Government's copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3992

Commodity Uranium

Contract No. Idm-E 919

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this FEB 16 1956 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Mile High Minerals, Inc., a Delaware corporation, whose mailing address is 210 Kittredge Building, 16th and Glenarm Denver 2, 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 map, Figure 2.

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [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: an overriding royalty on all claims in Annex I except Trey, Jr., Cindy Nos. 1 and 2.

(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: **Subordination Agreements signed by ten (10) individuals each holding equal royalty rights.**

(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 ..... shall commence the work, and on or before ..... (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 $**44,492.00** The Government shall contribute **75** percent of the allowable costs as they are incurred in a total sum not in excess of $**33,369.00**: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mittendorf

Administrator, Defense Minerals Exploration Administration

MILE HIGH MINERALS, INC.
(Operator)

By .....

Title .....

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMEA-3992

ANNEX I

The land referred to in Article 2 of the contract consists of 15 unpatented mining claims which are recorded in the Office of the County Recorder, Fremont County, Wyoming, as follows:

CLAIMS	Book No.	Page No.
Trey No. 1 (Amended Location recorded September 8, 1955)	141	32
Trey No. 2 " " "	141	35
Trey No. 5 " " "	141	38
Trey No. 6 " " "	141	41
Trey No. 7 " " "	141	44
Trey No. 8 " " "	141	47
Trey No. 9 " " "	141	50
Trey No. 13 " " "	141	53
Trey No. 14 " " "	141	56
Trey No. 17 " " "	141	59
Trey No. 18 " " "	141	62
Trey No. 26 " " "	141	65
Trey Jr. (Amended Location recorded June 2, 1955)	122	152
Cindy No. 1 (Location recorded June 15, 1955)	122	150
Cindy No. 2 (Location recorded June 15, 1955)	122	151

The above claims are situated in secs. 28, 29, 32, and 33, T. 28 N., R. 92 W., sixth principal meridian, and are shown on the map entitled "Figure 2 - Property and Exploration Map, Mile High Minerals, Inc., Fremont County, Wyoming, DMEA-3992," attached hereto and made a part hereof.

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMEA-3992

EXHIBIT "A"

Description of the Work

The object of this project is to explore the lower part of the Tertiary Wasatch formation by means of core and non-core drilling.

It is estimated that holes ranging from 200 to 500 feet in depth will be required to penetrate through the inferred uranium-bearing zone.

The work shall be divided into two stages. The Operator shall perform all the work in Stage I and so much of Stage II as is approved in advance in writing by the Government.

Stage I

Stage I shall consist of bulldozing drill sites and access roads to drill sites, drilling fourteen (14) holes totaling not more than 3,850 feet of non-core and 2,550 feet of core drilling, and analyzing core samples.

The approximate locations of the holes are shown on map Figure 2 and described as follows:

On claim Trey No. 9 - three (3) holes shall be drilled at locations approximately 100 feet north, south, and east of Operator's hole 33. Also, two (2) holes shall be drilled at locations approximately 100 feet to the north and south of the above east hole drill site.

On claim Trey No. 7 - three (3) holes, spaced approximately 200 feet apart, shall be drilled in a line across the northwestern corner. The end holes should re-enter, if possible, the Operator's previously drilled holes 30B and 15, which did not reach the inferred ore zone.

On claim Trey No. 2 - two (2) holes shall be drilled in the eastern part of this claim. One hole should re-enter, if possible, the Operator's drilled hole No. 11 which did not reach the ore zone. The other hole shall be drilled at a location approximately 200 feet S. 20° W. of hole No. 11. The two holes on this claim shall be cored for their entire depth.

On Trey Nos. 5 and 6 - a line of four (4) holes, spaced about 270 feet apart in an east-west direction, shall be drilled along the narrow ridge which crosses the northern half of these claims.

Under this Stage I of the contract, not in excess of 80 hours of bulldozing drill sites and access roads to drill sites shall be performed, nor in excess of 60 samples of drill cores shall be chemically analyzed for their U_3O_8 and V_2O_5 content.

If the footage provided for Stage I is not sufficient to complete the fourteen (14) holes, then with previous written approval by the Government a part of the footage provided for Stage II may be used to complete the 14 holes, and Stage II footages shall be correspondingly reduced.

Any footage saved by re-entering previously drilled holes, as suggested in drilling on claims Trey Nos. 2 and 7, may be used to complete Stage II, if this stage is approved by the Government and the extra footage is needed.

Stage II

Stage II shall consist of bulldozing drill sites and access roads to drill sites, drilling not in excess of 15 holes around Stage I holes which show significant amounts of mineralization, and analyzing core samples.

No hole drilled in this Stage II shall be closer than 100 feet to any other drill hole.

Not in excess of 2,800 feet of core drilling and 4,200 feet of non-core drilling (plus any footage which is saved by re-entering holes as provided in Stage I and is required to complete the drilling) shall be performed under this stage of the contract. Not in excess of 40 hours of bulldozing drill sites and access roads to drill sites shall be performed under this Stage II. Not in excess of 60 samples of drill cores shall be chemically analyzed for their U_3O_8 and V_2O_5 content, under this Stage II.

GENERAL PROVISIONS

A competent supervisor and one helper shall be employed full time in connection with the performance of the project work.

All holes, except the two drilled on Trey No. 2 claim, shall be drilled non-core to the inferred top of the uranium-bearing zone of the Wasatch formation and then cored to the bottom of the holes. The holes shall bottom just below the contact of the Wasatch formation with the underlying Cody shale. It is estimated that about 100 feet of core drilling will be required for the holes on Trey No. 9 claim and 150 feet of core drilling for all the other holes, except those on Trey No. 2 claim.

All holes shall bottom NX core size, unless a reduction in size is approved by the Government on a specific hole. This approval may be verbal, but shall be confirmed in writing.

No holes shall be drilled closer than 100 feet to the outer boundaries of the property covered by this contract.

Sections of the drill core showing significant uranium mineralization shall be split. One-half of the split core shall be analyzed for its U_3O_8 and V_2O_5 content. The remainder shall be stored, for Government use, with the rest of the core, in boxes properly labeled as to drill hole number. Markers shall be placed in the sections of core to indicate the depth represented.

All holes shall be logged and probed for radioactivity. Records of such logging and probing, together with assay certificates, shall be submitted with the Operator's monthly progress report.

The extent and method of sampling and logging drill holes, the manner of storing drill core, and the location, direction, depth, and diameter of drill holes are all subject to Government approval.

Estimated Costs of the Project

Stage I

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 80 hours @ $12.00/hr.	$ 960.00
Non-core drilling - 3,850 feet @ $1.75/ft.	6,737.50
Core drilling - 2,550 feet @ $4.00/ft.	10,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo.	$ 1,950.00
One assistant - 3 months @ $300.00/mo.	900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40.00/mo.	120.00
130 core boxes @ $1.00/each	130.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (c) Depreciation

1 jeep - 3 months @ $25.00/mo.	75.00
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50

Chemical analyses for U_3O_8 and V_2O_5 60 core samples @ $5.00/sample	$ 300.00	
Total Estimated Cost, Stage I		$21,672.00

Stage II

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 40 hours @ $12.00/hr.	480.00
Non-core drilling - 4,200 feet @ $1.75/ft.	7,350.00
Core drilling - 2,800 feet @ $4.00/ft.	11,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo.	1,950.00
One assistant - 3 months @ $300.00/mo.	900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40/mo.	120.00
145 core boxes @ $1.00/each	145.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (c) Depreciation

1 jeep, 3 months @ $25.00/mo.	$ 75.00	
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00	

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50	
Chemical analyses for U_3O_8 and V_2O_5 60 core samples @ $5.00/sample	300.00	
Total Estimated Cost, Stage II		$22,819.50
Total Estimated Cost of the Project (rounded)		$44,492.00
Government Participation @ 75%		$33,369.00

P/ D-7 Caterpillar or equivalent.

Docket copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3992

Commodity Uranium

Contract No. IdmiE 919

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this FEB 16 1956 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Mile High Minerals, Inc., a Delaware corporation,

whose mailing address is 210 Kittredge Building, 16th and Glenarm Denver 2, 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 map, Figure 2.

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [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: an overriding royalty on all claims in Annex I except Trey, Jr., Cindy Nos. 1 and 2.

(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: Subordination Agreements signed by ten (10) individuals each holding equal royalty rights.

(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 ..... shall commence the work, and on or before ..... (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 $44,492.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $33,369.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.*—

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMEA-3992

ANNEX I

The land referred to in Article 2 of the contract consists of 15 unpatented mining claims which are recorded in the Office of the County Recorder, Fremont County, Wyoming, as follows:

CLAIMS				Book No.	Page No.
Trey No. 1 (Amended Location recorded September 8, 1955)				141	32
Trey No. 2	"	"	"	141	35
Trey No. 5	"	"	"	141	38
Trey No. 6	"	"	"	141	41
Trey No. 7	"	"	"	141	44
Trey No. 8	"	"	"	141	47
Trey No. 9	"	"	"	141	50
Trey No. 13	"	"	"	141	53
Trey No. 14	"	"	"	141	56
Trey No. 17	"	"	"	141	59
Trey No. 18	"	"	"	141	62
Trey No. 26	"	"	"	141	65
Trey Jr. (Amended Location recorded June 2, 1955)				122	152
Cindy No. 1 (Location recorded June 15, 1955)				122	150
Cindy No. 2 (Location recorded June 15, 1955)				122	151

The above claims are situated in secs. 28, 29, 32, and 33, T. 28 N., R. 92 W., sixth principal meridian, and are shown on the map entitled "Figure 2 - Property and Exploration Map, Mile High Minerals, Inc., Fremont County, Wyoming, DMEA-3992," attached hereto and made a part hereof.

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMSA-3992

EXHIBIT "A"

Description of the Work

The object of this project is to explore the lower part of the Tertiary Wasatch formation by means of core and non-core drilling.

It is estimated that holes ranging from 200 to 500 feet in depth will be required to penetrate through the inferred uranium-bearing zone.

The work shall be divided into two stages. The Operator shall perform all the work in Stage I and as much of Stage II as is approved in advance in writing by the Government.

Stage I

Stage I shall consist of bulldozing drill sites and access roads to drill sites, drilling fourteen (14) holes totaling not more than 3,850 feet of non-core and 2,550 feet of core drilling, and analyzing core samples.

The approximate locations of the holes are shown on map Figure 2 and described as follows:

On claim Tray No. 9 - three (3) holes shall be drilled at locations approximately 100 feet north, south, and east of Operator's hole 33. Also, two (2) holes shall be drilled at locations approximately 100 feet to the north and south of the above east hole drill site.

On claim Tray No. 7 - three (3) holes, spaced approximately 200 feet apart, shall be drilled in a line across the northwestern corner. The end holes should re-enter, if possible, the Operator's previously drilled holes 30B and 15, which did not reach the inferred ore zone.

On claim Tray No. 2 - two (2) holes shall be drilled in the eastern part of this claim. One hole should re-enter, if possible, the Operator's drilled hole No. 11 which did not reach the ore zone. The other hole shall be drilled at a location approximately 200 feet S. 20° W. of hole No. 11. The two holes on this claim shall be cored for their entire depth.

On Tray Nos. 5 and 6 - a line of four (4) holes, spaced about 270 feet apart in an east-west direction, shall be drilled along the narrow ridge which crosses the northern half of these claims.

Under this Stage I of the contract, not in excess of 80 hours of bulldozing drill sites and access roads to drill sites shall be performed, nor in excess of 60 samples of drill cores shall be chemically analyzed for their U_3O_8 and V_2O_5 content.

If the footage provided for Stage I is not sufficient to complete the fourteen (14) holes, then with previous written approval by the Government a part of the footage provided for Stage II may be used to complete the 14 holes, and Stage II footages shall be correspondingly reduced.

Any footage saved by re-entering previously drilled holes, as suggested in drilling on claims Tray Nos. 2 and 7, may be used to complete Stage II, if this stage is approved by the Government and the extra footage is needed.

Stage II

Stage II shall consist of bulldozing drill sites and access roads to drill sites, drilling not in excess of 13 holes around Stage I holes which show significant amounts of mineralization, and analyzing core samples.

No hole drilled in this Stage II shall be closer than 500 feet to any other drill hole.

Not in excess of 2,800 feet of core drilling and 4,200 feet of non-core drilling (plus any footage which is saved by re-entering holes as provided in Stage I and is required to complete the drilling) shall be performed under this stage of the contract. Not in excess of 40 hours of bulldozing drill sites and access roads to drill sites shall be performed under this Stage II. Not in excess of 60 samples of drill cores shall be chemically analyzed for their U_3O_8 and V_2O_5 content, under this Stage II.

GENERAL PROVISIONS

A competent supervisor and one helper shall be employed full time in connection with the performance of the project work.

All holes, except the two drilled on Trey No. 2 claim, shall be drilled non-core to the inferred top of the uranium-bearing zone of the Wasatch formation and then cored to the bottom of the holes. The holes shall bottom just below the contact of the Wasatch formation with the underlying Cody shale. It is estimated that about 100 feet of core drilling will be required for the holes on Trey No. 9 claim and 150 feet of core drilling for all the other holes, except those on Trey No. 2 claim.

All holes shall bottom NX core size, unless a reduction in size is approved by the Government on a specific hole. This approval may be verbal, but shall be confirmed in writing.

No holes shall be drilled closer than 100 feet to the outer boundaries of the property covered by this contract.

Sections of the drill core showing significant uranium mineralization shall be split. One-half of the split core shall be analyzed for its U_3O_8 and V_2O_5 content. The remainder shall be stored, for Government use, with the rest of the core, in boxes properly labeled as to drill hole number. Markers shall be placed in the sections of core to indicate the depth represented.

All holes shall be logged and probed for radioactivity. Records of such logging and probing, together with assay certificates, shall be submitted with the Operator's monthly progress report.

The extent and method of sampling and logging drill holes, the manner of storing drill core, and the location, direction, depth, and diameter of drill holes are all subject to Government approval.

Estimated Costs of the Project

Stage I

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 80 hours @ $12.00/hr.	$ 960.00
Non-core drilling - 3,850 feet @ $1.75/ft.	6,737.50
Core drilling - 2,550 feet @ $4.00/ft.	10,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo.	$ 1,950.00
One assistant - 3 months @ $300.00/mo.	900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40.00/mo.	120.00
130 core boxes @ $1.00/each	130.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (c) Depreciation

1 jeep - 3 months @ $25.00/mo.	75.00
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50

Chemical analyses for U_3O_8 and V_2O_5
60 core samples @ $[illegible]/sample $ [illegible]

Total Estimated Cost, Stage I $21,672.00

Stage II

Category (1) Independent Contracts

Bulldozing[1] access roads and drill sites, 40 hours @ $12.00/hr. 480.00

Non-core drilling - 4,200 feet @ $1.75/ft. 7,350.00

Core drilling - 2,800 feet @ $4.00/ft. 11,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo. 1,950.00

One Assistant - 3 months @ $300.00/mo. 900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40/mo. 120.00

145 core boxes @ $1.00/each 145.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (e) Depreciation

1 jeep, 3 months @ $25.00/mo.	$ 75.00
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50
Chemical analyses for U_3O_8 and V_2O_5 60 core samples @ $5.00/sample	300.00
Total Estimated Cost, Stage II	$23,515.50
Total Estimated Cost of the Project (rounded)	$64,492.00
Government Participation @ 75%	$21,268.00

1/ D-7 Caterpillar or equivalent.

Division copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3991

Commodity Uranium

Contract No. Idm-E 919

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this FEB 16 1956 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Mile High Minerals, Inc., a Delaware corporation,

whose mailing address is 210 Kittredge Building, 16th and Glenarm Denver 2, 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 map, Figure 2.

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [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: an overriding royalty on all claims in Annex I except Trap, Jr., Claim Nos. 1 and 2.

(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: Subordination Agreements signed by ten (10) individuals each holding equal royalty rights.

(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 ..... shall commence the work, and on or before ..... (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 $..... The Government shall contribute ..... percent of the allowable costs as they are incurred in a total sum not in excess of $.....: *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.

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.*—

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMRA-3992

ANNEX I

The land referred to in Article 2 of the contract consists of 15 unpatented mining claims which are recorded in the Office of the County Recorder, Fremont County, Wyoming, as follows:

CLAIMS	Book No.	Page No.
Trey No. 1 (Amended Location recorded September 8, 1955)	141	32
Trey No. 2 " " "	141	35
Trey No. 5 " " "	141	38
Trey No. 6 " " "	141	41
Trey No. 7 " " "	141	44
Trey No. 8 " " "	141	47
Trey No. 9 " " "	141	50
Trey No. 13 " " "	141	53
Trey No. 14 " " "	141	56
Trey No. 17 " " "	141	59
Trey No. 18 " " "	141	62
Trey No. 26 " " "	141	65
Trey Jr. (Amended Location recorded June 2, 1955)	122	152
Cindy No. 1 (Location recorded June 15, 1955)	122	150
Cindy No. 2 (Location recorded June 15, 1955)	122	151

The above claims are situated in secs. 28, 29, 32, and 33, T. 28 N., R. 92 W., sixth principal meridian, and are shown on the map entitled "Figure 2 - Property and Exploration Map, Mile High Minerals, Inc., Fremont County, Wyoming, DMRA-3992," attached hereto and made a part hereof.

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMEA-3992

EXHIBIT "A"

Description of the Work

The object of this project is to explore the lower part of the Tertiary Wasatch formation by means of core and non-core drilling.

It is estimated that holes ranging from 200 to 500 feet in depth will be required to penetrate through the inferred uranium-bearing zone.

The work shall be divided into two stages. The Operator shall perform all the work in Stage I and so much of Stage II as is approved in advance in writing by the Government.

Stage I

Stage I shall consist of building drill sites and access roads to drill sites, drilling fourteen (14) holes totaling not more than 3,850 feet of non-core and 2,550 feet of core drilling, and analyzing core samples.

The approximate locations of the holes are shown on map Figure 2 and described as follows:

On claim Troy No. 9 - three (3) holes shall be drilled at locations approximately 100 feet north, south, and east of Operator's hole 33. Also, two (2) holes shall be drilled at locations approximately 100 feet to the north and south of the above east hole drill site.

On claim Troy No. 7 - three (3) holes, spaced approximately 200 feet apart, shall be drilled in a line across the northwestern corner. The end holes should re-enter, if possible, the Operator's previously drilled holes 303 and 13, which did not reach the inferred ore zone.

On claim Troy No. 2 - two (2) holes shall be drilled in the eastern part of this claim. One hole should re-enter, if possible, the Operator's drilled hole No. 11 which did not reach the ore zone. The other hole shall be drilled at a location approximately 200 feet S. 20° W. of hole No. 11. The two holes on this claim shall be cored for their entire depth.

On Troy Nos. 5 and 6 - a line of four (4) holes, spaced about 370 feet apart in an east-west direction, shall be drilled along the narrow ridge which crosses the northern half of these claims.

Under this Stage I of the contract, not in excess of 80 hours of bulldozing drill sites and access roads to drill sites shall be performed, nor in excess of 40 samples of drill cores shall be chemically analyzed for their P_2O_5 and V_2O_5 content.

If the footage provided for Stage I is not sufficient to complete the fourteen (14) holes, then with previous written approval by the Government a part of the footage provided for Stage II may be used to complete the 14 holes, and Stage II footages shall be correspondingly reduced.

Any footage saved by re-entering previously drilled holes, as suggested in drilling on claims Troy Nos. 2 and 7, may be used to complete Stage II, if this stage is approved by the Government and the extra footage is needed.

Stage II

Stage II shall consist of bulldozing drill sites and access roads to drill sites, drilling not in excess of 15 holes around Stage I holes which show significant amounts of mineralization, and analyzing core samples.

No hole drilled in this Stage II shall be closer than 300 feet to any other drill hole.

Not in excess of 2,500 feet of core drilling and 4,200 feet of non-core drilling (plus any footage which is saved by re-entering holes as provided in Stage I and is required to complete the drilling) shall be performed under this stage of the contract. Not in excess of 40 hours of bulldozing drill sites and access roads to drill sites shall be performed under this Stage II. Not in excess of 60 samples of drill cores shall be chemically analyzed for their P_2O_5 and V_2O_5 content, under this Stage II.

GENERAL PROVISIONS

A competent supervisor and one helper shall be employed full time in connection with the performance of the project work.

All holes, except the two drilled on Troy No. 2 claim, shall be drilled non-core to the inferred top of the uranium-bearing zone of the Wasatch formation and then cored to the bottom of the holes. The holes shall bottom just below the contact of the Wasatch formation with the underlying Cody shale. It is estimated that about 100 feet of core drilling will be required for the holes on Troy No. 9 claim and 150 feet of core drilling for all the other holes, except those on Troy No. 2 claim.

All holes shall bottom NX core size, unless a reduction in size is approved by the Government on a specific hole. This approval may be verbal, but shall be confirmed in writing.

No holes shall be drilled closer than 100 feet to the outer boundaries of the property covered by this contract.

Sections of the drill core showing significant uranium mineralization shall be split. One-half of the split core shall be analyzed for its U_3O_8 and V_2O_5 content. The remainder shall be stored, for Government use, with the rest of the core, in boxes properly labeled as to drill hole number. Markers shall be placed in the sections of core to indicate the depth represented.

All holes shall be logged and probed for radioactivity. Records of such logging and probing, together with assay certificates, shall be submitted with the Operator's monthly progress report.

The extent and method of sampling and logging drill holes, the manner of storing drill core, and the location, direction, depth, and diameter of drill holes are all subject to Government approval.

Estimated Costs of the Project

Stage I

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 80 hours @ $11.00/hr.	$ 880.00
Non-core drilling - 3,850 feet @ $1.75/ft.	6,737.50
Core drilling - 2,550 feet @ $4.00/ft.	10,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo.	$ 1,950.00
One assistant - 3 months @ $300.00/mo.	900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40.00/mo.	120.00
130 core boxes @ $1.00/each	130.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchase

None

Subcategory (c) Depreciation

1 jeep - 3 months @ $25.00/mo.	75.00
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50

Chemical analyses for P_2O_5 and V_2O_5
40 core samples @ $5.00/sample $ 200.00

Total Estimated Cost, Stage I $21,671.00

Stage II

Category (1) Independent Contracts

Bulldozing[1] access roads and drill sites, 40 hours @ $13.00/hr. 400.00

Non-core drilling - 4,200 feet @ $1.75/ft. 7,350.00

Core drilling - 2,800 feet @ $4.00/ft. 11,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo. 1,950.00

One assistant - 3 months @ $300.00/mo. 900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40/mo. 120.00

145 core boxes @ $1.00/each 145.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (e) Depreciation

1 jeep, 3 months @ $25.00/mo.	$ 75.00	
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00	

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50	
Chemical analyses for U_3O_8 and V_2O_5 40 core samples @ $5.00/sample	200.00	
Total Estimated Cost, Stage II		$23,819.50
Total Estimated Cost of the Project (rounded)		244,492.00
Government Participation @ 75%		183,369.00

1/ D-7 Caterpillar or equivalent.

Finance Office copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3992

Commodity Uranium

Contract No. Idm-E 919

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this FEB 16 1956 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Mile High Minerals, Inc., a Delaware corporation, whose mailing address is 210 Kittredge Building, 16th and Glenarm Denver 2, 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 map, Figure 2.

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [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: an overriding royalty on all claims in Annex I except Trey, Jr., Cindy Nos. 1 and 2.

(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: Subordination Agreements signed by ten (10) individuals each holding equal royalty rights.

(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 ..... shall commence the work, and on or before ..... (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 $44,492.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $33,369.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O O Mitterdorf
Administrator, Defense Minerals
Exploration Administration

MILE HIGH MINERALS, INC.
(Operator)

By .....

Title .....

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMEA-3992

ANNEX I

The land referred to in Article 2 of the contract consists of 15 unpatented mining claims which are recorded in the Office of the County Recorder, Fremont County, Wyoming, as follows:

CLAIMS	Book No.	Page No.
Trey No. 1 (Amended Location recorded September 8, 1955)	141	32
Trey No. 2 " " "	141	35
Trey No. 5 " " "	141	38
Trey No. 6 " " "	141	41
Trey No. 7 " " "	141	44
Trey No. 8 " " "	141	47
Trey No. 9 " " "	141	50
Trey No. 13 " " "	141	53
Trey No. 14 " " "	141	56
Trey No. 17 " " "	141	59
Trey No. 18 " " "	141	62
Trey No. 26 " " "	141	65
Trey Jr. (Amended Location recorded June 2, 1955)	122	152
Cindy No. 1 (Location recorded June 15, 1955)	122	150
Cindy No. 2 (Location recorded June 15, 1955)	122	151

The above claims are situated in secs. 28, 29, 32, and 33, T. 28 N., R. 92 W., sixth principal meridian, and are shown on the map entitled "Figure 2 - Property and Exploration Map, Mile High Minerals, Inc., Fremont County, Wyoming, DMEA-3992," attached hereto and made a part hereof.

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMSA-3591

EXHIBIT "A"

Description of the Work

The object of this project is to explore the lower part of the Tertiary Wasatch formation by means of core and non-core drilling.

It is estimated that holes ranging from 200 to 300 feet in depth will be required to penetrate through the inferred uranium-bearing zone.

The work shall be divided into two stages. The Operator shall perform all the work in Stage I and so much of Stage II as is approved in advance in writing by the Government.

Stage I

Stage I shall consist of bulldozing drill sites and access roads to drill sites, drilling fourteen (14) holes totaling not more than 3,850 feet of non-core and 2,550 feet of core drilling, and analyzing core samples.

The approximate locations of the holes are shown on map Figure 2 and described as follows:

On claim Trey No. 9 - three (3) holes shall be drilled at locations approximately 100 feet north, south, and east of Operator's hole 33. Also, two (2) holes shall be drilled at locations approximately 100 feet to the north and south of the above east hole drill site.

On claim Trey No. 7 - three (3) holes, spaced approximately 200 feet apart, shall be drilled in a line across the northwestern corner. The end holes should re-enter, if possible, the Operator's previously drilled holes 302 and 15, which did not reach the inferred ore zone.

On claim Trey No. 2 - two (2) holes shall be drilled in the eastern part of this claim. One hole should re-enter, if possible, the Operator's drilled hole No. 11 which did not reach the ore zone. The other hole shall be drilled at a location approximately 200 feet S. 20° W. of hole No. 11. The two holes on this claim shall be cored for their entire depth.

On Tray Nos. 5 and 6 - a line of four (4) holes, spaced about 370 feet apart in an east-west direction, shall be drilled along the narrow ridge which crosses the northern half of these claims.

Under this Stage I of the contract, not in excess of 80 hours of bulldozing drill sites and access roads to drill sites shall be performed, nor in excess of 60 samples of drill core shall be chemically analyzed for their U_3O_8 and V_2O_5 content.

If the footage provided for Stage I is not sufficient to complete the fourteen (14) holes, then with previous written approval by the Government a part of the footage provided for Stage II may be used to complete the 14 holes, and Stage II footages shall be correspondingly reduced.

Any footage saved by re-entering previously drilled holes, as suggested in drilling on claims Tray Nos. 2 and 7, may be used to complete Stage II, if this stage is approved by the Government and the extra footage is needed.

Stage II

Stage II shall consist of bulldozing drill sites and access roads to drill sites, drilling not in excess of 12 holes around Stage I holes which show significant amounts of mineralization, and analyzing core samples.

No hole drilled in this Stage II shall be closer than 100 feet to any other drill hole.

Not in excess of 2,000 feet of core drilling and 4,200 feet of non-core drilling (plus any footage which is saved by re-entering holes as provided in Stage I and is required to complete the drilling) shall be performed under this stage of the contract. Not in excess of 40 hours of bulldozing drill sites and access roads to drill sites shall be performed under this Stage II. Not in excess of 60 samples of drill core shall be chemically analyzed for their U_3O_8 and V_2O_5 content, under this Stage II.

GENERAL PROVISIONS

A competent supervisor and one helper shall be employed full time in connection with the performance of the project work.

All holes, except the two drilled on Trey No. 2 claim, shall be drilled non-core to the inferred top of the uranium-bearing zone of the Wasatch formation and then cored to the bottom of the holes. The holes shall bottom just below the contact of the Wasatch formation with the underlying Cody shale. It is estimated that about 100 feet of core drilling will be required for the holes on Trey No. 2 claim and 150 feet of core drilling for all the other holes, except those on Trey No. 3 claim.

All holes shall bottom NX core size, unless a reduction in size is approved by the Government on a specific hole. This approval may be verbal, but shall be confirmed in writing.

No holes shall be drilled closer than 100 feet to the outer boundaries of the property covered by this contract.

Sections of the drill core showing significant uranium mineralization shall be split. One-half of the split core shall be analyzed for its U_3O_8 and V_2O_5 content. The remainder shall be stored, for Government use, with the rest of the core, in boxes properly labeled as to drill hole number. Markers shall be placed in the sections of core to indicate the depth represented.

All holes shall be logged and probed for radioactivity. Records of such logging and probing, together with assay certificates, shall be submitted with the Operator's monthly progress report.

The extent and method of sampling and logging drill holes, the manner of storing drill core, and the location, direction, depth, and diameter of drill holes are all subject to Government approval.

Estimated Costs of the Project

Stage I

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 80 hours @ $12.00/hr.	$ 960.00
Non-core drilling - 3,850 feet @ $1.73/ft.	6,737.50
Core drilling - 2,550 feet @ $4.00/ft.	10,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo.	$ 1,950.00
One assistant - 3 months @ $300.00/mo.	900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40.00/mo.	120.00
130 core boxes @ $1.00/each	130.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (c) Depreciation

1 jeep - 3 months @ $25.00/mo.	75.00
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	189.50

Chemical analyses for V_2O_5 and V_2O_5
60 core samples @ $5.00/sample $ 300.00

Total Estimated Cost, Stage I $21,672.50

Stage II

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 40 hours @ $12.00/hr. 480.00

Non-core drilling - 4,200 feet @ $1.75/ft. 7,350.00

Core drilling - 2,800 feet @ $4.00/ft. 11,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo. 1,950.00

One assistant - 3 months @ $300.00/mo. 900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40/mo. 120.00

143 core boxes @ $1.00/each 143.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (e) Depreciation

1 jeep, 3 months @ $25.00/mo.	$ 75.00
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50
Chemical analyses for U_3O_8 and V_2O_5 60 core samples @ $5.00/sample	300.00
Total Estimated Cost, Stage II	$13,819.50
Total Estimated Cost of the Project (rounded)	$44,493.00
Government Participation @ 75%	$33,369.00

1/ D-7 Caterpillar or equivalent.

Field Team copy

Rec'd 2/20/55

MF-200
(Revised June 1954)

Docket No. DMEA - 3991

Commodity Uranium

Contract No. Idnt-E 919

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Mile High Minerals, Inc., a Delaware corporation,

whose mailing address is 210 Kittredge Building, 16th and Glenarm Denver 2, 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 map, Figure 2.

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [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: an overriding royalty on all claims in Annex I except Trey, Jr., Cindy Nos. 1 and 2.

(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: Subordination Agreements signed by ten (10) individuals each holding equal royalty rights.

(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 ..... shall commence the work, and on or before ..... (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 $44,492.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $33,369.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mittendorf

Administrator, Defense Minerals
Exploration Administration

MILE HIGH MINERALS, INC.
(Operator)

By .....

Title .....

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMRA-3992

ANNEX I

The land referred to in Article 2 of the contract consists of 15 unpatented mining claims which are recorded in the Office of the County Recorder, Fremont County, Wyoming, as follows:

CLAIMS	Book No.	Page No.
Trey No. 1 (Amended Location recorded September 8, 1955)	141	32
Trey No. 2 " " "	141	35
Trey No. 5 " " "	141	38
Trey No. 6 " " "	141	41
Trey No. 7 " " "	141	44
Trey No. 8 " " "	141	47
Trey No. 9 " " "	141	50
Trey No. 13 " " "	141	53
Trey No. 14 " " "	141	56
Trey No. 17 " " "	141	59
Trey No. 18 " " "	141	62
Trey No. 26 " " "	141	65
Trey Jr. (Amended Location recorded June 2, 1955)	122	152
Cindy No. 1 (Location recorded June 15, 1955)	122	150
Cindy No. 2 (Location recorded June 15, 1955)	122	151

The above claims are situated in secs. 28, 29, 32, and 33, T. 28 N., R. 92 W., sixth principal meridian, and are shown on the map entitled "Figure 2 - Property and Exploration Map, Mile High Minerals, Inc., Fremont County, Wyoming, DMRA-3992," attached hereto and made a part hereof.

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. ERDA-3992

EXHIBIT "A"

Description of the Work

The object of this project is to explore the lower part of the Tertiary Wasatch formation by means of core and non-core drilling.

It is estimated that holes ranging from 200 to 300 feet in depth will be required to penetrate through the inferred uranium-bearing zone.

The work shall be divided into two stages. The Operator shall perform all the work in Stage I and so much of Stage II as is approved in advance in writing by the Government.

Stage I

Stage I shall consist of bulldozing drill sites and access roads to drill sites, drilling fourteen (14) holes totaling not more than 3,850 feet of non-core and 2,550 feet of core drilling, and analyzing core samples.

The approximate locations of the holes are shown on map Figure 2 and described as follows:

On claim Trey No. 9 - three (3) holes shall be drilled at locations approximately 100 feet north, south, and east of Operator's hole 33. Also, two (2) holes shall be drilled at locations approximately 100 feet to the north and south of the above east hole drill site.

On claim Trey No. 7 - three (3) holes, spaced approximately 200 feet apart, shall be drilled in a line across the northwestern corner. The end holes should re-enter, if possible, the Operator's previously drilled holes 308 and 13, which did not reach the inferred ore zone.

On claim Trey No. 2 - two (2) holes shall be drilled in the eastern part of this claim. One hole should re-enter, if possible, the Operator's drilled hole No. 11 which did not reach the ore zone. The other hole shall be drilled at a location approximately 200 feet S. 20° W. of hole No. 11. The two holes on this claim shall be cored for their entire depth.

On Tray Nos. 5 and 6 - a line of four (4) holes, spaced about 270 feet apart in an east-west direction, shall be drilled along the narrow ridge which crosses the northern half of these claims.

Under this Stage I of the contract, not in excess of 80 hours of bulldozing drill sites and access roads to drill sites shall be performed, nor in excess of 60 samples of drill cores shall be chemically analyzed for their U_3O_8 and V_2O_5 content.

If the footage provided for Stage I is not sufficient to complete the fourteen (14) holes, then with previous written approval by the Government a part of the footage provided for Stage II may be used to complete the 14 holes, and Stage II footages shall be correspondingly reduced.

Any footage saved by re-entering previously drilled holes, as suggested in drilling on claims Tray Nos. 2 and 7, may be used to complete Stage II, if this stage is approved by the Government and the extra footage is needed.

Stage II

Stage II shall consist of bulldozing drill sites and access roads to drill sites, drilling not in excess of 15 holes around Stage I holes which show significant amounts of mineralization, and analyzing core samples.

No hole drilled in this Stage II shall be closer than 500 feet to any other drill hole.

Not in excess of 2,800 feet of core drilling and 4,200 feet of non-core drilling (plus any footage which is saved by re-entering holes as provided in Stage I and is required to complete the drilling) shall be performed under this stage of the contract. Not in excess of 40 hours of bulldozing drill sites and access roads to drill sites shall be performed under this Stage II. Not in excess of 60 samples of drill cores shall be chemically analyzed for their U_3O_8 and V_2O_5 content, under this Stage II.

GENERAL PROVISIONS

A competent supervisor and one helper shall be employed full time in connection with the performance of the project work.

All holes, except the two drilled on Tray No. 2 claim, shall be drilled non-core to the inferred top of the uranium-bearing zone of the Wasatch formation and then cored to the bottom of the holes. The holes shall bottom just below the contact of the Wasatch formation with the underlying Cody shale. It is estimated that about 180 feet of core drilling will be required for the holes on Tray No. 9 claim and 130 feet of core drilling for all the other holes, except those on Tray No. 2 claim.

All holes shall bottom NX core size, unless a reduction in size is approved by the Government on a specific hole. This approval may be verbal, but shall be confirmed in writing.

No holes shall be drilled closer than 100 feet to the outer boundaries of the property covered by this contract.

Sections of the drill core showing significant uranium mineralization shall be split. One-half of the split core shall be analyzed for its U_3O_8 and V_2O_5 content. The remainder shall be stored, for Government use, with the rest of the core, in boxes properly labeled as to drill hole number. Markers shall be placed in the sections of core to indicate the depth represented.

All holes shall be logged and probed for radioactivity. Records of such logging and probing, together with assay certificates, shall be submitted with the Operator's monthly progress report.

The extent and method of sampling and logging drill holes, the manner of storing drill core, and the location, direction, depth, and diameter of drill holes are all subject to Government approval.

Estimated Costs of the Project

Stage I

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 80 hours @ $12.00/hr. $ 960.00

Non-core drilling - 3,850 feet @ $1.75/ft. 6,737.50

Core drilling - 2,550 feet @ $4.00/ft. 10,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo.	$ 1,950.00
One assistant - 3 months @ $300.00/mo.	900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40.00/mo.	120.00
130 core boxes @ $1.00/each	130.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (c) Depreciation

1 jeep - 3 months @ $25.00/mo.	75.00
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.30

Chemical analyses for V_2O_3 and V_2O_5
40 core samples @ $5.00/sample $ 200.00

Total Estimated Cost, Stage I $21,672.00

Stage II

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 40 hours @ $12.00/hr. 480.00

Non-core drilling - 4,200 feet @ $1.75/ft. 7,350.00

Core drilling - 2,800 feet @ $4.00/ft. 11,200.00

Category (2) Personnel Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo. 1,950.00

One assistant - 3 months @ $300.00/mo. 900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40/mo. 120.00

145 core boxes @ $1.00/each 145.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (e) Ventilation

1 jump, 3 months @ $25.00/mo.	$ 75.00
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50
Chemical analyses for V_2O_5 and V_2O_5 40 core samples @ $5.00/sample	200.00
Total Estimated Cost, Stage II	$22,812.50
Total Estimated Cost of the Project (rounded)	$44,422.00
Government Participation @ 75%	$33,268.00

1/ D-7 Caterpillar or equivalent.

Operator's copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3992

Commodity Uranium

Contract No. Idm-E 919

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this FEB 16 1956 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Mile High Minerals, Inc., a Delaware corporation, whose mailing address is 210 Kittredge Building, 16th and Glenarm Denver 2, 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 map, Figure 2.

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [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: an overriding royalty on all claims in Annex I except Trey, Jr., Cindy Nos. 1 and 2.

(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: Subordination Agreements signed by ten (10) individuals each holding equal royalty rights.

(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 ..... shall commence the work, and on or before ..... (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 $44,492.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $33,369.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O J Mitchendorf
Administrator, Defense Minerals Exploration Administration

MILE HIGH MINERALS, INC.
(Operator)

By .....

Title .....

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. NMEA-3992

ANNEX I

The land referred to in Article 2 of the contract consists of 15 unpatented mining claims which are recorded in the Office of the County Recorder, Fremont County, Wyoming, as follows:

CLAIMS	Book No.	Page No.
Trey No. 1 (Amended Location recorded September 8, 1955)	141	32
Trey No. 2 " " "	141	35
Trey No. 5 " " "	141	38
Trey No. 6 " " "	141	41
Trey No. 7 " " "	141	44
Trey No. 8 " " "	141	47
Trey No. 9 " " "	141	50
Trey No. 13 " " "	141	53
Trey No. 14 " " "	141	56
Trey No. 17 " " "	141	59
Trey No. 18 " " "	141	62
Trey No. 26 " " "	141	65
Trey Jr. (Amended Location recorded June 2, 1955)	122	152
Cindy No. 1 (Location recorded June 15, 1955)	122	150
Cindy No. 2 (Location recorded June 15, 1955)	122	151

The above claims are situated in secs. 28, 29, 32, and 33, T. 28 N., R. 92 W., sixth principal meridian, and are shown on the map entitled "Figure 2 - Property and Exploration Map, Mile High Minerals, Inc., Fremont County, Wyoming, NMEA-3992," attached hereto and made a part hereof.

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMSA-3992

EXHIBIT "A"

Description of the Work

The object of this project is to explore the lower part of the Tertiary Wasatch formation by means of core and non-core drilling.

It is estimated that holes ranging from 200 to 500 feet in depth will be required to penetrate through the inferred uranium-bearing zone.

The work shall be divided into two stages. The Operator shall perform all the work in Stage I and so much of Stage II as is approved in advance in writing by the Government.

Stage I

Stage I shall consist of bulldozing drill sites and access roads to drill sites, drilling fourteen (14) holes totaling not more than 3,850 feet of non-core and 2,550 feet of core drilling, and analyzing core samples.

The approximate locations of the holes are shown on map Figure 2 and described as follows:

On claim Trey No. 9 - three (3) holes shall be drilled at locations approximately 100 feet north, south, and east of Operator's hole 33. Also, two (2) holes shall be drilled at locations approximately 100 feet to the north and south of the above east hole drill site.

On claim Trey No. 7 - three (3) holes, spaced approximately 200 feet apart, shall be drilled in a line across the northwestern corner. The end holes should re-enter, if possible, the Operator's previously drilled holes 30B and 15, which did not reach the inferred ore zone.

On claim Trey No. 2 - two (2) holes shall be drilled in the eastern part of this claim. One hole should re-enter, if possible, the Operator's drilled hole No. 11 which did not reach the ore zone. The other hole shall be drilled at a location approximately 200 feet S. 20° W. of hole No. 11. The two holes on this claim shall be cored for their entire depth.

On Trey Nos. 5 and 6 - a line of four (4) holes, spaced about 270 feet apart in an east-west direction, shall be drilled along the narrow ridge which crosses the northern half of these claims.

Under this Stage I of the contract, not in excess of 80 hours of bulldozing drill sites and access roads to drill sites shall be performed, nor in excess of 60 samples of drill cores shall be chemically analyzed for their U_3O_8 and V_2O_5 content.

If the footage provided for Stage I is not sufficient to complete the fourteen (14) holes, then with previous written approval by the Government a part of the footage provided for Stage II may be used to complete the 14 holes, and Stage II footages shall be correspondingly reduced.

Any footage saved by re-entering previously drilled holes, as suggested in drilling on claims Trey Nos. 2 and 7, may be used to complete Stage II, if this stage is approved by the Government and the extra footage is needed.

Stage II

Stage II shall consist of bulldozing drill sites and access roads to drill sites, drilling not in excess of 15 holes around Stage I holes which show significant amounts of mineralization, and analyzing core samples.

No hole drilled in this Stage II shall be closer than 100 feet to any other drill hole.

Not in excess of 2,800 feet of core drilling and 4,200 feet of non-core drilling (plus any footage which is saved by re-entering holes as provided in Stage I and is required to complete the drilling) shall be performed under this stage of the contract. Not in excess of 40 hours of bulldozing drill sites and access roads to drill sites shall be performed under this Stage II. Not in excess of 60 samples of drill cores shall be chemically analyzed for their U_3O_8 and V_2O_5 content, under this Stage II.

GENERAL PROVISIONS

A competent supervisor and one helper shall be employed full time in connection with the performance of the project work.

All holes, except the two drilled on Trey No. 2 claim, shall be drilled non-core to the inferred top of the uranium-bearing zone of the Wasatch formation and then cored to the bottom of the holes. The holes shall bottom just below the contact of the Wasatch formation with the underlying Cody shale. It is estimated that about 100 feet of core drilling will be required for the holes on Trey No. 9 claim and 130 feet of core drilling for all the other holes, except those on Trey No. 2 claim.

All holes shall bottom NX core size, unless a reduction in size is approved by the Government on a specific hole. This approval may be verbal, but shall be confirmed in writing.

No holes shall be drilled closer than 100 feet to the outer boundaries of the property covered by this contract.

Sections of the drill core showing significant uranium mineralization shall be split. One-half of the split core shall be analyzed for its U_3O_8 and V_2O_5 content. The remainder shall be stored, for Government use, with the rest of the core, in boxes properly labeled as to drill hole number. Markers shall be placed in the sections of core to indicate the depth represented.

All holes shall be logged and probed for radioactivity. Records of such logging and probing, together with assay certificates, shall be submitted with the Operator's monthly progress report.

The extent and method of sampling and logging drill holes, the manner of storing drill core, and the location, direction, depth, and diameter of drill holes are all subject to Government approval.

Estimated Costs of the Project

Stage I

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 80 hours @ $12.00/hr.	$ 960.00
Non-core drilling - 3,850 feet @ $1.75/ft.	6,737.50
Core drilling - 2,550 feet @ $4.00/ft.	10,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo.	$ 1,950.00
One assistant - 3 months @ $300.00/mo.	900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40.00/mo.	120.00
130 core boxes @ $1.00/each	130.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (c) Depreciation

1 jeep - 3 months @ $25.00/mo.	75.00
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50

Chemical analyses for U_3O_8 and V_2O_5
60 core samples @ $5.00/sample $ 300.00

Total Estimated Cost, Stage I $21,672.00

Stage II

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 40 hours @ $12.00/hr. 480.00

Non-core drilling - 4,200 feet @ $1.75/ft. 7,350.00

Core drilling - 2,800 feet @ $4.00/ft. 11,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo. 1,950.00

One assistant - 3 months @ $300.00/mo. 900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40/mo. 120.00

143 core boxes @ $1.00/each 143.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (c) Depreciation

1 jeep, 3 months @ $25.00/mo.	$ 75.00	
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00	

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50	
Chemical analyses for U_3O_8 and V_2O_5 60 core samples @ $5.00/sample	300.00	
Total Estimated Cost, Stage II		$22,819.50
Total Estimated Cost of the Project (rounded)		$44,492.00
Government Participation @ 75%		$33,369.00

1/ D-7 Caterpillar or equivalent.

Extra copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3992

Commodity Uranium

Contract No. Idm-E 919

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this FEB 1 6 1956 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Mile High Minerals, Inc., a Delaware corporation, whose mailing address is 210 Kittredge Building, 16th and Glenarm Denver 2, 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 map, Figure 2.

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [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: an overriding royalty on all claims in Annex I except Troy, Jr., Claim Nos. 1 and 2.

(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: Subordination Agreements signed by ten (10) individuals each holding equal royalty rights.

(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 ..... shall commence the work, and on or before ..... (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 $44,492.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $33,369.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. O. Mittendorf

Administrator, Defense Minerals Exploration Administration

MILE HIGH MINERALS, INC.
(Operator)

By .....

Title .....

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

.....

[CORPORATE SEAL]

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

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.

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.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By G. O. Mittendorf

Administrator, Defense Minerals Exploration Administration

MILE HIGH MINERALS, INC.
(Operator)

By

Title

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMMA-3992

ANNEX I

The land referred to in Article 2 of the contract consists of 13 unpatented mining claims which are recorded in the Office of the County Recorder, Fremont County, Wyoming, as follows:

CLAIMS	Book No.	Page No.
Trey No. 1 (Amended Location recorded September 8, 1955)	141	32
Trey No. 2 " " "	141	35
Trey No. 5 " " "	141	38
Trey No. 6 " " "	141	41
Trey No. 7 " " "	141	44
Trey No. 8 " " "	141	47
Trey No. 9 " " "	141	50
Trey No. 13 " " "	141	53
Trey No. 14 " " "	141	56
Trey No. 17 " " "	141	59
Trey No. 18 " " "	141	62
Trey No. 26 " " "	141	65
Trey Jr. (Amended Location recorded June 2, 1955)	122	152
Cindy No. 1 (Location recorded June 15, 1955)	122	150
Cindy No. 2 (Location recorded June 15, 1955)	122	151

The above claims are situated in secs. 28, 29, 32, and 33, T. 28 N., R. 93 W., sixth principal meridian, and are shown on the map entitled "Figure 2 - Property and Exploration Map, Mile High Minerals, Inc., Fremont County, Wyoming, DMMA-3992," attached hereto and made a part hereof.

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. RMEA-3992

EXHIBIT "A"

Description of the Work

The object of this project is to explore the lower part of the Tertiary Wasatch formation by means of core and non-core drilling.

It is estimated that holes ranging from 200 to 300 feet in depth will be required to penetrate through the inferred uranium-bearing zone.

The work shall be divided into two stages. The Operator shall perform all the work in Stage I and so much of Stage II as is approved in advance in writing by the Government.

Stage I

Stage I shall consist of bulldozing drill sites and access roads to drill sites, drilling fourteen (14) holes totaling not more than 3,850 feet of non-core and 2,150 feet of core drilling, and analyzing core samples.

The approximate locations of the holes are shown on map Figure 1 and described as follows:

On claim Tray No. 9 - three (3) holes shall be drilled at locations approximately 100 feet north, south, and east of Operator's hole 33. Also, two (2) holes shall be drilled at locations approximately 100 feet to the north and south of the above east hole drill site.

On claim Tray No. 7 - three (3) holes, spaced approximately 200 feet apart, shall be drilled in a line across the northwestern corner. The end holes should re-enter, if possible, the Operator's previously drilled holes 302 and 15, which did not reach the inferred ore zone.

On claim Tray No. 2 - two (2) holes shall be drilled in the eastern part of this claim. One hole should re-enter, if possible, the Operator's drilled hole No. 11 which did not reach the ore zone. The other hole shall be drilled at a location approximately 200 feet S. 20° W. of hole No. 11. The two holes on this claim shall be cored for their entire depth.

On Troy Nos. 3 and 4 - a line of four (4) holes, spaced about 278 feet apart in an east-west direction, shall be drilled along the narrow ridge which occupies the northern half of these claims.

Under this Stage I of the contract, not in excess of 30 hours of building drill sites and access roads to drill sites shall be performed, nor in excess of 60 samples of drill cores shall be chemically analyzed for their U_3O_8 and V_2O_5 content.

If the footage provided for Stage I is not sufficient to complete the fourteen (14) holes, then with previous written approval by the Government a part of the footage provided for Stage II may be used to complete the 14 holes, and Stage II footages shall be correspondingly reduced.

Any footage saved by re-entering previously drilled holes, as suggested in drilling on claims Troy Nos. 2 and 3, may be used to complete Stage II, if this stage is approved by the Government and the extra footage is needed.

Stage II

Stage II shall consist of building drill sites and access roads to drill sites, drilling not in excess of 15 holes around Stage I holes which show significant amounts of mineralization, and analyzing core samples.

No hole drilled in this Stage II shall be closer than 100 feet to any other drill hole.

Not in excess of 2,000 feet of core drilling and 4,200 feet of non-core drilling (plus any footage which is saved by re-entering holes as provided in Stage I and is required to complete the drilling) shall be performed under this stage of the contract. Not in excess of 40 hours of building drill sites and access roads to drill sites shall be performed under this Stage II. Not in excess of 60 samples of drill cores shall be chemically analyzed for their U_3O_8 and V_2O_5 content, under this Stage II.

GENERAL PROVISIONS

A competent supervisor and one helper shall be employed full time in connection with the performance of the project work.

All holes, except the one drilled on Troy No. 2 claim, shall be drilled non-core to the inferred top of the uranium-bearing zone of the Wasatch Formation and then cored to the bottom of the holes. The holes shall bottom just below the contact of the Wasatch Formation with the underlying Cody shale. It is estimated that about 100 feet of core drilling will be required for the holes on Troy No. 9 claim and 150 feet of core drilling for all the other holes, except those on Troy No. 2 claim.

All holes shall bottom NX core size, unless a reduction in size is approved by the Government on a specific hole. This approval may be verbal, but shall be confirmed in writing.

No holes shall be drilled closer than 100 feet to the outer boundaries of the property covered by this contract.

Sections of the drill core showing significant uranium mineralization shall be split. One-half of the split core shall be analyzed for its U_3O_8 and V_2O_5 content. The remainder shall be stored, for Government use, with the rest of the core, in boxes properly labeled as to drill hole number. Markers shall be placed in the sections of core to indicate the depth represented.

All holes shall be logged and probed for radioactivity. Records of such logging and probing, together with assay certificates, shall be submitted with the Operator's monthly progress report.

The extent and method of sampling and logging drill holes, the manner of storing drill core, and the location, direction, depth, and diameter of drill holes are all subject to Government approval.

Estimated Costs of the Project

Stage I

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 80 hours @ $12.00/hr. $ 960.00

Non-core drilling - 3,850 feet @ $1.75/ft. 6,737.50

Core drilling - 2,550 feet @ $4.00/ft. 10,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo.	$ 1,950.00
One assistant - 3 months @ $300.00/mo.	900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40.00/mo.	120.00
130 core boxes @ $1.00/each	130.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (c) Depreciation

1 jeep - 3 months @ $25.00/mo.	75.00
1 gamma-ray logging unit - 2 months @ $50.00/mo.	100.00

Category (5) Initial Rehabilitation and Repairs

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries	199.50

Chemical analyses for U_3O_8 and V_2O_5
60 core samples @ $[illegible]/sample $ [illegible]

Total Estimated Cost, Stage I $21,672.00

Stage II

Category (1) Independent Contracts

Bulldozing[1/] access roads and drill sites, 40 hours @ $12.00/hr. 480.00

Non-core drilling - 4,200 feet @ $1.75/ft. 7,350.00

Core drilling - 2,800 feet @ $4.00/ft. 11,200.00

Category (2) Personal Services

Subcategories (a), (b), and (c) Supervision, Technical Services, and Labor

One supervisor - 3 months @ $650.00/mo. 1,950.00

One assistant - 3 months @ $300.00/mo. 900.00

Category (3) Operating Materials and Supplies

Gas, oil, and repairs for jeep, 3 months @ $40/mo. 120.00

143 core boxes @ $1.00/each 143.00

Category (4) Operating Equipment

Subcategory (a) Rental

None

Subcategory (b) Purchases

None

Subcategory (c) Exploration

1 jeep, 3 months @ $25.00/mo. $ 75.00

1 gamma-ray logging unit - 2 months @ $50.00/mo. 100.00

Category (5) Initial Rehabilitation and Renewing

None

Category (6) New Buildings, Fixtures, and Installations

None

Category (7) Miscellaneous

Workmens compensation and payroll taxes @ 7% of salaries 139.30

Chemical analyses for U_3O_8 and V_2O_5 40 core samples @ $5.00/sample 200.00

Total Estimated Cost, Stage II $[illegible]

Total Estimated Cost of the Project (rounded) $[illegible]

Government Participation @ 75% $[illegible]

1/ D-7 Caterpillar or equivalent.

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

B

May 3, 1956

Memorandum

To: Robert E. Adams, Chief
Operations Control & Statistics Division

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

Subject: Docket No. DMEA-3992 (Uranium)
Mile High Minerals, Inc.
Trey and Cindy Claims
Fremont County, Wyoming

In accordance with the Applicant's letter, dated April 26, 1956, to the Executive Officer, Region III, and Mr. Traver's memorandum of April 27 to the Chairman of the Operating Committee, the Applicant was advised on May 2 that the proposed contract was returned to Washington in view of the fact that they are not now asking for Federal assistance. In accordance with the Applicant's request, two copies of the geologic report on the Trey Lode claims, submitted with the application, were returned to the Applicant.

Accordingly, we are closing our records on this docket by withdrawal, and request that you cancel the proposed contract (No. Idm-E919). All copies of the proposed contract are returned with this docket.

Ernest Wm. Ellis

Ernest Wm. Ellis

rname copy

700
Murphy
Ellis

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

May 3, 1956

Memorandum

To: Robert E. Adams, Chief
Operations Control & Statistics Division

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

Subject: Docket No. DMEA-3992 (Uranium)
Mile High Minerals, Inc.
Trey and Cindy Claims
Fremont County, Wyoming

In accordance with the Applicant's letter, dated April 26, 1956, to the Executive Officer, Region III, and Mr. Traver's memorandum of April 27 to the Chairman of the Operating Committee, the Applicant was advised on May 2 that the proposed contract was returned to Washington in view of the fact that they are not now asking for Federal assistance. In accordance with the Applicant's request, two copies of the geologic report on the Trey Lode claims, submitted with the application, were returned to the Applicant.

Accordingly, we are closing our records on this docket by withdrawal, and request that you cancel the proposed contract (No. Idm-E919). All copies of the proposed contract are turned with this docket.

Ernest Wm. Ellis

Ernest Wm. Ellis

FMMurphy/gla

cc to: Docket
Code 700, Mr. Murphy

700

FILE COPY
Surname: Murphy

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

May 2 1956

Mr. Raymond M. Thompson, President
Mile High Minerals, Inc.
210 Kittredge Building
16th and Glenarm
Denver 2, Colorado

Re: Docket No. DMEA-3992 (Uranium)
Trey and Cindy claims
Fremont County, Wyoming

Dear Mr. Thompson:

Your letter dated April 26, 1956, addressed to Mr. W. M. Traver, relating to the above-docketed application has been referred to this office for reply.

We note that you have negotiated a contract with the Phelps Dodge Corporation and have decided that you will not ask for Federal assistance at this time. In view of this decision, our Regional Office has returned the proposed contract to Washington.

In compliance with your request, we are returning, under separate cover, two copies of the geologic report on the Trey Lode claims, submitted with the application.

We wish to extend our best wishes for success in your exploration work, and to thank you for your interest in the Defense Minerals Program.

Sincerely yours,

C. O. Mittendorf

Administrator

FMMurphy/izm 5-1-56
cc to: Docket
Code 700
Mr. Murphy
Admr.'s Reading File
DMEA Field Team, Region III (2)
Messrs. JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JOHosted, Rm.3210, GSA

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

RECEIVED
MAY 2 - 1956

224 New Customhouse
Denver 2, Colorado

April 30, 1956

Mr. R. M. Thompson, President
Mile High Minerals, Inc.
210 Kittredge Building
Denver 2, Colorado

Re: Docket DMEA-3992 (Uranium)
Proposed Contract Idm-E919,
Mile High Minerals, Inc. (Trey
and Cindy claims) Fremont County,
Wyoming

Dear Mr. Thompson:

Receipt is acknowledgedof your letter of April 26, 1956, wherein you request cancellation of the referenced proposed exploration contract.

All copies of the contract have been returned to the Washington Administrator, DMEA, with a copy of your request. He will no doubt advise you direct of his decision regarding cancellation.

The Washington office will comply with your request for return of two copies of the geologic report.

Very truly yours,

W. M. TRAVER

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

WMT/pw

cc: Harshman
Shaw (2)
Townsend
Docket 3992
Chron
Sec.Op.Comm. (2)

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

RECEIVED
MAY 2 - 1956

224 New Customhouse
Denver 2, Colorado

April 30, 1956

Mr. R. M. Thompson, President
Mile High Minerals, Inc.
210 Kittredge Building
Denver 2, Colorado

Re: Docket DMEA-3992 (Uranium)
Proposed Contract Idm-E919,
Mile High Minerals, Inc. (Trey
and Cindy claims) Fremont County,
Wyoming

Dear Mr. Thompson:

Receipt is acknowledged of your letter of April 26, 1956, wherein you request cancellation of the referenced proposed exploration contract.

All copies of the contract have been returned to the Washington Administrator, DMEA, with a copy of your request. He will no doubt advise you direct of his decision regarding cancellation.

The Washington office will comply with your request for return of two copies of the geologic report.

Very truly yours,

W. M. TRAVER

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

WMT/pw

cc: Harshman
Shaw (2)
Townsend
Docket 3992
Chron
Sec.Op.Comm. (2)

4-30-56

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

April 27, 1956

224 New Customhouse
Denver 2, Colorado

RECEIVED
APR 30 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3992 (Uranium) Proposed Contract Idm-E919, Mile High Minerals, Inc. (Trey and Cindy claims), Fremont County, Wyoming

Enclosed are the Government's, Division, Docket, Finance Office, Field Team, and Operator's copies of the subject proposed contract. All copies are unsigned.

Also enclosed are copies of the applicant corporation's letters of February 21, and April 26, 1956, both signed by R. M. Thompson, President. The letter of February 21 is concerned with the Subordination Agreement Forms MF-201 and our records do not show that you were provided with a copy.

The letter of April 26, 1956 requests cancellation of the proposed contract for the reasons stated.

Will you please advise the applicant corporation of your decision in the matter with copies for our files. It is also requested that two copies of the geologic report on the Trey Lode claims, by R. M. Thompson, furnished with the application be returned. Will you please comply with this request. As four copies were submitted this will leave one of your files on the docket complete and also ours.

W. M. Traver

W. M. Traver

Enclosures

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

April 27, 1956

224 New Customhouse
Denver 2, Colorado

RECEIVED
APR

Mechanger.

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3992 (Uranium) Proposed Contract Idm-N919, Mile High Minerals, Inc. (Trey and Cindy claims), Fremont County, Wyoming

Enclosed are the Government's, Division, Docket, Finance Office, Field Team, and Operator's copies of the subject proposed contract. All copies are unsigned.

Also enclosed are copies of the applicant corporation's letters of February 21, and April 26, 1956, both signed by R. M. Thompson, President. The letter of February 21 is concerned with the Subordination Agreement Forms MF-201 and our records do not show that you were provided with a copy.

The letter of April 26, 1956 requests cancellation of the proposed contract for the reasons stated.

Will you please advise the applicant corporation of your decision in the matter with copies for our files. It is also requested that two copies of the geologic report on the Trey Lode claims, by R. M. Thompson, furnished with the application be returned. Will you please comply with this request. As four copies were submitted this will leave one of your files on the docket complete and also ours.

W. M. TRAVER,

W. M. Traver

Enclosures

PHONE TABOR 5-0185

MILE HIGH MINERALS, INC.
210 KITTREDGE BLDG., 16TH & GLENARM
DENVER 2, COLORADO

DMEA
Date Rec'd
FEB 23 1956
BUREAU OF MINES
Denver, Colorado

February 21, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
U. S. Bureau of Mines
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 3992 (Uranium),
Trey and Cindy Claims,
Fremont County, Wyoming

Dear Mr. Traver:

We are in receipt of your letter of February 20, 1956, advising that the Washington DMEA office has forwarded a proposed exploration contract on the subject docket. The subordination agreement forms which you sent to us on January 16, 1956, were forwarded on January 18, 1956, to the royalty holders for their execution. I contacted these people two weeks ago. They assured me that the agreement would be signed and returned to me very soon. If the agreement is not received this week, I will call them again to determine its status. I assume that with ten individuals involved it is taking quite a long time to circulate the agreement among them.

Yours very truly,

MILE HIGH MINERALS, INC.

R. M. Thompson

R. M. Thompson, President

RMT:alc

cc: E. B. Benjamin, Jr.
Fred Taucher

PHONE TAbor 5-0185

MILE HIGH MINERALS, INC.
210 KITTREDGE BLDG., 16TH & GLENARM
DENVER 2, COLORADO

DMEA
Date Rec'd
FEB 23 1956
BUREAU OF MINES
Denver, Colorado

February 21, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
U. S. Bureau of Mines
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 3992 (Uranium),
Trey and Cindy Claims,
Fremont County, Wyoming

Dear Mr. Traver:

We are in receipt of your letter of February 20, 1956, advising that the Washington DMEA office has forwarded a proposed exploration contract on the subject docket. The subordination agreement forms which you sent to us on January 16, 1956, were forwarded on January 18, 1956, to the royalty holders for their execution. I contacted these people two weeks ago. They assured me that the agreement would be signed and returned to me very soon. If the agreement is not received this week, I will call them again to determine its status. I assume that with ten individuals involved it is taking quite a long time to circulate the agreement among them.

Yours very truly,

MILE HIGH MINERALS, INC.

R. M. Thompson

R. M. Thompson, President

RMT:alc

cc: E. B. Benjamin, Jr.
Fred Taucher

PHONE TABOR 5-0185

MILE HIGH MINERALS, INC.
210 KITTREDGE BLDG., 16TH & GLENARM
DENVER 2, COLORADO

DMEA
Date Rec'd.
APR 27 1956
BUREAU OF MINES
Denver, Colorado

April 26, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
U. S. Bureau of Mines
224 Customhouse
Denver 2, Colorado

Re: Docket DMEA 3992 (Uranium)
Mile High Minerals, Inc.

Dear Mr. Traver:

Late in March we received the Subordination Agreement subject DMEA Docket for the Trey claims in Fremont County, Wyoming. At the time we received these papers we were negotiating with Phelps Dodge Corporation on a joint operation. The contract has now been signed and we have decided that we will not ask for Federal assistance at this time. We do wish to thank you for all of your past efforts on our behalf.

When we originally applied for government assistance on this project we furnished you four copies of a geologic report on the Trey claims. If possible we would like to have back two copies of this report. You may keep the others for your information and files if you so desire.

Respectfully yours,

MILE HIGH MINERALS, INC.

R. M. Thompson

R. M. Thompson, President

RMT:ala

PHONE TABOR 5-0185

MILE HIGH MINERALS, INC.
210 KITTREDGE BLDG., 16TH & GLENARM
DENVER 2, COLORADO

DMEA
Date Rec'd.
APR 27 1956
BUREAU OF MINES
Denver, Colorado

April 26, 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
U. S. Bureau of Mines
224 Customhouse
Denver 2, Colorado

Re: Docket DMEA 3992 (Uranium)
Mile High Minerals, Inc.

Dear Mr. Traver:

Late in March we received the Subordination Agreement subject DMEA Docket for the Trey claims in Fremont County, Wyoming. At the time we received these papers we were negotiating with Phelps Dodge Corporation on a joint operation. The contract has now been signed and we have decided that we will not ask for Federal assistance at this time. We do wish to thank you for all of your past efforts on our behalf.

When we originally applied for government assistance on this project we furnished you four copies of a geologic report on the Trey claims. If possible we would like to have back two copies of this report. You may keep the others for your information and files if you so desire.

Respectfully yours,

MILE HIGH MINERALS, INC.

R. M. Thompson

R. M. Thompson, President

RMT:alc

PHONE TABOR 5-0165.

3/2/56 lgm

DMEA
Date Rec'd
FEB 23 1956
BUREAU OF MINES
Denver, Colorado

MILE HIGH MINERALS, INC.
210 KITTREDGE BLDG., 16TH & GLENARM
DENVER 2, COLORADO

February 21, 1956

RECEIVED
FEB 27 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
U. S. Bureau of Mines
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 3992 (Uranium),
Trey and Cindy Claims,
Fremont County, Wyoming

Dear Mr. Traver:

We are in receipt of your letter of February 20, 1956, advising that the Washington DMEA office has forwarded a proposed exploration contract on the subject docket. The subordination agreement forms which you sent to us on January 16, 1956, were forwarded on January 18, 1956, to the royalty holders for their execution. I contacted these people two weeks ago. They assured me that the agreement would be signed and returned to me very soon. If the agreement is not received this week, I will call them again to determine its status. I assume that with ten individuals involved it is taking quite a long time to circulate the agreement among them.

Yours very truly,

MILE HIGH MINERALS, INC.

R. M. Thompson

R. M. Thompson, President

RMT:alc

cc: E. B. Benjamin, Jr.
Fred Taucher

ONE TABOR 5-0185

T
C
B
K

MILE HIGH MINERALS, INC.
210 KITTREDGE BLDG., 16TH & GLENARM
DENVER 2, COLORADO

DMEA
Date Rec'd
FEB 23 1956
BUREAU OF MINES
Denver, Colorado

February 21, 1956

RECEIVED
FEB 2 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
U. S. Bureau of Mines
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 3992 (Uranium),
Trey and Cindy Claims,
Fremont County, Wyoming

Dear Mr. Traver:

We are in receipt of your letter of February 20, 1956, advising that the Washington DMEA office has forwarded a proposed exploration contract on the subject docket. The subordination agreement forms which you sent to us on January 16, 1956, were forwarded on January 18, 1956, to the royalty holders for their execution. I contacted these people two weeks ago. They assured me that the agreement would be signed and returned to me very soon. If the agreement is not received this week, I will call them again to determine its status. I assume that with ten individuals involved it is taking quite a long time to circulate the agreement among them.

Yours very truly,

MILE HIGH MINERALS, INC.

R. M. Thompson

R. M. Thompson, President

RMT:alc

cc: E. B. Benjamin, Jr.
Fred Taucher

2-24-56 lgm

RECEIVED
FEB 23 1956

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

CERTIFIED MAIL

February 20, 1956

224 New Customhouse
Denver 2, Colorado

Mr. Raymond M. Thompson, President
Mile High Minerals, Inc.
210 Kittredge Building
16th at Glenarm
Denver 2, Colorado

Re: Docket DMEA 3992 (Uranium), Trey and Cindy claims, Fremont County, Wyoming

Dear Mr. Thompson:

The Washington DMEA office has forwarded us a Proposed Exploration Contract on the subject docket. The release of the proposed contract, however, is contingent upon the receipt by us of the executed Subordination Agreement forms which were forwarded you January 16, 1956.

Will you please advise when we may expect to receive the executed copies of the Subordination Agreement.

Very truly yours,

W. M. TRAVER,

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

HMC:ab

cc: Sec. Op. Comm. (2)
Townsend
Docket 3992
Chron.

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

RECEIVED
FEB 23 1956

CERTIFIED MAIL

February 20, 1956

224 New Customhouse
Denver 2, Colorado

Mr. Raymond M. Thompson, President
Mile High Minerals, Inc.
210 Kittredge Building
16th at Glenarm
Denver 2, Colorado

Re: Docket DMEA 3992 (Uranium), Trey and Cindy claims, Fremont County, Wyoming

Dear Mr. Thompson:

The Washington DMEA office has forwarded us a Proposed Exploration Contract on the subject docket. The release of the proposed contract, however, is contingent upon the receipt by us of the executed Subordination Agreement forms which were forwarded you January 16, 1956.

Will you please advise when we may expect to receive the executed copies of the Subordination Agreement.

Very truly yours,

W. M. TRAVER

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

HMC:ab

cc: Sec. Op. Comm. (2)
Townsend
Docket 3992
Chron.

Surname copy

700

Murphy
Ellis
Chambers
Selfridge
Johnson

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

FEB 16 1956

Re: Docket No. DMEA-3992 (Uranium)
Mile High Minerals, Inc.
Trey and Cindy claims
Fremont County, Wyoming

Dear Mr. Traver:

Enclosed are the original and five copies of a long-form contract between the Government and Mile High Minerals, Inc. Also enclosed are two extra copies of Exhibit "A."

Attached to each contract Form MF-200 are Annex I, Exhibit "A," and a map, Figure 2. However, each lacks a copy of the Subordination Agreement mentioned in the contract.

We note in your memorandum, dated January 16, 1956, that you have forwarded Subordination Agreement forms to the Applicant for execution. The proposed contract has been signed by the Administrator subject to the attachment of these executed agreements.

After attachment of the Subordination Agreement, if you and the Applicant find the proposed contract in order, please insert in Article 3 of the contract form the date work shall commence and the date of completion, then have an authorized representative of the corporation sign the original and all copies. Thereafter, kindly distribute the copies in the usual manner.

If any part of the contract does not meet with your or the Applicant's approval, then the original and all copies, including the extra copies of Exhibit "A," are to be returned to this office with the proposed changes for consideration.

The completion of work date which we usually fill in on proposed contracts was omitted, as it is possible that winter and spring weather conditions in Wyoming might cause a long delay in starting. Therefore, the date of completion was left open.

Enclosures

Sincerely yours,

APPROVED:

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

George C. Selfridge
Chairman, Operating Committee (SHB)

Thor H. Kiilsgaard (SHB)
Member, Geological Survey

FMMurphy/gla 2-10-56
cc to: Messrs. JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA
Code 700
Mr. Murphy
Admr.'s Reading File
Operating Committee
Docket

R.C.L.

1/30/56 gla

IN REPLY REFER TO:

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

RECEIVED
JAN 27 1956

January 27, 1956

Memorandum

To: E. W. Ellis, Defense Minerals Exploration Administration

From: W. P. Williams, U. S. Geological Survey

Subject: Review of field examination report, DMEA 3992, Mile High Minerals, Inc., Trey and Cindy claims, Fremont County, Wyoming.

The examining team recommends approval of DMEA participation in an exploration drilling project which, in the first stage, would consist of 2,550 feet of core drilling and 3,850 feet of plug-bit drilling at an estimated cost of $21,905.00.

The proposed project may be considered as consisting of four parts as follows:

1) Drilling of five offset holes around two previously drilled ore holes on Trey No. 9 claim. This appears to be the most promising phase of the project.

2) Drilling of two holes on the east part of Trey No. 2 claim to test carbonaceous beds in the area. This appears to be the most unpromising of the four phases. Four holes have been completed in the area, none of which encountered ore. Serious consideration might be given to deleting this part from a proposed project.

3) Drilling three holes in the northwest corner of Trey No. 7 claim to explore for a down dip extension of the ore bodies on Snowball claims Nos. 1 and 2. The fence of three holes is short, about 300 feet long; and the ore on the Snowball claims would have to be projected 1,000 to 2,000 feet to intersect the fence of holes. Because the proposed holes are in a corner of the property consideration might be given to drilling only the one center hole, or deleting this phase altogether.

4) Drilling four holes on Trey claims Nos. 5 and 6 to explore for an on-strike extension of the ore bodies on Snowball Nos. 1 and 2 claims. This phase requires projection of known ore about 1,000 feet. The fence of holes, however, is longer than in phase 3 and therefore has a fair chance of intercepting an ore extension. This phase appears to have a fair chance for success.

The examining team gives no hint as to the size of the known ore bodies near the property nor of the expected ore bodies. They do say that the individual uranium deposits are small and irregularly shaped. Drilling depths, about 500 feet, are relatively deep; and dips of the beds in places are high causing further complications.

The proposed project probably has only a fair chance for success. Nevertheless, I recommend that DMEA participate in exploration on the property. It would probably be advisable to ask the Field Team for comments concerning the additional modifications suggested above.

W. P. Williams

W. P. Williams

IN REPLY REFER TO:

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

RECEIVED
JAN 27 1956

January 27, 1956

Memorandum

To: E. W. Ellis, Defense Minerals Exploration Administration

From: W. P. Williams, U. S. Geological Survey

Subject: Review of field examination report, DMEA 3992, Mile High Minerals, Inc., Trey and Cindy claims, Fremont County, Wyoming.

The examining team recommends approval of DMEA participation in an exploration drilling project which, in the first stage, would consist of 2,550 feet of core drilling and 3,850 feet of plug-bit drilling at an estimated cost of $21,905.00.

The proposed project may be considered as consisting of four parts as follows:

1) Drilling of five offset holes around two previously drilled ore holes on Trey No. 9 claim. This appears to be the most promising phase of the project.

2) Drilling of two holes on the east part of Trey No. 2 claim to test carbonaceous beds in the area. This appears to be the most unpromising of the four phases. Four holes have been completed in the area, none of which encountered ore. Serious consideration might be given to deleting this part from a proposed project.

3) Drilling three holes in the northwest corner of Trey No. 7 claim to explore for a down dip extension of the ore bodies on Snowball claims Nos. 1 and 2. The fence of three holes is short, about 300 feet long; and the ore on the Snowball claims would have to be projected 1,000 to 2,000 feet to intersect the fence of holes. Because the proposed holes are in a corner of the property consideration might be given to drilling only the one center hole, or deleting this phase altogether.

4) Drilling four holes on Troy claims Nos. 5 and 6 to explore for an on-strike extension of the ore bodies on Snowball Nos. 1 and 2 claims. This phase requires projection of known ore about 1,000 feet. The fence of holes, however, is longer than in phase 3 and therefore has a fair chance of intercepting an ore extension. This phase appears to have a fair chance for success.

The examining team gives no hint as to the size of the known ore bodies near the property nor of the expected ore bodies. They do say that the individual uranium deposits are small and irregularly shaped. Drilling depths, about 300 feet, are relatively deep; and dips of the beds in places are high causing further complications.

The proposed project probably has only a fair chance for success. Nevertheless, I recommend that DMEA participate in exploration on the property. It would probably be advisable to ask the Field Team for comments concerning the additional modifications suggested above.

W. P. Williams

WPWilliams:iml
G-1/27/56

cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
J. E. Crawford, 3641
J. O. Nested, 3210

IN REPLY REFER TO:

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

RECEIVED
JAN 27 1956

January 27, 1956

Memorandum

To: E. W. Ellis, Defense Minerals Exploration Administration

From: W. P. Williams, U. S. Geological Survey

Subject: Review of field examination report, DMEA 3992, Mile High Minerals, Inc., Troy and Cindy claims, Fremont County, Wyoming.

The examining team recommends approval of DMEA participation in an exploration drilling project which, in the first stage, would consist of 2,550 feet of core drilling and 3,850 feet of plug-hit drilling at an estimated cost of $81,905.00.

The proposed project may be considered as consisting of four parts as follows:

1) Drilling of five offset holes around two previously drilled ore holes on Troy No. 9 claim. This appears to be the most promising phase of the project.

2) Drilling of two holes on the east part of Troy No. 2 claim to test carbonaceous beds in the area. This appears to be the most unpromising of the four phases. Four holes have been completed in the area, none of which encountered ore. Serious consideration might be given to deleting this part from a proposed project.

3) Drilling three holes in the northwest corner of Troy No. 7 claim to explore for a down dip extension of the ore bodies on Snowball claims Nos. 1 and 2. The fence of three holes is short, about 300 feet long; and the ore on the Snowball claims would have to be projected 1,000 to 2,000 feet to intersect the fence of holes. Because the proposed holes are in a corner of the property consideration might be given to drilling only the one center hole, or deleting this phase altogether.

4) Drilling four holes on Troy claims Nos. 5 and 6 to explore for an on-strike extension of the ore bodies on Marshall Nos. 1 and 2 claims. This phase requires projection of known ore about 1,000 feet. The fence of holes, however, is longer than in phase 3 and therefore has a fair chance of intercepting an ore extension. This phase appears to have a fair chance for success.

The examining team gives no hint as to the size of the known ore bodies near the property nor of the expected ore bodies. They do say that the individual uranium deposits are small and irregularly shaped. Drilling depths, about 500 feet, are relatively deep; and dips of the beds in places are high causing further complications.

The proposed project probably has only a fair chance for success. Nevertheless, I recommend that DMRA participate in exploration on the property. It would probably be advisable to ask the Field Team for comments concerning the additional modifications suggested above.

W. P. Williams

WPWilliams:iml
G-1/27/56

cc: Director's reading, 4212
Branch reading, 4212
DMRA (3)
Docket file
J. E. Crawford, 3641
J. O. Mosted, 3210

1-25-56 lgm

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

RECEIVED
JAN 25 1956

January 25, 1956

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee, Room 4445

From: John E. Crawford, Bureau of Mines Member
Uranium Commodity Committee

Subject: Report of Examination, DMEA Docket 3992, Mile High Minerals, Inc. (Trey, Trey Jr., and Cindy claims), Fremont County, Wyoming.

I have reviewed the report of examination of DMEA Docket 3992, dated January 11, 1956, and received in this office on January 24. I have also discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

Mile High Minerals, Inc., applied for DMEA assistance in exploring for uranium on the Trey, Trey, Jr., and Cindy group of claims in Fremont County, Wyo., by 19,000 feet of core drilling at an estimated cost of $78,222.40.

The subject claims were examined by a DMEA team on October 26, 1955. The examining team concluded that a modified exploration program is warranted.

The contract recommended by the field team includes a two-stage drilling program. Stage I would consist of 2,550 feet of core drilling, 3,850 feet of plug-bit drilling, and 60 chemical assays, at an estimated cost of $21,905.50. Stage II, dependent of course on the results of Stage I, would consist of offset holes drilled around favorable Stage I holes. Stage II would permit up to 2,000 feet of core drilling, 4,200 feet of plug-bit drilling, and 80 chemical assays, at an estimated cost of $24,060. The estimated total cost of the exploration project would be $45,965.50 and the amount of Government participation at 75 percent would be $34,474.13.

We concur in the recommendation of the field team that the possibilities of finding significant ore bodies are encouraging and the modified exploration program is warranted.

The report is being forwarded to the Chief, Division of Minerals, in accordance with the routing slip attached thereto.

John E. Crawford
John E. Crawford

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

RECEIVED
JAN 25 1956

January 25, 1956

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee, Room 4445

From: John E. Crawford, Bureau of Mines Member
Uranium Commodity Committee

Subject: Report of Examination, DMEA Docket 3992, Mile High Minerals, Inc. (Trey, Trey Jr., and Cindy claims), Fremont County, Wyoming.

I have reviewed the report of examination of DMEA Docket 3992, dated January 11, 1956, and received in this office on January 24. I have also discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

Mile High Minerals, Inc., applied for DMEA assistance in exploring for uranium on the Trey, Trey, Jr., and Cindy group of claims in Fremont County, Wyo., by 19,000 feet of core drilling at an estimated cost of $78,222.40.

The subject claims were examined by a DMEA team on October 26, 1955. The examining team concluded that a modified exploration program is warranted.

The contract recommended by the field team includes a two-stage drilling program. Stage I would consist of 2,550 feet of core drilling, 3,850 feet of plug-bit drilling, and 60 chemical assays, at an estimated cost of $21,905.50. Stage II, dependent of course on the results of Stage I, would consist of offset holes drilled around favorable Stage I holes. Stage II would permit up to 2,000 feet of core drilling, 4,200 feet of plug-bit drilling, and 80 chemical assays at an estimated cost of $24,060. The estimated total cost of the exploration project would be $45,965.50 and the amount of Government participation at 75 percent would be $34,474.13.

We concur in the recommendation of the field team that the possibilities of finding significant ore bodies are encouraging and the modified exploration program is warranted.

The report is being forwarded to the Chief, Division of Minerals, in accordance with the routing slip attached thereto.

John E. Crawford

Rough Draft

Docket Copy

MF-200
(Revised June 1954)

Docket No. DMEA 3992

Commodity Uranium

Contract No. Idm-E

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Mile High Minerals, Inc., A Delaware Corporation

whose mailing address is 210 Kittredge Building, 16th and Glenarm
Denver 2, 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 Map Figure 2

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the[4] Owner of[5] entire interest in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a[6] ....., [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: an overriding royalty on all claims in Annex I except Trey, Jr., Cindy Nos. 1 and 2.

(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: Subordination Agreements signed by ten (10) individuals each holding equal royalty rights.

(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 ..... shall commence the work, and on or before ..... (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 $ 44,492.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $ 33,369.00 : *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By .....

.....
(Operator)

By .....

.....

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

.....

[CORPORATE SEAL]

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

DRAFT
FMMURPHY/lsm
1-23-56

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMEA-3992

ANNEX I

The land referred to in Article 2 of the contract consists of 15 mining claims which are recorded in the Office of the County Recorder, Fremont County, Wyoming, as follows:

CLAIMS	BOOK NO.	PAGE NO.
Trey No. 1 (Amended Location)	141	32
" " 2 " "	"	35
" " 5 " "	"	38
" " 6 " "	"	41
" " 7 " "	"	44
" " 8 " "	"	47
" " 9 " "	"	50
" " 13 " "	"	53
" " 14 " "	"	56
" " 17 " "	"	59
" " 18 " "	"	62
" " 26 " "	"	65
Trey Jr.	122	152
Cindy No. 1	"	150
" " 2	"	151

The above claims are situated in Secs. 28, 29, 32, and 33, T. 28 N., R. 92 W., sixth principal meridian, and are shown on the map entitled "Figure 2 - Property and Exploration Map, Mile High Minerals, Inc., Fremont County, Wyoming, DMEA-3992", attached hereto and made a part hereof.

DRAFT
FMMURPHY/ism
1-23-56

EXPLORATION PROJECT CONTRACT
MILE HIGH MINERALS, INC.
DOCKET NO. DMEA-3992

EXHIBIT "A"

Description of the Work

The object of this project is to explore the lower part of the Tertiary Wasatch formation by means of core and non-core drilling.

It is estimated that holes ranging from 200 to 500 feet in depth will be required to penetrate through the inferred uranium-bearing zone.

The work shall be divided into two stages. The Operator shall perform all the work in Stage I and so much of Stage II as is approved in advance in writing by the Government.

STAGE I

Stage I shall consist of drilling fourteen (14) holes totaling an estimated 3,850 feet of non-core and 2,550 feet of core drilling. The approximate locations of the holes are shown on map Figure 2 and described as follows:

On claim Trey No. 9 - three (3) holes shall be drilled at locations approximately 100 feet north, south, and east of Operator's hole 33. Also, two (2) holes shall be drilled at locations approximately 100 feet to the north and south of the above east hole drill site.

On claim Trey No. 7 - three (3) holes, spaced approximately 200 feet apart, shall be drilled in a line across the northwestern corner. The end holes should re-enter, if possible, the Operator's previously drilled holes 30B and 15, which did not reach the inferred ore zone.

On claim Trey No. 2 - two (2) holes shall be drilled in the eastern part of this claim. One hole should enter, if possible, the Operator's drilled hole No. 11 which did not reach the ore zone. The other hole shall be drilled at a location approximately 200 feet S. 20° W., of hole No. 11. The two holes on this claim shall be cored for their entire depth.

On Trey Nos. 5 and 6 - a line of four (4) holes, spaced about 270 feet apart in an east-west direction, shall be drilled along the narrow ridge which crosses the northern half of these claims.

Under this Stage I of the Contract, not in excess of 80 hours of bulldozing access roads to drill sites shall be performed, nor in excess of 60 samples shall be chemically analyzed for their U_3O_8 and V_2O_5 content.

If the footage estimated for Stage I is not sufficient to complete the fourteen (14) holes, then with previous written approval by the Government a part of the footage estimated for Stage II may be used.

Any footage saved by re-entering previously drilled holes, as suggested in drilling on claims Trey Nos. 2 and 7, may be used under Stage II, if this stage is approved by the Government and the extra footage is needed.

STAGE II

Stage II shall consist of drilling not in excess of 15 holes around Stage I holes which show significant amounts of mineralization. No hole drilled under this Stage shall be closer than 50 feet to any other drill hole.

Not in excess of 2,800 feet of core drilling and 4,200 feet of non-core drilling (plus any footage saved as mentioned above), shall be performed under this Stage of the Contract. Also, not in excess of 40 hours of bulldozing shall be performed, nor in excess of 68 samples shall be chemically analyzed for their U_3O_8 and V_2O_5 content.

GENERAL PROVISIONS

A competent supervisor and one helper shall be employed full time in connection with the performance of the project work.

All holes, except the two drilled on Trey No. 2 claim, shall be drilled non-core to the inferred top of the uranium-bearing zone of the Wasatch formation and then cored to the bottom of the holes. The holes shall bottom just below the contact of the Wasatch formation with the underlying Cody shale. It is estimated that about 100 feet of core drilling will be required for the holes on Trey No. 9 claim and 150 feet of core drilling for all the other holes, except those on Trey No. 2 claim.

All holes shall bottom Nx core size, unless a reduction in size is approved by the Government on an individual hole. This approval can be verbal, but shall be confirmed in writing later.

No holes shall be drilled closer than 100 feet to the outer boundaries of the subject property.

Sections of the drill core showing significant uranium mineralization shall be split. One-half of the split core shall be analyzed for its U_3O_8 and V_2O_5 content. The remainder shall be stored, for Government use, with the rest of the core, in boxes property labeled

as to drill hole number. Markers shall be placed in the sections of core to indicate the depth represented.

All holes shall be logged and probed for radioactivity. Records of such logging and probing, together with assay certificates, shall be submitted with the Operator's monthly progress report.

The extent and method of sampling and logging drill holes, the manner of storing drill core, the location, direction, depth, and diameter of drill holes are all subject to Government approval.

ESTIMATED COSTS

Stage I

Independent Contracts:	
Bulldozing[1] access roads and drill sites 80 hours @ $12.00/hr.	$960.00
Core drilling - 2,550 ft. @ $4.00/ft.	10,200.00
Non-core drilling - 3,850 ft. @ $1.75/ft.	6,737.50
Labor and Supervision:	
One supervisor - 3 months @ $650/mth.	1,950.00
One assistant - 3 months @ $300/mth.	900.00
Operating Materials and Supplies:	
Gas, oil, and repairs for jeep 3 months @ $40/month	120.00
130 core boxes @ $1.00 each	130.00
Operating Equipment: (rental)	
1 jeep - 3 months @ $25/mth.	75.00
1 gamma-ray logging unit @ 2 mths. @ $50/mth.	100.00
Miscellaneous:	
Workmens compensation and payroll taxes @ 7% of salaries	199.50
Chemical analyses for U_3O_8 and V_2O_5 60 samples @ $5/sample	300.00
	$21,672.00

1/ D-7 Caterpillar or equivalent

Stage II

Independent Contracts:

Bulldozing[1] access roads and drill sites		
40 hours @ $12.00/hr.	$480.00	
Core drilling - 2,800 ft. @ $4/ft.	11,200.00	
Non-core drilling - 4,200 ft. @ $1.75/ft.	7,350.00	
Labor and Supervision:		
One supervisor - 3 months @ $650/mth.	1,950.00	
One assistant - 3 months @ $300/mth.	900.00	
Operating Materials and Supplies:		
Gas, oil, and repairs for jeep 3 months @ $40/mth.	120.00	
145 core boxes @ $1.00/each	145.00	
Operating Equipment: (rental)		
1 jeep, 3 months @ $25/mth.	75.00	
1 gamma-ray logging unit - 2 mths. @ $50/mth.	100.00	
Miscellaneous:		
Workmens compensation and payroll taxes @ 7% of salaries	199.50	
Chemical analyses for U_3O_8 and V_2O_5, 60 samples @ $5/sample	300.00	
		$22,819.50
Total Estimated Cost of the Project (rounded)		$44,492.00
Government Participation @ 75%		$33,369.00

1/ D-7 Caterpillar or equivalent

1-19-56

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

RECEIVED
JAN 19 1956

January 16, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3992 (Uranium), Mile High Minerals, Inc., (Trey, Trey Jr., and Cindy claims), Fremont County, Wyoming

Mr. Thompson, President, Mile High Minerals, Inc. was contacted today. He objects to including Trey claims Nos. 10, 11, 12, 15, 16, 25, or any part thereof. Since the nearest drilling to any of the aforementioned claims is on Trey No. 9, he may have a point.

We have forwarded the Subordination Agreement on the twelve claims covered by the application to Mr. Thompson for him to obtain the necessary signatures.

W. M. Traver

W. M. Traver

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

RECEIVED
JAN 19 1956

January 16, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3992 (Uranium), Mile High Minerals, Inc., (Trey, Trey Jr., and Cindy claims), Fremont County, Wyoming

Mr. Thompson, President, Mile High Minerals, Inc. was contacted today. He objects to including Trey claims Nos. 10, 11, 12, 15, 16, 25, or any part thereof. Since the nearest drilling to any of the aforementioned claims is on Trey No. 9, he may have a point.

We have forwarded the Subordination Agreement on the twelve claims covered by the application to Mr. Thompson for him to obtain the necessary signatures.

W. M. TRAVER,

W. M. Traver

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

RECEIVED
JAN 19 1956

January 16, 1956

224 New Customhouse
Denver 2, Colorado

Mr. Raymond M. Thompson, President
Mile High Minerals, Inc.
210 Kittredge Building
16th at Glenarm
Denver 2, Colorado

Re: Docket DMEA 3992 (Uranium), Trey and Cindy claims, Fremont County, Wyoming

Dear Mr. Thompson:

This will confirm the telephone conversation you had with Mr. Connors of this office this morning in which you indicated your desire not to include more Trey claims than were submitted with the original application.

Enclosed are the original and five copies of Form MF-201, Subordination Agreement. Please have the ten individuals who hold overriding royalty rights on the twelve Trey claims sign all copies and return them to this office, so that we may continue to process your application.

The owners of overriding royalty on these claims as given in your DMEA application are:

Bill Rivers	Duke Bosnich
Kenneth Ockerman	Ray Jelle
Ray McDonough	Mike Korfanta
Fred Taucher	Marko Begovich
Joe Dolan	Harold Reach

Very truly yours,

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

HMC:ab

Enclosures
cc: Sec. Op. Comm. (2)
Docket 3992
Chron.

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

RECEIVED
JAN 19 1956

January 16, 1956

224 New Customhouse
Denver 2, Colorado

Mr. Raymond M. Thompson, President
Mile High Minerals, Inc.
210 Kittredge Building
16th at Glenarm
Denver 2, Colorado

Re: Docket DMEA 3992 (Uranium), Trey and Cindy claims, Fremont County, Wyoming

Dear Mr. Thompson:

This will confirm the telephone conversation you had with Mr. Connors of this office this morning in which you indicated your desire not to include more Trey claims than were submitted with the original application.

Enclosed are the original and five copies of Form MF-201, Subordination Agreement. Please have the ten individuals who hold overriding royalty rights on the twelve Trey claims sign all copies and return them to this office, so that we may continue to process your application.

The owners of overriding royalty on these claims as given in your DMEA application are:

Bill Rivers	Duke Bosnich
Kenneth Ockerman	Ray Jelle
Ray McDonough	Mike Korfanta
Fred Taucher	Marko Begovich
Joe Dolan	Harold Reach

Very truly yours,

W. M. TRAVER

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

HMC:ab

Enclosures
cc: Sec. Op. Comm. (2)
Docket 3992
Chron.

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

RECEIVED
JAN 25 1956

January 25, 1956

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee, Room 4445

From: John E. Crawford, Bureau of Mines Member
Uranium Commodity Committee

Subject: Report of Examination, DMEA Docket 3992, Mile High Minerals, Inc. (Trey, Trey Jr., and Cindy claims), Fremont County, Wyoming.

I have reviewed the report of examination of DMEA Docket 3992, dated January 11, 1956, and received in this office on January 24. I have also discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

Mile High Minerals, Inc., applied for DMEA assistance in exploring for uranium on the Trey, Trey, Jr., and Cindy group of claims in Fremont County, Wyo., by 19,000 feet of core drilling at an estimated cost of $78,222.40.

The subject claims were examined by a DMEA team on October 26, 1955. The examining team concluded that a modified exploration program is warranted.

The contract recommended by the field team includes a two-stage drilling program. Stage I would consist of 2,550 feet of core drilling, 3,850 feet of plug-bit drilling, and 60 chemical assays, at an estimated cost of $21,905.50. Stage II, dependent of course on the results of Stage I, would consist of offset holes drilled around favorable Stage I holes. Stage II would permit up to 2,000 feet of core drilling, 4,200 feet of plug-bit drilling, and 80 chemical assays at an estimated cost of $24,060. The estimated total cost of the exploration project would be $45,965.50 and the amount of Government participation at 75 percent would be $34,474.13.

We concur in the recommendation of the field team that the possibilities of finding significant ore bodies are encouraging and the modified exploration program is warranted.

The report is being forwarded to the Chief, Division of Minerals, in accordance with the routing slip attached thereto.

John E. Crawford

1-23-56 Agm

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

RECEIVED
JAN 16 1956

January 11, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Joint Report of Examination, Docket DMEA 3992 (Uranium), Mile High Minerals, Inc., (Trey, Trey Jr., and Cindy claims), Fremont County, Wyoming

Enclosed are the original and three copies of a Joint Report of Examination on the subject property.

The field examiners recommend a two-stage exploration program at an estimated cost of $45,965.50, Government's participation $34,474.13. We concur in this recommendation.

The examiners also suggest that the Trey claims Nos. 10, 11, 12, 15, 16, and 25 should be included in the contract. Mr. Raymond M. Thompson, President, Mile High Minerals, Inc. will be contacted when he returns to Denver January 16, 1956. We will ascertain if he has any objections to including these six contiguous Trey claims which he obtained after the date of his DMEA application. If he has no objections, we will advise you and we will include these additional claims in Annex I of Form MF-201, Subordination Agreement, and submit them to him for the necessary signatures.

Enclosed are nine extra copies of Figure 2 for possible use in the contract.

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

Reviewed by
DMEA OPERATING COMMITTEE
1-20-56
(date)

Enclosures

1-17-56 dgm

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

RECEIVED
JAN 16 1956

January 11, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Joint Report of Examination, Docket DMEA 3992 (Uranium), Mile High Minerals, Inc., (Trey, Trey Jr., and Cindy claims), Fremont County, Wyoming

Enclosed are the original and three copies of a Joint Report of Examination on the subject property.

The field examiners recommend a two-stage exploration program at an estimated cost of $45,965.50, Government's participation $34,474.13. We concur in this recommendation.

The examiners also suggest that the Trey claims Nos. 10, 11, 12, 15, 16, and 25 should be included in the contract. Mr. Raymond M. Thompson, President, Mile High Minerals, Inc. will be contacted when he returns to Denver January 16, 1956. We will ascertain if he has any objections to including these six contiguous Trey claims which he obtained after the date of his DMEA application. If he has no objections, we will advise you and we will include these additional claims in Annex I of Form MF-201, Subordination Agreement, and submit them to him for the necessary signatures.

Enclosed are nine extra copies of Figure 2 for possible use in the contract.

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

Reviewed by
DMEA OPERATING COMMITTEE
1-20-56
(date)

DMEA
Date Rec'd
JAN 3 1956
BUREAU OF MINES
Denver, Colorado

RECEIVED
JAN 16 1956

Region III

Building 20
Denver Federal Center
Denver 2, Colorado
December 30, 1955

Memorandum

TRANSMITTED
JAN 11 1956

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw
E. N. Harshman

Subject: Examination Report, DMEA 3992 (Uranium) Mile High Minerals, Inc., (Troy, Troy Jr., and Cindy claims) Fremont County, Wyoming

Enclosed are the original and nine copies of a Joint Engineering and Geologic Report by Carl Balser, Mining Engineer, and Max Bergendahl, Geologist, covering docket DMEA 3992.

Mile High Minerals, Inc., applied for exploration assistance to explore the Troy, Troy Jr., and Cindy group of claims in Fremont County, Wyoming, by 19,000 feet of core drilling at an estimated cost of $78,222.40. The property was visited on October 26, 1955 by Carl Balser and Max Bergendahl. The examining team concluded that a modified exploration program is warranted.

It is recommended that a contract be prepared in two stages. Stage I to consist of 2,550 feet of core drilling, 3,850 feet of plug-bit drilling, and 60 chemical assays, at an estimated cost of $21,905.50. The location of the proposed Stage I holes are shown on Figure 2. Stage II would be dependent upon the results of Stage I and would consist of offset holes drilled around Stage I holes or previously drilled Stage II holes that encountered significant amounts of uranium. The drilling of Stage II holes should require prior written approval of the Government. Two thousand eight hundred feet of core drilling, 4,200 feet of plug-bit drilling and 80 chemical assays at an estimated cost of $24,060.00 should be allowed for Stage II. The estimated total cost of the project would be $45,965.50 and the amount of Government participation at 75 percent would be $34,474.13.

John F. Shaw
John F. Shaw
Supervising Mining Engineer

E. N. Harshman
E. N. Harshman
Member, Field Team

1-20-56
(date)

Enclosures
cc: 9
E. N. Harshman

TS/cm

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

RECEIVED
JAN 16 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

TRANSMITTED
JAN 11 1956

DMEA 3992

TREY, TREY JR., AND CINDY CLAIMS

MILE HIGH MINERALS, INC.

FREMONT COUNTY, WYOMING

Uranium

Reviewed by
DMEA OPERATING COMMITTEE
1-20-56
(Date)

Joint Engineering and Geological Report

By

Max Bergendahl, Geologist
Geological Survey

Carl Belser, Mining Engineer
Bureau of Mines

December 26, 1955

DMEA 3992

TREY, TREY JR., AND CINDY CLAIMS
MILE HIGH MINERALS, INC.
FREMONT COUNTY, WYOMING

RECEIVED
JAN 16 1956

CONTENTS

Joint engineering and geologic report — Page

Introduction and summary..... 1
Acknowledgments..... 2
Location, topography, and climate..... 2
History and production..... 3
Ownership and extent..... 4
Present status..... 6
Exploration and development..... 6
Mining and milling equipment and other facilities..... 6
Geology..... 6
Ore reserves.....12
Proposed exploration and costs.....13
Conclusions and recommendations.....19

ILLUSTRATIONS

Figure — Follows page

1. Location map, Trey, Trey Jr., and Cindy claims, Mile High Minerals, Inc., Fremont County, Wyoming.....2
2. Property and exploration map, Mile High Minerals, Inc., Fremont County, Wyoming.....2

DMEA 3992

TRANSMITTED

JAN 11 1956

RECEIVED

JAN 16 1956

TREY, TREY JR., AND CINDY CLAIMS
MILE HIGH MINERALS, INC.
FREMONT COUNTY, WYOMING

INTRODUCTION AND SUMMARY

Mile High Minerals, Inc., 210 Kittredge Building, Denver 2, Colo., on September 22, 1955, made application for aid in an exploration project for uranium on its Trey, Trey Jr., and Cindy claims in Fremont County, Wyo. The application proposed drilling 19,000 feet of core holes at an estimated cost of $78,222.40.

The property, which contained 15 unpatented claims at the time of the application, has been enlarged by the additionary Trey Nos. 10, 11, 12, 13, 16, and 25 claims.

An examining team visited the property on October 26, 1955.

The exposed formations on and adjacent to the property are the Cody shale, of Cretaceous age, and the Wasatch formation, of Tertiary age. The Cody-Wasatch contact extends through the Trey No. 1 and the Trey Jr. claims in a northeasterly direction. Commercial deposits of secondary uranium minerals occur within the lower part of the Wasatch formation in carbonaceous and silty seams. Individual uranium deposits are small, irregularly-shaped, and seem to follow the dips of the beds. The Trey claims lie across the southwest plunging nose of the Crooks Gap anticline and dips range from 19 degrees to 87 degrees.

The applicant drilled 5,379 feet (36 holes) of which only 2,422 feet was drilled deep enough to reach any possible ore zone.

No mining has been done on the property but the applicant estimates indicated ore reserves of 34,967 tons averaging 0.498 percent U_3O_8.

A two-stage drilling program consisting of a maximum of 13,400 feet (29 holes) of drilling at an estimated cost of $45,965.50, (Government participation $34,474.17) is recommended.

ACKNOWLEDGMENTS

The examining team was accompanied by R. M. Thompson of Mile High Minerals, Inc.

Charles Bromley and George Holmquist, AEC geologists, Rawlins, Wyo., and Spencer Shannon, AEC geologist, Crooks Gap, Wyo., were contacted to obtain information concerning the area. J. G. Stephens, U.S.G.S., supplied the geology shown on fig. 2.

Memorandums by W. F. Williams, John H. Crawford, and T. H. Kiilsgaard were an aid in making the examination.

LOCATION, TOPOGRAPHY, AND CLIMATE

The property submitted in the application consists of 15 unpatented claims in sections 28, 29, 32, and 33, T. 28 N., R. 92 W., sixth principal meridian, Fremont County, Wyo. Since the time of the application, the applicant has acquired six additional claims adjacent to the Trey claims in section 28 (figs. 1 and 2).

The Cindy, Cindy 1, Trey Jr., and Treys 1 and 2 are in the valley on the east side of Crooks Creek at altitudes ranging from 6,750 to 6,950 feet. The 16 other Trey claims are on the southwest flank of Sheep Mountain at altitudes of from 6,800 feet to 7,800 feet. The area contains

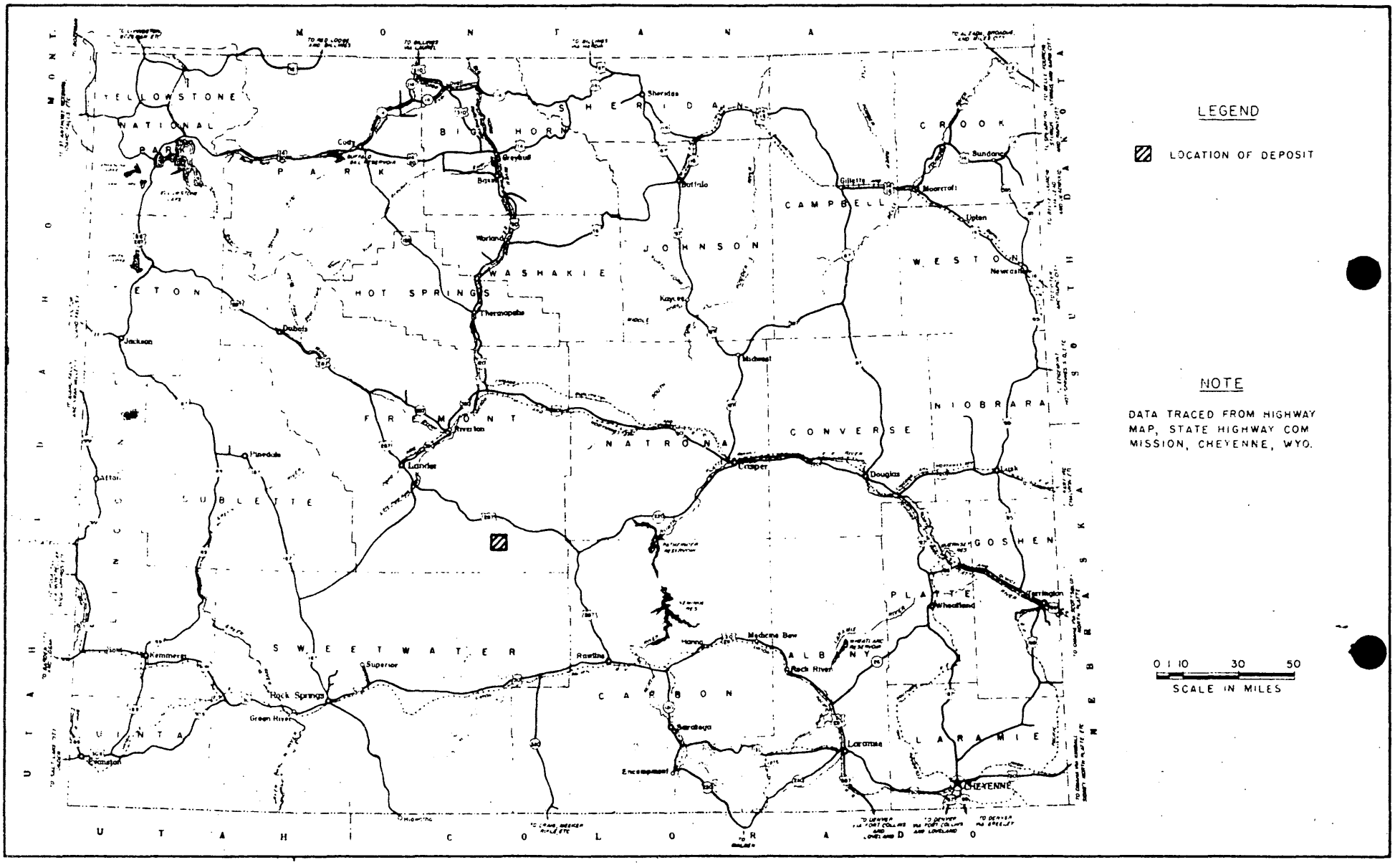


FIGURE 1 - LOCATION MAP, TREY, TREY, JR., AND CINDY CLAIMS, MILE HIGH MINERALS, INC., FREMONT COUNTY, WYO. DMEA 3992

RECEIVED
JAN 16 1956

three ravines and three sharp ridges which are approximately parallel and slope downward to the southwest from the top of Sheep Mountain.

The climate is semi-arid and vegetation is scant. A suitable camp site is available on the Trey 2 claim where water for domestic purposes can be obtained from a spring. Water for drilling or mining use can be trucked from Crooks Creek.

A two-mile dirt access road connects the property with a graveled road whence it is 10 miles to U.S. Highway 287 at a point 62 miles southeast of Lander, 86 miles southeast of Riverton, and 68 miles northwest of Rawlins. A new electrical power line has reached the Lost Creek Uranium and Oil Co. camp (fig. 2).

Labor and supplies are obtainable at Lander and Rawlins. A Government ore-buying depot is located at Riverton. The Chicago and Northwestern railroad services Lander while the Union Pacific main line passes through Rawlins.

Except during severe storms, operations can be carried on throughout the year, but winters are severe.

HISTORY AND PRODUCTION

Work in prospecting for and developing uranium deposits in the Crooks Gap area began following AEC activity in the same area in the early 1950's. The Trey claims were located early in 1954 by a group of 10 Wyoming men. The Trey Jr. and Cindy claims were located later. The Trey claims were later acquired by Mile High Minerals, Inc. A number of access roads have been built and over 5,000 feet of diamond drilling completed. No production has been made from the property; however uranium ore has been mined from the nearby Sun Dog and Snowball groups (fig. 2).

OWNERSHIP AND EXTENT

The claims are recorded in the records of the County Recorder of Fremont County, Wyoming, as follows:

Locations

Claim	Book	Page	Discovery date	Date recorded	Locator
Trey 1	59	111	2/28/54	3/3/54	Mike Korfanta, et al.
Trey 2	"	112	"	"	"
Trey 5	"	115	"	"	"
Trey 6	"	116	"	"	"
Trey 7	"	93	3/2/54	"	"
Trey 8	"	94	"	"	"
Trey 9	"	95	"	"	"
Trey 13	"	99	"	"	"
Trey 14	"	100	"	"	"
Trey 17	"	128	3/3/54	"	"
Trey 18	"	127	"	3/5/54	"
Trey 26	"	219	3/17/54	3/8/54	"
Trey Jr.	82	166	12/23/54	12/21/54	J. Neal, et al., for Benjamin and Robinson
Cindy 1	122	150	5/31/55	6/15/55	Mile High Minerals, Inc.
Cindy 2	122	151	"	"	Mile High Minerals, Inc.

Amended

Posted

Trey 1	73	75	11/3/54	11/3/54	Mike Korfanta, et al.
Trey 2	"	76	"	"	"
Trey 5	"	79	"	"	"
Trey 6	"	80	"	"	"
Trey 7	"	81	"	"	"
Trey 8	"	82	"	"	"
Trey 9	"	83	"	"	"
Trey 13	"	87	"	"	"
Trey 14	"	88	"	"	"
Trey 17	"	91	"	"	"
Trey 18	"	22	"	"	"
Trey 26	"	94	"	"	"

The additional 6 claims are recorded as follows:

Claim	Book	Page	Date located	Date recorded	Locator	Date amended	Book	Page
Trey 10	59	96	3/2/54	3/3/54	Mike Korfanta, et al.	11/3/54	73	84
Trey 11	59	97	3/2/54	3/3/54	"	"	73	85
Trey 12	59	98	3/2/54	3/3/54	"	"	73	86
Trey 15	59	89	3/3/54		"	"	73	89
Trey 16	59	90	3/3/54		"	"	73	90
Trey 25	59	218	3/7/54	3/8/54	"	11/5/54	73	93

Contracts to purchase, deeds, etc., follow:

Claims	Book	Page	Date of instrument	Grantor	Grantee
All Trey claims (preliminary)	73	140	10/28/54	Korfanta, et al.	Benjamin and Robinson--trustees for Mile High
All Trey claims (with complete details)	86	325	12/31/54	Korfanta, et al.	Mile High
Trey, Jr.	82	166	12/27/54	Benjamin and Robinson	Mile High

The properties held by E. G. Robinson and E. V. Benjamin (trustees) in the Creeks Gap area were incorporated under Mile High Minerals, Inc., in December 1954. Quit claim deeds follow:

Claim	Rec. No.	Date	Book	Page	Grantor	Grantee
Trey 1	405043	2/3/55	93	118	Robinson & Benjamin	Mile High Minerals, Inc.
Trey 2	402303	2/11/55	89	475	"	"
Trey 5	402304	"	89	477	"	"
Trey 6	402305	"	89	476	"	"
Trey 7	402306	"	89	481	"	"
Trey 8	405046	3/3/55	93	130	"	"
Trey 9	405044	"	93	120	"	"
Trey 10	442298	10/14/55	144	263	"	"
Trey 11	442299	"	144	265	"	"
Trey 12	442360	"	144	267	"	"
Trey 13	405045	3/3/55	93	122	"	"
Trey 14	405050	"	93	132	"	"
Trey 15	442301	10/14/55	144	269	"	"
Trey 16	442302	"	144	271	"	"
Trey 17	405046	3/3/55	93	124	"	"
Trey 18	405047	"	93	126	"	"
Trey 25	442303	10/14/55	144	273	"	"
Trey 26	405048	3/3/55	93	128	"	"

Amended locations and drill hole certificates follow:

Claim	Book	Page	Date recorded	Filed by
Trey 1	141	32	9/8/55	Mile High Minerals, Inc.
Trey 2	"	35	"	"
Trey 5	"	38	"	"
Trey 6	"	41	"	"
Trey 7	"	44	"	"

Claim	Book	Page	Date recorded	Filed by
Trey 8	141	47	9/8/55	Mile High Minerals, Inc.
Trey 9	"	50	"	"
Trey 13	"	53	"	"
Trey 14	"	56	"	"
Trey 17	"	59	"	"
Trey 18	"	62	"	"
Trey 26	"	65	"	"
Trey Jr.,	122	152	6/2/55	"

Title to the claims appears to be in order. The transfer of the Trey claims carry an overriding royalty payable to the original locators.

PRESENT STATUS

Exploration and Development

Some geological work and mapping has been done. A total of 5,379 feet has been drilled of which the applicant states that only 2,422 feet of hole was drilled deep enough to reach the possible ore zone.

Mining and Milling Equipment and Other Facilities

There is no mining or milling equipment on the property. Facilities consist of a number of access roads.

GEOLOGY

Rocks exposed on and adjacent to the Trey claims include the Cody shale, of Cretaceous age, and the Wasatch formation, of Tertiary age. A blanket of talus containing granitic boulders up to 10 feet in diameter covers most of the area. This surficial deposit attains local thicknesses of 40 feet.

The Cody shale is a glauconitic, sandy shale of marine origin. It is unconformably overlain in this area by the Wasatch formation. The uppermost Cretaceous beds and the Paleocene Fort Union formation are missing. The

Cody-Wasatch contact extends across Trey 1 and Trey Jr. in a northeasterly direction (fig. 2).

The Wasatch formation is composed predominantly of sandstone with conglomeratic lenses and thin seams of carbonaceous material and clayey siltstone. Granitic boulders are abundant in the conglomerate. Commercial deposits of secondary uranium minerals occur within the lower part of the Wasatch formation as disseminations within the carbonaceous and silty seams. The sandstone and conglomerate beds above and below these seams contain grain coatings and interstitial fillings of uranium minerals. Usually a band of iron staining up to 6 inches thick surrounds the mineralized zone. The secondary uranium minerals uranophane and phosphuranylite have been identified; autunite was tentatively identified. Vanadium is not present in significant amounts. Thin seams (up to 1/4 inch thick and disseminations of black, vitreous, highly radioactive, coaly material) were found in sandstone exposures on the Sunday 12 claim.

Individual uranium deposits are small, irregularly shaped, and seem to follow the dips of the beds. Groups of these small deposits have no noticeable preferred orientation or trend.

The Trey claims lie across the southeast plunging nose of the Crooks Gap anticline. Dips of the beds range from 19° to 87° and are steepest on the northeast limb. The deposits on the Snowball claims (fig. 2) are in the lower 200 feet of the Wasatch formation. The Sunday deposits (fig. 2), at essentially the same altitude as the Snowball deposits, are probably higher in the section due to the steeper dip.

Several faults are present in the area. Those exposed are almost vertical and strike parallel to the axis of the Crooks Gap anticline (fig. 2).

The lenticular nature of the Wasatch makes it difficult to determine upthrown and downthrown sides and amount of displacement of beds. One fault is exposed in the southeast part of Snowball 2 claim. Projecting the strike to the southeast, this fault can be seen in a narrow ridge in the northwest part of the Trey 8 claim. The faulting does not seem to influence the distribution of ore bodies, although slight enrichment of uranium mineralization was reported along the fault on the Snowball 2 claim.

Mile High Minerals, Inc., drilled a total of 5,379 feet on its claim. An air drill was used and ground water proved a serious handicap, limiting the depth of many holes far short of the applicant's objective. Ore-grade material was encountered in adjacent holes No. 31 and No. 33 on Trey 9 (fig. 2). The applicant's description of the core from hole No. 31 follows:

> "Hole No. 31 NW corner Trey No. 9, 150 feet from north line, 75 feet from west line. Chemical U_3O_8 analyses by C. O. Parker, Denver, Colo.

<u>Depth</u>

413 - "Hot cuttings - carbon. Put on core barrel and went back in hole on following day after circulating, then barrel went to depth of 418. Big pieces black carbon, etc., came out, mud pits read 0.5 MR/hr.

418 - 423 "(90% rec.) Conglomerate-fine, gray-thin red zones throughout kaolinized feldspar, angular qts.--at lower 6" cgl. pebbles up to 1/2"--finely disseminated carbon throughout--on DG-7 runs about 0.15 MR/hr down to 0.10 MR/hr. Hard with considerable fine gray ss.

423 - 435 "(50% rec.) Most of upper portion missing, conglomerate cse., crumbly, gray, upper 6" red--contact appears nearly flat(?)--at 432± conglomerate becomes fine, dk. gr. and bedding planes (or x-bedding) dip 25°--0.05 MR/hr lower 3 ft. hd. gray fine ss. with scattered conglomerate zones, thin alternate zones of red and green--traces of carbon.

Depth

435 - 441.5 "No recovery--red mud appeared in pits.

441.5 - 453 "(8.3' Rec. - 72%) Dk. gray silty ss. fine. Occasional cse. grains of qtz. some carbon, sl. count.

441.5 - 442.5 "(Sample No. 55T-100) Chemical analysis - .024% U_3O_8.

442.5 - 444 "Cgl. - gray and lt. purple; soft, crumbly, sl. count. (Sample No. 55T-102) 0.012% U_3O_8, from 442.5 - 443.

444 - 445 "Black to dk. gray shale (?), slickensides, carbon--hot (sample No. 55T-101)--0.51% U_3O_8.

445 - 446 "Cgl. - fine, gray.

446 - 447 "Shale, hd., red and green streaks--much black shiny carbon and hot--heavy rock (Sample No. 55T-103) 0.212% U_3O_8.

447 - 448 "Ss. - lt. green - red blobs - some fine cgl. zones. (Sample No. 55T-104) 0.012% U_3O_8.

448 - 453 "Cgl.--bedding planes contain carbon hot--some zones run 0.5 to 0.8 MR/hr and zones 6" thick of gray hard shale with considerable carbon and 1/8" pebbles, carb. wood (Yellow mineral detected in wood grains).

453 - 460 "Conglomerate like 448-453 (sample No. 55T-105 at 454-455 = 0.330% U_3O_8).
(Rec. 4.8' - 68.6%) Conglomerate greenish-gray, soft-highly kaolinized, small 1/16" - 1/8" particles--some count, (sample No. 55T-106 at 460 = 0.008% U_3O_8).

460 - 465 "(4.7' rec.) 1/16" pebbles cgl.--dk. gray-iron staining, some carbon--harder than above (sample No. 55T-107 from 462-463) Chem. = 0.064%.

465 - 468 "Fine cgl. dk. gray, hard-kaolin particles.

Depth

468 -
480 "(Rec. 10.3' - 88%) Top 6" very fine gr. ss. hard, consid. finely dissem. carbon. (Sample No. 55T-108 from 468-468.5). Chem. < 0.016% U_3O_8. Contact dips 3°.
468.5 - 471 Cgl. dk. gray-carbon, sl. count, hard-fine particles.
471 - 478 Cgl.-med. gray-soft.
478 - 480 Boulders of granite-highly kaolinized."

The analytical data from hole No. 33 is given below. Chemical U_3O_8 analyses were made by C. O. Parker, Denver, Colo.

Depth	Percent U_3O_8	Thickness of sample in feet
418 - 418.5	0.024	.5
422 - 423	0.60	1.0
442 - 443	0.59	1.0

The following table, prepared by the applicant, summarizes the completed drilling:

Hole No.	Depth	Claim	Remarks
1	60	Cindy 2	Black ss. at bottom, 200 count, should be deeper.
2	140	Cindy 1	Not deep enough.
3	115	Cindy 1	Pyrite at 100', not deep enough.
4	60	Cindy 2	Top Cody shale at 45'.
5	60	Cindy 2	No shows.
6	120	Trey Jr.	Top Cody shale at 110.
7	120	Trey Jr.	Trace carbon at 85-90, no count.
8	80	Trey Jr.	No shows.
9	253	Trey 2	Carbon intermittent to abundant from 73 to 253, slight count.
10	5	Trey 2	Boulders prevented drilling.
11	100	Trey 2	Carbon at 30-40, 50-55, and 70-75, sl. count.
12	100	Trey 2	Increased count at 25-40 and 65-85.
13	102	Trey 2	Increased count at 20-36 and 45-56.
14	455	Trey 13	Count 22-25, carbon 113, 160-165, 300-360, 360-455. Hole should be 500 ft. deeper to penetrate ore in AEC hole No. 7 (fig. 2).
15	155	Trey 7	Slight carbon, not deep enough.
16	100	Trey 7	Slight carbon, not deep enough.
17	150	Trey 9	Slight count 62-80.
18	200	Trey 14	Count at 12-35, 38-96, 96-122.
19	215	Trey 14	Carbon 109-115, hole slightly above background.
20	100	Trey 13	Not deep enough.
21	20	Trey 26	Not deep enough.

Hole No.	Depth	Claim	Remarks
22	40	Trey 26	Not deep enough.
23	30	Trey 18	Not deep enough.
23A	20	Trey 18	Not deep enough.
24	100	Trey 17	Not deep enough.
25	30	Trey 1	Not deep enough, slight count.
26	120	Trey 8	Not deep enough, slight count.
27	30	Trey 5	Not deep enough, slight count.
28A	30	Trey 6	Not deep enough, slight count.
28B	20	Trey 6	Not deep enough, slight count.
29A	40	Trey 7	Not deep enough, caved.
29B	140	Trey 7	Carbon 95-125, 130-140 with slight count.
30A	40	Trey 7	Caved.
30B	380	Trey 7	Traces of carbon and slight count throughout.
31	460	Trey 9	Ore in 5 separate deposits described in geologic report of applicant.
32	314	Trey 2	Caved all the way--80% recovery--carbon abundant throughout and several zones of low grade ore--definitely warrants more drilling.
33	540	Trey 9	Ore in 4 separate deposits described in geologic report of applicant.
34	72	Trey 1	Carbon and increased count in several zones. Top Cody shale at 72.
35	78	Trey 1	Carbon and increased count in several zones.
36	50	Trey 1	Carbon and increased count in several zones.

The AEC drilled several holes on the adjoining Sun Dog and Snowball claims. Two of these are located on figure 2. AEC hole C-67 encountered a 6-feet interval of ore-grade material from 469-475 feet in depth. The 435-436-foot interval was also ore-grade. A description of the mineralized core from this hole follows:

Depth in feet	Lithology (interpreted from AEC log)	Percent U_3O_8
435-436	Conglomerate, dark gray, arkosic, well-bedded; contains interstitial silt and clay, abundant streaks of carbon. Much of the feldspar is decomposed to kaolin.	.11

Depth in feet	Lithology (interpreted from AEC log)	Percent U_3O_8
469-475	Conglomerate and sandstone, medium to dark gray, very fine to very coarse grained, not bedded; contains sparse hematite. Ore mineral is black interstitial material.	469-470 - .34 470-471 - .28 471-472.5 - .35 473-475 - .29

If this ore body is continuous down-dip, it would be at a depth of approximately 960 feet below the surface at the northwest corner of Trey 13. The applicant's hole No. 14 was almost 500 feet short of this depth.

Along the north boundary of Trey 5 and 6, weakly radioactive carbonaceous beds are exposed in bulldozer cuts made by the applicant to mark the claim boundaries. Projection of the strike of the mineralized beds in Snowball 1 into Trey 5 and 6 strongly suggests that these are the same beds exposed in the bulldozer cuts in Trey 5 and 6. The Lost Creek Uranium and Oil Company has recently drilled an undisclosed number of closely spaced holes in the northeast part of Snowball 5 (fig. 2), which joins Trey 5 and 6 on the north. This closely-spaced drilling suggests an extension southward of the ore bodies in Snowball 1 and 2.

ORE RESERVES

The applicant estimates 34,967 tons of indicated ore reserves averaging 0.498 percent U_3O_8 based on data from holes 31 and 33. He assumed the ore to be continuous at three intervals between these two holes and to extend outward for a radius of 50 feet from each hole. Four additional ore-bearing intervals were assumed to be continuous within a 25-foot radius from the hole in which they were discovered. These ore zones are from 385 to 467 feet below the surface and range from 2 to 15 feet in thickness.

PROPOSED EXPLORATION AND COSTS

The applicant proposed to core 6,000 feet of hole on the approximate centers of each claim and to offset hole No. 31 with 2 holes, one 100 feet north and the other 100 feet south; and to offset hole No. 33 with 3 holes; each 100 feet distant from hole No. 33, with one hole north, one hole east, and one hole south. These 5 holes should average 500 feet each or 2,500 feet. If additional ore is found, 5 offset holes would be drilled spaced from 100 feet to 200 feet apart in the vicinity of the known ore. From the known ore body on the Tray 9 the applicant proposed to drill 7 holes, spaced 200 feet apart, northward along the west boundary of Tray 13 and to deepen hole No. 14 from 500 feet to 900 feet. It was proposed also to drill 4,000 feet of holes on several anomalies. The project totals 19,000 feet of which one-half would be core drilling. The applicant's estimated costs follow:

Independent contracts

Drilling		
19,000 feet of drilling (1/2 core) at $3.00 per foot	= $57,000.00	
Bulldozing		
400 hours at $12.50 per hour	= 5,000.00	
Total independent contracts		$62,000.00

Labor and supervision

Geologist-engineer and expenses, 1/2 time - 6 months at $900.00 per month	= $ 5,400.00	
Full time geologist and expenses, 6 months at $950.00 per month	= $ 5,700.00	
Total labor and supervision		$11,100.00

Operating materials and supplies

None

Operating equipment (furnished by applicant)

Jeep - rental for 5,000 miles at $0.10 per mile	= $500.00	
Gamma-ray logging unit ($1,200 value)	= $200.00	
Total operating equipment		$700.00

Rehabilitation and repairs

None

New buildings, improvements, etc.

None

Miscellaneous

Social security	= $ 104.00	
Federal income tax	= $1,402.80	
State income tax	= $ 4.60	
Workman's compensation - 6 months at $18.50 per month	= $ 111.00	
Accounting and bookkeeping - 6 months at $50.00 per month	= $ 300.00	
Total miscellaneous		$ 1,922.40
Contingencies	=	$ 500.00
Total estimated cost for 19,000 feet of drilling		$76,222.40
Estimated cost per foot		$ 4.01
400 chemical assays at $5.00 each		$ 2,000.00
Total estimated cost of project		$78,222.40

The examining team's modified project consists of a two-stage drilling program as follows:

Stage I

Trey 9 - Five holes (see fig. 2) to be drilled 100 feet apart around applicant's holes 31 and 33. These are to determine the extent and trend of the ore body and should not exceed 500 feet in depth. Total, 2,500 feet. The bottom 100 feet of each hole should be cored.

Trey 7 - Three holes are to be drilled in a line across the northwestern corner of Trey 7 (fig. 2) to intercept the possible down-dip extension of the ore bodies in Snowball 1 and 2. These holes should be a maximum of 500 feet in depth and the bottom 150 feet of each hole should be cored. Holes 30-B and 15 should be re-entered if possible. Any footage saved should be applied to Stage II drilling, if any such drilling is warranted. Total, 1,500 feet.

Trey 2 - Two holes drilled in the eastern part of this claim (fig. 2) to explore the radioactive carbonaceous beds encountered in holes 32 and 9. These holes should be a maximum of 500 feet in depth and should be cored for their entire depth. Hole 11 should be re-entered if possible, and any footage saved applied to Stage II drilling. Total, 1,000 feet.

Trey 5 and 6 - A line of 4 holes should be drilled on the narrow ridge across these claims (fig. 2). These holes are located to take advantage of topography so that a minimum of access road will have to be built. These holes should increase in depth in increments of 100 feet from the west to the east. The westernmost hole should be a maximum of 200 feet in depth; the easternmost, 500 feet. The bottom 150 feet of each hole should be cored. Drilling on these claims is recommended to intercept an extension southward, along the strike of the ore-bearing beds in Snowball 1 and 2. Total footage in Trey 5 and 6 - 1,400 feet.

In no case should any Stage I hole go below the Cody-Wasatch contact. Total footage for Stage I drilling - 6,400, of which 3,850 feet is plug-bit drilling and 2,550 feet core drilling.

Stage II

If additional ore or significant mineralization is not found in Stage I, Stage II should not be authorized. In the event that results of Stage I are encouraging, additional holes should be drilled on 50-foot centers around Stage I holes that encounter significant amounts of uranium. These holes should not exceed 500 feet in depth. In no case should drilling go below the Cody-Wasatch contact. Total footage for Stage II should not exceed 7,000 feet and the ratio of plug-bit drilling to core drilling should be about the same as in Stage I.

A maximum of 60 chemical assays should be allowed for Stage I and 80 chemical assays for Stage II exploration.

The bids submitted by the applicant and shown in the appendix are high. The Minerals Engineering bid is much higher than one submitted by the same company to the nearby Wyoming Uranium Company property.

Examining Team's Estimate of Costs

Stage I

Core Drilling

Independent contracts

Bulldozing		
40 hours at $12.00 per hour	$ 480.00	
Core drilling		
2,550 feet at $4.00 per foot	$10,200.00	
Total independent contracts		$10,680.00

Labor and supervision

Labor		
1 man - 1-1/2 months at $300.00 per month	$ 450.00	
Supervision		
1 engineer-geologist - 1-1/2 months at $650.00 per month	$ 975.00	
Total labor and supervision		$ 1,425.00

Operating materials and supplies

Gas, oil, and repairs for jeep	$ 62.50	
200 core boxes at $1.00 each	$200.00	
Total operating materials and supplies		$ 262.50

Operating equipment (furnished by applicant)

Depreciation		
1 jeep, value $1500.00 - depreciation for 1-1/2 months	$ 37.50	
Rental		
1 gamma-ray logging unit - rental for 2 months	$100.00	
Total operating equipment		$ 137.50

Initial rehabilitation and repairs

None

New buildings, improvements, etc.

None

Miscellaneous

Workman's compensation and payroll taxes - 7 percent of $1,425.00	$ 99.75	
Accounting, etc., - 1-1/2 months at $50.00 per month	$ 75.00 No	
Total miscellaneous		$ 174.75

Total estimated cost for 2,550 feet of core drilling	$12,679.75
Estimated cost per feet	$ 4.97

Plug-Bit Drilling

Independent contracts

Bulldozing		
40 hours at $12.00 per hour	$ 480.00	
Plug-bit drilling		
3,850 feet at $1.75 per feet	$6,737.50	
Total independent contracts		$ 7,217.50

Labor and supervision

Labor		
1 man - 1-1/2 months at $300.00 per month	$450.00	
Supervision		
1 engineer-geologist - 1-1/2 months at $650.00 per month	$975.00	
Total labor and supervision		$ 1,425.00

Operating materials and supplies

Oil, gas, and repairs for jeep	$ 62.50	
Total operating materials and supplies		$ 62.50

Operating equipment (furnished by applicant)

Depreciation		
1 jeep, value $1,500.00 - depreciation for 1-1/2 months	$ 37.50	
Total operating equipment		$ 37.50

Initial rehabilitation and repairs

None

New buildings, improvements, etc.

None

Miscellaneous

Workman's compensation and payroll taxes - 7 percent of $1,425.00	$ 99.75	
Accounting - 1-1/2 months at $50.00 per month	$ 75.00 NO	
Total miscellaneous		$ 174.75

Total estimated cost for 3,850 feet of plug-bit drilling	$ 8,917.25
Estimated cost per foot	$ 2.32

Stage II

Stage II drilling costs should be about the same as for Stage I and the ratio of core to plug-bit drilling should be about the same or, for 7,000 feet of drilling, should be about 2,800 feet of core drilling and 4,200 feet of plug-bit drilling.

2,800 feet of core drilling at $4.97 per foot - $13,916.00

4,200 feet of non-core drilling at $2.32 per foot - $ 9,744.00

Recapitulation

Stage I

2,550 feet of core drilling at $4.97 per foot	- $12,673.50
3,850 feet of plug-bit drilling at $2.32 per foot	- $ 8,932.00
60 chemical assays at $5.00 each	- $ 300.00
Total estimated cost of Stage I	- $21,905.50

Time for completion - 3 months

Stage II

2,800 feet of core drilling at $4.97 per foot	- $13,916.00
4,200 feet of plug-bit drilling at $2.32 per foot	- $ 9,744.00
80 chemical assays at $5.00 each	- $ 400.00
Total estimated cost of Stage II	- $24,060.00

Time for completion - 3 months

Total estimated cost of project	- $45,965.50
Government participation - 75 percent or	- $34,474.13

Time for completion - 6 months

CONCLUSIONS AND RECOMMENDATIONS

The examining team believes that, because of the ore exposures on the Sun Dog and Snowball claims, and the uranium mineralization penetrated by drill holes on the Trey claims, a modified exploration program is justified.

A two-stage program of exploratory drilling consisting of about 29 holes totaling 13,400 feet at an over-all estimated cost of $45,965.50 is recommended for approval. Stage II is dependent upon the results obtained from Stage I. NX core drilling is recommended on the basis of AEC drilling

in the vicinity. Holes in Stage I will be drilled to a depth not to exceed 500 feet in the locations shown on figure 2. The 5 holes shown on the Trey 9 claim will be cored their bottom 100 feet, the 3 holes shown on the Trey 7 claim will be cored their bottom 150 feet, the 2 holes on the Trey 2 claim will be cored their entire depth, and the 4 holes on Trey 5 and 6 claims will be cored their bottom 150 feet. Samples containing significant amounts of uranium will be analyzed chemically for U_3O_8.

The Trey claims Nos. 10, 11, 12, 15, 16, and 25 should be included in the contract.

The total cost of the project is estimated at $45,965.50 and Government participation of 75 percent is $34,474.13. The project would be completed in 6 months.

COPY

MINERALS ENGINEERING COMPANY
P. O. Box 1951
GRAND JUNCTION, COLORADO

October 10, 1955

Mile High Minerals Incorporated
210 Kittridge Building
Denver 2, Colorado

Gentlemen:

The following is our proposal for drilling 19,000 feet on your property in the Crooks Gap area, Wyoming. We understand that at least half of this footage will be core:

Depth	Price per Foot Non Core	Core
0-200 feet	$3.00	$5.00
200-400 feet	4.00	6.00
400-600 feet	5.00	7.00
600-800 feet	6.00	8.00
800-1000 feet	7.50	10.00

Stand-by time we bid at the rate of $12.00 per hour.

We propose to begin drilling operations with two fully equipped truck-mounted drills capable of taking cores from depths below 1,000 feet. The above quotations include any and all costs of drilling operations, mobilization and move-in.

As an alternate bid, we will drill at the rate of $20.00 per hour per drill plus bit costs. On this basis, we would operate one 9-hour shift per drill per day.

We propose to man these machines with competent crews and operate steadily and continuously unless prevented by causes beyond our control.

It is understood that you would provide access roads and drill sites for the use of our equipment and would maintain same during bad weather operations.

Thank you for asking us to submit this proposal.

Very truly yours,

MINERALS ENGINEERING COMPANY

/s/ Howard S. Perry
/t/ Howard S. Perry

HSP/k

COPY

DAN M. SAWTELLE
GEOPHYSICAL CONSULTANT
371 Greenwood Avenue
LITTLETON, COLORADO

Phone: PYramid 4-3164

October 17, 1955

Mr. R. M. Thompson
Mile High Minerals Inc.
210 Kittridge Building
Denver, Colorado

Dear Sir:

Please consider the figures below to be a formal bid for the drilling and coring of uranium test holes in the vicinity of Crooks Gap, Wyoming. It is assumed that there will be roughly 19,000 ft. of test hole to be cut and that the location of said exploration will be in the immediate vicinity of the work recently conducted for your company by the Champ Drilling Company. This bid is also based on the use of a water rig rather than that of a combination air and water unit.

From 0 to 200 ft. ——— $1.50 per ft.
" 200 to 400 ft. ——— $1.75 per ft.
" 400 " 500 ft. ——— $1.90 per ft.
" 500 " 600 ft. ——— $2.05 per ft.
" 600 " 700 ft. ——— $2.55 per ft.
" 700 " 900 ft. ——— $3.05 per ft.

For coring the following figures apply.

From 0 to 400 ft. ——— $11.00 per ft.
" 400 " 900 ft. ——— $15.00 per ft.

Standby or moving time will be charged at the rate of $10.00 per hour.

Respectfully submitted,

/s/ Dan M. Sawtelle
/t/ Dan M. Sawtelle
Consultant

COPY

DRILLING SPECIFICATIONS REQUIRED ON
MILE HIGH MINERALS, INC. DRILLING CONTRACTS

EQUIPMENT:

Drilling—

The drill must be such that it can rotate at least 1800 R.P.M. Preference will be given to hydraulic feed equipment. In all cases the contractor is required to let Mile High personnel inspect equipment in operation before the job starts provided Mile High should make such request before awarding of the bid.

Core Barrels and Bits—

Core barrels are to be of the inside swivel type and should be limited to 10' in length. Christiansen or any other standard make of diamond bit should be used. At the discretion of Mile High drilling inspector a tooth type tungsten carbide bit may be used. In all cases the length of core run shall be determined by the Mile High drilling inspector. At depths up to 500' and NX or larger core barrel and bit must be used. If reduction in hole size is necessary beyond 500' nothing smaller than a NX core barrel and bit may be used. Flush joint rods must be used.

Water Pump—

The water pump must be of such size that it can pump mud thick enough to clean coarse sand from a 1000' hole. The pump must be equipped with a bypass which will allow the driller to cut back the water flow in any amount necessary to keep from washing away core.

COPY

Air Compressor:

If air return is used on shallow depths for air, compressor in the 600 C.F.P.M. range must be furnished.

Additional Equipment--

All necessary drilling pipe for collectors as well as core barrels and bits are to be furnished by the contractor in amount capable of drilling to a depth of 1000'. Extra equipment such as needed for pulling casing or any other purpose to be furnished by contractor.

Air Return Sample:

A dusone dust collector is to be supplied by drilling contractor. Mile High is to supply all sample containers and splitters.

DRILLING PAYMENT:

All plug bit drilling will be done on a footage basis. Coring may be either on a footage basis or on an hourly basis. If coring is done on a footage basis a minimum percentage recovery shall be 70%. If any hole can be probed to within 10' of bottom the hole accepted. If not, payment will be made only for the probed depth. As holes can not be probed to required depth the drill crew may be required to clean out hole at rate paid for under drilling by the hour. Any casing set in a hole to improve drilling or to keep an open hole will be the responsibility of the contractor with the following exception: if the probe is not working or for some other reason the inspector is not able to probe the hole,

when bottomed the contractor may be directed to leave the casing and move to another hole. After the hole is probed the contractor may be directed to come back and attempt to salvage the casing. After diligent effort he can not remove all of the casing he will be paid for that amount which is left in the hole at the rate paid for this item. As soon as the hole has been drilled to the required depth it will be probed. If it is probed during the working shift probing will be done with the drill crew but at the rate paid for stand-by. If the hole is not clear or the required depth can not be reached the drill crew will then attempt to clean the hole. Any cleaning of the hole in order to get the required hole depth shall be at the contractor's expense. No hole will be authorized for payment until it has been inspected and probed by the inspector of Mile High Minerals. If the inspector probes the hole immediately after the required depth has been reached and the hole is satisfactory the drill crew may then attempt to pull casing if any has been used. If the casing can not be pulled payment will not be made by Mile High. If the inspector directs that the casing be left for any reason the payment for casing will be made in the amount which can not be salvaged at a later date. Whenever the contractor later moves back to a hole to salvage casing which was directed to be left in the hole by the inspector he will be paid at the rate paid for standby time until he has set up over the hole and actually started to pull the casing.

COPY

WORKING HOURS:

Working hours will be adjusted to prevailing conditions. If bad weather is threatening the hours may be adjusted upward to get as much done as possible. It is generally decided that drilling be done on a 10-hour day shift six days per week. By field agreement between the inspector and the contractor drilling may be stopped and resumed at a later date for any reason agreeable to both parties.

BREAKDOWN OR FAILURE TO DRILL:

For any delay in drilling operations in access of 24 hours from the time drilling operations have stopped the contractor shall pay $40.00 for 24 hours or any part thereof until drilling operations have been resumed. For any delay in drilling operations which is the fault of Mile High the same penalty shall prevail.

ROADS:

Mile High Minerals will provide the access roads anddrill sites. Access roads will be held to a grade of 20% or less and all contractor's equipment must be able to negotiate grades up to 20%.

COPY

Box 144
Lander, Wyoming
September 29, 1955

RECEIVED
JAN 16 1956

Mr. Ray Thompson, President
Mile-Hi Uranium Corporation
Denver, Colorado

Dear Mr. Thompson:

I appreciate your invitation to bid on uranium exploratory drilling program located Crooks Gap, Fremont County, Wyoming, consisting of approximately 19,000 feet.

Listed below is schedule of core drilling prices:

Non-Core	Core
0 - 200 - $1.50	0 - 200 - $3.95
200 - 400 - $2.25	200 - 400 - $5.05
400 - 600 - $2.75	400 - 600 - $5.95
600 - 1000 - $3.75	600 - 800 - $7.10
	800 - 1000 - $7.95

Stand-by time - $12.50 per hour (waiting on access roads and locations or for any reason Mile-Hi has rig to stand by)

Casing lost in hole - $1.55 per foot.

Yours very truly,

Cole Drilling Company

By /s/ Glen Cole

GC:ee

COPY

Box 144
Lander, Wyoming
September 29, 1955

RECEIVED
JAN 16 1956

Mr. Ray Thompson, President
Mile-Hi Uranium Corporation
Denver, Colorado

Dear Mr. Thompson:

Please accept the following price as my bid on uranium exploratory drilling program located Crooks Gap, Fremont County, Wyoming, consisting of approximately 19,000 feet:

$15.00 per hour, plus cost of bits (plug & core), casing, lost circulation materials and mud additives, and any other special equipment needed to perform work.

I have one complete drilling rig, H-Special Franks (1,000 foot machine), necessary drill pipe, core barrels, tools, etc., for operation of rig.

Yours very truly,

Cole Drilling Company

By /s/ Glen Cole

CG:oc

RECEIVED
JAN 16 1956

DMEA
Date Rec'd
JAN 3 1956
BUREAU OF MINES
Denver, Colorado

Region III

Building 20
Denver Federal Center
Denver 2, Colorado
December 30, 1955

Memorandum

TRANSMITTED
JAN 11 1956

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw
E. N. Harshman

Subject: Examination Report, DMEA 3992 (Uranium) Mile High Minerals, Inc., (Troy, Troy Jr., and Cindy claims) Fremont County, Wyoming

Enclosed are the original and nine copies of a Joint Engineering and Geologic Report by Carl Balser, Mining Engineer, and Max Bergendahl, Geologist, covering docket DMEA 3992.

Mile High Minerals, Inc., applied for exploration assistance to explore the Troy, Troy Jr., and Cindy group of claims in Fremont County, Wyoming, by 19,000 feet of core drilling at an estimated cost of $78,222.40. The property was visited on October 26, 1955 by Carl Balser and Max Bergendahl. The examining team concluded that a modified exploration program is warranted.

It is recommended that a contract be prepared in two stages. Stage I to consist of 2,550 feet of core drilling, 3,850 feet of plug-bit drilling, and 60 chemical assays, at an estimated cost of $21,905.50. The location of the proposed Stage I holes are shown on Figure 2. Stage II would be dependent upon the results of Stage I and would consist of offset holes drilled around Stage I holes or previously drilled Stage II holes that encountered significant amounts of uranium. The drilling of Stage II holes should require prior written approval of the Government. Two thousand eight hundred feet of core drilling, 4,200 feet of plug-bit drilling and 80 chemical assays at an estimated cost of $24,060.00 should be allowed for Stage II. The estimated total cost of the project would be $45,965.50 and the amount of Government participation at 75 percent would be $34,474.13.

John F. Shaw
John F. Shaw
Supervising Mining Engineer

Reviewed by
DMEA OPERATING COMMITTEE
1-20-56
(date)

E. N. Harshman
E. N. Harshman
Member, Field Team

Enclosures
cc: 2
EHHarshman

JFS/em

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

RECEIVED
JAN 16 1956

TRANSMITTED
JAN 11 1956

DMEA 3992

TREY, TREY JR., AND CINDY CLAIMS

MILE HIGH MINERALS, INC.

FREMONT COUNTY, WYOMING

Uranium

Reviewed by
DMEA OPERATING COMMITTEE
1-20-56
(date)

Joint Engineering and Geological Report

By

Max Bergendahl, Geologist
Geological Survey

Carl Belser, Mining Engineer
Bureau of Mines

December 26, 1955

DMEA 3992

TREY, TREY JR., AND CINDY CLAIMS
MILE HIGH MINERALS, INC.
FREMONT COUNTY, WYOMING

CONTENTS

Joint engineering and geologic report — Page

Introduction and summary 1
Acknowledgments 2
Location, topography, and climate 2
History and production 3
Ownership and extent 4
Present status 6
    Exploration and development 6
    Mining and milling equipment and other facilities 6
Geology 6
Ore reserves 12
Proposed exploration and costs 13
Conclusions and recommendations 19

ILLUSTRATIONS

Figure		Follows page
1.	Location map, Trey, Trey Jr., and Cindy claims, Mile High Minerals, Inc., Fremont County, Wyoming	2
2.	Property and exploration map, Mile High Minerals, Inc., Fremont County, Wyoming	2

DMEA 3992

TREY, TREY JR., AND CINDY CLAIMS
MILE HIGH MINERALS, INC.
FREMONT COUNTY, WYOMING

TRANSMITTED
RECEIVED
JAN 16 1956
JAN 11 1956

INTRODUCTION AND SUMMARY

Mile High Minerals, Inc., 210 Kittredge Building, Denver 2, Colo., on September 22, 1955, made application for aid in an exploration project for uranium on its Trey, Trey Jr., and Cindy claims in Fremont County, Wyo. The application proposed drilling 19,000 feet of core holes at an estimated cost of $78,222.40.

The property, which contained 15 unpatented claims at the time of the application, has been enlarged by the additionary Trey Nos. 10, 11, 12, 15, 16, and 25 claims.

An examining team visited the property on October 26, 1955.

The exposed formations on and adjacent to the property are the Cody shale, of Cretaceous age, and the Wasatch formation, of Tertiary age. The Cody-Wasatch contact extends through the Trey No. 1 and the Trey Jr. claims in a northeasterly direction. Commercial deposits of secondary uranium minerals occur within the lower part of the Wasatch formation in carbonaceous and silty seams. Individual uranium deposits are small, irregularly-shaped, and seem to follow the dips of the beds. The Trey claims lie across the southwest plunging nose of the Crooks Gap anticline and dips range from 19 degrees to 87 degrees.

The applicant drilled 5,379 feet (36 holes) of which only 2,422 feet was drilled deep enough to reach any possible ore zone.

No mining has been done on the property but the applicant estimates indicated ore reserves of 34,967 tons averaging 0.498 percent U_3O_8.

A two-stage drilling program consisting of a maximum of 13,400 feet (29 holes) of drilling at an estimated cost of $45,965.50, (Government participation $34,474.17) is recommended.

ACKNOWLEDGMENTS

The examining team was accompanied by R. M. Thompson of Mile High Minerals, Inc.

Charles Bromley and George Holmquist, AEC geologists, Rawlins, Wyo., and Spencer Shannon, AEC geologist, Crooks Gap, Wyo., were contacted to obtain information concerning the area. J. G. Stephens, U.S.G.S., supplied the geology shown on fig. 2.

Memorandums by W. P. Williams, John E. Crawford, and T. H. Kiilsgaard were an aid in making the examination.

LOCATION, TOPOGRAPHY, AND CLIMATE

The property submitted in the application consists of 15 unpatented claims in sections 28, 29, 32, and 33, T. 28 N., R. 92 W., sixth principal meridian, Fremont County, Wyo. Since the time of the application, the applicant has acquired six additional claims adjacent to the Trey claims in section 28 (figs. 1 and 2).

The Cindy, Cindy 1, Trey Jr., and Treys 1 and 2 are in the valley on the east side of Crooks Creek at altitudes ranging from 6,750 to 6,950 feet. The 16 other Trey claims are on the southwest flank of Sheep Mountain at altitudes of from 6,800 feet to 7,800 feet. The area contains

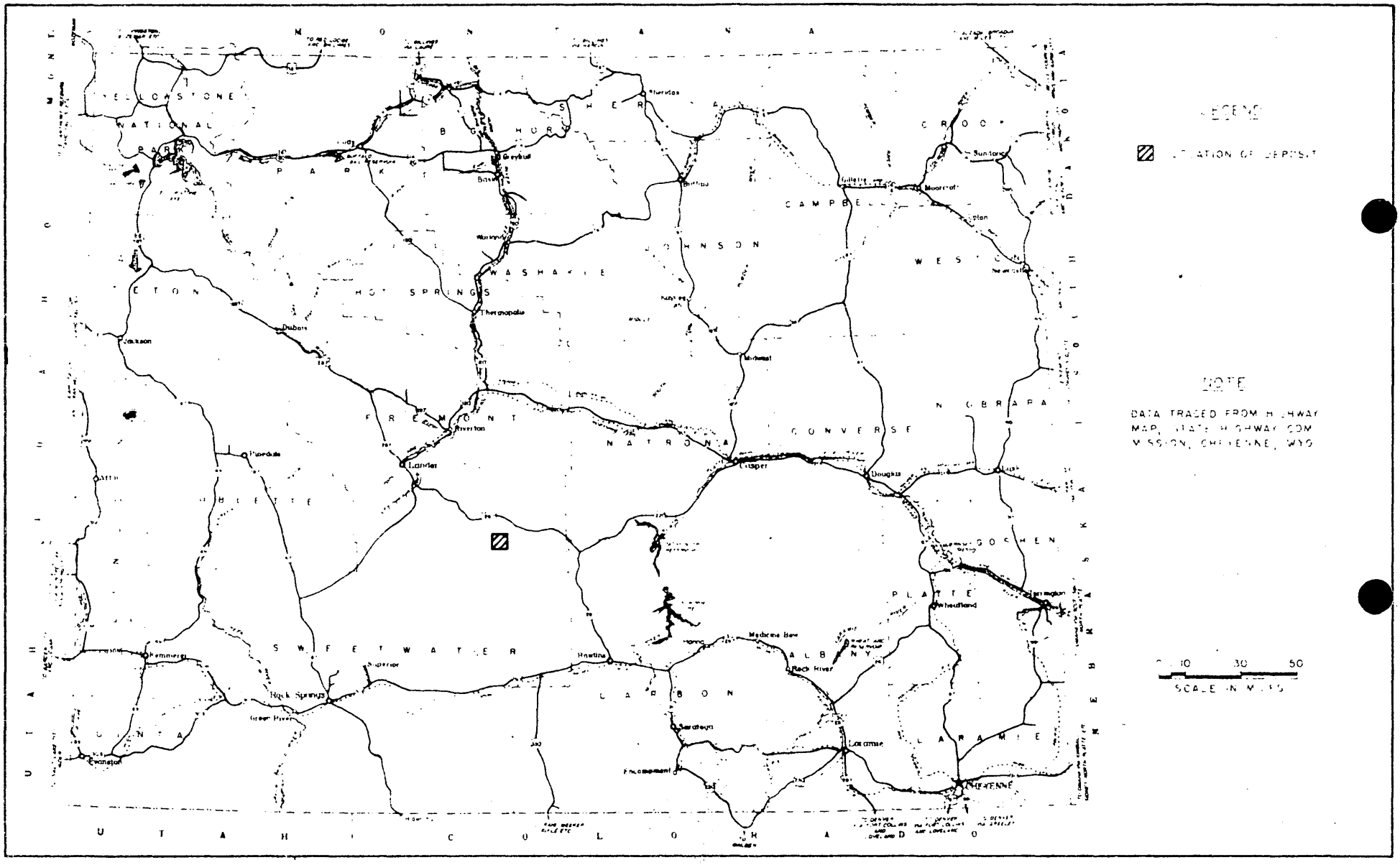


FIGURE 1 - LOCATION MAP, TREY, TREY, JR., AND CINDY CLAIMS, MILE HIGH MINERALS, INC., FREMONT COUNTY, WYO. DMEA 3992

RECEIVED
JAN 16 1956

three ravines and three sharp ridges which are approximately parallel and slope downward to the southwest from the top of Sheep Mountain.

The climate is semi-arid and vegetation is scant. A suitable camp site is available on the Trey 2 claim where water for domestic purposes can be obtained from a spring. Water for drilling or mining use can be trucked from Crooks Creek.

A two-mile dirt access road connects the property with a graveled road whence it is 10 miles to U.S. Highway 287 at a point 62 miles southeast of Lander, 86 miles southeast of Riverton, and 68 miles northwest of Rawlins. A new electrical power line has reached the Lost Creek Uranium and Oil Co. camp (fig. 2).

Labor and supplies are obtainable at Lander and Rawlins. A Government ore-buying depot is located at Riverton. The Chicago and Northwestern railroad services Lander while the Union Pacific main line passes through Rawlins.

Except during severe storms, operations can be carried on throughout the year, but winters are severe.

HISTORY AND PRODUCTION

Work in prospecting for and developing uranium deposits in the Crooks Gap area began following AEC activity in the same area in the early 1950's. The Trey claims were located early in 1954 by a group of 10 Wyoming men. The Trey Jr. and Cindy claims were located later. The Trey claims were later acquired by Mile High Minerals, Inc. A number of access roads have been built and over 5,000 feet of diamond drilling completed. No production has been made from the property; however uranium ore has been mined from the nearby Sun Dog and Snowball groups (fig. 2).

OWNERSHIP AND EXTENT

The claims are recorded in the records of the County Recorder of Fremont County, Wyoming, as follows:

Locations

Claim	Book	Page	Discovery date	Date recorded	Locator
Trey 1	59	111	2/28/54	3/3/54	Mike Korfanta, et al.
Trey 2	"	112	"	"	"
Trey 5	"	115	"	"	"
Trey 6	"	116	"	"	"
Trey 7	"	93	3/2/54	"	"
Trey 8	"	94	"	"	"
Trey 9	"	95	"	"	"
Trey 13	"	99	"	"	"
Trey 14	"	100	"	"	"
Trey 17	"	128	3/3/54	"	"
Trey 18	"	127	"	3/5/54	"
Trey 26	"	219	3/17/54	3/8/54	"
Trey Jr.	82	166	12/23/54	12/21/54	J. Neal, et al., for Benjamin and Robinson
Cindy 1	122	150	5/31/55	6/15/55	Mile High Minerals, Inc.
Cindy 2	122	151	"	"	Mile High Minerals, Inc.

Amended

Posted

Trey 1	73	75	11/3/54	11/3/54	Mike Korfanta, et al.
Trey 2	"	76	"	"	"
Trey 5	"	79	"	"	"
Trey 6	"	80	"	"	"
Trey 7	"	81	"	"	"
Trey 8	"	82	"	"	"
Trey 9	"	83	"	"	"
Trey 13	"	87	"	"	"
Trey 14	"	88	"	"	"
Trey 17	"	91	"	"	"
Trey 18	"	22	"	"	"
Trey 26	"	94	"	"	"

The additional 6 claims are recorded as follows:

Claim	Book	Page	Date located	Date recorded	Locator	Date amended	Book	Page
Trey 10	59	96	3/2/54	3/3/54	Mike Korfanta, et al.	11/3/54	73	84
Trey 11	59	97	3/2/54	3/3/54	"	"	73	85
Trey 12	59	98	3/2/54	3/3/54	"	"	73	86
Trey 15	59	89	3/3/54		"	"	73	89
Trey 16	59	90	3/3/54		"	"	73	90
Trey 25	59	218	3/7/54	3/8/54	"	11/5/54	73	93

Contracts to purchase, deeds, etc., follow:

Claims	Book	Page	Date of instrument	Grantor	Grantee
All Trey claims (preliminary)	73	140	10/28/54	Korfanta, et al.	Benjamin and Robinson--trustees for Mile High
All Trey claims (with complete details)	86	325	12/31/54	Korfanta, et al.	Mile High
Trey, Jr.	82	166	12/27/54	Benjamin and Robinson	Mile High

The properties held by E. G. Robinson and E. V. Benjamin (trustees) in the Crooks Gap area were incorporated under Mile High Minerals, Inc., in December 1954. Quit claim deeds follow:

Claim	Rec. No.	Date	Book	Page	Grantor	Grantee
Trey 1	405043	2/3/55	93	118	Robinson & Benjamin	Mile High Minerals, Inc.
Trey 2	402303	2/11/55	89	475	"	"
Trey 5	402304	"	89	477	"	"
Trey 6	402305	"	89	476	"	"
Trey 7	402306	"	89	481	"	"
Trey 8	405046	3/3/55	93	130	"	"
Trey 9	405044	"	93	120	"	"
Trey 10	442298	10/14/55	144	263	"	"
Trey 11	442299	"	144	265	"	"
Trey 12	442360	"	144	267	"	"
Trey 13	405045	3/3/55	93	122	"	"
Trey 14	405050	"	93	132	"	"
Trey 15	442301	10/14/55	144	269	"	"
Trey 16	442302	"	144	271	"	"
Trey 17	405046	3/3/55	93	124	"	"
Trey 18	405047	"	93	126	"	"
Trey 25	442303	10/14/55	144	273	"	"
Trey 26	405048	3/3/55	93	128	"	"

Amended locations and drill hole certificates follow:

Claim	Book	Page	Date recorded	Filed by
Trey 1	141	32	9/8/55	Mile High Minerals, Inc.
Trey 2	"	35	"	"
Trey 5	"	38	"	"
Trey 6	"	41	"	"
Trey 7	"	44	"	"

Claim	Book	Page	Date recorded	Filed by
Trey 8	141	47	9/8/55	Mile High Minerals, Inc.
Trey 9	"	50	"	"
Trey 13	"	53	"	"
Trey 14	"	56	"	"
Trey 17	"	59	"	"
Trey 18	"	62	"	"
Trey 26	"	65	"	"
Trey Jr.,	122	152	6/2/55	"

Title to the claims appears to be in order. The transfer of the Trey claims carry an overriding royalty payable to the original locators.

PRESENT STATUS

Exploration and Development

Some geological work and mapping has been done. A total of 5,379 feet has been drilled of which the applicant states that only 2,422 feet of hole was drilled deep enough to reach the possible ore zone.

Mining and Milling Equipment and Other Facilities

There is no mining or milling equipment on the property. Facilities consist of a number of access roads.

GEOLOGY

Rocks exposed on and adjacent to the Trey claims include the Cody shale, of Cretaceous age, and the Wasatch formation, of Tertiary age. A blanket of talus containing granitic boulders up to 10 feet in diameter covers most of the area. This surficial deposit attains local thicknesses of 40 feet.

The Cody shale is a glauconitic, sandy shale of marine origin. It is unconformably overlain in this area by the Wasatch formation. The uppermost Cretaceous beds and the Paleocene Fort Union formation are missing. The

Cody-Wasatch contact extends across Trey 1 and Trey Jr. in a northeasterly direction (fig. 2).

The Wasatch formation is composed predominantly of sandstone with conglomeratic lenses and thin seams of carbonaceous material and clayey siltstone. Granitic boulders are abundant in the conglomerate. Commercial deposits of secondary uranium minerals occur within the lower part of the Wasatch formation as disseminations within the carbonaceous and silty seams. The sandstone and conglomerate beds above and below these seams contain grain coatings and interstitial fillings of uranium minerals. Usually a band of iron staining up to 6 inches thick surrounds the mineralized zone. The secondary uranium minerals uranophane and phosphuranylite have been identified; autunite was tentatively identified. Vanadium is not present in significant amounts. Thin seams (up to 1/4 inch thick and disseminations of black, vitreous, highly radioactive, coaly material) were found in sandstone exposures on the Sunday 12 claim.

Individual uranium deposits are small, irregularly shaped, and seem to follow the dips of the beds. Groups of these small deposits have no noticeable preferred orientation or trend.

The Trey claims lie across the southeast plunging nose of the Crooks Gap anticline. Dips of the beds range from 19° to 87° and are steepest on the northeast limb. The deposits on the Snowball claims (fig. 2) are in the lower 200 feet of the Wasatch formation. The Sunday deposits (fig. 2), at essentially the same altitude as the Snowball deposits, are probably higher in the section due to the steeper dip.

Several faults are present in the area. Those exposed are almost vertical and strike parallel to the axis of the Crooks Gap anticline (fig. 2).

The lenticular nature of the Wasatch makes it difficult to determine upthrown and downthrown sides and amount of displacement of beds. One fault is exposed in the southeast part of Snowball 2 claim. Projecting the strike to the southeast, this fault can be seen in a narrow ridge in the northwest part of the Trey 8 claim. The faulting does not seem to influence the distribution of ore bodies, although slight enrichment of uranium mineralization was reported along the fault on the Snowball 2 claim.

Mile High Minerals, Inc., drilled a total of 5,379 feet on its claim. An air drill was used and ground water proved a serious handicap, limiting the depth of many holes far short of the applicant's objective. Ore-grade material was encountered in adjacent holes No. 31 and No. 33 on Trey 9 (fig. 2). The applicant's description of the core from hole No. 31 follows:

> "Hole No. 31 NW corner Trey No. 9, 150 feet from north line, 75 feet from west line. Chemical U_3O_8 analyses by C. O. Parker, Denver, Colo.

<u>Depth</u>

413 - "Hot cuttings - carbon. Put on core barrel and went back in hole on following day after circulating, then barrel went to depth of 418. Big pieces black carbon, etc., came out, mud pits read 0.5 MR/hr.

418 - 423 "(90% rec.) Conglomerate-fine, gray-thin red zones throughout kaolinized feldspar, angular qtz.--at lower 6" cgl. pebbles up to 1/2"--finely disseminated carbon throughout--on DG-7 runs about 0.15 MR/hr down to 0.10 MR/hr. Hard with considerable fine gray ss.

423 - 435 "(50% rec.) Most of upper portion missing, conglomerate cse., crumbly, gray, upper 6" red--contact appears nearly flat(?)--at 432± conglomerate becomes fine, dk. gr. and bedding planes (or x-bedding) dip 25°--0.05 MR/hr lower 3 ft. hd. gray fine ss. with scattered conglomerate zones, thin alternate zones of red and green--traces of carbon.

Depth

435 - 441.5 "No recovery--red mud appeared in pits.

441.5 - 453 "(8.3' Rec. - 72%) Dk. gray silty ss. fine. Occasional cse. grains of qtz. some carbon, sl. count.

441.5 - 442.5 "(Sample No. 55T-100) Chemical analysis -.024% U_3O_8.

442.5 - 444 "Cgl. - gray and lt. purple; soft, crumbly, sl. count. (Sample No. 55T-102) 0.012% U_3O_8, from 442.5 - 443.

444 - 445 "Black to dk. gray shale (?), slickensides, carbon--hot (sample No. 55T-101)--0.51% U_3O_8.

445 - 446 "Cgl. - fine, gray.

446 - 447 "Shale, hd., red and green streaks--much black shiny carbon and hot--heavy rock (Sample No. 55T-103) 0.212% U_3O_8.

447 - 448 "Ss. - lt. green - red blobs - some fine cgl. zones. (Sample No. 55T-104) 0.032% U_3O_8.

448 - 453 "Cgl.--bedding planes contain carbon hot--some zones run 0.5 to 0.8 MR/hr and zones 6" thick of gray hard shale with considerable carbon and 1/8" pebbles, carb. wood (Yellow mineral detected in wood grains).

453 - 460 "Conglomerate like 448-453 (sample No. 55T-105 at 454-455 = 0.330% U_3O_8).
(Rec. 4.8' - 68.6%) Conglomerate greenish-gray, soft-highly kaolinized, small 1/16" - 1/8" particles--some count, (sample No. 55T-106 at 460 = 0.008% U_3O_8).

460 - 465 "(4.7' rec.) 1/16" pebbles cgl.--dk. gray-iron staining, some carbon--harder than above (sample No. 55T-107 from 462-463) Chem. = 0.064%.

465 - 468 "Fine cgl. dk. gray, hard-kaolin particles.

Depth

468 - 480 "(Rec. 10.3' - 88%) Top 6" very fine gr. ss. hard, consid. finely dissem. carbon. (Sample No. 55T-108 from 468-468.5). Chem. = 0.016% U_3O_8. Contact dips 3°.
468.5 - 471 Cgl. dk. gray-carbon, sl. count, hard-fine particles.
471 - 478 Cgl.-med. gray-soft.
478 - 480 Boulders of granite-highly kaolinized."

The analytical data from hole No. 33 is given below. Chemical U_3O_8 analyses were made by C. O. Parker, Denver, Colo.

Depth	Percent U_3O_8	Thickness of sample in feet
418 - 418.5	0.024	.5
422 - 423	0.60	1.0
442 - 443	0.59	1.0

The following table, prepared by the applicant, summarizes the completed drilling:

Hole No.	Depth	Claim	Remarks
1	60	Cindy 2	Black ss. at bottom, 200 count, should be deeper.
2	140	Cindy 1	Not deep enough.
3	115	Cindy 1	Pyrite at 100', not deep enough.
4	60	Cindy 2	Top Cody shale at 45'.
5	60	Cindy 2	No shows.
6	120	Trey Jr.	Top Cody shale at 110.
7	120	Trey Jr.	Trace carbon at 85-90, no count.
8	80	Trey Jr.	No shows.
9	253	Trey 2	Carbon intermittent to abundant from 73 to 253, slight count.
10	5	Trey 2	Boulders prevented drilling.
11	100	Trey 2	Carbon at 30-40, 50-55, and 70-75, sl. count.
12	100	Trey 2	Increased count at 25-40 and 65-85.
13	102	Trey 2	Increased count at 20-36 and 45-56.
14	455	Trey 13	Count 22-25, carbon 113, 160-165, 300-360, 360-455. Hole should be 500 ft. deeper to penetrate ore in AEC hole No. 7 (fig. 2).
15	155	Trey 7	Slight carbon, not deep enough.
16	100	Trey 7	Slight carbon, not deep enough.
17	150	Trey 9	Slight count 62-80.
18	200	Trey 14	Count at 12-35, 38-96, 96-122.
19	215	Trey 14	Carbon 109-115, hole slightly above background.
20	100	Trey 13	Not deep enough.
21	20	Trey 26	Not deep enough.

Hole No.	Depth	Claim	Remarks
22	40	Trey 26	Not deep enough.
23	30	Trey 18	Not deep enough.
23A	20	Trey 18	Not deep enough.
24	100	Trey 17	Not deep enough.
25	30	Trey 1	Not deep enough, slight count.
26	120	Trey 8	Not deep enough, slight count.
27	30	Trey 5	Not deep enough, slight count.
28A	30	Trey 6	Not deep enough, slight count.
28B	20	Trey 6	Not deep enough, slight count.
29A	40	Trey 7	Not deep enough, caved.
29B	140	Trey 7	Carbon 95-125, 130-140 with slight count.
30A	40	Trey 7	Caved.
30B	380	Trey 7	Traces of carbon and slight count throughout.
31	480	Trey 9	Ore in 5 separate deposits described in geologic report of applicant.
32	314	Trey 2	Caved all the way--80% recovery--carbon abundant throughout and several zones of low grade ore--definitely warrants more drilling.
33	540	Trey 9	Ore in 4 separate deposits described in geologic report of applicant.
34	72	Trey 1	Carbon and increased count in several zones. Top Cody shale at 72.
35	78	Trey 1	Carbon and increased count in several zones.
36	50	Trey 1	Carbon and increased count in several zones.

The AEC drilled several holes on the adjoining Sun Dog and Snowball claims. Two of these are located on figure 2. AEC hole C-67 encountered a 6-foot interval of ore-grade material from 469-475 feet in depth. The 435-436-foot interval was also ore-grade. A description of the mineralized core from this hole follows:

Depth in feet	Lithology (interpreted from AEC log)	Percent U_3O_8
435-436	Conglomerate, dark gray, arkosic, well-bedded; contains interstitial silt and clay, abundant streaks of carbon. Much of the feldspar is decomposed to kaolin.	.11

Depth in feet	Lithology (interpreted from AEC log)	Percent U_3O_8
469-475	Conglomerate and sandstone, medium to dark gray, very fine to very coarse grained, not bedded; contains sparse hematite. Ore mineral is black interstitial material.	469-470 - .34 470-471 - .28 471-472.5 - .35 473-475 - .29

If this ore body is continuous down-dip, it would be at a depth of approximately 960 feet below the surface at the northwest corner of Trey 13. The applicant's hole No. 14 was almost 500 feet short of this depth.

Along the north boundary of Trey 5 and 6, weakly radioactive carbonaceous beds are exposed in bulldozer cuts made by the applicant to mark the claim boundaries. Projection of the strike of the mineralized beds in Snowball 1 into Trey 5 and 6 strongly suggests that these are the same beds exposed in the bulldozer cuts in Trey 5 and 6. The Lost Creek Uranium and Oil Company has recently drilled an undisclosed number of closely spaced holes in the northeast part of Snowball 5 (fig. 2), which joins Trey 5 and 6 on the north. This closely-spaced drilling suggests an extension southward of the ore bodies in Snowball 1 and 2.

ORE RESERVES

The applicant estimates 34,967 tons of indicated ore reserves averaging 0.498 percent U_3O_8 based on data from holes 31 and 33. He assumed the ore to be continuous at three intervals between these two holes and to extend outward for a radius of 50 feet from each hole. Four additional ore-bearing intervals were assumed to be continuous within a 25-foot radius from the hole in which they were discovered. These ore zones are from 385 to 467 feet below the surface and range from 2 to 15 feet in thickness.

PROPOSED EXPLORATION AND COSTS

The applicant proposed to core 6,000 feet of hole on the approximate centers of each claim and to offset hole No. 31 with 2 holes, one 100 feet north and the other 100 feet south; and to offset hole No. 33 with 3 holes; each 100 feet distant from hole No. 33, with one hole north, one hole east, and one hole south. These 5 holes should average 500 feet each or 2,500 feet. If additional ore is found, 5 offset holes would be drilled spaced from 100 feet to 200 feet apart in the vicinity of the known ore. From the known ore body on the Trey 9 the applicant proposed to drill 7 holes, spaced 200 feet apart, northward along the west boundary of Trey 13 and to deepen hole No. 14 from 500 feet to 900 feet. It was proposed also to drill 4,000 feet of holes on several anomalies. The project totals 19,000 feet of which one-half would be core drilling. The applicant's estimated costs follow:

<u>Independent contracts</u>		
Drilling		
19,000 feet of drilling (1/2 core) at $3.00 per foot	= $57,000.00	
Bulldozing		
400 hours at $12.50 per hour	= 5,000.00	
Total independent contracts		$62,000.00
<u>Labor and supervision</u>		
Geologist-engineer and expenses, 1/2 time - 6 months at $900.00 per month	= $ 5,400.00	
Full time geologist and expenses, 6 months at $950.00 per month	= $ 5,700.00	
Total labor and supervision		$11,100.00
<u>Operating materials and supplies</u>		
None		

Operating equipment (furnished by applicant)

Jeep - rental for 5,000 miles at $0.10 per mile	= $500.00	
Gamma-ray logging unit ($1,200 value)	= $200.00	
Total operating equipment		$700.00

Rehabilitation and repairs

None

New buildings, improvements, etc.

None

Miscellaneous

Social security	= $ 104.00	
Federal income tax	= $1,402.80	
State income tax	= $ 4.60	
Workman's compensation - 6 months at $18.50 per month	= $ 111.00	
Accounting and bookkeeping - 6 months at $50.00 per month	= $ 300.00	
Total miscellaneous		$ 1,922.40

Contingencies	=	$ 500.00
Total estimated cost for 19,000 feet of drilling		$76,222.40
Estimated cost per foot		$ 4.01
400 chemical assays at $5.00 each		$ 2,000.00
Total estimated cost of project		$78,222.40

The examining team's modified project consists of a two-stage drilling program as follows:

Stage I

Trey 9 - Five holes (see fig. 2) to be drilled 100 feet apart around applicant's holes 31 and 33. These are to determine the extent and trend of the ore body and should not exceed 500 feet in depth. Total, 2,500 feet. The bottom 100 feet of each hole should be cored.

Trey 7 - Three holes are to be drilled in a line across the northwestern corner of Trey 7 (fig. 2) to intercept the possible down-dip extension of the ore bodies in Snowball 1 and 2. These holes should be a maximum of 500 feet in depth and the bottom 150 feet of each hole should be cored. Holes 30-B and 15 should be re-entered if possible. Any footage saved should be applied to Stage II drilling, if any such drilling is warranted. Total, 1,500 feet.

Trey 2 - Two holes drilled in the eastern part of this claim (fig. 2) to explore the radioactive carbonaceous beds encountered in holes 32 and 9. These holes should be a maximum of 500 feet in depth and should be cored for their entire depth. Hole 11 should be re-entered if possible, and any footage saved applied to Stage II drilling. Total, 1,000 feet.

Trey 5 and 6 - A line of 4 holes should be drilled on the narrow ridge across these claims (fig. 2). These holes are located to take advantage of topography so that a minimum of access road will have to be built. These holes should increase in depth in increments of 100 feet from the west to the east. The westernmost hole should be a maximum of 200 feet in depth; the easternmost, 500 feet. The bottom 150 feet of each hole should be cored. Drilling on these claims is recommended to intercept an extension southward, along the strike of the ore-bearing beds in Snowball 1 and 2. Total footage in Trey 5 and 6 - 1,400 feet.

In no case should any Stage I hole go below the Cody-Wasatch contact. Total footage for Stage I drilling - 6,400, of which 3,850 feet is plug-bit drilling and 2,550 feet core drilling.

Stage II

If additional ore or significant mineralization is not found in Stage I, Stage II should not be authorized. In the event that results of Stage I are encouraging, additional holes should be drilled on 50-foot centers around Stage I holes that encounter significant amounts of uranium. These holes should not exceed 500 feet in depth. In no case should drilling go below the Cody-Wasatch contact. Total footage for Stage II should not exceed 7,000 feet and the ratio of plug-bit drilling to core drilling should be about the same as in Stage I.

A maximum of 60 chemical assays should be allowed for Stage I and 80 chemical assays for Stage II exploration.

The bids submitted by the applicant and shown in the appendix are high. The Minerals Engineering bid is much higher than one submitted by the same company to the nearby Wyoming Uranium Company property.

Examining Team's Estimate of Costs

Stage I

Core Drilling

Independent contracts

Bulldozing		
40 hours at $12.00 per hour	$ 480.00	
Core drilling		
2,550 feet at $4.00 per foot	$10,200.00	
Total independent contracts		$10,680.00

Labor and supervision

Labor		
1 man - 1-1/2 months at $300.00 per month	$ 450.00	
Supervision		
1 engineer-geologist - 1-1/2 months at $650.00 per month	$ 975.00	
Total labor and supervision		$ 1,425.00

Operating materials and supplies

Gas, oil, and repairs for jeep	$ 62.50	
200 core boxes at $1.00 each	$200.00	
Total operating materials and supplies		$ 262.50

Operating equipment (furnished by applicant)

Depreciation		
1 jeep, value $1500.00 - depreciation for 1-1/2 months	$ 37.50	
Rental		
1 gamma-ray logging unit - rental for 2 months	$100.00	
Total operating equipment		$ 137.50

Initial rehabilitation and repairs

None

New buildings, improvements, etc.

None

Miscellaneous

Workman's compensation and payroll taxes - 7 percent of $1,425.00	$ 99.75	
Accounting, etc., - 1-1/2 months at $50.00 per month	$ 75.00	
Total miscellaneous		$ 174.75

Total estimated cost for 2,550 feet of core drilling	$12,679.75
Estimated cost per foot	$ 4.97

Plug-Bit Drilling

Independent contracts

Bulldozing		
40 hours at $12.00 per hour	$ 480.00	
Plug-bit drilling		
3,850 feet at $1.75 per foot	$6,737.50	
Total independent contracts		$ 7,217.50

Labor and supervision

Labor		
1 man - 1-1/2 months at $300.00 per month	$450.00	
Supervision		
1 engineer-geologist - 1-1/2 months at $650.00 per month	$975.00	
Total labor and supervision		$ 1,425.00

Operating materials and supplies

Oil, gas, and repairs for jeep	$ 62.50	
Total operating materials and supplies		$ 62.50

Operating equipment (furnished by applicant)

Depreciation		
1 jeep, value $1,500.00 - depreciation for 1-1/2 months	$ 37.50	
Total operating equipment		$ 37.50

Initial rehabilitation and repairs

None

New buildings, improvements, etc.

None

Miscellaneous

Workman's compensation and payroll taxes - 7 percent of $1,425.00	$ 99.75	
Accounting - 1-1/2 months at $50.00 per month	$ 75.00	
Total miscellaneous		$ 174.75

Total estimated cost for 3,850 feet of plug-bit drilling	$ 8,917.25
Estimated cost per foot	$ 2.32

Stage II

Stage II drilling costs should be about the same as for Stage I and the ratio of core to plug-bit drilling should be about the same or, for 7,000 feet of drilling, should be about 2,800 feet of core drilling and 4,200 feet of plug-bit drilling.

2,800 feet of core drilling at $4.97 per foot	- $13,916.00
4,200 feet of non-core drilling at $2.32 per foot	- $ 9,744.00

Recapitulation

Stage I

2,550 feet of core drilling at $4.97 per foot	- $12,673.50
3,850 feet of plug-bit drilling at $2.32 per foot	- $ 8,932.00
60 chemical assays at $5.00 each	- $ 300.00
Total estimated cost of Stage I	- $21,905.50

Time for completion - 3 months

Stage II

2,800 feet of core drilling at $4.97 per foot	- $13,916.00
4,200 feet of plug-bit drilling at $2.32 per foot	- $ 9,744.00
80 chemical assays at $5.00 each	- $ 400.00
Total estimated cost of Stage II	- $24,060.00

Time for completion - 3 months

Total estimated cost of project	- $45,965.50
Government participation - 75 percent or	- $34,474.13

Time for completion - 6 months

CONCLUSIONS AND RECOMMENDATIONS

The examining team believes that, because of the ore exposures on the Sun Dog and Snowball claims, and the uranium mineralization penetrated by drill holes on the Trey claims, a modified exploration program is justified.

A two-stage program of exploratory drilling consisting of about 29 holes totaling 13,400 feet at an over-all estimated cost of $45,965.50 is recommended for approval. Stage II is dependent upon the results obtained from Stage I. NX core drilling is recommended on the basis of AEC drilling

in the vicinity. Holes in Stage I will be drilled to a depth not to exceed 500 feet in the locations shown on figure 2. The 5 holes shown on the Trey 9 claim will be cored their bottom 100 feet, the 3 holes shown on the Trey 7 claim will be cored their bottom 150 feet, the 2 holes on the Trey 2 claim will be cored their entire depth, and the 4 holes on Trey 5 and 6 claims will be cored their bottom 150 feet. Samples containing significant amounts of uranium will be analyzed chemically for U_3O_8.

The Trey claims Nos. 10, 11, 12, 15, 16, and 25 should be included in the contract.

The total cost of the project is estimated at $45,965.50 and Government participation of 75 percent is $34,474.13. The project would be completed in 6 months.

COPY

MINERALS ENGINEERING COMPANY
P. O. Box 1951
GRAND JUNCTION, COLORADO

October 10, 1955

Mile High Minerals Incorporated
210 Kittridge Building
Denver 2, Colorado

Gentlemen:

The following is our proposal for drilling 19,000 feet on your property in the Crooks Gap area, Wyoming. We understand that at least half of this footage will be core:

	Price per Foot	
Depth	Non Core	Core
0-200 feet	$3.00	$5.00
200-400 feet	4.00	6.00
400-600 feet	5.00	7.00
600-800 feet	6.00	8.00
800-1000 feet	7.50	10.00

Stand-by time we bid at the rate of $12.00 per hour.

We propose to begin drilling operations with two fully equipped truck-mounted drills capable of taking cores from depths below 1,000 feet. The above quotations include any and all costs of drilling operations, mobilization and move-in.

As an alternate bid, we will drill at the rate of $20.00 per hour per drill plus bit costs. On this basis, we would operate one 9-hour shift per drill per day.

We propose to man these machines with competent crews and operate steadily and continuously unless prevented by causes beyond our control.

It is understood that you would provide access roads and drill sites for the use of our equipment and would maintain same during bad weather operations.

Thank you for asking us to submit this proposal.

Very truly yours,

MINERALS ENGINEERING COMPANY

/s/ Howard S. Perry
/t/ Howard S. Perry

HSP/k

COPY

DAN M. SAWTELLE
GEOPHYSICAL CONSULTANT
371 Greenwood Avenue
LITTLETON, COLORADO

Phone: PYramid 4-3164

October 17, 1955

Mr. R. M. Thompson
Mile High Minerals Inc.
210 Kittridge Building
Denver, Colorado

Dear Sir:

Please consider the figures below to be a formal bid for the drilling and coring of uranium test holes in the vicinity of Crooks Gap, Wyoming. It is assumed that there will be roughly 19,000 ft. of test hole to be out and that the location of said exploration will be in the immediate vicinity of the work recently conducted for your company by the Champ Drilling Company. This bid is also based on the use of a water rig rather than that of a combination air and water unit.

From 0 to 200 ft. ------$1.50 per ft.
" 200 to 400 ft. ------$1.75 per ft.
" 400 " 500 ft. ------$1.90 per ft.
" 500 " 600 ft. ------$2.05 per ft.
" 600 " 700 ft. ------$2.55 per ft.
" 700 " 900 ft. ------$3.05 per ft.

For coring the following figures apply.

From 0 to 400 ft. ------$11.00 per ft.
" 400 " 900 ft. ------$15.00 per ft.

Standby or moving time will be charged at the rate of $10.00 per hour.

Respectfully submitted,

/s/ Dan M. Sawtelle
/t/ Dan M. Sawtelle
Consultant

COPY

DRILLING SPECIFICATIONS REQUIRED ON MILE HIGH MINERALS, INC. DRILLING CONTRACTS

EQUIPMENT:

Drilling--

The drill must be such that it can rotate at least 1800 R.P.M. Preference will be given to hydraulic feed equipment. In all cases the contractor is required to let Mile High personnel inspect equipment in operation before the job starts provided Mile High should make such request before awarding of the bid.

Core Barrels and Bits--

Core barrels are to be of the inside swivel type and should be limited to 10' in length. Christianson or any other standard make of diamond bit should be used. At the discretion of Mile High drilling inspector a tooth type tungsten carbide bit may be used. In all cases the length of core run shall be determined by the Mile High drilling inspector. At depths up to 500' and NX or larger core barrel and bit must be used. If reduction in hole size is necessary beyond 500' nothing smaller than a BX core barrel and bit may be used. Flush joint rods must be used.

Water Pump--

The water pump must be of such size that it can pump mud thick enough to clean coarse sand from a 1000' hole. The pump must be equipped with a bypass which will allow the driller to cut back the water flow in any amount necessary to keep from washing away core.

Air Compressor:

If air return is used on shallow depths for air, compressor in the 600 C.F.P.M. range must be furnished.

Additional Equipment—

All necessary drilling pipe for collectors as well as core barrels and bits are to be furnished by the contractor in amount capable of drilling to a depth of 1000'. Extra equipment such as needed for pulling casing or any other purpose to be furnished by contractor.

Air Return Sample:

A ducone dust collector is to be supplied by drilling contractor. Mile High is to supply all sample containers and splitters.

DRILLING PAYMENT:

All plug bit drilling will be done on a footage basis. Coring may be either on a footage basis or on an hourly basis. If coring is done on a footage basis a minimum percentage recovery shall be 70%. If any hole can be probed to within 10' of bottom the hole accepted. If not, payment will be made only for the probed depth. As holes can not be probed to required depth the drill crew may be required to clean out hole at rate paid for under drilling by the hour. Any casing set in a hole to improve drilling or to keep an open hole will be the responsibility of the contractor with the following exception: if the probe is not working or for some other reason the inspector is not able to probe the hole,

when bottomed the contractor may be directed to leave the casing and move to another hole. After the hole is probed the contractor may be directed to come back and attempt to salvage the casing. After diligent effort he can not remove all of the casing he will be paid for that amount which is left in the hole at the rate paid for this item. As soon as the hole has been drilled to the required depth it will be probed. If it is probed during the working shift probing will be done with the drill crew but at the rate paid for stand-by. If the hole is not clear or the required depth can not be reached the drill crew will then attempt to clean the hole. Any cleaning of the hole in order to get the required hole depth shall be at the contractor's expense. No hole will be authorized for payment until it has been inspected and probed by the inspector of Mile High Minerals. If the inspector probes the hole immediately after the required depth has been reached and the hole is satisfactory the drill crew may then attempt to pull casing if any has been used. If the casing can not be pulled payment will not be made by Mile High. If the inspector directs that the casing be left for any reason the payment for casing will be made in the amount which can not be salvaged at a later date. Whenever the contractor later moves back to a hole to salvage casing which was directed to be left in the hole by the inspector he will be paid at the rate paid for standby time until he has set up over the hole and actually started to pull the casing.

WORKING HOURS:

Working hours will be adjusted to prevailing conditions. If bad weather is threatening the hours may be adjusted upward to get as much done as possible. It is generally decided that drilling be done on a 10-hour day shift six days per week. By field agreement between the inspector and the contractor drilling may be stopped and resumed at a later date for any reason agreeable to both parties.

BREAKDOWN OR FAILURE TO DRILL:

For any delay in drilling operations in access of 24 hours from the time drilling operations have stopped the contractor shall pay $40.00 for 24 hours or any part thereof until drilling operations have been resumed. For any delay in drilling operations which is the fault of Mile High the same penalty shall prevail.

ROADS:

Mile High Minerals will provide the access roads anddrill sites. Access roads will be held to a grade of 20% or less and all contractor's equipment must be able to negotiate grades up to 20%.

COPY

Box 144
Lander, Wyoming
September 29, 1955

Mr. Ray Thompson, President
Mile-Hi Uranium Corporation
Denver, Colorado

Dear Mr. Thompson:

I appreciate your invitation to bid on uranium exploratory drilling program located Crooks Gap, Fremont County, Wyoming, consisting of approximately 19,000 feet.

Listed below is schedule of core drilling prices:

Non-Core	Core
0 - 200 - $1.50	0 - 200 - $3.95
200 - 400 - $2.25	200 - 400 - $5.05
400 - 600 - $2.75	400 - 600 - $5.95
600 - 1000 - $3.75	600 - 800 - $7.10
	800 - 1000 - $7.95

Stand-by time - $12.50 per hour (waiting on access roads and locations or for any reason Mile-Hi has rig to stand by)

Casing lost in hole - $1.55 per foot.

Yours very truly,

Cole Drilling Company

By /s/ Glen Cole

GC:oc

COPY

RECEIVED
JAN 16 1956

Box 144
Lander, Wyoming
September 29, 1955

Mr. Ray Thompson, President
Mile-Hi Uranium Corporation
Denver, Colorado

Dear Mr. Thompson:

Please accept the following price as my bid on uranium exploratory drilling program located Crooks Gap, Fremont County, Wyoming, consisting of approximately 19,000 feet:

$15.00 per hour, plus cost of bits (plug & core), casing, lost circulation materials and mud additives, and any other special equipment needed to perform work.

I have one complete drilling rig, E-Special Franks (1,000 foot machine), necessary drill pipe, core barrels, tools, etc., for operation of rig.

Yours very truly,

Cole Drilling Company

By /s/ Glen Cole

CG:oc

FILE COPY
Surname:

F. Johnson

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

My dear Mr. Wisdom:

I have your letter of October 5, 1955 concerning the application of Mile High Minerals, Inc., DMEA Docket No. 5992 (Uranium), for aid in an exploration project which was submitted to Defense Minerals Exploration Administration through its Denver office.

Your client's application was reviewed by the Rare and Miscellaneous Minerals Division of DMEA and referred to its Denver office for a field examination on October 3, 1955. Although the Field Team to which it was sent has a considerable backlog of pending field examinations they realize the urgency for making examinations in these areas where weather problems are involved. Consequently, you may be assured every effort will be made to expedite the processing of the application of Mile High Minerals, Inc.

If your client has not already made arrangements with the Denver office of DMEA for a field examination of its property, I suggest that this matter be taken up with that office as soon as possible.

Sincerely yours,

Douglas McKay

Secretary of the Interior

Mr. John Minor Wisdom
1200 Whitney Building
New Orleans, La.

Copy to: Secretary's files
Secretary's reading file
Mails & Files (DMEA)
Admr. reading file (DMEA)
Asst. Secretary Wormser (2)
Mr. Imhoff
Mr. Ellis - DMEA
Mr. Johnsen - DMEA
Executive Officer Region III

FEJohnson/bih
10/7/55

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

RECEIVED
OCT 10 1955

October 7, 1955

224 New Customhouse
Denver 2, Colorado

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3992 (Uranium), Mile High Minerals, Inc., Trey and Cindy Claims, Fremont County, Wyoming

Enclosed is the subject application in the amount of $78,222.40. The brochure consists of Form MF-103 and accompanying answer sheets. A Preliminary Geologic Report by R. M. Thompson is also included.

Your attention is directed to the enclosed copy of a letter from the Chairman of the Operating Committee dated October 3, 1955 and the review of the application by members of the Uranium Commodity Committee.

A field examination and suitable report are requested.

W. M. Traver

W. M. Traver

Enclosures

HMC:ab
cc: Sec. Opr. Comm. (2)
Docket 3992
Chron.

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

RECEIVED
OCT 10 1955

October 7, 1955

224 New Customhouse
Denver 2, Colorado

Memorandum

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

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3992 (Uranium), Mile High Minerals, Inc., Trey and Cindy Claims, Fremont County, Wyoming

Enclosed is the subject application in the amount of $78,222.40. The brochure consists of Form MF-103 and accompanying answer sheets. A Preliminary Geologic Report by R. M. Thompson is also included.

Your attention is directed to the enclosed copy of a letter from the Chairman of the Operating Committee dated October 3, 1955 and the review of the application by members of the Uranium Commodity Committee.

A field examination and suitable report are requested.

W. M. Traver

Enclosures

HMC:ab
cc: Sec. Opr. Comm. (2)
Docket 3992
Chron.

Surname copy

700

FMMurphy
Ellis
Kiilsgaard
Yore
Selfridge
FHGolman

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

- 1955

Mr. Raymond M. Thompson, President
Mile High Minerals, Inc.
210 Kittredge Building
16th at Glenarm
Denver 2, Colorado

Re: Docket No. DMEA-3992 (Uranium)
Tray and Cindy claims
Fremont County, Wyoming

Dear Mr. Thompson:

The application for assistance in exploring the subject property in Fremont County, Wyoming, under the captioned docket number, has been reviewed by the Rare and Miscellaneous Metals Division of the Defense Minerals Exploration Administration. It has been referred for a field examination to the Executive Officer of Region III at the following address:

Mr. W. M. Traver
Executive Officer
DMEA FieldTeam, Region III
22h New Customhouse Building
Denver 2, Colorado

The Regional Office will contact you in regard to your project at the earliest opportunity.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

FMMurphy/gla
10-3-55
cc to: Admr.'s Reading File
Docket
Code 700
Mr. Murphy
DMEA Field Team, Region III (2)

Surname copy

Murphy
Elis
Selfridge
Fleman

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

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

OCT 3 - 1955

Re: Docket No. DMEA-3992 (Uranium)
Mile High Minerals, Inc.
Trey and Cindy claims
Fremont County, Wyoming

Dear Mr. Traver:

The captioned application is referred to Region III Field Team for investigation, a field examination and recommendation. A copy of the application was retained by your office.

Enclosed are copies of memoranda, dated September 29, 1955, by W. P. Williams, USGS, and J. E. Crawford, USBM, relating to the subject application.

You will note that although the Applicant states it is the owner of the subject property, there exists an overriding royalty on production from all the claims except Trey, Jr., Cindy No. 1, and Cindy No. 2. In the event the Field Team recommends a project, it should advise the Applicant that we will require subordination agreements signed by each of the ten (10) individuals holding such royalty rights. Their names and addresses are given as part of the application.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

Enclosures

FMMurphy/gla
10/3/55

APPROVED:

P. F. Yopes (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

cc to: Admr.'s Reading File
Operating Committee
Docket
Messrs. JECrawford, Rm. 3641
THKiilsgaard. Rm. 5224
JOHosted, Rm. 3210, GSA
Code 700
Mr. Murphy

9/30/55 gla

IN REPLY REFER TO:

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

RECEIVED SEP 30 1955

September 29, 1955

Memorandum

To: E. W. Ellis, Defense Minerals Exploration Administration

From: W. P. Williams, U. S. Geological Survey

Subject: Review of application, DMEA 3992, Mile High Minerals, Inc., Trey and Cindy claims, Fremont County, Wyoming.

The applicant proposes an exploration project consisting of a total of 19,000 feet of drilling on 12 mining claims in the Crooks Gap area. A total of 36 holes with a total drilling footage of 5,379 feet has been completed by the applicant. Only two holes, relatively close together, penetrated ore.

In the vicinity of the claims the Wasatch formation of early Eocene age is the principal ore-bearing formation. North of the claims uranium minerals are present in overthrust Cambrian rocks (the occurrences are cited on page 7 of the geological report with the application), but the mineralization is not believed to be of economic importance. In the vicinity the rocks are much faulted and, in places, steeply dipping. Alluvial cover is deep and becomes deeper to the north. Some of the proposed drilling depths on the north part of the claims would be about 1,000 feet. Drilling and core recovery would be difficult.

Because alluvial cover is thick and because the subsurface structure is unknown the applicant's proposal to drill a hole at the center of each claim is pure prospecting and would not be suitable for DMEA participation.

The grade and thickness of the ore in holes nos. 31 and 33 on Trey 9 claim are an indication of what is to be expected as ore deposits in the vicinity and I do not, therefore, believe the deep drilling (up to 1,000 feet deep) along the west boundary of Trey 13 claim is justified.

It is possible that drilling five offset holes spaced 100 feet from existing holes 31 and 33 would constitute a reasonable exploration venture. Even so the ore, if found, would be at 500 foot depth and would require much more drilling before shaft sinking and mining could be started.

Exploration holes on outcropping carbonaceous beds on Trey claims 1, 2, 5, and 6 may be justified. The potentialities of the beds should be evaluated in the field.

In the geological report with the application the correlation of ore bodies and the calculation of ore reserves and grade, on the basis of Babbel counter readings, appear to be radiometric 'hocus-pocus' and should be regarded with question.

The exploration work proposed in the application is unattractive for many reasons. I believe the application should be referred to the Field Team for field examination. A much modified, staged project centered around the two known ore holes and on the carbonaceous beds may be justified.

WPWilliams

W. P. Williams

IN REPLY REFER TO:

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

September 29, 1955

Memorandum

To: K. W. Ellis, Defense Minerals Exploration Administration

From: W. P. Williams, U. S. Geological Survey

Subject: Review of application, DMEA 3992, Mile High Minerals, Inc., Troy and Cindy claims, Fremont County, Wyoming.

The applicant proposes an exploration project consisting of a total of 19,000 feet of drilling on 12 mining claims in the Crooks Gap area. A total of 36 holes with a total drilling footage of 5,379 feet has been completed by the applicant. Only two holes, relatively close together, penetrated ore.

In the vicinity of the claims the Wasatch formation of early Eocene age is the principal ore-bearing formation. North of the claims uranium minerals are present in overthrust Cambrian rocks (the occurrences are cited on page 7 of the geological report with the application), but the mineralization is not believed to be of economic importance. In the vicinity the rocks are much faulted and, in places, steeply dipping. Alluvial cover is deep and becomes deeper to the north. Some of the proposed drilling depths on the north part of the claims would be about 1,000 feet. Drilling and core recovery would be difficult.

Because alluvial cover is thick and because the subsurface structure is unknown the applicant's proposal to drill a hole at the center of each claim is pure prospecting and would not be suitable for DMEA participation.

The grade and thickness of the ore in holes nos. 31 and 33 on Troy 9 claim are an indication of what is to be expected as ore deposits in the vicinity and I do not, therefore, believe the deep drilling (up to 1,000 feet deep) along the west boundary of Troy 13 claim is justified.

It is possible that drilling five offset holes spaced 100 feet from existing holes 31 and 33 would constitute a reasonable exploration venture. Even so the ore, if found, would be at 500 feet depth and would require much more drilling before shaft sinking and mining could be started.

Exploration holes on outcropping carbonaceous beds on Troy claims 1, 2, 3, and 4 may be justified. The potentialities of the beds should be evaluated in the field.

In the geological report with the application the correlation of ore bodies and the calculation of ore reserves and grade, on the basis of Babbel counter readings, appear to be rudimentary 'hocus-pocus' and should be regarded with question.

The exploration work proposed in the application is unattractive for many reasons. I believe the application should be referred to the Field Team for field examination. A much modified, staged project centered around the two known ore holes and on the carbonaceous beds may be justified.

W. P. Williams

WPWilliams:iml
G-9/29/55

cc: Director's reading, 4212
Branch reading, 4212
BMEA (3)
Docket file
J. E. Crawford, 3641
J. O. Hosted, 3210

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

September 29, 1955

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee, Room 4445

From: John E. Crawford, Bureau of Mines Member
Uranium Commodity Committee

Subject: Application for assistance, DMEA Docket 3992, Mile High Minerals, Inc., Fremond County, Wyoming

I have reviewed the application, Mile High Minerals, Inc., DMEA Docket 3992; and I have discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

The Trey claims of the Mile High Minerals, Inc., located in the Crooks Gap area, Fremont County, Wyoming, are the site of 5,379 feet of drilling, totaling 40 holes. Significant mineralization was apparently determined in at least 3 holes, and better-than-average radiometric readings were taken in several other holes. Ore-grade mineralization was discovered on the Trey 9 claims. Representative chemical analyses of the mineralized zone have been supplied by the applicant, confirming the presence of uranium mineralization.

We agree that the application should be referred to the Field Team for review and possible examination. Future exploration is probably warranted in order to determine the extent and grade of the mineralization discovered in previous drilling. Outcrops of mineralization present on other parts of the Trey claims may also require exploration. The extent of such an exploration program cannot be properly evaluated until the Field Team has made its report on the application. We recommend that the Field Team consult with D. L. Everhart, Acting Chief, Denver Exploration Branch, Atomic Energy Commission, in order that they may benefit by such information and experience as Mr. Everhart may have regarding both the subject claims and the general geology and mineralization of the Crooks Gap area in Wyoming.

In accordance with instructions received from DMEA by this office, the application, together with a copy of this memorandum, is being sent to Thor Kiilsgaard, Geological Survey.

John E Crawford

John E. Crawford

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

RECEIVED
SEP 26 1955

September 22, 1955

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA Assistance, (Uranium), Mile High Minerals, Inc., Trey and Cindy claims, Fremont County, Wyoming

Enclosed are three copies of the subject application in the amount of $78,222.40.

The applicant has agreed to obtain three bids for core drilling and forward same to this office.

W. M. Traver

W. M. Traver

Enclosures

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

September 22, 1955

RECEIVED
SEP 26 1955

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA Assistance, (Uranium), Mile High Minerals, Inc., Trey and Cindy claims, Fremont County, Wyoming

Enclosed are three copies of the subject application in the amount of $78,222.40.

The applicant has agreed to obtain three bids for core drilling and forward same to this office.

W. M. Traver

W. M. Traver

Enclosures

September 26, 1955
Subject: DMEA-3992
Re: Exploration Assistance
Trey Lode Claims

Mile High Minerals, Inc.
210 Kittredge Building
16th At Glenarm
Denver 2, Colorado

Gentlemen:

The receipt of your application dated September 22, 1955, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3992 and referred to the Rare & Misc. Metals Division.

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

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

MF-103 (Revised April 1952)

DMEA Date Rec'd. SEP 22 1955

BUREAU OF MINES Denver, Colorado

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

RECEIVED SEP 26 1955

Not to be filled in by applicant

Docket No. DMEA-3992
Metal or Mineral Uranium
Date Received 9/26/55
Estimated Cost $78,222.40
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: MILE HIGH MINERALS, INC., 210 Kittredge Building, 16th At Glenarm, Denver 2, Colorado

A Delaware Corporation (Raymond M. Thompson, Pres., 239 S. Dahlia, Denver Colo. (E.V. Benjamin, Jr., V.P., 431 International Trade Mart, New Orleans, La. (E.B. Benjamin, Jr., Sec. Treas., 1200 Whitney Bank New Orleans, La.

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Portions of: E½ Sec. 29, NE¼ Sec. 32, Sec. 28, N½ Sec. 33, T. 28 N., R. 92 W., Fremont County, Wyoming. (See attached map of Trey, Trey Jr., and Cindy claims.)

(*b*) State any mine name by which the property is known. None

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Owner

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it None

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

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

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

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

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

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

16—66551-1

MILE HIGH MINERALS, INC.
210 Kittredge Building
16th and Glenarm
Denver 2, Colorado

5. *The exploration project.*—(*a*) State the mineral or minerals for which you will to explore Uranium and associated minerals.

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

(*c*) The work will start within 60 days and be completed within 8 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated September 22, 1955

MILE HIGH MINERALS, INC.
(Applicant)

By Raymond M. Thompson

Raymond M. Thompson, President
210 Kittredge Building
16th at Glenarm
Denver 2, Colorado

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

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

RECEIVED
SEP 26 1955

CONTINUATION OF DATA

FOR

U. S. DEPARTMENT OF INTERIOR, DEFENSE MINERALS EXPLORATION ADMINISTRATION

UNDER FORM MF-103

A PART OF THE SEPTEMBER 22, 1955 APPLICATION

OF

MILE HIGH MINERALS, INC.

210 KITTREDGE

16TH AT GLENARM

DENVER 2, COLORADO

MILE HIGH MINERALS, INC.
210 Kittredge Building
16th and Glenarm
Denver 2, Colorado

Item 3.(e) The property is subject only to an overriding royalty, which is payable in equal parts to the following individuals:

Bill Rivers
1816 Fremont Street (Apt. 1)
Cheyenne, Wyoming

Duke Bosnich
Box 399
Rock Springs, Wyoming

Kenneth Ockerman
120 Sherman Street
Rock Springs, Wyoming

Ray Jelle
120 Sherman Street
Rock Springs, Wyoming

Ray McDonough
803 Bushnell Avenue
Rock Springs, Wyoming

Mike Korfanta
119 Adams Street
Rock Springs, Wyoming

Fred Taucher
622 Ludvig Street
Rock Springs, Wyoming

Marko Begovich
732 "N" Street
Rock Springs, Wyoming

Joe Dolan
622-1/2 Ludvig Street
Rock Springs, Wyoming

Harold Reach
Box 866
Pinedale, Wyoming

Trey Numbers 2, 5, 6, and 7 are subject to override as follows:

(a) Fifteen per cent (15%) of the proceeds received from the sale of all minerals and metals accepted and purchased by the Atomic Energy Commission, or their licensed agents, said royalty to be based upon the gross base price of ore, as established by the Atomic Energy Commission, at the mill or receiving point, which gross base price shall exclude development allowances, hauling allowances, bonuses, and premiums; and

(b) Five per cent (5%) of the proceeds received from the sale of all metals, minerals and rare earths, which metals, minerals and rare earths are not purchased by the Atomic Energy Commission or their licensed agents, but have to be disposed of elsewhere. Said royalty to be based upon the gross base price of ore at the receiving point.

Trey Numbers 1, 8, 9, 13, 14, 17, 18, and 26 are subject to override as follows:

(a) Ten per cent (10%) of the proceeds received from the sale of all minerals and metals accepted and purchased by the Atomic Energy Commission, or their licensed agents, said royalty to be based upon the gross base price of ore, as established by the Atomic Energy Commission, at the mill or receiving point, which gross base price shall exclude development allowances, hauling allowances, bonuses, and premiums; and

Item 3.(e)--continued.

(b) Five percent (5%) of the proceeds received from the sale of all metals, minerals and rare earths, which metals, minerals and rare earths are not purchased by the Atomic Energy Commission or their licensed agents, but have to be disposed of elsewhere. Said royalty to be based upon the gross base price of ore at the receiving point.

Trey, Jr., Cindy 1, Cindy 2 are not burdened.

MF 103

Item 3.(f)

ABSTRACT DATA ON CLAIMS - OF RECORD IN FREMONT COUNTY, WYOMING, AT LANDER

Trey Claims:

No.	Original Location Cert.	Amended Location Cert.	Additional Location Cert.	Affidavit Drill Hole Disc.
1	Loc. 2-28-54 Rec. 3-3-54 Book 59-Pg. 111	11-3-54 Bk. 73-Pg. 75	(Filed and recorded in September, 1955, instruments not returned from court house by September 22, 1955)	
2	Loc. 2-28-54 Rec. 3-3-54 Bk. 59-Pg. 112	11-3-54 Bk. 73-Pg. 76		
5	Loc. 2-28-54 Rec. 3-3-54 Bk. 59-Pg. 115	11-3-54 Bk. 73-Pg. 79		
6	Loc. 2-28-54 Rec. 3-3-54 Bk. 59-Pg. 116	11-3-54 Bk. 73-Pg. 80		
7	Loc. 3-2-54 Rec. 3-3-54 Bk. 59-Pg. 93	11-3-54 Bk. 73-Pg. 81		
8	Loc. 3-2-54 Rec. 3-3-54 Bk. 59-Pg. 94	11-3-54 Bk. 73-Pg. 82		
9	Loc. 3-2-54 Rec. 3-3-54 Bk. 59-Pg. 95	11-3-54 Bk. 73-Pg. 83		
13	Loc. 3-2-54 Rec. 3-3-54 Bk. 59-Pg. 99	11-3-54 Bk. 73-Pg. 87		
14	Loc. 3-2-54 Rec. 3-3-54 Bk. 59,Pg. 99	11-3-54 Bk. 73-Pg. 88		
17	Loc. 3-3-54 Rec. 3-5-54 Bk. 59-Pg. 128	11-3-54 Bk. 73-Pg. 91		
18	Loc. 3-3-54 Rec. 3-5-54 Bk. 59, Pg. 127	11-3-54 Bk. 73-Pg. 92		
26	Loc. 3-7-54 Rec. 3-8-54 Bk. 59-Pg. 219	11-3-54 Bk. 73-Pg. 94		

Item 3.(f) Continued:

Trey Jr. Claim:

No.	Original Loc. Cert.	Deed	Loc. Certificate
1	Loc. 12-23-54 Rec. 12-23-54 Book 82-Page 166	Dated 12-27-54 Rec. 1-5-55 Book 83-Page 480	Loc. 6-2-55 Book 122-Page 152

Cindy Claims:

No.	Original Loc. Cert.
1	Loc. 5-31-55 Rec. 6-15-55 Book 122-Page 150
2	Loc. 5-31-55 Rec. 6-15-55 Book 122-Page 151

Item 4.(a) No mining operations have been undertaken on any of the claims and there are no permanent installations on the property. The claims are easily accessible, lying about 10 miles south and 2 miles east of Home-on-the-Range. This small settlement is located on U.S. Highway 287 about 62 miles east of Lander and about 68 miles northwest of Rawlins. From Home-on-the-Range a graded road leads southward to the Crooks Gap Oil Field and beyond. At a point about 10 miles south, just before the second bridge over Crooks Creek a bulldozed mine road leads eastward about one mile to the claims. Roads have been cut with a bulldozer around most of the outer boundaries of the claims and a number of the claims also have center line roads cut. All of these roads are interconnecting, making most parts of the claims readily accessible to ordinary field vehicles. Additional road work will be required for some drill hole locations, due to abrupt terrain and to an accumulation of large boulders strewn about the surface.

Mile High Minerals, Inc. has drilled 5379 feet on these claims as shown on figures 4, 5, 6, and 7 of the geological report. These holes were air drilled as deep as possible. Small amounts of moisture make air-drilling impossible, and many of the holes were stopped short of possible ore because moisture was encountered at shallow depths. Only 2422 feet of hole was drilled deep enough, accomplished by the use of drilling mud. Hole Number 32 was cored continuously to a depth of 314 feet for stratigraphic information and to check hole number 9, 30-feet to the north. Both holes contained a considerable amount of carbon, and traces of radioactivity, but nothing commercial was discovered. Hole number 30B was drilled with mud to a depth of 380 feet. Hole number 14 was drilled with mud to a depth of 455 to check the extremely good ore found in the A.E C. hole 500 feet west. Due to topography and dip of the ore this hole is 500 feet short of the objective. Holes 31 and 33 were drilled with mud and cored through much of the ore zones.

All of the holes have been probed and gamma-ray logs were made on the ore bearing zones. In addition the holes have been probed by the A.E.C. Copies of the company's gamma-ray logs are included in the geological report.

RECEIVED
SEP 26 1955

Item 4.(b) There has been no production from this property. Over 1000 tons of uranium ore have been produced from the adjoining and surrounded Snowball claims, and a lesser quantity from the adjoining Sundog claims.

Based upon holes 31 and 33, one hundred feet apart, and projecting the ore 50 feet from each hole only for the ore bodies which appear correlative, and 25 feet for the ore bodies which are not correlative, the following reserves are indicated:

ORE BODY	TONNAGE	GRADE	VALUE (Exclude Production Bonus and Haulage Allowance)
K	416	0.37	15,374.40
*L	9996	0.32	273,890.40
*M	16660	0.59	688,058.00
*N	7479	0.55	287,941.50
O	208	0.35	6,292.00
P	104	0.20	1,664.00
?	104	0.20	1,664.00
	34967		$1,272,884.30
	Initial Prod. Bonus		35,000.00
	Total Value		$1,307,884.30

* Ore bodies continuous between 2 holes.

Item 4.(c) See geologic report included herewith.

Item 4.(d) Accessibility explained under item 4.(a).

The nearest supply point is Lander, Wyoming about 74 miles away. Rawlins, Wyoming is about 80 miles away. The A.E.C. buying station is located at Riverton, Wyoming about 98 miles away. While Lander or Rawlins offer the best living accomodations there are some cabins for rent at Home-On-The-Range, 12 miles away. The most satisfactory arrangement for workmen would be trailer houses parked on Trey 2 within a few hundred feet of good spring water.

Item 4.(e) Manpower is locally available for most labor requirements. Skilled miners would have to be obtained from elsewhere, probably through the U. S. Employment Service. Materials,and supplies are available at Rawlins or Lander and most equipment for mining could best be obtained at Denver, Colorado.

Water sufficient for camp purposes is obtainable at several springs in the area, the best being within a few hundred feet of Trey No. 2. Water for drilling operations has to be hauled by truck from Crooks Creek one mile or more to the west. This stream flows the year around and would yield a sufficient amount for any drilling program and probably for any mining operation. It is also possible to get a good water well at 100 feet or more, on the claims.

Power would have to be supplied by gasoline, butane or other natural fuel. There are no electric power lines in the vicinity. A natural gas pipeline lies about one mile to the west.

Item 5.(b) All of the Trey claims should have one deep drill hole, located near the center. While the depth of these holes might vary slightly on each claim it is desirable to drill to a depth of 500 feet. Therefore it is proposed to drill 6000 feet on approximate centers. These holes should be core drilled all the way for detailed stratigraphic information. In some instances correlation might be such as to eliminate part of the coring but for basis of planning it is safer to estimate all coring on these holes. A number of the claims have center holes already drilled to varying depths, up to 215 feet. All of these holes have been logged, and if possible to re-enter them with coring equipment both time and funds could be saved by doing so. In this case it may prove desirable to drill some of the holes more than 500 feet.

In the northwest corner of Trey No. 9 two holes, 31 and 33, one hundred feet apart have encountered significant amounts of ore as tabulated under Item 4.(b). It is proposed to offset hole #31 with a hole 100 feet north and another 100 feet south. Hole #33 should be offset 100 feet north, south,and east. These 5 holes should be 500 feet deep.

If additional ore is found five more 100 foot offsets should be drilled. If ore is not found these holes should be spaced 200 feet apart in the vicinity of the known ore.

From the known ore body on Trey 9 it is proposed to drill a series of holes northward along the west boundary of Trey 13. Approximately 7 holes, 200 feet apart should be drilled. These holes will increase in depth in a northward

Item 5.(b) continued.

direction up to 1000 feet deep due to a sharp rise in topography. In the northwest corner of Trey 13 (see figure 7 of geologic report) hole #14 has been drilled to 455 feet. Five hundred feet west of A.E.C. hole #7 about 40 feet of ore was discovered at 460 feet and deeper. Nearby the surface exposures dip 28° east. This dip coupled with 188 feet higher elevation at hole #14 would indicate that the ore-bearing zone would be about 900 feet deep. Hole #14 should be re-entered and drilled 500 feet deeper. It appears that the exploratory phase along the west side of Trey 13 would amount to 6000 feet of drilling.

Several anomalies exist on the claims, and carbon-bearing beds are exposed on some of the claims. In addition it is thought that the ore-bearing zone on the producing Snowball claims 600 feet north, is exposed on Trey 6. The zone dips southeast under Trey 5 and 6. It is proposed to drill 4000 feet of exploratory hole on these anomalies, carbon-bearing beds, and extensions of ore zones.

A summary of the proposed exploratory drilling on the Trey claims is as follows:

1. Ten holes 500 feet deep in the center of selected Trey claims. Holes are to be cored for stratigraphic and structural controls. Total footage is 5000.

2. Five offset holes to ore on Trey 9. Holes are 500 feet deep, totaling 2500 feet.

3. If ore is found under step 2 drill 5 more offset holes to 500 feet, on 100 foot centers. If ore isn't discovered space holes 200 feet apart on Trey 9, 13, and 14. This drilling would total 2500 feet.

4. Deep exploratory drilling along west boundary of Trey 13 to total 5000 feet.

5. Exploratory holes on anomalies, carbon-bearing beds, and ore-zone extensions to total 4000 feet.

6. A total of 19,000 feet of exploratory drilling is proposed on the Trey claims. About half of this drilling would be core and the balance air and/or water.

Item 6(a.) It is planned to advertise for bids on 19,000 feet of drilling with 9,000 feet of coring, 75% recovery required. Based on prior experience in the area the expected average cost is estimated at $3.00 per foot.

Drilling: 19,000' X $3.00/ft. = $57,000

Some road building and drill site location will be necessary.

Bulldozing: 400 hours at $12.50/hr. = 5,000

Item 6(b.) Supervision, engineering and geological work will be supplied by the staff of Mile High Minerals, Inc., as follows:

R. M. Thompson, Geology and Engineering, 1/2 time @ $1500 per month
plus $300 expenses = $900 per month

Leo Stone, Geology, fulltime @ $650 per month
plus $300 expenses = $950 per month

Total direct charge to project = $11,100

Item 6(c.) Power, water, and fuel to be furnished by drilling contractor. Other operating materials will be negligible.

Item 6(d.) One jeep will be furnished full time by Mile High Minerals, Inc. It is estimated that it will be used about 5000 miles on this project. A fair rental rate on a Jeep is 10¢ per mile. This is estimated to be worth $500.00. Mile High will also furnish a recording type gamma-ray logging unit, capable of logging to 1000 feet, valued at $1200.00. A fair rental on this equipment would be $200.00 for the entire contract. Thus under this item a total cost of $700.00 is estimated.

Item 6(e.) None

Item 6(f.) None

Item 6(g.) No cost of maintenance for the Jeep should be claimed because the 10¢ per mile rental figure in Item 6(d.) will cover it. Other maintenance costs are negligible.

It is estimated that 400 chemical analyses will be made at commercial laboratories at $5.00 per sample, for a total cost of $2000.00.

Payroll taxes would be as follows:

Thompson:	Federal - 165/mo. @ 6	=	990.00	
	State:	=	4.60	
				994.60
Stone:	Federal - 68.80 @ 6	=	412.80	
	Social Security @ 4%	=	104.00	
	State -	=	none	
				516.80
	GRAND TOTAL	=		$1511.40

Workmens' Compensation:

Thompson:	Estimated $12/mo. for 6	=	72.00
Stone:	$6.50 X 6	=	39.00
	TOTAL	=	$111.00

Accounting and Bookkeeping Total = $300.00

Item 6(h.) Contingencies estimated at $500.00

Item 6 SUMMARY:

(a)	-	57,000.00	Drilling
	-	5,000.00	Bulldozing
(b)	-	11,100.00	Salaries and Expenses
(c)	=	none'	
(d)	-	700.00	Equipment Rental
(e)	-	none	
(f)	-	none	
(g)	-	2,000.00	Chemical Analyses
		1,511.40	Payroll Taxes
		111.00	Workmens' Compensation
		300.00	Accounting and Bookkeeping
(h)	=	500.00	Contingencies

GRAND TOTAL = $78,222.40

Item 7(a.) Yes

Item 7(b.) Company has cash on hand or committed to presently total about $75,000.00. Two bank accounts are maintained, one at the First National Bank in Denver and one at the Whitney Bank in New Orleans, Louisiana.

RECEIVED
SEP 26 1955

MILE HIGH MINERALS, INC.
210 Kittredge Building
16th and Glenarm
Denver 2, Colorado

RECEIVED
SEP 26 1955

Preliminary Geologic Report

On The

TREY LODE CLAIMS

Fremont County, Wyoming

By

R. M. Thompson

September, 1955 Denver, Colorado

CONTENTS

Page	
1	Introduction
2	Topography
2	Geology
	Stratigraphy
3	Structure
5	Mineralogy
6	Spectrographic Analyses
7	Occurrence of the Ore
8	History of Development and Mining Adjoining Trey Claims
8	Snowball Claims
10	Snowball Ore Shipments
11	Sundog and Sun Claims
12	Trey Claims
13	Trey Drill-Hole Data
14	Ore Deposits and Ore Reserves on Trey Claims
15	Preliminary Core Description
17	Gamma-Ray Log Analyses, Hole #31
18	Gamma-Ray Log Analyses, Hole #33
19	Gamma-Ray Uranium Calculations, Hole #31
19	Gamma-Ray Uranium Calculations, Hole #33
19	Ore Reserves
20	Tabulation of Reserves
20	Recommendations

ILLUSTRATIONS

Figure 1 -- Index Map - Opposite page 1.

Figure 2 -- Trey claims related to general geology - Opposite page 1.

Figure 3 -- Trey, Sun, Sundog, and Snowball claims - Opposite page 1.

Figure 4 -- Hole locations on Trey 1, 2; Cindy 1, 2; and Trey, Jr. - Opposite page 22.

Figure 5 -- Hole locations on Trey 7, 8, 17, 18 - Opposite page 22.

Figure 6 -- Hole locations on Trey 5, 6 - Opposite page 22.

Figure 7 -- Hole locations on Trey 9, 13, 14, 26 - Opposite page 22.

Figure 8 -- Probable correlation of holes 31 and 33 - Opposite page 22.

RECEIVED
SEP 26 1955

PRELIMINARY GEOLOGIC REPORT ON THE TREY LODE CLAIMS, FREMONT COUNTY, WYOMING

By

R. M. THOMPSON
September, 1955

INTRODUCTION

Twelve lode mining claims known as the Trey group were purchased by Mile High Minerals, Inc. from the Ace Mining Group, composed of ten individuals at Rock Springs, Wyoming. This group of claims lies in Sections 28, 29, 32 and 33, T. 28 N., R. 92 W., Fremont County, Wyoming, in the Crooks Gap area. The claims are easily accessible by ten miles of gravel road, and one or two miles of unimproved road, leading generally southward from a point on U.S. Highway 287 known as Home-on-the-Range. This little settlement is about 62 miles east of Lander and about 68 miles northwest of Rawlins.

Uranium ore from this region was originally trucked to Casper, a distance of over 100 miles. At Casper the ore was shipped by rail about 200 miles to Edgemont, South Dakota. A new buying station and bulk sampling plant built by American Smelting and Refining Company for the A.E.C. at Riverton, Wyoming, is now in operation and regular shipments are being made from the area. This station is about 100 miles from the Trey claims, of which 90 miles is oiled highway. An inspection of Figure 1 will indicate the importance of this new buying station. It is expected that approximately 8 miles of gravel road from U.S. 287 into the Crooks Gap

Oil Field will be oiled soon. A newly oiled road has been completed southward from Riverton to Sand Draw Oil Field. The remainder of this road, about 20 miles, is graded southward to U.S. 287 at Sweetwater crossing. This road reduces to approximately 70 miles the haulage distance from the Trey claims to Riverton. The southern portion of the road from the Sand Draw Oil Field to U.S. Highway 287 is rough and not useable at all times of the year. When useable, the grades favor loaded trucks headed to Riverton.

TOPOGRAPHY

The area covered by the Trey claims lies at elevations between 6700 and 7500 feet. Immediately to the north and east of the claims a rather rugged, boulder strewn mountain rises to over 8000 feet. This rugged area known as the Green Mountains supports a growth of cedar and pine trees. The property drains into Crooks Creek about one mile to the west; a northward flowing intermittent stream. West of this stream lies Crooks Mountain, the counterpart of Green Mountain.

No published topographic maps of the area are available. The Crooks Creek NE, 7½ Minute Quadrangle, published in 1951 covers the area about one-half mile north of the claims.

GEOLOGY

Stratigraphy:

Exposed rock on the Trey claims is sparse, particularly of non-cross-bedded type useful in determining structural conditions. Alluvium covers much of the lower elevations and large granitic boulders

cover much of the higher portions of the claims. At the northwest edge of the claims (Trey 1) the upper, sandy, glauconitic facies of the marine Cody shale is exposed. It dips southeastward at about 32°.

Unconformably overlying the Cody shale is a sequence of continental beds comprising the Indian Meadows formation, or basal Wasatch of some geologists. The name Indian Meadows was first applied to a similar sequence of beds in comparable stratigraphic and unconformable relationship about 120 miles to the northwest. The U. S. Geological Survey considers the sequence of the Snowball claims to be more properly called Indian Meadows. A basal conglomerate over 60 feet thick marks the lowest exposed part of the sequence. It is overlain by a succession of friable, white sandstone, conglomeratic sandstone, and conglomerate with minor amounts of red siltstone and dark gray carbonaceous shale. The sequence measured across the claims is about 1600 feet thick.

Overlying the Indian Meadows formation is a younger Eocene sequence which is properly called Wind River formation, or Wasatch of some geologists. This unit is unconformable upon the Indian Meadows formation. It outcrops a few hundred feet south and immediately east of the Snowball claims.

Structure:

The Trey claims lie on the southeasterly plunge and on both flanks of the asymetrical Crooks Gap anticline, which is oil productive on the structural high about 3 miles to the northwest (See Figure 2). On the northwest end of this large anticline the beds are steeper on

the southwest side, while on the southeast end the steeper beds are on the opposite, or northeast side. The sinuous nature of this fold is due to the great structural complexities of the entire region.

Major thrust and normal faults are present just to the north. Quantity and magnitude of faulting on and near the Trey claims is unknown due to the great amount of cover. Three normal faults, exposed in bulldozer cuts, on the adjoining Snowball claims, were examined. The west adit fault exposed in a small underground working in the southeast corner of Snowball Claim #1 strikes N 40° W and dips 70° SW. It is up on the northeast side along which there appears to be enrichment and thickening of the ore. Ore was not disclosed on the other (southwest) side of the fault, but due to similarity of beds and limited exposure, displacement could not be determined. There appears to be little or no drag along the fault. The Saddle fault exposed in open cuts near the southeast corner of Snowball #2 is also up on the northeast side. The trace of this fault on Snowball No. #2 is sinuous and varies from N 40° W to N 60° W with dip of the fault plane from 70° to 80° SW. The fault is again exposed to the south at the northwest corner of Trey 8 where it strikes N 40° W and dips 85° W. Normal dip of the beds on Snowball #2 is about 18° but steepen to 33° immediately adjacent to the down thrown side of the fault. Displacement could not be determined. Another normal fault, down on the north, is exposed in a cut on Sundog 12 claim to the north. Displacement on this fault appears to be about 20 feet. As additional work is done in the area, a clearer idea of the structural details will evolve. Seismic evidence indicates considerable faulting over the entire area. One pronounced zone is known to be present near Trey 26.

Mineralogy:

Ores that have been shipped from the area are considered to contain principally the minerals uranophane and phosphuranylite. The mineral determinations have been made by the A.E.C.and the U.S.G.S. These minerals are yellow to pale green and possibly indicate that other minerals may be nearby. They are only weakly fluorescent. Uranophane is a common secondary mineral usually altered from gummite, or uraninite and other primary minerals. Phosphuranylite is a rare alteration product of primary and of some secondary uranium minerals and contains 70% U_3O_8. Uranophane contains 65% U_3O_8. Significant quantities of black, sooty, carbonaceous-appearing rock have been noted on the properties. The rock is highly radioactive. Detailed work will have to be done to determine whether the dark color is due to carbon, to black uranium minerals, or to sulphides, or to other causes. Any one or any combination of the causes of coloration could be very significant. Very recently uraninite has been identified in some deep holes in the area.

Sandstones enclosing the ore deposits are rather free of arkosic material, so common in the overlying Wind River formation. Small amounts of soda-feldspar are present in the sandstone, Alteration of this feldspar to kaolin produces a striking white coloration, and may indicate circulation of hydrothermal solutions. Dark accessory minerals are present, but not abundant.

Several samples were collected from a mineralized red claystone in the northeast corner of Sun #4 claim (see Figure 2). These samples were analyzed spectrographically by Keldon Research of Los Angeles. An interesting assemblage of minerals was found, as follows:

Element	Lab. No. 4596-7 % Range	Lab. No. 4341-2 % Range	Lab. No. 4596-5 % Range
Aluminum	2-20	1-10	2-20
Magnesium	0.3-3	1-10	0.5-5
Iron	0.3-3	2-20	0.5-5
Calcium	0.3-3	1-10	0.3-3
Sodium	0.3-3	0.1-1	0.3-3
Potassium	0.3-3	0.3-3	0.3-3
Lead	0.005	.01	0.01
Gallium	0.003-0.03	0.005-.05	0.003-0.003
Barium	0.1-1	0.1-1	0.03-0.3
Vanadium	0.03	0.01-0.1	0.03
Yttrium	0.003-0.03	0.003-0.03	0.003-0.03
Copper	0.01	0.03	0.01
Titanium	0.3-3	0.5-5	0.3-3
Zirconium	0.1-1	0.1-1	0.5
Lanthanum	0.003-0.03	0.03-0.3	0.003-0.03
Strontium	0.01-0.1	0.05-0.5	0.01
Uranium	0.01-0.1		0.03-0.3
Cerium		0.3-3	
Chromium		0.3-3	
Manganese		0.01	0.01-0.1
Nickel		0.01-0.1	
Beryllium		0.001-0.01	
Molybdenum		0.3-3	
Silver		0.001	0.001
Tin			0.005

The significance of this mineral assemblage is not fully understood but it probably indicates an original source from a highly mineralized primary area.

It is reported that uranium content of spring waters in this area is extremely high and that this is frequently an indication of commercial ore deposits nearby.

Occurrence of the Ore:

In the immediate vicinity of the Trey claims uranium ore has been found in sandstone, in conglomerate, in shale, and as surface encrustation on boulders. Approximately three miles to the north ore is found in shale and limestone of Cambrian age. It is also found in the Cody shale along a thrust fault near the contact with overlying Paleozoic rocks.

Immediately adjoining the Trey claims ore is being mined from the Sundog and from the Snowball claims. Some of the dark gray shale and claystone beds are exceptionally rich. Good ore is also present in sandstone and in conglomerate on these claims, usually having a high carbon content.

While the ore appears to have considerable relationship to bedding there are some areas where the ore cuts across bedding planes.

Ore on the Snowball claims appears to occupy a stratigraphic interval of about 200 feet while a 400 foot interval above this is the ore bearing zone on the Sundog claims.

HISTORY OF DEVELOPMENT AND MINING ADJOINING TREY CLAIMS

Snowball Claims:

The eight Snowball claims, located by Floyd Bishop, C. A. Spurlock, et al., were sold early in 1954 to Bob and Norman Harrower with a retained overriding royalty of 1½%. Shortly thereafter a 95% interest in the claims was purchased by a group of individuals principally from Green River and Rock Springs, Wyoming. These individuals formed a corporation known as Coke River Development Company. A Nevada charter was granted to the corporation on June 5, 1954. It was capitalized at $50,000 and most of the stock was issued at $1 par to the individuals concerned. No public offering has been made. The corporation obtained a mining lease from A.E.C. under Circular 7 law and started immediate strip mining operations. They delivered the first carload of ore to the A.E.C. receiving station at Edgemont, South Dakota, on June 23, 1954. The last carload shipped by the corporation was received at Edgemont on September 30, 1954. In 41 working days a total of 887.5 dry tons of ore averaging 0.265% uranium oxide was delivered to Edgemont. No vanadium and no lime was reported on the settlement sheets.

In October, 1954, the corporation leased the property to Mr. Al Turk who shipped approximately 151 dry tons averaging about 0.37% uranium oxide. Mr. Turk carried on underground mining in short entries and reports that his mining costs were $5 per ton, exclusive of his time, but including delivery costs from Casper, Wyoming to Edgemont, South Dakota and the labor of two men. No accurate record is available concerning the actual mining costs of the corporation. The low cost reported by Mr. Turk is impressive for underground work.

Coke River Development Company drilled 57 shallow holes on the claims and Mr. Turk drilled 2, using rotary, air rigs. Several of these holes were over 100 feet deep, up to a maximum of 152 feet, but most of them averaged about 80 feet. Of these 59 holes, 38 contain ore, 11 contain mineralization, and 7 holes had no data, while 5 were reported barren probably because they weren't deep enough.

The ore shipped from this property was under an A.E.C. license issued to J. N. Igo. Mr. Igo acted as trustee for the Coke River Corporation. A summary of their ore shipments follows. It is interesting to note that the sample splits, determined by Crismon and Nichols, were almost always higher than the settlement sheets of the A.E.C. agent, American Smelting and Refining Company. These assay values are shown in parentheses directly below the A.S. & R. assay.

Data from A.S. & R. Settlement Sheets:

Lot	Dry Wt.(lbs)	U_3O_8%	U_3O_8#	Settlement Total	Date
1321	85307	0.37	315.64	1647.13	11/10/54
1253	104602	0.40	418.41	2164.77	?
1209	112723	0.33	371.99	1955.84	10/6/54
1166	105819	0.25 (0.28)	264.55	1432.88	9/30/54
1164	111255	0.24 (0.26 Umpire)	267.01	1449.84	9/7/54
1150	143343	0.24 (0.26)	344.02	1872.25	9/1/54
1148	136947	0.26 (0.28)	356.06	1918.89	9/1/54
1145	149720	0.25 (0.27 Umpire)	374.30	2023.33	9/15/54
1144	144119	0.21 (0.22)	302.65	1680.29	8/31/54
1143	163370	0.35 (0.31)	546.19	2850.43	8/31/54
1142	147034	0.27 (0.29)	396.99	2128.60	8/30/54
1141	147260	0.30 (0.33)	421.41	2232.76	8/30/54
1139	152783	0.33 (0.34)	504.18	2646.90	8/28/54
1102	109520	0.32	350.46	1849.35	8/11/54
1098	113698	0.16	181.92	945.88	8/10/54
950	22178	0.26 (0.26)	57.66	312.90	6/7/54
TOTALS	1949678		5473.44	29112.04	

Average moisture content of these ore shipments was 5%. This moisture content could probably be reduced if a large enough operation warrented the use of drying sheds. The shipment of moisture was not a serious problem because a very favorable haulage contract was obtained by the corporation. The Mize Sand and Gravel Company of Casper, Wyoming, hauled the ore 124 miles to Casper for 4 cents a ton mile. The cost of delivery from Casper to Edgemont, South Dakota was $2.68 per ton. With the government allowance of 6 cents per ton mile for 100 miles, an actual haulage profit to Casper was realized.

Ore reserves based on the data available at the end of 1954 were approximately 20,000 tons of 0.35% U_3O_8. The prospect for greatly increased reserves was good.

In May, 1955, the property was taken over by Lost Creek Oil and Uranium Company. They conducted a vigorous drilling campaign and are now driving two drifts on Snowball No. 1. Several loads of ore have been shipped but details are unknown to the writer.

Sundog and Sun Claims:

Just north of the Snowball claims the Harrower brothers acquired 27 claims known as the Sundog and Sun claims. They prospected the ground carefully for anomalies, some of which have been opened by bulldozer cuts. The zones of ore which were opened were mined downward for short distances. Some ore of unknown grade has been shipped and a significant tonnage is stockpiled. Very little drilling has been done. Ore on the Sundog 1 and 12 claims dips steeply (40° ±) to the northeast. It should be mined by proper underground methods. Ore is also exposed on the Sun 4 claims. This ore dips east about 28°.

The most significant development on this property is a recent diamond drill hole by the A.E.C. in the southwest corner of Sundog 2. This hole encountered nearly 40 feet of ore at 460 feet and below. A high grade portion of the hole, logged with permission of the owners, contains 5 feet of ore averaging about 5% U_3O_8. A copy of the gamma-ray log is included with this report. The ore has been identified by the A.E.C. as uraninite.

Trey Claims:

Immediately after discovery of ore on the Snowball claims a group of ten individuals, known as the Ace Mining Group, located the 20 Trey lode mining claims, numbered 1 through 18 and 25 and 26. These claims surround the Snowball claims and lie adjacent to some of the Sun and Sundog claims on two sides. (See figures 2 and 3)

On December 31, 1954, a contract to purchase these claims was signed by Mile High Minerals, Inc. Ultimately the twelve claims known as Trey 1, 2, 5, 6, 7, 8, 9, 13, 14, 17, 18, and 26 were purchased with an overriding royalty retained by the original locators. Shortly thereafter three partial claims, Trey Jr., Cindy 1, and Cindy 2 were staked to close a gap between the Sundog and Trey claims. These three claims were located and filed by Mile High Minerals, Inc.

The relationship of Mile High property to the Snowball and Sundog claims is shown on figures 2 and 3.

No mining operations have been undertaken on any of the Trey claims and there are no surface installations. Bulldozer roads have been cut around the outer boundary of the claims and many of the claims are traversed by "dozer roads" along the center lines. All of these roads are interconnecting and are easily reached from the county road at a point in Section 20 to the northwest.

Mile High Minerals, Inc. has drilled 5379 feet of exploratory hole on these claims as shown on figures 4, 5, 6, and 7. On these large scale maps the position and number of each hole is shown. The lowermost figure is the depth of the hole. A summary of the results of these holes follows:

Hole No.	Depth	Claim	Remarks
1	60	Cindy 2	Black ss. at bottom, no count, should be deeper
2	140	Cindy 1	Not deep enough
3	115	Cindy 1	Pyrite at 100', not deep enough
4	60	Cindy 2	Top Cody shale at 45'
5	60	Cindy 2	No shows
6	120	Trey, Jr.	Top Cody shale at 110
7	120	Trey, Jr.	Trace carbon at 85-90, no count
8	80	Trey, Jr.	No shows
9	253	Trey 2	Carbon intermittent to abundant from 73 to 253, slight count
10	5	Trey 2	Boulders prevented drilling
11	100	Trey 2	Carbon at 30-40, 50-55, and 70-75, sl. count
12	100	Trey 2	Increased count at 25-40 and 65-85.
13	102	Trey 2	Increased count at 20-36 and 46-56
14	455	Trey 13	Count 22-25, carbon 113, 160-165, 300-360, 360-455, Hole should be 500 feet deeper to penetrate ore in A.E.C. hole #7 (See Fig. 7)
15	155	Trey 7	Slight Carbon, not deep enough
16	100	Trey 7	Slight Carbon, not deep enough
17	150	Trey 9	Slight count 62-80
18	200	Trey 14	Count at 12-35, 38-96, and 96-122
19	215	Trey 14	Carbon 109-115, hole slightly above background
20	100	Trey 13	Not deep enough
21	20	Trey 26	Not deep enough
22	40	Trey 26	Not deep enough
23	30	Trey 18	Not deep enough
23A	20	Trey 18	Not deep enough
24	100	Trey 17	Not deep enough
25	30	Trey 1	Not deep enough, slight count
26	120	Trey 8	Not deep enough, slight count
27	30	Trey 5	Not deep enough, slight count
28A	30	Trey 6	Not deep enough, slight count
28B	20	Trey 6	Not deep enough, slight count
29A	40	Trey 7	Not deep enough, caved
29B	140	Trey 7	Carbon 95-125 and 130-140 with slight count
30A	40	Trey 7	Caved
30B	380	Trey 7	Traces of carbon and slight count throughout
31	480	Trey 9	Ore in 5 separate deposits described under reserve calculations
32	314	Trey 2	Cored all the way - 80% recovery - Carbon abundant throughout and several zones of low grade ore - definitely warrants more drilling
33	540	Trey 9	Ore in 4 separate deposits described under reserve calculations
34	72	Trey 1	Carbon and increased count in several zones. Top Cody shale at 72
35	78	Trey 1	Carbon and increased count in several zones
36	50	Trey 1	Carbon and increased count in several zones

Originally the drilling was done with air. Moisture in the subsurface forced abandonment of several holes at shallow depths. When it was learned that the better ore in the area was being found below the water table a combination of methods was used. The hole was air-drilled as deep as possible, then mud was used to complete the hole. A moderate amount of coring was done.

ORE DEPOSITS AND ORE RESERVES ON TREY CLAIMS

Ore was discovered on the northwest corner of Trey 9 (see figure 7) when the mud pits became highly radioactive while drilling at 413 feet on hole number 31. The core barrel was immediately installed and the hole was conditioned by circulation. The core barrel then went to a depth of 418 feet and was cored to bottom at 480 feet. The 8 cores taken averaged about 70% recovery. The softer, ore bearing portions of the core were highly eroded and much of the sample was lost. Eight bulk samples were taken, representing in 7 samples at least 1 foot of core, and in one sample about 6 inches of core. Chemical analyses were made on these core samples by C. O. Parker at Denver, Colorado. The following is a preliminary core description of hole number 31.

PRELIMINARY CORE DESCRIPTION

Hole #31 - NW Corner Trey #9
150 feet from North Line
75 feet from West Line

413 - Hot cuttings - carbon. Put on core barrel and went back in hole on the following day after circulating, then barrel went to depth of 418. Big pieces black carbon, etc., came out, mud pits read 0.5 MR/HR.

CORE #1
418-423 (90% Rec.) Conglomerate - fine, gray - thin red zones throughout kaolinized feldspar, angular qtz. - at lower 6" cgl. pebbles up to 1/2" - finely disseminated carbon throughout - on DG-7 runs about 0.15 MR/HR down to 0.10 MR/HR. Hard with considerable fine gray ss.

CORE #2
423-435 (50% Rec.) - Most of upper portion missing, conglomerate, cse., crumbly, gray, upper 6" red - contact appears nearly flat (?) - at 432 ≠ conglomerate becomes fine, dk. gr. and bedding planes (or X-bedding) dip 25° - 0.06 MR/HR lower 3 ft. hd. gray fine ss. with scattered conglomerate zones, thin alternate zones of red and green - traces of carbon,

CORE #3
435-441.5 No recovery - Red mud appeared in pits.

CORE #4
441.5-453 (8.3' Rec. - 72%) Dk. gray silty ss. fine. Occasional cse. grains of qtz. some carbon, sl. count.

441.5-442.5 - (Sample #55T-100) Chemical Analysis = 0.024% U_3O_8.
442.5-444 - Cgl. - gray and lt. purple; soft, crumbly, sl. count. (Sample #55T-102) 0.013% U_3O_8, from 442.5-443.
444-445 - Black to dk. gray shale (?), slickensides, carbon - hot (Sample #55T-101) - 0.51% U_3O_8.
445-446 - Cgl. - fine, gray.
446-447 - Shale, hd., red and green streaks - much black shiny carbon and hot - heavy rock (Sample #55T-103) 0.212% U_3O_8.
447-448 - Ss. - lt. green - red blobs - some fine cgl. zones. (Sample #55T-104) 0.032% U_3O_8.
448-453 - Cgl. - bedding planes contain carbon hot - some zones run 0.5 to 0.8 MR/HR and zones 6" thick of gray hard shale with considerable carbon and 1/8" pebbles, carb. wood (yellow mineral detected in wood grains).

CORE #5
453-460

Conglomerate like 448-453 in Core #4.
(Sample #58T-105, at 454-455 = 0.330% U_3O_8)
(Rec. 4.8' - 68.6%) - Conglomerate greenish-gray, soft - highly kaolinized, small 1/16" - 1/8" particles - some count, (Sample #58T-106, at 460 = 0.008% U_3O_8)

CORE #6
460-465

(4.7' Rec.) 1/16" pebbles cgl. - dk. gray - iron staining, some carbon - harder than above (Sample #58T-107 from 462-463) Chem = 0.064%.

CORE #7
465-468

Fine cgl. dk. gray, hard - kaolin particles.

CORE #8
468-480

(Rec. 10.3' - 86%) Top 6" very fine gr. ss. hard, consid. finely dissem. carbon. (Sample #58T-108 from 468-468.5) Chem. = 0.016% U_3O_8. Contact dips 3°.

468.5-471 - Cgl. dk. gray - carbon, sl. count, hard - fine particles.
471.0-478 - Cgl. - med. gray - soft.
478-480 - Boulders of granite - highly kaolinized.

The ore is black and dark gray, associated with shaly and conglomeratic sandstone. Considerable amounts of carbon and wood fibre are present throughout the cores. On one core a radioactive yellow mineral was present in some of the cancellous structure of the wood. It was, however, the minor constituent of the uranium mineral. A similar type of dark-colored mineral elsewhere in the region has been identified as uraninite.

Hole #33 was drilled 100 feet east of the discovery hole. Coring started at 390 and continued to 540 feet with only 20% recovery. As in hole #31 the dark-colored uranium minerals were mostly washed away. Samples of sufficient bulk for analyses were obtained at three places in the core and these were also determined by C. O. Parker.

Both holes were logged with a gamma-ray recording unit consisting of a 600-A Babbel Counter, an Esterline-Angus strip chart recorder synchronized to the counter and a 500-foot cable with waterproof probe. Copies of these logs are included in the pocket at the back of this report. Figure 8 represents the probable correlation of these logs. Analysis of the statistics available is given below.

Gamma-Ray Log Analyses:

Hole #31

Depth	Chemical Analysis	Thickness Of Sample	Average Gamma Ray Reading	Factor
444-445	0.51% U_3O_8	1.0'	12.0	0.042
446-447	0.212% U_3O_8	1.0'	3.8	0.05
447-448	0.032% U_3O_8	1.0'	1.0	0.032
454-455	0.330% U_3O_8	1.0'	8.0	0.041
TOTAL		4.0'		0.165
AVERAGE	Per Unit on Log Chart			0.041

Hole #33

Depth	Chemical Analysis	Thickness Of Sample	Average Gamma Ray Reading	Factor
418-418.5	0.024%	0.5'	2.0	0.012
422-423	0.60%	1.0'	13.0	0.046
442-443	0.59%	1.0'	9.2	0.065
TOTAL		2.5'		0.123
AVERAGE	Per Unit on Log Chart			0.049

A study of the gamma-ray log of each of the two holes that encountered ore indicates the relationship of the gamma-ray values to corresponding chemical values as tabulated above. It is entirely possible that some of the ore is out of balance, but the wide range in depths and assay values in hole #31 indicates exceptional stability as evidenced by the closely related factors. A somewhat wider range is exhibited by the factors in hole #33, where an extremely low chemical value has three times as high a gamma-ray value as the ore below it. Conversely the ore runs better chemically than the gamma-ray would indicate. It is therefore reasonable to assume that unity on the gamma-ray log is equivalent to 0.04% U_3O_8. Examination of the factors tabulated above illustrate that in every case, ore as shown by chemical analysis, has a factor greater than 0.04. Using 0.04 as the factor appears to give added assurance that the calculated percentages of U_3O_8 indicated on the logs are at least as great as shown.

Gamma-Ray Uranium Calculations:

Hole #31

Ore Body	Depth	Average Gamma-Ray Reading	Average U_3O_8%	Thickness
L	399-403	5.5	0.22%	4
M	410-418	17.0	0.68%	8
N	424-429	20.0	0.80%	5
O	443-447	8.8	0.35%	4
*P	453.5-455.5	5.0	0.20%	2*
*Q	465-467	5.0	0.20%	2*

21' Mineable Ore, Average Grade = 0.56% U_3O_8

* Ore discounted - probably not mineable at this depth but may become commercial in other holes.

Hole #33

Ore Body	Depth	Average Gamma-Ray Reading	Average U_3O_8%	Thickness
K	385-393	9.3	0.37	8
L	411-426	6.0	0.24	15
M	438-450	13.5	0.54	12
N	458-462	6.3	0.25	4

39' Mineable Ore, Average Grade = 0.36% U_3O_8

Ore Reserves:

It appears that ore bodies L, M, and N are continuous between the holes 31 and 33, which are 100 feet apart. If this ore is projected 50 feet away from the holes in the three remaining cardinal directions the resulting ore outline would be 100 feet wide and 200 feet long. On the other ore bodies, not known to be continuous, it appears reasonable to project the ore 25 feet in all directions around the hole. Should another hole 100 feet away discover any of this ore to be continuous the resulting tonnage would be increased

as much as 32 times for a single hole. The average method has been used in these reserve estimates. The thickness has been averaged directly, and the quality has been averaged proportional to uranium content and thickness.

A tabulation of these indicated reserves are:

ORE BODY	AVERAGE THICKNESS	TONNAGE	GRADE % U_3O_8	VALUE (Exclusive of Production Bonus and Haulage Allowance)
K	8'	416	0.37	13,374.40
*L	9½'	9,996	0.32	273,890.40
*M	10'	16,660	0.59	688,058.00
*N	4½'	7,479	0.55	287,941.50
O	4'	208	0.35	6,292.00
P	2'	104	0.20	1,664.00
Q	2'	104	0.20	1,664.00
		34,967 tons		$1,272,884.30
		Initial Production Bonus		35,000.00
		Total Gross Value		$1,307,884.30

(*) These ore bodies are present in the two holes, one hundred feet apart.

RECOMMENDATIONS

The ore discovered in the two holes on Trey 9 should be delimited by drilling on 50 foot centers. Continuity of this ore with that on the Sundog claims would establish a major deposit. To best check this continuity a series of about 7 holes should be drilled, about 200 feet apart along the west boundary of Trey 13. These holes will increase in depth in a northward direction, up to 1000 feet deep, due to a sharp topographic rise. A.E.C. Hole Number 7 in the southwest corner of Sundog 2 (see figures 3 and 7) is a major discovery with about 40 feet of ore. The high grade portion is a black mineral identified as uraninite. Based on the gamma-ray log (in pocket at back) the high-grade portion will average 5 feet of 5% U_3O_8.

Each claim should have at least one hole drilled on it to 500 feet or more. Several holes previously drilled contained considerable amounts of carbon and some slightly radioactive rock. These areas should be investigated further by core holes about 50 feet away.

At the west end of Trey No. 1 about one foot of carbon-bearing, dark gray shale is present, dipping 30° eastward. It is moderately radioactive, with chemical analysis running less than 0.10% U_3O_8. Three shallow holes were air-drilled down dip (figure 4). At least one core hole should be drilled in this area to intersect the bed at depth. At the east end of Trey 2 the great amount of carbon found in holes 9 and 32 warrants more drilling.

A bulldozer trail, cut at the north end of Trey 5 and 6 (see figure 6) exposed several carbon bearing beds which are almost certainly correlative with the ore-bearing horizons 600 feet north on the Snowball claims. These claims should be drilled to check the possibility of extension of ore from the producing Snowball claims.

Surface anomalies are present on some of the claims and these should all be drilled.

It appears that several thousand feet of exploratory drilling needs to be done on these claims. The area is highly covered, there is little continuity of stratigraphy, the subsurface is probably complicated by faulting and folding, and drilling is difficult. The work therefore requires constant and skilled geological and engineering supervision. It appears that mining will have to be done from shafts. Due to rather steep dip of the ore (20° to 30°), and to well consolidated rock, mining conditions should be very favorable. It is, however, strongly

recommended that all possible information on the ore bodies be assembled and analyzed by experts before location of a shaft and before selection of a mining method.

Raymond M. Thompson

Raymond M. Thompson,
Geologist and Engineer
September, 1955
Denver, Colorado

alc

September 26, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

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

DMEA - 3992 Mile High Minerals, Inc.

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

MF-103
(Revised April 1950)

DMEA
Date Rec'd.

SEP 22 1955

BUREAU OF MINES
Denver, Colo.

Crawford

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
SEP 26 1955

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

Not to be filled in by applicant

Docket No. DMEA-3992
Metal or Mineral Uranium
Date Received 9/26/55
Estimated Cost $78,222.40
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: MILE HIGH MINERALS, INC., A Delaware Corporation
210 Kittredge Building, (Raymond H. Thompson, Pres., 239 S. Dahlia, Denver Colo.
16th At Glenarm (E.V. Benjamin, Jr., V.P., 431 International Trade Mart, New Orleans, La.
Denver 2, Colorado (E.B. Benjamin, Jr., Sec. Treas., 1200 Whitney Bank New Orleans, La.

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Portions of: E½ Sec. 20, NE¼ Sec. 32, Sec. 28, N½ Sec. 33, T. 28 N., R. 92 W., Fremont County, Wyoming. (See attached map of Trey, Trey Jr., and Cindy claims.)

(*b*) State any mine name by which the property is known. None

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Owner

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it None

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

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

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

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

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

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

16—66551-1

MILE HIGH MINERALS, INC.
210 Kittredge Building
16th and Glenarm
Denver 2, Colorado

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Uranium and associated minerals.

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

(*c*) The work will start within CO days and be completed within 0 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated September 22, 1952

MILE HIGH MINERALS, INC.
(Applicant)

By Raymond M. Thompson

Raymond M. Thompson, President
210 Kittredge Building
16th at Glenarm
Denver 2, Colorado

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

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

CONTINUATION OF DATA

FOR

U. S. DEPARTMENT OF INTERIOR, DEFENSE MINERALS EXPLORATION ADMINISTRATION

UNDER FORM MF-103

A PART OF THE SEPTEMBER 22, 1955 APPLICATION

OF

MILE HIGH MINERALS, INC.

210 KITTREDGE

16TH AT GLENARM

DENVER 2, COLORADO

RECEIVED
SEP 26 1955

MILE HIGH MINERALS, INC.
210 Kittredge Building
16th and Glenarm
Denver 2, Colorado

Item 3.(e) The property is subject only to an overriding royalty, which payable in equal parts to the following individuals:

RECEIVED
SEP 2 6 1955

Bill Rivers
1816 Fremont Street (Apt. 1)
Cheyenne, Wyoming

Duke Bosnich
Box 399
Rock Springs, Wyoming

Kenneth Ockerman
120 Sherman Street
Rock Springs, Wyoming

Ray Jelle
120 Sherman Street
Rock Springs, Wyoming

Ray McDonough
803 Bushnell Avenue
Rock Springs, Wyoming

Mike Korfanta
119 Adams Street
Rock Springs, Wyoming

Fred Taucher
622 Ludvig Street
Rock Springs, Wyoming

Marko Begovich
732 "N" Street
Rock Springs, Wyoming

Joe Dolan
622-1/2 Ludvig Street
Rock Springs, Wyoming

Harold Reach
Box 866
Pinedale, Wyoming

Trey Numbers 2, 5, 6, and 7 are subject to override as follows:

(a) Fifteen per cent (15%) of the proceeds received from the sale of all minerals and metals accepted and purchased by the Atomic Energy Commission, or their licensed agents, said royalty to be based upon the gross base price of ore, as established by the Atomic Energy Commission, at the mill or receiving point, which gross base price shall exclude development allowances, hauling allowances, bonuses, and premiums; and

(b) Five per cent (5%) of the proceeds received from the sale of all metals, minerals and rare earths, which metals, minerals and rare earths are not purchased by the Atomic Energy Commission or their licensed agents, but have to be disposed of elsewhere. Said royalty to be based upon the gross base price of ore at the receiving point.

Trey Numbers 1, 8, 9, 13, 14, 17, 18, and 20 are subject to override as follows:

(a) Ten per cent (10%) of the proceeds received from the sale of all minerals and metals accepted and purchased by the Atomic Energy Commission, or their licensed agents, said royalty to be based upon the gross base price of ore, as established by the Atomic Energy Commission, at the mill or receiving point, which gross base price shall exclude development allowances, hauling allowances, bonuses, and premiums; and

Item 3.(e)--continued.

(b) Five percent (5%) of the proceeds received from the sale of all metals, minerals and rare earths, which metals, minerals and rare earths are not purchased by the Atomic Energy Commission or their licensed agents, but have to be disposed of elsewhere. Said royalty to be based upon the gross base price of ore at the receiving point.

Trey, Jr., Cindy 1, Cindy 2 are not burdened.

Item 3.(f)

ABSTRACT DATA ON CLAIMS - OF RECORD IN FREMONT COUNTY, WYOMING, AT LANDER

Trey Claims:

No.	Original Location Cert.	Amended Location Cert.	Additional Location Cert.	Affidavit Drill Hole Disc.
1	Loc. 2-28-54 Rec. 3-3-54 Book 59-Pg. 111	11-3-54 Bk. 73-Pg. 75	(Filed and recorded in September, 1955, instruments not returned from court house by September 22, 1955)	
2	Loc. 2-28-54 Rec. 3-3-54 Bk. 59-Pg. 112	11-3-54 Bk. 73-Pg. 76		
5	Loc. 2-28-54 Rec. 3-3-54 Bk. 59-Pg. 115	11-3-54 Bk. 73-Pg. 79		
6	Loc. 2-28-54 Rec. 3-3-54 Bk. 59-Pg. 116	11-3-54 Bk. 73-Pg. 80		
7	Loc. 3-2-54 Rec. 3-3-54 Bk. 59-Pg. 93	11-3-54 Bk. 73-Pg. 81		
8	Loc. 3-2-54 Rec. 3-3-54 Bk. 59-Pg. 94	11-3-54 Bk. 73-Pg. 82		
9	Loc. 3-2-54 Rec. 3-3-54 Bk. 59-Pg. 95	11-3-54 Bk. 73-Pg. 83		
13	Loc. 3-2-54 Rec. 3-3-54 Bk. 59-Pg. 99	11-3-54 Bk. 73-Pg. 87		
14	Loc. 3-2-54 Rec. 3-3-54 Bk. 59,Pg. 99	11-3-54 Bk. 73-Pg. 88		
17	Loc. 3-3-54 Rec. 3-5-54 Bk. 59-Pg. 128	11-3-54 Bk. 73-Pg. 91		
18	Loc. 3-3-54 Rec. 3-5-54 Bk. 59, Pg. 127	11-3-54 Bk. 73-Pg. 92		
26	Loc. 3-7-54 Rec. 3-8-54 Bk. 59-Pg. 219	11-3-54 Bk. 73-Pg. 94		

Item 3.(f) Continued:

Trey Jr. Claim:

No.	Original Loc. Cert.	Deed	Loc. Certificate
1	Loc. 12-23-54 Rec. 12-23-54 Book 82-Page 166	Dated 12-27-54 Rec. 1-5-55 Book 83-Page 480	Loc. 6-2-55 Book 122-Page 152

Cindy Claims:

No.	Original Loc. Cert.
1	Loc. 5-31-55 Rec. 6-15-55 Book 122-Page 150
2	Loc. 5-31-55 Rec. 6-15-55 Book 122-Page 151

Item 4.(a) No mining operations have been undertaken on any of the claims and there are no permanent installations on the property. The claims are easily accessible, lying about 10 miles south and 2 miles east of Home-on-the-Range. This small settlement is located on U.S. Highway 287 about 62 miles east of Lander and about 68 miles northwest of Rawlins. From Home-on-the-Range a graded road leads southward to the Crooks Gap Oil Field and beyond. At a point about 10 miles south, just before the second bridge over Crooks Creek a bulldozed mine road leads eastward about one mile to the claims. Roads have been cut with a bulldozer around most of the outer boundaries of the claims and a number of the claims also have center line roads cut. All of these roads are interconnecting, making most parts of the claims readily accessible to ordinary field vehicles. Additional road work will be required for some drill hole locations, due to abrupt terrain and to an accumulation of large boulders strewn about the surface.

Mile High Minerals, Inc. has drilled 5379 feet on these claims as shown on figures 4, 5, 6, and 7 of the geological report. These holes were air drilled as deep as possible. Small amounts of moisture make air-drilling impossible, and many of the holes were stopped short of possible ore because moisture was encountered at shallow depths. Only 2422 feet of hole was drilled deep enough, accomplished by the use of drilling mud. Hole Number 32 was cored continuously to a depth of 314 feet for stratigraphic information and to check hole number 9, 30-feet to the north. Both holes contained a considerable amount of carbon, and traces of radioactivity, but nothing commercial was discovered. Hole number 30B was drilled with mud to a depth of 380 feet. Hole number 14 was drilled with mud to a depth of 455 to check the extremely good ore found in the A.E C. hole 500 feet west. Due to topography and dip of the ore this hole is 500 feet short of the objective. Holes 31 and 33 were drilled with mud and cored through much of the ore zones.

All of the holes have been probed and gamma-ray logs were made on the ore bearing zones. In addition the holes have been probed by the A.E.C. Copies of the company's gamma-ray logs are included in the geological report.

Item 4.(b) There has been no production from this property. Over 1000 tons of uranium ore have been produced from the adjoining and surrounded Snowball claims, and a lesser quantity from the adjoining Sundog claims.

Based upon holes 31 and 33, one hundred feet apart, and projecting the ore 50 feet from each hole only for the ore bodies which appear correlative, and 25 feet for the ore bodies which are not correlative, the following reserves are indicated:

ORE BODY	TONNAGE	GRADE	VALUE (Exclude Production Bonus and Haulage Allowance)
K	416	0.37	13,374.40
*L	9996	0.82	273,890.40
*M	16660	0.59	688,058.00
*N	7479	0.55	287,941.50
O	208	0.35	6,292.00
P	104	0.30	1,664.00
?	104	0.20	1,664.00
	34967		$1,272,884.30
	Initial Prod. Bonus		35,000.00
	Total Value		$1,307,884.30

* Ore bodies continuous between 2 holes.

Item 4.(c) See geologic report included herewith.

Item 4.(d) Accessibility explained under item 4.(a).

The nearest supply point is Lander, Wyoming about 74 miles away. Rawlins, Wyoming is about 80 miles away. The A.E.C. buying station is located at Riverton, Wyoming about 96 miles away. While Lander or Rawlins offer the best living accomodations there are some cabins for rent at Home-On-The-Range, 12 miles away. The most satisfactory arrangement for workmen would be trailer houses parked on Trey 3 within a few hundred feet of good spring water.

Item 4.(e) Manpower is locally available for most labor requirements. Skilled miners would have to be obtained from elsewhere, probably through the U. S. Employment Service. Materials, and supplies are available at Rawlins or Lander and most equipment for mining could best be obtained at Denver, Colorado.

Water sufficient for camp purposes is obtainable at several springs in the area, the best being within a few hundred feet of Troy No. 2. Water for drilling operations has to be hauled by truck from Crooks Creek one mile or more to the west. This stream flows the year around and would yield a sufficient amount for any drilling program and probably for any mining operation. It is also possible to get a good water well at 100 feet or more, on the claims.

Power would have to be supplied by gasoline, butane or other natural fuel. There are no electric power lines in the vicinity. A natural gas pipeline lies about one mile to the west.

Item 5.(b) All of the Troy claims should have one deep drill hole, located near the center. While the depth of these holes might vary slightly on each claim it is desirable to drill to a depth of 500 feet. Therefore it is proposed to drill 6000 feet on approximate centers. These holes should be core drilled all the way for detailed stratigraphic information. In some instances correlation might be such as to eliminate part of the coring but for basis of planning it is safer to estimate all coring on these holes. A number of the claims have center holes already drilled to varying depths, up to 215 feet. All of these holes have been logged, and if possible to re-enter them with coring equipment both time and funds could be saved by doing so. In this case it may prove desirable to drill some of the holes more than 500 feet.

In the northwest corner of Troy No. 9 two holes, 31 and 33, one hundred feet apart have encountered significant amounts of ore as tabulated under Item 4.(b). It is proposed to offset hole #31 with a hole 100 feet north and another 100 feet south. Hole #33 should be offset 100 feet north, south, and east. These 5 holes should be 500 feet deep.

If additional ore is found five more 100 foot offsets should be drilled. If ore is not found these holes should be spaced 200 feet apart in the vicinity of the known ore.

From the known ore body on Troy 9 it is proposed to drill a series of holes northward along the west boundary of Troy 13. Approximately 7 holes, 200 feet apart should be drilled. These holes will increase in depth in a northward

Item 5.(b) continued.

direction up to 1000 feet deep due to a sharp rise in topography. In the northwest corner of Trey 13 (see figure 7 of geologic report) hole #14 has been drilled to 435 feet. Five hundred feet west of A.E.C. hole #7 about 40 feet of ore was discovered at 460 feet and deeper. Nearby the surface exposures dip 28° east. This dip coupled with 188 feet higher elevation at hole #14 would indicate that the ore-bearing zone would be about 900 feet deep. Hole #14 should be re-entered and drilled 500 feet deeper. It appears that the exploratory phase along the west side of Trey 13 would amount to 6000 feet of drilling.

Several anomalies exist on the claims, and carbon-bearing beds are exposed on some of the claims. In addition it is thought that the ore-bearing zone on the producing Snowball claims 600 feet north, is exposed on Trey 6. The zone dips southeast under Trey 5 and 6. It is proposed to drill 4000 feet of exploratory hole on these anomalies, carbon-bearing beds, and extensions of ore zones.

A summary of the proposed exploratory drilling on the Trey claims is as follows:

1. Ten holes 500 feet deep in the center of selected Trey claims. Holes are to be cored for stratigraphic and structural controls. Total footage is 5000.

2. Five offset holes to ore on Trey 9. Holes are 500 feet deep, totaling 2500 feet.

3. If ore is found under step 2 drill 5 more offset holes to 500 feet, on 100 foot centers. If ore isn't discovered space holes 200 feet apart on Trey 9, 13, and 14. This drilling would total 2500 feet.

4. Deep exploratory drilling along west boundary of Trey 13 to total 5000 feet.

5. Exploratory holes on anomalies, carbon-bearing beds, and ore-zone extensions to total 4000 feet.

6. A total of 19,000 feet of exploratory drilling is proposed on the Trey claims. About half of this drilling would be core and the balance air and/or water.

Item 5.(c) Start of the work should be qualified by weather conditions. Some winters in the area are relatively open. Last year, however, it was impossible to work in the area from January to April.

Item 5.(d) Mile High Minerals is staffed principally by exploration personnel. Active personnel on this project will be:

1. Raymond M. Thompson, President, Mile High Minerals, Inc.; B.S. Geol. Engineering, 1941, Montana School of Mines; M.A. Geology, 1949, University of Wyoming; Registered Professional Engineer Colorado No. 2207; eight years minerals and fuels U.S.G.S. in United States and Alaska; former Division Geologist British American Oil Company; three years general manager and manager of exploration Rocky Mountain Area for Hiawatha Oil Company;--Member A.I.M.E., A.A.P.G., Colorado Mining Association, Fellow Geol. Soc. America, etc., author of eighteen technical papers on fuels and minerals (mostly published by U.S.G.S.).

2. James C. Noel, Chief Chemist and Field Representative, Mile High Minerals, Inc., two years; studied at Grove City College of Pennsylvania, Denver University and University of Wyoming; four years with the U. S. Bureau of Mines oil shale laboratories and alumina plants; two and one-half years Chief Chemist Shattuck Chemical Company at Denver, specializing fissionable materials; one and one-half years Chief Chemist Rocky Mountain; Arsenal; two years metallurgist Curtis Wright Aircraft; two years metalurgical inspector Cooper-Bessemer; author of four technical papers, two published, two classified.

3. Leo Stone, Geologist Mile High Minerals, Inc.; B.S., Geology, College of Puget Sound 1950; formerly district geologist charge of A.E.C. office in Rawlins, Wyoming; experience in drilling, airborne work, evaluation and mining; charge of geologic work on several Army Engineer projects and experience in materials testing laboratories of Oregon State Highway.

Not actively connected with the details of the program but serving in advisory capacity is Ernest G. Robinson, chairman of the board of directors. Mr. Robinson is a retired vice-president of Shell Oil Company and was in charge of all exploratory work in Canada at the time of retirement. He is presently a management and geological consultant and is reorganizing the exploration department of Tidewater Oil Company. The other officers and directors of the company have long been successfully associated with oil production and development in the southern states.

Item 6(a.) It is planned to advertise for bids on 19,000 feet of drilling with 9,000 feet of coring, 75% recovery required. Based on prior experience in the area the expected average cost is estimated at $3.00 per foot.

Drilling: 19,000' X $3.00/ft. = $57,000

Some road building and drill site location will be necessary.

Bulldozing: 400 hours at $12.50/hr. = 5,000

Item 6(b.) Supervision, engineering and geological work will be supplied by the staff of Mile High Minerals, Inc., as follows:

R. M. Thompson, Geology and Engineering, 1/2 time @ $1500 per month
plus $300 expenses = $900 per month

Leo Stone, Geology, fulltime @ $650 per month
plus $300 expenses = $950 per month

Total direct charge to project = $11,100

Item 6(c.) Power, water, and fuel to be furnished by drilling contractor. Other operating materials will be negligible.

Item 6(d.) One jeep will be furnished full time by Mile High Minerals, Inc. It is estimated that it will be used about 5000 miles on this project. A fair rental rate on a Jeep is 10¢ per mile. This is estimated to be worth $500.00. Mile High will also furnish a recording type gamma-ray logging unit, capable of logging to 1000 feet, valued at $1200.00. A fair rental on this equipment would be $200.00 for the entire contract. Thus under this item a total cost of $700.00 is estimated.

Item 6(e.) None

Item 6(f.) None

Item 6(g.) No cost of maintenance for the Jeep should be claimed because the 10¢ per mile rental figure in Item 6(d.) will cover it. Other maintenance costs are negligible.

It is estimated that 400 chemical analyses will be made at commercial laboratories at $5.00 per sample, for a total cost of $2000.00.

Payroll taxes would be as follows:

Thompson:	Federal - 165/mo. @ 6	=	990.00	
	State:	=	4.60	
				994.60
Stone:	Federal - 68.80 @ 6	=	412.80	
	Social Security @ 4%	=	104.00	
	State -	=	none	
				516.80
	GRAND TOTAL	=		$1511.40

Workmens' Compensation:

Thompson:	Estimated $12/mo. for 6	=	72.00
Stone:	$6.50 X 6	=	39.00
	TOTAL	=	$111.00

Accounting and Bookkeeping Total = $300.00

Item 6(h.) Contingencies estimated at $500.00

Item 6 SUMMARY:

(a)	-	57,000.00	Drilling
	-	5,000.00	Bulldozing
(b)	-	11,100.00	Salaries and Expenses
(c)	=	none'	
(d)	-	700.00	Equipment Rental
(e)	-	none	
(f)	-	none	
(g)	-	2,000.00	Chemical Analyses
		1,511.40	Payroll Taxes
		111.00	Workmens' Compensation
		300.00	Accounting and Bookkeeping
(h)	=	500.00	Contingencies

GRAND TOTAL = $78,222.40

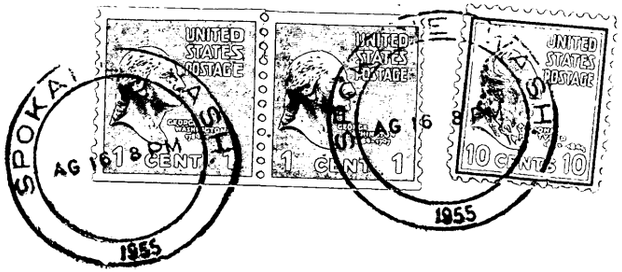
Item 7(a.) Yes

Item 7(b.) Company has cash on hand or committed to presently total about $75,000.00. Two bank accounts are maintained, one at the First National Bank in Denver and one at the Whitney Bank in New Orleans, Louisiana.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
[redacted]

OFFICIAL BUSINESS

U S GEOLOGICAL SURVEY
SOUTH 157 HOWARD ST.
SPOKANE 4, WASHINGTON



Mr. George C. Selfridge
Chairman, Operating Committee
Defense Minerals Explor. Admin.
Department of the Interior
Washington 25, D. C.

MAP SHOWING

TEST HOLE LOCATIONS

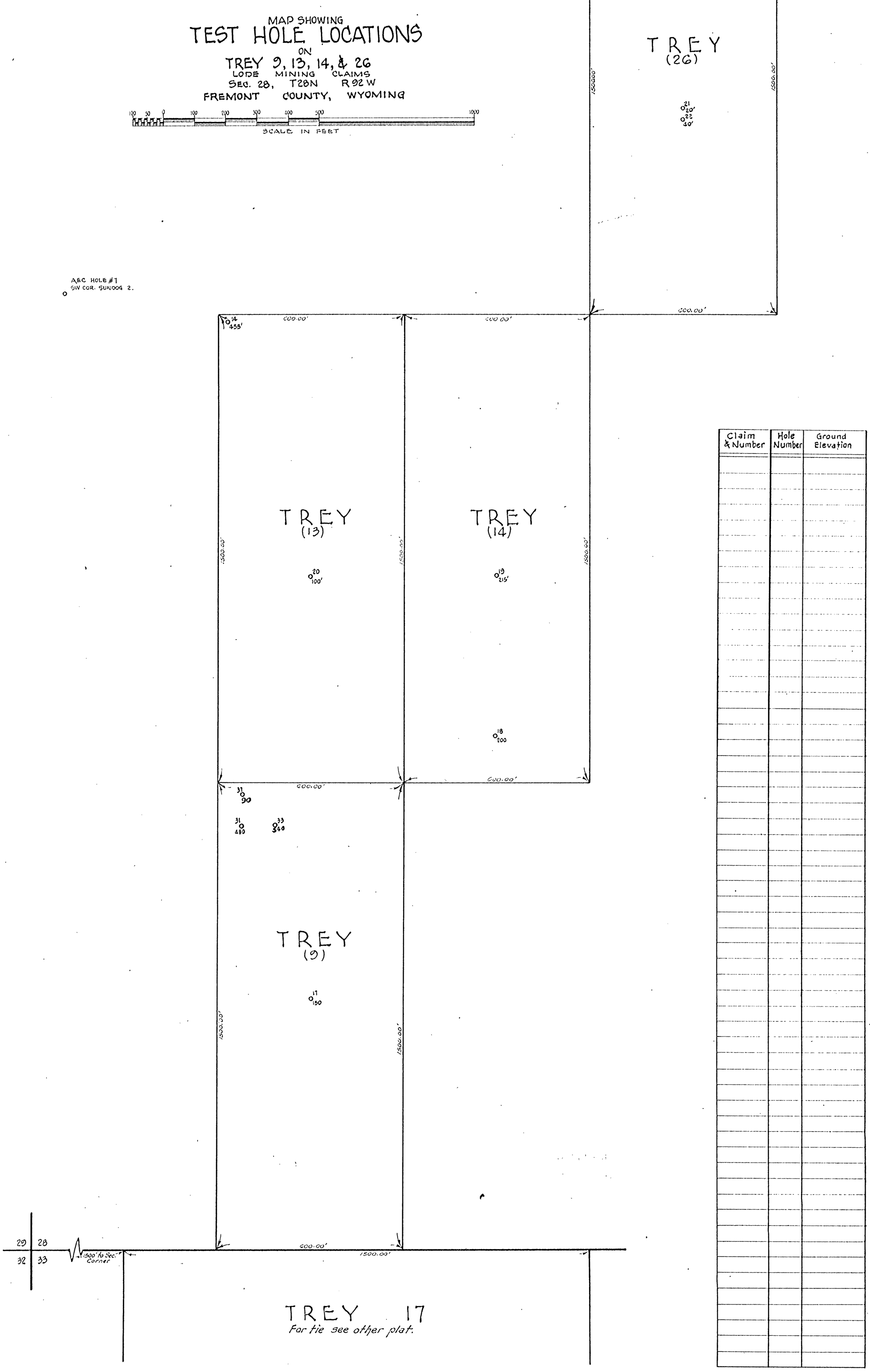
ON

TREY 9, 13, 14, & 26

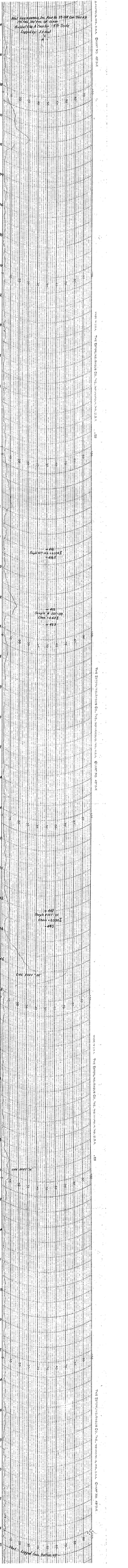
LODE MINING CLAIMS

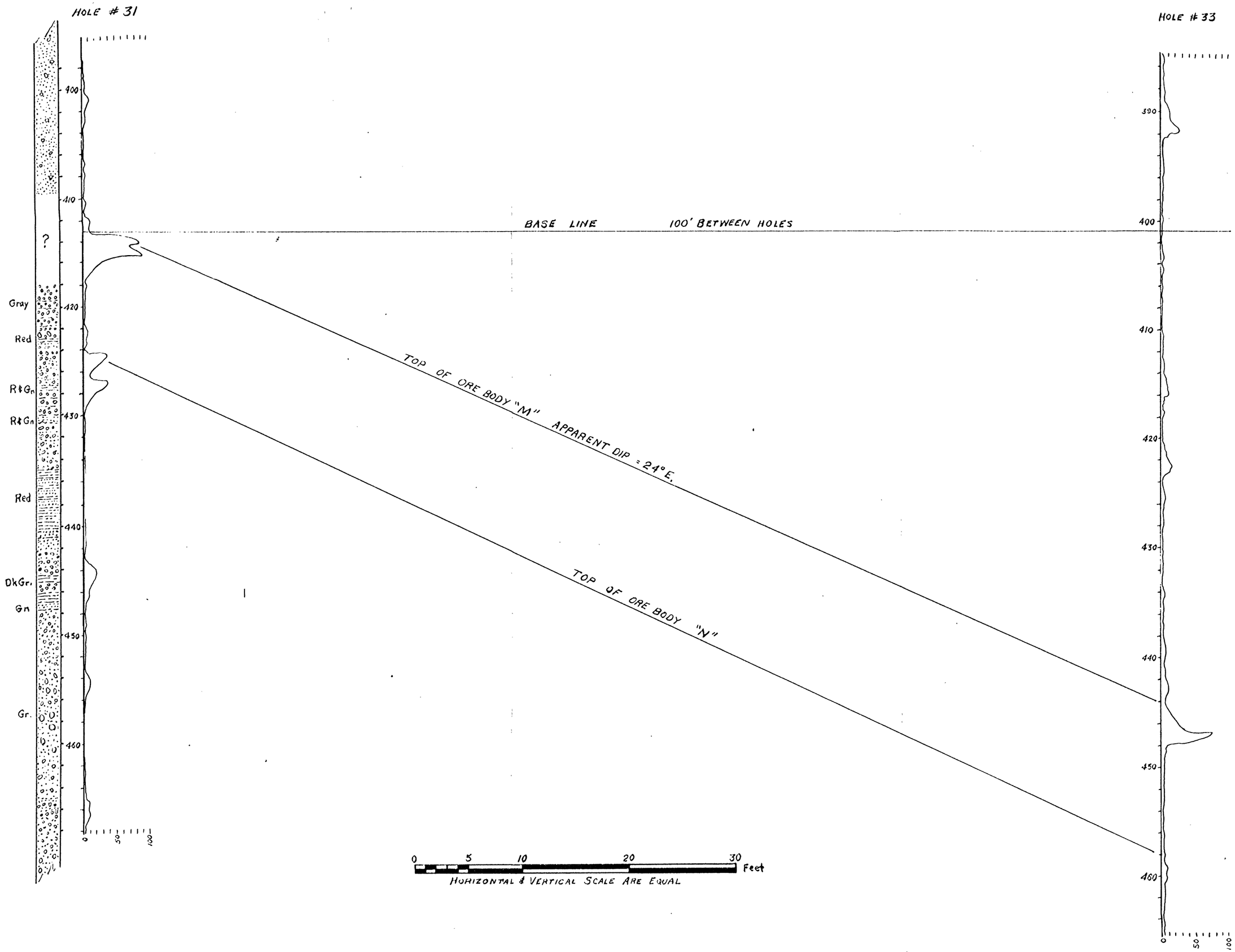
SEC. 28, T28N R92W

FREMONT COUNTY, WYOMING



Claim & Number	Hole Number	Ground Elevation





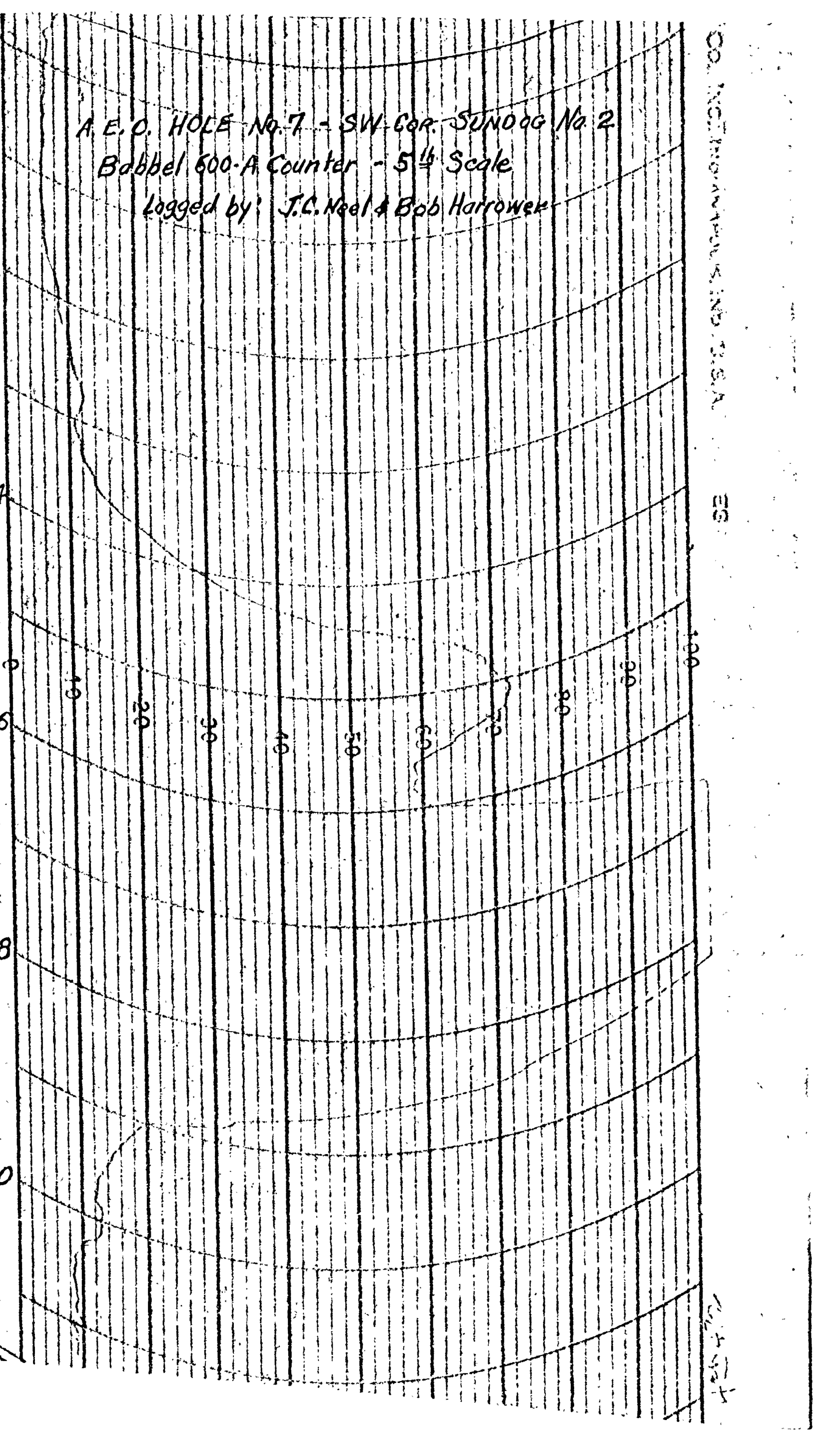
MILE HIGH MINERALS, INC.

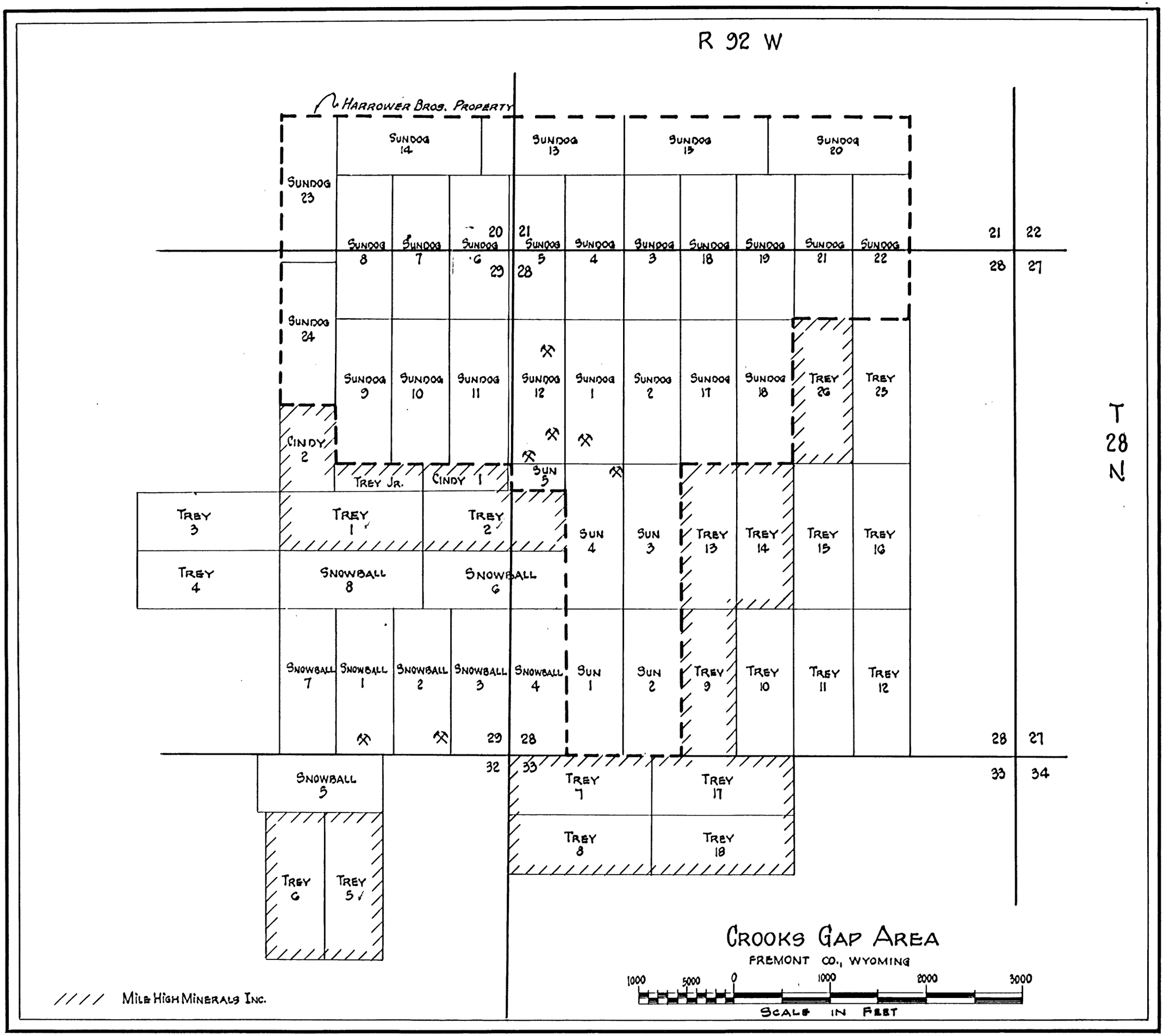
PROBABLE CORRELATION OF HOLES 31 & 33

NW COR. TREY 9

9-15-55

Figure 8. Rmi

Start 390 logged from top to bottom
Mile High Minerals, Inc. Hole No 31 - NE Cor. Trey #9
75 FWL, 150 FNL of claim
Babbel 600-A Counter - 5th Scale
Logged by: J.C. Neel
400
402
404
406
408
410
412
414
Ore Body "M"
416
418
420
422
424
Ore Body "N"
426
428
430
432
434
Break
Recording wheel slipped - add 4ft. below here
Break
440
CORRECTED FOOTAGE
441.5
Sample #55T-100
Chem. = 0.024%
442.5
55T-102 = 0.012%
443.0
442
444
Sample #55T-101
Chem. = 0.51%
445
444
Ore Body "O"
446
Sample #55T-103
Chem. = 0.212%
447
446
Sample #55T-104
Chem. = 0.032%
448
448
450
452
454
Sample #55T-105
Chem. = 0.330%
455
454
Ore Body "P"
456
458
460
Sample #55T-106
Chem. = 0.008%
460
462
Sample #55T-107
Chem. = 0.064%
463
462
464
466
468
Sample 55T-108 = 0.016%
468.5
468
470
472
474
476
478
480
482
The Esterline-Angus Co., Inc., Indianapolis, Ind. U.S.A. Chart No. 4313-X

A.E.C. Hole No. 7 - SW Cor. Sunoog No. 2
Babbel 600-A Counter - 5th Scale
Logged by: J.C. Neel & Bob Harrower
462
464
466
468
470


R 92 W
T 28 N
HARROWER BROS. PROPERTY
SUNDOG 14
SUNDOG 13
SUNDOG 15
SUNDOG 20
SUNDOG 23
SUNDOG 8
SUNDOG 7
SUNDOG 6
SUNDOG 5
SUNDOG 4
SUNDOG 3
SUNDOG 18
SUNDOG 19
SUNDOG 21
SUNDOG 22
SUNDOG 24
SUNDOG 9
SUNDOG 10
SUNDOG 11
SUNDOG 12
SUNDOG 1
SUNDOG 2
SUNDOG 17
SUNDOG 18
TREY 26
TREY 25
CINDY 2
TREY JR.
CINDY 1
SUN 5
TREY 3
TREY 1
TREY 2
SUN 4
SUN 3
TREY 13
TREY 14
TREY 15
TREY 16
TREY 4
SNOWBALL 8
SNOWBALL 6
SNOWBALL 7
SNOWBALL 1
SNOWBALL 2
SNOWBALL 3
SNOWBALL 4
SUN 1
SUN 2
TREY 9
TREY 10
TREY 11
TREY 12
SNOWBALL 5
TREY 7
TREY 17
TREY 8
TREY 18
TREY 6
TREY 5
20
21
29
28
32
33
22
27
34
CROOKS GAP AREA
FREMONT CO., WYOMING
1000 5000 0 1000 2000 3000
SCALE IN FEET
MILE HIGH MINERALS INC.

Claim & Number	Hole Number	Ground Elevation

MAP SHOWING

TEST HOLE LOCATIONS

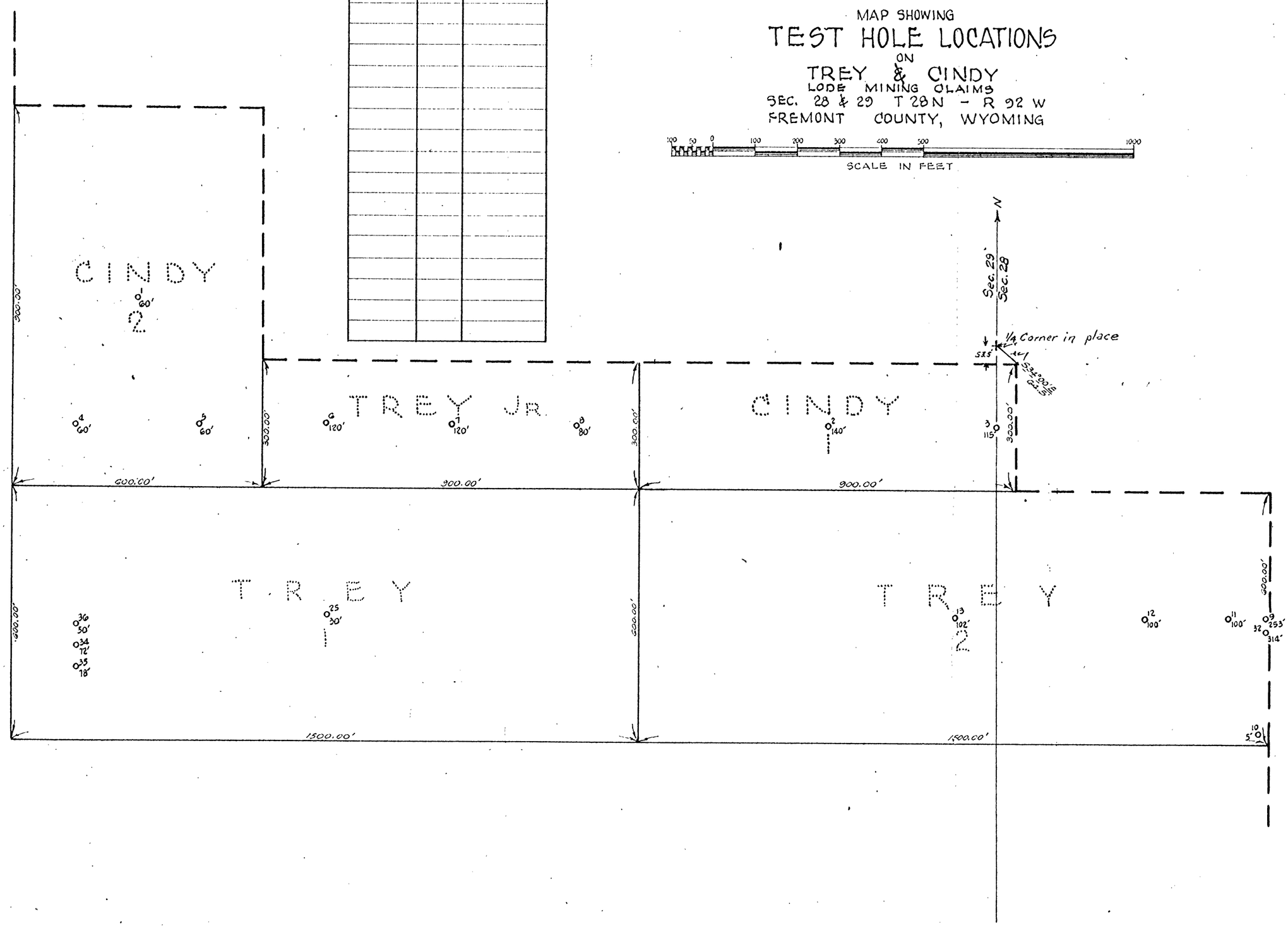
ON

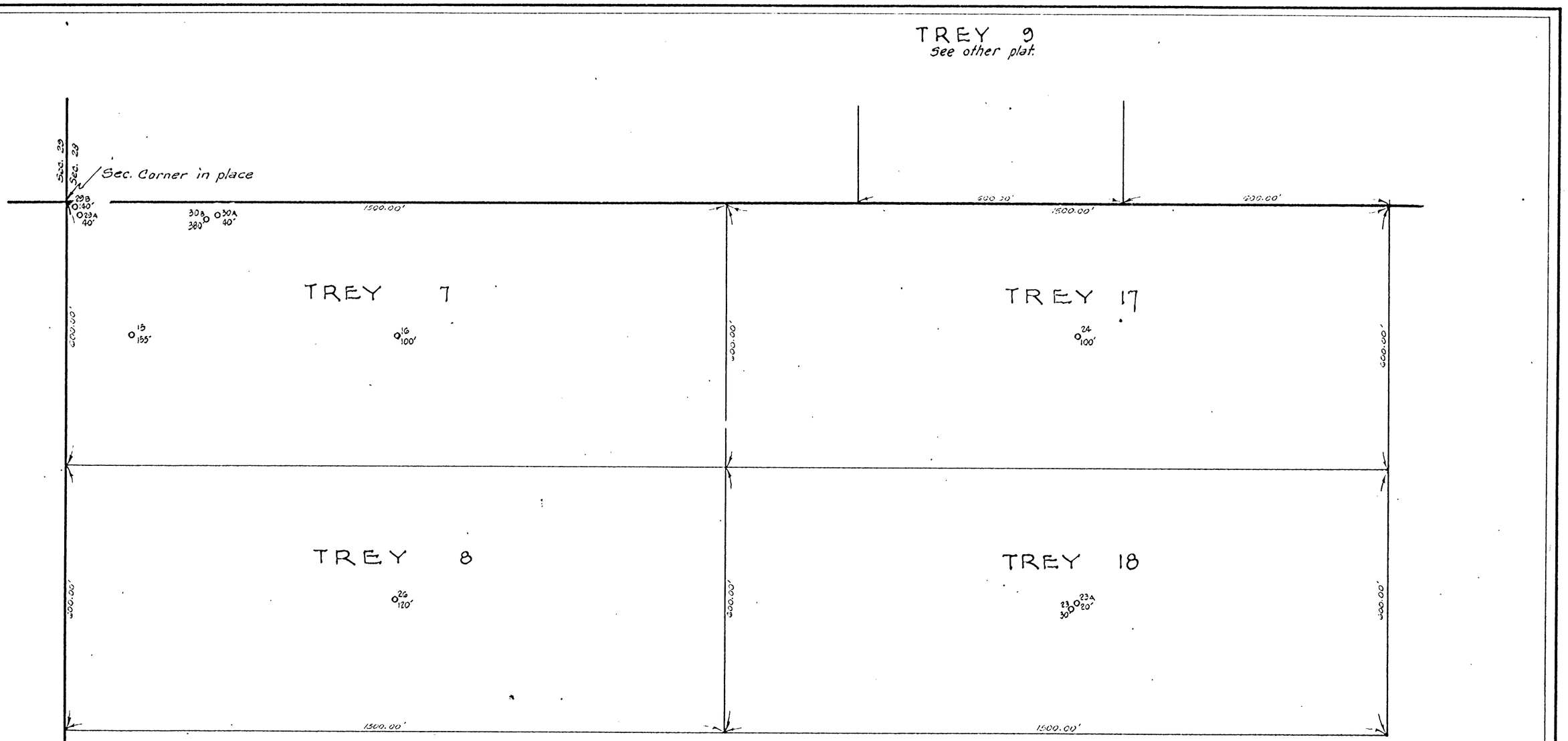
TREY & CINDY

LODE MINING CLAIMS

SEC. 28 & 29 T 28 N - R 92 W

FREMONT COUNTY, WYOMING





Claim & Number	Hole Number	Ground Elevation

MAP SHOWING

TEST HOLE LOCATIONS

ON

TREY 7, 8, 17, & 18

LODE MINING CLAIMS

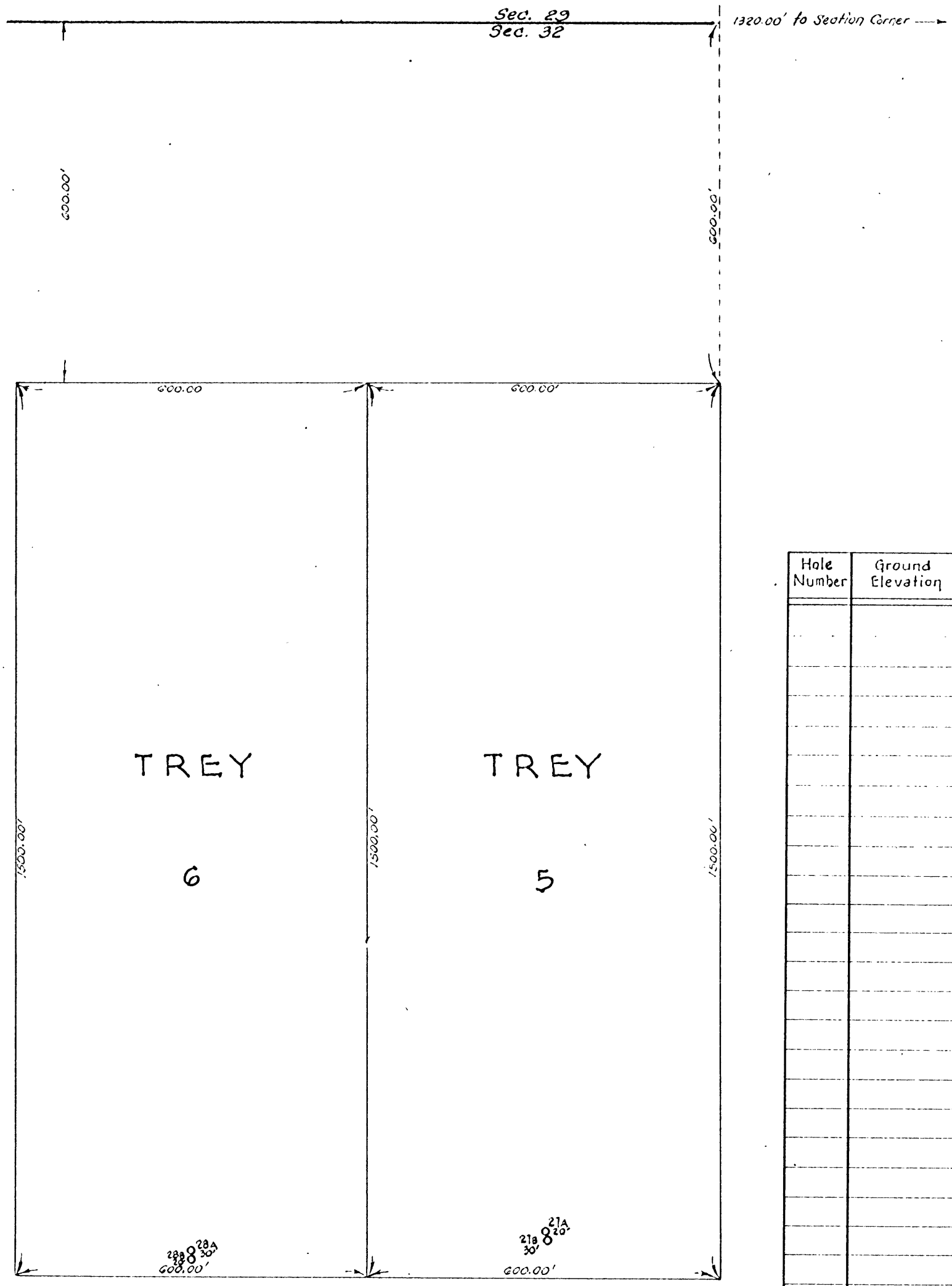
SEC. 33 T 28 N - R 92 W

FREMONT COUNTY, WYOMING

100 50 0 100 200 300 400 500 1000

SCALE IN FEET

Claim & Number	Hole Number	Ground Elevation



Hole Number	Ground Elevation

MAP SHOWING

TEST HOLE LOCATIONS

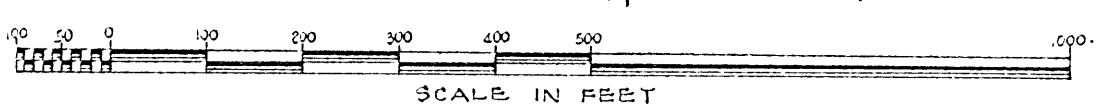
ON

TREY № 5 & 6

LODE MINING CLAIMS

SEC. 32, T28N ~ R 92 W

FREMONT COUNTY, WYOMING



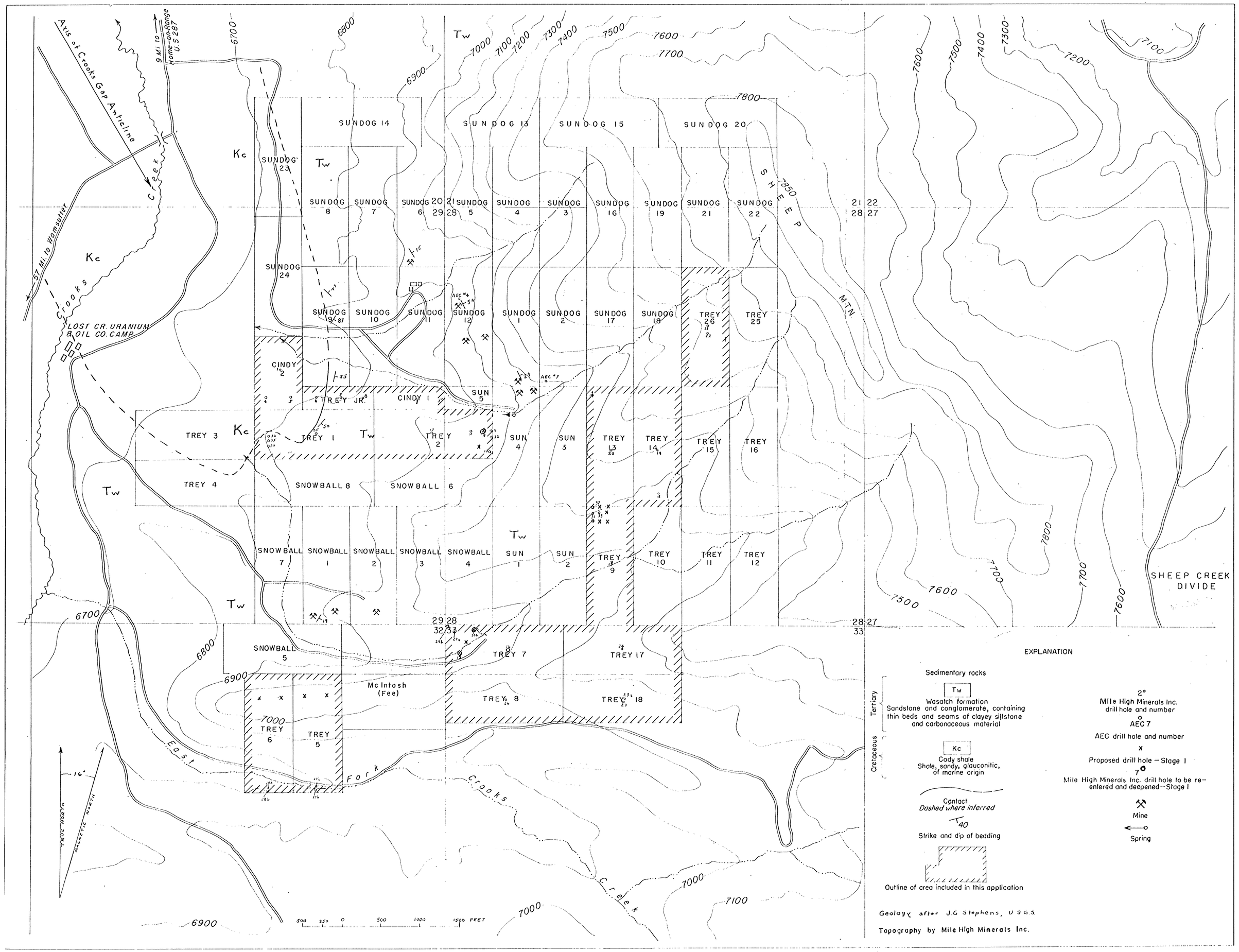
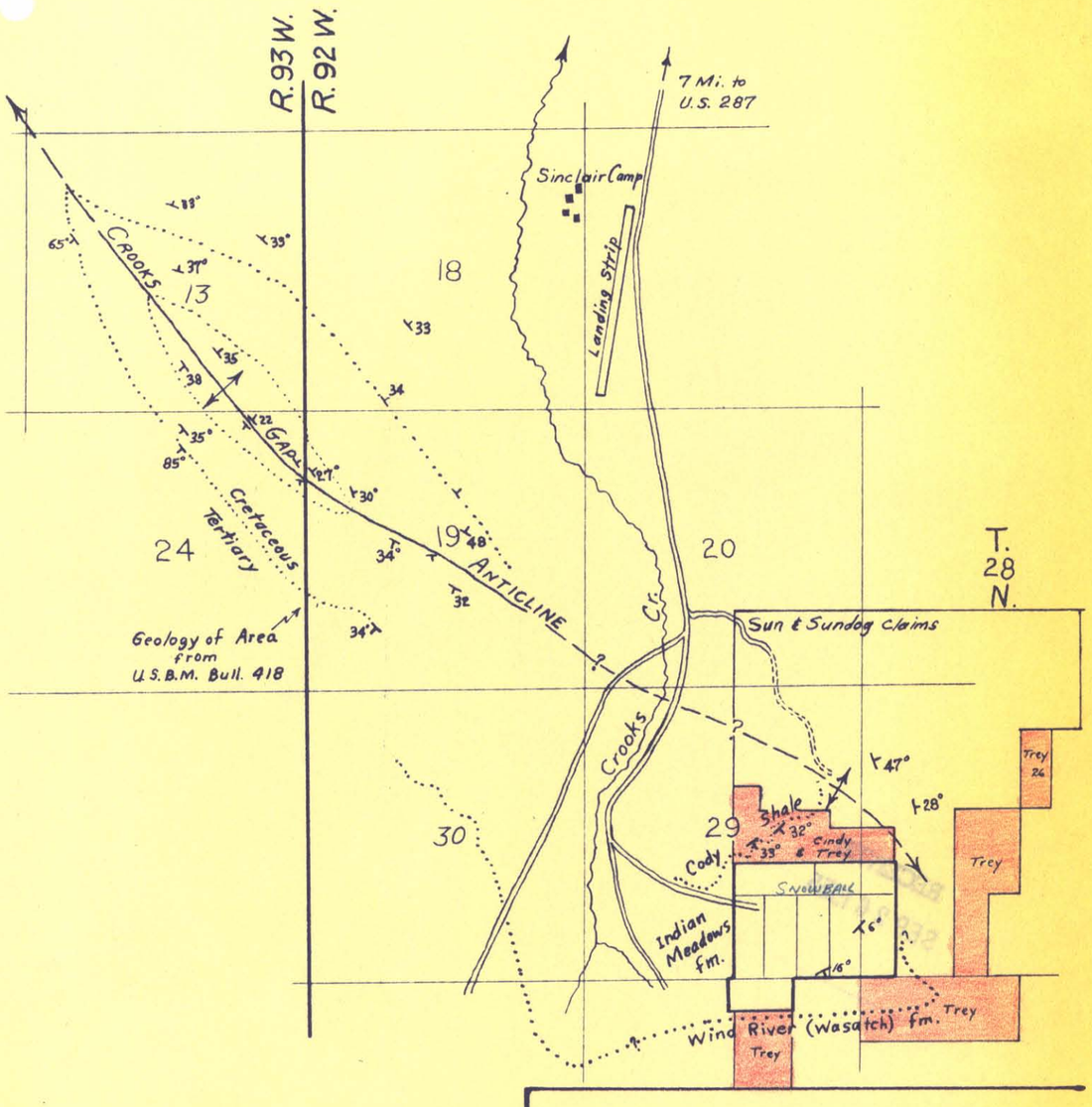


FIGURE 2–PROPERTY AND EXPLORATION MAP, MILE HIGH MINERALS INC., FREMONT COUNTY, WYOMING, DMEA 3992.

FIGURE 2–PROPERTY AND EXPLORATION MAP, MILE HIGH MINERALS INC., FREMONT COUNTY, WYOMING, DMEA 3992.



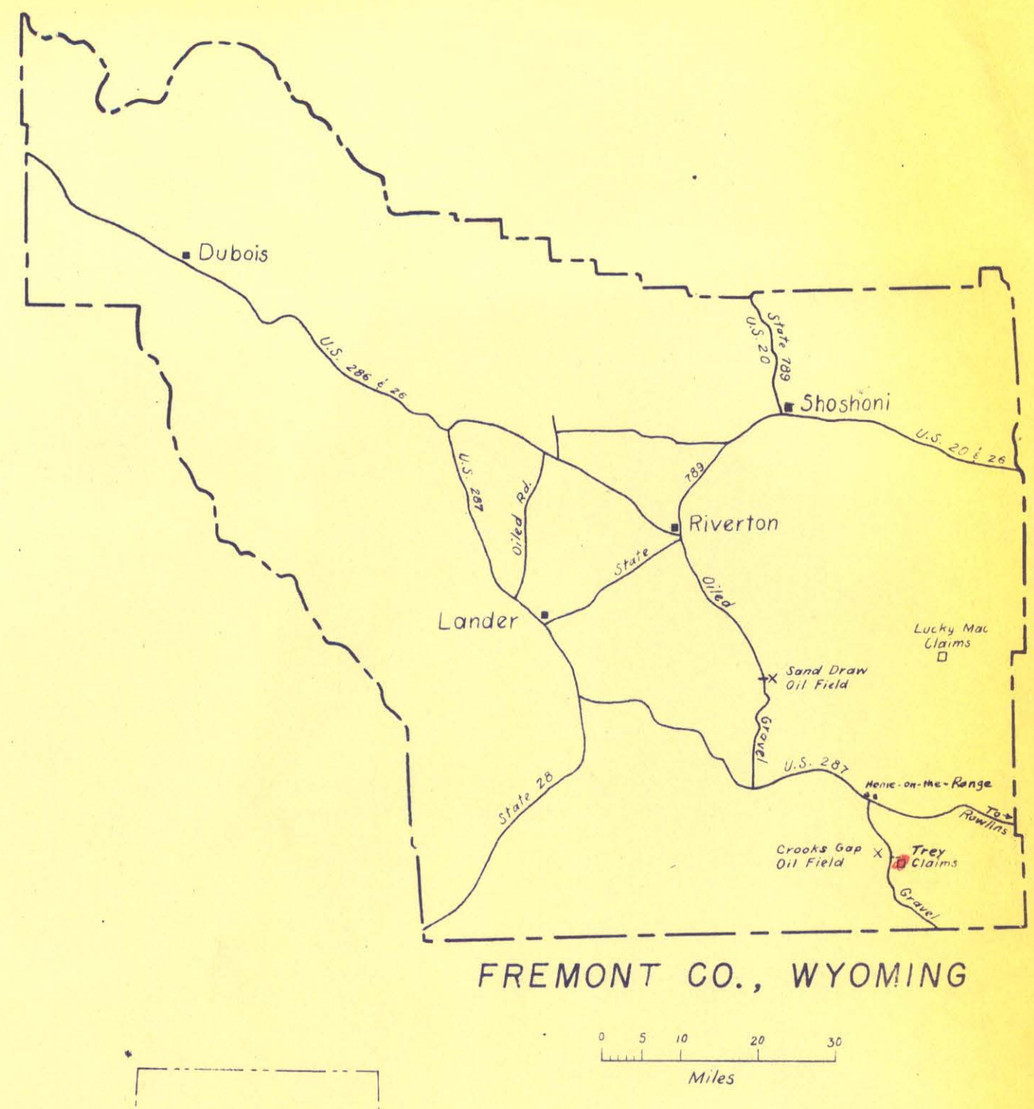
THE TREY GROUPLODE CLAIMS

FREMONT CO., WYO.

Surface Geology and Relationship To Crooks Gap Anticline

0 1/4 1/2 Miles

FIGURE 2



FREMONT CO., WYOMING

0 5 10 20 30 Miles

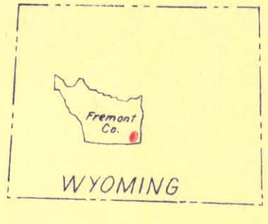


Fig. 1