. The Operator, under an agreement dated June 18, 1954, with S. C. Lee and U. A. Small, is the lessee of the mineral rights of those claims listed below under the "Lee and Small Group" under the heading "As filed under Colorado Mining Law," and is assignee of uranium lease rights under Atomic Energy Commission lease held by Lee and Small of those claims in the Lee and Small group listed below under the heading "As filed under Circular 7."

The claims are shown on the map entitled "Figure 2. Map of Part of the Bull Canyon Mining District . . . Golden Cycle Property . . ." attached hereto and made a part hereof.

The general location of the claims is shown on the map entitled "Figure 1. Index Map of Part of the Colorado Plateau Showing . . . Golden Cycle Property . . ." attached hereto and made a part hereof.

3. (a) The Owner's Consent to Lien, referred to in Article 2(c) of the contract, from the owners of the Harrison-Burnett Group of claims, is attached to each copy of the contract.

(b) A Performance Bond covering this contract, executed January 21, 1955, by United States Fidelity and Guaranty Company, Baltimore, Maryland, is attached to the Government's copy of the contract.

(c) The Owner's Consent to Lien for the Lee and Small Group of claims is waived.

ANNEX I

LEE AND SMALL GROUP

As filed under Colorado Mining Law:

* Also filed in San Miguel Co.
' Also filed in Montrose Co.
¢ Also filed under Circular 7

	Recorded in Montrose County			Book	Page
April #4	"	"	"	376	415
April #5*	"	"	"	376	416
April #6	"	"	"	376	417
April #7*	"	"	"	376	418
April #8	"	"	"	376	419
April #9*	"	"	"	376	420
April #10	"	"	"	376	421
April #11*	"	"	"	376	422
April #12¢	"	"	"	376	423
April #15	"	"	"	375	291
April #19	"	"	"	375	292
	Recorded in San Miguel County				
April #5'	"	"	"	237	257
April #7'	"	"	"	237	258
April #9'	"	"	"	237	259
April #11'	"	"	"	237	260
April #13	"	"	"	237	261
April #17	"	"	"	237	262
Lobo #1	"	"	"	237	265
Lobo #2	"	"	"	237	266
Lobo #3	"	"	"	237	267
Lobo #4	"	"	"	237	268
Lobo #5	"	"	"	237	269
Lobo #6	"	"	"	237	270
Lobo #7	"	"	"	237	271
Lobo #8	"	"	"	237	272
Lobo #9	"	"	"	237	273
West Fork #11	"	"	"	237	263
West Fork #12	"	"	"	237	264
West Fork #13	"	"	"	238	350
West Fork #14	"	"	"	238	351
West Fork #15	"	"	"	238	352

As filed under Circular 7:

* Also filed in San Miguel Co.
! Also filed in Montrose Co.
¢ Also filed under Colo. Mgn. Law

	Recorded in Montrose County			Book	Page
April #1	"	"	"	369	400
April #2	"	"	"	369	401
April #3	"	"	"	369	402

...e and Small Group (Con't.)

				Book	Page
	Recorded in Montrose County				
April #12¢	"	"	"	369	403
April #14	"	"	"	369	404
April #16	"	"	"	369	405
April #18	"	"	"	369	406
April #20	"	"	"	369	407
Fraction #1*	"	"	"	377	188
Fraction #2*	"	"	"	377	189
Border #1	"	"	"	375	114
Border #2	"	"	"	375	115
Border #3	"	"	"	375	116
Border #4	"	"	"	375	117
Border #5	"	"	"	375	118
Border #6*	"	"	"	375	119
Border #7*	"	"	"	375	190
Lee #4	"	"	"	368	519
Lee #5	"	"	"	369	1
Lee #6	"	"	"	369	2
Lee #7	"	"	"	369	3
Lee #8	"	"	"	369	4
Lee #9	"	"	"	369	5
Lee #10	"	"	"	369	6
Lee #11	"	"	"	369	7
Lee #12	"	"	"	369	8
Lee #13	"	"	"	369	9
Lee #14	"	"	"	369	10
Lee #15	"	"	"	369	11
Lee #16	"	"	"	369	12
Lee #20	"	"	"	369	16
Lee #21	"	"	"	369	17
Lee #22	"	"	"	369	18
Lee #23	"	"	"	369	19
Lee #24	"	"	"	369	20
Lee #25	"	"	"	369	21
Lobo #18	"	"	"	375	79
Lobo #19	"	"	"	375	80
Lobo #20	"	"	"	375	81
Lobo #21	"	"	"	375	82
Lobo #22	"	"	"	375	83
Lobo #23	"	"	"	375	84
Lobo #24	"	"	"	375	85
Lobo #25	"	"	"	375	86
	Recorded in San Miguel County				
Fraction #1'	"	"	"	236	1
Fraction #2'	"	"	"	236	2
Border #6'	"	"	"	234	196
Border #7'	"	"	"	236	3
West Fork #1	"	"	"	234	197
West Fork #2	"	"	"	234	198

Lee & Small Group (Cont.)

	Recorded in San Miguel County	Book	Page
West Fork #3	" " " "	234	199
West Fork #4	" " " "	234	200
West Fork #5	" " " "	234	201
West Fork #6	" " " "	234	202
West Fork #7	" " " "	234	203
West Fork #8	" " " "	234	204
West Fork #9	" " " "	234	205
West Fork #10	" " " "	234	206
May #1	" " " "	235	448
May #2	" " " "	235	449
May #3	" " " "	235	450
May #4	" " " "	235	451
May #5	" " " "	235	452
May #6	" " " "	235	453
May #7	" " " "	235	454
May #8	" " " "	235	455
May #9	" " " "	235	456
Lobo #10	" " " "	234	186
Lobo #11	" " " "	234	187
Lobo #12	" " " "	234	188
Lobo #13	" " " "	234	189
Lobo #14	" " " "	234	190
Lobo #15	" " " "	234	191
Lobo #16	" " " "	234	192
Lobo #17	" " " "	234	193
Lobo #26	" " " "	234	194
Lobo #27	" " " "	234	195
Lobo #28	" " " "	236	4

HARRISON AND BURNETT GROUP

As filed under A.E.C. Circular 7:

	Recorded in Montrose County	Book	Page
Ashback #1	" " "	368	60
Burnett #1	" " "	368	72
Harrison #1	" " "	368	74
Quincy #1	" " "	368	77
Betty #1	" " "	368	70
Denny #1	" " "	368	73
Jane #1	" " "	368	75
Ruby #1	" " "	368	78
Boggy #1	" " "	368	71
Kroeger #1	" " "	368	76
Tug #1	" " "	368	187
Bob #1	" " "	368	188
Emely #1	" " "	368	189
Pat #1	" " "	368	190
Elmer #1	" " "	368	191
Apex #1	" " "	368	192
Gary #1	" " "	368	193

Harrison & Burnett Group (Con't.)

As filed under A.E.C. Circular 7:

	Recorded in Montrose County	Book	Page
Gene #1	" " "	368	194
Mary #1	" " "	368	195
Rose #1	" " "	368	196
Daniels #1	" " "	-	-

Withdrawal of Lease Application #213 covering the above 21 claims and dated September 8, 1954, sent to the A.E.C. at that time. Signed by Walter F. Burnett and D.E. Harrison.

Recorded Montrose County, Book 381, Page 541

As filed under Colorado Mining Law:

	Recorded in Montrose County	Book	Page
Ashback #1	" " "	385	132
Burnett #1	" " "	385	127
Harrison #1	" " "	385	129
Quincy #1	" " "	385	137
Betty #1	" " "	385	120
Denny #1	" " "	385	128
Jane #1	" " "	385	130
Ruby #1	" " "	385	136
Boggy #1	" " "	385	126
Kroeger #1	" " "	385	131
Tug #1	" " "	385	118
Bob #1	" " "	385	124
Emely #1	" " "	385	133
Pat #1	" " "	385	134
Elmer #1	" " "	385	135
Apex #1	" " "	385	119
Gary #1	" " "	385	123
Gene #1	" " "	385	122
Mary #1	" " "	385	121
Rose #1	" " "	385	125
Daniels #1	" " "	385	138

EXPLORATION PROJECT CONTRACT
THE GOLDEN CYCLE CORPORATION
DOCKET NO. DMEA-3565

APR 2 6 1961

EXHIBIT "A"

Description of the Work

The object of this project is to explore the Salt Wash member of the Jurassic Morrison formation for uranium ore deposits by means of core and noncore diamond drilling. The work shall be done in two successive stages.

Stage I

Construct access roads or trails to all drill-sites.

Not to exceed twenty (20) drill holes shall be drilled at locations approximately indicated on the attached map, Figure 2. The holes shall be drilled from points just above the upper rim of the Salt Wash member of the Morrison formation, shall penetrate the Salt Wash member, and shall be located on perpendiculars spaced at 500-foot centers from a line striking N. 30° 30' E.

Not to exceed 3,400 feet of noncore drilling and 1,900 feet of core drilling shall be performed under this Stage I.

Stage II

Construct access roads or trails to all drill-sites.

If authorized in writing in advance by the Government, the operator shall drill not to exceed ten (10) holes to an average depth of 350 feet to delineate ore bodies penetrated in Stage I drilling. No drill hole shall be closer than 50 feet to any other drill hole.

Not to exceed 3,000 feet of noncore drilling and 500 feet of core drilling shall be performed under this Stage II.

General Provisions

1. All drill holes shall be BX size minimum, and shall be started with a noncore bit; however, on reaching the estimated depth of the mineralized zone the holes shall be BX core drilled.

2. Core barrel equipment and drilling practices shall be such as to provide a maximum core recovery.

3. All core shall be split into two halves, and one-half shall be retained and properly stored for later use by the Government.

4. All drill core shall be checked for the presence of uranium by a radiometric instrument. Each section showing significant mineralization shall be chemically analyzed for U_3O_8, V_2O_5, and $CaCO_3$, using the Operator's one-half of the core for the sample.

5. An engineer-geologist shall be on the property at all times when the drills are in operation and shall supervise and direct all drilling.

6. Copies of all assay results and drill logs shall accompany the final engineering report, unless previously submitted.

7. The Government will not contribute to the costs of any hole which does not penetrate the target, Salt Wash member of the Morrison formation.

8. Upon completion of Stage I, the Operator will submit five (5) copies of the following data to the Government:

(a) Drill logs and assay results of holes drilled and a map showing the location of the holes.

(b) Location of holes proposed to be drilled under Stage II in relation to holes drilled under Stage I and a listing showing the estimated depths of the proposed holes.

9. The location, depth, type, and method of drilling, and the method of sampling are subject to Government approval.

Estimated Costs of the Project

Actual Costs
(Categories (2) through (7) do not apply to this contract)

Stage I		
Category (1) Independent contracts		
3,400 feet of noncore rotary drilling @ $2.50/ft.	$ 8,500.00	
1,900 feet of BX-core diamond drilling @ $3.25/ft.	6,175.00	$14,675.00
Stage II		
Category (1) Independent contracts		
3,000 feet of noncore rotary drilling @ $2.60/ft.	7,800.00	
500 feet of BX-core diamond drilling @ $4.75/ft. (includes standby)	2,375.00	10,175.00

Fixed Unit Costs

The Government will contribute to the fixed unit costs of analyses and "incidental allowance" 1/ set forth below, as they accrue, in lieu of actual costs. These costs include all costs of the work whatsoever except the costs of drilling, to which the Government will contribute on the basis of actual costs as set forth above.

Stage I		
100 analyses @ $5.00/ea.	500.00	
Incidental allowance 1/ for each foot of drilling completed--5,300 feet @ $0.55/ft.	2,915.00	3,415.00
Stage II		
50 analyses @ $5.00/ea.	250.00	
Incidental allowance 1/ for each foot of drilling completed--3,500 feet @ $0.55/ft.	1,925.00	2,175.00

1/ The "incidental allowance" covers all costs of the project whatsoever that are not included in the estimates for drilling and the fixed unit cost for analyses, and includes such items as supervision, geology, engineering, labor, costs of access roads, transportation of men and equipment, etc.

SUMMARY OF COSTS

Estimated total cost Stage I	$18,090.00	
Estimated total cost Stage II	12,350.00	
Estimated total cost of Project		$30,440.00
Government participation @ 75%		$22,830.00

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 14 1955

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Colorado, County of Montrose, ~~described as follows:~~ 1/ Which consists of lode mining claims listed on the attached sheets which are made a part hereof. (Sheets 1 and 2)

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ The Golden Cycle Corporation, Uranium Division, P.O. Box 86, Colorado Springs, Colorado

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract or any amendment thereof shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

(OVER)

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions The undersigned agrees that the existing memorandum of agreement dated June 29, 1954, will not be cancelled during the time that the exploration contract or any amendments and extensions thereof is in force and effect.

Dated this 10 day of JANUARY, 1955.

Duncan E. Harrison [Seal]

Walter R. Burnett [Seal]

[Seal]

THE GOLDEN CYCLE CORP.
URANIUM DIV.
P.O.Box 86
Colorado Springs, Colo.

HARRISON & BURNETT GROUP

As filed under A. E. C. Circular 7:

	Recorded in Montrose County			Book	Page
Ashback #1	"	"	"	368	60
Burnett #1	"	"	"	368	72
Harrison #1	"	"	"	368	74
Quincy #1	"	"	"	368	77
Betty #1	"	"	"	368	70
Denny #1	"	"	"	368	73
Jane #1	"	"	"	368	75
Ruby #1	"	"	"	368	78
Boggy #1	"	"	"	368	71
Kroeger #1	"	"	"	368	76
Tug #1	"	"	"	368	187
Bob #1	"	"	"	368	188
Emely #1	"	"	"	368	189
Pat #1	"	"	"	368	190
Elmer #1	"	"	"	368	191
Apex #1	"	"	"	368	192
Gary #1	"	"	"	368	193
Gene #1	"	"	"	368	194
Mary #1	"	"	"	368	195
Rose #1	"	"	"	368	196
Daniels #1	"	"	"	-	-

Withdrawal of Lease Application #213 covering the above 21 claims and dated Sept. 8, 1954 sent to the A.E.C. at that time. Signed by Walter F. Burnett and D. E. Harrison.

Recorded Montrose County, Book 381, Page 541

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	Recorded in Montrose County			Book	Page
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Betty #1	"	"	"	385	120
Denny #1	"	"	"	385	128
Jane #1	"	"	"	385	130
Ruby #1	"	"	"	385	136
Boggy #1	"	"	"	385	126
Kroeger #1	"	"	"	385	131
Tug #1	"	"	"	385	118
Bob #1	"	"	"	385	124
Emely #1	"	"	"	385	133
Pat #1	"	"	"	385	134
Elmer #1	"	"	"	385	135
Apex #1	"	"	"	385	119
Gary #1	"	"	"	385	123
Gene #1	"	"	"	385	122
Mary #1	"	"	"	385	121
Rose #1	"	"	"	385	125
Daniels #1	"	"	"	385	138

THE GOLDEN CYCLE CORP., URANIUM DIV.
P.O.Box 86
Colorado Springs, Colo.
HARRISON & BURNETT GROUP

-2-

Claim Name	Claim No.	Section	Township	Range	P.M.
Ashback	#1	6 & 7	45 N	R 16 W	New Mex.
Burnett	#1	"	"	"	" "
Harrison	#1	"	"	"	" "
Quincy	#1	"	"	"	" "
Betty	#1	"	"	"	" "
Denny	#1	"	"	"	" "
Jane	#1	"	"	"	" "
Ruby	#1	"	"	"	" "
Boggy	#1	"	"	"	" "
Kraeger	#1	"	"	"	" "
Tug	#1	"	"	"	" "
Bob	#1	"	"	"	" "
Emely	#1	"	"	"	" "
Pat	#1	"	"	"	" "
Elmer	#1	"	"	"	" "
Apex	#1	"	"	"	" "
Gary	#1	"	"	"	" "
Gene	#1	"	"	"	" "
Mary	#1	"	"	"	" "
Rose	#1	"	"	"	" "
Daniels	#1	"	"	"	" "

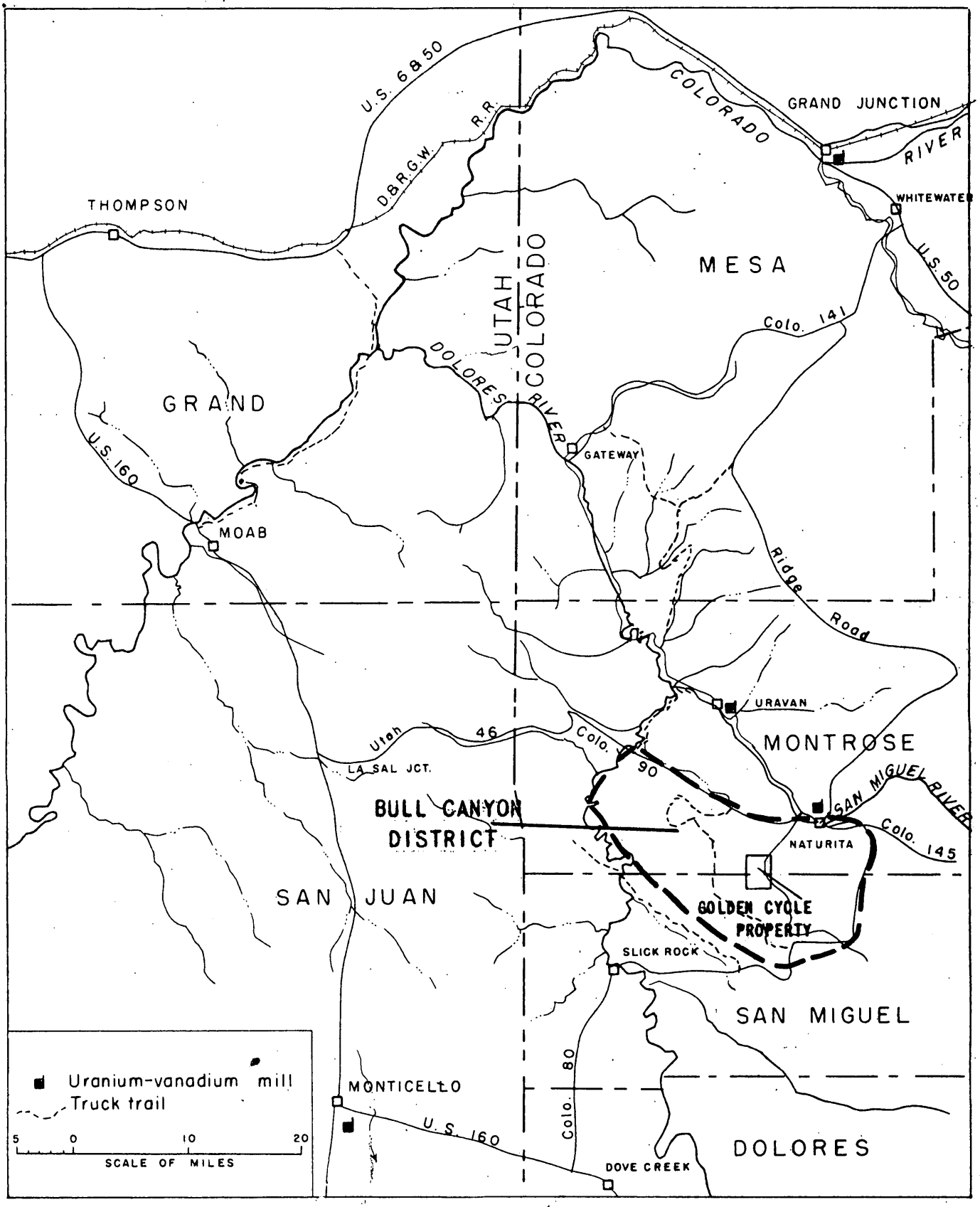
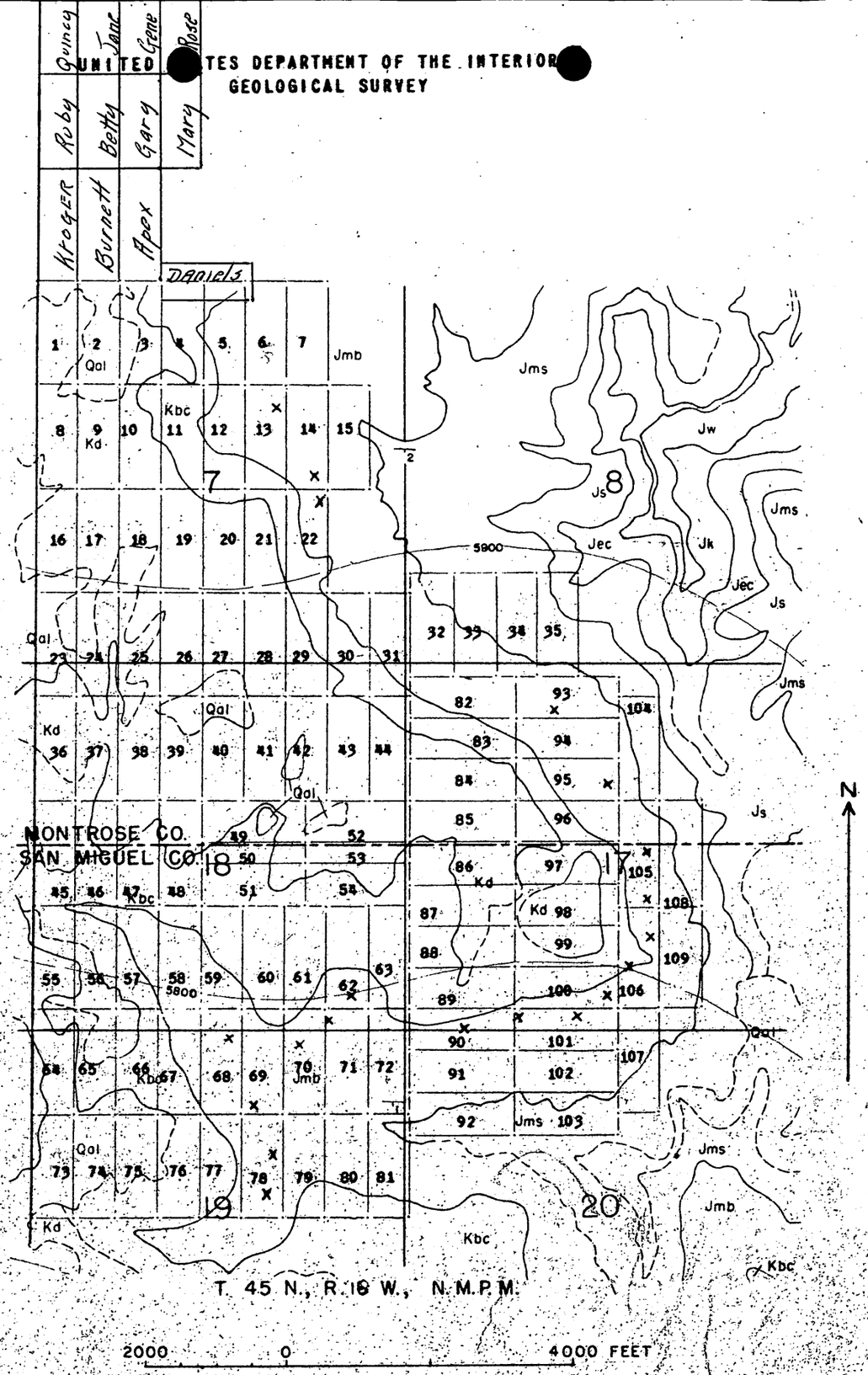


Figure 1. INDEX MAP OF PART OF THE COLORADO PLATEAU SHOWING THE LOCATION OF THE BULL CANYON MINING DISTRICT AND GOLDEN CYCLE PROPERTY, MONTROSE AND SAN MIGUEL COUNTIES, COLORADO



EXPLANATION

QUATERNARY

Qal — ALLUVIUM

CRETACEOUS

Kd — ~~DAKOTA SANDSTONE~~

UNCONFORMITY

Kbc — BURRO CANYON FORMATION

JURASSIC

Jmb, Jms — MORRISON FORMATION

Js — SUMMERVILLE FORMATION

Jec — ENTRADA SANDSTONE AND CARMEL FORMATION UNDIVIDED

UNCONFORMITY

Jk — KAYENTA FORMATION

TRIASSIC

Jw — WINGATE SANDSTONE

FORMATION CONTACT

STRIKE AND DIP OF BEDS

5900 — STRUCTURE CONTOUR

X — PROPOSED 1ST STAGE DRILL HOLE

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 3565

CLAIM INDEX

1	ASHBACK	56	LOBO NO. 2
2	HARRISON	57	LOBO NO. 3
3	TUG	58	LOBO NO. 4
4	LEE NO. 5	59	LOBO NO. 5
5	LEE NO. 7	60	LOBO NO. 6
6	LEE NO. 9	61	LOBO NO. 7
7	LEE NO. 11	62	LOBO NO. 8
8	DENNY	63	LOBO NO. 9
9	BOGGY	64	WEST FORK NO. 1
10	BOB	65	WEST FORK NO. 2
11	LEE NO. 5	66	WEST FORK NO. 3
12	LEE NO. 6	67	WEST FORK NO. 4
13	LEE NO. 8	68	WEST FORK NO. 5
14	LEE NO. 10	69	WEST FORK NO. 6
15	LEE NO. 12	70	WEST FORK NO. 7
16	EMILY	71	WEST FORK NO. 8
17	PAT	72	WEST FORK NO. 9
18	ELMER	73	MAY NO. 1
19	LEE NO. 13	74	MAY NO. 2
20	LEE NO. 14	75	MAY NO. 3
21	LEE NO. 15	76	MAY NO. 4
22	LEE NO. 16	77	MAY NO. 5
23	APRIL NO. 3	78	MAY NO. 6
24	APRIL NO. 2	79	MAY NO. 7
25	APRIL NO. 1	80	MAY NO. 8
26	LEE NO. 25	81	MAY NO. 9
27	LEE NO. 24	82	LOBO NO. 24
28	LEE NO. 23	83	LOBO NO. 22
29	LEE NO. 22	84	LOBO NO. 20
30	LEE NO. 21	85	LOBO NO. 18
31	LEE NO. 20	86	LOBO NO. 16
32	BORDER NO. 1	87	LOBO NO. 14
33	BORDER NO. 2	88	LOBO NO. 12
34	BORDER NO. 3	89	LOBO NO. 10
35	BORDER NO. 4	90	W.F. NO. 10
36	APRIL NO. 4	91	W.F. NO. 11
37	APRIL NO. 6	92	W.F. NO. 14
38	APRIL NO. 8	93	LOBO NO. 25
39	APRIL NO. 10	94	LOBO NO. 23
40	APRIL NO. 12	95	LOBO NO. 21
41	APRIL NO. 14	96	LOBO NO. 19
42	APRIL NO. 16	97	LOBO NO. 17
43	APRIL NO. 18	98	LOBO NO. 15
44	APRIL NO. 20	99	LOBO NO. 13
45	APRIL NO. 5	100	LOBO NO. 11
46	APRIL NO. 7	101	W.F. NO. 27 Lobo #27
47	APRIL NO. 9	102	W.F. NO. 12
48	APRIL NO. 11	103	W.F. NO. 13
49	APRIL NO. 15	104	BORDER NO. 5
50	FRACTION NO. 1	105	BORDER NO. 6
51	APRIL NO. 13	106	LOBO NO. 26
52	APRIL NO. 19	107	W.F. NO. 15
53	FRACTION NO. 2	108	BORDER NO. 7
54	APRIL NO. 17	109	LOBO NO. 28
55	LOBO NO. 1		

BASE FROM USGS GEOLOGIC QUADRANGLE MAP NATURITA NW

NOTE: STRUCTURE CONTOURS DRAWN ON TOP OF ENTRADA SANDSTONE

Figure 2. MAP OF PART OF THE BULL CANYON MINING DISTRICT SHOWING THE LOCATION OF PROPOSED DRILL HOLES, GOLDEN CYCLE PROPERTY, MONTROSE AND SAN MIGUEL COUNTIES, COLORADO

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 14 1955

STANDARD FORM 25
REVISED NOVEMBER 1950
PRESCRIBED BY GENERAL
SERVICES ADMINISTRATION
GENERAL REGULATION NO. 5

PERFORMANCE BOND

(See Instructions on Reverse)

DATE BOND EXECUTED: 21 January 1955

PRINCIPAL: THE GOLDEN CYCLE CORPORATION (URANIUM DIVISION), a West Virginia Corporation with offices in Colorado Springs, Colorado

SURETY: UNITED STATES FIDELITY AND GUARANTY COMPANY, a Maryland Corporation authorized to do business in Colorado

PENAL SUM OF BOND (*express in words and figures*)	CONTRACT NO.	DATE OF CONTRACT
Twenty Five Thousand and no/100ths Dollars ($25,000.00)	DMEA Aid Application January 21, 1955	

KNOW ALL MEN BY THESE PRESENTS, That we, the **PRINCIPAL** and **SURETY** above named, are held and firmly bound unto the United States of America, hereinafter called the Government, in the penal sum of the amount stated above, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the principal entered into a certain contract with the Government, numbered and dated as shown above and hereto attached;

NOW THEREFORE, if the principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Government, with or without notice to the surety, and during the life of any guaranty required under the contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the surety being hereby waived, then, this obligation to be void; otherwise to remain in full force and virtue.

IN WITNESS WHEREOF, the above-bounden parties have executed this instrument under their several seals on the date indicated above, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

In Presence of:

WITNESS		INDIVIDUAL PRINCIPAL	
1.	as to		[SEAL]
2.	as to		[SEAL]
3.	as to		[SEAL]
4.	as to		[SEAL]

WITNESS		INDIVIDUAL SURETY	
1.	as to		[SEAL]
2.	as to		[SEAL]

Attest:

H. Bates, Secretary

CORPORATE PRINCIPAL: THE GOLDEN CYCLE CORPORATION

BUSINESS ADDRESS: Colorado Springs, Colorado

BY: Merrill E. Shoup

TITLE: Merrill E. Shoup, President

AFFIX CORPORATE SEAL

Attest:

H. Roach

CORPORATE SURETY: UNITED STATES FIDELITY AND GUARANTY COMPANY

BUSINESS ADDRESS: Baltimore 3, Maryland

BY: L. C. Slothower

TITLE: L. C. Slothower, Jr.
Its Attorney-in-Fact

AFFIX CORPORATE SEAL

The rate of premium on this bond is ..... per thousand.

Total amount of premium charged, $.....

(The above must be filled in by corporate surety)

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, H. Bates, certify that I am the ..... secretary of the corporation named as principal in the within bond; that Merrill E. Shoup, who signed the said bond on behalf of the principal, was then president of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed, and attested for and in behalf of said corporation by authority of its governing body.

H. Bates [CORPORATE SEAL]

INSTRUCTIONS

1. This form shall be used for construction work or the furnishing of supplies or services, whenever a performance bond is required. There shall be no deviation from this form except as authorized by the General Services Administration.

2. The surety on the bond may be any corporation authorized by the Secretary of the Treasury to act as surety, or two responsible individual sureties. Where individual sureties are used, this bond must be accompanied by a completed Affidavit of Individual Surety for each individual surety (Standard Form 28).

3. The name, including full Christian name, and business or residence address of each individual party to the bond shall be inserted in the space provided therefor, and each such party shall sign the bond with his usual signature on the line opposite the scroll seal, and if signed in Maine or New Hampshire, an adhesive seal shall be affixed opposite the signature.

4. If the principals are partners, their individual names shall appear in the space provided therefor, with the recital that they are partners composing a firm, naming it, and all the members of the firm shall execute the bond as individuals.

5. If the principal or surety is a corporation, the name of the State in which incorporated shall be inserted in the space provided therefor, and said instrument shall be executed and attested under the corporate seal as indicated in the form. If the corporation has no corporate seal the fact shall be stated, in which case a scroll or adhesive seal shall appear following the corporate name.

6. The official character and authority of the person or persons executing the bond for the principal, if a corporation, shall be certified by the secretary or assistant secretary, according to the form herein provided. In lieu of such certificate there may be attached to the bond copies of so much of the records of the corporation as will show the official character and authority of the officer signing, duly certified by the secretary or assistant secretary, under the corporate seal, to be true copies.

7. The date of this bond must not be prior to the date of the instrument in connection with which it is given.

U. S. GOVERNMENT PRINTING OFFICE 16—30441-2

(CERTIFIED COPY)

GENERAL POWER OF ATTORNEY

No. 62703

Know all Men by these Presents:

That the UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland, and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint

L. C. Slothower, Jr.

of the City of Colorado Springs, State of Colorado its true and lawful attorney in and for the State of Colorado

for the following purposes, to wit:

To sign its name as surety to, and to execute, seal and acknowledge any and all bonds, and to respectively do and perform any and all acts and things set forth in the resolution of the Board of Directors of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, a certified copy of which is hereto annexed and made a part of this Power of Attorney; and the said UNITED STATES FIDELITY AND GUARANTY COMPANY, through us, its Board of Directors, hereby ratifies and confirms all and whatsoever the said

L. C. Slothower, Jr.

may lawfully do in the premises by virtue of these presents.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Vice-President and Assistant Secretary, this 23rd day of August, A. D. 19 48.

UNITED STATES FIDELITY AND GUARANTY COMPANY.

(SEAL)

(Signed) By Charles C. Conlon *Vice-President.*

(Signed) L. M. Smith *Assistant Secretary.*

STATE OF MARYLAND
BALTIMORE CITY, } ss:

On this 23rd day of August, A. D. 19 48 before me personally came Charles C. Conlon, Vice-President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and L. M. Smith, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said that they resided in the City of Baltimore, Maryland; that they, the said Charles C. Conlon and L. M. Smith were respectively the Vice-President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Vice-President and Assistant Secretary, respectively, of the Company.

My commission expires the first Monday in May, A. D. 19 49.

(Seal) (Signed) Dorothy S. Drexel *Notary Public.*

STATE OF MARYLAND
BALTIMORE CITY, } Sct.

I, M. Luther Pittman, Clerk of the Superior Court of Baltimore City, which Court is a Court of Record, and has a seal, do hereby certify that Dorothy S. Drexel, Esquire, before whom the annexed affidavits were made, and who has thereto subscribed his name, was at the time of so doing a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and sworn and authorized by law to administer oaths and take acknowledgments, or proof of deeds to be recorded therein. I further certify that I am acquainted with the handwriting of the said Notary, and verily believe the signature to be his genuine signature.

In Testimony Whereof, I hereto set my hand and affix the seal of the Superior Court of Baltimore City, the same being a Court of Record, this 23rd day of August, A. D. 19 48

(SEAL) (Signed) M. Luther Pittman *Clerk of the Superior Court of Baltimore City.*

Agency 51-A 8-51 ⊙

COPY OF RESOLUTION

That Whereas, it is necessary for the effectual transaction of business that this Company appoint agents and attorneys with power and authority to act for it and in its name in States other than Maryland, and in the Territories of the United States and in the Provinces of the Dominion of Canada and in the Colony of Newfoundland.

Therefore, be it Resolved, that this Company do, and it hereby does, authorize and empower its President or either of its Vice-Presidents in conjunction with its Secretary or one of its Assistant Secretaries, under its corporate seal, to appoint any person or persons as attorney or attorneys-in-fact, or agent or agents of said Company, in its name and as its act, to execute and deliver any and all contracts guaranteeing the fidelity of persons holding positions of public or private trust, guaranteeing the performances of contracts other than insurance policies and executing or guaranteeing bonds and undertakings, required or permitted in all actions or proceedings, or by law allowed, and

Also in its name and as its attorney or attorneys-in-fact, or agent or agents to execute and guarantee the conditions of any and all bonds, recognizances, obligations, stipulations, undertakings or anything in the nature of either of the same, which are or may by law, municipal or otherwise, or by any Statute of the United States or of any State or Territory of the United States or of the Provinces of the Dominion of Canada or of the Colony of Newfoundland, or by the rules, regulations, orders, customs, practice or discretion of any board, body, organization, office or officer, local, municipal or otherwise, be allowed, required or permitted to be executed, made, taken, given, tendered, accepted, filed or recorded for the security or protection of, by or for any person or persons, corporation, body, office, interest, municipality or other association or organization whatsoever, in any and all capacities whatsoever, conditioned for the doing or not doing of anything or any conditions which may be provided for in any such bond, recognizance, obligation, stipulation, or undertaking, or anything in the nature of either of the same.

I, G. P. Moore, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a full, true and correct copy of the original power of attorney given by said Company to

L. C. Slothower, Jr.

of Colorado Springs, Colorado, authorizing and empowering him to sign bonds as therein set forth, which power of attorney has never been revoked and is still in full force and effect.

And I do further certify that said Power of Attorney was given in pursuance of a resolution adopted at a regular meeting of the Board of Directors of said Company, duly called and held at the office of the Company in the City of Baltimore, on the 11th day of July, 1910, at which meeting a quorum of the Board of Directors was present, and that the foregoing is a true and correct copy of said resolution, and the whole thereof as recorded in the minutes of said meeting.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on January 21, 1955
(Date)

G P Moore

Assistant Secretary.