DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

RECEIVED
MAR - 1 1956

Eula Belle Uranium, Inc.
c/o Jerome Craig, Sr., Vice-President
Whitewater, Colorado

pertaining to Exploration Project Contract No. Idm-1794, Docket No. DMEA-3579, including Amendment No. 1, for the months of July to September, 1955, inclusive, and Termination Agreement dated December 21, 1955, covering a project for the exploration of Uranium on property known as Long Shot Mesa Creek Claims in Montrose County, Colorado.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Executive Officer, DMEA Field Team, 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 disallowances 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 ($5,922.25) of the costs incurred covered work performed at unit rates under independent contract; and

(d) the balance ($1,358.45) 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		$7,293.20
Exceptions: (Schedule attached)		
By DMEA Finance Officer	$12.50	
Herewith	0.00	12.50
Total Accepted Cost		$7,280.70

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Five thousand, four hundred sixty and 54/100ths Dollars

** $5,460.54 **

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

February 27, 1956

T. H. Brading, Auditor.

SCHEDULE OF EXCEPTIONS

Bule Belle Uranium, Inc. Docket No. DMEA-3579 Contract Idm-8794

Bulldozing, 40 hours at $11.00 per hour $440.00

Operator claimed maximum, which is shown as $444.00 on page 3 of the contract. Correct extension is $440.00. Finance Officer disallowed which is approved by the Auditor.	$ 4.00

On Hole No. 25 Operator claimed total depth of 125 feet. Independent contractor's invoice shows depth of 120 feet. Accordingly, the following disallowance is made by Finance Officer and approved by Auditor:

5 feet non-core drilling at $1.25 per foot	$6.25	
5 feet Miscellaneous at 45¢ per foot	2.25	8.50
TOTAL DISALLOWANCES		$12.50

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

MAR - 2 1956

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Report of Review
I-Dm-E794, DMEA-3579
Eula Belle Uranium, Inc.

Dear Mr. Brading:

Receipt is acknowledged of your Report of Review covering the above-cited contract.

The Report is acceptable and normal distribution may be effected.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
March 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
MAR 12 1956

224 New Customhouse
Denver 2, Colorado

March 7, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3579 (Uranium), Contract Idm-E794, Eula Belle Uranium, Inc., Mesa Creek et al. claims, Montrose County, Colorado - FINAL PAYMENT

Reference is made to our memorandum of December 13, 1955 whereby we transmitted the final Form MF-104, Operator's Monthly Progress Report and Voucher, for the period September 1955 and requested that you withhold the amount of $100.00 from reimbursement to the Operator pending receipt of the Operator's Final Report and release of the Report of Review of contract expenditures by the Contract Administration and Audit Division.

The Operator's Final Report has been received, therefore we recommend that final payment be made on the following basis which is in conformance with the Report of Review dated February 27, 1956, which was released to this office March 5, 1956.

Basis for Final Payment

Total accepted cost	$7,280.70
Government participation at 75 percent	5,460.54
Total prior payments	5,360.54
Amount due Operator	$ 100.00

W. M. TRAVER

W. M. Traver

$100.00

JDC:jy
cc: MF-104 File E794
Sec. Op. Comm. (2)
Shaw (2)
Townsend
Chron

3/8/56 DDA 56-79

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

RECEIVED
MAR 12 1956

224 New Customhouse
Denver 2, Colorado

March 9, 1956

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3579 (Uranium), Contract Idm-E794, Eula Belle Uranium, Inc., Mesa Creek et al. claims, Montrose County, Colorado - FINAL PAYMENT

Enclosed are two copies of a memorandum to T. A. Christensen, dated March 7, 1956, relative to final payment under the terms of the subject contract.

W. M. Traver

Enclosures

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

JAN 19 1956

224 New Customhouse
Denver 2, Colorado

December 28, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3579 (Uranium-Vanadium) Contract Idm-E794
Bula Dolle Uranium, Inc., Montrose County, Colorado

Reference is made to our memorandum of October 4, 1955, recommending disallowance of costs involved in performing the drilling of holes, Nos. 1, 4, 14 and 15, amounting to $613.50.

After a study of additional data now at hand, we have reconsidered the matter of our recommended disallowance of the costs involved in drilling the holes as it is now deemed that the Operator has reasonably complied with the intent of the contract relative to the location of the drilled holes.

It is, therefore, recommended that the amount of $613.50 disallowed from the Operator's Form MF-104, Monthly Progress and Voucher, for the month of August, 1955 be reinstated. Attached are data in support of our reconsideration of the matter.

W. M. Traver
W. M. Traver

Enc.
JWT:bh
cc- Sec. Op. Comm. (2) w/copy supporting data
Shaw (2) " " "
Townsend " " "
MF-104 File E794
Chron.

460.13
JJ

1/13/56 Ltr 56-58

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

RECEIVED
JAN 19 1956

224 New Customhouse
Denver 2, Colorado

January 17, 1956

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3579 (Uranium-Vanadium), Contract Idm-E794, Eula Belle Uranium, Inc., Montrose County, Colorado - Reinstatement of drilling costs previously disallowed

Enclosed are two copies of a memorandum to T. A. Christensen relative to reinstatement of the cost of drilling holes 1, 4, 14 and 15 under the subject contract. Supporting data is also included, as follows:

1) Two copies of Administrative Audit Difference Statement dated January 17, 1956
2) Two copies of joint memorandum by J. William Hasler, U. S. Geological Survey and M. H. Salsbury, U. S. Bureau of Mines dated December 22, 1955
3) One set of photographic prints showing topography and physical conditions at the contract hole locations and also at the actual hole locations
4) Two copies of a letter from the Operator dated November 19, 1955
5) Two copies of a map of the drilling area showing hole locations and areas covered by the photographs.

W. M. Traver

W. M. Traver

Enclosures

Washington

RECEIVED
JAN 19 1956

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

Administrative Audit Difference Statement

Date: Jan. 12, 1956
Payee's Reference: Dec. 1955

Dale Dolle Uranium Inc.
Mr. Jerome Craig Sr. Vice-Pres.
Willowater, Colorado

Gentlemen:

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

Amount Claimed $_____

Difference $_____

Amount Approved $ 415.50

The reason for the difference was due to:

$613.50 which was disallowed from Operator's Form UF-104 for the month of August 1955, reinstated. Administrative Audit Difference statement dated 10/12/55.

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

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA
Date Rec'd. DEC 23 1955

RECEIVED
JAN 19 1956

BUREAU OF MINES
Denver, Colorado

December 22, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: E. N. Marshman EMM
J. F. Shaw JFS

From: J. William Hasler
M. H. Salsbury

Subject: DMEA docket 3575 (Uranium) contract Idm-E 734, Sula Belle Uranium, Inc., Montrose County, Colo. Recommendations on Operator's reclaim of disapproved holes Nos. 1, 4, 14, and 15.

The Operator under the subject contract has submitted evidence, including a set of photographs, supporting a reclaim of holes Nos. 1, 4, 14, and 15, as shown on the map accompanying their request, which were disapproved for payment by the DMEA inspector (Glen Walker's progress report dated September 22, 1955).

The contract text does not specify a minimum hole spacing, but a map, which was made a part of the contract, shows holes about 150 feet apart by scaling. The Operator indicates, on the map accompanying the reclaim, surveyed distances greater than Walker's paced distances between holes, but still not in accordance with the minimum hole spacing indicated in the contract map.

Walker's recommendation for disapproval of the holes was based on the fact that that the holes do not conform to the contract map and that the holes could have been located somewhat closer to the correct positions.

Salsbury made the next month's inspection and verified in the case of holes Nos. 14 and 15, that these two holes could have been drilled closer to the correct sites. There are extenuating circumstances, however. The hole locations, as indicated in the contract map, do not appear to have been made with the topography in mind; and funds far enough bulldozing to prepare them were not provided. The Operator spent more than the amount allowed for bulldozing in both stages I and II to reach the sites which were used, as evidenced by the invoices submitted to support monthly claims. As has happened on other DMEA projects, the Operator went ahead with the drilling without consulting with DMEA representatives as to a change in hole locations.

The photographs furnished by the Operator are of no value in determining whether or not the four drill holes conform with the contract, but they do serve to show that the Operator's reasons for not drilling them at the specified locations were valid from the standpoint of cost. The map furnished with the reclaim is incorrect in one respect: The scaled distances between holes in several cases do not agree with the surveyed distance, as indicated by the surveyor's notes, but do agree with Walker's paced distance. The Operator's representative says he intends to furnish a corrected map.

The DMRA geologist who followed the project states that, in his opinion, the relocated holes served their purpose as well as holes drilled at the specified locations would have.

Under these circumstances, it is recommended that the cost of holes Nos. 1, 4, 14, and 15, reclaimed by the Operator, be approved for payment. The approved cost would be $460.13, or 75 percent of the amount disallowed in August 1955, $613.50.

We assume that these holes can be approved under a liberal interpretation of the contract, keeping in mind the fact that the contract did not fit field conditions too well. Approving them by means of a retroactive amendment might be questionable.

J. William Hasler
J. William Hasler
U. S. Geological Survey

M. H. Salisbury
M. H. Salisbury,
U. S. Bureau of Mines

MHS/vll

RECEIVED
JAN 19 1956

November 19, 1955

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

Dear Mr. Traver:

Kindly find enclosed the original copy of the Administrative Audit Difference Statement, dated October 12, 1955, which disallows a portion of payment for work performed during August, 1955, on the property of Hula Belle Uranium, Inc. Also kindly find enclosed maps and photographs which substantiate reclaim for such deductions.

It is firmly believed the contract was adhered to entirely in keeping with the nature of an exploration contract, and that the photographs together with the accurate survey map clearly demonstrate the operator made only minor and justifiable changes.

Mr. Walker of the Grand Junction office stated he would recommend disallowance for Holes #1, #4, #14, and #15; hence the following remarks specifically concern such disallowances:

1. The original map accompanying the original contract was to a scale of 1"=400'. At best, on such a scale, no two engineers will scale precisely the same position for the given location of the drill holes for actual survey in the field. A minor difference resulted, due to the scale of the map, between Mr. Walker and the surveyor for the company.

2. Hole #1 would have been extremely costly to drill at the surveyed location. The photographs show the inaccessibility of Hole #1 from terrain which would allow a central drill access road at reasonable costs for Holes #1, 2, and 3.

3. Hole #4 was drilled as close to the end of the drill access road as terrain would permit without excessive drill road costs. It is also to be noted the drill road for Hole #4 served Holes #5 and #6 to the south. Hence the position of the drill access road for Hole #4 could not reasonably be changed. Terrain does not permit reasonable access from Hole #4 to Hole #3, as shown in the photographs.

4. The scaled and surveyed position of Hole #7 was actually below the main or upper rim of the Salt Wash member of the Morrison formation, and hence a change of location of Hole #7 was mandatory, in that the upper stratum was the horizon to be explored. In turn, the surveyed position of Holes #14 and #15 located the holes near the base of a 30' thick sandstone stratum of the Brushy Basin member, which meant the holes for practical purposes could not be changed to the east without a major deviation of at least 100' from their true scaled position; to place the holes on top of this 30' stratum would also have necessitated deeper drilling to the ore-bearing horizon. With the mandatory change to the east of Hole #7, and likewise a minor change to the west of Holes #14 and #15 to locate the holes at the base of extremely rough terrain, a spacing of slightly less than 100' resulted, but which in view of the actual conditions is believed justified.

The following will describe each photograph:

Photo #1. Rodman is standing on surveyed location of Hole #1. Surveyor is standing where Hole #1 was drilled. Hole was drilled short of actual surveyed position due to very difficult terrain at end of drill access road.

Photo #2. Rodman is standing on surveyed location of Hole #2. Surveyor is standing where Hole #2 was drilled. Hole was drilled south of actual surveyed position due to very difficult terrain on uphill side of drill access road.

Photo #3. Rodman is standing on drilled location of Hole #3. Hole #4 was drilled at end of drill road in front of vehicle. To locate Hole #4 closer to drilled #3 would have necessitated considerable drill road expense. See Photo #4.

Photo #4. Rodman is at surveyed position of Hole #4. Surveyor is at drilled position of Hole #4. Note boulders and hence expensive road work between drilled and surveyed positions for Hole #4.

Photo #5. Photographer is standing on drilled #7. Rodman is standing on surveyed #7. Note rim just behind Rodman. To have hole data of value, hole had to be drilled behind the rim, not on the edge of the rim where data from the outcrop could have been observed.

Photo #6. Photographer standing on drilled #7. Rodman standing on drilled #14. Other person in picture, to right looking towards rodman, is standing on surveyed #14.

Photo #7. Photographer is standing on drilled #7. Rodman is standing on drilled #15. Note massive rim immediately behind drilled #15, and continuing for considerable distance behind drilled #15. To move #15 drilled location would have caused change of at least 100' to the east, and would have caused deeper drilling to the ore-bearing horizon.

Photo #8. Rodman is standing on drilled #15. Note difficult terrain behind, or east, of drilled location.

Photo #9. Photographer standing on drilled #6. Rodman standing on drilled #13.

Photo #10. Photo shows general nature of terrain. Photo from edge of Salt Wash Rim, with drilling on Holes #16-30 in foreground.

Every honest and conscientious effort was made to conform precisely to the contract. Needless to say, the operator would have no advantage in gaining closer spacing than that allowed in the contract during the conduct of an exploration program, wherein general information was the objective; rather, it is field conditions which dictated changes that lead to closer spacing, which we understood is the basis for the disallowance.

I trust the above will explain the actual field conditions and thus the position of the operator in carrying out the spirit and intent of the contract. Your consideration of this reclaim will be appreciated.

Yours very truly,

Mark K. Shipman

Mark K. Shipman, for

Jerome Craig Sr.

Jerome Craig, Sr.
Vice-President
Eula Belle Uranium, Inc.

MKS:ett

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
DEC 16 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September and Final 1955 Docket No. DMEA 3579 Contract No. Idm-5794
Operator's Name Eula Belle Uranium, Inc. Minerals Uranium
Address % Mr. Jerome Craig, Sr., Whitewater, Colorado Vanadium
Contract Amount, $ 12,603.00 Government Participation: 75 % Amount, $ 9,452.25

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 [redacted] Contracts:						
Drilling	983.75	4,248.75	5,232.50			
Bulldozing	110.00	444.00	554.00			
[redacted] Air-Compress.	-----	180.00	180.00			
Drifting						
(2) Labor and Supervision:						
Labor	Included under Incidental Allowance, Below.					
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	Included under Air Compressor, above.					
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						
Chemical Analyses	10.00	----	10.00			
Incidental Allow.	256.95	1,059.75	1,316.70			
(8) Contingencies (specify):						
TOTALS	1,360.70	5,932.50	7,293.20	1356.70	5932.50	7293.20
				4	622.00	622.00

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

Date October 12, 1955 Payee Eula Belle Uranium, Inc.
Jerome Craig Sr.
Per Jerome Craig, Sr. 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:
5310.50 1667.20
$ 917.53

Signature RRC
(Authorized Certifying Officer)

Date 12/12/55 Vou. No. DMA-56-46
(See other side)

1 ~~[illegible]~~ 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. Tdm-E794 in accordance with the terms of the contract.

Signature M. R. Salsbury #1,020.53 Title Mining Engineer Date 11-4-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature for Wm. M. Tow Jr. Title Executive Officer Date NOV 16 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
DEC 16 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September and Final 1955 Docket No. DMEA 3579 Contract No. Ism-1794

Operator's Name Fula Belle Uranium, Inc.

Address % Mr. Jerome Craig, Sr., Whitewater, Colorado

Minerals Uranium Vanadium

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	None	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Crosscutting	None	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Raising	None	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Shafts	None	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Winzes	None	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Drilling: Core	Foot	495.00	180	2,887.50	1,050	2.75	1,350	2.75
~~Churn~~ Non-Core	Foot	488.75	391	2,345.00	1,876	1.25	3,150	1.25
Auger	None	- - -	- - -	- - -	- - -	- - -	- - -	- - -
~~Stripping~~ Bulldozing	Hour	110.00	10.00	554.00	50	11.00	50.00	11.00 **
~~Trenching~~ Air-Compressor	Day	------	------	180.00	3	60.00	3	60.00
~~Test Pits~~ Chem. Analy's	Each	10.00	2	10.00	2	5.00	65	5.00
~~Roads and Trails~~ Radiometric Probing	Trip	----	----	------	----	----	3	623.00
Incidental Allow.	Foot	256.95	571	1,316.70	2,926	0.45	4,500	0.45
TOTAL DISTRIBUTED COSTS		1,360.70	---	7,293.20				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		None	- - -	- - -				
Initial Rehabilitation and Repairs		None	- - -	- - -				
New Buildings, Improvements, etc.		None	- - -	- - -				
		1,360.70	---	7,293.20				
TOTAL COSTS		1,360.70	---	7,293.20				12,603.00

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 October 12 Operator Fula Belle Uranium, Inc.

Per Jerome Craig, Sr. Title Vice-President

Jerome Craig, Sr.

REMARKS: ** $4.00 difference reflects original contract allowing total of $444.00 for 40 hours bulldozing @ $11.00 = $440.00 under Stage I Allowance. Note: The amount of $444.00 prev. claimed in order to not change total of contract.

M B Salsbury

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

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

RECEIVED
DEC 16 1955

224 New Customhouse
Denver 2, Colorado

December 13, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

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

Subject: Docket DMEA-3579 (Uranium), Contract Idm-E794, Eula Belle Uranium, Inc. Montrose County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data pertaining to work under the subject contract for the month of September, 1955.

An amount of $100.00 has been withheld pending receipt of the Operator's Final Report and release of the final audit or Report of Review of the contract expenditures by the Contract Administration and Audit Division, DMEA. The Operator's Final Report has been received.

Action is pending in the Washington Office on the recommended termination of the contract without a certificate of discovery or development.

E. N. Harshman

E. N. Harshman

Enclosures

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

RECEIVED
DEC 16 1955

Administrative Audit Difference Statement

Date: Dec. 22, 1955
Payee's Reference:

Pale Dolls Uranium, Inc.
c/o Mr. James Craig, Jr. Vice-Pres.
Uniontor, Colorado

Gentlemen:

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

Amount Claimed	$2,350.70
Difference	$ 4.00
Amount Approved	$ 2,350.70

The reason for the difference was due to:
An amount of $4.00 for trucking has been dropped and due to a typographical error in contract. The proper claim for July trucking is for 40 hrs. $160.00 instead of $164.00 as claimed and shown in contract.

* $100.00 withheld pending receipt of the Operator's Final Report and Release of the final audit.

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
DEC 16 1955

224 New Customhouse
Denver 2, Colorado

November 16, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3579 (Uranium), Contract Idm-E794, Bula Belle Uranium, Inc., Montrose County, Colorado - Operator's Monthly Progress Report for September, 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.

Work has been accomplished as authorized in the contract and payment is recommended for 75 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions.

Disallow an amount of $4.00 for bulldozing. Due to a typographical error in the contract, the Operator claimed the amount of $444.00 on his first (July) MF-104 voucher. The proper claim for July bulldozing is for 40 hours @ $11.00 per hour; a total of $440.00.

Withhold an amount of $100.00 pending receipt of the Operator's Final Report and release of the Final on-site Audit or Report of Review by the Contract Administration and Audit Division, DMEA.

REMARKS

Date of Report----------October 12, 1955
Date Received in Field Office----------October 17, 1955
Date Received in Region Office----------November 8, 1955

Enclosures
JDC:pw

W. M. Traver

By J. W. Townsend

cc: Sec.Op.Comm. (2)
Shaw (2)
MF-104 File E794
Townsend
Chron

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
November 7, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

RECEIVED
DEC 16 1955

From: M. E. Salsbury

Subject: DMEA 3579 (Uranium), Contract Idm-8794,
Bula Belle Uranium, Inc., Montrose County, Colorado
Progress report for September 1955

The subject contract was inspected on September 29, 1955, in company with F. M. Byers, Jr. of the Geological Survey. At that time a drill was in operation on hole No. 33. Hole No. 31 remained to be drilled to complete authorized Stage II work.

Payment is claimed in September 1955 for 391 feet of non-core and 180 feet of core drilling in 6 holes, together with bulldozing for drill sites, chemical analyses, and incidental allowance at a cost of $1,360.70. Government participation at 75 percent would be $1,020.53.

All drill sites had been prepared at the time of the inspection, and were found to be at satisfactory locations and in accordance with the authorization for Stage II work dated October 4, 1955, and Amendment No. 1 to contract Idm-8794, permitting Stage II holes to be drilled closer than 100 feet to any previously drilled hole.

Drilling performance was satisfactory, coring intervals were correct, and core recovery satisfactory. Core stored at the drill sites checked coring footage reported by the Operator. Core on the two holes not yet drilled at the time of the inspection were later brought to Grand Junction by the Operator's geologist for examination by DMEA representatives.

None of the core from September operations has been logged by a DMEA geologist as yet. All holes were probed by the DMEA gamma-ray logging unit, with results in substantial agreement with the Operator's evaluations. Hole probing by a private firm was authorized but was not done. From the Government's standpoint it was not necessary.

Two chemical analyses on core from hole No. 30, drilled in July 1955 were as follows:

Section sampled	Chemical Analyses percent U_3O_8	percent V_2O_5	Radiometric analyses percent eU_3O_8
57 to 60 feet	0.04	0.06	
60 to 61 feet	0.05	0.53	
59 to 60 feet			± 0.20

Following are the pertinent data on drilling from the narrative report and Government probing results:

Hole No.	Plugged depth feet	Cored depth feet	Total depth	Classification of hole by Operator	Mineralization of hole reported by Opr.	Mineralization by DMEA Depth of Min.	Width	eU_3O_8 percent
5	30	30	60 1/	Favorable	2 x background at 53-54 feet	53.9-54.9	1.0	0.03
31	85	30	115	Favorable	0.20 MR/HR at 97-98 feet	98.4-99.2	0.8	0.18
32	85	30	115	Semi-favorable	Minor count at 102-109 feet	at 4 points	1-2 feet	<0.010
33	80	30	110	Semi-favorable	No count-carnotite stain	105.5-106.3	0.8	0.096
34	63	30	93	Semi-favorable	No count	Barren		
35	48	30	78	Semi-favorable	2 x background 52.5 to 54 feet	53.4-54.5	1.1	0.023
Totals	391	180	571					

1/ Hole No. 5 was plug drilled an additional 210 feet at Operator's expense.

Only hole No. 31 encountered any significant mineralization, and that in a width too narrow to be minable.

No ore has been outlined by drilling done to date, and it is recommended that contract Idm-8754 be terminated. A Certification of Discovery is not recommended.

The Operator has submitted in quintuplicate, a narrative report with map, MF-104 and MF-104A forms, and one copy each of the sub-contractor's invoice for drilling and bulldozing, geologic logs, a certified assay certificate for 2 chemical analyses, and a statement of all the Operator's costs, including those which are not claimed.

Monthly and cumulative totals on the MF-104 and MF-104A forms are correct except that they do not reflect disallowances on August 1955 claims. Claims are in accordance with contract terms and Amendment No. 1, and are within contract maximums. Hole No. 5 was drilled but not claimed in August 1955, and appears on the driller's invoice submitted by the Operator with the August claim. The assay certificate for 2 samples was for 2 chemical analyses on split cores from hole No. 30 which was drilled in July 1955 but which have not been previously claimed.

The Operator has submitted 5 extra copies of the September narrative report and map which has been made comprehensive enough to be used as a final report, and its acceptance for this purpose is recommended.

Payment is recommended of $1,020.53, or 75 percent of $1,360.70, the amount claimed in September 1955.

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

MHS:ph

cc 6
MHSalsbury
Idm-4794
Chron.

RECEIVED
DEC 16 1955

N*A*R*R*A*T*I*V*E A*N*D* F*I*N*A*L R*E*P*O*R*T

This report covers the progress of the DMEA project (Docket DMEA 3579 (Uranium) Contract Dm-E794 for Bala Belle Uranium, Inc., for the month of September, and also as the final report for completion of the project.

SEPTEMBER:

The September work consisted of logging Hole #5, building drill roads and sites for Stage II work, and drilling five holes under the Stage II authorization: namely, #31-#35, inclusive. In all cases better than 95% core recovery was obtained, despite difficult drilling conditions due to considerable loss of water during the coring operation.

Collar elevations were obtained for each of the holes, and were then carefully correlated with results of previous drilling together with outcrop information in order to assure that a core would be obtained at the proper horizon.

Hole #5 showed, as did # 35 and # 6, a lateral extent of the horizon which contains the previous mining operation at the point of the old chute; although the horizon shows favorable characteristics and weak mineralization, it is not of commercial grade, and thus does not justify further drilling.

Holes #31 thru #34 on the lower bench, and also in the lower stratum of the Salt Wash member, were authorized under Stage II as offsets to favorable drilling results of the Stage I program. Near commercial grade was encountered in the holes, especially #31; the grade and thickness are both marginal, however, and hence do not together suggest that further drilling would prove commercial ore in sufficient quantity, given the present average of 125' centering, to offset the cost of mining and additional exploratory work. No further drilling will be requested in this area eventhough additional Stage II drilling would be authorized by the present contract under the Stage II allowance.

The drilling, particularly for holes #31thru #34, was quite abnormal both for hardness and for loss of water circulation. Up to 8,000 gals. of water was required to complete 30' of core, generally obtained in two 15' core runs; no return circulation was obtained in most of the holes.

As to hardness, the core does not indicate particularly slow and difficult drilling would be expected. The driller, however, did carefully check his bits in an effort to speed the drilling operation.

RECEIVED
DEC 16 1955

NARRATIVE SEPTEMBER AND FINAL REPORT: Docket DMEA 3579, Pg2.

FINAL REPORT:

All work under the project is completed, and is included in the enclosed September or previous reports.

A total of 2,926 feet of drilling has been accomplished under the program, consisting of 1,050 ' of core and 1,876' of Non-core drilling, together with necessary drill roads and sites.

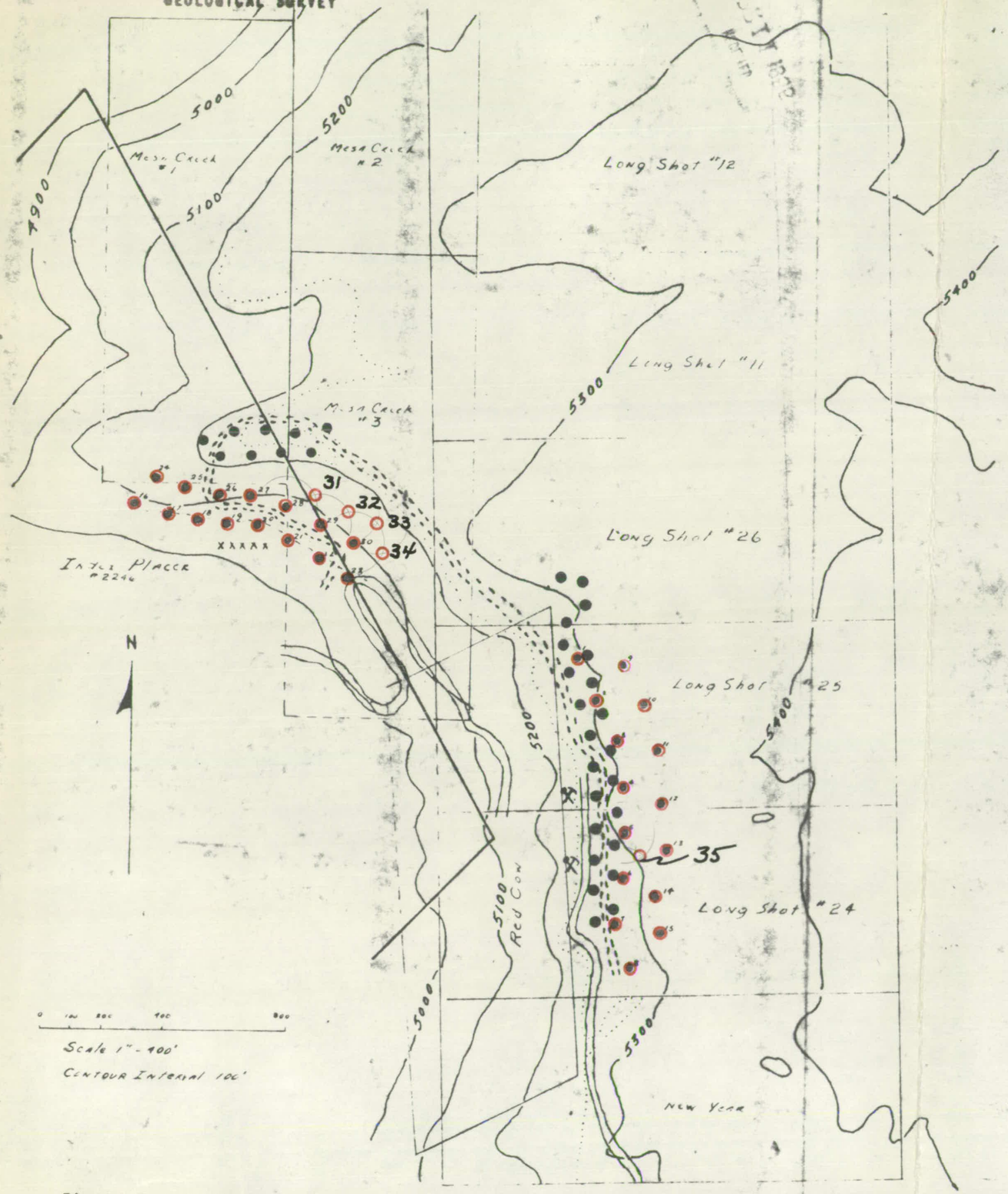
Near commercial ore has been encountered, although the combined grade and thickness, both of which are marginal, suggest that further work is not justified. The program initially was designed to determine the lateral extent of mineralization behind the area which had been bulldozed along the lower stratum of the Salt Wash member, and, secondly, to determine the extent of mineralization behind the rim from the area of the old cuts in the upper Salt Wash stratum where previous mining had been conducted; both of these objectives have been satisfied.

Jerome Craig Sr.

Jerome Craig, Sr.
Vice-President,
Tula Belle Uranium, Inc.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 3579



EXPLANATION

APPROXIMATE TOP OF THE HIGHEST SANDSTONE LENSE IN THE SALT WASH MEMBER

APPROXIMATE TOP OF BASAL SANDSTONE LENSES OF THE SALT WASH MEMBER

LOCATION OF DRILL HOLES PROPOSED BY APPLICANT AND REJECTED BY EXAMINING FIELD TEAM

LOCATION OF DRILL HOLES RECOMMENDED BY EXAMINING FIELD TEAM

PROSPECT OR MINE

ROAD PROPOSED BY THE APPLICANT

ROAD NOW IN EXISTANCE

NOTE: CLAIM BOUNDARIES TAKEN FROM APPLICANTS MAP

Final Report & September Report

D.D. Holes Completed

Figure 2 PLAN OF PROPOSED AND RECOMMENDED EXPLORATION FOR EULA BELLE URANIUM INC. CLAIMS IN THE SOUTHEASTERN MESA CREEK AREA, SECTION 2, T.48 N., R.18 W., N.M.P.M. URAVAN DISTRICT, MONTROSE COUNTY, COLORADO

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED OCT 2 5 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1955 Docket No. DMEA 3579 Contract No. Idm-E794
Operator's Name Bula Belle Uranium, Inc. Minerals Uranium
Address % Mr. Jerome Craig Sr., Whitewater, Colorado Vanadium
Contract Amount, $ 12,603.00 Government Participation: 75 % Amount, $ 9,452.25

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 Contractors:						
Drilling	2,155.00	2,093.75	4,248.75			
Bulldozing	-----	444.00	444.00			
Air-Compressor	----	180.00	180.00			
Drifting						
(2) Labor and Supervision:						
Labor	Included under Incidental Allowance, Below.					
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	Included under Air-Compressor.					
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						
Incidental Allowance	549.00	510.75	1,059.75			
(8) Contingencies (specify):						
TOTALS	2,704.00	3,228.50	5,932.50	2090.50	3228.50	5319.00
				1	8.50	8.50

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

Date Sept. 13, '55 *Payee Bula Belle Uranium, Inc.
Jerome Craig Sr.
Per Jerome Craig, Sr. 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: 3220.00 551050

$ 1,567.88

Signature [illegible]
(Authorized Certifying Officer)

Date 10/12/55 Vou. No. DMA-56-34
(See other side)

1 Previous disallowance

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E794 in accordance with the terms of the contract.

Signature [illegible] 1567 88 Title [illegible] Date 9/20/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date OCT 4 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

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1955 Docket No. DMEA 3579 Contract No. Idm-E794

Operator's Name Bula Belle Uranium, Inc. Minerals Uranium

Address % Mr. Jerome Craig Sr., Whitewater, Colorado Vanadium

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	None							
Crosscutting	None							
Raising	None							
Shafts	None							
Winzes	None							
Drilling: Core	Foot	1,155.00	420	2,392.50	870	2.75	1,350	2.75
Non-Core	Foot	1,000.00	800	1,856.25	1,485	1.25	3,150	1.25
Auger	None							
Bulldozing	Hour	-----	----	444.00	40	11.00	50	11.00
Air-Compressor	Day	-----	----	180.00	3	60.00	3	60.00
Chem. Anal.	Each	--	--	--	--	--	65	5.00
Radiometric Probing	Trip	--	--	--	--	--	3	623.00
Incidental Allow.	Foot	549.00	1,220	1059.75	2,355	0.45	4,500	0.45
TOTAL DISTRIBUTED COSTS		2,704.00	--	5,932.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		None						
Initial Rehabilitation and Repairs		None						
New Buildings, Improvements, etc.		None						
TOTAL COSTS		2,704.00		5,932.50				12,603.00

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

REMARKS:

Date Sept. 13, 1955 Operator Bula Belle Uranium, Inc.

Per Jerome Craig Jr. Title Vice-President
Jerome Craig, Sr.

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)

gwalker

INSTRUCTIONS

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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

H-A-R-R-A-T-I-V-E R-E-P-O-R-T

This report covers the progress of the DMEA project (Docket DMEA 3579 (Uranium) Contract Idm-8794) for Eula Belle Uranium, Inc., for the month of August, 1955.

Stage I work, namely drilling and road work, was completed August 31. In all cases 90% core-recovery was obtained, and generally averaged 96%. Air plugging was used to the cored horizon, and thence water was used on all but one hole during the core drilling. 30' of core was obtained from each hole drilled; samples of each 5' run were obtained for the portion that was air-plugged. All cores and samples are presently located at the collar of each hole.

Holes #5 and #6 showed favorable MS alteration, good sandstone and mineralization at generally 45'-50'. Stage II drilling is believed justified to offset these two holes. The remainder of the drilling indicates further work is not warranted.

Collar elevation were obtained for holes 1-15 incl. in order to assure that a core would be obtained from the horizon which contains the mining operation previously conducted along the rim outcrop, specifically at the location of the old chute. Difference in elevation from the collar of hole #2 to the uppermost mineralized horizon at the top of the portal is 45.7'; floor of the portal is 10.0' lower, or 55.7' below the collar of hole #2. Core recovery was obtained so as to be centered essentially 50' below the collar of hole #2.

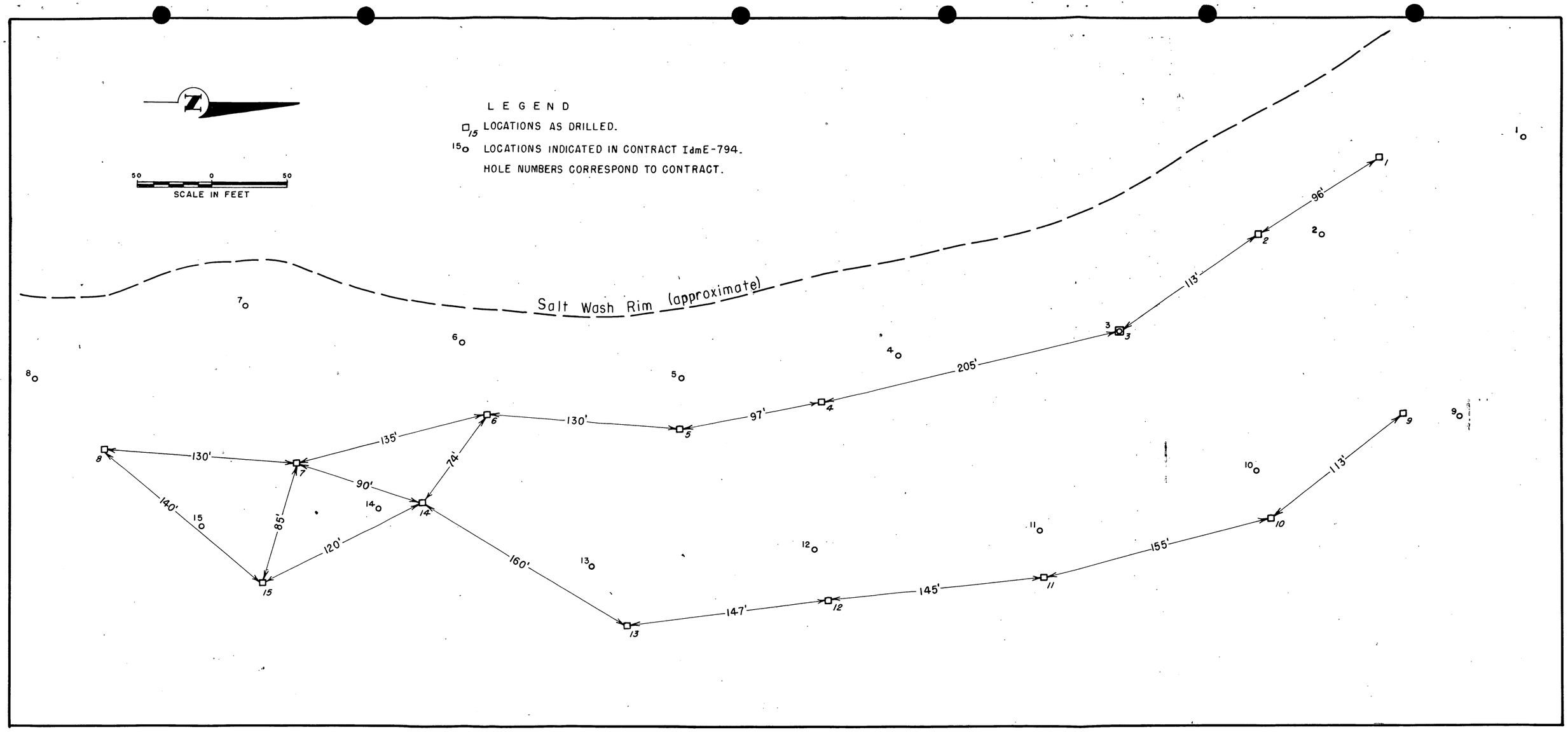
In general, drilling was normal for, hardness, bit footage and core recovery, but was made difficult by loss of water circulation when water was used for core drilling. In holes #1-#15, inclusive, the driller reports he lost a definitely noticeable amount, and in some cases, all of the water; average water consumption was 1000 gal. of water per 15 feet of core which required an average of 30 minutes to drill. No formational water was encountered. Air drilling worked very satisfactorily, although some loss of return was encountered.

Mark H. Shipman

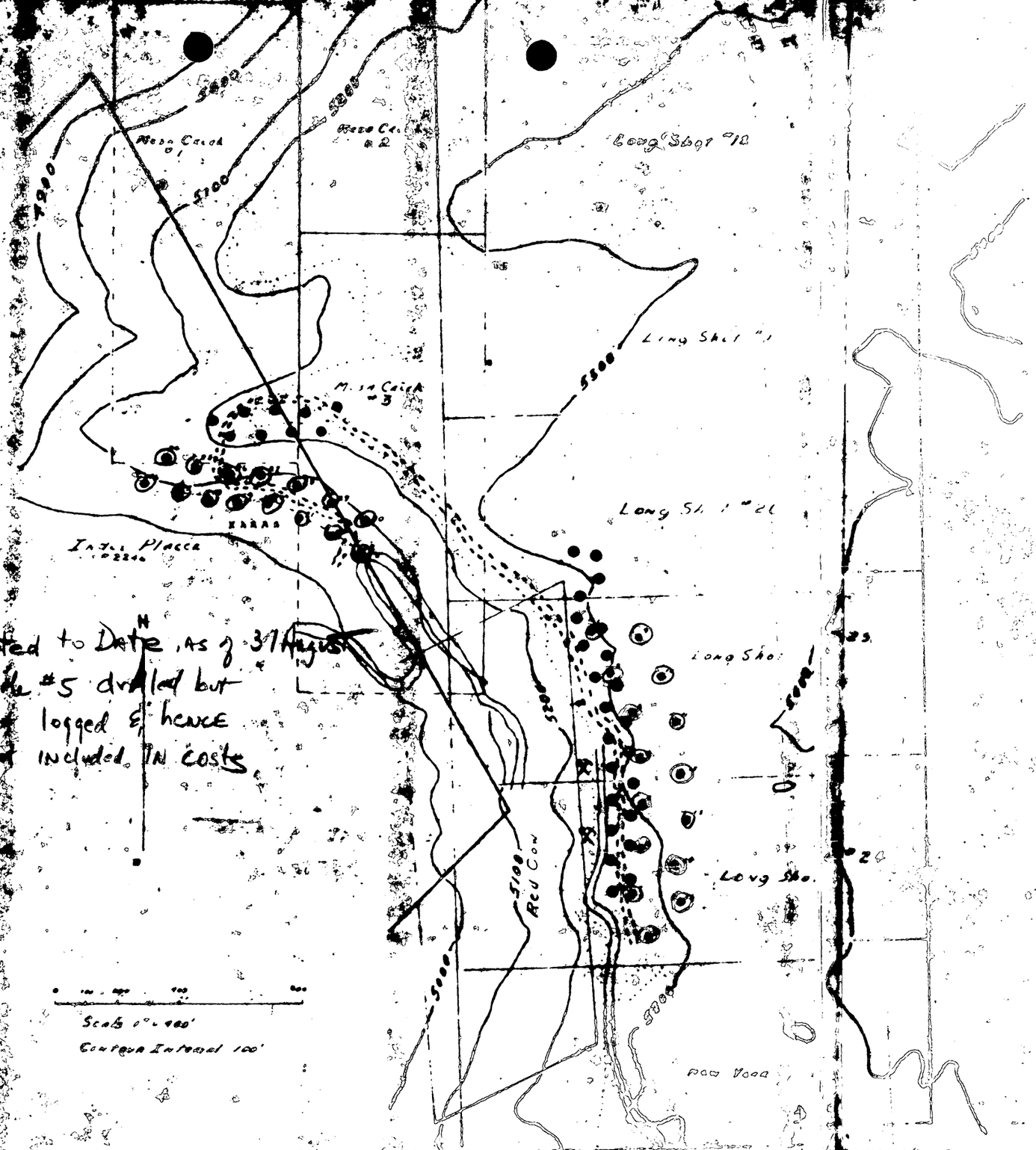
Mark H. Shipman
Geological Engineer

Jerome Craig Sr.

Jerome Craig, Sr.
Vice-President,
Eula Belle Uranium, Inc.



SHOWING LOCATIONS 1st STAGE DEEP HOLES, EULA BELLE URANIUM COMPANY, MONTROSE COUNTY, COLO. DMEA 3579



⊙ = Completed to Date, as of 31 August
Note: Hole #5 drilled but
Not logged & hence
Not included IN costs

EXPLANATION

APPROXIMATE TOP OF THE HIGHEST SALT BEARING BEDS IN THE SALT VALLEY MEMBER

APPROXIMATE TOP OF LOCAL SALT BEARING BEDS OF THE GRAY CREEK MEMBER

○ LOCATION OF DRILL HOLES PROPOSED BY APPLICANT AND APPROVED BY BRANCHING FIELD TEAM

○ LOCATION OF DRILL HOLES RECOMMENDED BY BRANCHING FIELD TEAM

LOCATION OF MINE

ROAD PROPOSED BY THE APPLICANT

ROAD NOW IN EXISTENCE

COPY OF COMPOSITED MAP FROM APPLICANTS MAP

Sketch 3 PLAN OF PROPOSED AND RECOMMENDED EXPLORATION DRILLING [illegible] IN THE [illegible] AREA, SECTION 2, T.00 N., R.00 W., G.&S.R.B.&M.

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

RECEIVED
OCT [illegible]

October 17, 1955

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3579, (Uranium-vanadium), Contract Idm-E794, Eula Belle Uranium, Inc., Montrose County, Colorado

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data pertaining to work under the subject contract for the period August, 1955.

W. M. Traver

Enclosures

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

RECEIVED
OCT 30 1955

Administrative Audit Difference Statement

Date: _____
Payee's
Reference: _____
_____
_____

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

Amount Claimed $_____

Difference $_____

Amount Approved $_____

The reason for the difference was due to:

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
OCT 7 1955

October 4, 1955

224 New Customhouse
Denver 2, Colorado

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3579, (Uranium--Vanadium), Contract Idm-E794, Bula Belle Uranium, Inc., Montrose County, Colorado--Operator's Monthly Progress Report, for the period August, 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.

A portion of the work has been accomplished as authorized in the contract and payment is recommended for 75 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions.

Disallow 120 feet of core drilling, 135 feet of non-core drilling, and the incidental allowance for the above 255 feet of drilling, which was not in conformance with the DMEA contract. This footage is for holes 1, 4, 14, and 15.

REMARKS

Date of Report - - - - - - - - - - - - September 13, 1955
Date Received in Field Office - - - September 16, 1955
Date Received in Region Office - - - September 27, 1955

W. M. Traver

W. M. Traver

Enclosures
JDC-~~HMO~~:ab
cc: MF-104 file E794
Sec. Op. Comm. (2)
Shaw (2)
Chron.

DMEA
Date Rec'd
SEP 27 1955
BUREAU OF MINES
Denver, Colorado

Building 20
Denver Federal Center
Denver 2, Colorado
September 22, 1955

REGION III

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: Glen Walker

Subject: DMEA 3579, Contract Idm-8794
Eula Belle Uranium, Inc.
Montrose County, Colorado
Monthly progress report for August 1955

On September 14, 1955, the property was visited; no work was in progress. A brunton and pace survey referenced to #3 hole indicated a number of the holes were improperly located, see sketch accompanying this memo. Hole #3 was used as a reference point because no claim corner or other better point was found. By a strict interpretation of the contract none of the holes numbered 1 thru 15 are correctly located because they are too close to the upper Salt Wash rim. In the north part of the drilled area there is a certain amount of parallelism and general resemblance to figure 2 of the contract; except hole #1 is too close to #2 and #4 is too far from #3 and hence too close to #5. The interval between holes on the contract map is 150 feet. It should be pointed out that the operator was apparently aware of this condition as it was closely approximated between holes #10, #11, #12 and #13. In the south part of the area holes #14 and #15 are entirely out of position as related to the stipulated pattern. It is therefore recommended that the Government not participate in the cost of holes #1, #4, #14 and #15.

All holes have boxes of core marked with hole number and footage. The amount of core in all cases appears to be well over the 50 percent recovery required by the contract. All holes had paper sacks of cuttings taken at 5 foot intervals except #1, #2, #5 and #14. The cuttings from hole #3 were in 39 piles on the ground near the collar. The remainder of the work appears to be adequately documented and is approved.

It is recommended that payment be made to the operator in the amount of $1,567.88 which is 75 percent of the approved expenditure of $2,090.50.

Glen Walker
Mining Engineer

GW:ph
cc 6
Idm-8794

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

RECEIVED
SEP 16 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1955 Docket No. DMEA 3579 Contract No. Idm-E794
Operator's Name Bula Belle Uranium Inc. Minerals Uranium
Address % Mr. Jerome Craig Sr., Whitewater, Colorado Vanadium
Contract Amount, $ 12,609.00 Government Participation: 75 % Amount, $ 9,452.25

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	2,093.75	None	2,093.75			
Bulldozing	624.00	"	624.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision	510.75	None	510.75			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	Included under Bulldozing Contract					
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	None to Date					
Payroll Taxes	Included under Drilling and					
Liability Insurance	Bulldozing Contracts					
(8) Contingencies (specify):						
TOTALS	3,228.50	None	3,228.50	3,220.00	–	3,220.00

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

Date August 15, 1955 Payee Bula Belle Uranium Inc.

Per Jerome Craig Sr. 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:

$ 2415.00

Signature RRC
(Authorized Certifying Officer)

Date 9-7-55 Vou. No. DMA 5627

(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. DMEA-794 in accordance with the terms of the contract.

Signature M. F. Lakhany $2,415.38 Title Mining Engineer Date August 30, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Lamy Title Executive Officer Date SEP 6 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 July 1955 Docket No. DMEA3579 Contract No. Idm-E794

Operator's Name Bula Belle Uranium Inc. Minerals Uranium

Address Mr. Jerome Craig Sr., Whitewater, Colorado Vanadium

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	None							
Crosscutting	"							
Raising	"							
Shafts	"							
Winzes	"							
Drilling: Core	Foot	1,440.00	450	1,440.00	450	3.20	1,350	3.20
Churn Non-Core	Foot	1,164.50	685	1,164.50	685	1.70	3,150	1.70
Auger	None							
Stripping	"							
Trenching	"							
Test Pits	"							
Roads and Trails	Total	624.00	Total	624.00	Total	Total	Total	Total
TOTAL DISTRIBUTED COSTS		3,228.50		3,228.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased		None						None
Initial Rehabilitation and Repairs		"						
New Buildings, Improvements, etc.		"						"
TOTAL COSTS		3,228.50		3,228.50				12,603.00 ~~3,228.50~~

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

Date August 15, 1955 Operator Bula Belle Uranium, Inc.

Per Jerome Craig Title Vice President
Jerome Craig, Sr.

→ 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.

M. H. Holsby

REMARKS: On Holes #16-30, a averag depth of 83', 1245' total footage is allowble. Actually drilled 1135' total or 110' less than allowable total. This difference, however, will be required and used on holes #1-15.

Roads and Trails includes bulldozer and compressor allowances.

(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 16 1955

Administrative Audit Difference Statement

Date: _____
Payee's
Reference: _____

_____ Oct. 7, 1955

July, 1955

[redacted]

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

Amount Claimed $ _____

Difference $ 2,000.00

Amount Approved $ 0.00

The reason for the difference was due to: 2,000.00

[redacted]

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

Very sincerely yours,

N.E.Stokes
Audit Section

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

UNITED STATES DEPARTMENT OF THE INTERIOR

224 New Customhouse
Denver 2, Colorado

September 6, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3579, (Uranium), Contract Ida-3794, Sula Belle Uranium, Inc., Montrose County, Colorado - Operator's Monthly Progress Report, for the period 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.

Work has been accomplished as authorized in the contract and payment is recommended for 75 percent of the amount as reported on Form MF-104, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions.

Disallow payment for 5 feet of non-core drilling including incidental allowance in hole No. 25. The U. S. G. S. log and the Independent Contractor's Invoice for the hole show a depth of 120 feet, whereas the Operator claims 125 feet on the MF-104 report.

Remarks

Date of Report- - - - - - - - - - - - - - - - - - -August 15, 1955
Date Received in Field Office- - - - - - - - - - August 22, 1955
Date Received in Region Office- - - - - - - - - -September 2, 1955

W. M. Traver

W. M. Traver

Enclosures

JDC:jy

cc: MF-104 File E794
Shaw (2)
Sec. Opr. Comm. (2)
Chron.

DMEA
Date Rec'd.
SEP 2 1955
BUREAU OF MINES
Denver, Colorado

Building 20
Denver Federal Center
Denver 2, Colorado
August 31, 1955

REGION III

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: M. H. Salsbury

Subject: DMEA 3579, (Uranium), Contract Idm-E794, Bula Belle Uranium, Inc., Montrose County, Colorado - Progress report for July 1955.

The subject property was visited on August 6, 1955, in company with Mark K. Shipman, geologist, and Jerome Craig, Sr., President of the subject corporation. Progress under contract Idm-E794 was inspected.

The Operator claims payment for bulldozing and other preparation costs in the maximum amount allowed in the contract, $624.00, and for 450 feet of core drilling and 685 feet of rotary non-core drilling at $3.20 and $1.70 per foot respectively, including incidental allowance of $0.45 per foot, for a claimed total of $3,228.50 Government participation at 75 percent is $2,421.38.

The fifteen holes claimed as shown on the map accompanying the narrative report for July 1955, and numbered from 16 to 30 in conformance with the contract map, were drilled at or very close to the approved sites. At the time of the inspection, drilling was in progress on deeper holes, nos. 1 to 15, with the first one having been completed.

The Operator reports mineralization in 6 holes ranging from 0.05 percent to 0.23 percent U_3O_8 as measured radiometrically in the core and verified by probing with their own equipment.

The geologic logs submitted by the Operator are in substantial agreement with those made independently by a DMEA geologist. Following is a radiometric evaluation of the mineralization found in the core and by the Operator's probing, compared with the Gamma-ray log interpretation of the Geological Survey.

Hole No.	Classification by Operator	Depth in feet	Operator's Results: Depth and width of mineralization in feet	Operator's Results: Percent eU_3O_8	U.S.G.S. Results: Depth and width of mineralization in feet	U.S.G.S. Results: Percent[1] eU_3O_8
16	Favorable	45	31-32	± .05		
					31.2-32.3	.052
					32.3-32.9	.035
17	Favorable	45	31.5-32	± .06	32.2-33	.058
18	Unfavorable	47		Barren		Barren
19	Unfavorable	45		Barren		Barren
20	Semi-favorable	55		Barren		Barren
21	Unfavorable	58		Barren	51.4-54.2	<.005
					55.7-57.7	<.010
22	Favorable	42	29-36	± .15	30.3-31.1	.10
					31.1-31.9	.054
					32.7-33.3	.21
					33.7-34.1	.086
					34.9-35.5	.01
23	Favorable	77	37.5-38.5	± .05	37.7-38.5	.058
24	Unfavorable	120		Barren		Not probed[2]
25	Semi-favorable	125	94	Trace		Not probed
26	Semi-favorable	120				Not probed
27	Semi-favorable	86	77-78	± .05	77.2-77.9	.054
					77.9-78.6	.044
28	Favorable	90	57-58	± .20	55.8-56.3	.033
					57.3-58.1	.23
29	Semi-favorable	86				Not probed
30	Favorable	94	59.0-60.0	± .20		Not probed

1/ Percent eU_3O_8 not given in this table when less than .03, except in hole no. 21.

2/ Holes shown as not probed by U.S.G.S. have probably been probed since, but results are not available at this office.

Drilling and coring procedures were satisfactory. No core has been brought to Grand Junction for temporary storage yet. No chemical analyses of mineralized portions of the core have been made.

The Operator has submitted in quintuplicate for July 1955 forms MF-104 and MF-104A, a satisfactory narrative report with map showing drill hole locations, together with one copy of the geologic logs, invoices for bulldozing, rock work, and drilling submitted by the subcontractor, and a statement of expenses incurred by the Operator.

All claims are in accordance with contract terms and within contract maximums. Invoiced charges for bulldozing and rock work and for drilling are considerably more than the amount claimed under the actual cost provision in the contract.

A total of 650 feet of core drilling was done, but the Operator claims only 450 feet or 30 feet per hole as provided in the contract. The remaining footage was claimed as non-core drilling. Hole depths on the Operator's geologic logs, the drilling invoices, and the U.S.G.S. logs all check except on hole no. 25 where the drilling invoice and the U.S.G.S. logs show 120 feet and the Operator's log 125 feet.

The sub-contractor for all of the work done is a company which Jerome Craig, Sr. has organized.

Monthly totals on the MF-104 and MF-104A forms are correct except that the incidental cost was not segregated from the drilling costs on the MF-104A form, and the incidental cost was listed as supervision on the MF-104 form. The segregated costs would be as follows:

Core drilling - 450 ft. at $2.75 per ft.	$1.237.50
Non-core drilling - 685 ft. at $1.25 per ft.	856.25
Incidental allowance - 1,135 ft. at $0.45 per ft.	510.75
Bulldozing (maximum)	444.00
All other preparation costs (maximum)	180.00
Total claimed	$3,228.50

Payment of $2,415.38 or 75 percent of the amount claimed, $3,228.50, less $8.50 for five feet of non-core drilling not verified by the drilling invoice and the U.S.G.S. logs, is recommended for approval.

for M. H. Salsbury
Mining Engineer

MHS:ph

cc 6 w/orig.
M. H. Salsbury
Sub.
Chron.

MARK K. SHIPMAN
Geological Engineer
ROBERT B. DANIEL
Consultant
CHARLES P. HAMPTON
Business Manager

Date Rec'd. 1
AUG 22 1955

EXPLORATION ASSOCIATES, Inc.

GRAND JUNCTION
COLORADO
Post Office Box 1321

BUREAU OF MINES
Denver, Colorado
RECEIVED

N-A-R-R-A-T-I-V-E R-E-P-O-R-T

This report covers the progress of the DMEA project (Docket DMEA 3579 (Uranium) Contract Idm-E794) for Eula Bello Uranium, Inc. for the period since initiation of the work to August 1, 1955.

Initial road and drill site work was conducted during the latter part of June; drilling operations commenced approximately July 1, 1955. The road work and drilling operations had been conducted by the Unavoop C C and H Exploration Co. Overall supervision of the project and geological evaluation has been conducted by Exploration Association, Inc. on a contractural basis with Eula Bello Uranium, Inc.

Reference the attached map, diamond drill holes #16 through #30 were completed during the month of July. Locations of the holes were shot in by transit by stating a bearing and distance in accordance with the attached map; only very minor changes had to be made to allow for difficult terrain conditions. In all cases the hole was completed to the desired depth. Air plugging was found to be very successful although moderately slow; air coring was also found to be successful from the stand point of core recovery but most uneconomical in cost. Loss of water returns was noticed but did not become a severe problem. The operator has determined that a Varel No. 1 bit provides the best footage for the area.

Six holes contained mineralization ranging from approximately 0.05% to 0.23% U_3O_8. Hole #22 showed minimum commercial grade and near commercial grade in thickness; overall mineralized section is approximately 6' in thickness.

Ninety percent of the drill roads and drill sites are completed. Drilling is presently being conducted on Holes #1 through #15, with Holes #1 through #4 having been completed to date.

Attached lithologic logs of the holes are included together with maps showing drill holes completed to date. It is anticipated Stage I work will be completed by September 10, 1955.

Holes #15 through #30 have been probed by USGS. Mr. Salsbury of the Grand Junction office completed his monthly field trip to the property on August 6, 1955.

Jerome Craig, Sr.
Jerome Craig, Sr.
Vice President
Eula Bello Uranium, Inc.

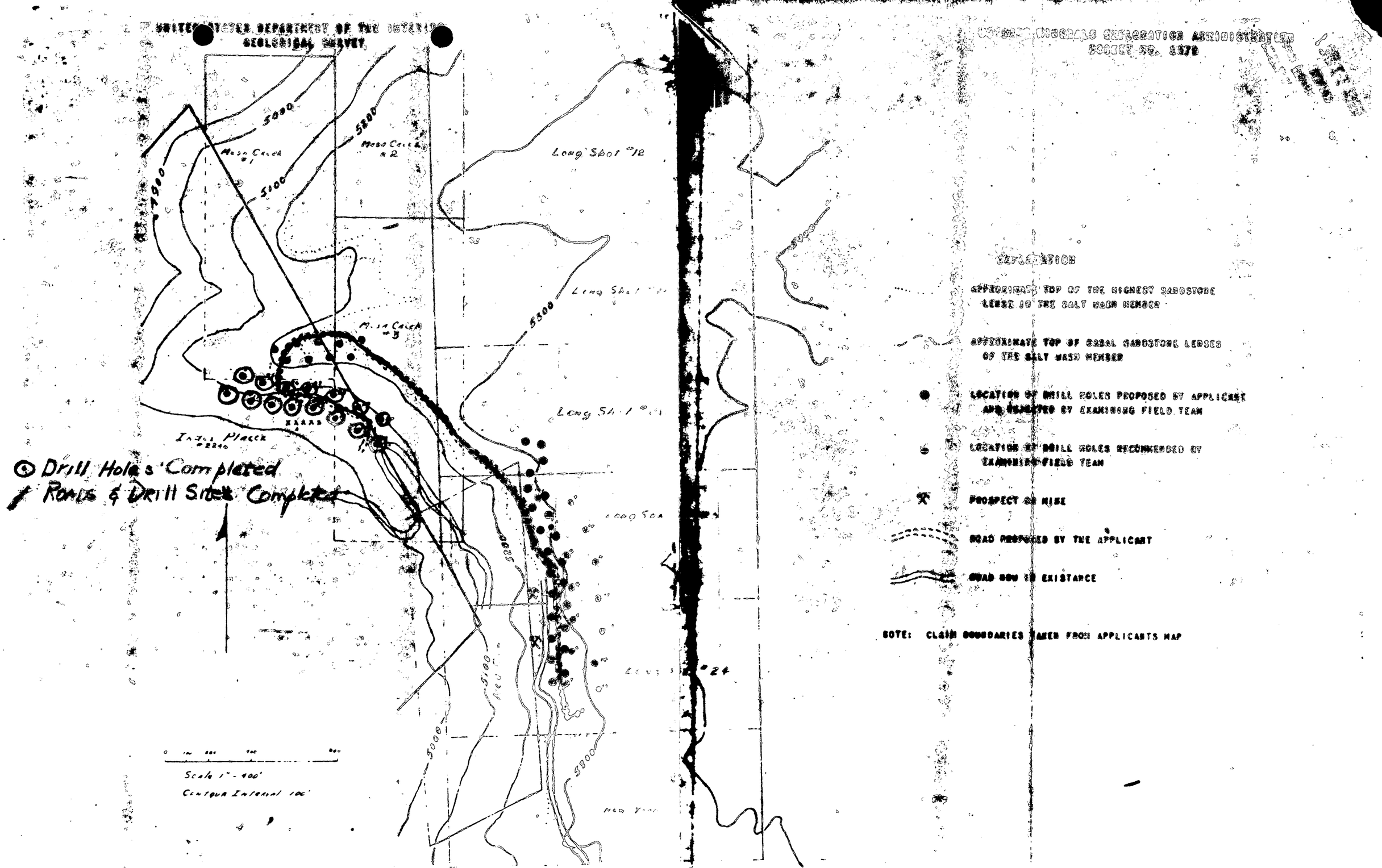


Figure 2 PLAN OF PROPOSED AND RECOMMENDED EXPLORATION FOR SOLA OF [illegible]ION INC. CLAIMS IN THE SOUTHEASTERN MESA CREEK AREA, SECTION 2, T.48 N., R.18 W., N.M.P.M. GRAVEL DISTRICT, MONTROSE COUNTY, COLORADO

700

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

JUL 16 1956

Sulk Falls Uranium, Inc.
c/o Mr. Jerome Craig, Sr., Vice President
Whitewater, Colorado

Re: Docket No. DMEA-3579 (Uranium)
Contract No. Idm-2794
Index Placer, Mesa Creek,
et al., Claims
Montrose County, Colorado

Gentlemen:

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

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

Copies to: Mr. Jerome Craig, Sr.
Mr. Joseph L. Jacob

FMMurphy/ai 7-16-56
cc to: Admr.'s Reading File
Docket
JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA
Contract Adm. & Audit Division
Code 700
DMEA Field Team, Region III (2)
F. E. Johnson
Mr. Murphy

700

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

JUL 18 1956

Mr. Joseph I. Jacob, President
Bula Belle Uranium, Inc.
Whitewater, Colorado

Re: Docket No. DMEA-3979 (Uranium)
Contract No. 16M-794
Index Placer, Mesa Creek,
et al., Claims
Montrose County, Colorado

Dear Sir:

Reference is made to the Owner's Consent to Lien which you executed on March 28, 1955, in connection with the DMEA contract for an exploration project on your property located in Montrose County, Colorado.

For your information, there is enclosed a copy of our letter of this date to the Bula Belle Uranium, Inc., c/o Mr. Jerome Craig, Jr., Vice President, Whitewater, Colorado, advising that the Government retains no claim or lien against the property described in the contract or on any future production thereof.

Sincerely yours,

B. G. Mittendorf

Administrator

Murphy/ai
7-16-56
cc to: Admr. Reading File
Docket
JHCrawford, Rm. 3041
THKillegaard, Rm. 5204
JMosted, Rm. 3210, DMEA
Contract Adm. & Audit Division
Code 700
DMEA Field Team, Region III (2)
F. H. Johnson
Mr. Murphy

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

JUL 18 1956

Mr. Jerome Craig, Jr., Vice President
Vale Belle Uranium, Inc.
Whitewater, Colorado

Re: Docket No. DMEA-3579 (Uranium)
Contract No. Idm-3794
Index Placer, Bass Creek,
et al., Claims
Montrose County, Colorado

Dear Sirs:

Reference is made to the Owner's Consent to Lien which you executed on March 28, 1955, in connection with the DMEA contract for an exploration project on your property located in Montrose County, Colorado.

For your information, there is enclosed a copy of our letter of this date to the Vale Belle Uranium, Inc., 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

FMurphy/ai
7-16-56
cc to: Admr.'s Reading File
Docket
JHCrawford, Rm. 3641
THKillingsgard, Rm. 5224
JHunted, Rm. 3210, GSA
Contract Adm. & Audit Division
Code 700
DMEA Field Team, Region III (2)
F. L. Johnson
Mr. Murphy

Gove[illegible]ent's copy

RECEIVED
FEB - 9 1956

TERMINATION AGREEMENT

It is agreed this 21st day of December, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration (hereinafter called the "Government"), and Eula Belle Uranium, Inc. (hereinafter called the "Operator"), parties to Exploration Project Contract Idm-E794 (Docket No. DMEA-3579), dated May 3, 1955 (hereinafter called the "Contract"), that:

1. Effective October 1, 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 only to allowable costs incurred prior to said effective date.

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

4. 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. O. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

EULA BELLE URANIUM, INC.

By Jerome Gray Jr.
Vice President

RECEIVED

OCT 6 - 1955

No. 1

AMENDMENT OF CONTRACT: No. Idm-E794

Contract Docket No. DMEA-3579, Contract Idm-E794, dated May 3, 1955, between the United States of America and Eula Belle Uranium, Inc., a Nevada corporation, is hereby amended as follows, effective September 12, 1955:

> Reference is made to EXHIBIT "A" attached to Exploration Project Contract Form - MF-200 (Revised June 1954) heading "Description of the work" subheading "Stage II"
>
> The first paragraph states that drill holes under Stage II shall not be drilled closer than 100 feet to any other hole. It appears advantageous to the Contractor and the Government to drill one of these Stage II holes at the center of a triangle formed by Stage I drill holes Nos. 5, 6, and 13. A paragraph is therefore added between the two paragraphs describing the Stage II work as follows:
>
> One of the Stage II offset holes shall be drilled in the center of a triangle formed by Stage I drill holes Nos. 5, 6, and 13, irrespective of the fact that it will be located closer than 100 feet to one or more of the three holes it offsets. The location of this hole, numbered 35, is shown on the map Figure 1 entitled "Plan Of Proposed and Recommended Exploration for Eula Belle Uranium, Inc. Claims in the Southeastern Mesa Creek Area, Section 2, T. 48 N., R. 18 W., N.M.P.M., Uravan District, Montrose County, Colorado". The map is attached to and made a part of this amendment.
>
> No other stipulations of either Stage I or Stage II of the contract are otherwise revised.

This amendment shall not be construed to increase the estimated cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum."

Dated September 26, 1955

EULA BELLE URANIUM, INC.

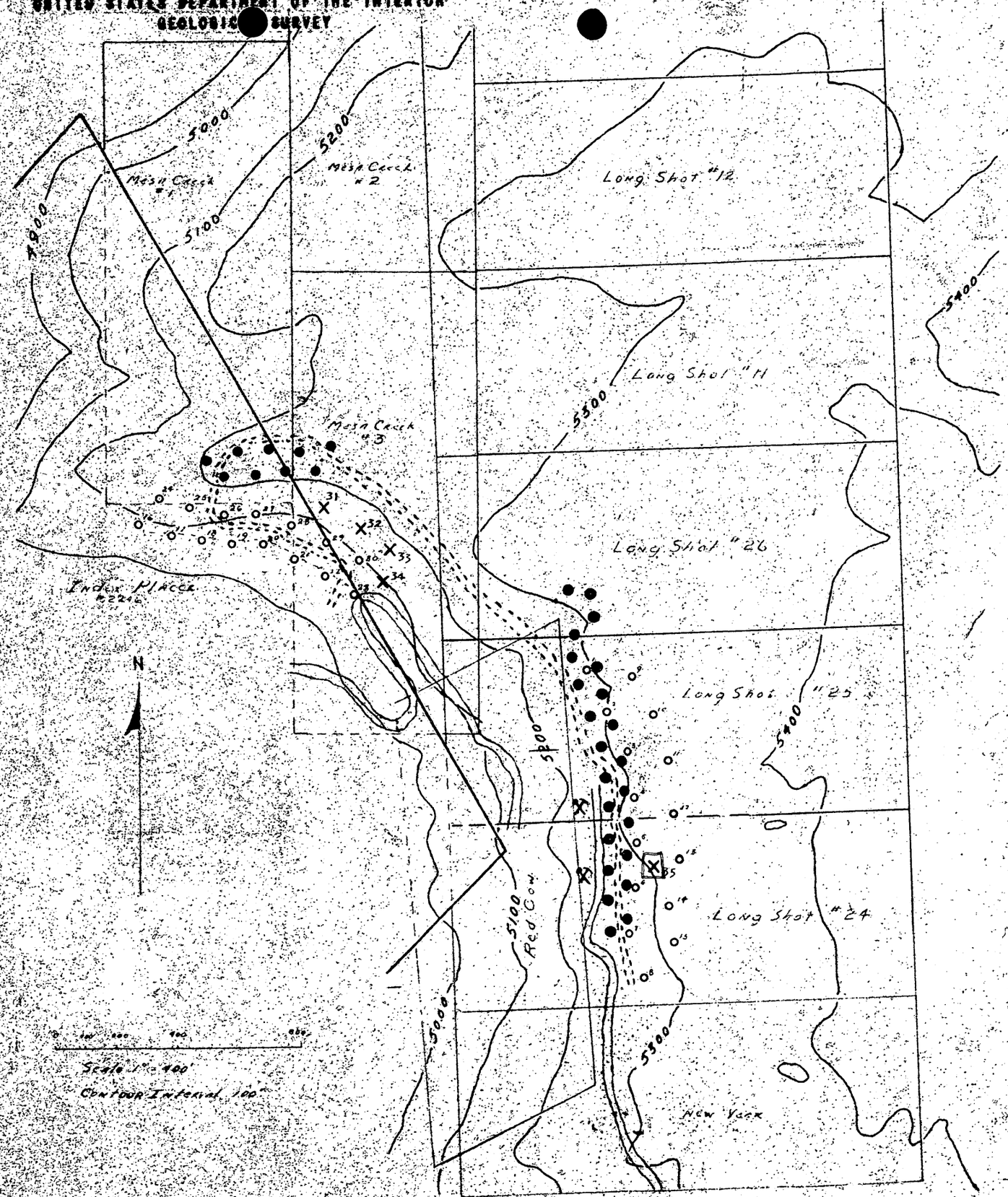
By Jerome Craig Sr.
Jerome Craig, Sr.,
Vice President
(Seal)

UNITED STATES GOVERNMENT

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

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION
DOCKET NO. 2570
REVISED SEPTEMBER 1955



EXPLANATION

APPROXIMATE TOP OF THE HIGHEST SANDSTONE LENSE IN THE SALT WASH MEMBER

APPROXIMATE TOP OF BASAL SANDSTONE LENSES OF THE SALT WASH MEMBER

LOCATION OF DRILL HOLES PROPOSED BY APPLICANT AND REJECTED BY EXAMINING FIELD TEAM

LOCATION OF DRILL HOLES RECOMMENDED BY EXAMINING FIELD TEAM, STAGE I

PROPOSED LOCATION OF RECOMMENDED STAGE II HOLES

ROAD PROPOSED BY THE APPLICANT

ROAD NOW IN EXISTANCE

PROSPECT OR MINE

NOTE: CLAIM BOUNDARIES TAKEN FROM APPLICANTS MAP

Figure 1. PLAN OF PROPOSED AND RECOMMENDED EXPLORATION FOR EULA BELLE URANIUM INC. CLAIMS IN THE SOUTHEASTERN MESA CREEK AREA, SECTION 2, T.48 N., R.18 W., N.M.P.M.
URAVAN DISTRICT, MONTROSE COUNTY, COLORADO

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

224 New Customhouse
Denver 2, Colorado

September 26, 1955

Mr. Jerome Craig Sr., Vice President
Eula Belle Uranium, Inc.
Whitewater, Colorado

Re: DMEA 3579 (Uranium), Contract Idm-E794, Eula Belle Uranium, Inc., Montrose County, Colorado. Stage II Work Approval

Dear Mr. Craig:

Reference is made to your letter of September 14, 1955, concerned with Contract Idm-E794, wherein you requested approval for performance of such Stage II drilling as authorized by the contract and shown on the map attached to your letter. You base the request on results disclosed in drilling performed in Stage I Holes Nos. 22, 28, and 30 at the west end of holes on the lower bench and of Holes Nos. 5, 6, and 13 on the upper bench. This is not stated in your request but is implied from the map.

Field investigation of work completed and gamma-ray logging by the Defense Minerals Exploration Administration equipment of all holes drilled under Stage I, including Nos. 22, 28, and 30 and Nos. 5, 6, and 13 indicates sufficient uranium mineralization in these holes to warrant Stage II offset Holes Nos. 31, 32, 33, 34, and 35.

This letter, therefore, confirms verbal authorization given you on September 12, 1955 and constitutes work approval for drilling the 5 holes Nos. 31, 32, 33, 34 and 35 under Stage II of this contract. The holes are shown as an X within a red square X on the map Figure I attached to and made a part of this work approval. The drilling shall conform in all respects with the provisions of the contract or amendments thereto.

RECEIVED
SEP 30 1955

Nothing in this work approval shall be construed to increase the estimated total cost of the project, the amount of the Government's contribution, on the agreed unit cost of any item of work.

Very truly yours,

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

for E. N. Harshman

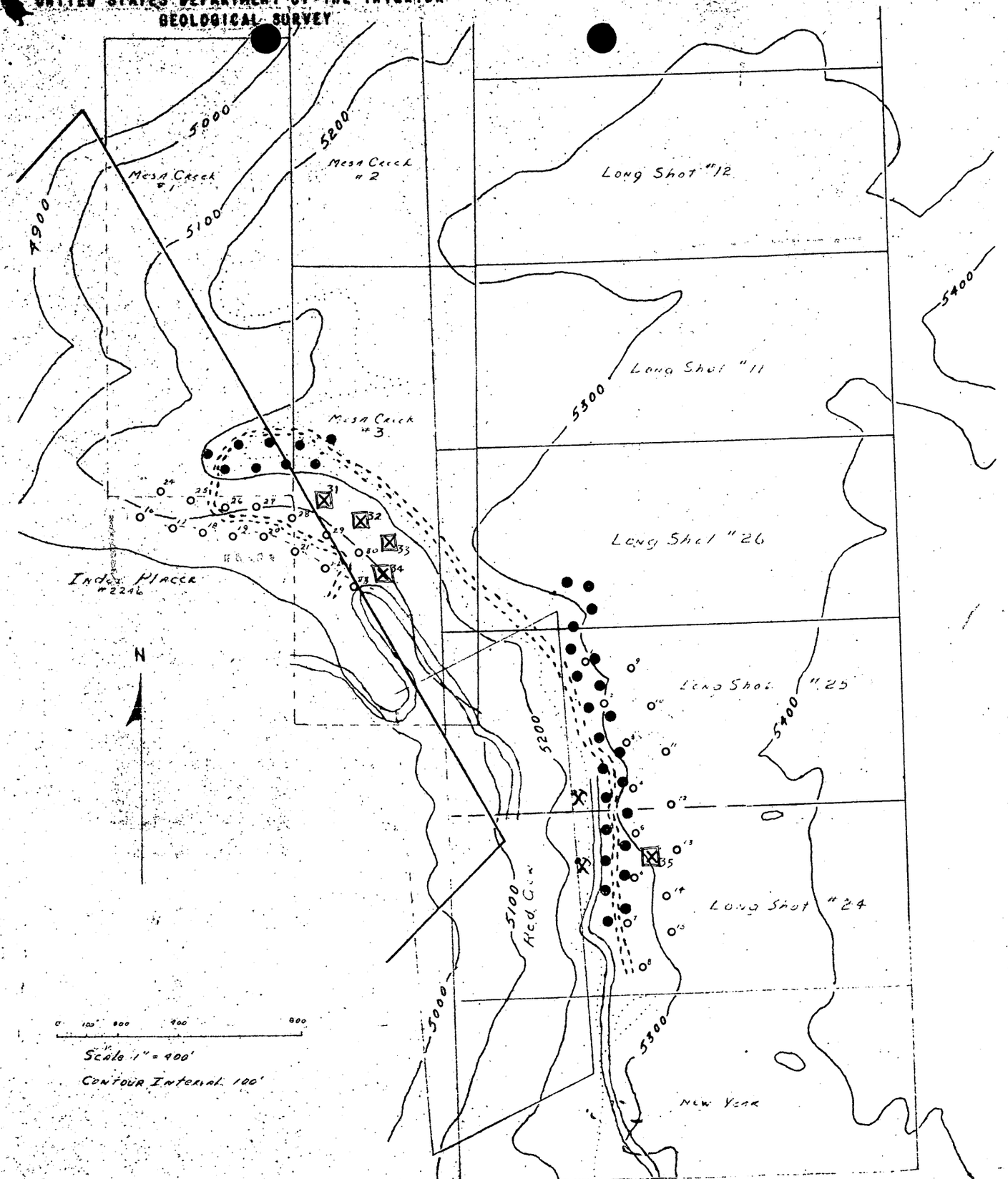
Enclosures

WMT:jy

cc: Chairman Opr. Comm. (4)
Christensen)
Harshman)
Hasler)
Townsend) W/copy
Shaw (2)) of Work Appr.
Ammendment File E 794)
Corresp. File E794)
Chron.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 3579
REVISED SEPTEMBER 1955



EXPLANATION

APPROXIMATE TOP OF THE HIGHEST SANDSTONE LENSE IN THE SALT WASH MEMBER

APPROXIMATE TOP OF BASAL SANDSTONE LENSES OF THE SALT WASH MEMBER

● LOCATION OF DRILL HOLES PROPOSED BY APPLICANT AND REJECTED BY EXAMINING FIELD TEAM

o17 LOCATION OF DRILL HOLES RECOMMENDED BY EXAMINING FIELD TEAM, STAGE I

X35 PROPOSED LOCATION OF RECOMMENDED STAGE II HOLES

ROAD PROPOSED BY THE APPLICANT

ROAD NOW IN EXISTANCE

PROSPECT OR MINE

NOTE: CLAIM BOUNDARIES TAKEN FROM APPLICANTS MAP

Figure 1. PLAN OF PROPOSED AND RECOMMENDED EXPLORATION FOR EULA BELLE URANIUM INC. CLAIMS IN THE SOUTHEASTERN MESA CREEK AREA, SECTION 2, T.48 N., R.18 W., N.M.P.M.
URAVAN DISTRICT, MONTROSE COUNTY, COLORADO

DMEA
Date Rec'd.

SEP 20 1955

BUREAU OF MINES
Denver, Colorado

September 14, 1955

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

Re: Docket DMEA 3579 (Uranium)
Contract Idm-E794

Dear Mr. Traver:

Enclosed herewith are six copies of map showing location of proposed Stage II work. Request approval of the work for conduct of the drill roads and sites (not to exceed $110.00 bulldozing) and for conduct of the drilling.

Subject drilling will average approximately 100' for each hole, or a total of 500'; 1,500' total drilling is authorized by the contract for Stage II work.

Verbal concurrence was obtained on September 12 from Mr. J. Wm. Hasler, DMEA Geologist, USGS, Grand Junction Office, for conduct of the above. Bulldozing and drilling operations are therefore being initiated this date.

Kindly enclose with your reply five copies of Form MF-104 and five copies of Form MF-104A.

Very truly yours,

Jerome Craig

Jerome Craig, Sr.
Vice-President,
Bula Belle Uranium, Inc.

Enclosures

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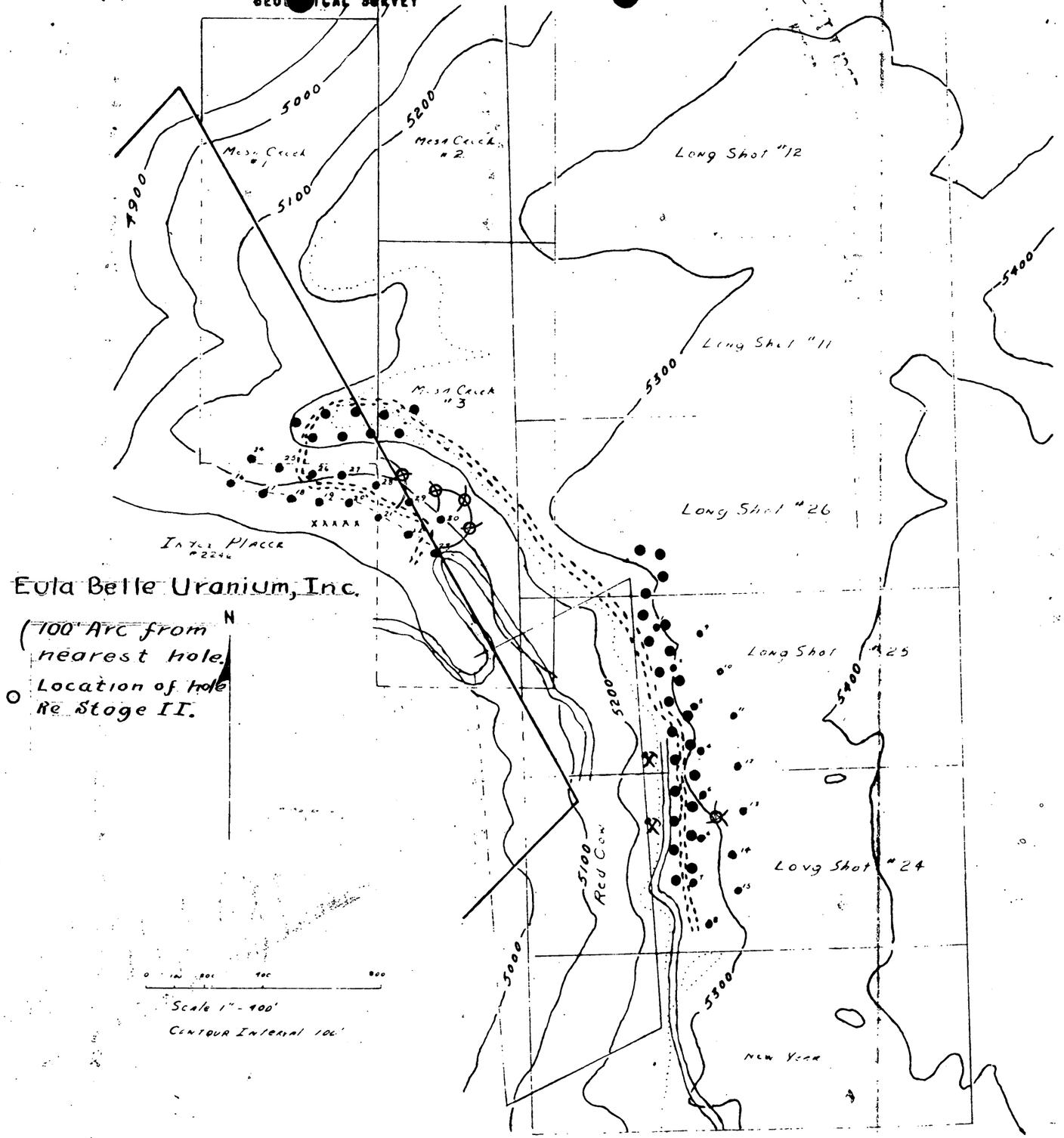
SEP

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 3579



EXPLANATION

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APPROXIMATE TOP OF BASAL SANDSTONE LENSES OF THE SALT WASH MEMBER

LOCATION OF DRILL HOLES PROPOSED BY APPLICANT AND REJECTED BY EXAMINING FIELD TEAM

LOCATION OF DRILL HOLES RECOMMENDED BY EXAMINING FIELD TEAM

PROSPECT OR MINE

ROAD PROPOSED BY THE APPLICANT

ROAD NOW IN EXISTANCE

NOTE: CLAIM BOUNDARIES TAKEN FROM APPLICANTS MAP

Figure 2 PLAN OF PROPOSED AND RECOMMENDED EXPLORATION FOR EULA BELLE URANIUM INC. CLAIMS IN THE SOUTHEASTERN MESA CREEK AREA, SECTION 2, T.48 N., R.18 W., N.M.P.M.
URAVAN DISTRICT, MONTROSE COUNTY, COLORADO

DMEA
Date Rec'd.
SEP 19 1955
BUREAU OF MINES
Denver, Colorado

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. BOX 360
GRAND JUNCTION, COLORADO

September 15, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: J. William Hasler, USGS
M. H. Salsbury, USBM

OK EMH.
JW

Subject: DMEA 3579, contract Idm-E 794, Eula Belle Uranium, Inc., Montrose County, Colo. Request for stage II drilling.

Stage I drilling has been completed on the Eula Belle Uranium, Inc., property near Mesa Creek, Montrose County, Colorado, under contract no. Idm-E 794, DMEA 3579. Three holes, nos. 22, 28, and 30, at the west end of the group of holes on the lower bench has penetrated mineralized zones (fig. 1 attached). Government gamma-ray log of no.22 indicated 0.8' of 0.10 percent eU_3O_8 between 30.3-31.1 feet and 0.6' of 0.21 percent eU_3O_8 between 32.7-33.3 feet; no. 28 logged 0.8' of 0.23 percent eU_3O_8 between 57.3-58.1 feet; and no. 30 logged 0.8' of 0.14 percent eU_3O_8 between 59.6-60.4 feet. Lithologic logs of cores at these footages showed disseminated copper carbonates and carbon in dark, presumably uranium-vanadium bearing sandstone. Radiation was several times normal background count.

It is the opinion of the examining team that limited stage II drilling is justified by the mineralization discovered by drilling done to date. While only low-grade ore is indicated, the proximity to the rim makes access easy if a minable size ore body can be outlined by stage II drilling.

RECEIVED
SEP 20 1955

It is recommended that four stage II drill holes, spaced not less than 100 feet from any previously drilled hole and averaging 120 feet in depth be drilled as offset holes from stage I drill holes nos. 28 and 30 as shown in the accompanying figure 1.

It is further recommended that one additional stage II hole, no. 35, be drilled in the center of the triangle formed by stage I holes nos. 5, 6, and 13 on the upper bench (see attached fig. 1). The applicant especially wishes this hole because of proximity to existing mine workings and also because of weak mineralization and semi-favorable sandstone in holes 5 and 6. Stage II hole 35 would be about 90 feet, of which 40 feet would be cored.

J. William Hasler

J. William Hasler, USGS

M. H. Salsbury by JWH

M. H. Salsbury, USBM

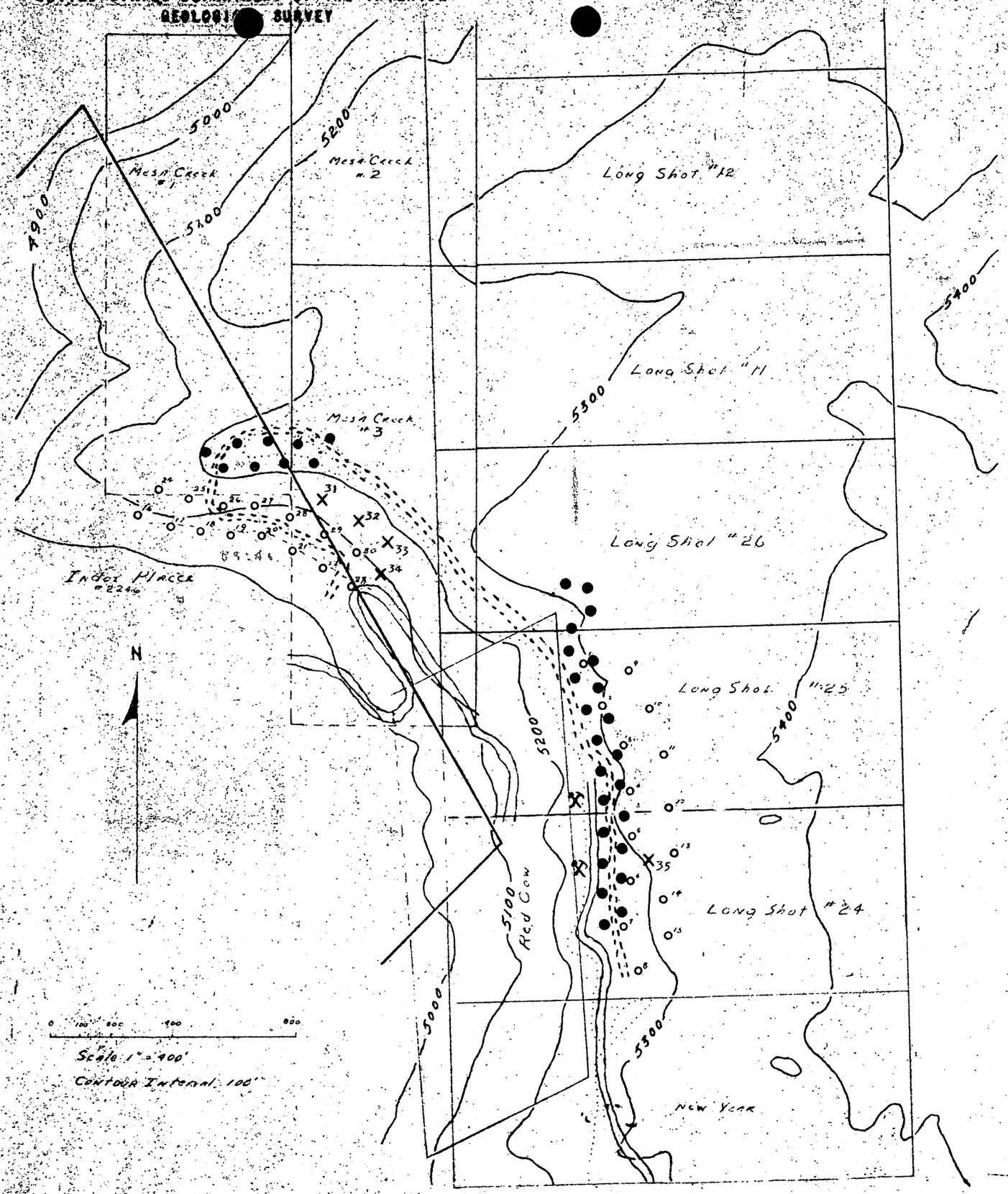
JWH/mlr

Enclosures

cc: E. N. Harshman
J. F. Shaw

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 1579
REVISED SEPTEMBER 1955



EXPLANATION

APPROXIMATE TOP OF THE HIGHEST SANDSTONE LENSE IN THE SALT WASH MEMBER

APPROXIMATE TOP OF BASAL SANDSTONE LENSES OF THE SALT WASH MEMBER

● LOCATION OF DRILL HOLES PROPOSED BY APPLICANT AND REJECTED BY EXAMINING FIELD TEAM

○ LOCATION OF DRILL HOLES RECOMMENDED BY EXAMINING FIELD TEAM, STAGE I

X PROPOSED LOCATION OF RECOMMENDED STAGE II HOLES

ROAD PROPOSED BY THE APPLICANT

ROAD NOW IN EXISTANCE

PROSPECT OR MINE

NOTE: CLAIM BOUNDARIES TAKEN FROM APPLICANTS MAP

Figure 1. PLAN OF PROPOSED AND RECOMMENDED EXPLORATION FOR EULA BELLE URANIUM INC. CLAIMS IN THE SOUTHEASTERN MESA CREEK AREA, SECTION 2, T.48 N., R.18 W., N.M.P.M.
URAVAN DISTRICT, MONTROSE COUNTY, COLORADO

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

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

MAY 31 1955

AIR MAIL

Re: Docket No. DMEA-3579 (Uranium)
Eula Belle Uranium, Inc.
Index Placer, Mesa Creek,
et al., claims
Montrose County, Colorado
Contract No. Ida-1794

Dear Mr. Traver:

Reference is made to your memorandum of May 24, 1955, in regard to the support of vouchers on the above-cited contract.

It is sometimes advantageous to the Government to write a contract where there will be both actual cost work and fixed unit price cost work. In cases of this kind the long form contract (Form MF-200) is used. Such a contract is well illustrated in the contract at hand. Therefore, the billing on Forms MF-104 for fixed unit costs need not be supported. The billing for independent contract work also need not be supported, except that the operator should furnish a copy of the independent contract to the regional office. If the contractor does the work himself, it will be necessary for him to support his billings with the documents described on the reverse of Form MF-104, unless the Executive Officer waives such documentation. When the Contract Administration and Audit Division reviews the payments on mixed contracts of this kind, the auditor will determine whether there is enough evidence in the files of the finance office to justify a Report of Review, or whether an actual on-site audit will have to be made.

If the operator chooses to do the independent work himself, he should first get the approval of the Executive Officer. This should be explained to the operator before actual work is begun. Under independent contracts the price per unit, and the total for the work under the category are maximums.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

JIChambers/wb 5-27-55

cc to: Admr. Reading File, Operating Committee, Docket, J. E. Crawford, Rm. 3641, T. H. Kiilsgaard, Rm. 5224, J. O. Hosted, Rm. 3210 GSA, Mr. Selfridge, Mr. Ellis, Mr. Chambers

Docket No. 3579

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 794

Date of Contract ~~or Amendment~~ May 3, 1955

Name and Address of Operator:

Bula Belle Uranium, Inc., a Nevada Corp.
c/o Mr. Jerome Craig, Sr.
Whitewater, Colorado

Amount of Government participation $9,452.25

Percent of Government participation 75 %

Region: III State: Colorado

Note: Please release $3,921.71. Contract terminated.

(Name)

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

(Title)

Date Delivered to Bureau of Mines, Washington. 3/15/56

54458

Docket No. DMEA - 3579

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 794

Date of Contract ~~or Amendment~~: May 3, 1955

Name and Address of Operator:

Eula Belle Uranium, Inc., a Nevada Copr./
c/o Mr. Jerome Craig, Sr.
Whitewater, Colorado

Amount of Government participation ____ $ 9,452.25

Percent of Government participation 75 %

Region: 111 State: Colorado

J. L. Chamberlain (Name)
Chief, Contract Administrationand Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 5/3/55

54458

Government's Copy

EXPLORATION PROJECT CONTRACT
EULA BELLE URANIUM, INC.
DOCKET NO. DMEA-3579

MEMORANDUM OF EXPLANATION

Washington, D. C.

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Eula Belle Uranium, Inc., are parties to Exploration Project Contract Idm-E794, (Docket No. DMEA-3579), dated May 3, 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) under any stage prescribed in Exhibit "A" represent the maximum average cost per foot for each classification of drilling performed and accepted rather than the maximum cost per foot of each classification of drilling performed, as evidenced by the Operator's application and the DMEA Field Team's report of examination filed in the contract docket.

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

O P Mitteudorf
Administrator, Defense Minerals
Exploration Administration

OCT 25 1956

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

October 9, 1956

Memorandum

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

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

Subject: Drilling Costs
Docket No. DMEA-3579 (Uranium)
Contract No. Idm-E794
Eula Belle Uranium, Inc.
Index Placer, Mesa Creek, et al., claims
Montrose County, 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 $1.25 for each foot of non-core drilling and $2.75 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

Government's copy

DMEA
Date Rec'd.
MAY 5 1955
BUREAU OF MINES
Denver, Colorado

RECEIVED
JUN - 6 1955

MF-200
(Revised June 1954)

Docket No. DMEA-3579

Commodity Uranium

Contract No. Idm-E 794

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 3rd day of May, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Eula Belle Uranium, Inc., a Nevada corporation,

whose mailing address is c/o Mr. Jerome Craig, Sr., Vice President
Whitewater, 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 is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I 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: See Annex I

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

[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: Owner's Consent to Lien covering Index Placer Claim

(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 June 15, 1955 shall commence the work, and on or before October 30, 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 $ 12,603.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $ 9,452.25 : *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.

And 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 under Article 6 of the contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitchell
Administrator, Defense Minerals
Exploration Administration

EULA BELLE URANIUM, INC.
(Operator)

By Jerome Craig Sr.
Vice President
L.D. Gardner
Secy.

I, L.D. Gardner, certify that I am the secretary of the corporation named as Operator herein; that Jerome Craig Sr. who signed this contract on behalf of the Operator, was then Vice Pres. 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.

L.D. Gardner, Secy.

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
EULA BELLE URANIUM, INC.
DOCKET NO. DMEA-3579

ANNEX I

The land referred to in Article 2 of the contract form consists of 22 unpatented lode mining claims, and one patented placer claim. The lode claims are recorded in the office of the County Recorder, Montrose County, Colorado, as follows:

Claim	Book	Page
Mesa Creek No. 1	370	303
Mesa Creek No. 2	370	304
Mesa Creek No. 3	370	305
New Year	236	356
Shirley May No. 1	296	484
Shirley May No. 2	296	485
Shirley May No. 3	296	486
Long Shot No. 7	370	100
Long Shot No. 8	370	101
Long Shot No. 9	370	102
Long Shot No. 10	370	103
Long Shot No. 11	370	104
Long Shot No. 12	370	105
Long Shot No. 13	370	106
Long Shot No. 14	370	107
Long Shot No. 21	370	297
Long Shot No. 22	370	298
Long Shot No. 23	370	299
Long Shot No. 24	370	300
Long Shot No. 25	370	301
Long Shot No. 26	370	302
Long Shot No. 27	376	24
Index Placer	Patented	

The claims are located in secs. 2, 3, and 11, T. 48 N., R. 18 W., New Mexico Principal Meridian, and are shown on the map entitled "Figure 3--Claim Map, Eula Belle Uranium, Inc. (DMEA-3579)," which is attached hereto and made a part hereof.

The Operator represents and undertakes that all of the above claims are owned by it except the Index Placer claim. The Index claim is held under an option to purchase dated February 19, 1955, with the right to explore and mine during the period of the option. The Consent to Lien of the owner of the Index claim, Jerome Craig and Son, is attached to the contract.

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

RECEIVED
JUN - 6 1955

RECEIVED
APR 11 1955

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/ Index Placer Mining Claim, Survey Number 2246, located in Secs. 2,3,4 and 11; T. 48 N, R. 18 W, New Mexico Principal Meridian

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/ Eula Belle Uranium, Inc. c/o Mr. Jerome Craig, Sr., Whitewater, Colo.

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 purchase contract dated February 19, 1955, granted Eula Belle Uranium, Inc., will not be terminated for any reason during the time said exploration contract or any amendment thereto is in force and effect. In paragraph 2 the words "the period fixed in the contract or any amendment thereto has" are substituted for "ten years have."

Dated this 28 day of March, 1955.

Jerome Craig Jr. [Seal]

For "Jerome Craig and Son". [Seal]

Joseph I. Jacob [Seal]

Joseph I. Jacob, Pres., Eula Belle Uranium, Inc.

RECEIVED
JUN - 6 1955

EXPLORATION PROJECT CONTRACT
EULA BELLE URANIUM, INC.
DOCKET NO. DMEA-3579

EXHIBIT "A"

Description of the Work

The object of this project is the discovery of uranium ore in two horizons of a sedimentary rock locally known as the Salt Wash member of the Jurassic Morrison formation.

The work shall be performed in two stages. The Operator shall perform all the work under Stage I, and that part of the work set forth under Stage II that is authorized in writing in advance by the Government.

Stage I

Stage I consists of bulldozing access roads to and preparing 30 drill sites. The drill sites are shown on the map entitled "Figure 2 Plan of Proposed and Recommended Exploration ... .," attached hereto and made a part hereof, and are indicated by red circles numbered 1 through 30.

Holes 1 through 15 shall be drilled to explore the uppermost sandstone unit, and holes 16 through 30 shall be drilled to explore the lower sandstone unit of the Salt Wash member of the Morrison formation. It is estimated that the first group of holes will average 113 feet in depth and that the second group will average 83 feet in depth, or an aggregate of approximately 2,940 feet of drilling.

The holes shall be started with a noncore bit; however, the last 30 feet of each hole shall be cored a minimum AX size, or a total of 900 feet of core drilling.

Stage II

Stage II consists of bulldozing access roads to and preparing 15 drill sites at locations agreed upon by the Government and the Operator. The holes shall be offsets to holes drilled in the first stage that encountered

favorable indications of mineralization; however, they shall not be drilled closer than 100 feet to any other hole.

The holes shall be started with a noncore bit; however, the last 30 feet of each hole shall be cored a minimum AX size, ~~or an aggregate of not to exceed 900 feet of core drilling~~. Not in excess of an aggregate of 1,050 feet of noncore drilling and 450 feet of core drilling shall be performed under Stage II.

General Provisions

If the total core recovery in the 30 feet of core drilling specified for each hole is less than 50 percent, the drilling cost of said footage shall be contributed to by the Government at the same rate as is allowable under the contract for noncore drilling.

A supervising engineer or geologist shall be employed full time while work under this contract is being performed. Also a consultant shall be employed for 2 days during each stage of the contract work.

The Government shall not participate in the costs of any incompleted drill holes, and no hole shall be started that cannot be completed within the footages provided under the contract.

One-half of the drill-hole cuttings and core shall be stored in a suitable location for the Government's use and disposal.

The Operator's monthly report shall contain certified drill and geologic logs, certified copies of analytical returns, and certified radiometric drill-hole logs in the event such logging is approved by the Government.

If approved in advance by the Government, radiometric logging of the drill holes may be made by an independent contractor. The work would require a maximum of three (3) trips with logging equipment from Moab to the project property. The first trip would log drill holes 1 to 15, the second would log holes 16 to 30, and the third would log holes drilled in Stage II.

The supervision, the manner and extent of sampling, and drill-hole logging, the manner of storing and splitting drill-hole cuttings and core, the location of access roads and drill sites, and the drilling method used, shall all be subject to Government approval.

Estimated Costs of Project

Actual Costs

Stage I

Category (1) Independent Contracts

2100 feet of noncore drilling @ $1.25/ft.	$ 2,625.00	
900 feet of core drilling @ $2.75/ft. 1/	2,475.00	
Bulldozing, 40 hours @ $11.00/hr.	444.00	
Le Roi tractor-air compressor, including operator, drills, steel, bits, and all costs whatsoever connected with compressor (for access roads), 3 days @ $60.00/day	180.00	
Radiometric probing of drill holes, two round trips from Moab to property, @ $623.00/trip 2/	1,246.00	$ 6,970.00

Stage II

Category (1) Independent Contracts

1050 feet of noncore drilling @ $1.25/ft.	1,312.50	

1/ See paragraph 1 under the heading "General Provisions" in this Exhibit "A."
2/ The completed work constitutes the unit.

450 feet of core drilling @ $2.75/ft. 3/	$ 1,237.50	
Bulldozing, 10 hours @ $11.00/hr.	110.00	
Radiometric probing of drill holes, one round trip from Moab to property, @ $623.00/trip 4/	623.00	$ 3,283.00

The Government will contribute to the requirements set forth below on the basis of the "Fixed Unit Costs" specified therefor, as these costs accrue, in lieu of actual costs. These costs include all costs of the project whatsoever except those actual costs of bulldozing, drilling, compressor, etc., and radiometric probing, scheduled above under the category "Independent Contracts." No other categories of actual costs in Article 6 are allowable costs under this contract.

Fixed Unit Costs

Stage I

45 chemical analyses for U_3O_8, V_2O_5, and $CaCO_3$ @ $5.00/each	225.00	
Incidental allowance 5/ for each foot of drilling completed--3000 feet @ $0.45/ft.	1,350.00	$ 1,575.00

Stage II

20 chemical analyses for U_3O_8, V_2O_5, and $CaCO_3$ @ $5.00/each	100.00	

3/ See footnote 1/.
4/ See footnote 2/.
5/ The "incidental allowance" includes all costs of the project whatsoever that are not included in the estimates for bulldozing, drilling, compressor, etc., radiometric logging, and the fixed unit costs for analyses, and is in lieu of Categories (2) through (7) of actual costs under Article 6(a) of the contract. It includes such items as supervision, engineering, materials, supplies, taxes, transportation, etc.

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Incidental allowance 6/ for each foot of drilling completed--1500 feet @ $0.45/ft.	$ 675.00	$ 775.00

S U M M A R Y

Estimated Cost Stage I	$ 8,545.00	
Estimated Cost Stage II	4,058.00	
Estimated Total Cost of Project		$12,603.00
Government Participation @ 75%		$ 9,452.25

6/ See footnote 5/

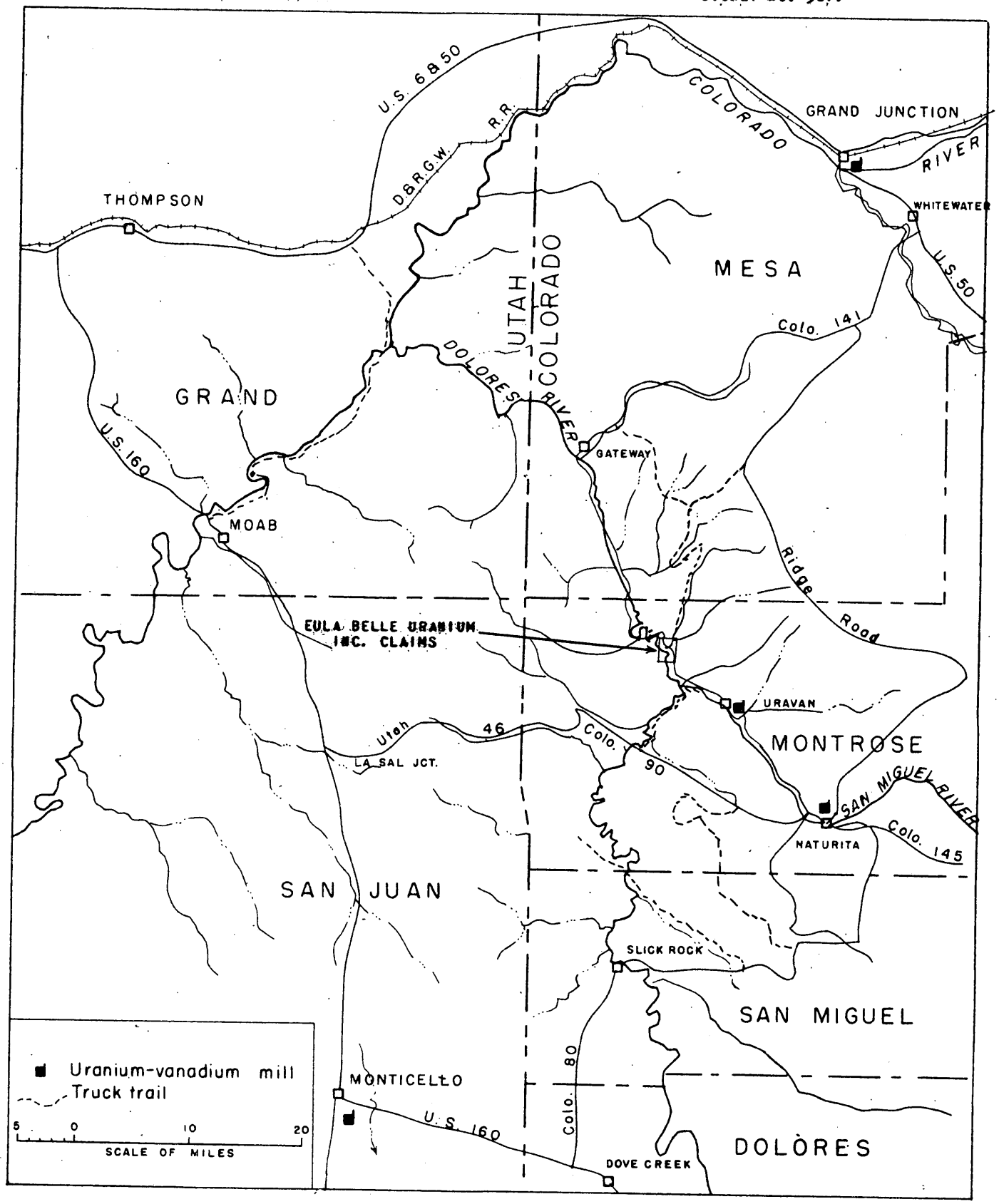


Figure 1. INDEX MAP OF PART OF THE COLORADO PLATEAU SHOWING LOCATION OF THE EULA BELLE URANIUM INC. CLAIMS, URAVAN DISTRICT, MONTROSE COUNTY, COLORADO

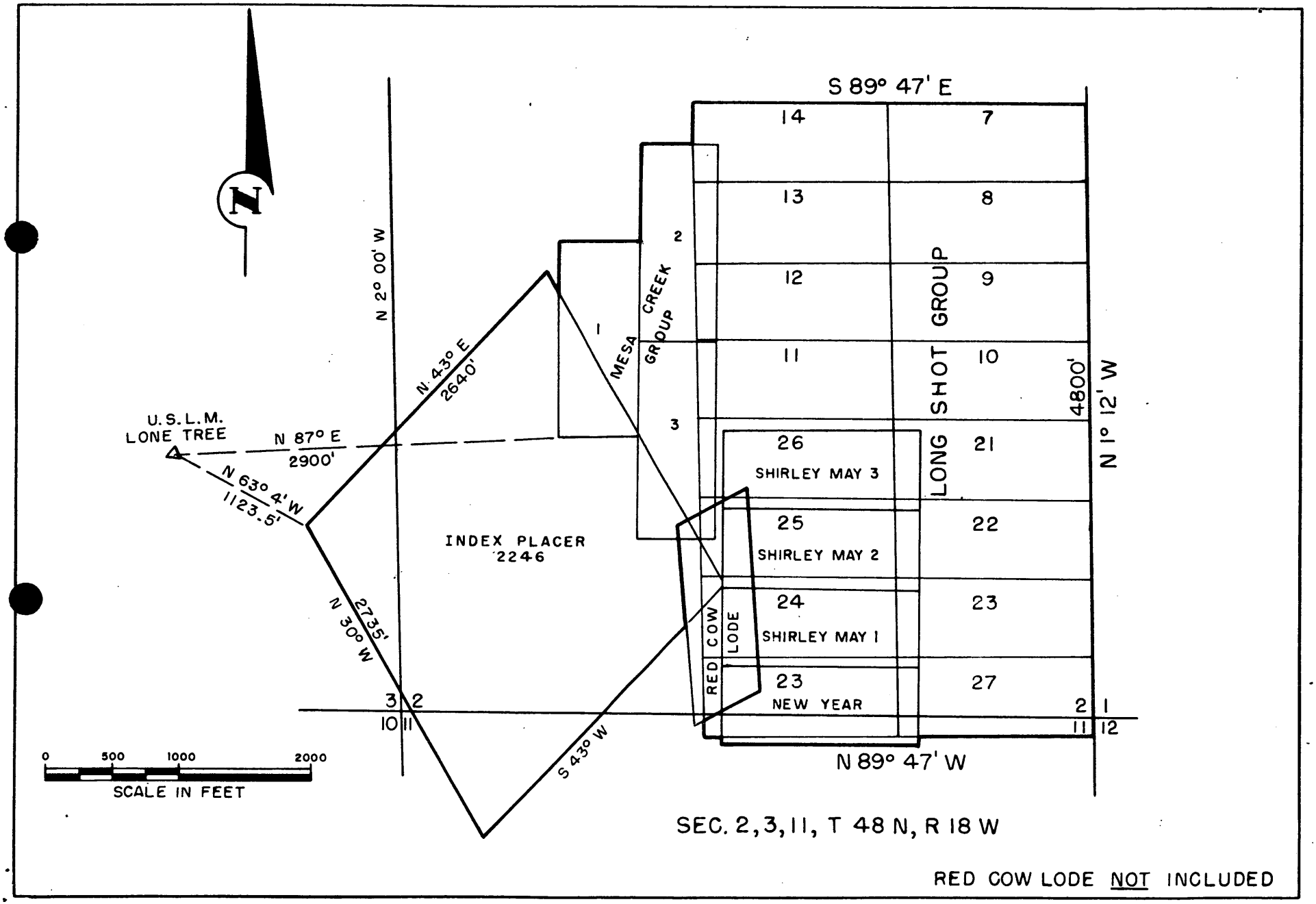
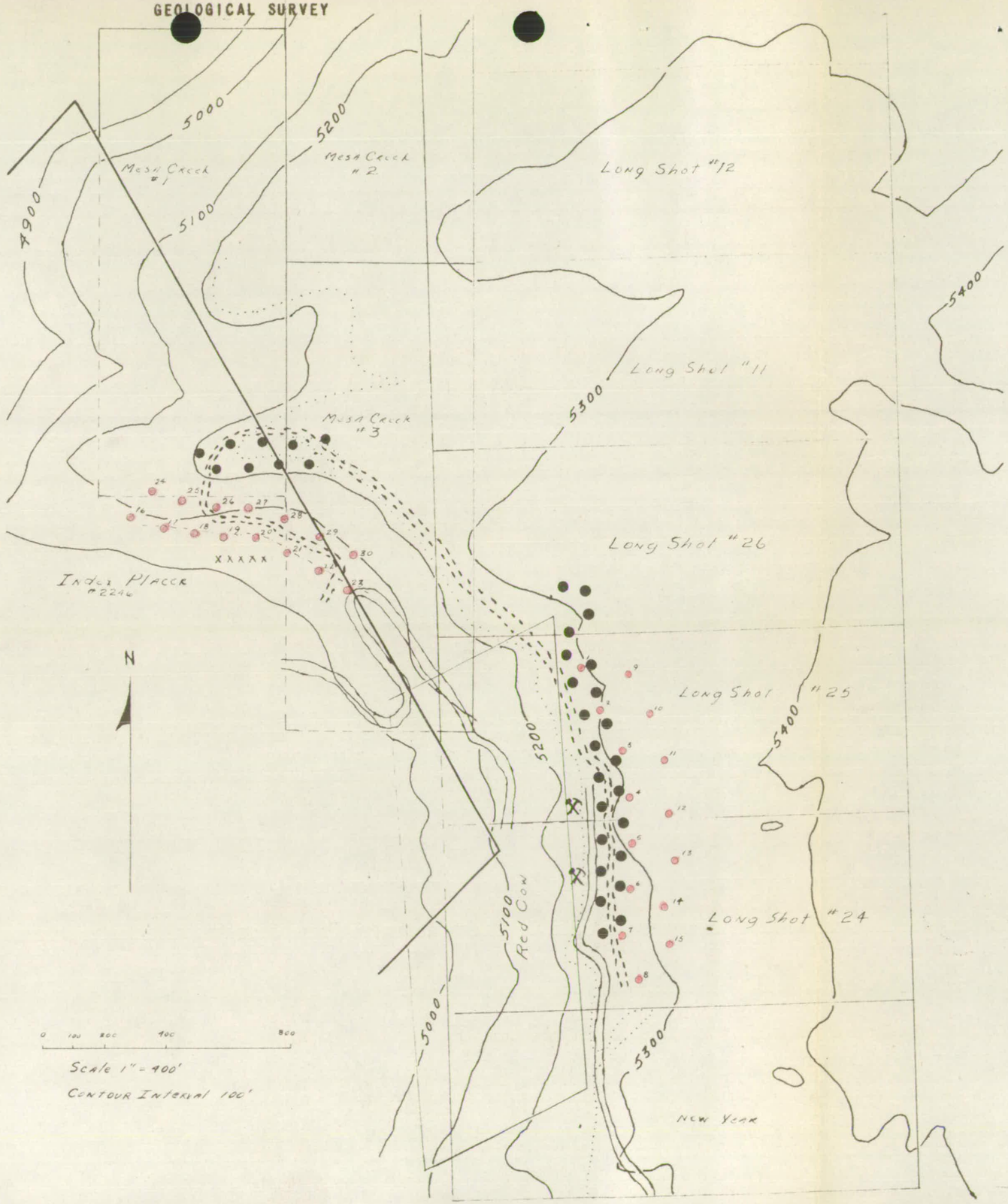


FIGURE 3 – CLAIM MAP, EULA BELLE URANIUM, INC. (DMEA 3579)

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 3579



EXPLANATION

APPROXIMATE TOP OF THE HIGHEST SANDSTONE LENSE IN THE SALT WASH MEMBER

APPROXIMATE TOP OF BASAL SANDSTONE LENSES OF THE SALT WASH MEMBER

LOCATION OF DRILL HOLES PROPOSED BY APPLICANT AND REJECTED BY EXAMINING FIELD TEAM

LOCATION OF DRILL HOLES RECOMMENDED BY EXAMINING FIELD TEAM

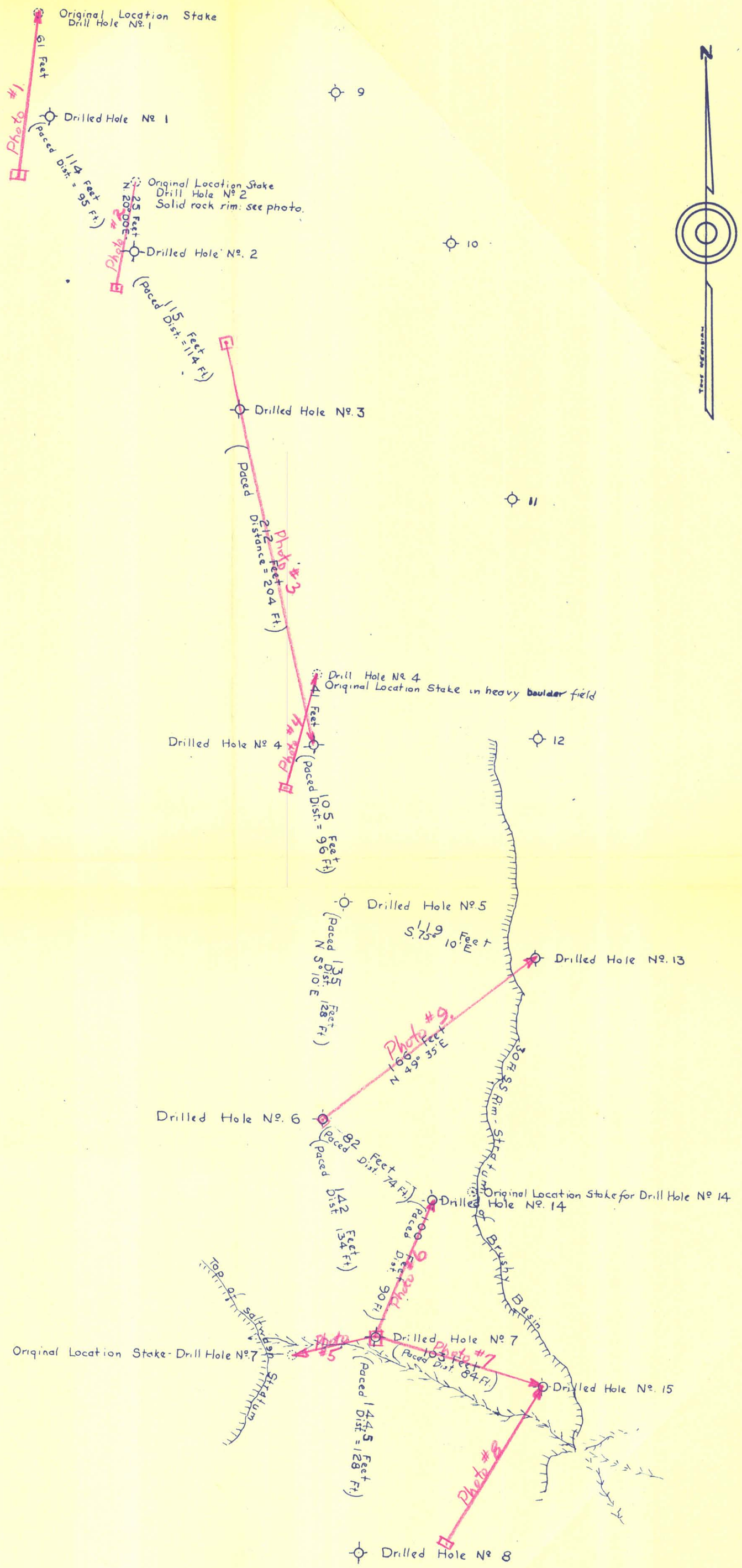
PROSPECT OR MINE

ROAD PROPOSED BY THE APPLICANT

ROAD NOW IN EXISTANCE

NOTE: CLAIM BOUNDARIES TAKEN FROM APPLICANTS MAP

Figure 2 PLAN OF PROPOSED AND RECOMMENDED EXPLORATION FOR EULA BELLE URANIUM INC. CLAIMS IN THE SOUTHEASTERN MESA CREEK AREA, SECTION 2, T.48 N., R.18 W., N.M.P.M.
URAVAN DISTRICT, MONTROSE COUNTY, COLORADO



I, William B. Curry, do hereby certify that this map was plotted from field notes of an actual survey made under my supervision on September 20, 1955. All distances are correct as shown EXCEPT those marked as (Paced Distance) which are approximate and shown only as a comparison.

William B. Curry Jr.
Colo. Land Surveyor. Reg. 431