OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E1091, Docket DMEA-4577 (uranium and selenium), dated May 29, 1957, with

Metals, Inc.
c/o Charles S. Merrill
680 South State Street
Salt Lake City, Utah

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Skyline Claims located in Natrona County, Wyoming, during the period June 18, 1959, through August 23, 1963.

In accordance with a May 14, 1958, Termination Agreement and Article 8 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 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. A Report of Review dated December 9, 1958, indicated accepted costs under the exploration contract amounting to $7,397.18 with the Government's contribution on a 75 percent basis being $5,547.89.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review found no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review, which also found no sales subject to the Government's royalty through June 17, 1959. Accordingly, as of August 23, 1963, the royalty account of this project was found to be:

Total Royalty Payable	$ -0-
Total Royalty Paid	-0-
Balance of Royalty Due	$ -0-

E. D. Talbert
E. D. Talbert, OME Auditor

September 5, 1963

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of 15 unpatented claims (Skyline Nos. 1 through 15) located in sec. 35, T. 34 N., R. 89 W., 6th P.M. & B., eastern Gas Hills district. At the time the contract was executed the Operator was in possession by virtue of a November 13, 1956, quit claim deed granted by Mrs. Helen F. Wentz in consideration of stock in the Operator-corporation.

Exploration work under the contract was discontinued September 27, 1957, and formally terminated by an agreement dated May 14, 1958. No ores were produced during the exploration period.

By letter dated March 10, 1959, the Operator reported that it had performed no work on the property since September 1957. By letters dated February 15 and 26, 1960, the Operator's former president, Charles S. Merrill, advised that no ore had been shipped or stockpiled by Metals, Inc., "now defunct". By letter dated May 31, 1962, the Office of the Secretary of State, State of Utah, stated that Metals, Inc., had been suspended as of March 31, 1960, for non-payment of corporate tax.

In reply to a March 12, 1963, inquiry the Office of the County Clerk, Natrona County, Wyoming, advised that: (1) on July 2, 1959, Helen F. Wentz "located (or re-located)" the claims; (2) on February 17, 1960, the claims were included in a mortgage granted to Charles T. Burgess and R. M. Railsback; and (3) assessment work for 1960, 1961, and 1962 was recorded by Joe Wentz.

In an August 23, 1963, reply to a MME Form 63 inquiry, Joe & Helen F. Wentz, c/o Farmers Supply Co., Lander, Wyoming, reported that: (1) property reverted back to Helen F. Wentz from Metals, Inc., by default; (2) since July 2, 1959, there had been no production from the property; and (3) "just keeping up assessment work at present".

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The files indicate that no minerals have been produced from the property since the date of the contract; and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED SEP 13 1963
DATE | INITIALS | CODE
800

September 10, 1963

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMRA-4577 (Uranium and Selenium)
Contract Idm-E1091
Metals, Inc.
(Skyline Claims)
Natrona County, Wyoming

Attached is the original Report of Royalty Review dated September 5, 1963 on the subject property covering the period June 18, 1959, through August 23, 1963.

Original signed by

Hugh M. Cannons

Attachment

cc: Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E1091
Chron
HMC/lm

SEP 5 1963

Memorandum

To: Acting Field Officer, Region III

From: E. D. Talbert, Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-4577 (Uranium and Selenium)
Metals, Inc.
Skyline Claims
Natrona County, Wyoming
Contract Idm-E1081

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Management Operations, Office of the Secretary, U. S. Department of the Interior, Washington 25, D. C.; and
(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 9-5-63

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

JUN 1 1 1962

Mr. and Mrs. Joe Wents

Casper, Wyoming

Re: DMEA-4577 (Uranium and Selenium)
Metals, Inc.
Skyline Claims
Natrona County, Wyoming
Contract Idm-E1091

Dear Mr. and Mrs. Wents:

We have been advised that you are now in possession of the Skyline Nos. 1 through 18 claims which were explored under the subject contract.

Enclosed is a self-explanatory letter, dated December 30, 1958, to Metals, Inc., stating the Government's rights to royalty on production from the above-named claims. Also enclosed is a copy of the form on which the contract was written. Please refer to Items (e), (f), (g), and (h) of Article 8 of the contract form (marked in red) in regard to the regulations covering payments of the Government's percentage royalty.

Sincerely yours,

George Fumich, Jr.

Director

Enclosures

FMMurphy/gla
6-9-62
cc to: Director's Reading File
Contract Division
Region III (2) w/cy letr. 5/31/62 from Secy. State of Utah
Docket
Code 500

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado pertaining to Contract Idm-K1091, Docket No. EMEA 4577, dated May 29, 1957, with

Metals Inc.
670 South State Street
Salt Lake City, Utah

for the purpose of determining the amount of royalties due the U. S. Government on the sales of Uranium and Selenium, from property referred to as Skyline Claims, located in Natrona County, Wyoming, during the period May 29, 1957 to June 17, 1959.

Pseudo Certification was effected in Termination Agreement dated May 14, 1958, and accordingly royalty is payable on all the production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of Final Cost Audit dated December 9, 1958, indicated accepted costs under the exploration contraction amounting to $7,397.18, with the Government's contribution on a 75 percent basis being $5,547.89.

No royalty has been paid to the Government to date in connection with this contract.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(a) According to the Field Team's Semi-Annual Report of certified project for the period July 1, 1958 to December 31, 1958, operation ceased about October 1, 1957; no ore has been shipped since May 29, 1957, (The date of the exploration contract), no operations or ore shipments are anticipated in 1959.

(b) The administrative costs to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

June 17, 1959

JUN 22 1959
O.M.E.

Donald T. Finch
Donald T. Finch
OME Auditor

Memorandum

JUL 2 1959

To: Mr. Donald T. Finch, OME Auditor

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: Docket No. IMEA-4577 (Uranium & Selenium)
Metals Inc.
Contract No. Idm-E1091

My June 23 memorandum returned your Report of Royalty Review on the subject contract for either revision or explanation. Your memorandum received yesterday gives the explanation. Accordingly, your report is acceptable and regional distribution is authorized.

EDTalbert/ama
July 2, 1959

Copy to: Docket
Director's Reading File
CA & A Division

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 1 1959

DATE	INITIALS	CODE
7-1	gad	VVO
		800

Memorandum

TO: E. D. Talbert, Acting Chief
Contract Administration & Audit Division

From: Donald T. Finch, OME Auditor, Region III

Subject: Docket No. DMEA 4577 (Uranium-Selenium) Metals, Inc.
Contract No. Idm-E1091

Reference is made to your memorandum dated June 23, 1959, which returned Report of Royalty Review for either revision or explanation as may be indicated after further consideration.

As I understand your memorandum, you returned this report of royalty review because the Washington files indicated possible shipment of 192.9 tons of production containing 617.26 lbs. U_3O_8 based on letter of Mr. Milton H. Marshall dated March 2, 1959.

Enclosed is a photo copy of Mr. Marshall's "Statement in Lieu of Semi-Annual Report" dated March 30, 1959. You will note this report showed the property was inspected March 26, 1959, and that production indicated in Mr. Marshall's previous letter was from a property about 1 mile north of the DMEA subordinated land.

In view of the foregoing, I am at a loss relative to revision of the Report of Royalty Review for this project dated June 17, 1959, and am returning it to your office for further instructions.

Donald T. Finch

Donald T. Finch

Enclosure

OME, REGION III

Statement in Lieu of Semiannual Report

Project and Contract Number
Operator

July 2, 1957 (through December 31, 1974)
DMA 4577, Contract No. [illegible] (Uranium)
Metals, Inc. Fremont County, Wyoming
Contract No. Idm-E1091

The project has been inactive during the reporting period ☒

Pertinent data relative to the subject contract has remained unchanged since the last report ☐

Remarks:

1. Property terminated 3-16-77.
2. No activity on property during reporting period. The AEC has received no indication that the property may be further, explored, developed or exploited.
3. The reported Ryan prospect in question was from the Ryan mine on Map No. 3 which is approx. 83, about 1 mile north of the DMA Contract land.

Date

JUN 23 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: Docket No. DMEA-4577 (Uranium and Selenium)
Metals, Inc.
Contract No. Idm-K1091

Your Report of Royalty Review on the subject contract is returned herewith for either revision or explanation as may be indicated after further consideration.

Although you state that no ore has been shipped since May 29, 1957, copies of correspondence in the Washington files indicate the possibility that 192.9 tons of production containing 617.26 lb. U_3O_8 was shipped by Northwestern Oil and Mining Company, P. O. Box 164, Sheridan, Wyoming, during October 1958 from the Skyline claim to Western Nuclear mill under License No. P-3894 (as reported in Milton H. Marshall's March 2, 1959, memorandum to the Executive Officer, OME Field Team, Region III).

Enclosures

EDTalbert/ama
June 22, 1959

Copy to: Docket
Director's Reading File
Code 800

224 New Customhouse
Denver 2, Colorado

March 3, 1959

EXTRA COPY O. M. E. RECEIVED MAR 5 1959		
DATE	INITIALS	CODE
		800

CERTIFIED MAIL

Mr. Charles S. Marrill, President
Metals, Inc.
28 East Seventh South
Salt Lake City, Utah

Re: Docket No. DMEA-4577 (Uranium and selenium), Contract No. Idm-E1091, Skyline Claims Natrona County, Wyoming

Dear Mr. Marrill:

The Casper office of the AEC reports that 192.9 tons of ore were shipped from the "Skyline" claim during October 1958 by the Northwestern Oil and Mining Company.

Was this shipment from the "Skyline" claims in the captioned contract? Please advise if there has been any change in the ownership of the land subordinated to the Government in Contract No. Idm-E1091. If so, in accordance with the last paragraph of the Administrator's letter to you dated December 30, 1958, you are requested to notify this office of any change in ownership of production rights that might have any effect on the Government's right to its percentage royalty.

Very truly yours,

Original signed by
J. W. TOWNSEND

Original signed by
J. W. TOWNSEND
Executive Officer
OME Field Team, Region III

HMC/ff

cc: Chairman, Op. Comm. (2)
Harshman
Marshall
royalty file E1091
chron.

} w/ copy of Marshall's memorandum of 3/2/59

OME
DEPARTMENT OF THE INTERIOR

MAR 3 - 1959

REGION III
DENVER, COLORADO
O. M. E.
RECEIVED MAR 5 1959

DATE	INITIALS	CODE

March 2, 1959

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Milton H. Marshall

Subject: Docket No. DMEA 4577 (Uranium-Selenium) Contract Idm-E1091, (Skyline claims) Natrona County, Wyoming

Mr. H. Clifford Smith, Assistant Chief, Casper Office, AEC, reports that 192.9 tons of production containing 617.26 lb. U_3O_8 was shipped by Northwestern Oil and Mining Company, P. O. Box 164, Sheridan, Wyoming during October 1958, from the "Skyline" claim to Western Nuclear mill under License No. P-3394. Mr. Smith was unable to say if the Skyline claim is one of the claims subordinated to the Government under Contract Idm-E1091.

The only road I knew of affording access to the property was blocked by snow drifts ranging from 2 to 8 feet in depth, so I was unable to verify the report by visual inspection.

Please advise if preparation of the semi-annual report should be delayed until the source of the mentioned production is checked out.

Milton H. Marshall
Milton H. Marshall
Mining Engineer

MHM-mw

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 12 1958

DATE	INITIALS	[illegible]
12/12	C	220
		800

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Metals, Inc.
670 South State St.,
Salt Lake City, Utah

pertaining to Exploration Project Contract No. Idm-[illegible]091, DMEA No. 457[illegible], including Amendment No. 1, and Termination Agreement dated May 14, 1958, for the period May 29, 1957 to September 30, 1957, inclusive, covering a project for the exploration of Uranium and Selenium on property known as Skyline Claims located in Natrona County, Wyoming.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team reports and correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the reasons given on the attachment to this report.

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

Total cost as billed by Contractor		$8,993.32
Exceptions: (Schedule attached)		
Prior to this review	$929.47	
Less: Reinstatement by review	0.00	
Herewith	666.67	1,596.14
Total Accepted Cost		$7,397.18

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Five Thousand, Five Hundred Forty-seven and 89/100ths Dollars is valid and proper, provided that the Regional Executive Officer, the Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$5,547.89
Amount reimbursed	5,547.89
Balance due Operator	$ 0.00

Donald T. Finch

Donald T. Finch,
OME Auditor

December 9, 1958

REASONS FOR REPORT OF REVIEW IN LIEU OF FINAL AUDIT

CONTRACT NO. Idm-E1091 DOCKET NO. DMEA-4577

METALS, INC.

(a) The Monthly Reports were supported by documentary proof of that portion ($6,743.19) of the costs which covered work performed at unit rates under independent contract (per schedule attached.)

(b) The balance ($653.99) of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed; and

(c) The administrative costs to the Government of an audit would be excessive in relation to the estimated amount of possible further disallowances thereunder.

SCHEDULE OF EXCEPTIONS

CONTRACT NO. Idm-E1091 DOCKET NO. DMEA-4577

METALS, INC.

Disallowances Prior to Review

August, 1957 MF-104		
444 Ft. of excessive non-core drilling @ 87¢/ft.	$386.28	
Incidental allowance applicable to excessive drilling (444 Ft. @ 18¢/ft.)	79.92	
September, 1957 MF-104		
Overcharge in excess of actual cost for 3,699 ft. of non-core drilling (reported as 3,799 ft.)	157.62	
143 Ft. of excessive non-core drilling @ 87¢/ft.	124.41	
11 Hrs. of excessive bulldozing time @ $12.50/hr.	137.50	
Incidental allowance applicable to overcharge and excessive drilling (243 Ft. @ 18¢/ft.)	43.74	
Total Disallowances Prior to Review		$ 929.47
Disallowance for Operator's failure to file final engineering and geologic report (Disallowed by OME Field Team, Region III, with approval of Operating Committee)		666.67
TOTAL DISALLOWANCES		$1,596.14

The Executive Officer, OME Field Team, Region III, and the Auditor concur with the foregoing disallowances.

SUMMARY OF DOCUMENTED COSTS

CONTRACT NO. Idm-E1091 DOCKET NO. DMEA-4577

METALS, INC.

Independent Contracts

7,337 Feet Non-core Drilling at 87¢ per foot	$6,383.19	
6 Hours Standby Time at $10.00 per hour	60.00	
24 Hours Bulldozer Time at $12.50 per hour	300.00	
Total Documented Costs		$6,743.19

Fixed Unit Costs

Incidental allowance 7,337 Feet of completed drilling at 18¢ per foot	$1,320.66	
Deduct:		
Gross disallowance for Operator's failure to file final engineering and geological report	666.67	653.99
ACCEPTED COST		$7,397.18

Via Air Mail

DEC 12 1958

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

Re: Docket No. DMEA-4577
(Uranium-Selenium)
Metals, Inc.
Contract No. Idm-E1091

Dear Mr. Finch:

Your Report of Review covering the referenced project is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
December 12, 1958

cc: Docket
Director's Reading File
Mr. Chambers

224 New Customhouse
Denver 2, Colorado

December 8, 1958

EXTRA COPY
O. M. E.
RECEIVED DEC 11 1958

DATE	INITIALS	CODE
		800

Memorandum

To: Donald T. Finch, OME Auditor, Region III

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4577 (Uranium and Selenium) Contract No. Idm-E1091, Metals, Inc., (Skyline claims) Natrona County, Wyoming

The subject Operator has failed to render the required final geologic and engineering report, as provided for under Article 7(e) of the contract; therefore, we have been authorized by the Washington office to disallow the sum of $500.00, withheld from reimbursement to the Operator in processing its accounting report for the month of September, 1957.

A copy of a letter from this office to the Operator, dated November 5, 1958, a copy of the Chairman's letter of November 7, 1958 pertaining to the matter and a copy of the rough draft of the follow-up letter mentioned in the last paragraph of the Chairman's letter, are enclosed for your reference. Also enclosed is a copy of the Termination Agreement which was executed to terminate the contract effective October 1, 1957.

Final settlement and closing of the account is in order, contingent on release to this office of a Certificate and Report of Audit or Report of Review of reported project costs by the Contract Administration and Audit Division, whichever the case indicates.

Accepted units of work or service completed on a Fixed Unit Cost basis, consist of Incidental Allowance on 7,337 feet of non-core drilling.

J. W. Townsend

J. W. Townsend

JWT/ad
Enclosures
cc: Chmn. Op. Comm. (2))
Harshman) w/copy of letter to
Corres. File, Region III) Operator dated 12/5/58
Cooper
Chron.

224 New Customhouse
Denver 2, Colorado

DEC 5 1958

EXTRA COPY
O. M. E.
RECEIVED DEC 11 1958
DATE | INITIALS | CODE

Mr. Charles S. Merrill, President
Metals, Inc.
28 East Seventh South
Salt Lake City 2, Utah

Re: Docket No. DMRA 4577
(Uranium and Selenium)
Contract No. Ida-E1091
Skyline Claims
Natrona County, Wyoming

Dear Mr. Merrill:

Reference is made to our letter of November 12, 1958, advising that if a final engineering and geologic report had not been received from you by November 25, 1958, payment of the $500.00 due you under form NF-104 for the month of September, 1957, will be disallowed, and the accounts for the project closed.

As the November 25 date has passed and you have not submitted the report as required, the Government is disallowing $500.00, otherwise due for work performed under the contract, pursuant to the provisions of Article 7 (a).

Very truly yours,

J. W. Townsend

J. W. Townsend
Executive Officer
OME Field Team, Region III

JDC/ad

cc: Chm., Op. Comm. (2)
Harshman
Marshall, OME/DFC
Finch
NF-104 File, Region III
Corres. File
Cooper
Chron.

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

NOV 12 1958

REGISTERED MAIL

Mr. Charles S. Merrill, President
Metals, Inc.
28 East Seventh South
Salt Lake City 2, Utah

Re: Docket No. DMEA-4577
(Uranium and selenium)
Contract No. Idm-E1091
Skyline Claims
Natrona County, Wyoming

Dear Mr. Merrill:

Reference is made to our letters of August 13 and September 24, 1958, regarding the rendering of a final engineering and geologic report on the subject project.

We wish to cooperate fully with you in the matter of allowing ample time for the submission of the required report, but if it has not been received by November 25, 1958, we will then consider that you do not intend to submit such a report; in which case, payment of the $500.00 due you under form MF-104 for the month of September, 1957, will be disallowed, and the accounts for the project will be closed.

Sincerely yours,

Original signed by
J. W. TOWNSEND

Executive Officer

MChing/gla
11-4-58
cc to: Director's Reading File
Operating Committee
TMKiilsgaard, 5224
Mr. Ching
OME Field Team, Region III (2)
Contract Adm. & Audit Division

Mr. J. W. Townsend
Executive Officer
OME Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

NOV 7 1958

Re: Docket No. DMRA-4577
(Uranium and Selenium)
Contract No. Idm-51001
Metals, Inc.
Skyline Claims
Natrona County, Wyoming

Dear Mr. Townsend:

In accordance with Mr. Harshman's memorandum of October 29, we are enclosing the original and seven copies of an undated letter to Metals, Inc., prepared for your signature. It is suggested that the letter be dated, registered, and a return receipt requested.

Also enclosed are two draft copies of a follow-up letter that may be used if the Operator fails to meet the deadline.

Sincerely yours,

George C. Selfridge
ACTING Chairman, Operating Committee

Enclosures

APPROVED:

P. F. Jones
Member, Bureau of Mines

N. E. Nelson
Member, Geological Survey

MChing/gla
11/4/58
cc to: Director's Reading File
Operating Committee
THKillagzard, 5224
Mr. Ching
Contract Adm. & Audit Division

DRAFT

Mr. Charles S. Merrill, President
Metals, Inc.
28 East Seventh South
Salt Lake City 2, Utah

Re: Docket No. DMEA-4577
(Uranium and selenium)
Contract No. Idm-K1091
Skyline Claims
Natrona County, Wyoming

Dear Mr. Merrill:

Reference is made to our letter of November ___, 1958, advising that if a final engineering and geologic report had not been received from you by November 25, 1958, payment of the $500.00 due you under form NE-104 for the month of September, 1957, will be disallowed, and the accounts for the project closed.

As the November 25 date has passed and you have not submitted the report as required, the Government is disallowing $500.00, otherwise due for work performed under the contract, pursuant to the provisions of Article 7(e).

Sincerely yours,

Executive Officer

EXTRA COPY
O. M. E.
RECEIVED DEC 19 1958

DATE	INITIALS	CODE
		X

224 New Customhouse
Denver 2, Colorado
December 16, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4577 (Uranium and Selenium) Contract Idm-E1091, Metals, Inc., (Skyline claims) Natrona County, Wyoming - Final Settlement, NO PAYMENT

Reference is made to our memorandum of November 25, 1957, whereby we forwarded the final Form MF-104, Operator's Monthly Report and Voucher, for September 1957, and requested that you withhold an amount of $500.00 from reimbursement to the Operator, pending resolution of matters prerequisite to closing the account.

The Operator has failed to submit its final report as required under Article 7(c) of the contract; therefore, disallowance has been made of costs totaling $666.67, the Government's portion of which is $500.00, representing the amount withheld from reimbursement to the Operator. A copy of a relative letter from the Chairman, Operating Committee, OME, dated November 7, 1958, and a copy of the follow-up letter mentioned in the last paragraph of the Chairman's letter, are attached.

Final settlement of the account is as follows, which is in conformance with the Report of Review of reported project costs, by the Contract Administration and Audit Division, OME, dated December 9, 1958.

Basis for Final Settlement

Total accepted cost	$7397.18
Government participation at 75 percent	5547.89
Total prior payments	5547.89
Balance	$ 0.00

JBC;hmh

Original signed by
J. W. TOWNSEND

J. W. Townsend

cc: Chman. Op. Comm. (2)
Harshman
Marshall, OME/DFC
Corres.file, Reg. III
MF-104 file, Reg. III
Cooper
Chron

EXTRA COPY
O. M. E.
RECEIVED DEC 19 1958
DATE | INITIALS | COPIES

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RECEIVED 0[illegible] 1958
DATE | INITIALS | CODE
800

224 New Customhouse
Denver 2, Colorado
October 29, 1958

Memorandum

To: Chairman, Operating Committee, OME

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

Subject: Docket No. DMEA 4577 (Uranium-Selenium) Contract Idm-E1091, Metals Inc., (Skyline claims) Natrona County, Wyoming

Reference is made to our letter of September 24, 1958, and previous correspondence with the subject Operator concerning the rendering of a final report in accordance with the provisions of Article 7(c) of the contract form.

Although more than ample time has been allowed, the Operator has failed to submit its final report or to advise this office as to the date on or before which the report will be submitted.

We request permission to advise the Operator that if the final report is not received within two weeks the amount of $500.00, which was withheld in processing the Operator's final voucher for September 1957, will be permanently withheld in lieu of the Operator's final report. In the event the Operator does not submit his final report and the amount of $500.00 is permanently withheld, we recommend that your office waive the requirement under Article 7(c) of the contract form, relative to the rendering of a final report by the Operator.

Original signed by
E. N. HARSHMAN
E. N. Harshman

JDC:hmh

cc: Harshman
Marshall, OME/DPC
Corres.file, Reg.III
Cooper
Chron

224 New Customhouse
Denver 2, Colorado
September 24, 1958

800

Mr. Charles S. Merrill, President
Metals, Inc.
28 East 7th Street
Salt Lake City 2, Utah

Re: Project No. DMA 4577 (Uranium-Molybdenum)
Contract No. [illegible]
Metals, Inc.
(Maylies claims)
Natrona County, Wyoming

Dear Mr. Merrill:

Reference is made to our letter of August 13, 1958, whereby we forwarded the "Operator's Copy" of [illegible] and directed your attention to the provisions of Article 7 (a) of the contract form relative to rendering to the Government of a final report pertaining to the work completed under the captioned contract. To date, we have received no information from you concerning the required final report.

Please forward to this office by October 10, 1958, either the required five copies of the final report or a firm commitment as to the date on or before which the report will be received in this office. Otherwise, the matter will be referred to the Washington Office for consideration and appropriate action due to your failure to comply with the contract provisions.

Very truly yours,

Original signed by
E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer

JDC:pri

cc: OME/Washington (2)
Harshman
Rinyen OME/DFC
Corres. file
Cooper
Chron.

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

Budget Bureau No. 42-R1036.5

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

Month of September, 1957 Docket No. DMEA 4577 Contract No. Idm-E1091

Operator's Name Metals, Inc. Minerals Uranium

Address 680 South State St., Salt Lake City, Utah Selenium

Contract Amount, $ 31,732.00 Government Participation: 75 % Amount, $ 23,799.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contracts:						
Drilling ft. ?	3375.75	3675.75	7051.50 ?			
Bulldozing hr.	140.00	297.50	437.50			
Standby hr.	0.00	60.00	60.00			
Incid. Allow.	683.82	760.50	1444.32			
Analyses	0.00	0.00	0.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS ?	4199.57	4793.75	8993.32 ?	3736.30	4793.75	8530.05
				464.20		464.20
						8063.85

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

Date 10/25/57 *Payee Metals Inc.

Per [signature] Title President

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 4327.55 $2302.23

Signature [signature]
(Authorized Certifying Officer)

Date 11/26/57 Voucher 2000 58-65
(See other side)

Note: Withhold 500.00
1 - Previously Disallowed

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E1091 in accordance with the terms of the contract.

Signature E. O. Bimyon (#280223) Title Mining Engineer Date November 15, 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title acting Executive Officer Date NOV 22 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

September 7 4577 Idm-E1091

OPERATOR'S UNIT COST AND PROGRESS REPORT

Metals, Inc. Uranium,
670 South State St., Salt Lake City, Utah Selenium

Month of ..... 195..... Docket No. DMEA ..... Contract No. .....
Operator's Name ..... Minerals .....
Address .....

OPERATION		Costs This Month	Units This Month	Costs To Date	Units To Date	Unit Costs To Date	Authorized by Contract Units	Authorized by Contract Unit Costs
Non-core drill	ft.	3305.13	3799	6980.88	8024	.87	15500	0.87
Standby	hr.	140.00	14	140.00	14	10.00	24	10.00
Incid. Allow.	ft.	683.82	3799	683.82	8024	.18	15500	0.18
Analyses U_3O_8	Spl.	0.00	0	0.00	0		100	3.50
Analyses Se	Spl.	0.00	0	0.00	0		50	10.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs		4128.95		4128.95				
New Buildings, Improvements, etc.								
Total Costs								

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

Date 10/25/57 Operator Metals Inc.
Per Phoenix Ellsworth Title President

Remarks: .....

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

(Instructions on reverse)

(For Government use only)

Co Bunyon The Corrections are: Operators Corrected footage 3699 Total "Units to date" 7924 "Cost this month" $3218.13
Standby time $140.00 "Units this month" should be none and "Costs this month" - none "Units to date" 6 "Cost to date" $60.00
Bulldozer time .2 hr @ $12.50/hr 2.50 "Costs to date" $300.00 "Units to date" 24
Total $3886.45

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION
MADE NOV 27 1957

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
224 New Custom House, Denver 2, Colorado

Administrative Audit Difference Statement

Utah, Inc.
670 South State Street
Salt Lake City, Utah

Date: November 20, 1957
Payee's
Reference: September 1957

Gentlemen:

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

Amount Claimed	$	4,199.57
Difference	$	463.27
Amount Approved	$	3,736.30

The reason for the difference was due to:

Disallowance:

1. Reported cost 3,799 ft drilling at a total of	3,375.75	
Actual cost, 3,599 ft. drilling @ $0.87/ft.	3,218.12	
Disallowance		157.63
2. Reported cost of 143 ft excess drilling @ .87/ft.		124.41
3. Incidental allowance, reported 3,799 ft. @ .18	683.82	
Incidental allowance, acceptable footage 3,556 ft @ .18	640.08	
		43.74
4. 11 hrs bulldozing @ $12.50 per hour.		137.50
Total amount to be disallowed.		463.27

Withhold $50.00 pending completion of work under the contract.

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

Very sincerely yours,

N. E. Stokes
Audit Section

EXTRA COPY
DMEA
RECEIVED NOV

DATE	[illegible]	CODE
11/29	98	220
11	[illegible]	100
		800

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

224 New Customhouse
Denver 2, Colorado
November 22, 1957

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA 4577 (Uranium and Selenium) Contract Idm-2109, Metals, Inc., (Skyline claims) Fremont County, Wyoming Operator's Monthly Progress Report, for the month of September, 1957

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

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Bids were not submitted for bulldozer work; however, the bulldozing rates are in line with the standard rates prevailing in the project locality for the size and make of bulldozer used on the project. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

<u>Disallowance, Drilling Costs:</u>

1. The Operator, through arithmetical error, has reported a total of 3,799 feet of drilling at total cost of $3,375.75. The drill logs and drilling invoice show only 3,699 feet of drilling at a total cost of $3,218.13. The excess cost is to be disallowed, is as follows:

Reported cost, 3,799 feet of drilling
at cost of----------$3,375.75
Actual cost, 3,699 feet of drilling
at $0.87 feet---------- 3,218.13
Disallowance----------$ 157.62

2. Three of the 'long' holes drilled during September, 1957, penetrated more than the allowable 10 feet below the lower contact of the Wind River formation. The reported cost for the excess footage is to be disallowed as follows:

Hole	Total Depth	Base of Wind River	Allow. foot. below Wind River	Total Allow. footage	Excess footage
50	120	107	10	117	3
56	204	106	10	116	83
78	150	88	10	98	52

Excess footage drilled---------- 143

Disallow reported cost for 143 feet of drilling
at $0.87 per foot---------- 124.41

Disallowance, Incidental Allowance

Incidental Allowance reported, 3,799 feet
at $0.18---------- 683.82
Incidental Allowance for acceptable footage,
3,556 feet at $0.18 per foot---------- 640.08

Amount to be disallowed---------- 43.74

Disallowance, Bulldozing Costs

The contract provides for a total of 24 hours of bulldozing under Stage I, 23.8 hours of which was reported on a previous Voucher, leaving only 0.2 hours available. The Operator has reported the cost of 11.2 hours of bulldozing on the September, 1957 Voucher, an excess of 11 hours which is to be disallowed.

Amount to be disallowed, 11 hours of bulldozing
at $12.50 per hour---------- 137.50

Total amount to be disallowed---------- 463.27

Withhold an amount of $500.00 from reimbursement to the Operator, pending resumption of work under the contract. If the work is not resumed, continue to withhold the amount of $500.00 pending resolution of matters which are prerequisite to closing the account.

Reconciliation with Amount Reported by the Operator on Form MF-104 for September, 1957

Amount reported on Form MF-104 for September, 1957	$4,199.57
Amount to be disallowed	463.27
Acceptable cost for September, 1957	3,736.30
Government participation at 75 percent	2,802.23
Amount to be withheld	500.00
Balance due the Operator	$2,302.23

Note: Form MF-104A has not been properly completed. The Operator will be informed of the discrepancies and requested to make the necessary adjustments in conjunction with the next report submitted.

Remarks:

Date of Report----------October 25, 1957
Date Received in Field Office----------November 8, 1957
Date Received in Region Office----------November 20, 1957

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JDC:hmh

cc: Chmn. Op. Comm. (2))
DMEA, DFC) w/complete report
MF-104 file, Reg. III)
Harshman) w/copy of
Townsend) Engr's report
Chron

DMEA
DEPARTMENT OF THE INTERIOR

NOV 20 1957
REGION III
DENVER, COLORADO

REGION III

Memorandum

Building 20
Denver Federal Center
Denver 2, Colorado
November 19, 1957

To: Executive Officer, DMEA Field Team

From: E. O. Binyon

Subject: Docket DMEA 4577 (Uranium and selenium), Contract Idm-E1091 Metals, Inc., (Skyling claims) Fremont County, Wyoming--- Progress report for September 1957.

A field inspection of the work completed during the month of September was made November 13, 1957. No work was in progress and no one was at the property at the time of the inspection.

The 25 holes reported by the operator were found and were located approximately as shown on the map accompanying the report. The total depth and depth to the Cody shale in most of the holes and including holes 50, 56, and 78, were checked and corresponded to the depths by the operator. Most of the 150 foot holes have been drilled from 24 to 100 feet into the Cody shale.

In the narrative report the depths of the deep holes, holes No. 50, 56, and 78 are given as 120, 204, and 150 feet respectively, and the depths to the Cody shale from the logs are 107ain hole 50, 106 in hole 56, and 88 feet in hole 78. The excess drilling into the Cody shale is given below.

Claim	Hole No.	Depth Feet	Depth to Cody	Feet Over-drilled into Cody	Footage Allowed
Skyline 7 (D-7)	50	120	107	3	117
" 15 (D-15)	56	204	106	88	116
" 11 (D-11)	78	150	88	52	98
Totals				143	331

Total footage in remaining 22 holes---------- 3,225
Total footage for payment---------- 3,556
Total footage claimed- 3,699
Less footage disallowed- 143

Total footage for paymt. 3,556

In checking the operator's narrative reports only four copies of the lithologic logs and radiometric results for holes No. 16, 17, 18, 20,

and 21 were submitted.

A check of the MF-104 and MF-104A shows the total drilling footage to be 100 feet over the total as reported in the narrative report. A letter from the consulting geologist points out this error. On the MF-104A the operator has entered a claim of $140.00 for standby time claiming 14 hours at $10.00 per hour. The entry under "Units to date" is 10 hours. On the MF-104 the $140.00 is entered opposite Bulldozing hours., and has been added to the previous charge for bulldozing. The documentation is for 11.2hours of bulldozing at $12.50 per hour or a total of $140.00 from the same company that did the bulldozer work claimed in the July 25 - August 25 report.

Assuming that the documentation and entry on the MF-104 is correct, the claim is 11 hours over the 24 hours allowed under the Contract. Therefore, the amount claimed for the bulldozing is reduced by $137.50 and $2.50 is allowed.

The corrected amounts for drilling, bulldozing, and incidental allowance, with the correct totals are as follows:

Drilling footage claimed, 3,799 ft. at $0.87 per ft. =		$3,305.13	(Note $3,375.75 on MF-104)
Less 100 feet at $0.87 overcharge	$87.00		
Less 143 feet at $0.87 disallowed	$121.41		
		211.41	
Total amount for drilling 3,556 ft. at $0.87 per ft. =			$ 3,093.72
Bulldozer claimed 11.2 hrs. at $12.50 hr.	$140.00		
Bulldozer disallowed 11 hrs at $12.50 hr.	137.50		
Total amount for payment of bulldozing =			2.50
Standby time	----		----
Incidental allowance claimed 3,799 ft. at $0.18 per ft.	$ 683.82		
Less 100 feet at $0.18 per ft. overcharge = $18.00			
Less 143 feet at $0.18 per ft. disallowance= 25.74			
Total deduction	43.74		
Total amount for incidental allowance =			640.08
Corrected total amount for payment=			$ 3,736.30

The charges for drilling and bulldozer work are properly documented. and the work with the exceptions noted above was done in conformance with the Contract terms.

It is recommended that the operator be paid $2,802.23, the Government's share at 75% of $3,736.30, which is the corrected amount

claimed for payment. As the operator has apparently recessed operations, it is suggested that $500.00 be withheld pending resumption of the work under the Contract.

E. O. Bingyon
E. O. Bingyon
Mining Engineer

EOB:as
cc: 6 w/orig
Idm-E1091
Chron

STATEMENT

FROM M. M. MURRILL & ASSOCIATES
1975 East Millbrook Drive
Salt Lake City, Utah September 1, 19 57

TO MONTANA, INC.

ADDRESS 670 South State St.

CITY Salt Lake City, Utah

RE: Drill Work, Skyline Claims (UMEA Contract)
NW Sec. 35, T24N, R89W, Natrona County, Wyoming

Jul26-Aug31	Hole No.	Footage	Hole No.	Footage
Rig No. 1	39	150	8 *	155
	40	150	9	150
	41	150	10	150
	32	150	11	150
	33	150	12	150
	34	150	13	150
	1	150	14	150
	2	150	15	150
	3	150	23 *	240
	4 *	150	25	150
	5 *	240	28	270
	6	150	47 *	310
	7	150	Total	4225

4225 feet @ .67 = $2,675.75

NOTE: All 400 foot holes which were not drilled to that depth were abandoned after getting into the Cody Shale required depth.

* Cody Shale

STATEMENT

FROM M. M. MERRILL & ASSOCIATES

1975 East Millbrook Drive

Salt Lake City, Utah October 1 19 57

TO METALS, INC.

ADDRESS 670 South State St.

CITY Salt Lake City, Utah

RE: Drill Work, Skyline Claims (DMEA Contract)
XXX Sec. 35, T34N, R89W, Natrona County, Wyoming

Sept 57	Hole No.	Footage		Hole No.	Footage
Rig No. 1	42	150		63	150
	48	150		54	150
	49	150		80 *	75
	50 *	120	Rig No. 3	20	150
	51	150		21 *	150
	57	150		22	150
	58	150		23	150
	60	150		24	150
	59	150		78	150
	61	150		16	150
	67 *	150		17	150
Rig No. 2	35	150		18	150
	56	204		Total	3699

3699 ft. @ .87 = $3,218.13.

NOTE: All 400 foot holes which were not drilled to that depth were abandoned after getting into the Cody Shale required depth.

* Cody Shale

WHITE EXCAVATING COMPANY
Thermopolis
Wyoming

TO: Metals, Inc.
670 South State St.
Salt Lake City, Utah

Bulldozing on the Skyline Claims, Section 35, T34N, R89W, Natrona County, Wyoming, under the DMEA Contract.

To September 1, 1957

$297.50 23 3/10 hrs @ $12.50 per hour

WHITE EXCAVATING COMPANY
Thermopolis
Wyoming

TO: Metals, Inc.
670 South State St.
Salt Lake City, Utah

Bulldozing on the Skyline Claims, Section 35, T34N, R89W, Natrona County, Wyoming, under the DMEA Contract.

For September, 1957

$140.00 11 2/10 hrs @ $12.50 per hour

PROGRESS REPORT NO. 2

September 1957

Twenty-five rotary drill holes were completed for a total of 3799 feet during September 1957. Twenty-eight other holes totaling 767 feet were drilled to depths less than the 150 foot prescribed. These holes were not completed because of caving, unconsolidated ground.

The same procedures in the logging of holes was followed as for those holes covered in the August 1957 report. The data is presented in the same manner excepting that more complete radiation data from each hole has been added to individual log sheets. Similar data not supplied for the holes covered in the August report is compiled on separate sheets and added to this report.

Holes completed during September with depths and claim located on are as follows:

Drill Hole No.	Depth	Claim	Drill Hole No.	Depth	Claim
#16	150	D-1	#51	150	D-7
17	150	D-1	54	150	D-14
18	150	D-2	56	204	D-15
20	150	D-3	57	150	D-5
21	150	D-4	58	150	D-10
22	150	D-9	59	150	D-11
23	150	D-9	60	150	D-11
24	150	D-1	61	150	D-12
35	150	D-7	63	150	D-13
42	150	D-7	67	150	D-10
48	150	D-5	78	150	D-11
49	150	D-6	80	75	D-17
50	120	D-7			

Holes drilled but not completed, with depths:

DH No.	Depth	DH No.	Depth	DH No.	Depth	DH No.	Depth
#19	30	#38	13	#64	22	#73	16
27	40	43	16	65	30	74	24
29	30	44	16	66	80	75	20
30	60	45	16	68	40	77	30
31	10	52	26	69	16	79	44
36	30	53	16	70	16	82	16
37	30	55	20	72	36	81	24

In general the radioactivity recorded with the Babbel probe unit over most of the holes can be considered as of background, or slightly above, magnitude. Nineteen of the holes had short intervals or peaks of .04% eU and two holes, DH 21 and DH 67, had peak readings of .05% eU. The peaks appear to be associated with thin clay units in the conglomerate. There were no intersections which can be considered of particular interest or promise such as might warrant additional offset holes.

The Cody shale occurs at depths of 50-80 feet in the holes completed in the southern and western part of the property. The overlying beds here are almost wholly sandstones and conglomerates. It can be assumed that this area was a high at the time the uranium bearing sediments were laid down. Thick intersections of clay were made in holes drilled in the northern and eastern part of the property, eg. holes No. 16, 17, and 18 of this report. The clay thickness is about 40 feet in DH 16 and decrease to about 20 feet in thickness at DH 18 800 feet to the southwest. A line drawn northwest across the property from DH 57 separates the hole with prominent clay intersections on the northeast from those of low clay content on the southwest. If the clays are vital to the emplacement of uranium, then roughly two-thirds of the claims lie outside favorable ground.

Much of the difficulty in drilling those holes listed as incomplete was due to this lack of clay or cementing material in the sands and conglomerates which predominate to the southwest. These rocks lack cementation of any kind and are generally devoid of finer clay material to bind the mass. Bentonite clay was used in an effort to prevent these holes caving, but this was of small help.

It is planned to continue drilling on the prescribed reconnaisance pattern until this phase is completed. Since most of the holes remaining are in the region of poorly cemented and consolidated rocks, casing may be required if the holes are to be completed to 150 feet. This, of course, will raise the cost of drilling.

Ken Mc Griffin
Consulting Geologist-Geophysical
Engineer

October 15, 1957

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

Budget Bureau No. 42-R1036.5

RECEIVED NOV 27 1957 D.M.E.A.

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

Month of July 25-Aug. 25, 1957 Docket No. DMEA 4577 Contract No. Idm-E1091
Operator's Name METALS, INC. Minerals Uranium-Selenium
Address 670 South State St., Salt Lake City, Utah
Contract Amount, $ 31,732.00 Government Participation: 75 % Amount, $ 23,799.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	3675.75	0.00	3675.75			
Bulldozing	297.50	0.00	297.50			
~~Crosscutting~~ Standby	60.00	0.00	60.00			
~~Drifting~~ Incid. Allow.	760.50	0.00	760.50			
Analyses	0.00	0.00	0.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	4793.75	0.00	4793.75	4327.55	—	4327.55

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

Date 9/26/57 *Payee Metals Inc.

Per Paul S. Maurer Title President

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

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

(Instructions on reverse)

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

$ 3245.66

Signature RRC
(Authorized Certifying Officer)

Date 11/22/57 Vou. No. DMA-58-66

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Jdm E 1091 in accordance with the terms of the contract.

Signature [illegible] ($3245.66) Title Mining Engineer Date October 18, 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title acting Executive Officer Date NOV 21 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1962)

Budget Bureau No. 42-R1151.2

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

RECEIVED NOV 27 1957 D.M.E.A.

Month of 7/25-8/25 195 7 Docket No. DMEA 4577 Contract No. Idm-E1091

Operator's Name METALS, INC. Minerals Uranium-Selenium

Address 670 South State St., Salt Lake City, Utah

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
~~Drifting~~ Non-core dril	ft.	3675.75	4225	3675.75	4225	0.87	15500	0.87
~~Crosscutting~~ Standby	hr.	60.00	10	60.00	10	10.00	24	10.00
~~Raising~~ Bulldozing	hr.	297.50	23.8	297.50	23.8	12.50	24	12.50
~~Shafts~~ Incid. Allow.	ft.	760.50	4225	760.50	4225	0.18	15500	0.18
~~Winzes~~ Anal. U_3O_8	Spl	0.00	0	0.00	0		100	3.50
~~Drilling: Core~~ Anal Sel.	Spl	0.00	0	0.00	0		50	10.00
~~Churn~~ Stage II								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		4793.75		4793.75				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		4793.75		4793.75				

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

Date 8/26/57 Operator Metals Inc

Per [signature] Title President

Remarks:

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

(Instructions on reverse)

(For Government use only)

E O Benyon

DMEA
DEPARTMENT OF THE INTERIOR
OCT 1 - 1957
REGION III
DENVER, COLORADO

INSTRUCTIONS

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

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

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

GPO 872894

58-64

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
224 New Customs House, Denver 2, Colorado

FINAL DISTRIBUTION
MADE NOV 25 1957

Administrative Audit Difference Statement

Metals, Inc.
670 South State Street
Salt Lake City, Utah

Date: November 22, 1957
Payee's Reference: July and August 1957

Gentlemen:

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

Amount Claimed	$	4,793.75
Difference	$	466.20
Amount Approved	$	4,327.55

The reason for the difference was due to:

Disallow:

444 ft excess non-core drilling @ $0.87 per foot	$386.28
Incidental allowance for 444 ft non-core drilling @ $0.18 per ft.	79.92
Total Amount to be disallowed.	$466.20

EXTRA COPY DMEA RECEIVED NOV 27 1957		
DATE	INITIALS	CODE
11/27	gb	220
29	[illegible]	100
		800

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

Very sincerely yours,

RHC

N. E. Stokes
Audit Section

Harold B. Cooper
Fiscal Officer, Region III

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

224 New Customhouse
Denver 2, Colorado
November 21, 1957

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA 4577 (Uranium and Selenium) Contract Idm-E1091, Metals, Inc., (Skyline claims) Fremont County, Wyoming, Operator's Monthly Progress Report for the period July 25-August 25, 1957

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

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Bids were not submitted for bulldozer work; however, the bulldozing rates are in line with the standard rates prevailing in the project locality for the size and make of bulldozer used on the project. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Under Exhibit "A", Description of the Work, Stage I, of the Contract, the 11 solid black dots (Figure 5) represent holes that are to be drilled first, the maximum depth shall be 400 feet, and none of the holes shall extend more than 10 feet below the contact between the Wind River formation and the underlying Mesozoic and Paleozic rocks.

Several of the "long" holes have not been drilled; however, these holes are in an area of shallow Wind River sandstone, and the necessary geologic information has been furnished by other holes. Five of the long holes completed during the period penetrated more than 10 feet below the Wind River formation; therefore, the reported cost for the excess footage is to be disallowed as follows:

Hole No.	Total Depth	Base Wind River	Allowable Footage below Wind River	Total Allow. Footage	Excess Footage
5	240	220	10	230	10
8	165	140	10	150	15
25	240	150	10	160	80
28	270	90	10	100	170
47	310	131	10	141	169

Total excess footage---------- 444

Disallow:

Reported cost for 444 feet of non-core drilling at $0.87 per foot----------$ 386.28
Incidental Allowance for 444 feet of non-core drilling at $0.18 per foot---------- 79.92
Total amount to be disallowed----------$ 466.20

Reconciliation with Amount Reported by the Operator on Form MF-104 for the period

Amount reported on Form MF-104---------- 4,793.75
Amount to be disallowed---------- 466.20
Total accepted cost for the period---------- 4,327.55

Government participation at 75 percent----------$3,245.66

Remarks:

Date of Report----------September 26, 1957
Date Received in Field Office----------October 22, 1957
Date Received in Region Office----------November 20, 1957
Reason for delay: Held pending correction of report by Operator, and receipt of radiometric probing data.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JDC:hmh
cc: Chmn. Op. Comm. (2))
DMEA/DFC) w/complete report
MF-104 file, Reg. III)
Harshman) w/copy of
Townsend) Engr's report
Chron

DMEA
DEPARTMENT OF THE INTERIOR

NOV 20 1957
REGION III
DENVER, COLORADO

REGION III

Memorandum

Building 20
Denver Federal Center
Denver 2, Colorado
November 18, 1957

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

From: E. O. Binyon

Subject: Docket DMEA 4577 (Uranium and selenium) Contract Idm-R1091, Metals, Inc., (Skyling claims), Fremont County, Wyoming. -- Progress report for July 25 - August 25, 1957

The work completed during the subject period was inspected on October 9, 1957. No work was in progress and there was noequipment on or near the property. The operator could not be located. Each hole was checked as to location, depths, and radioactivity, and were found to be as reported by the operator. In those holes that, as specified in the Contract, are to be drilled 400 feet or to 10 feet below the contact between the Wind River formation and underlying Mesozoic and Paleozoic rock - holes No. 5, 8, 25, 28, 31, 47, 50, 53, 56, 78, and 81 - holes 5, 8, 25, and 28 and 47 have been over-drilled and the data are given below.

Claim	Hole No.	Drilled Depth	Depth to Cody Shale	Feet drilled over allowable footage	Footage allowed for payment
Skyline 2 (d-2)	5	240	220	10	230
" 4 (D-4)	8	165	140	15	150
" 1 (D1)	25	240	150	80	160
" 7 (D-7)	28	270	90	170	100
" 5 (D-5)	47	310	131	169	141
				444	781

Footage in remaining 20 holes---------- 3,000
Total footage allowed for payment---------- 3,781
Total footage claimed = 4,225 less 444 equals 3,781 feet.

Holes 50, 53, 56, 78, and 81 should, under terms of the Contract, have been the first holes drilled, however, holes No. 5, 8, 25, 28, and 47 which were drilled first, have given the necessary geologic data on the underlying formations, i.e. the depth of contact between the Wind River and underlying rocks, and it is believed that it is not essential that these holes be drilled prior to the other holes.

Hole 25 has been given a depth of 250 feet by the geologist, however, the drillers invoice gives the depth as 240 feet and this is the depth allowed.

A check of the cuttings from these holes with a geiger counter showed slight radioactivity in hole 4 from depths 122-125 feet, in

hole 9 at 90 and 120 feet and in hole 28 the reading was 1/2 to 2 background at about 86-88 feet. Only slight if any reading above background was obtained from the cuttings from the remaining holes.

In checking the MF-104 and MF-104A forms, only a minor error was found. Under "Units this month" and "Units to date" columns on the MF-104A for Standby time, the units shown as 10 should be 6 in both columns.

The correct amount approved for payment is as calculated below.

Footage claim	4,225 feet		
Footage disallowed	444 feet		
Footage for payment	3,781 feet at $0.87 per foot=		$ 3,289.47
Standby time			60.00
Bulldozing			297.50
Incidental allowance claimed 4,225 at $0.18 per ft.		$ 760.50	
Incidental allowance disallowed 444 feet at $0.18 per ft.		79.92	
Incidental allowance for payment			680.58
Total amount with disallowances			$ 4,327.55
Total amount approved for payment			$ 3,245.66

The amounts claimed for the drilling, standby time, and bulldozing work have been properly documented. It is recommended that the operator be paid $3,245.66, or the Government's share at 75% of $4,327.55.

The project work started on July 25, 1957.

E. O. Bingon
E. O. Bingon
Mining Engineer

EOB:es
cc: 6 w/orig
Idm-H1091
Chron

KENNETH McGRIFFIN
GEOLOGIST — GEOPHYSICAL ENGINEER
438 SOUTH MAIN STREET • PHONE EM 4-0202
SALT LAKE CITY 10, UTAH

October 31, 1957

DMEA
DEPARTMENT OF THE INTERIOR
NOV 1 - 1957
REGION III
DENVER, COLORADO

Mr. Cooper
DMEA
224 New Custom House
Denver 2, Colo.

Dear Mr. Cooper,

You may recall our telephone conversation last week concerning DMEA Docket 4577, Contract E-1091 covering a drilling project on claims held by Metals Inc. in Natrona County, Wyoming. The DH 25 log differed in depth from what the driller had given. I have looked up this hole in my field data and find that the 250 foot depth is correct and that my geologic log was copied incorredtly in the 60-250 foot interval. It should be as follows:

60-96	Ss. gy. fg-mg. has considerable clay, interbedded presumably.
96-131	Similar to above but slightly pebbly.
131-150	Cody shale with much wh. arkosic ss, some pebbles.
150-250	Cody shale.

I am sorry about this error but I thought I had checked out every thing in the report.

Yours Sincerely,

Ken Mc Griffin

Ken Mc Griffin

Wed. September 11, 1957

W. H. King, Executive Officer, DMEA
Field Team, Region III
Defense Minerals Exploratory Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 4577
(Uranium and Selenium)
Contract No. Idm-E1091
Metals, Inc.
(Skyline Claims)
Natrona County, Wyoming

Dear Sir:

In compliance with the Calendar Month Report of our DMEA contract we are forwarding and submit the original and 4 copies of each of the following forms to you: M.F. 104, Operator's Monthly Report and Voucher, and M.F. 104A, Operator's Unit Cost and Progress Report.

We have now completed the holes listed, as reported, and herewith submit and set forth the allowable and fixed-unit cost of Stage 1 under the Project for the number of holes as listed. The reports enclosed and signed by the geologist will fulfill all the requirements as set forth in your program to us. You will note each report has a signed narrative which describes the work performed, conditions encountered, and the results of the work. Each form is accompanied by a map which shows the location and extent of work completed.

We trust this report is entirely acceptable to you.

Very truly yours,

Charles S. Merrill
METALS, INC.

CSM/nm

CHARLES S. MERRILL and ASSOCIATE
1975 East Millbrook Drive.
Salt Lake City, Utah.

September 10th, 1957

COPY

To:
METALS INC.
670 South State Street
Salt Lake City, Utah.

STATEMENT:

For drilling on Skyline Claims Sec. 35, Township 34 north, Range 89 west, Natrona County, Wyoming - during July 25 to August 25, 1957 including bits, lodging, etc. on D.M.E.A. contract.

Holes - NO:	Depth:	Holes - No:	Depth:
DH 1	150 ft.	DH 14	150 ft.
2	150	15	150
3	150	25	240
4	150	26	150
5	240	28	270
6	150	32	150
7	150	33	150
8	165	34	150
9	150	39	150
10	150	40	150
11	150	41	150
12	150	47	310
13	150		4,225 ft.

Total footage: 4,225 x -.86 a feet - $3,675.75
standby time: 60.00

Total charge: $3,735.75

STATEMENT

Date 7/31 1957

To Metals Inc

Address 670 S State

City Salt Lake City, Utah

7/24-7/30	21.3 hours dozing @ 12.50 per hr	266.25
8/1	2½ hrs @ 12.50	31.25
		297.50

Geo White Const Co
Box 656
Riverton, Wyo

BK 882 Rediform

PROGRESS REPORT NO. 1

July - August 1957

INTRODUCTION:

This is a summary of the rotary non-core drilling results on the Skyline Claims, Section 35, T34N, R89W, Natrona County, Wyoming for the period July 25 - August 31, 1957. All the holes were drilled with portable rotary drill rigs using 4-1/4" rotary and rock bits on the 400' reconnaisance grid pattern prescribed in the DMEA Examination Report.

Water was used in drilling all the holes. Immediately after being drilled, the holes were gamma logged with a Babcol Probe Unit and the results recorded on an Esterline-Angus strip recorder. Drill cuttings were taken at 2 foot intervals and piled systematically near the hole drilled. After sufficient time for drying, the cuttings were examined and a geologic log compiled. Small samples were taken from each pile (2 foot interval), sacked and stored for further examination if it is needed.

This report consists of a written description portion, a drill hole location map, and geologic logs with radiation data of the holes. The samples taken at each hole and the gamma strip logs are at the project office near the property site.

GEOLOGY

The Skyline Claims are located in the northern part of Gas Hills District in central Wyoming. The rocks important to the uranium deposits of the region are a flat or gently dipping sequence of sandstones, clays, conglomerates and shales. All the rocks are characteristically soft or loosely consolidated. The conglomerates and sandstones consist mainly of poorly cemented arkosic or granitic debris. Schist, quartz and silicified shale fragments are also present in the conglomerate.

The Cody shale, a distinctive soft, dark gray rock, underlies the sequence mentioned above and is considered to be the "basement" for this uranium province.

In the property area the surface and near surface debris is conglomeratic and sandy. Soil cover is very light in the northern part of the claims where the subject holes were drilled. The topography slopes gently southerly, the average elevation being about 6920 feet. Adjacent holes seldom differ more than 10 feet in collar elevations even across terrain contours.

DRILLING RESULTS

Twenty five holes totaling 4141 feet were drilled and logged during the period July 25 - August 31, 1957. The holes, their depths and claim located on are summarized:

Drill Hole No.	Depth	Claim	Drill Hole No.	Depth	Claim
#1	150'	D-3	#14	150	D-4
2	150	D-4	15	150	D-4
3	150	D-4	25	240	D-2
4	150	D-1	26	150	D-2
5	240	D-2	28	270	D-7
6	150	D-3	32	150	D-6
7	150	D-3	33	150	D-6
8	165	D-4	34	150	D-6
9	150	D-4	39	150	D-5
10	150	D-1	40	150	D-6
11	150	D-2	41	150	D-6
12	150	D-2	47	210	D-5
13	150	D-3			

Drill Hole No. 8 was redrilled and Drill Hole No. 52, not listed above, was drilled but it caved immediately after the drill rods were pulled from the hole. The footages of these two caved holes are not included in the total above.

Drill Hole No. 4 located in the extreme northeast corner of the property had the highest radioactivity intersection. A 5 foot interval, 125'-130', indicated .06% uranium on the calibrated Dobbel counter used to log the hole. Traces of radioactivity up to .04% eU were detected in several other holes. The sensitivity of the Dobbel counter in this range of detection is low, hence little importance can be attached to these readings quantitatively.

The .06% eU intersection in Drill Hole 4 occurs in a thick arkosic sandstone section with minor intercalated clay and conglomeratic units. The radioactivity is associated with a clayey phase of the sandstone.

Most of the holes drilled had thick intersections of arkosic sandstone. Several of the holes also had notable intersections of interbedded clay (or mudstones) and sandstone or conglomerate. Drill Holes 4, 6, 10, 25, 32, 33, 39, and 47 are of interest in this respect. Their widespread and random separation gives no immediately recognizable pattern of favorability.

Pyrite was noted in cuttings from several of the holes. It is scant, generally is most concentrated in thin clay seams and in granitic debris. Red iron oxide is most common also in these rock types, indicating a probable pyrite origin. Sooty carbon was noted at a depth of 40 feet in Drill Hole 12. This was the only carbon occurrence noted in the drill cuttings.

The Cody shale which underlies the sediments most favorable to uranium deposits was intersected in several holes at depths ranging from 90 feet in Drill Hole 20 to 220 feet in Drill Hole 5. On the basis of these intersections, the top of the Cody has a gradient to the north or northeast of 4% - 6%. Should this gradient persist into the southwestern part of the property where lower topographic elevations are encountered, Cody intersections at 50-75 feet can be expected.

SUMMARY

Traces of radioactivity indicative of uranium have been detected in several of the holes drilled to date but nothing positive can be stated regarding the significance of these occurrences, or the geologic favorability of the property at this stage.

It is planned to continue drilling on the reconnaissance pattern prescribed in the DMEA Examination Report. Drilling of the special 400 foot deep holes, which have been neglected because of drilling difficulties, will have first priority. However, it seems probable that the Cody shale basement will be intersected at much shallower depths than 400 feet, so the urgency for drilling these holes is questionable.

Ken McGriffin

Ken Mc Griffin
Consulting Geologist-Geophysical Engineer

September 3, 1957

State of Utah

Re:

1091

In reply to your recent letter relative to the above company, our records show that the charter has been suspended for non-payment of corporate tax.

Date of suspension:_____

Very truly yours,

LAMONT S. [illegible]RONTO,
SECRETARY OF STATE

By_____
[illegible]

aa

LAMONT F. TORONTO
SECRETARY OF STATE
WENDELL L. COTTRELL
DEPUTY SECRETARY OF STATE

STATE OF UTAH
OFFICE OF THE SECRETARY OF STATE
SALT LAKE CITY

EXTRA COPY O. M. E. RECEIVED MAR 21 1960		
DATE	INITIALS	CODE
		800

March 10, 1960

Idm-E1091

UNITED STATES DEPARTMENT OF THE INTERIOR
Building 20- Federal Center
Denver 25, Colorado

Attention: J. W. Townsend, Executive Officer, OME

Dear Mr. Townsend:

With reference to your letter of March 2 1960, please be advised that the METALS, INC., is at the present time in Good Standing.

Sincerely yours,

LAMONT F. TORONTO
SECRETARY OF STATE

By [signature]
Clerk

11j

2 copies to Chairman
3-17-60

OME
DEPARTMENT OF THE INTERIOR
MAR 11

Building 20 - Federal Center
Denver 25, Colorado

March 2, 1960

Secretary of State
State of Utah Capitol Building
Salt Lake City, Utah

Re: Docket No. DMRA-4577 (Uranium-Selenium)
Contract No. IAm-E1091
Metals, Inc. (Skyline claims)
Natrona County, Wyoming

Dear Mr. Secretary:

Will you please advise the present status of Metals, Inc., as shown by your records. If the corporation is defunct, will you please advise the date the corporation was dissolved.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, CME
Field Team, Region III

BMC/ms

cc: Chmn. Op. Comm. (2)
Royalty corres E1091
Chron

EXTRA COPY
O. M. E
RECEIVED MAR 7 1960
DATE
800

Lake Hills

Thru The Years Quality Costs No More

Executive Offices
680 South State Street
Salt Lake City 2, Utah

DMEA-4577

February 26, 1960

E 1091

United States
Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Dear Mr. Townsend:

Metals Inc., at no time transfered any title or claim to any person. The claims were secured from Mr. and Mrs. Joe Vanti, who became stock holders in Metals Inc. As Metals Inc. is now defunct, we enclose no yearly assessments with the last four in the claims.

Very truly yours,

EXTRA COPY
O. M. E.
RECEIVED MAR 3 1960

DATE	INITIALS	CODE
		800

Chairman 2

FEB 26 1960

EXTRA COPY O. M. E RECEIVED FEB 28 1960		
DATE	IN...	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

February 23, 1960

Mr. Charles S. Merrill
Metals, Inc.
670 South State Street
Salt Lake City, Utah

Re: Docket No. DMEA 4577 (Uranium-Selenium)
Contract No. Em-E1091
(Skyline claims)
Natrona County, Wyoming

Dear Mr. Merrill:

In reference to advice in your letter of February 15, 1960, your attention is directed to the provisions of Article II(d) of form MF-200 (Revised June 1954), on which contract No. Em-E1091 is prepared, which is quoted in part as follows:

> "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."

The royalty payment provision under item 4 of the Termination Agreement dated April 14, 1958 is in lieu of certification. Therefore, the above quoted provision of the contract is effective.

We will appreciate receiving two true copies of the instrument whereby Metals, Inc. relinquished control of the property subordinated under the contract, which was acquired by Metals, Inc. from Helen F. Wentz by Quick-Claim Deed dated November 13, 1956.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, CMK
Field Team, Region III

JWT:mjs
cc: Chem. Op. Comm (2) w/cy ltr Feb 15, 1960
Royalty Corres E1091
Suspense
Chron

EXTRA COPY
O. M. E
RECEIVED FEB 26 1960

DATE	INITIALS	CODE

February 15, 1960

United States Department of the Interior
Office of Minerals Exploration
Building 20-- Federal Center
Denver 25, Colorado

Re: Docket No. DMEA 4577 (Uranium-Selenium)
Contract No. Idm-E1091
(Skyline claims)
Natrona County, Wyoming

Gentleman:

Please be notified that the Skyline Claims in Natrona County, Wyoming, are no longer in control of Metals Inc. No shipments of oar were made nor stock piled.

Metals Inc. is now defunct.

Very truly yours,

Charles S. Merrill

OME
DEPARTMENT OF THE INTERIOR
FEB 1 5 1960
REGION III
DENVER, COLORADO

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

DEC 30 1958

Mr. Charles S. Merrill, President
Metals, Inc.
28 East Seventh South
Salt Lake City, Utah

Re: Docket No. DMEA-4577 (Uranium and selenium)
Contract No. Idm-71091
Skyline Claims
Natrona County, Wyoming

Dear Mr. Merrill:

Reference is made to the subject contract which was terminated by mutual agreement on May 14, 1958.

By the terms of the Exploration Project Contract, as amended, and the Termination Agreement, all production of minerals from the land described in the contract, from May 29, 1957, is subject to the Government's percentage royalty as set forth in the contract until the sum of $5,547.59 is paid, or until May 29, 1967, whichever occurs first.

Payments should be made to the Executive Officer, OME Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado. Checks should be payable to the Office of Minerals Exploration, which is the successor to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward the check directly to the Executive Officer. Any bonus payments or allowances received by you from production are considered to be a part of the purchase price to which the Government's royalty applies. Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify the Executive Officer of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Your attention is especially called to Article 2 (d) of the contract relating to the preservation of the Government's right to a percentage royalty on production. Also, if production is not made for an extended period, please notify the Executive Officer at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

George C. Selfridge

MChing/glu 12-19-58

cc to: Director's Reading File
Frank E. Johnson
Frank D. Lamb, Rm. 3608
Contract Adm. & Audit
OME Field Team, Region III (2)

Audit's copy

8/15 J.J.g. 225 800

TERMINATION AGREEMENT

It is agreed this 14th day of May, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government", and Metals, Inc., hereinafter called the "Operator", parties to that certain Exploration Project Contract No. Idm-X1091, Docket No. DMEA-4577, dated May 29, 1957, as amended, hereinafter called the "Contract", that:

1. Effective October 1, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the allowable costs of work performed prior to October 1, 1957.

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

4. The total net amount contributed by the Government is repayable in the form of a percentage royalty on all minerals mined or produced from the land described in Article 2 of the Contract, which the Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer, (for example, if the Operator transfers or fails to retain its interest in the land), shall pay to the Government, in the same manner and amount and for the same period provided in the Contract as if certification of discovery or development had been made, said certification being hereby waived.

5. All rights of the Government respecting percentage royalty and liens to secure the payment thereof (as provided in paragraph 4 herein), reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

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

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

THE UNITED STATES OF AMERICA

By C. C. Mutterspaugh
Administrator, Strategic Minerals
Exploration Administration

METALS, INC.

By Frank E. Wanner

Title President

RECEIVED	
DATE	CODE

224 New Customhouse
Denver 2, Colorado
August 13, 1958

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4977 (Uranium-Selenium), Contract No. DMe-K1091, Metals, Inc. (Skyline claims), Natrona County, Wyoming

Enclosed are the Government's and Audit copies of the TERMINATION AGREEMENT, which was forwarded by your letter of May 15, 1958 for signature by the Operator.

Copies of the Termination Agreement have been distributed to the Operator, the Finance Office, and others concerned in Region III.

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures

JDC:prl

cc: Finance Office, Region III } w/copy of Termination Agreement.
Barnhart
Binyon DMEA/DFC
Corres. file
Cooper
Cleron.

Charles S. Merrill

28 EAST SEVENTH SOUTH
SALT LAKE CITY 2, UTAH

June 18, 1958

DMEA
DEPARTMENT OF THE INTERIOR
JUN 23 1958
REGION III
DENVER, COLORADO

E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

Re: Docket No. DMEA 4577 (Uranium and Selenium)
Contract Idm-E1091
Metals, Inc.
(Skyline claims)
Natrona County, Wyoming

Dear Mr. Harshman:

I have been unable to get anyone to finish the drilling on the Skyline Claims so I guess I can do nothing but give this matter up.

Therefore take notice that we do not intend to continue the project work.

Very truly yours,
Metals, Inc. by:

Charles S. Merrill

800

Copies Distributed to:
Chm. Op. Comm (2)
Harshman
DMEA, DFC (Bingson)
Cooper
Corresp. file, Reg III

800

224 New Customhouse
Denver 2, Colorado
November 25, 1957

Mr. Charles S. Merrill, President
Metals, Inc.
670 South State Street
Salt Lake City, Utah

Re: Docket DMEA-4577 (Uranium and Selenium)
Contract Idm-81091
Metals, Inc.
(Skyline claims)
Natrona County, Wyoming

Dear Mr. Merrill:

Referring to the last sentence on page 2, of EXHIBIT "A", attached to the Contract, pertaining to the remaining 74 holes to be drilled under Stage I:

Because of conditions encountered in the drilling to date which show the objective horizon to be at a shallower depth than was originally anticipated, effective this date the remaining holes shall not be drilled deeper than 150 feet, or shall not extend more than 10 feet below the contact between the Wind River formation and the underlying Mesozoic or Paleozoic rocks, whichever is the lesser depth.

An Amendment will be prepared effective this date to make appropriate changes to the portion of EXHIBIT "A", first referred to, and will be mailed to you for signature.

The foregoing is in conformance with the provisions stipulated in the 6th paragraph, page 2, of EXHIBIT "A", attached to the contract, which is quoted as follows:

> "The location, direction, inclination, and extent of all project work are subject to the approval of the Government."

Yours very truly,

Original signed by
E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

JDC:hmh

cc: Chmn. Op. Comm. (3)
Harshman
DMEA/DFC (Binyon)
Townsend
Corres.file, Reg.III
Chron

Audit Copy

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 9 1957

DATE	INITIALS	CODE

EXPLORATION PROJECT CONTRACT
METALS, INC.
DOCKET NO. DMEA 4577
CONTRACT NO. Idm-E1091

AMENDMENT NO. 1

It is agreed this 28th day of August, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Metals, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E1091, Docket No. DMEA 4577, dated May 29, 1957, hereinafter called the "Contract," that the Contract is amended, effective June 6, 1957, as follows:

1. The date fixed in Article 3, on or before which the Operator shall commence the work, is extended from June 6, 1957 to July 25, 1957.

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

Executed in quintuplicate the day and year first above written.

METALS, INC.

BY Charles S. Merrill
President

UNITED STATES OF AMERICA

BY E. M. Hawkins Acting
Executive Officer, DMEA
Field Team, REGION III

(Seal)

Metals Inc.

August 24, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 29 1957
DMEA - DENVER

DMEA
ARTMENT OF THE INTERIOR
AUG 26 1957
REGION III
DENVER, COLORADO

J. W. Townsend
Alternate Acting Executive
Officer, DMEA field Team,
Region III
224 New Customhouse
Denver, Colorado

Re: Docket No. DMEA 4577 (Uranium-Selenium)
Contract No. Idm-E1091
Metals, Inc. (Skyline claims),
Natrona County, Wyoming.

Dear Mr. Townsend:

In answer to your letter of July 3, written by Mr. King, and your letter of August 21, written by yourself, please be advised:

Work was begun under the above named contract on July 25, 1954.

Access roads, drilling sites, flagging of holes to be drilled, have been performed.

Work has not been suspended under this contract and is now being prosecuted on at a steady pace.

Mr. Kenneth McGriffin of 438 South Main Street, Salt Lake City, telephone - EM 4-0202 is the geologist for this project.

I hope you will excuse the delay in furnishing the above information, as there was some misunderstanding, combined with a lot of field complications. The drilling has been very rugged through heavy boulders and most drillers will not tackle the job. We have had some evidences of ore.

Very truly yours,

METALS, INC.
by

Charles S. Merrill

CSM/bm

Copies distributed to
HARSHMAN
DMEA, DFC
TOWNSEND
CORRES. FILE

ORIGINAL FILE COPY
DMEA
RECEIVED SEP 9 1957

DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado

September 6, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4577 (Uranium-Selenium), Contract No. Idm-E1091, Metals, Inc. (Skyline claims), Natrona County, Wyoming

Enclosed are the Government's and Audit copies of Amendment No. 1 to Contract No. Idm-E1091, which has been executed to extend the date fixed on or before which work will be commenced from June 6, 1957 to July 25, 1957.

Also enclosed are three copies of the Operator's letter of August 24, 1957, advising the date work was commenced.

Copies of the Amendment have been distributed to the Operator, the Finance Office, Region III, and to others concerned.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JWT:prl

cc: Finance Office,
Region III - w/copy of Amendment.
Harshman) w/copy of Amendment
DMEA/DFC (Binyon)) and Operator's
Corres. file) letter.
Townsend)
Chron.

EXTRA COPY
DMEA
RECEIVED 1957

DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado

August 21, 1957

CERTIFIED MAIL

Mr. Charles S. Merrill, President
Metals, Inc.
670 South State Street
Salt Lake City, Utah

Re: Docket No. DMEA 4577 (Uranium-Selenium)
Contract No. I6m-E1091
Metals, Inc.
(Skyline claims)
Natrona County, Wyoming

Dear Mr. Merrill:

A search of our files fails to indicate that we ever received a reply from you to our letter of July 3, 1957 relative to the extension of the date fixed in the Contract on or before which work was to be commenced.

Neither do we find evidence of your advice that work had been actually commenced under the Contract, other than your letter of June 24, 1957 wherein you advised that work would begin on July 2.

If work under the Contract was actually commenced, please advise the date. If work has not been started, please advise your plans relative to commencing the work, as the DMEA Contract cannot be maintained in an indefinite status.

We will appreciate a reply to the foregoing by return mail.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Alternate Acting Executive
Officer, DMEA Field Team,
Region III

JWT:prl

cc: Chmn. Op. Comm. (2)
Harshman
DMEA/DFC (Binyon)
Townsend
Corres. file
Chron.

MME Form 14
Sept. 1958

Contract No. Idm-E) 1091
14-23)

Docket No. DMEA) 4577
MME)

Date of Action 1/30/59

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Terminated contract

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor: Metals, Inc.
670 South State Street
Salt Lake City, Utah

Date of Contract	Region	State	Commodity
May 29, 1957	III	Wyoming	Uranium & Selenium

	Reserve	Obligation
Prior Amount	0	23,799.00
Increase	0	0
Decrease	0	18,251.11
Revised Amount	0	5,547.89

Remarks:

cc: 800
210

43244

DMEA Form 14

Contract No. Idm-E 1092

Docket No. 4577

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
May 29, 1957	III	WYOMING	Uranium & Selenium

Name and Address of Operator: Metals, Inc.
670 South State Street
Salt Lake City, Utah

	Reserve	Obligation
Prior Amount	$23,799.00	0
Increase	0	$23,799.00
Decrease	$23,799.00	0
Revised Amount	0	$23,799.00

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 6/13/57

16416

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 13 1957

DATE	INITIALS	CODE
		800

Audit Copy

MF-200
(Revised June 1954)

DMEA
DEPARTMENT OF THE INTERIOR
JUN 5 - 1957
REGION III
DENVER, COLORADO

Docket No. DMEA 5977

Commodity Uranium & Selenium

Contract No. IdM-E 1091

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 29 MAY 1957 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] Metals, Inc., a Utah corporation, whose mailing address is 670 South State Street, Salt Lake City, Utah, 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 3)

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 Converse, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a Quit Claim Deed, [7] recorded in Book 153, page ....., official records of said County; and

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

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

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

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

.....

.....

(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 & Selenium. The work to be performed is described in Exhibit "A." The Operator on or before June 6th 1957 shall commence the work, and on or before November 30, 1957 (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 costs set forth in Exhibit "A" except as otherwise provided in Exhibit "A" with respect to stages of work. (See Annex II.)

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 $31,732.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $23,799.00: *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~~ See Annex II.

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. See Annex II.

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

See Annex II.

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.*—

See Annex II.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mittendorf

Administrator, Defense Minerals Exploration Administration

METALS, INC.
(Operator)

By Charles L. Merrell
President

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

M. M. Richey

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
METALS, INC.
DOCKET NO. DMEA-4577

ANNEX I

The land referred to in Article 2 of the Contract consists of 15 unpatented lode mining claims situated in sec. 35, T. 34 N., R. 89 W., 6th P.M.&B., Natrona County, Wyoming. The land is shown on the map entitled "Figure 5. Recommended Drill Holes --------, attached hereto and made a part hereof.

Notices of location of the claims are recorded in the Office of the County Recorder, Natrona County, Wyoming, as follows:

Claim	Book	Page	Date Recorded
Skyline 1	49	451	Sept. 5, 1956
Skyline 2	48	522	Sept. 5, 1956
Skyline 3	48	524	Sept. 5, 1956
Skyline 4	48	526	Sept. 5, 1956
Skyline 5	48	528	Sept. 5, 1956
Skyline 6	48	530	Sept. 5, 1956
Skyline 7	48	532	Sept. 5, 1956
Skyline 8	48	534	Sept. 5, 1956
Skyline 9	48	536	Sept. 5, 1956
Skyline 10	48	538	Sept. 5, 1956
Skyline 11	48	540	Sept. 5, 1956
Skyline 12	48	542	Sept. 5, 1956
Skyline 13	48	544	Sept. 5, 1956
Skyline 14	48	546	Sept. 5, 1956
Skyline 15	48	548	Sept. 5, 1956

The above claims were transferred to Metals, Inc., by Helen F. Wentz by Quit Claim Deed, dated November 13, 1956.

EXPLORATION PROJECT CONTRACT
METALS, INC.
DOCKET NO. DMSA-4577

ANNEX II
(Article 13. Changes and Added Provisions)

(a) Annex II is added to the items listed in Article 1 as a part of this Contract.

(b) That part of the last sentence of Article 3 beginning with the word "either" is deleted and replaced by the words "have completed the work, except as otherwise provided in Exhibit 'A' with respect to stages of work."

(c) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(d) Categories (2) through (7) of Article 6(a) are deleted.

(e) In addition to the costs of work estimated in Exhibit "A" by categories of actual costs, the costs of work requirements specified in Exhibit "A" as "Fixed Unit Costs" are allowable costs of the project. The Government will contribute to the fixed unit costs as work units are performed. A "Fixed Unit Cost" is an agreed price for each unit of work to be performed regardless of costs incurred by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the Contract.

(f) In the last sentence of Article 6(c), the words "Article 8" are substituted for the words "Article 9."

(g) Notwithstanding any other provision of the Contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the contract.

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EXPLORATION PROJECT CONTRACT
METALS, INC.
DOCKET NO. DMEA-4577

EXHIBIT "A"

Description of the Work

General Provisions

The work consists of exploration by non-core drilling to test the potential ore-bearing sandstones of the upper Wind River formation of Eocene age.

Since the known ore deposits in the area do not exceed 150 feet in depth, drill holes shall bottom at that depth unless specific provisions are made herein for deeper drilling.

In the case of dry non-core drilling, cuttings shall be collected with a Duclone or similar sample collector. Where wet non-core drilling is done, provisions shall be made for taking satisfactory sludge samples. Samples shall be taken at two-foot intervals in either case.

Cuttings from all drill holes shall be checked for radioactivity. Samples indicating significant mineralization shall be split into halves; one half shall be analyzed chemically for uranium and one half shall be properly labeled and stored for the use of the Government. The unmineralized cuttings also shall be labeled and stored for inspection by the Government. At the completion of the project, upon Government approval, all stored samples may be disposed of by the Operator.

Mineralized zones containing uranium associated with pyrite may also contain recoverable by-product selenium. If the drill cuttings and radiometric probing of a hole indicate the presence of a minable thickness of uranium ore in such a zone, a composite sample covering the entire minable thickness of the zone shall be made up from the cuttings and such composite sample shall be analyzed for selenium by chemical or X-ray spectrographic methods.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports.

No drill hole shall be drilled closer than 100 feet to the outer boundaries of the land described in Annex I.

No payment shall be made by the Government for incompleted drill holes.

All bulldozer work shall be performed with a D-6, D-7 or larger unit bulldozer or an equivalent unit of other make. If a D-6 bulldozer or equivalent unit is used the allowable hourly rate shall be reduced from $12.50 to $10.00 and the number of allowable hours increased accordingly.

The project shall be supervised at all times by a competent geologist or mining engineer who shall devote full time to the project work.

The location, direction, inclination, and extent of all project work are subject to the approval of the Government.

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

Stage I

Prepare access roads and drill sites and drill approximately 85 holes aggregating an estimated 15,500 feet, as indicated on the map, Figure 5. The holes of the grid pattern are at intervals of 400 feet and oriented so that the northeast-southwest diagonals parallel the assumed trend of mineralization. The 11 solid black dots represent holes that are to be drilled first. The maximum depth of these holes shall be 400 feet, and none of them shall extend more than 10 feet below the contact between the Wind River formation and the underlying Mesozoic or Paleozoic rocks. The remaining 74 holes shall be drilled to a uniform depth of 150 feet.

Stage II

Prepare access roads and drill sites and drill not more than 68 holes aggregating not more than 12,200 feet as offsets to previously drilled holes which penetrated mineralized material. Deep offsets exceeding 150 feet shall not be drilled closer than 150 feet from any of the 11 Stage I deep holes. Offsets 150 feet in depth shall not be drilled closer than 100 feet from any previously drilled hole.

Estimated Costs of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

15,500 feet non-core drilling @ $0.87/ft.	$13,485.00	
24 hours drill crew standby time @ $10.00/hr.	240.00	
24 hours bulldozing @ $12.50/hr.	300.00	
Categories (2) through (7)	None	$14,025.00

Fixed Unit Costs (See Article 13)

Incidental allowance* for each foot of drilling completed, 15,500 feet @ $0.18/ft.	$ 2,790.00	
100 chemical analyses for U_3O_8 @ $3.50 each	350.00	
50 analyses for selenium @ $10.00 each	500.00	3,640.00
Estimated Total Cost of Stage I		$17,665.00

Stage II

Actual Costs

Category (1) Independent Contracts

12,200 feet non-core drilling @ $0.87/ft.	$10,614.00
20 hours drill crew standby time @ $10.00/hr.	200.00

Stage II (Cont'd)

Actual Costs (cont'd)

16 hrs. bulldozing @ $12.50/hr.	$ 200.00	
Categories (2) through (7)	None	$11,014.00

Fixed Unit Costs (See Article 13)

Incidental allowance* for each foot of drilling completed, 12,200 feet @ $0.18/ft.	2,196.00	
102 chemical analyses for U_3O_8 @ $3.50 each	357.00	
50 analyses for selenium @ $10.00 each	500.00	3,053.00
Estimated Total Cost of Stage II		$14,067.00

SUMMARY OF COSTS

Estimated Total Cost of Stage I	$17,665.00
Estimated Total Cost of Stage II	14,067.00
Estimated Total Cost of the Project	$31,732.00
Government participation @ 75%	$23,799.00

* Includes all costs that might otherwise be allowable costs of the project under Categories (1) through (7) of Article 6(a), except as otherwise scheduled in Exhibit "A."

224 New Customhouse
Denver 2, Colorado

June 11, 1957

EXTRA COPY
D M E A
RECEIVED JUN 18 19
DATE
DMEA 1

CERTIFIED MAIL

Metals, Inc.
670 South State Street
Salt Lake City, Utah

Re: Docket No. DMEA 4577
(Uranium and Selenium)
Contract No. Idm-E1091
Metals, Inc.
(Skyline claims)
Natrona County, Wyoming

Gentlemen:

Enclosed herewith is the "Operator's Copy" of Exploration Project Contract No. Idm-E1091, Docket No. DMEA 4577.

Also enclosed are six copies of form MF-104, "Operator's Monthly Report and Voucher," and six copies of form MF-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced and monthly thereafter, you are required to submit the original and four copies of each form to the Executive Officer, Defense Minerals Exploration Administration, 224 New Customhouse, Denver 2, Colorado. The extra copy is for your records.

Forms MF-104 and MF-104A are to be combined into five sets of one of each form; each set of the combined forms is to be accompanied by a map or sketch showing the location and extent of work performed and a signed narrative report which describes the work performed, conditions encountered, and results of the work. The monthly accounting report will not be processed for reimbursement to you unless it is accompanied by a signed narrative report and other required or pertinent data. Additional copies of forms MF-104 and MF-104A will be forwarded to you each month on receipt of your report for the prior month.

For your information and in reply to many questions that have been asked, after forms MF-104 and MF-104A are received, an engineer will check progress and approve your accounts, after which they will be sent to the Regional Office, Region III, U. S. Bureau of Mines, 224 New Customhouse, Denver 2, Colorado, for administrative

examination and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the approved costs. If you have any difficulty in completing these forms and the reports, please call on this office for assistance.

In the matter of your claim for reimbursement of drilling costs under the terms of the contract, reimbursement to you will be on the basis of a hole or holes completed to the objective, which has, or have been drilled in compliance with the conditions under the "General Provisions" section of Exhibit "A" of the contract and the special conditions pertaining to the drilling under each stage. Therefore, your monthly report should include only such holes which are completed to that extent, and the required records made a part of your claim for reimbursement.

The contract is prepared on form MF-200, and under its provisions and as outlined in Exhibit "A" of the contract, the allowable costs are a combination of actual costs with a maximum average unit cost established for work under "Category (1)" and fixed unit costs for performing the remaining items of work or services. Under the provisions of Exhibit "A", the work under "Category (1)" is to be performed by subcontract. The costs recorded under item "(1)" on form MF-104 for such work must be supported each month by a signed copy of the billing from the subcontractor. Amounts reported on the basis of the "Fixed Unit Costs" require no documentation as they are otherwise verified.

In the event you desire to perform the work under "Category (1)" on company account instead of subcontracting it, as provided in the contract, it will be necessary that you request and obtain an appropriate amendment to the contract before reimbursement can be made to you for the Government's portion of the allowable incurred costs.

Your requests to this office for work approval, changes in the contract, or any other communication pertaining to operations under the contract, must be in writing, of which please supply the original and five copies, each copy complete with maps or other pertinent data. Each request for action by this office must pertain to one matter only and such requests are not to be incorporated in your narrative report accompanying monthly progress report forms MF-104 and MF-104A.

The locations of holes to be drilled under Stage I are indicated on the map, "Figure 5," attached to the contract. Should conditions encountered necessitate or make desirable a change in the location of any of the holes, approval of this office for the change must be obtained prior to performance of the drilling. Otherwise, the drilling may not be acceptable for reimbursement to you under the terms of the contract.

Your attention is directed to the provision that Stage II work is contingent on the results obtained from Stage I, and performance of the work under Stage II is subject to the prior written approval of the Government.

When the work under a stage has been completed, you must request approval from this office for the work you propose to perform under the next stage. Your request for the work approval must be in sextuplicate, each copy complete with a map showing the locations of holes previously drilled and the locations of the holes you propose to drill under the next stage. Your request should be complete with drill logs, results of radiometric probing, chemical analyses, and any other pertinent data concerned with the prior work which will be of value to the Government in appraising the work performed under the prior stage.

You should anticipate a suspension of operations between stages of work, to enable the Government geologist and engineer to evaluate the results of the work performed and make their recommendations to this office relative to the additional work you propose.

To eliminate as much delay to operations as possible, if that is of serious consideration, you should expedite forwarding of the results of the work completed and your request for the Government's approval of the additional work you propose.

No oral statement of any person shall be construed to modify or change the terms of the contract. Field representatives of the Government are not authorized to approve any changes in the work program or contract provisions. Such approval can only be given by the Washington Office, DMEA, or by the DMEA Field Team, Region III.

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. It is a requirement and imperative that you notify this office in writing the date work actually commences under the contract.

Very truly yours,

W. H. KING

W. H. King
Executive Officer, DMEA
Field Team, Region III

JWT:prl

cc: Chan.Op.Comm.-3
Finance Office, Reg. III
Amendment file, Reg. III
Barshman
DMEA/DFC
Townsend
Corres. file
Chron.

DMEA Form 14

Contract No. Idm-E 1091

Docket No. 4577

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
May 29, 1957	III	Wyoming	Uranium & Selenium

Name and Address of Operator: Metals, Inc.
670 South State Street
Salt Lake City, Utah

	Reserve	Obligation
Prior Amount	0	0
Increase	$23,799.00	0
Decrease	0	0
Revised Amount	$23,799.00	0

Remarks:

ALLEN S. DAKAN

(Name)

Allen S. Dakan, Chief
Operations control and
Statistics Division

(Title)

Date Delivered to Bureau of Mines, Washington 5/29/57

16416

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

EXAMINATION REPORT
DMEA 4577

PREPARED FOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

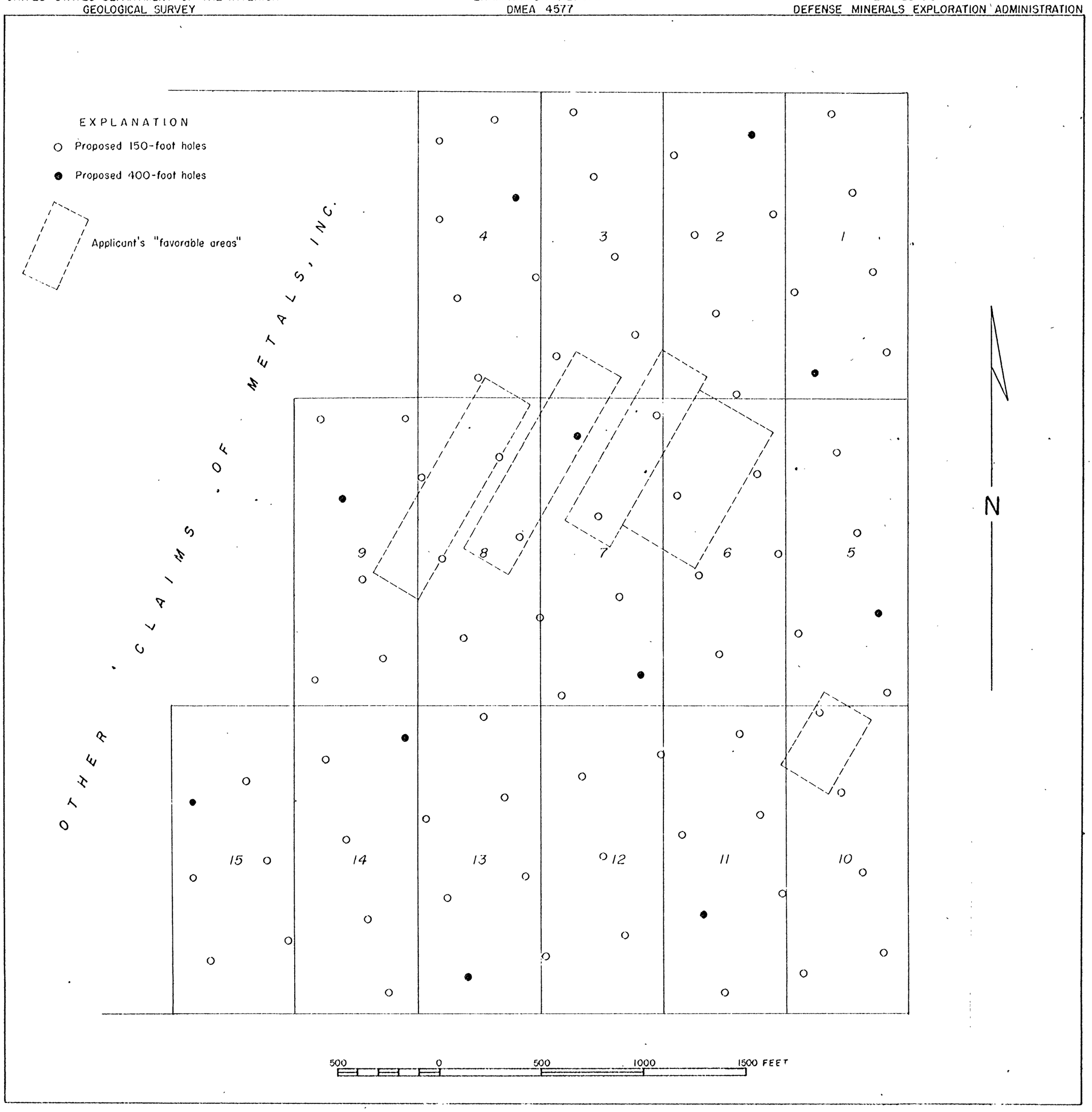

FIGURE 5. RECOMMENDED DRILL HOLES
METALS, INC., SKYLINE CLAIMS
T. 34 N., R. 89 W., NATRONA COUNTY, WYOMING
DMEA DOCKET 4577