Audited

Certified

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of May 10, 1955
Incl. Voucher for Feb., 1954

[ ] Actual Cost
[X] Agreed Unit Costs

Name Intercounty Corporation, Assignee of American Mining Company

State Colorado

Commodity Uranium

Docket No. 2878

Idm-E No. 501

| OPERATION | AUTHORIZED Units | AUTHORIZED Cost | COMPLETED Units | COMPLETED Cost | NET COST |
|---|---|---|---|---|---|
| Drifting & Crosscutting | 450 | $30.00 | – | – | – |
| Raising | – | – | – | – | – |
| Shafts | – | – | – | – | – |
| Winzes | – | – | – | – | – |
| Drilling (Specify) | – | – | – | – | – |
| Surface Excavation | | | | | |
| Underground Excavation | | | | | |
| Roads and Trails | | | | | |
| Operating Equipment Purchased | | | | | |
| Surface Rehabilitation & Repairs | | 562.50 | | 562.50 | 562.50 |
| Underground Rehabilitation | | 14,450.00 | | 3095.44 | 3095.44 |
| New Building, Improvements, etc. | | – | | – | – |
| Other (Specify) Assaying | | 487.50 | | – | – |
| Totals | | $19,000.00 | | 3,657.94 | 3657.94 |

Prepared by Michael Ching

May 10, 1955

Project Summary Report

By: Michael Ching

1. Docket No. DMEA-2878 (Uranium, lead, incidental gold and silver)
Contract No. Idm-2568

Operator - Intercounty Corporation
(Assignee of American Mining Company)
c/o G. C. Ridland, Secretary
403 Interstate Trust Building
Denver 2, Colorado

Property - German Mine, consisting of 6 patented lode mining claims; German, North German, German Annex, German No. 2, Belcher, and Ima, located in Sections 14 and 15, T. 3 S., R. 73 W., 6 P.M., Gilpin County, Colorado.
Operator is the Lessee. Owner's Consent to Lien, dated December 11, 1952, executed by Uranium Company of America and Gold Uranium Mining Company

2. Contract dated March 24, 1953 (Short Form)

Work authorized -

| | | |
|---|---|---|
| Stage I | - Repair hoist and compressor house, install hoist and pump, dewater and rehabilitate shaft to 600 level | $5,012.50 |
| Stage II | - Assay 65 samples for uranium, lead, gold, and silver | 487.50 |
| Stage III | - 450 feet drifting, crosscutting or raising @ $30.00 per foot | 13,500.00 |
| | Estimated total cost of project | $19,000.00 |
| | Government participation @ 90% | $17,100.00 |

Amendments -

Amendment No. 1, dated November 6, 1953, extends final starting date from May 23 to September 15, 1953, and completion period from 10 months to 14 months. Annex I is substituted for Art. 6 of contract form.

A completed -

I. Repair hoist and compressor house, install hoist and pump, dewater and rehabilitate shaft to 442-ft. level $3,657.94

Stages II and III were not allowed by Field Team.

Total accepted cost of project $3,657.94

The work was started on September 14, 1953, and suspended in February, 1954. The contract was terminated under its terms by Notice dated April 26, 1954.

3. Auditor's Report of Review, dated June 23, 1954.

| | |
|---|---|
| Total cost as billed by contractor | $5,012.50 |
| Exceptions | 1,354.56 |
| Total accepted cost | $3,657.94 |
| Government participation @ 90% | $3,292.15 |

4. Certification of Discovery - None.

5. Comments -

Due to organizational or financial difficulties, there was unreasonable delay on the part of the Operator in starting the work. The work was done very slowly, but the quality was good. Operator reported actual cost of the work done as approximately $14,000.00.

The project was designed to make the German-Belcher mine accessible for examination and sampling. If justified by the assays, drifting, crosscutting and raising on the vein was planned.

The mine was made accessible to the fifth or 436-foot level which is apparently the bottom level. The shaft had been reported as 600 feet deep, but there is now considerable doubt as to whether it extends much below the bottom of the present sump at the 442-foot mark.

The field examiners checked the five levels of the old workings with Geiger counter and scintillometer and cut five samples to check some of the better samples taken earlier by the Operator on the three upper levels. Two of the five samples were of ore grade but one had a width of only 4 inches and the other 12 inches. The radiometric survey indicated radioactivity about four times background near an old stope on the 128-foot level and maximums of three times background on the 192 and 252-f ot levels. Small stringers and lenses of pitchblende and torbernite were found in the three upper levels at scattered and irregular intervals.

Radiometric measurements in the two lower levels did not give readings above background. The Operator took 36 samples on the two lower levels, only one of which showed slight uranium mineralization.

It was concluded that although small pods and stringers of high-grade pitchblende occur in the mine at irregular intervals, particularly along and above the 128-foot level, they are so small and so few that additional exploration is not likely to result in a significant discovery.

Past production of uranium ore at the German-Belcher mine was mostly in conjunction with gold and silver mining. Between 1909 and 1913 about 8 tons of 10 percent $U_3O_8$ was sorted out and shipped. There was some additional production about 1927, and in 1933.

The work completed under this project has indicated that neither certification of discovery nor participation in further exploration is warranted by the Government.

/s/ Michael Ching

Michael Ching

MChing/gla
cc to: Admr.'s Reading File
Operating Committee
Docket (original)
Code 700 contract file
Mr. Ching

3/28/55 gla.

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

COPY

224 New Customhouse
Denver 2, Colorado

March 16, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket DMEA 2878 (Uranium-Lead), Contract Idm-E501, Intercounty Corporation, German Mine, Gilpin County, Colorado

Enclosed are the following final reports pertaining to work completed under the subject contract:

1. Original and one copy of the operator's final report.

2. Original and three copies of the final geologic report by the U. S. Geological Survey.

3. Original and three copies of the final engineering report by the U. S. Bureau of Mines.

Final payment to the operator was processed by this office March 7, 1955, in conformance with the Report of Review by the Contract Administration and Audit Division dated June 23, 1954.

The exploration work completed consisted of repair of hoist and compressor house and installation of hoist and pump, dewatering of the mine to a depth of 442 feet, and rehabilitation of 250 feet of the shaft, at a total accepted cost of $3,657.94 in which the Government participated to the extent of 90% or an amount of $3,292.15.

Results of the work completed under Stage I indicated that Government participation in the costs of work under Stages II and III was not warranted, therefore the contract was terminated upon completion of Stage I by notice of April 26, 1954.

Inasmuch as the exploration work completed did not result in a discovery or development of uranium-lead ore, a certification of such is not recommended.

/s/ W. M. TRAVER
W. M. Traver

/s/ E. N. HARSHMAN
E. N. Harshman

Reviewed by
DMEA OPERATING COMMITTEE
3-25-55

Enclosures

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver 2, Colorado

June 4, 1954

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 2878, German-Belcher Mine, Gilpin County, Colorado

Enclosed are 11 copies of the final geologic report by D. R. MacLaren of the U. S. Geological Survey covering the above docket.

Mr. MacLaren concludes that although small pods and stringers of high grade pitchblende occur at irregular intervals in the German Belcher mine, they are so small, so few, and so irregularly spaced that additional exploration will not result in a significant discovery of uranium ore. He further concludes that since no ore was found by the limited exploration accomplished under the contract, no Certificate of Discovery should be issued.

E. M. Hausman
for A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Enclosures (11)

Referred by
DMEA OPERATING COMMITTEE
3-25-55
(Date)

Final FT report received 3/28/55

# GERMAN-BELCHER MINE

# GILPIN COUNTY, COLORADO

DMEA DOCKET 2878

Final Geologic Report

3-25-55

By D. R. MacLaren
U. S. Geological Survey

GERMAN-BELCHER MINE
GILPIN COUNTY, COLORADO

## INTRODUCTION

On March 24, 1953, the American Mining Company and the Defense Minerals Exploration Administration executed contract Idm-E501 for the purpose of exploring for uranium in the German-Belcher mine, Quartz Hill district, Gilpin County, Colorado. The contract was set up in three stages, the start of stages II and III depending upon the results of the stage preceding. Stage I provided for rehabilitating and installing surface facilities, dewatering the mine to the 600-foot level, and rehabilitating the German shaft. Stage II provided for assaying 65 samples for uranium, and 65 samples for gold, silver, and lead. Stage III provided for drifting, crosscutting, and raising a combined total of 450 feet. The estimated cost of the project was $19,000 (the Government's share 90% or $17,100).

The American Mining Company assigned the exploration contract and their property leases to the Intercounty Corporation effective September 1, 1953, and on September 14, 1953, the latter corporation started work. In a letter dated February 10, 1954, the Intercounty Corporation advised the Field Team that stage I had been completed and requested authorization to proceed with stage II or stage III. An examination of the workings resulted in the conclusion that the chance of making a significant discovery of uranium ore was poor and it was recommended that no further Government funds be spent to explore for uranium on this property. Notice of termination of contract was forwarded to the operator April 27, 1954.

## GEOLOGY

Bastin and Hill (1917) have described the geology of the Quartz Hill district in U. S. Geological Survey Professional Paper 97. Pre-Cambrian biotite schist and granite gneiss have been intruded by bostonite dikes of Tertiary age. Northeast to easterly striking fissures that dip steeply north or south have been filled by veins that contain gold, silver, and pyrite with some chalcopyrite, galena, and sphalerite, in a gangue of quartz and brecciated wall rock. Most of the wall rocks are silicified and pyritized for short distances away from the veins.

The Berman-Belcher vein was formed in a fissure that strikes about N. 78° E. and dips 70° to 82° S. The vein has been developed by a shaft, said to be 600 feet deep, from which levels have been turned at depths of 128 feet, 192 feet, 252 feet, 375 feet, and 432 feet below the shaft collar.

A radiometric survey of the workings, made by scintillometer and geiger counter, indicated radioactivity to be about four times background on the 128-foot level below a partially filled stope, and to be equally strong at the stope back although no uranium minerals were seen. On the 192-foot level radioactivity reaches a maximum of three times background. Along one fifteen foot interval there are several small stringers and lenses of pitchblende in the drift back. On the 252-foot level radioactivity does not exceed three times background. On this level, along a six foot interval there are a few small lenses of pitchblende up to one-quarter inch long, while along another interval about ten feet long, there are short, narrow, lenses and stringers of torbernite. On the 375-foot and 432-foot levels, there is no detectable increase in radioactivity above background.

Assay records of 118 channel samples taken from the upper three levels by G. C. Ridland in 1948 were furnished with the original application

for DMEA assistance and are filed with Docket 1448X. Only 30 of these samples were assayed for uranium, and of this number 23 assayed .15% $U_3O_8$ or less, while the entire 30 weighted for length of cut but not for distance between cuts, averaged .152% $U_3O_8$. However, due to the smallness of the pitchblende pods, streaks, and lenses and the erratic, spotty high grade assays, averages do not mean much. On the one hand, some eight tons of ore was up-graded by hand sorting to 10% $U_3O_8$, while on the other hand, the entire 118 samples taken, including the nil assays, average .03% $U_3O_8$. Assuming that the 30 samples assayed for uranium represent half the tonnage produced and that the up-graded material represents the other half, the probable grade of the uranium bearing areas is about .11% $U_3O_8$. Five of the channels from which Ridland sampled were accessible to the examiners and check samples were taken. The comparative results are as follows: (R-number: Ridland samples; MMS-number: Examiners' check samples; NA: no assay).

| Sample No. | Width of cut in inches | % $U_3O_8$ | oz./ton gold | oz./ton silver | % lead | % zinc |
|---|---|---|---|---|---|---|
| R-27 | 14 | .39 | .04 | .68 | NA | NA |
| MMS-40 | 12 | .27 | .03 | .40 | .10 | .37 |
| R-24 | 12 | .25 | .05 | 2.00 | NA | NA |
| MMS-41 | 12 | .022 | .05 | .20 | .35 | .80 |
| R-54 | 12 | .15 | .04 | .50 | NA | NA |
| MMS-42 | 12 | .010 | <.005 | <.10 | .07 | .05 |
| R-58 | 14 | 1.00 | .18 | 2.36 | NA | NA |
| MMS-43 | 11 | .004 | .005 | .10 | .07 | <.05 |
| R-30 | 20 | .85 | 1.58 | 2.30 | NA | NA |
| MMS-45 | 4 | .46 | (calculated, .39%x1.18) | | | |

Although the general lack of agreement between the original and check samples may be due in part to such factors as inaccuracy or improved methods of assaying, differences in the manner of sampling, and possible oxidation and leaching, it is more probably due to the smallness and

irregularity of the individual pods and sheets containing uranium and other metals.

Samples taken by the operator from the 375-foot and 432-foot levels were checked by scintillometer and geiger counter. None of the samples showed the slightest signs of radioactivity above background although a chemical analysis shows .01% $U_3O_8$ in one sample taken on the 432-foot level. There is a very slight increase in the amount of lead, zinc, and silver on the lower levels, while the gold values remain about the same.

The general low grade, irregularity, and small size of the ore sheets is further indicated by considering the available production figures. From the volume of untilled portion of the stopes above the 128-foot level, it is estimated that about 1,900 tons of ore has been extracted, excluding vein material hoisted during drifting operations. Production records, compiled from various sources, indicate a total of 8.08 tons of ore having an average grade of 10.03% $U_3O_8$ have been mined. In otherwords, only .42% of the total ore extracted from the stopes above the 128-foot level could be up-graded to 10% $U_3O_8$.

## CONCLUSIONS AND RECOMMENDATIONS

Although small pods and stringers of high grade pitchblende occur in the German-Belcher mine at irregular intervals, particularly along and above the 128-foot level, it is concluded that they are so small, so few, and so irregularly spaced that only eight tons of ore averaging 10.03% $U_3O_8$ could be sorted from some 1,900 tons of rock mined above the 128-foot level; that the average grade of the entire 1,900 tons is .11% $U_3O_8$ that radioactivity decreases with depth and cannot

be detected on the two lowest levels; and that the chance of making a significant discovery of uranium ore in this mine is poor.

No ore was found, and therefore it is not recommended that a discovery be certified. It is recommended that no more Government funds be spent to explore for uranium in this mine.

## REFERENCES

Bastin, E. S. and Hill, J. M. (1917) U. S. Geological Survey Prof. Paper No. 94; Economic geology of Gilpin County and adjacent parts of Clear Creek and Boulder Counties, Colorado, 379 pp., 23 pls., 1917

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

21

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
August 27, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 2873, Contract Idm-E501 (Uranium) Intercounty Corporation (German-Belcher mine) Gilpin County, Colo.

Transmitted herewith are the original and 10 copies of a final engineering report on the subject contract by M. H. Salsbury.

Salsbury concludes that by this contract and other operations by Government agencies, individuals, or mining companies, Quartz Hill has been proven to a poor target for the discovery of pitchblende in significant amounts, believing that there is little likelihood of exploration developing ore deposits of commercial importance. He does not recommend additional exploration, either with Government assistance, or privately financed, and in the case of the German-Belcher, recommends that a Certification of Discovery or Development not be made.

I agree with his conclusions and recommendations.

W. M. Trever

W. M. Trever

WMT/ici

cc: 10
E501
DMEA Chron.

Reviewed by
DMEA OPERATING [illegible]
3-25-55
(Date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

# FINAL ENGINEERING REPORT

DMEA 2678, Exploration Project Contract Ind-8601

Sampson-Baldwin Mine

Intermountain Corporation

Gilpin County, Colorado

Premium

M. H. Salisbury, Mining Engineer
Bureau of Mines

July 27, 1954

3-25-55

DMEA 2878
Contract Idm-2561

GERMAN-BELCHER MINE
INTERCOUNTY CORPORATION
GILPIN COUNTY, COLO.

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DMEA 2878
Contract Idm-E501

GERMAN-BELCHER MINE
INTERCOUNTY CORPORATION
GILPIN COUNTY, COLO.

# FINAL ENGINEERING REPORT

By

M. H. Salsbury

## SUMMARY AND INTRODUCTION

In 1951, the Uranium Company of America, a Colorado corporation, applied for a Defense Minerals Exploration Administration loan of $25,000.00 for exploration for uranium, lead, and zinc on a group of claims in Gilpin County, Colo. The original docket was DMA 1448X.

An examination of the property was made by a DMEA Region IV examining team, and a reduced exploration program recommended at the same estimated cost, $25,000.00, but with Government participation computed at 90 percent for uranium only, or $22,500.00. A long-form contract, Idm-E270, was accepted by the applicant late in 1951, but work was not started, probably because of difficulty in raising capital. In the next 18 months, two assignments of the contract were made to other corporations organized by the same promoters. The final holder was the Intercounty Corporation, a subsidiary of a fourth company, the Atomic Uranium Corporation, operator of the adjoining Alps mine.

The original contract was canceled during these changes and a new short-form contract, Idm-E501, calling for an expenditure of $19,000.00 substituted. The applicant reluctantly accepted the new contract which was signed on June 30, 1953. Several times the Government considered cancellation of the contract for non-performance. On September 14, 1953,

one day before expiration of an extension of the starting time granted by the Washington DMEA office, the Intercounty Corporation commenced operations. Rehabilitation proceeded slowly, and it was February, 1954, before the operator completed Stage I of the contract, which covered surface repairs, and unwatering and rehabilitation of the German shaft.

On February 10, 1954, the operator requested authorization to proceed with Stage II, but after progress examinations in February and March, 1954, in which Atomic Energy Commission and Geological Survey personnel assisted, a DMEA examining team recommended denial of Stages II and III of the contract. Further DMEA participation was not considered justified, and on April 26, 1954, the contract was terminated by appropriate Government action.

Certification of Discovery or Development is not warranted or recommended.

## LOCATION AND OWNERSHIP

The property of the Intercounty Corporation is located near the summit of Quartz Hill, Gilpin County, Colorado. The distance to the county seat at Central City, Colo. is 1/2 mile by graded mine road, then 2 miles by a state secondary road (fig. 1). Central City is 40 miles, by paved highways, west of Denver, Colo., the nearest major sources of mining supplies.

The climate of the region, at an altitude of 8,000 to 10,000 feet, is moderate with cool summers and generally mild winters, but with occasional heavy snowfall and periods of cold weather. Year around operations are feasible.

Uranium ores from the Front Range of Colorado have been

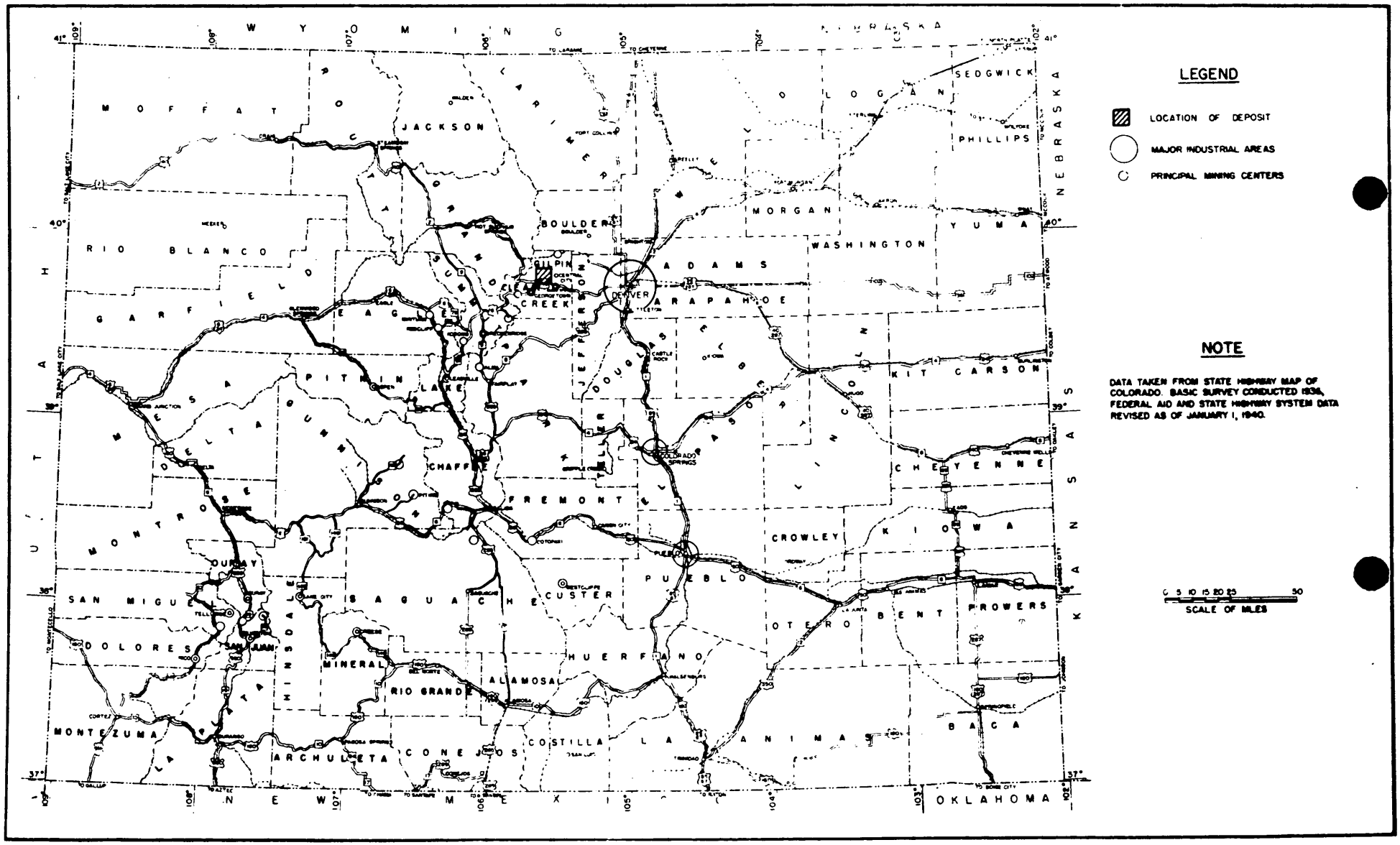



FIGURE 1 - LOCATION MAP, GERMAN-BELCHER MINE, INTERCOUNTY CORP., GILPIN COUNTY, COLO. (DMEA 2878, CONTR. Idm E-501)

shipped to The Vitro Uranium Company at Salt Lake City, Utah, agents for the Atomic Energy Commission. Freight from the rail point nearest the producer is paid by the Commission on ore containing 0.20 percent $U_3O_8$ or more, plus a haulage allowance of 6 cents per ton-mile to the rail head, in this case, the Denver and Rio Grande Western Railroad at Ballinsville, Colo., 20 miles north of the property.

Electric power, water for mining purposes, timber, and mine labor are readily available locally.

The property consists of six patented claims located in Secs. 14 and 15, T. 3 S., R. 73 W. of the sixth principal meridian (fig. 2).

| Claim | U. S. Survey No. |
|---|---|
| German | 694 |
| North German | 18936 |
| German Annex | 19564 |
| German No. 2 | 19564 |
| Belcher | 7076 |
| Ina | 775 |

The property is owned by the Uranium Company of America of New York, New York, the original applicant for the Government exploration loan. It was leased to the American Mining Company, 60 East 42nd Street, New York 17, New York, for a 15-year period from October 21, 1952. The American Mining Company in turn assigned the lease to the Intercounty Corporation, First National Bank Building, Ardsley, New York, on October 16, 1953. The property is included as security on a $150,000.00 mortgage held by the Gold Uranium Mining Company. A mortgagee's consent to lien was furnished with the original application.

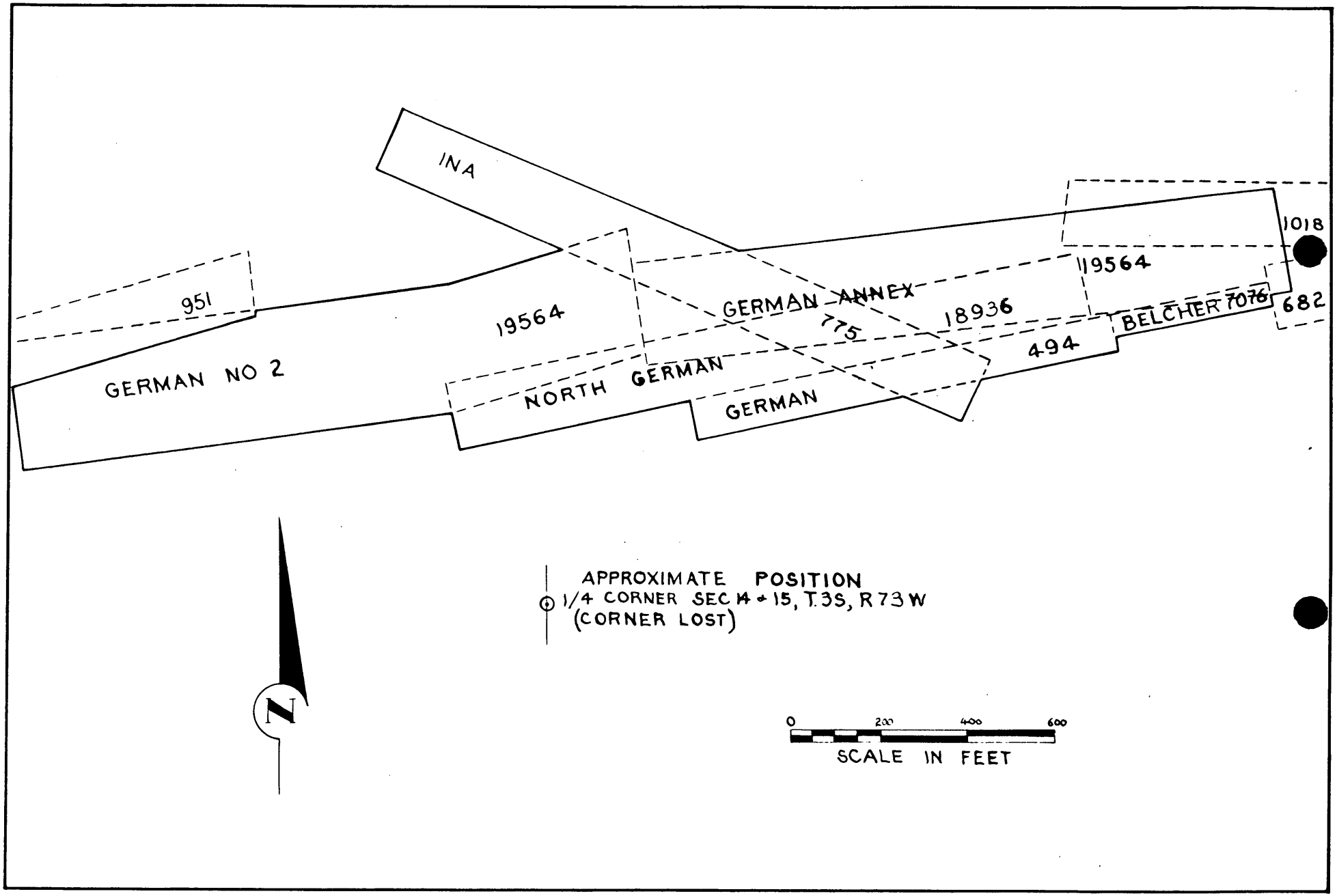



FIGURE 2 - CLAIM MAP, GERMAN-BELCHER MINE, INTERCOUNTY CORP., GILPIN COUNTY, COLO.
(D.M.E.A. 2878, CONTR. Idm - E501)

## HISTORY AND PRODUCTION

The history of Gilpin County mining dates from the discovery of gold in 1858. Mining on Quartz Hill started in the early 1860's, with substantial gold and silver production prior to 1910, after which date mining declined rapidly. After 1920, there was very little activity until the demand for uranium caused renewed interest in Gilpin County. Although pitchblende occurrences had been recognized before 1900, the uranium was recovered only as a by-product of gold mining.

The production records for pitchblende from Gilpin County are not complete. The mineral is a minor constituent of the pyrite veins of Quartz Hill, and undoubtedly some uranium was discarded in the early days of mining. The records do show that, between 1909 and 1913, the German-Belcher mine produced 16,160 pounds of pitchblende ore in shipments ranging from 5 tons, with a content of 2.6 percent $U_3O_8$, to 240 pounds with a content of 70 percent $U_3O_8$. The total production for the four years was 1,672 pounds of $U_3O_8$. There was some additional production about 1927, and, in 1933, approximately 1,000 pounds of ore was mined by a lessee who sold it for $7.50 per pound. An account of the last two periods of operation was given verbally from personal knowledge by the 1933 lessee, G. F. Grutzmacher, now an employee of the Coal Branch, Bureau of Mines, Region IV, at Denver Federal Center. A generous estimate of the total production of the mine would be a maximum of 10 to 15 tons of ore which may have averaged 10 percent $U_3O_8$.

G. C. Ridland, now geologist for the Intercounty Corporation, sampled the three upper levels of the mine, which are above the permanent water level, in 1948. The information thus obtained was

the basis for the DMEA loan application in 1951. Actual operation under the exploration contract did not start until September, 1953. Concurrently, another operation was started on the adjoining Alps mine by the Atomic Uranium Corporation, of which Intercounty Corporation is a subsidiary. Unwatering the Alps shaft lowered the water in the German shaft, and very little pumping was required to handle the water flow encountered.

At the time the contract was terminated by the Government, rehabilitation only had been completed.

## DESCRIPTION OF THE DEPOSIT

The pitchblende deposits of the Quartz Hill area occur as small veinlets and lenses in an east-west system of pyritic quartz veins, dipping steeply to north or south, which have been explored primarily for the gold and silver content. Mines in this category are the German-Belcher, Alps, Kirk, Wood, Calhoun, and others. The country rock of the region is gneiss and schist of the pre-Cambrian Idaho Springs formation. The veins are found in formations which have been sheared, and the wall rock has been silicified and pyritized. Gneissic rocks usually form hard walls but schist is altered and soft. Bostonite dikes have been intruded along north-northwesterly fissures crossing the vein system, and one is exposed in the German workings. Ore shoots are usually found with hard gneissic walls, and in the schist the veins tend to weaken and become barren.

The vein filling is quartz, other silicified gangue material, and brecciated wall rock, with pyrite and minor amounts of gold, silver, sphalerite, galena, chalcopyrite, and pitchblende. Along the German-Belcher vein, there are discontinuous veinlets of pitchblende, from

narrow seams to 6 inches or more in width, and small lenses of pitchblende containing from a few pounds to a few hundred pounds erratically distributed along the vein fissure. In the stope on the vein above the first level of the German shaft, pitchblende was found irregularly on the footwall, and there are still remnants on the wall and in the back. The ore mined in 1933, was a small lense of this type in the footwall. The stringers or lenses are usually very high-grade pitchblende, but the grade of ore produced from them has depended on the size of the individual deposit and the care with which they were mined.

There are no minable ore reserves on the property. See the brochure accompanying the original lease application. The applicant described three blocks of inferred reserves with ore widths from 17.8 to 25.2 inches:

| Block | Location | Amount Tons | Percent $U_3O_8$ | Content Ounces per ton Gold | Content Ounces per ton Silver | Percent Zinc |
|---|---|---|---|---|---|---|
| A | Above stope, first level east | 1200 | 0.10 | 0.13 | 0.78 | ---- |
| B | East end above first level | 290 | 0.17 | 0.32 | 1.23 | 3.00 |
| C | Below third level east | 2525 | ---- | 0.28 | 1.58 | 2.63 |

Blocks are shown on figure 3.

These figures are based on limited exposures and the ore can barely be classed even as inferred ore. Ore of the estimated grade and width is not commercial at this time, either as gold-silver or uranium ore. At present, the Atomic Energy Commission does not accept ore from the Front Range of Colorado containing less than 0.20 percent $U_3O_8$.

The German-Belcher mine has been developed by two main shafts, the Belcher, now inaccessible, and the German, recently rehabilitated (fig. 3). Most of the work has been done through the German shaft, an incline sunk on the vein, with levels turned off at 129 feet, 195 feet, 255 feet, 377 feet, and 436 feet from surface measured along the south-dipping vein. The shaft was reported to be 600 feet deep, but

if so, it has been filled. A sump was excavated in loose fill at 442 feet from surface during the recent rehabilitation. There are contradictory reports on the shaft depth, but from a description of the levels on page 240 of Professional Paper 94, U. S. Geological Survey, it appears likely that the 436-foot, or fifth is the bottom level. The German and Belcher shafts are connected at the first and third levels. Some stoping has been done through the Belcher shaft, probably all at shallow depth, but the extent is unknown. These stopes were carried through to surface near the shaft. All of the production of the German mine has come from the three upper levels, and most of it from a stope above the first level between the German and Belcher shafts, a distance of about 300 feet. This stope was not mined through to surface except at the Belcher shaft, and the high point of the remainder of the stope is fifty feet above the level, with a 25-foot raise in barren ground above the stope back. Unless there are unrecorded Belcher workings above this stope, there is a block of potential ore-bearing ground about 275 feet long and from 70 to 90 feet high between the back of the stope and surface (Fig. 3).

The fourth and fifth levels develop about 175 feet of the vein west of the shaft, and a crosscut in the north wall of the fifth level west cuts a barren vein referred to as the Bachmeier vein.

With the original application, the contractor furnished a sample map showing the location of 118 samples taken on the three upper levels by G. C. Midland, the contractor's representative, in 1948 (Table I in Appendix). Spotty uranium mineralization was shown by these samples, and the results were verified during the progress examination of March 11, 1954, by the DMEA examining team, during

which the levels were checked with Geiger counter and scintillometer and five samples cut to check some of the better samples taken by Midland (Table II in Appendix and fig. 3). In March, 1954, Leonard Abbott, the contractor's superintendent, took 36 samples on the fourth and fifth levels (Table II in Appendix). Mineralization shown by sample results was negligible; this was verified by radiometric measurements and visual inspection during the progress examinations of February and March, 1954.

The contractor had requested authorization for work under Stage II, covering assaying of 65 samples for uranium, gold, silver, and lead, but did not wait for such authorization before proceeding. The DMEA examining team, after considering this request, decided that the poor mineralization found on the fourth and fifth levels did not justify sampling other than checking with Geiger counter and scintillometer. Similar inspection of the three upper levels, together with analyses of the five check samples taken by the examining team, indicated that Midland's sampling in 1948 had been adequate and did not need to be repeated. It was therefore recommended that authorization for Stage II be denied.

The examining team further concluded that the possibility of finding significant deposits of uranium by proceeding with Stage III was poor, and recommended denial of this work as well.

After the exploration contract was terminated, it was reported that the operator started a drift on the first level to follow uranium values showing in the east face, and to explore ground around the old Belcher shaft. This is the first work the operator proposed to do, if Stage III had been authorized.

## WORK COMPLETED UNDER CONTRACT

In addition to rehabilitation, the original applicant proposed driving 850 feet of drift and accomplishing 500 feet of diamond drilling at an estimated cost of $25,000.00. The cost estimate was too low, and the examining team recommended a program calling for 450 feet of drifting, crosscutting or raising, but no drilling, at the same estimated cost.

The original contract, Idm-E270, signed by the Uranium Company of America, called for surface repairs, shaft unwatering and rehabilitation, analyses of samples, and 450 feet of underground development at an estimated cost of $25,000.00—Government participation 90 percent, or $22,500.00. Under this long-form contract, the Government was obligated to pay 90 percent of all approved costs up to the maximum amount of the contract. Where the applicant assigned the contract and the mining rights to another company, the Government substituted the short-form contract, which had been adopted in the meantime, and the exploration project DMEA 2878, contract Idm-E501, dated March 24, 1953, and eventually assigned to the Intercounty Corporation, was described as follows:

<u>Estimated costs of the project</u>

Stage I

| | |
|---|---|
| Repair hoist and compressor house | $ 162.50* |
| Install hoist and pump | 400.00* |
| Rehabilitate and unwater shaft to 250-feet level | 1,450.00* |
| Unwater mine, rehabilitate shaft from 250-feet level to 600-feet level | 3,000.00 |
| Total Stage I | $5,012.50 |
| Government participation at 90 percent | 4,511.25 |

* The entire work under each item constitutes a unit of work.

Stage II

| | |
|---|---|
| Assaying 65 samples for uranium at $4.00 each | $ 260.00 |
| Assaying 65 samples for gold, silver and lead at $3.50 each | 227.50 |
| Total Stage II | $ 487.50 |
| Government participation at 90 percent | $ 438.75 |

Stage III

| | |
|---|---|
| 450 feet of drifting, crosscutting, or raising at $30.00 per foot | 13,500.00 |
| Total Stage III | $13,500.00 |
| Government participation at 90 percent | $12,150.00 |
| Total Stages I, II, and III | $19,000.00 |
| Government participation at 90 percent | $17,100.00 |

Each stage was dependent on the results of the previous stage and required authorization in writing in advance. The location, direction, length, and extent of all work under the contract was subject to the approval of the Government.

The applicant did not like this contract because of the reduction in maximum amount from the original $25,000.00, but finally signed and returned it to the Executive Officer, DMEA Field Team, Region IV, on June 30, 1953, the last day of grace for starting work. The operation was not started on this date, and the Field Team, Region IV, recommended cancellation. However, the Washington office gave the operator an extension to September 15, 1953. Operations were actually begun on September 14, 1953, as verified by a Bureau of Mines representative in the field.

The work accomplished in accordance with the terms of the contract, consisted of the four items under Stage I. The fourth item,

rehabilitation of the shaft from the 250-foot level to the 600-foot level was approved for payment on a pro rata basis of $8.57 per foot for an actual footage of 192 feet of shaft repaired below the 250-foot levels, as measured by a Bureau of Mines engineer. It was not considered worthwhile to clean out any more of the shaft, because there was apparently no deeper level, and mineralization on the fourth and fifth levels was so poor that deeper work did not appear to be justified.

## EXPENDITURES

The work completed was done on a unit-cost basis. The contractor claimed that the cost of doing the work under Stage I was considerably higher than the amount allowed in the contract, and it undoubtedly was. The cost of making the old hoist house usuable was obviously more than the amount allowed, $162.50.

The contractor stated that rehabilitation and unwatering of the shaft to the 250-foot level cost $6,612.50, as compared with $1,450.00 allowed under Stage I, and similar work from the 250-foot level to the 436-foot level cost $7,425.47, compared with $1,645.44 allowed on a pro rata basis. Part of the excess cost can be attributed to the slowness with which the work was carried on.

Under the short-form contract, the Government had no interest in any supplies or equipment used in the project, and accounting for or disposal of these items were not required to effect final settlement.

A report of review in lieu of a final audit was rendered by the Contract Administration and Audit Division of the Region IV Defense Minerals Exploration Administration on June 23, 1954, including the following tabulation:

| | |
|---|---|
| Total cost as billed by the contractor | $5,012.50 |
| Exceptions (schedule attached) | $1,354.56 |
| Total accepted cost | $3,657.94 |
| Payment by the Government at 90 percent participation | $3,292.15 |

The schedule attached cited the completion of 192 feet of shaft unwatering and rehabilitation from the 250-foot level to 600-foot level, and disallowed $1,354.56, or the difference between the $3,000.00 claimed by the operator and the cost of the work accepted on a proportionate basis, 192 feet at $6.97 per foot, or $1,645.44.

## EFFICIENCY OF OPERATIONS

The record of the several applicant corporations in their dealings with the Defense Minerals Exploration Administration has been one of delay and instability. The successive applicants apparently had organizational or financial difficulties from the beginning. The Government was not informed of the applicant's plans, and actual work appears to have been started only to avoid cancellation of the contract. At one time in the fall of 1953, after the work was under way, there was still a question as to which company was actually doing the work.

The quality of the work done under the exploration contract was good, but the time, and therefore the cost, was excessive. However, because of unforeseen conditions in the shaft, the amount allowed under the contract would have been insufficient even if the work had been done at a reasonable rate.

The operator was an unsatisfactory contractor, both from a business and an operating standpoint.

## CONCLUSIONS

The habit of uranium mineralization in this mine and elsewhere

on Quartz Hill, as determined in recent investigations, and as described in the geological literature of Gilpin County, does not indicate that further exploration would result in a significant discovery of pitchblende in the Gerson-Belcher mine.

So far as is known, no major development in the district has ever been done primarily for uranium. This is certainly true of the Gerson-Belcher mine, where most of the uranium has come from a stope mined for gold and silver originally. If uranium production has been profitable in the past, it was only because the operator was able to take advantage of development done previously for gold. In the 1953 operation, the lessee was able to make a profit because he had to do no development work to reach the ore.

While there are probably lenses of pitchblende in the section of the Gerson-Belcher vein between the back of the first level stope and surface, east of the Belcher shaft, and perhaps elsewhere at shallow depth, it is doubtful that production from small discontinuous, though high-grade, pockets likely to be found, would pay development and mining costs, return in royalties more than a small part of the Government's expenditure, or contribute significant amounts of uranium to the nation's stockpile.

Sampling results on the upper levels where there is also some pitchblende, did not show high enough gold and silver content to indicate a possibility of mining for precious metals alone, and in order to get a return from any uranium content, it would be necessary to effect a separation. At this time, the only available method is mining selectively, sorting, and racking the pitchblende in the stopes, which would be a slow and expensive procedure. Some finely divided

pitchblende would inevitably be mixed with the gold ore. If there was a possibility of producing enough gold-uranium ore from mines in the area, no doubt the metallurgical problems involved in separating gold and silver from uranium could be solved, but the potential tonnage appears to be too small to justify research.

The examination of the mine indicates that uranium mineralization is confined to shallow depths (above 250 feet). Radiometric measurements of the lower levels did not give readings above background. Of 36 samples taken below the 250-foot level, one returned 0.01 percent $U_3O_8$ on a radiometric assay. The others were blank (Table III in Appendix). The gold and silver content of the vein on the fourth and fifth levels, as shown by the operator's samples, was similar to that on the upper levels, while zinc values were slightly higher. Ore-grade material was not indicated.

At the time the contract was first negotiated, no recent exploration had been carried on in the uranium belt of Gilpin County, few workings were accessible, and knowledge of the ore deposits, particularly in regard to uranium, had to be based on past records. Under these circumstances, and in view of the critical need for uranium in 1951, Government participation in an exploration project for uranium was justified, even though considerable expense was involved merely to open up the workings for examination, without any assurance of the presence of worthwhile mineralization. However, the contract was set up in stages, and it was possible to terminate it when it became clear that exploration was not justified.

## RECOMMENDATIONS

(1) Additional exploration, either with Government assistance or financed privately, is not recommended.

(2) No discovery was made as the result of Government assisted exploration, and a Certification of Discovery or Development is not warranted or recommended.

(3) Production is not economically feasible from any ore which is now exposed or is likely to be found by exploration, and no attempts to effect production are recommended.

APPENDIX

Table I

SAMPLING ON THREE UPPER LEVELS OF THE GERMAN MINE

CHARTS HILL, GILPIN COUNTY, COLORADO

By G. C. Ridland--1948

Sample locations are shown on fig. 3, DMEA 2878

| Sample No. | Width of Vein (inches) | Gold (oz/t.) | Silver (oz/t.) | Lead (%) | Zinc (%) | Uranium Oxide (%) |
|---|---|---|---|---|---|---|
| **128 — level (1st) West of German Shaft** | | | | | | |
| 54 | 12 | 0.04 | 0.50 | | | 0.15 |
| 53 | 31 | 0.02 | 0.06 | | | Nil |
| 52 | 12 | 0.04 | 1.26 | | | Nil |
| 51 | 10 | 0.24 | 2.52 | | | Nil |
| 50 | 18 | 0.01 | 0.05 | | | Nil |
| 58 | 14 | 0.18 | 2.36 | | | 0.63 W |
| 57 | 16 | 0.02 | 0.03 | | | Nil |
| 56 | 21 | 0.01 | 0.08 | | | 0.15 |
| 55 | 14 | 0.03 | 0.16 | | | Nil |
| 49 | 14 | 0.04 | 0.24 | | | Nil |
| 48 | 15 | 0.03 | 0.78 | | | Nil |
| 47 | 18 | 0.02 | 0.32 | | | Nil |
| 46 | 22 | 0.04 | 0.12 | | | Nil |
| **128 — level (1st) East of German Shaft** | | | | | | |
| 9 | 22 | Nil | Nil | | | Nil |
| 8 | 19 | Nil | Nil | | | 0.06 |
| 7 | 13 | Tr | Tr | | | Nil |
| 6 | 26 | Tr | 0.15 | | | 0.08 |
| 5 | 29 | 0.01 | Tr | | | Nil |
| 4) | 31 | Tr | Tr | | | 0.08 |
| 3) | 21 | Tr | Nil | | | 0.08 |
| 2 | 38 | Nil | Nil | | | Nil |
| 1 | 28 | 0.08 | 2.00 | | | (0.095 W<br>(1.32 W |
| 10) | 24 | Nil | 0.20 | | | 0.15 |
| 11) | 16 | Nil | Nil | | | 0.15 |
| 12) | 24 | Nil | 0.12 | | | (0.15<br>(0.06 W |
| 13 | 32 | Tr | Tr | | | 0.15 |
| 14 | 20 | 0.02 | 0.40 | | | (0.08<br>(0.08 W |
| 15 | 33 | 0.04 | 0.20 | | | 0.08 |
| 16 | 26 | 0.02 | 0.16 | | | 0.08 W |

Table I
(continued)

| Sample No. | Width Vein (inches) | Gold (oz/t.) | Silver (oz/t.) | Lead (%) | Zinc (%) | Uranium Oxide (%) |
|---|---|---|---|---|---|---|
| 17 | 34 | 0.02 | 0.54 | | | (0.15<br>(0.11 W |
| 18 | 24 | 0.01 | Tr | | | Nil |
| 19 | 23 | 0.88 | 1.92 | | | Nil |
| 20 | 14 | 0.02 | 0.28 | | | 0.08 |
| 21 | 15 | Tr | 0.10 | | | 0.08 |
| 22 | 17 | 0.03 | 0.74 | | | Tr. |
| 23 | 12 | 0.06 | 2.88 | | | Nil |
| 24 | 12 | 0.05 | 2.60 | | | 0.26 |
| 37 | 24 | 0.04 | 1.08 | | | Nil |
| 38 | 22 | 0.44 | 2.00 | | | 0.30 |
| 39 | 16 | 0.09 | 1.06 | | | Nil |
| 40 | 30 | 0.12 | 0.22 | | | 0.20 |
| 41 | 26 | 0.06 | 0.24 | | | Nil |
| 42 | 22 | 0.28 | 1.28 | | | Nil |
| 43 | 21 | 0.08 | 0.38 | | | Nil |
| 44 | 20 | 0.02 | 0.05 | | | Nil |
| 45 | 15 | 0.08 | 0.08 | | | Nil |
| 31 | 15 | 0.005 | 1.84 | | | 0.08 |
| 32 | 19 | 0.01 | Tr | | | 0.35 W |
| 33 | 19 | 0.46 | 0.42 | | 1.96 | Nil |
| 34 | 36 | 0.09 | 1.37 | | | 0.08 |
| 35 | 18 | 0.05 | 1.19 | | | 0.15 |
| 36 | 13 | 0.01 | 0.80 | | 2.96 | 0.15 |
| 26 | 12 | 0.03 | 2.01 | | 1.52 | Nil |
| 28 | 13 | 0.02 | 1.58 | | | Nil |
| 27 | 14 | 0.04 | 0.88 | | | 0.39 W |
| 28 | 20 | 0.12 | 1.50 | | | 0.08 |
| 29 | 12 | 0.08 | 1.12 | | 8.04 | Nil |
| 30 | 20 | 1.58 | 0.32 | | | 0.15 |
| 30A | 36 | 1.96 | 1.64 | | | |
| **192 — level (2nd) East of Porcupine Shaft** | | | | | | |
| 59 | 10 | 0.48 | 1.92 | | | Nil |
| 60 | 10 | 0.04 | 0.07 | 0.08 | 2.30 | Nil |
| 61 | 53 | 0.14 | 1.56 | | 1.93 | Nil |
| 62 | 27 | 0.09 | 0.04 | 0.12 | 1.47 | Nil |
| 63 | 14 | 0.60 | 0.80 | 0.25 | 2.32 | Nil |
| 72 | 22 | 0.16 | 1.46 | | 0.74 | Nil |
| 64 | 32 | 0.34 | 0.56 | 0.22 | 1.93 | Nil |
| 65 | 16 | 0.05 | 0.60 | 0.53 | 1.84 | Nil |
| 66 | 14 | 0.14 | 0.42 | | 1.56 | Nil |
| 67 | 22 | 0.04 | 1.02 | | | Nil |
| 68 | 20 | 0.03 | 0.43 | | | Nil |
| 69 | 21 | 0.03 | 0.49 | | | |
| 70 | 22 | 0.02 | 0.30 | | 0.27 | Nil |
| 71 | 14 | 0.30 | 1.42 | | 0.18 | Nil |

Table I
(continued)

| Sample No. | Width of Vein (inches) | Gold (oz/t.) | Silver (oz/t.) | Lead (%) | Zinc (%) | Uranium Oxide (%) |
|---|---|---|---|---|---|---|
| 118 | 30 | 0.07 | 0.36 | | 0.60 | Nil |
| 117 | 16 | 0.12 | .22 | | 1.19 | Nil |
| 116 | 14 | 0.03 | 0.62 | | 1.12 | Nil |
| 115 | 12 | 0.07 | 1.25 | | 7.36 | Nil |
| 114 | 26 | 0.50 | 0.70 | | 5.76 | Nil |
| 113 | 28 | 0.07 | 0.53 | | 1.52 | Nil |
| 112 | 26 | 0.14 | 0.66 | | 1.89 | Nil |
| 111 | 21 | 0.04 | 0.98 | Center 4 | 1.06 | Nil |
| 73 | 20 | 0.46 | 15.70 | 5.42 | 9.39 | Nil |
| 74 | 16 | 0.20 | 1.84 | | 0.83 | Nil |
| 75 | 13 | 0.03 | 0.59 | 0.12 | 1.38 | Nil |
| 76 | 23 | 0.08 | 1.06 | | 0.46 | Tr |
| 77 | 16 | 0.02 | 1.32 | | 0.87 | Nil |
| 78 | 17 | 0.17 | 2.48 | 0.44 | 2.30 | Nil |
| 79 | 22 | 2.09 | 2.32 | | 0.60 | |
| 80 | 22 | 0.01 | 0.29 | | 0.41 | Nil |
| 81 | 18 | 0.01 | 0.30 | | 0.37 | Nil |
| 82 | 26 | 0.09 | 0.66 | | 5.20 | Nil |
| 83 | 49 | 0.21 | 1.76 | 0.88 | 3.08 | Nil |
| 84 | 20 | 0.10 | 1.54 | | 1.56 | Nil |
| 85 | 16 | 0.54 | 1.86 | 0.31 | 3.04 | Nil |
| 86 | 14 | 0.08 | 0.84 | | 1.93 | Nil |
| 95 | 14 | 0.46 | 2.50 | | 3.36 | Nil |
| 87 | 14 | 0.11 | 1.45 | | 1.66 | Nil |
| 88 | 16 | 0.08 | 1.00 | | 1.75 | Nil |
| 89 | 35 | 0.10 | 0.96 | | 2.21 | Nil |
| 96 | 13 | 1.42 | 18.54 | 0.40 | 4.64 | Nil |
| 90 | 14 | 0.26 | 1.86 | | 7.92 | 0.22 |
| 97 | 13 | 0.10 | 1.60 | | 2.30 | Nil |
| 98 | 15 | 0.92 | 1.32 | | 2.62 | Nil |
| 91 | 13 | 0.06 | 16.88 | 4.55 | 8.80 | Nil |
| 99 | 12 | 0.04 | 1.20 | | 4.14 | Nil |
| 92 | 30 | 0.02 | 1.24 | | 3.22 | Nil |
| 93 | 20 | 0.03 | 1.57 | | 3.08 | Nil |
| 100 | 12 | 0.26 | 2.48 | 1.83 | 4.32 | Nil |
| 94 | 16 | 0.06 | 1.10 | | 0.90 | Nil |
| 101 | 32 | 0.48 | 0.16 | Tr | 1.20 | Nil |
| 102 | 39 | 0.05 | 1.11 | | 0.83 | Nil |
| 103 | 24 | 0.06 | 1.08 | | 0.55 | Nil |
| 104 | 20 | 0.03 | 0.49 | | 1.12 | Nil |
| 105 | 20 | 0.18 | 9.36 | 2.27 | 0.64 | Nil |
| 106 | 20 | 0.04 | 0.84 | | 1.57 | Nil |
| 107 | 28 | 0.02 | 0.06 | Lead | 0.83 | Nil |
| 108 | 22 | 0.04 | 0.57 | | 1.29 | Nil |
| 109 | 15 | 0.06 | 0.24 | | 0.92 | Nil |
| 110 | 22 | 0.04 | 0.08 | | 1.01 | Nil |

Note 1 All uranium assays are radiometric analyses with the exception of those marked "W". The "W" assay results are wet chemical determinations.

Table II

SAMPLES TAKEN BY DMEA EXAMINING TEAM - GERMAN-BELCHER MINE

QUARTZ HILL, GILPIN COUNTY, COLORADO

| DMEA No. | Sample Width ins. | Description | $WO_3$ | Lead | Zinc | Gold | Silver | Mr/hr | Equivalent sample by Ridland: Gold | Silver | Lead | Zinc | $WO_3$ | Width ins. | Sample number |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | —percent— | | | -oz. per ton- | | | oz. per ton | | —percent— | | | ins. | |
| MHS 40 | 12 | West end of raise at east end of 1st level | 0.270 | 0.10 | 0.37 | 0.03 | 0.4 | 4.0 | 0.04 | 0.68 | — | — | 0.39 | 14 | 27 |
| 41 | 12 | Back of stope above 1st level 23 feet east of high raise | 0.022 | 0.35 | 0.80 | 0.05 | 0.2 | 1.0 | 0.05 | 2.00 | — | — | *0.25 | 12 | 24 |
| 42 | 12 | Face 1st level west drift | 0.080 | 0.07 | 0.05 | <0.005 | <0.1 | 0.15 | 0.04 | 0.50 | — | — | *0.15 | 12 | 54 |
| 43 | 11 | West end of raise above 1st level west 16 ft. above floor | 0.004 | 0.07 | <0.05 | 0.005 | 0.1 | 0.18 | 0.18 | 2.36 | — | — | 0.63 | 14 | 58 |
| 44 | 5 | Back of 3rd level east drift, 2.5 feet east of survey station 303 | 2.57 | 0.37 | 0.30 | 0.11 | 2.7 | 10.0 | — | — | — | — | — | — | — |
| 45 | 4 | In back of 1st level east at 7 feet east of raise where MHS 40 was taken | *0.46 | — | — | — | — | *5.0 | 1.58 | 0.32 | — | — | *0.15 | 20 | [illegible] |

<less than
*indicates radiometric analyses
All other values given are chemical analyses.

Table III

SAMPLING ON TWO LOWER LEVELS OF THE GERMAN MINE

QUARTZ HILL, GILPIN COUNTY, COLORADO

By Intercounty Corporation

Sample locations are shown on fig. 3, DMRA 2378

| Sample No. | Width of Vein (inches) | Gold (oz/t.) | Silver (oz/t.) | Lead (%) | Zinc (%) | Uranium Oxide (%) |
|---|---|---|---|---|---|---|
| **375 -- level (4th) West of German Shaft** | | | | | | |
| 4-13E) | 15 | 0.25 | 0.35 | Tr | 1.45 | Nil |
| 4-13F) | 14 *8 | 0.01 | 0.80 | Tr | 18.57 | Nil |
| 4-12 | 14 | 0.03 | 0.28 | Tr | 5.08 | Nil |
| 4-11E) | 11 | 0.03 | 0.17 | Tr | 3.05 | Nil |
| 4-11F) | 12 *31 | 0.09 | 1.71 | 0.14 | 1.55 | Nil |
| 4-10 | 14 | 0.01 | 0.09 | 0.12 | 1.32 | Nil |
| 4- 9 | 12 | 0.02 | 0.20 | Tr | 0.22 | Nil |
| 4- 8 | 14 | 0.02 | 0.18 | Tr | Tr | Nil |
| 4- 7 | 12 | 0.02 | 0.30 | Tr | Tr | Nil |
| 4- 6 | 19 | 0.02 | 0.28 | 0.08 | Tr | Nil |
| 4- 5 | 11 | 0.04 | 0.26 | 0.10 | 0.55 | Nil |
| 4- 4 | 12 | 0.27 | 1.13 | 1.02 | 0.30 | Nil |
| 4- 3 | 6 | 0.32 | 1.18 | 0.55 | 3.10 | Nil |
| 4- 2E) | 4 | 0.03 | Tr | Tr | Tr | Nil |
| 4- 2F) | 5 *21 | 0.04 | 1.18 | Tr | 7.35 | Nil |
| 4- 1 | | 0.46 | 1.74 | 0.12 | 5.80 | Nil |
| **German Shaft, between 375 and 432 -- level** | | | | | | |
| S1W | 10 | 0.06 | 0.34 | Tr | Tr | Nil |
| S1E | 7 | 0.16 | 4.44 | 0.90 | 1.04 | Nil |
| S2W | 7 | 0.04 | 0.12 | 0.10 | 0.40 | Nil |
| S2E | 8 | 0.26 | 2.24 | 0.18 | 1.34 | Nil |
| S3W | 11 | 0.63 | 10.27 | 0.45 | 6.66 | Nil |
| S3E | 8 | 0.44 | 1.06 | Tr | 1.24 | Nil |
| S4W | 12 | 0.38 | 3.22 | Tr | 1.97 | Nil |
| S4E | 8 | 0.26 | 1.54 | Tr | 3.25 | Nil |
| **432 -- level (5th) West of German Shaft** | | | | | | |
| 5-10 | 7 | 0.02 | 0.19 | Tr | 0.90 | 0.01 |
| 5- 9 | 5 | 0.58 | 2.02 | Tr | 10.05 | Nil |
| 5- 8 | 5 | 0.04 | 0.26 | Tr | 0.48 | Nil |
| 5- 7 | 10 | 0.02 | 0.16 | Tr | 0.20 | Nil |
| 5- 6 | 5 | 0.80 | 9.80 | 0.74 | 5.40 | Nil |
| 5- 5E) *40 | 5 | 0.17 | 0.73 | Tr | 4.65 | Nil |

Table III

(continued)

| Sample No. | Width of Vein (inches) | Gold (oz/t.) | Silver (oz/t.) | Lead (%) | Zinc (%) | Uranium Oxide (%) |
|---|---|---|---|---|---|---|
| 5- 5F) | 7 | 0.08 | 0.54 | Tr | 0.80 | Nil |
| 5- 4 | 12 | 0.02 | 0.18 | Tr | 0.20 | Nil |
| 5- 3 | 8 | 0.17 | 17.48 | 0.90 | 7.45 | Nil |
| 5- 2 | 7 | 0.52 | 5.08 | 0.72 | 0.30 | Nil |
| 5- 1E) | 12 | 0.03 | 0.49 | Tr | 1.10 | Nil |
| 5- 1F) | 5 *18 | 0.13 | 1.17 | Tr | 0.35 | Nil |

Note 1 5-5E) Samples bracketed are channels in series at the same location
5-5F) in the drift and the width marked * is the width of waste separating the 2 channels.

3/22/55 gla

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

224 New Customhouse
Denver 2, Colorado

March 16, 1955

21

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket DMEA 2878 (Uranium-Lead), Contract Idm-E501, Intercounty Corporation, German Mine, Gilpin County, Colorado

Enclosed are the following final reports pertaining to work completed under the subject contract:

1. Original and one copy of the operator's final report.

2. Original and three copies of the final geologic report by the U.S. Geological Survey.

3. Original and three copies of the final engineering report by the U.S. Bureau of Mines.

Final payment to the operator was processed by this office March 7, 1955, in conformance with the Report of Review by the Contract Administration and Audit Division dated June 23, 1954.

The exploration work completed consisted of repair of hoist and compressor house and installation of hoist and pump, dewatering of the mine to a depth of 442 feet, and rehabilitation of 250 feet of the shaft, at a total accepted cost of $3,657.94 in which the Government participated to the extent of 90% or an amount of $3,292.15.

Results of the work completed under Stage I indicated that Government participation in the costs of work under Stages II and III was not warranted, therefore the contract was terminated upon completion of Stage I by notice of April 26, 1954.

Inasmuch as the exploration work completed did not result in a discovery or development of uranium-lead ore, a certification of such is not recommended.

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

Enclosures

# INTERCOUNTY CORPORATION

403 Interstate Trust Building
Denver 2, Colorado

March 1, 1955

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

DMEA Docket No. 2878
Contract I&m - 8501

Dear Mr. Traver:

## Final Report

Geological and Engineering Report on the
German Mine, Gilpin County, Colorado
(Including estimates of ore reserves)

Location - The German mine is located on Quartz Hill, 1 1/4 miles west of Central City, Gilpin County, Colorado. The property consists of the following lode mining claims located in Section 14 and 15, T.3S., R.73W., 6 P.M.:

| Name | U. S. Survey No. |
|---|---|
| German | 494 |
| North German | 18936 |
| German Annex | 19564 |
| German No. 2 | 19564 |
| Belcher | 7076 |
| Ina | 775 |

Exploration Program - In September, 1953, rehabilitation of the German shaft began and it was completed in January, 1954. A combination compressor-room and change-room shelter was constructed at the collar of the shaft. A hoist, pump, compressor, headframe, and bucket dump were installed at the surface. The collar timbers and cribbing were completely replaced for 30 feet and much of the balance of the timber of the remaining part of the 2-compartment, inclinid shaft was replaced. The shaft was pumped dry of water. This program cost approximately $14,000.00.

All accessible levels of the German mine were examined for the presence of uranium.

Operator's final report recc. 3/22/55

Results of the Examination - The depth of the German shaft was found to be 432 feet with levels established at 128, 192, 252, 375, and 432 feet. If a sump exists, it is full of debris. Undoubtedly the 432-foot Level is the lowest level as it answers the description of the bottom level reported by former operators to be 600 feet below the surface. The levels extend northeast and southwest from the German shaft for the following approximate distances:

| Distance (ft.) SW of Shaft | Level | Distance (ft.) NW of Shaft |
|---|---|---|
| 105 | 128 | 220 |
| 0 | 192 | 187 |
| 55 | 252 | 292 |
| 127 | 375 | 0 |
| 97 | 432 | 12 |

Surface - The German vein is not exposed on the surface. Many years ago it was opened at places with surface pits, but these are sloughed in today. The holes indicate a strike of N 75 E for the structure, and the country rock is a mixture of pre-Cambrian quartz-mica schist, pegmatite sills and dikes, and granite gneiss. The schist predominates.

128 Level - On the first level the German vein is a strong zone striking approximately N 75 E and dipping 80° south. The wall rock is predominantly a dark-colored quartz mica schist containing frequent sills, dikes and globs of pegmatite. The vein varies from a few inches to 12 feet with an average of less than 2 feet and contains a quartz gangue and heavy sulphide mineralization almost entirely along its exposed length. Pyrite predominates, and sphalerite is abundant. Galena and pitchblende occur less frequently. Visible pitchblende was observed in place on, or in stopes above, the 128 Level at six different locations. Radioactivity is strong throughout almost the entire length of the level.

The best showing of pitchblende is at a point 100 feet northeast of the shaft and 50 feet above the 128 Level in a stope. Here it occurs along the footwall of the vein for a distance of 10 feet horizontally and 16 feet vertically varying in width from 1/8 to 3/4 of an inch. A slickenside schist is on the footwall side, and gray quartz with pyrite bounds the hanging wall side.

A few feet back from the northeast breast of the 128 Level it occurs as little veinlets of relatively pure pitchblende in the main mineralized part of the vein, indicating a contemporaneous origin with the sulphide minerals.

The Levels Below the 128 Level - Pitchblende was detected at only one small spot below the 128 Level at a point 195 feet northeast of the shaft on the 252-foot Level, and, except for a few mild anomalies, radioactivity is normal on the lower levels. The German vein pinches with depth to an average width

of from 1 to 2 feet. The gangue filling, however, is much tighter, with an average of about 6 inches on the 432 Level. Mineralization, nevertheless, is almost invariably present in the same proportions as it is on the first level with the exception of pitchblende.

The German vein flattens to 70° at the 375 Level, but begins to steepen again as the 432 Level is reached.

Ore Reserves - Stage II of the contract was never approved so no D.M.E.A. samples were taken or maps made, and, hence, no ore reserves to report.

Recommendation - It is possible, with the steepening of the German vein, the German vein might widen again below the 432 Level. To test such a possibility four drill holes are recommended. They may be drilled from the 688 Level of the Alps mine to test the German vein 240 feet and 400 feet, respectively, below the 432 Level. If 2 holes are drilled horizontally, the length of holes required will approximate 350 feet for each. If the remaining two holes are drilled at -30° dips, the depth of holes required will approximate 400 feet. Hence, a drilling program totaling 1,500 feet is recommended.

Yours respectfully,

G. C. Ridland

G. C. Ridland
Geological Engineer

GCR:bh

7/26/54 gla

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Intercounty Corporation, Assignee
c/o G. C. Midland, Secretary
403 Interstate Trust Building
Denver 2, Colorado

pertaining to Exploration Project Contract No. Idm-F501, Docket No. DMEA 2870, including Amendment No. 1, for the months of January 1954 and February 1954, and Termination Notice dated April 20, 1954, covering a project for the exploration of Uranium, Lead, and Incidental Gold and Silver on property known as Gennan mine, located in Gilpin County, Colorado, near Central City.

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

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

All the costs were under a contract provision for payment by the Government on the basis of agreed unit costs of work actually performed.

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

| | | |
|---|---|---|
| Total cost as billed by Contractor: | | $5012.50 |
| Exceptions (schedule attached): | | |
| by DMEA Finance Officer | $1354.56 | |
| Herewith | None | 1354.56 |
| Total Accepted Cost | | $3657.94 |

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Three Thousand Two Hundred Ninety-two and 15/100ths Dollars

- $3292.15 -

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

Date: June 23, 1954

Donald T. Finch

Donald T. Finch, Auditor

Audit Report of Review
dated 6/23/54

## SCHEDULE OF EXCEPTIONS

(By DMS Finance Officer)

Intercontinental Corporation, Assignee, DMS 2073, Idn-E501

Item I

Contract called for this of work consisting of:

"Newmar Mine, rehabilitate shaft from 250-foot level to 500-foot level @ $3000.00."
$3000.00 ÷ (500 ft. - 250 ft.) = $12.57 per foot.

When access to mine was accomplished it was determined there was no 500-foot level. Progress stopped by physical limitation at 192 feet below the 250-foot level. Executive Officer of the Field Team in charge of the project allowed Operator's claim up to 192 feet on a proportionate basis.

| | |
|---|---|
| Operator claimed full unit of | $3000.00 |
| Work accepted, 192 ft. @ $8.57 per ft. | 1645.44 |
| Portion of Operator's claim disallowed | $1354.56 |

Auditor concurs in foregoing exception.

5/27/54 gla

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 30 1954

224 New Customhouse
Denver 2, Colorado

April 27, 1954

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Locket DMEA 2878 (Uranium-Lead), Contract Idm-E501, Intercounty Corporation, German Mine, Gilpin County, Colorado

Enclosed for your records are three copies of "Notice of Termination of Exploration Project Contract, Under the Terms of the Contract, Before the Completion of the Work" which we have prepared and forwarded to the operator in conformance with authorization contained in a teletype from you dated April 22, 1954. Also enclosed are three copies of a letter to the operator forwarding the termination notice and three copies of data relevant to the termination of the contract.

The original of the termination notice was forwarded to the operator, a copy has been given to the Finance Office, Region IV, and a copy retained for our files.

W H King
W. H. King

Enclosures

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 30 1954

224 New Customhouse
Denver 2, Colorado

April 26, 1954

REGISTERED

Intercounty Corporation
c/o G. C. Midland, Secretary
403 Interstate Trust Building
Denver 2, Colorado

Re: Docket DMEA 2878 (Uranium-Lead)
Contract Ida-E501

Dear Mr. Midland:

Reference is made to your letter of March 9, 1954, wherein you request authorization to proceed with Stage II, or, if the Government prefers, to skip Stage II and proceed with Stage III. Further reference is made to your letter of April 1, 1954 wherein you request an amendment to the contract to authorize a change in the work outline under Stage II.

Intensive examination of the property, after being made accessible by the work performed under Stage I, indicates that the proposed work under Stages II and III would not result in a significant discovery, therefore your requests of March 9, 1954 and April 1, 1954 are hereby denied.

In conjunction therewith, there is enclosed a "Notice of Termination of Exploration Project Contract, Under the Terms of the Contract, Before the Completion of the Work".

Very truly yours,

W H King

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

JWT:jp

Enclosure
cc Corresp.
Amdt.
Chron.
WMTraver )
AHKoschmann ) with
COMittendorf) -3- encl.
TAChristensen)
JWTownsend )

DIVISION COPY

Minerals Administration
RECEIVED
30 1954

NOTICE OF TERMINATION OF EXPLORATION PROJECT CONTRACT, UNDER THE TERMS OF THE CONTRACT, BEFORE THE COMPLETION OF THE WORK

To: Intercounty Corporation
c/o G.C. Ridland, Secretary
403 Interstate Trust Building
Denver 2, Colorado

Operator under Exploration Project
Contract Idm-E501, Docket DMEA 2878,
dated March 24, 1953

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, under the terms of the above-mentioned contract, hereby terminates the contract on the following grounds:

> In the opinion of the Government, operations up to the time of this notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified.

Upon the receipt of this notice, as provided in said contract, you are required to dispose of any remaining materials, supplies, facilities, buildings, fixtures, equipment, or other items, in which the Government has an interest, for the joint account of yourself and the Government; and to render to the Government a full and final accounting of your operations under the contract and of your expenditures of money on account thereof.

Any work prosecuted or costs incurred by you after the receipt of this notice shall be for your sole account, except for (a) such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of any facilities, buildings, fixtures, equipment, or other items, to the cost of which the Government has contributed and in which the Government has an equity, and (b) the costs of any reports, accounts, and winding-up and settlement actions provided for in the contract.

Dated this 26th day of April, 1954.

UNITED STATES OF AMERICA

By W H King
W.H. King, Executive Officer
DMEA Field Team, Region IV

Termination Notice
April 26, 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 139
Denver Federal Center
Denver 14, Colorado
April 16, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 2878, Contract IDM-E501, (Uranium-lead), Intercounty Corporation, (German mine), Gilpin County, Colorado--Request for authorization of Stages II and III

Enclosed are the original and seven copies of M. H. Salsbury's memorandum recommending denial of the subject request which has my approval. Salsbury also recommends termination of the contract and that recommendation has my approval.

It is assumed you have copies of G. C. Ridland's map dated March 23, 1954, in sufficient number to accompany the memorandums. We can locate Salsbury's samples on them if you wish.

W. M. Traver

W. M. Traver

Enclosures

cc: 5
E501
Chron.

WMT/iei

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 14, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: M. H. Salsbury

Subject: DMEA 2878, Contract IDM-E501, (Uranium-lead), Intercounty Corporation, (German mine), Gilpin County, Colorado--Request for authorization of Stages II and III

On March 9, 1954, the contractor's representative, G. C. Ridland, under the subject contract requested authorization to proceed with Stage II of the contract, assaying 65 samples for uranium, gold, silver and lead, at a cost of $487.50, and if Stage II was denied, to proceed with Stage III, driving the 1st level eastward 450 feet or as long as strong radioactivity is present, with raises at likely looking places. On April 1, 1954, another request was made for an amendment changing Stage II from assaying only to include surveying, sampling, preparing maps, and assaying at no increase in the maximum allowable cost.

An examination of the 4th and 5th levels of the mine had been made on February 16, 1954 by the writer in company with D. R. MacLaren and Paul K. Sims of the Geological Survey, and another inspection was made on March 11, 1954, at which time samples were taken to check radiometric highs and previous sampling by the contractor's representative on the 3 upper levels. R. U. King of the Geological Survey accompanied the examining team on the last examination.

The contractor has submitted a list of 118 samples taken in 1948 on the 1st, 2nd and 3rd levels and 36 samples taken in February 1954 on the 4th and 5th levels. A sample map showing location of all samples was included.

The examining team came to the conclusion that the sampling of the three upper levels in 1948 had been adequate and only a few check samples would be needed. Radiometric readings barely above background count on the 4th level, and background count only on the 5th level did not indicate the need for further sampling for uranium on these levels, and visual inspection did

not show lead or zinc in commercial quantities. This conclusion has been substantiated by the samples taken by the contractor on the 4th and 5th levels without DMEA authorization. The uranium content was nil and gold, silver, lead, and zinc content was not consistent enough to constitute ore-grade material.

Five samples were taken at accessible points on the first and third levels by the examining team. The results, and comparison with the corresponding samples taken by the contractors, are given in table I. The samples were taken at the points where previous sampling had been done, as near as could be determined by the contractor's sample numbers marked on the walls, and by using a Geiger counter to show the points of maximum radioactivity. The variations in comparable samples probably reflect very spotty and erratic mineralization of the vein.

The uranium production record at the German and Belcher mines is incomplete. Available records list 1.05 tons with an average content of 30 percent $U_3O_8$ from the German shaft, and 7.03 tons with a content of 7.05 percent $U_3O_8$ from the Belcher shaft. Probably not included in this total is 1,000 pounds of ore mined in 1933 by a lessee who reported verbally to the writer that he sold this ore for $7.50 per pound. It is not known whether a small production mined in 1924 is included in the total. In any case, the total production is certainly not much more than 10 tons of ore which may have averaged 10 percent $U_3O_8$. This came from small scattered lenses which were mined selectively and probably at high cost. These lenses represent only a fraction of the volume of rock broken in the stoping operations. The extent of the stopes above the first level of the German mine indicate very roughly that a total of about 2000 tons of rock has been broken. Some of this was gold ore, some was uranium ore, but a substantial part of the rock broken remains in the stope as back filling, probably too low in grade to ship.

None of the pitchblende exposures seen by the examining team were lenses of ore in sight which could be mined profitably. Four samples taken by the contractor in the back of the now inaccessible east end of the stope above the first level, near the caved Belcher shaft, ran from nil to 0.15 percent $U_3O_8$ over widths of 15 to 36 inches. Sample No. 32 in the end of the stope, in an exposure which is hardly more than a pillar, assayed 0.35 percent $U_3O_8$ over 19 inches. Good pitchblende in and near the face of the 1st level east is in this same pillar. There is, therefore, no mineable ore in sight, except in a pillar.

TABLE I

| DMEA Sample No. | Width ins. | Description | $U_3O_8$ | Lead | Zinc | Gold | Silver | Mr/hr | Equivalent sample by Ridland: Gold | Silver | Lead | Zinc | $U_3O_8$ | Width ins. | Sample number |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | percent | | | oz. per ton | | | oz. per ton | | percent | | | | |
| MHS-40 | 12 | West end of raise at east end of 1st level | 0.270 | 0.10 | 0.37 | 0.03 | 0.4 | 4.0 | 0.04 | 0.68 | — | — | 0.39 | 14 | 27 |
| 41 | 12 | Back of stope above 1st level 23 feet east of high raise | 0.022 | 0.35 | 0.80 | 0.05 | 0.2 | 1.0 | 0.05 | 2.00 | — | — | *0.25 | 12 | [illegible] |
| 42 | 12 | Face 1st level west drift | 0.010 | 0.07 | 0.05 | <0.005 | <0.1 | 0.15 | 0.04 | 0.50 | — | — | *0.15 | 12 | 54 |
| 43 | 11 | West end of raise above 1st level west 16 ft. above floor | 0.004 | 0.07 | <0.05 | 0.005 | 0.1 | 0.18 | 0.18 | 2.36 | — | — | 0.63 | 14 | 58 |
| 44 | 5 | Back of 3rd level east drift, 2.5 feet east of survey station 303 | 2.57 | 0.37 | 0.30 | 0.11 | 2.7 | 10.0 | — | — | — | — | — | — | — |
| 45 | 4 | in back of 1st level east at 7 feet east of raise where MHS 40 was taken | *0.46 | — | — | — | — | *5.0± | 1.58 | 0.32 | — | — | *0.15 | 20 | [illegible] |

< less than
* indicates radiometric analyses.
All other values given are chemical analyses.

Exploration of the 70 to 80 feet of backs between the stope and surface, and of the supposedly unexplored vein east of the Belcher shaft would probably result in the discovery of other small lenses of pitchblende. There is no reason to believe, however, that they would be any larger or more numerous than those mined in the past. At present prices, the equivalent of all the ore estimated to have been produced in the past, would return to the shipper a total of about $17,000.00, which is much less than the cost of the equivalent amount of mining.

It is concluded that the assaying called for in Stage II was not necessary to complete an evaluation of the 4th and 5th levels, where radiometric measurements were clearly negative. Neither were surveying and mapping under a requested amendment to Stage II necessary for a proper evaluation of the mine. An operation which would produce a significant amount of uranium, make a profit for the operator, or return in DMEA royalties more than a small part of the government's probable expenditure, is not indicated.

It is recommended that the request for authorization of Stages II and III be denied and contract IDM-E501 terminated.

M. H. Salsbury
M. H. Salsbury
Mining Engineer

cc: 7
E501
DMEA Chron.

MHS/ici

April 14, 1954

approved
ahk
4/14/54

Memorandum

To: Mr. A. H. Koschmann

From: D. R. MacLaren

Subject: DMEA Docket 2878 (uranium), Contract Ida-E501, Intercounty Corporation, Gilpin County, Colorado

In a letter dated March 11, 1954, G. C. Ridland, of the subject corporation, states that Stage I of the subject contract has been completed and requests authorization to proceed with Stage II, or should Stage II be denied, to proceed with Stage III. Under Stage III Ridland proposes to drive the first level of the Garman mine eastward, through or around the Belcher shaft, for 450 feet, or as long as the vein remains strongly radioactive, and to raise at likely looking places as authorized by the Field Team. In another letter dated April 1, 1954, Ridland requests an amendment to change Stage II of the contract so that the sum of $487.50 authorized for assaying 65 samples for gold, silver, lead, and uranium may be used for surveying, sampling, preparing maps, and assaying an unspecified number of samples for gold, silver, uranium, lead, zinc, and copper.

On February 16, 1954, I visited the mine with M. H. Salsbury of the Bureau of Mines and Paul K. Sims of the Geological Survey. We thoroughly checked all five mine levels with scintillometer and geiger counter. On the first level radioactivity was found to be about four times background beneath an old stope and was equally strong at the stope back although no uranium minerals were seen. On the second level radioactivity reached a maximum of three times background. In one 15-foot interval there were several small stringers and lenses of pitchblende in the back of the drift. On the third level, radioactivity was never more than three times background. In one six-foot interval a few lenses of

pitchblende up to one quarter of an inch thick were found, and in another interval about ten feet long there were short narrow lenses and stringers of torbernite. On the fourth level there was so little increase of radioactivity above background as to be questionable, while on the fifth level there was no increase whatsoever. Ken Baker, of the A.E.C. later told me that one of their men recently made a radiometric survey of the mine and that he also could not detect significant radioactivity above background on either the fourth or fifth levels. At the time of our visit, samples from the fourth and fifth levels, taken by the superintendent, were in the hoist house. Checked with scintillometer and geiger counter, not one of these samples showed any radioactivity above background.

Samples taken from the upper three levels by Ridland in 1948 indicate the presence of a few small lenses of uranium bearing minerals, irregularly spaced, on the first level and in the back of the stope above. The location and assay results of these samples are given in the original application, DMA Docket 1448X. On March 11, 1954, after previously selecting eight of Ridland's samples that assayed from .15 to 1.00% $U_3O_8$, I again visited the mine with Salsbury and R. U. King of the Survey, to re-sample at Ridland's locations. Three of the locations were not accessible, but at the other five locations check samples were taken, if not in the same channels as Ridlands, within a few inches of his channels. As verification of our location, we found Ridland's sample numbers on the walls. The following table gives the comparative results of the two sets of assays (R-number, Ridland's sample; MMS-number, DMEA sample):

| Sample No. | Sample Width | % $U_3O_8$ | oz./ton gold | oz./ton silver | % lead | % zinc |
|---|---|---|---|---|---|---|
| R-27 | 14" | .30 | .04 | .68 | — | — |
| MHS-40 | 12" | .27 | .03 | .49 | .10 | .37 |
| R-24 | 12" | .25 | .05 | 2.0 | — | — |
| MHS-41 | 12" | .022 | .05 | .20 | .35 | .80 |
| R-34 | 12" | .15 | .04 | .50 | — | — |
| MHS-42 | 12" | .010 | .005 | .10 | .07 | .05 |
| R-38 | 14" | 1.00 | .18 | 2.36 | — | — |
| MHS-43 | 11" | .004 | .005 | .10 | .07 | .05 |
| R-30 | 20" | .15 | | | | |
| MHS-45 | 4" | .46 | (Calculated from .39%U x 1.18) | | | |

On the third level, we sampled the torbernite strings in the 10-foot interval mentioned in the second paragraph. Ridland apparently missed this showing in 1948, but he records a sample about 5 feet west and another about 15 feet east. The respective assays are:

| | % $U_3O_8$ | oz./ton gold | oz./ton silver | % lead | % zinc |
|---|---|---|---|---|---|
| R-80 (5 feet west) | nil | .01 | .29 | | .41 |
| MHS-44 | 2.57 | .11 | 2.70 | .37 | .30 |
| R-81 (15 feet east) | nil | .01 | .30 | | .37 |

Although the general disparity between the original and the check assays may be due in part to such factors as inaccuracy or improved methods of assaying, or possible oxidation and leaching, it is more probably due to the smallness and irregularity of the individual pods and sheets containing uranium and the other metals. In the original application there are listed some 28 assays for uranium, or and above the first level. Of these, one is .09%, twelve are .08%, nine are .15%, and one each are 20%, 23%, 30%, 35%, 39%, and 1.00% $U_3O_8$. Thus, 75% of the assays submitted show 15% $U_3O_8$ or less.

The present estimated volume of unfilled stopes above the first level indicates that about 1,875 tons of ore has been extracted. This

figure does not include vein material that was extracted during drifting operations. Production records, compiled from various sources, indicate that not more than 8.08 tons having an average grade of 10.03% $U_3O_8$ have been shipped. In other words, only .43% of the total extraction from the stopes above the first level could be upgraded to 10% $U_3O_8$. This again indicates the infrequency and probable small size of the high grade uranium pods that may be expected.

It is concluded that radioactivity decreases with depth and cannot be detected with any certainty on the two lowest levels; that, although pods of high grade pitchblende undoubtedly occur at irregular intervals, particularly along and above the first level, they are so small that only 8 tons of 10% $U_3O_8$ ore could be sorted from some 1,875 tons of rock mined above the first level; and that the chances of making a significant discovery of uranium ore in the German-Belcher mine are very poor. Therefore, it is recommended that the requests in Ridland's letters of March 11, 1954, and April 1, 1954, be denied. It is further recommended that Contract Idm-6501 be terminated and that no further exploration for uranium be done in the German-Belcher mine.

INTERCOUNTY CORPORATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 30 1954

403 Interstate Trust Bldg.
Denver 2, Colorado

April 1, 1954

Mr. W. H. King
Executive Officer
Defense Minerals Exploration Admin.
Field Team, Region IV
224 New Customhouse
Denver 2,Colorado

Re: DMEA Docket No. 2878
Contract Idm - E501

Dear Mr. King:

We wish to request an amendment to our contract. We request a change in the wording of

Stage II

| | |
|---|---|
| Assaying 65 samples for uranium at $4.00 each ..... | $ 260.00 |
| Assaying 65 samples for gold, silver lead at $3.50 each..... | 227.50 |
| | $ 487.50 |

to read:

Stage II

| | |
|---|---|
| Surveying, sampling, preparing maps and assaying samples for gold, silver, uranium, lead zinc and copper..... ... | $ 487.50 |

The contract does not allow for the cost of cutting the samples, or the surveying and mapping of the workings so that an accurate record of the location of the samples can be made. In spite of the fact that we are confining our sampling and assaying to the lower 2 levels of the mine, our costs of this stage of the program has far exceeded the sum of $487.50, hence we believe authorization of the above amendment fair and justified.

Yours very truly,

INTERCOUNTY CORPORATION

G. C. Ridland

G. C. Ridland

GCR/jl

INTERCOUNTY CORPORATION

403 Interstate Trust Bldg.
Denver 2, Colorado

March 9, 1954

Mr. W. H. King
Executive Officer
Defense Minerals Exploration Admin.
Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Re: DMEA Docket No. 2878
Contract Idm - 2501

Dear Mr. King:

With further reference to our request to proceed with exploration at the German mine, and your letter of March 4, 1954, stating Stage I has not been completed, please refer to our monthly narrative report dated March 1, 1954, and you will see that we have dewatered and rehabilitated the German shaft to the bottom of the mine. The 500-level is the bottom of the mine according to U.S.G.S. Professional Paper 94, page 240-1.

Now, may we please proceed to Stage II, or if you prefer that we skip Stage II, may we proceed to Stage III. We propose to drive the first level eastward through, or around, the Belcher shaft for 450 feet or as long as the vein remains strongly radioactive, and to raise at likely-looking places as authorized by the D.M.E.A. Field Team.

Yours very truly,

INTERCOUNTY CORPORATION

G. C. Ridland
B.H.

G. C. Ridland

GCR:bh

12/3/53 gla

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

224 New Customhouse
Denver 2, Colorado

December 1, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2878 (Uranium), Contract Idm-E501, Intercounty Corporation (assignee of American Mining Company), Gilpin County, Colorado

Enclosed are the Government, Division, and Docket copies of Amendment No. 1 to Contract Idm-E501 which was prepared in Washington and executed by you for the Government to extend the starting date to September 15, 1953 and extend the completion period of work under the contract from 10 months to 14 months. Also Annex I was attached to amend article 6 of the contract form.

Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W H King
W. H. King

Enclosures

12/4/53 gla

Division Copy

EXPLORATION PROJECT CONTRACT
INTERCOUNTY CORPORATION
DOCKET NO. DMEA-2878

AMENDMENT NO. 1

It is agreed this 6th day of November, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Intercounty Corporation, each acting in consideration of the agreement of the other to the terms hereinafter set forth that Exploration Project Contract Idm-E501, Docket No. DMEA-2878, dated March 24, 1953, between the parties hereto, be amended as of September 1, 1953, as follows:

1. In Article 3 of the contract form, in lieu of the words "within sixty (60) days from the date of this contract," the words "prior to September 15, 1953," are substituted; and in lieu of the words "ten (10) months," the words "fourteen (14) months" are substituted.

2. Annex I, attached hereto, is substituted for Article 6 of the contract form.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute nor the agreed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C P Mitteudorf
Acting Administrator, Defense Minerals Exploration Administration

INTERCOUNTY CORPORATION

By L L Ridland
Secretary

DEPARTMENT OF THE INTERIOR
Bureau Mines Administration
RECEIVED
DEC 3 - 1953

ANNEX I

The following provisions are in lieu of Article ___:

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(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 of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by this contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Mining Division
Date Rec'd
NOV 24 1953
BUREAU OF MINES
Denver, Colorado

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

NOV 9 1953

A.F.Kane
Rubin
Ellis
Talbert
Rewritten by

[illegible]
[illegible] Field Team, Region IV
[illegible] New [illegible] Building
Denver 2, Colorado

[illegible] ([illegible])
[illegible] Corporation
[illegible]
[illegible]
Grand County, Colorado
[illegible]

Gentlemen:

[illegible] enclose a proposed amendment [illegible] the signature of the Administrator.

[illegible] revised this amendment to provide also for an [illegible] the [illegible] and include the newer [illegible] division. The amendment has been signed by the [illegible] and Sen. [illegible] the operation. When this has been accomplished, please see that the [illegible] is made.

Sincerely yours,

George C. Selfridge

Concurred

Concurred

J. H. Hedges

Director, [illegible]

A. R. Kinkel, Jr.

Assistant General [illegible]

Initialed, typed and signed
AFKane/emd 10-30-53
AFKane/ema 11-4-53
Copy to: Docket
Adm. R. File
Op. Comm.
J. H. Hedges
T. P. Thayer
[illegible] Ellis
J. L. Hofflund
A. F. Kane
Chron.
Pending

10/2

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

221 New Customhouse
Denver 2, Colorado

October 22, 1953

Memorandum

To: Secretary, Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: Assignment of Contract Idm-E501 from American Mining Company to Intercounty Corporation

Enclosed are the original and two copies of Assignment of Contract assigning contract Idm-E501 from American Mining Company to the Intercounty Corporation.

Copies of this Assignment have been given to the Operator, Fiscal Officer, Region IV, and a copy has been retained for our files.

John F. Shaw

John F. Shaw, for
W. H. King

Enclosures

Assignment 4/16/53
Intercounty Corp.

Division Copy

**ASSIGNMENT OF CONTRACT**
**ASSIGNEE'S ACCEPTANCE**
**GOVERNMENT'S CONSENT**

WHEREAS, the American Mining Company, a Delaware Corporation (hereinafter called the "Operator"), entered into an Exploration Project Contract dated March 24, 1953, Contract No. Idm-E501, Docket No. DMEA-2878, with the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration (hereinafter called the "Government"); and

WHEREAS, by an instrument dated October 21, 1952, as amended January 3, 1953, the Uranium Company of America, as lessor, leased to the Operator, as lessee, for a period of 15 years the mineral rights in the land covered by the aforesaid Exploration Project Contract; and

WHEREAS, the Operator with the written approval of the said Uranium Company of America, dated September 10, 1953, by an instrument dated September 1, 1953, assigned all its rights in the aforesaid lease to the Intercounty Corporation, a corporation organized and existing under and by virtue of the laws of the State of Colorado, having an office located at the First National Bank Building, Ardsley, New York, (hereinafter called the "Assignee").

NOW THEREFORE, the Operator in consideration of the sum of One Dollar ($1.00) lawful money of the United States and other good and valuable consideration received from the Assignee, does hereby assign, transfer, and convey to the Assignee as of September 1, 1953, all its right, title, and interest in and to the aforesaid Exploration Project Contract including any and all property purchased for, and the right to use any and all property devoted to the exploration work under this Exploration Project Contract, and hereby consents to any and all future amendments to the said contract; Provided, however, That the Government shall pay to the Operator all monies which may be or become due and payable to the Operator before the first day of the second month following the month in which this Assignment is accepted in writing by the Assignee; and upon payment thereof, the Operator agrees to release and hereby releases the Government from any and all claims, past, present, or future arising out of the said Exploration Project Contract.

This Assignment is subject (1) to the written consent of the Government; (2) to written acceptance by the Assignee; and (3) assumption by the Assignee of the terms, provisions, and conditions of said Exploration Project Contract binding upon the Operator.

Dated Oct. 16th, 1953

AMERICAN MINING COMPANY

By [signature]
President

On this 16th day of October, 1953, before me [signature] the undersigned officer, personally appeared [signature] who acknowledged himself to be the President of the American Mining Company, a corporation, and that he as President, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I have hereunto set my hand and seal.

PHILIP I. N. ALPERDT
Notary Public, State of New York
No. 31-5056750
Qualified in New York County
Cert. filed with N. Y., Kings, Queens and
Bronx Co. Clerks & Registers
Commission Expires March 30, 1954

[signature]
Notary Public

The Assignee, this 16th day of October, 1953, hereby accepts the above Assignment, and assumes and agrees to be bound by the terms, provisions, and conditions of said Exploration Project Contract that are binding on the Operator.

INTERCOUNTY CORPORATION

By [signature]
President

(Charles E. Eaton, Jr.)

On this 16th day of October, 1953, before me Aleta E. Reid the undersigned officer, personally appeared Charles E. Stahl Jr. who acknowledged himself to be the President of the Intercounty Corporation, and that he as President being duly authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I have hereunto set my hand and seal.

Aleta E. Reid
ALETA E. REID
Notary Public
Notary Public in the State of New York
Appointed for Westchester County
Commission expires March 30, 1955

The Government this 8th day of October, 1953, without releasing the Operator from any of the terms, provisions, and conditions of the said Exploration Project Contract, hereby consents to the above Assignment.

THE UNITED STATES OF AMERICA

By O. Meltendorf
~~Acting~~ Administrator, Defense
Minerals Exploration
Administration

Ellis
Chamberlin

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

REGISTERED

224 New Customhouse
Denver 2, Colorado

July 2, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Contract Idm-E501 (Uranium-Lead), Docket No. DMEA 2878, American Mining Company

Enclosed are the original and two copies of Contract Idm-E501. This contract was sent to Mr. George S. Groves by registered mail on May 1, 1953. They were returned signed to this office on June 30, 1953.

Inasmuch as work was not started within the authorized period, we recommend that this contract be cancelled. We are retaining the operator's copy pending your decision.

W. H. King
W. H. King

Enclosure

MF-200 (A)
(February 1952)

DOCKET NO. DME-[redacted]78

COMMODITY Uranium-Lead

Division Copy

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

IDM-E 501

# EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 24th day of March, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] American Mining Company, a corporation organized and existing under and by virtue of the laws of the State of Delaware
Room 839
60 E. 42nd Street
New York City, New York

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Colorado, County of Gilpin, described as follows:[3] German Mine consisting of the following Lode Mining Claims: German (Survey No. 494), North German (Survey No. 18936), German Annex (Survey No. 19564), German No. 2 (Survey No. 19564), Belcher (Survey No. 7076), Ima (Survey No. 775), all located in Sec. 14 and 15, T. 3 S., R. 73 W., 6 P.M., Gilpin County, Colorado
the Operator represents and undertakes:[4]

(*a*) [redacted]
The property is included as security on a $150,000 mortgage to Gold Uranium Mining Company. Mortgagee's Subordination Agreement is attached.

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within sixty (60) days from the date of this contract shall commence work on a project of exploration for[5] Uranium, lead, and incidental gold and silver

in or upon the described land; and shall bring the project to completion within a period of ten (10) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $17,100.00, which is 90 percent of $19,000.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or 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 ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

AMERICAN MINING COMPANY
(Operator)

By George S. Groves
President

THE UNITED STATES OF AMERICA

By O. Mitteldorf
Administrator, Defense Minerals Exploration Administration

Patrick Salkowski

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

Mabel N. Scott [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

AMERICAN MINING COMPANY
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2878

EXHIBIT "A"

## Description of the Work

The exploration project is divided into three stages.

Stage I consists of repairing the hoist and compressor house, installing a hoist and pump, rehabilitating the German Shaft, and dewatering the workings to the 600-foot level. Location of shaft is shown on attached map.

Stage II is dependent upon the results of Stage I. If authorized by the Government in writing, in advance, Stage II shall be undertaken. Stage II consists of sampling and assaying for uranium, gold, silver, and lead, in a manner approved by the Defense Minerals Exploration Administration. A copy of all assay results must be furnished to Defense Minerals Exploration Administration.

Stage III is dependent upon the results of Stage II. If authorized by the Government in writing, in advance, Stage III shall be undertaken. Stage III consists of drifting, crosscutting, or raising. The total exploration will be 450 feet.

The location, direction, length and extent of all work under this contract is subject to the approval of the Government.

## Estimated Costs of the Project

### Stage I

| | | |
|---|---|---|
| Repair hoist and compressor house | $ 162.50 1/ | |
| Install hoist and pump | 400.00 1/ | |
| Rehabilitate and dewater shaft to 250-foot level | 1,450.00 1/ | |
| Dewater mine, rehabilitate shaft from 250-foot level to 600-level | 3,000.00 1/ | |
| Total Stage I | | $5,012.50 |
| Government Participation at 90% | | $4,511.25 |

1/ The entire work under each item constitutes a unit of work.

## Stage II

| | | |
|---|---|---|
| Assaying 65 samples for uranium at $4.00 each | $ 260.00 | |
| Assaying 65 samples for gold, silver, lead at $3.50 each | 227.50 | |
| Total Stage II | | $487.50 |
| Government Participation at 90% | | $438.75 |

## Stage III

| | | |
|---|---|---|
| 450 feet of drifting, crosscutting or raising at $30.00 per foot | $13,500.00 | |
| Total Stage III | | $13,500.00 |
| Government Participation at 90% | | $12,150.00 |

* * * * * * * * * * * * *

| | |
|---|---|
| Total Stages I, II, and III | $19,000.00 |
| Government Participation at 90% | $17,100.00 |

MF-201

# MORTGAGEE'S SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the owner is the holder of a mortgage, claim, lien, or encumbrance dated June 30, 1950, recorded in Book 225, page 124, of the records of the county of Gilpin, State of Colorado, and in Book 235, page 584 of the records of the County of Clear Creek, Colorado, upon that certain parcel of ground described in a certain Exploration Project Contract dated ....., 195..., between AMERICAN MINING COMPANY .....,

the owner of said property and the United States of America;

NOW, THEREFORE, the undersigned does by these presents subordinate all of his right, title, and interest in said mortgage, claim, lien, or encumbrance to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights under the provisions of said mortgage, claim, lien, or encumbrance; and

The undersigned agrees to commit no act nor assert any right, title, or interest under said mortgage, claim, lien, or encumbrance that might contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract.

This undertaking and covenant shall be binding upon the heirs, successors, and assigns of the undersigned.

Dated this ..... day of ....., 195....

GOLD URANIUM MINING COMPANY
By Geo S Groves
George S. Groves, President

U. S. GOVERNMENT PRINTING OFFICE 940707

MF-203

# OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Colorado, County of Gilpin, described as follows:1/

German Mine consisting of the following lode mining claims: German No. 494, North German No. 18936, German Annex No. 19564, German No. 2, No. 19564, Belcher No. 7076, Ina No. 775, all located in Sec. 14 and 15, T. 3 S., R. 73 W., 6 P.M., Gilpin County, Colorado

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

2/ American Mining Company, a Delaware Corporation,

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

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

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

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 22,500.00, or ten years have elapsed from the date of the contract.

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

Dated this 11th day of December, 1958.

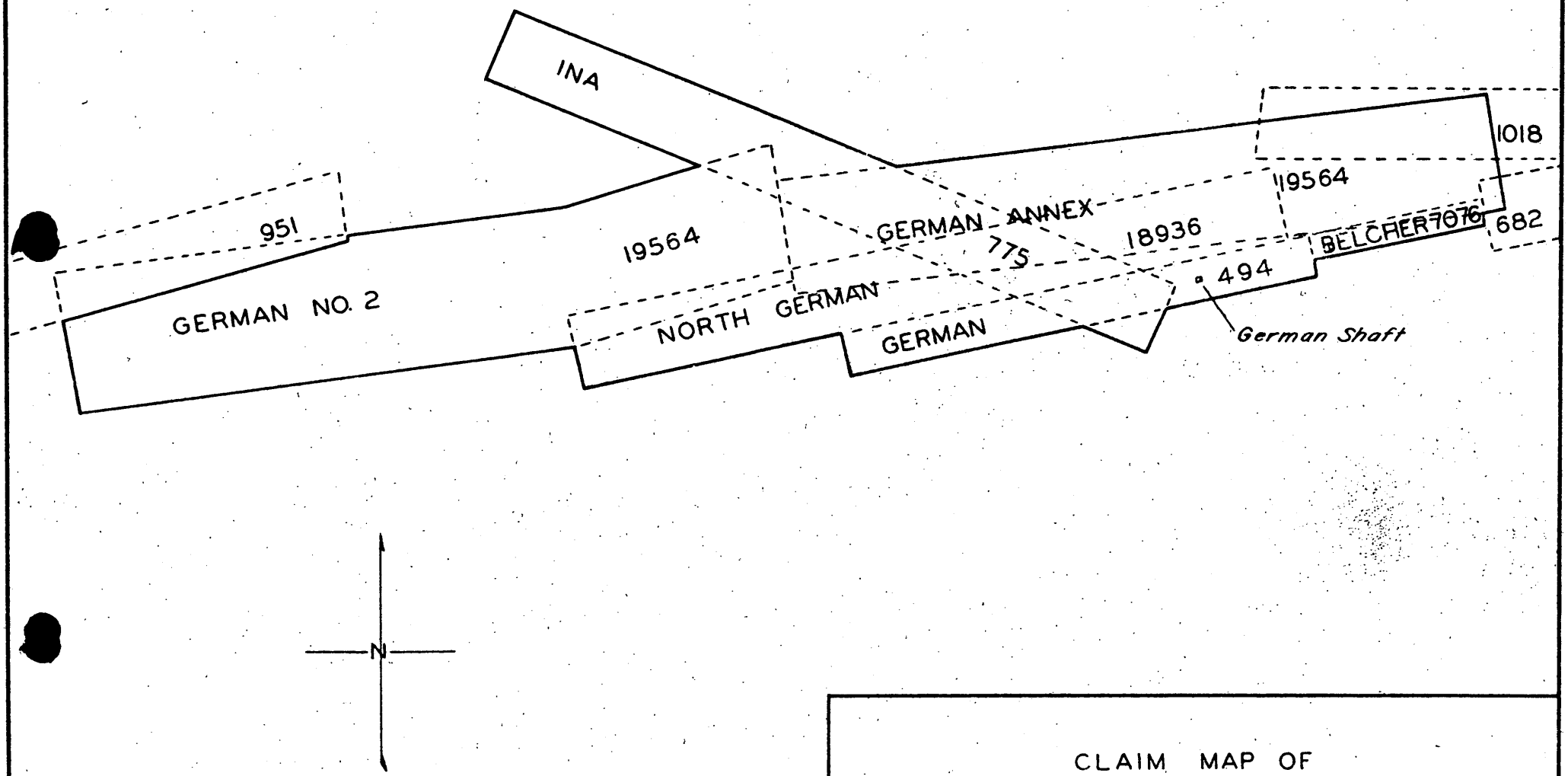
URANIUM COMPANY OF AMERICA [Seal]
By Richard Downing [Seal]
Secretary
GOLD URANIUM MINING COMPANY [Seal]
By Geo. J. Jones
President

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

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

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

4/ Insert the maximum amount of the Government's contribution.




CLAIM MAP OF

# GERMAN-BELCHER PROPERTY

GILPIN COUNTY

SCALE: 1" = 300'

DATE: MAR. 1 1948

To accompany Geol. Report 28R by G.C. Ridland

3/17/55 gh

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

224 New Customhouse
Denver 2, Colorado

March 14, 1955

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2878 (Uranium-Lead), Contract Idm-E501, Intercounty Corporation, German mine, Gilpin County, Colorado

Enclosed are two copies of a memorandum to Mr. T. A. Christensen, dated March 7, 1955 relative to final payment under the terms of the subject contract.

Final payment to the Operator in the amount of $250.00 has now been made in conformance with the Report of Review by the Contract Administration and Audit Division, dated June 23, 1954.

Enclosures

W. M. Traver

224 New Customhouse
Denver 2, Colorado

March 7, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2878 (Uranium-Lead), Contract I&M-E501, Intercounty Corporation, German mine, Gilpin County, Colorado - FINAL PAYMENT

Reference is made to our memorandum of March 19, 1954 whereby we transmitted the final Form MF-104, Operator's Progress Report and Voucher for the month of February, 1954 and instructed you to withhold the amount of $250.00 from reimbursement to the Operator pending resolution of matters relative to the authorization under Stages II and III. Work under Stages II and III was not approved by the Government; therefore, the contract was considered completed upon completion of Stage I.

Therefore, we now recommend that final payment to the Operator be made on the following basis which is in conformance with the Report of Review by the Contract Administration and Audit Division dated June 23, 1954. Final payment to the Operator has been deferred by this office pending receipt of the Operator's Final Report which was received March 3, 1955.

Basis for Final Payment

| | |
|---|---|
| Total accepted cost | $3,657.94 |
| Government participation at 90% | 3,292.15 |
| Total prior payments | 3,042.15 |
| Balance due the Operator | $ 250.00 |

W. M. TRAVER

W. M. Traver

Paid $250.00
Randel R. Cooper
Authorized Certifying Officer
3-9-55
DMA-55-68

JWT:pw

cc: Contract
Sec.Op.Comm. (2)
Chren
Townsend
Shaw

MAY 1 7 1955

Mr. Charles L. Stahl, Pres. President
Intermountain Corporation
First National Bank Building
Greeley, New York

Re: Contract No. [illegible] (Lead, zinc, and industrial gold and silver)
Contract No. [illegible]
Tarnum Mine
Gilpin County, Colorado

Dear Mr. Stahl:

This is with reference to the subject exploration Contract between you and the Government.

It is not our intention to make a certification of discovery or development which would create a lien against the subject property. Accordingly, effective, our books and records with respect to this project. Your attention is called, however, to the provisions of the Contract which permits the Operator to keep and preserve certain records for the period indicated.

We regret that the exploration work performed did not result in a certification of discovery or development. Your participation in the exploration program, however, is sincerely appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

Copy to: Intermountain Corporation
c/o [illegible], Secretary
[illegible] Street Building
Denver 2, Colorado

MCHing/dla
[illegible]
cc to: Adm.'s Reading File
Mr. Fulbright
Docket
Messrs. J. K. Crawford, No. 3021
T. R. Hillegass, No. 5286
J. C. Horton, No. 3710, [illegible]
Contract Audit Div.
Code 700
Mr. Ching

George S. Brown, President
Gold Dragon Mining Company
Room 830, 60 E. 42nd Street
New York City, New York

also President,
Tarnum Mining Co.,
and/or

Edward [illegible], Secretary-Treasurer
[illegible] Bldg. or [illegible]
Equitable Bldg., Denver 2, Colo.

FMA Field Team, Region III (2)

5/10/55 gla

IN REPLY REFER TO:

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

May 6, 1955

Re: DMEA-2878
Intercounty Corp.
German Mine
Gilpin Co., Colo.
$3,657.94
Uranium-Lead

Memorandum

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

From: R. D. Trace, U. S. Geological Survey

Subject: Final Field Team report

I concur with the Field Team in their recommendation that no certification be issued and that no further exploration is warranted.

A few very small pods of high grade uranium were found.

R. D. Trace

RDTrace:hlm
G-5/6/55E

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
J. E. Crawford, 3641 Interior
J. O. Nosted, 3210 GSA

IN REPLY REFER TO:

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

May 6, 1955

Re: DMEA-2578
Intercounty Corp.
German Mine
Gilpin Co., Colo.
$3,657.94
Uranium-Lead

Memorandum

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

From: R. D. Trace, U. S. Geological Survey

Subject: Final Field Team report

I concur with the Field Team in their recommendation that no certification be issued and that no further exploration is warranted.

A few very small pods of high grade uranium were found.

R. D. Trace

RDTrace:hlm
G-5/6/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
J. E. Crawford, 3641 Interior
J. O. Hosted, 3210 GSA

IN REPLY REFER TO:

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

May 6, 1955

Re: DMEA-2878
Intercounty Corp.
Garman Mine
Gilpin Co., Colo.
$3,657.94
Uranium-Lead

Memorandum

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

From: R. B. Trace, U. S. Geological Survey

Subject: Final Field Team report

I concur with the Field Team in their recommendation that no certification be issued and that no further exploration is warranted.

A few very small pods of high grade uranium were found.

R. B. Trace

RBTrace:hlm
G-5/6/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
J. E. Crawford, 3641 Interior
J. O. Kosted, 3210 GSA

4/7/55 gla

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

Department of the Interior
Defense Minerals Administration
RECEIVED
APR - 8 1955

April 6, 1955

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

From: Bureau of Mines Member
Uranium Commodity Committee

Subject: Docket DMEA 2878 (Uranium-Lead), Contract Idm-E501, Intercounty Corporation, German Mine, Gilpin County, Colorado

I have reviewed the Field Team final reports pertaining to DMEA Docket 2878, Contract Idm-E501, and have discussed them with Joseph O. Hosted, representative of the Atomic Energy Commission.

We agree that the exploration work did not result in a discovery or development of uranium ore and that a Certification of Discovery or Development is not warranted.

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

John E. Crawford

Copy to: Division of Minerals
Branch of Rare and Precious Metals
J. O. Hosted (2)
J. E. Crawford (2)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 6 1955

April 6, 1955

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

From: Bureau of Mines Member
Uranium Commodity Committee

Subject: Docket DMEA 2878 (Uranium-Lead), Contract Idm-E501, Intercounty Corporation, German Mine, Gilpin County, Colorado

I have reviewed the Field Team final reports pertaining to DMEA Docket 2878, Contract Idm-E501, and have discussed them with Joseph O. Hosted, representative of the Atomic Energy Commission.

We agree that the exploration work did not result in a discovery or development of uranium ore and that a Certification of Discovery or Development is not warranted.

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

John E. Crawford

Copy to: Division of Minerals
Branch of Rare and Precious Metals
J. O. Hosted (2)
J. E. Crawford (2)

c
o
p
y

224 New Customhouse
Denver 2, Colorado

July 20, 1954

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Dr. G. C. Ridland, Secretary
Intercounty Corporation
403 Interstate Trust Building
Denver 2, Colorado

Re: Docket No. DMEA-2878
Contract No. Idm-E501

Dear Doctor Ridland:

Records in this office indicate that by notice of April 26, 1954 you were advised that the contract was terminated by the Government under provisions of the contract and that in the opinion of the Government further operations were not justified.

We are desirous of closing this account at an early date; therefore, we will appreciate receipt of your final Engineering and Geologic report in conformance with the terms of the contract at your earliest convenience.

Very truly yours,

/s/ W. H. King

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

JWTownsend:cwm

cc: Contract
Chairman of the Oper. Comm. (2)
WMTraver
AHKoschmann
Chron.
JWTownsend

APR 22 1954

T E L E T Y P E

[redacted]

MChing/gla

DMEA - Department of the Interior
Exhibit(GL) Revolving Fund,
Defense Production Act,
Interior (Allocated Working Fund
to the Office of the Secy.)

Mr. R. King, Executive Officer
DMEA Field Team, Reg IV
[redacted] New Customhouse Building
Denver 2, Colorado

Re: Docket DMEA-2078
Contract No. Idm-E501
(Uranium)

REQUEST APPROVAL FOR DOCKET 2078 TERMINATION CERTIFICATE FOR AUTHORIZED

TERMINATE CONTRACT UNDER PROVISIONS ARTICLE 8(c) AS REQUESTED.

C. O. Mittendorf

C. O. MITTENDORF, ADMINISTRATOR

MChing/gla
4-22-54
cc to: Adm. Reading File
Docket
Messrs. APTutler, Jr., Rm. 3212, GSA
HDKeiser, Rm. 3641
Code 700
Mr. Ching
Confirmation to Region IV

SENT
APR 22 1954
Clerical Service Section

4/21/54 gla

C
O
P
Y

TELETYPE

DN 235 BUREAU MINES 4-21-54 10-06 AM

C O MITTENDORF

REFERENCE DOCKET DMEA 2878 /URANIUM-LEAD/ CONTRACT IDM-E501, INTER COUNTY CORPORATION, GILPIN COUNTY, COLORADO, STAGE I COMPLETED WITH UNWATERING THE SHAFT TO THE 500 LEVEL WHICH IS THE BOTTOM LEVEL OF THE MINE. INTENSIVE EXAMINATION OF THE MINE WORKINGS INDICATE THAT FURTHER GOVERNMENT PARTICIPATION IN THE PROPOSED EXPLORATION WORK UNDER STAGES II AND III IS NOT WARRANTED. PLEASE TELETYPE AUTHORIZATION TO TERMINATE THE CONTRACT UNDER PROVISIONS OF ARTICLE 8/C/ OF THE CONTRACT FORM AT THE COMPLETION OF STAGE I. OPERATORS FORM MF-104 FOR THE MONTH OF FEBRUARY 1954 FORWARDED TO THE SECRETARY TO THE OPERATING COMMITTEE BY OUR MEMORANDUM OF MARCH 25, 1954 WOULD IN FACT BE THE FINAL ACCOUNTING REPORT TO BE SUBMITTED.

W H KING

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

224 New Customhouse
Denver 2, Colorado

March 25, 1954

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket No. 2878 (Uranium-Lead), Contract Idm-E501, Intercounty Corporation (German mine), Gilpin County, Colorado.

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data pertaining to work under the subject contract for the month of February 1954.

John F. Shaw
For W. H. King

Enclosures

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

DEPARTMENT OF THE INTERIOR
Bureau of Mines
Received
MAR 26 1954

Administrative Audit Difference Statement

Date: March 23, 1954
Payee's Reference: Progress Report
February, 1954

Intercounty Corporation
403 Interstate Trust Bldg.,
Denver, Colorado
Ico-1501, February, 1954

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

Amount Claimed $ 3,000.00

Difference $ 1,354.56

Amount Approved $ 1,645.44

The reason for the difference was due to:

Dewatering and rehabilitation of the shaft is figured as 192 feet @ $8.57 per foot or $1645.44. Data is based on specified rehabilitation of 350 feet at a cost of $3,000. 90% of $1645.44 is $1,480.90 - from this amount $250 is withheld pending resolution of matters relative to authorization of work under Stages II & III.

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

224 New Customhouse
Denver 2, Colorado

March 19, 1954

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket No. 2878 (Uranium-lead), Contract Tho-2501, Intercounty Corporation (German mine), Gilpin County, Colorado.
Operator's Monthly Progress Report for the period February 1954.

Enclosed are the original and four copies of Form TF-104 and TF-144, Narrative Report, and Engineer's Report for the above period.

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form TF-200, therefore we recommend that payment be made for 90 percent of the amount reported by the Operator on Form TF-104, contingent on your verification of arithmetical accuracy within the report.

In conformance with an administrative decision, the amount approved for dewatering and rehabilitation of the shaft is calculated as 192 feet @ $8.57 per foot, or $1645.44. Rate is based on the specified rehabilitation of 350 feet at a cost of $3000.00. Payment of 90 percent of this amount, or $1480.90, is recommended. In addition an amount of $250.00 is to be withheld from the payment due the Operator pending resolution of matters relative to the authorization of work under Stages II and III.

Remarks:

| | |
|---|---|
| Date of Report | March 1, 1954. |
| Date Received in Field Office | March 11, 1954. |
| Date Received in Region Office | March 18, 1954. |

W. H. King

Enclosures

RDE:ma

cc: Contract
Secretary to the Oper. Comm. (2)
WMTraver
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 17, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 2878, Contract IBM-E501 (Uranium-lead), Intercounty Corporation (German mine), Gilpin County, Colorado--Progress report for February 1954

Transmitted herewith are the original and four copies of the above progress report, the second one--forms MF-104 and MF-104A with narrative--and the original and six copies of M. M. Salsbury's memorandum covering his inspection of the underground progress and checking the accounting forms. The contract is unit cost on short-form MF-200(A) and documentation is not required.

Salsbury found on two inspections, one March 1 and one March 16, 1954, that the shaft and mine workings had been dewatered and rehabilitated from the 250-foot level to a measured total depth of 442 feet or to 8 feet below the 5th level under the last item of Stage I. Apparently, from all available information, this is the bottom level although the shaft extends considerably deeper. Unless an amendment is made to the contract, it is impossible to approve payment of more than the pro rata amount or for 192 feet. The allowance on the basis of $3,000.00 for 350 feet (600-250) will be $8.57 a foot or $1,645.44 for the 192 feet. The actual physical work was in accordance with the terms of the contract. The disallowance will require appropriate correction on subsequent reporting forms.

Payment is recommended contingent upon verification of the arithmetical accuracy of the report by the auditor representatives of the Contract Administration and Audit Division and is certified on the MF-104 of $1,480.90, or 90 percent of the $1,645.44 approved by the inspecting engineer.

The engineer's measurements from the collar to the different levels are as follows:

| Level | Measured on incline |
|---|---|
| 1st | 129.2 |
| 2nd | 194.8 |
| 3rd | 254.9 |
| 4th | 376.9 |
| 5th | 435.9 |
| Sump | 442.0 |

W. M. Traver

W. M. Traver

enclosures

WMT/kp

cc 4
E501
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 16, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: M. H. Salsbury

Subject: DMRA 2878, Contract IBM-E501 (Uranium-lead), Intercounty Corporation (German mine), Gilpin County, Colorado--Progress report for February 1954

Progress under the subject contract for February 1954 was inspected March 1, 1954, and shaft measurements were checked on March 16, 1954.

The contractor had completed rehabilitation of the shaft to the 436-foot level which he has designated the 5th level. An additional 6 feet has been cleared below this level for a sump.

Payment is claimed for the fourth item under Stage I, exhibit "A", of the contract, "Dewater mine, rehabilitate shaft from 250-feet level to 600-level.....$3,000.00."

The contractor states that the level at 436 feet is the bottom level. He cites the description of the bottom level mentioned in Professional Paper 94, U. S. Geological Survey, page 240 which does correspond. Professional Paper 94, however, states that the level was at 500 feet. Information supplied by G. F. Grutzmacher, an employee of the Coal Branch, Bureau of Mines, who worked in the mine in the 1920's and 30's, verifies that there are only five levels, although the shaft is certainly deeper. Grutzmacher states that the shaft was sunk some distance below the bottom level. The narrative report for February 1954, submitted by the contractor, gives the distance from the collar of the shaft to the 5th level as 432 feet. This compares with 436 feet measured on the incline by the inspecting engineer. The narrative report for January 1954 gave the distance as approximately 470 feet.

The present sump was excavated in rock fill, and to the west and under the 5th level, there appears to be a stope which is also rock filled. The extent of this stope and whether or not it is an underhand is not known.

In any case, the disappointing appearance and the low radioactivity of the vein on the 4th and 5th levels does not indicate that deeper work would result in any better mineralization. Therefore, since the contractor wishes to discontinue the shaft rehabilitation, it is recommended that no further work be required and that payment be made on a pro rata basis, if the DMEA Region IV Field Team believes the contract can be so interpreted.

On the basis that $3,000.00 was allowed by the contract for 350 feet of shaft rehabilitation from the 250-foot level to the 600-level, the allowable cost per foot is $8.57. The present actual depth of the shaft, including the sump, as measured on the incline by the inspecting engineer, is 448 feet, or 198 feet below the 250-foot level. Total allowable cost on this basis is $1,645.44.

Monthly unit totals entered on forms MF-104 and MF-104A for February 1954 are correct with the exception that $1,354.55 of the amount claimed is disallowed on a pro rata basis.

Payment of $1,480.90, or 90 percent of the amount claimed in February 1954, $3,000.00 less a disallowance of $1,345.55, or $1,645.44, is approved.

M. E. Salsbury
Mining Engineer

MES/kp

cc 6
E501
Chron

Form MF-10 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

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

RECEIVED 29 1954

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1954 Docket No. DMEA 2078 Contract No. Idn-3501
Operator's Name Intercounty Corporation Minerals Uranium
Address 403 Interstate Trust Bldg., Denver 2, Colorado
Contract Amount, $ 19,000.00 Government Participation: 90 % Amount, $ 17,100.00

| 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) ~~Expense~~ Short Form Contracts: | | | | | | |
| Repair hoist & compressor house | | 162.50 | 162.50 | | | |
| Install hoist & pump | | 400.00 | 400.00 | | | |
| Rehabilitate and dewater shaft to 250-foot level | | 1,450.00 | 1,450.00 | | | |
| (2) ~~Labor Supervisor~~ Dewater mine, rehabilitate shaft from 250-foot level to bottom of mine | 3,000.00 | | 3,000.00 | 1,645.44 | | 1,645.44 |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Track | | | | | | |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | | | | | | |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | | | | | | |
| Liability Insurance | | | | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 3,000.00 | 2,012.50 | 5,012.50 | 1,645.44 | 2,012.50 | 3,657.94 |

I certify that the above bill is correct and just and that payment therefor has not been received.
Date March 1, 1954 *Payee Intercounty Corporation
Per [signature] Title Secretary

*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:

$ 1230.90

Signature [signature]
(Authorized Certifying Officer)
Date 3/24/54 Vou. No. 54-95
(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. DMEE501 in accordance with the terms of the contract.

Signature M. Ob. Jahlinny $1480.90 Mmt Title Mining Engineer Date March 16, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R. B.

Signature W. H. King Title Executive Officer Date MAR 19 1954

# 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.

GPO 83-38476

Form ME-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

# OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February 1954 Docket No. DMEA 2878 Contract No. Idm-E501
Operator's Name Intercounty Corporation Minerals Uranium
Address 403 Interstate Trust Bldg., Denver 2, Colorado

| OPERATION | UNIT | COSTS THIS MONTH | UNITS THIS MONTH | COSTS TO DATE | UNITS TO DATE | UNIT COSTS TO DATE | AUTHORIZED BY CONTRACT | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Units | Unit Costs |
| Drifting | | | | | | | | |
| Crosscutting | | | | | | | | |
| Dewater mine, rehabilitate shaft from 250-ft. level to bottom of mine | 1 | 3,000.00 | 1 | 3,000.00 | 1 | 3000.00 | 1 | 3,000.00 |
| Repair hoist & compressor house | | | | 162.50 | 1 | 162.50 | 1 | 162.50 |
| Install hoist & pump | | | | 400.00 | 1 | 400.00 | 1 | 400.00 |
| Rehabilitate & dewater shaft to 250-foot level | | | | 1,450.00 | 1 | 1450.00 | 1 | 1,450.00 |
| TOTAL DISTRIBUTED COSTS | | 3,000.00 | | 5,012.50 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | | | | | | | |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | | | | | | | |
| TOTAL COSTS | | 3,000.00 | | 5,012.50 | | | | 19,000.00 |

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

Date March 1, 1954 Operator Intercounty Corporation

Per G. Gilland Title Secretary

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)

## 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 83-38475

INTERCOUNTY CORPORATION

403 Interstate Trust Building
Denver 2, Colorado

March 1, 1954

Mr. W. M. Traver, Jr., Chief
Colorado Branch
Mining Division, Region IV
Building 20, Room 137
Denver Federal Center
Denver 14, Colorado

DMEA Docket No. 2878
Contract Idm - E501

Dear Mr. Traver:

Report for February, 1954

German Mine Exploration

Rehabilitation and dewatering of the German shaft continued to the bottom, or 500, level at 432 feet below the collar. A sump apparently continues below the bottom level, but it is full of large and small muck and debris.

Muck and old timbers were removed and hoisted from the 500 level station and the station completely rebuilt. Four drift sets were installed at the 500 level station and into the drift to make the level accessible.

All accessible workings of the mine were surveyed by transit, and the lower two levels and shaft walls were thoroughly channel sampled. Thirty-seven samples were taken at intervals of approximately 10 feet. All accessible workings were tested for radioactivity with a scintillator.

According to U.S.G.S. Professional Paper 94, page 240, the bottom, or 500, level has a crosscut 97 feet west of the shaft extending N 35 W for 102 feet following a fracture zone along the west side of a dike of bostonite prophyry and cuts several small unimportant veinlets including the Bushwacker vein at 26 feet from the main drift. Also, the Bushwacker strikes N 80 E and dips 65 N. This description corresponds precisely to the bottom level which has just been dewatered and made accessible. Hence, it must be the 500 or bottom level described by the U.S.G.S. report. If the shaft does go 100 feet below this level, or to a depth of 600 below the collar, which we doubt, it is filled to this level with broken rock.

When we entered into this contract with the D.M.E.A. we did not contemplate any removal of solid rock-fill from the shaft. Even if we do muck out the shaft we can expect to find no levels below the present bottom level as, according to the information at hand, this is the bottom level.

Our costs to date of rehabilitating the German shaft to the bottom level have far exceeded the estimated cost of the contract. A breakdown of

INTERCOUNTY CORPORATION
403 INTERSTATE TRUST BLDG.
DENVER 2, COLO.



the actual cost of supervision, labor, timber and power (omitting all general, overhead, equipment and other supply costs) are as follows:

Repair hoist and compressor house

| | | |
|---|---|---|
| Contract estimate | | $162.50 |
| (We had to purchase a hoist and had to build a new compressor house as there was none on the property.) | | |

Rehabilitate and dewater shaft to the 250 level (3rd level)

| | | |
|---|---|---|
| Our actual cost: | timber | $ 682.67 |
| | labor | 4,477.60 |
| | supervision | 1,250.00 |
| | power | 202.25 |
| | | $6,612.52 |
| Contract estimate | | $1,450.00 |

Dewater mine, rehabilitate shaft from the 250 level to 600 level (actually to 432 feet, bottom)

| | | |
|---|---|---|
| Our actual cost: | timber | $ 484.91 |
| | labor | 5,431.86 |
| | supervision | 1,250.00 |
| | power | 258.70 |
| | | $7,425.47 |
| Contract estimate | | $3,000.00 |

In view of the foregoing and the fact that we encountered unusual obstacles in rehabilitating the shaft we are of the opinion we have complied with Stage I of the contract and herewith present our MF-104 report covering same.

We have also complied with Stage II, but do not have the results prepared for presentation at this time.

Yours respectfully,

INTERCOUNTY CORPORATION

G. C. Ridland

G. C. Ridland, Secretary

GCR:bh
Encl.

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

224 New Customhouse
Denver 2, Colorado

March 15, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2878 (Uranium-Lead), Contract Idm-E501, Intercounty Corporation (German Mine), Gilpin County, Colorado.

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data pertaining to work under the subject contract for the month of January 1954.

W. H. King

Enclosures

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

224 New Customhouse
Denver 2, Colorado

March 5, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2878 (Uranium-Lead), Contract Idm-E501, Intercounty Corporation (German Mine), Gilpin County, Colorado. Operator's Monthly Progress Report for the period January 1954.

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

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 90 per cent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks:

| | |
|---|---|
| Date of Report | February 1, 1954. |
| Date Received in Field Office | February 26, 1954. |
| Date Received in Region Office | March 3, 1954. |

W. H. King

W. H. King

Enclosures

RDB:cwm

cc: Contract
Secretary to the Oper. Comm. (2)
WMTraver
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 2, 1954

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 2878, contract Idm-E501 (Uranium-lead), Intercounty Corporation (German mine), Gilpin County, Colorado - Progress report for January 1954

Enclosed are the original and four copies of the subject progress report, the contractor's initial one making claims for reimbursement--forms MF-104 and MF-104A, with narrative--and the original and six copies of M. H. Salsbury's memorandum covering inspection of the underground progress and review of the reporting forms. The contract is unit cost on short form MF-200A and documentation is not required.

Salsbury verifies completion during January 1954 of the first three items of Stage I totaling $2,012.50. According to the Secretary of the Intercounty Corporation, G. C. Ridland, the third level is 255 feet below the collar of the German shaft. The inspecting engineer found in addition a fourth level at an unmeasured depth and a fifth level at 478 feet below the shaft collar. On the date of inspection, the mine was unwatered to below the fifth level. Work was accomplished in accordance with the terms of the contract and entries and extensions are correct on the reporting forms.

Payment is approved and certified on the MF-104 form of $1,811.25, or 90 percent of the total $2,012.50 claimed by the contractor.

W. M. Traver

W. M. Traver

enclosures

cc 4
E501
DMEA Chron.

WMT/pam

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 1, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: M. H. Salsbury

Subject: DMEA 2078, contract Idm-8501 (Uranium-lead), Intercounty Corporation (German mine), Gilpin County, Colorado - Progress report for January 1954

Progress under the subject contract for January 1954 was inspected February 16, 1954.

The contractor claims payment for the following items under Stage I of the contract:

| | |
|---|---|
| Repair hoist and compressor house | $ 162.50 |
| Install hoist and pump | 400.00 |
| Rehabilitate and dewater shaft to 250-foot level | 1,450.00 |
| Total amount claimed | $2,012.50 |

At the time of the inspection all items for which claim is made have been completed and are approved for payment. The shaft had been rehabilitated to the fifth level, 478 feet below the collar, and a crew was engaged in opening the shaft below the fifth level. Rehabilitation has consisted of 24 feet of square-sets at the collar, stulls, skids, necessary lagging, air line, pump column, and power line to the fifth level. A hoist building 16 feet by 30 feet was constructed and pumps installed on the fifth and third levels to handle a small flow of water below the 377-foot point in the shaft.

Monthly unit totals entered on forms MF-104 and MF-104A for January 1954 are correct.

All work was done in accordance with the terms of the contract.

Payment of $1,811.25, or 90 percent of the amount claimed in January 1954, $2,012.50, is approved.

M. H. Salsbury

M. H. Salsbury
Mining Engineer

cc 6

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

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

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

Month of January, 1954 Docket No. DMEA 2878 Contract No. Idm-E501
Operator's Name Intercounty Corporation Minerals Uranium
Address 403 Interstate Trust Bldg., Denver 2, Colorado
Contract Amount, $ 19,000.00 Government Participation: 90 % Amount, $ 17,100.00

| 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: | | | | | | |
| Repair hoist & compressor house | 162.50 | | 162.50 | | | |
| Install hoist & pump | 400.00 | | 400.00 | | | |
| Rehabilitate and dewater shaft to 250-foot level | 1,450.00 | | 1,450.00 | | | |
| (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 | 2,012.50 | | 2,012.50 | 2,012.50 | | 2,012.50 |

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Feb. 1, 1954 *Payee Intercounty Corporation
Per [signature] Title Secretary

*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:

$ 2011.25

Signature [signature]
(Authorized Certifying Officer)

Date 3/12/54 Voucher 54-88

(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. IdmE501 in accordance with the terms of the contract.

Signature M. H. Salsbury 1811.25 WMT Title Mining Engineer Date Mar. 1, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R.D.B.

Signature W. T. Kemp Title Executive Officer Date MAR 5 1954

# 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.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

## OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1954 Docket No. DMEA 2870 Contract No. Idm-3501
Operator's Name Intercounty Corporation Minerals Uranium
Address 403 Interstate Trust Bldg., Denver 2, Colorado

| OPERATION | Unit | Costs This Month | Units This Month | Costs to Date | Units to Date | Unit Costs to Date | Authorized by Contract: Units | Authorized by Contract: Unit Costs |
|---|---|---|---|---|---|---|---|---|
| Drifting | | | | | | | | |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Sinking | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| Repair hoist & compressor house | 1 | 162.50 | 1 | 162.50 | 1 | 162.50 | 1 | 162.50 |
| Install hoist & pump | 1 | 400.00 | 1 | 400.00 | 1 | 400.00 | 1 | 400.00 |
| Rehabilitate and dewater shaft to 250-foot level | 1 | 1450.00 | 1 | 1450.00 | 1 | 1450.00 | 1 | 1450.00 |
| Total Distributed Costs | | 2012.50 | | | | | | Total Costs Authorized by Contract |
| Operating Equipment Purchased | | | | | | | | |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | | | | | | | |
| Total Costs | | 2012.50 | | 2012.50 | | | | 19,000.00 |

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

Date Feb. 1, 1954 Operator Intercounty Corporation

Per [signature] Title Secretary

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)

## 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 83-38475

# INTERCOUNTY CORPORATION

403 Interstate Trust Building
Denver 2, Colorado

February 1, 1954

Mr. W. M. Traver, Jr., Chief
Colorado Branch
Mining Division, Region IV
Building 20, Room 137
Denver Federal Center
Denver 14, Colorado

DMEA Docket No. 2878
Contract Idm - E501

Dear Mr. Traver:

Report for January, 1954

German Mine Exploration

The timber jam referred to in last month's report was cleared away and wall plates, bucket skids, ladders and landings were installed to within 40 feet of the bottom of the shaft.

The ventilation line was extended to the end of rehabilitation of the shaft and two pumps were installed, one at the third level and the other as a sump pump at the water level. Water column and electric cable were installed in the shaft and the shaft completely dewatered to the bottom, approximately 470 feet in depth on the incline below the surface.

Forty feet of shaft remain to be rehabilitated to make the bottom level accessible.

A transit survey and sampling of the upper levels (Stage II of contract) will follow as soon as written approval is received from the Government.

Yours respectfully,

INTERCOUNTY CORPORATION

G. C. Ridland

G. C. Ridland, Secretary

GCR:bh

/ C O P Y /

FRANCIS HUGHES KNIGHTON

First National Bank Bldg.,

Ardsley, New York

Dobbs Ferry 3-5380

December 1, 1953

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

Re: Docket No. DMEA-2878 (Uranium lead, and incidental gold and silver)
Contract No. Idm-E501
German-Belcher Mine
Gilpin County, Colorado

Dear Mr. Mittendorf:

Referring to your letter of November 5, 1953 addressed to Mr. Charles E. Stahl, Jr., President, Inter-County Corporation, Ardsley, N. Y.

For your information we wrote Dr. G. C. Ridland, Denver Colorado, on November 9th, sending him a copy of your letter.

We hand you herewith copy of his reply. Hope this covers the matter.

Very truly yours,
INTER-COUNTY CORPORATION

/s/ F. H. Knighton
F. H. Knighton
General Manager

Encl. Copy

/C O P Y/

Denver, Colorado
November 24, 1953

Mr. Frank Knighton
Ardsley, New York

DMEA-2878 German Mine Contract

With reference to your letter of November 9th and the DMEA letter to you of November 5, 1953 regarding the validity of our claims with reference to Federal oil and gas leases, you may rest assured that there are no such conflicts. All the claims that we have that are covered by the Government contract are patented mining claims and not claims held by location. As there has never been any interest in the area with regard to oil and gas due to the fact that they are located on pre-Cambrian rocks which are considered of no value where oil and gas exploration is concerned, and if Federal oil and gas leases were outstanding at the time and claims were patened, then I am sure that the patents would describe such conflicts I have not checked all the patents in this group, but I have checked some of them and I know that there are no conflicts stated in the patents with reference to Federal oil and gas leases. You may answer Mr. Mittendorf's letter stating that our claims are all patented mining claims wherein there are no such conflicts with Federal oil and gas leases.

~~/s/~~ G. C. Ridland
G. C. Ridland

GCR:bh

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

Dr. Charles H. Stahl, Jr., President
Intercounty Corporation
First National Bank Building
Ardsley, New York

NOV 5 1953

Re: Docket No. [illegible]-2078 (Uranium, lead, and incidental gold and silver)
Contract No. [illegible]-1501
German-Belcher Mine
Gilpin County, Colorado

Dear Dr. Stahl:

Reference is made to your above-named Exploration Project Contract for uranium. You are probably aware that in some similar cases it has been found that some part or all of the land which is the subject of the exploration project contract consists of claims located on land which was subject to prior Federal oil and gas leases. The validity of such claims is doubtful, and in some cases the Atomic Energy Commission has issued a lease to the land for whatever benefit that may afford in curing the invalidity as far as uranium is concerned.

By the recent act of Congress approved August 12, 1953 (Public Law 250, 83d Cong.), mining claims located between July 31, 1939, and January 1, 1953, on United States Lands which were then subject to oil and gas leases, may be validated by the owners of such claims, if, not later than December 10, 1953, they

> ".... post on such claim in the manner required for posting notice of location of mining claims and file for record in the office where the notice or certificate of location of such claim is of record an amended notice of location of such claim, stating that such notice is filed pursuant to the provisions of this Act and for the purpose of obtaining the benefits thereof."

If any of the land which is the subject of your Exploration Project Contract includes a located claim or claims, the validity of which might be questioned on account of a previous oil and gas lease, the statute cited is called to your attention so that you may validate your rights as above indicated, if you consider this to be in your interest. This Agency deems such validation to be desirable even though the land in question may be covered by a lease from the Atomic Energy Commission.

Sincerely yours,

C. A. Mattendorf
Administrator

EWEllis/gla
11-4-53
cc to: Docket file
Region IV (2)
Division contract file

50811

10/28/53 gla

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

224 New Customhouse
Denver 2, Colorado

October 23, 1953

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket NO. DMEA 2878 (Uranium-Lead), Contract IDM-E501, Intercounty Corporation, Gilpin County, Colorado

Enclosed are six copies of Amendment No. 1 to Contract IDM-E501 which extends the starting date of work under this contract to ~~November~~ September 15, 1953.

We had prepared this amendment for the signature of the American Mining Company; however, the assignment of the contract from the American Mining Company to the Intercounty Corporation became effective on September 1, therefore we believe that this amendment should be signed by the Intercounty Corporation.

If this amendment is satisfactory please sign all six copies and return them to this office. We will have the applicant sign all copies and we will make the proper distribution.

John F. Shaw
John F. Shaw
For W. H. King

Enclosures

Make 6 copies & 1 original

No. 1

AMENDMENT OF CONTRACT: No. IDM-E501

Contract Docket No. DMEA 2878, dated March 24, 1953, between the United States of America and Intercounty Corporation is hereby amended as follows, effective as of the date of said Contract:

> Referring to "Article 3. Exploration Project" of Exploration Project Contract Form MF-200(A) (February 1952), first line, delete "within sixty (60) days from the date of this contract" and in lieu thereof substitute "prior to September 15, 1953".

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

Dated_____

INTERCOUNTY CORPORATION

By_____
~~George S. Groves,~~ President

UNITED STATES OF AMERICA

By_____
Administrator, Defense Minerals Exploration Administration

(SEAL)

10/13/53 gla

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

224 New Customhouse
Denver 2, Colorado

October 8, 1953.

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA-2878, Contract Idm-E501 (Uranium), American Mining Company, Gilpin County, Colorado.

Enclosed is copy of a memorandum from C. M. Harrer covering a visit to the German mine on October 1, 1953. This memorandum indicates that work was started on September 14, 1953 by the Intercounty Corporation.

Reference is made to our memorandum dated September 17, 1953, to which was attached copy of a letter dated September 14, 1953 from the American Mining Company stating that they had started work on the German mine. It now appears that the work is being done by the Intercounty Corporation and the letter from the American Mining Company was written for the purpose of keeping the contract in force.

Contract Idm-E501 is between the Government and the American Mining Company. We do not believe that we should authorize reimbursement for any work performed by the Intercounty Corporation. It is possible that Monthly Progress Report Forms MF-104 and MF-104A may be submitted by the American Mining Company; however, we are now aware that the work is being done by the Intercounty Corporation.

Please advise us how to proceed in this matter.

W. H. King
W. H. King

Enclosure

10/14/53 Noted by Mr. Ellis. No reply required since assignment was mailed to Reg. IV on Oct. 8. Original memo + 2 encl. sent to Docket.
gla

UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Mines

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 6, 1953

emorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 2878, Contract Idm-E501 (Uranium), The American Mining Company, Gilpin County, Colorado -- Progress for September 1953

Enclosed are the original and two copies of a memorandum from C. M.Harrer covering the aboveprogress for your record.

Your particular attention is called to the fact that Harrer states the supervisor of the German operations understands the work is being done for Intercounty Corporation.

/s/ W. M. Traver,

W. M.Traver

enclosure

WMT/kp

cc 2
E501
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
Washington 25, D. C.

224 New Customhouse
Denver 2, Colorado

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
October 2, 1953

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: C. M. Harrer

Subject: DMEA 2878, Contract Idm-E501 (Uranium), The American Mining Company, Gilpin County,Colorado -- Progress for September 1953

Leonard Abbot of Idaho Springs (phone 216-M) was contacted at the German mine shaft on October 1, 1953. He is in charge of work at the German mine and the neighboring Alps property being unwatered by theAtomic Uranium Corporation of Ardsley, New Yor. He stated that work on the German property was being conducted by "The Intercounty Corporation" with offices at 403 Interstate Trust Building, in Denver; phone Alpine 1891.

Work under stage I of the contract was started on September 14, 1953, with two miners and Leonard Abbot, supervisor, and has continued to date. A crew of three miners and supervisor are now employed in rehabilitating the German shaft and headworks.

/s/ C. M. Harrer

C. M. Harrer
Mining Engineer

CMH/kp

cc 2
E501
Chron

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

Oct. 8-1953

Mr. W. H. King, Executive Officer
DMEA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA 2[illegible]
American Mining Company
Gilpin County, Colorado
Contract No. Idm [illegible]
(Uranium Lead)

Dear Mr. King:

Enclosed herewith is an assignment of the subject contract by the American Mining Company to Intercounty Corporation. The Assignment is effective as of September 1 1953, the date when the property, the subject of the Exploration Project Contract, was transferred to the Intercounty Corporation. The Assignment should be signed by Mr. Groves as President of the American Mining Company and the Assignee's Acceptance by the President of the Intercounty Corporation.

When the documents have been duly executed, please make the usual distribution.

Sincerely yours

George C. Selfridge

Chairman, Operating Committee

Enclosures

AEKane/ema/929/53

Approved:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

cc: Mails & Files
Adm. R. File
Op. Comm.
Mr. Thayer
Mr. Hedges
E. W. Ellis
A. E. Kane
J. L. Hofflund
Chron.
Pending.

9/29/53 gfa

DEPARTMENT OF THE INTERIOR
Colorado Minerals Administration
RECEIVED
SEP 28 1953

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

Original to Docket

224 New Customhouse
Denver 2, Colorado

September 25, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Contract Idm-E501, Docket No. DMEA 2878, American Mining Co.

Today Dr. G. C. Ridland asked us when he could expect the transfer of Contract Idm-E501 from the American Mining Company to the Atomic Uranium Company. ?

If you consider it advisable to transfer this contract, please advise us of the status of the transfer.

W. H. King
W. H. King

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

September 25, 1953

Memorandum

To: General Counsel

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

Subject: Request to transfer of Contract No. Idm-E501, American Mining Company, to the Intercounty Corporation.

We are transmitting herewith the complete file and recently received papers appertaining to the proposed transfer of the contract with the American Mining Company to the Intercounty Corporation for your review and recommendation regarding any legal action that should be taken.

We are also attaching a copy of a chronological memorandum for your information.

In reviewing this case, it appears that there are two outstanding points for consideration:

1. It does appear, from all the meager information here in Washington, that the American Mining Company did start work on September 14, 1953.

2. It would appear that the lease dated October 21, 1952, between the Uranium Company of America and the American Mining Company, which lease was transferred by agreement on September 1, 1953, to the Intercounty Corporation, that clause (2) had not been fulfilled in that said clause requires "at least twenty (20) shifts of mining labor per month each and every month during the life of this lease, starting sixty days from date hereof, ten months out of the year." To our knowledge, no such work has been accomplished.

An interesting point to notice in the mining lease dated September 1, 1953, between the American Mining Company and the Intercounty Corporation is the fact that the Intercounty Corporation has issued 88% of its capital stock to the Atomic Uranium Corporation and, furthermore, sells 12% of the capital stock of the Intercounty Corporation to the American Mining Company.

Notwithstanding the extreme difficulty of keeping up with the gyrations of the various companies involved in this contract, and also notwithstanding the fact that there have been numerous occasions, even up to the present time, when the contract has apparently been breached and therefore could have been terminated, assuming that the work actually has started, possibly the best way out would be to write an assignment to the contract permitting the transfer of said contract from the American Mining Company to the Intercounty Corporation. Furthermore, it will be necessary to extend the starting and completion dates by an amendment.

Ernest Wm. Ellis

EWEllis/gla/db
9-25-53
cc to: Docket
Mr. Ellis

September 24, 1953

Memorandum

To: File

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

Subject: Review of important dates in the case history of American Mining Company (German Mine)
Docket No. DMA-2878
Contract No. Idm-E501

June 4, 1951 Application received from Uranium Company of America, Docket No. DMA-1448K, estimated cost $25,000, commodities: Lead, zinc and uranium. Applicant stated that the German property was included as security on a $150,000 mortgage to Gold Uranium Corporation.

Aug. 6, 1951 Application referred to Region IV.

Oct. 24, 1951 Memorandum from Region IV stating contract for $25,000 was being processed.

March 3, 1952 Original and five copies of contract, signed by Executive Officer, Region IV, and Richard Downing, Secretary & Treasurer, Uranium Company of America, received for assignment of contract number.

March 12, 1952 Contract Idm-E270, dated February 25, 1952, distributed. Total amount of contract: $25,000.00, Government participation 90%.

June 18, 1952 Amendment No. 1, extended starting time from 90 days to 150 days (contract completion being 10 months from date of contract).

July 25, 1952 Letter from Applicant, signed by Mabel N. Scott, Assistant Secretary, stated they would like to have an additional 30-day extension.

Aug. 1, 1952 Letter by Executive Officer, Region IV, to Dr. G. C. Ridland, Uranium Company of America, Inc., granting another 30-day extension.

Oct. 27, 1952 Received memorandum from Executive Officer, Region IV, dated October 24, 1952, enclosing copy of letter, dated October 21, 1952, signed by George S. Groves, President, American Mining Company, stating: "We have this day taken a fifteen-year lease on the German Mine." Letter further requests change of name of the Operator to the American Mining Company and requests extension of time of beginning work to November 25, 1952. The Executive Officer's letter stated that they were requesting a copy of the lease from Mr. Groves and furthermore requested information from the Washington DMEA office with respect to the validity of the Mortgagee Subordination Agreement in a case of an assignment like this.

Nov. 24, 1952 Memorandum from Chief Counsel to Rare and Miscellaneous Metals Division states, in part:

"The Government neednot recognize the assignment of the contract to which it did not consent in writing as provided in the contract. As the Operator has leased the land and divested itself of the right to possession, the Government may consider the contract breached, and rescind it; or, the Government may require the original Operator to perform under the contract.

"If it is administratively determined to permit an assignment of the contract, a new assignment, prepared by the Government, must be executed by the parties and approved in writing by the Government; a new Mortgagee's subordination agreement must be obtained; an Owner's Consent to Lien must be obtained; and a copy of the lease must be furnished to the Government. However, if it is administratively determined to permit the American Mining Company to perform the work, none of which has been done, it would be preferable to execute a new long form contract in addition to obtaining the papers mentioned in the previous sentence.

"If the Government wishes to terminate the contract under the provisions of the contract, it may do so under the provisions of Article 17

for the additional reason that the Operator has failed to carry out operations pursuant to the contract i.e., an additional extension of time is required in order to proceed under it without the Operator being in default."

Dec. 4, 1952 — Letter to Executive Officer, Region IV, stating that present contract should be cancelled by mutual agreement and, furthermore, requesting a new contract, in the name of the American Mining Company, be drawn by Region IV and an Owner's Consent to Lien be obtained.

Jan. 16, 1953 — Letter dated January 13, 1953, from Executive Officer, Region IV, enclosing six copies of exploration contract in the name of American Mining Company and enclosing copy of lease dated October 21, 1952, between the Uranium Company of America and the American Mining Company. The letter also states that since work was not started within 60 days of the date of the lease, the lease is now in default.

Jan. 19, 1953 — Received three copies of "Rescission of Exploration Project Contract By Agreement Before Work is Begun", effective December 8, 1952, signed by Richard Downing for the Operator.

Feb. 6, 1953 — Received memorandum from Legal Division regarding proposed contract submitted by Region IV for American Mining Company, in the amount of $19,000.00.

Feb. 10, 1953 — All material from Docket No. DMA-1448X transferred to new docket No. DMEA-2878, AmericanMining Company.

Feb. 20, 1953 — Letter to Executive Officer, Region IV, instructing him to prepare contract under delegated authority.

March 9, 1953 — Received letter, dated March 3, 1953, from Executive Officer, Region IV, enclosing six copies of proposed contract, stating that since the original application was for lead and uranium the Government participation should be on a 70% basis, not on a 90% basis as in the original contract. This letter from the Region requested legal approval and finalization of the contract

in Washington (as Applicant was too difficult to handle in the field).

| | |
|---|---|
| Mar. 16, 1953 | Memorandum from Legal Division transmitting contract to Rare and Miscellaneous Metals Division, stating contract (DMEA-2878) is in satisfactory legal form, subject to the attachment of Owner's Consent to Lien and Mortgagee's Subordination Agreement and maps. |
| Mar. 24, 1953 | New contract (Idm-E501) sent to field. Amount of contract $19,000; Government participation 70%. |
| Mar. 30, 1953 | Letter from George S. Groves to DMEA Administrator objecting to the 70% participation instead of 90% as provided in the original contract (DMA-1448X). |
| April 1, 1953 | Letter from Executive Officer, Region IV, admitting it was an oversight in stating that the Government participation should be 70% instead of 90%. (Actually, it should have been 70% under contract Idm-E270). |
| April 24, 1953 | Memorandum from Executive Officer, Region IV, enclosing six copies of contract Idm-E501 prepared on a 90-10 basis. |
| April 28, 1953 | Six copies of contract Idm-E501 transmitted to Executive Officer, Region IV, as prepared in that office, signed by the Administrator. |
| May 18, 1953 | Received Executive Officer's memorandum dated May 13, 1953, advising that Contract No. Idm-E501 was mailed to the Operator on May 1 for signature but has not been returned. Executive Officer pointed out that the starting date of work shown in the contract is 60 days from date of contract (March 24, 1953) and inquired whether they should extend the starting date. |
| May 25, 1953 | Letter to Region IV, stating that unless the signed contract is delivered and work started by June 30, 1953, the contract will be cancelled by the Washington Office. |
| July 3, 1953 | Received copy of letter from George S. Groves, dated June 26, 1953, to Executive Officer, Region IV, requesting starting date be advanced to July 31, 1953. |

| | |
|---|---|
| July 6, 1953 | Received memorandum, dated July 2, 1953, from Executive Officer, Region IV, stating that Contract No. Idm-E501 was signed by the Operator and returned to their office on June 30, 1953. |
| Aug. 11, 1953 | Letter to George S. Groves by Administrator, offering to amend the contract to extend the starting date of the work to September 15, 1953. |
| Sept. 2, 1953 | Received letter from George S. Groves, dated August 31, 1953, accepting conditions of Mr. Mittendorf's letter dated August 11, and indicating it might be necessary to set up a new corporation to operate this property and adjoining property. |
| Sept. 11, 1953 | Received copy of letter dated September 10, 1953, from George S. Groves to Mr. Mittendorf, stating they would start work on the German Mine on September 15, 1953. |
| Sept. 11, 1953 | Received copy of letter, dated September 10, 1953, from Francis H. Knighton, Chairman of Board, Intercounty Corporation, stating that under date of September 1, 1953, the American Mining Company leased the German Mine to the Intercounty Corporation, said company being a subsidiary of the Atomic Uranium Corporation. |
| Sept. 16, 1953 | Received memorandum dated September 11, 1953, from Executive Officer, Region IV, to Mr. Mittendorf, stating that Dr. G. C. Ridland phoned him on September 9 and stated that he was employed by the Atomic Uranium Company, which company is unwatering the Alps Mine which adjoins the German Mine. It is furthermore stated that Groves is not connected with the Atomic Uranium Company. The memorandum further states that Groves was unable to finance the German Mine project under Contract No. Idm-E501 and he had given the Atomic Uranium Company a lease on the German Mine and wanted permission to transfer the contract to the Atomic Company.<br><br>The Executive Officer, Region IV, requested Dr. Ridland for a copy of the lease from the American Mining Company to the Atomic Uranium Company. This brought out the fact that Ridland said that the lease was not made out |

to the Atomic Uranium Company but to a wholly-owned subsidiary of that company (Intercounty Corporation).

Sept. 14, 1953 Teletype to Executive Officer, Region IV, stating that if work does not commence on September 15, we will terminate contract. However, if work does start on or prior to that time and Applicant wishes to transfer holdings to another company, we will consider that plan upon receipt of full details.

Sept. 17, 1953 Received memorandum from Executive Officer, Region IV, dated September 16, 1953, stating that Dr. G. C. Ridland telephoned his office on September 15 and said that rehabilitation of the German shaft had been started on September 14 by Atomic Uranium Company, which company is reported to have a lease from the American Mining Company. Ridland was informed by the Executive Officer that it was doubtful if the work on the property by employees of the Atomic Uranium Company would hold the contract in force. Later Ridland phoned again and said Mrs. Scott, the secretary of the American Mining Company, had agreed that that the American Mining Company would pay for work performed on the German shaft from September 14 until such time as the contract is assigned to the Atomic Uranium Company. (Note: For clarification purposes, it is pointed out that the request is for assignment of Contract No. Idm-E501 from the American Mining Company to the Intercounty Corporation, which is a subsidiary of the Atomic Uranium Company.)

The Executive Officer's memorandum also states that a Bureau of Mines engineer who visited the German mine on September 15 found two men working in the shaft. When the engineer asked the men who their employer was, they stated they did not know what company they were working for.

Sept. 21, 1953 Received memorandum from Executive Officer, Region IV, enclosing copy of lease dated September 1, 1953, between the American Mining Company and the Intercounty Corporation; copy of lease dated October 21, 1952, between the Uranium Company of America and the American Mining Company; and copy of

Amendment to Mining Lease, dated January 3, 1953, between Uranium Company of America and American Mining Company.

Sept. 21, 1953 Received memorandum from Executive Officer, Region IV, dated September 17, enclosing copy of letter, dated September 14, 1953, from Mabel N. Scott, Secretary, American Mining Company, notifying that work had commenced on that date at the German Mine under Contract No. Idm-E501. Also enclosed is copy of letter from G. C. Ridland of the Intercounty Corporation, addressed to the Executive Officer, Region IV, under date of September 14, 1953, stating that Intercounty Corporation has leased (subleased) the German property from the American Mining Company and, further, the American Mining Company has assigned its interest in DMEA Contract No. Idm-E501 to the Intercounty Corporation. It is stated in this letter that the Intercounty Corporation is almost entirely owned by the Atomic Uranium Company and controlled by the same directors and officers. The letter also states that a copy of the lease setting forth the German property over to the Intercounty Corporation, containing an assignment of the DMEA contract, is being prepared and will be forwarded. Ridland requests that, by amendment, the Intercounty Corporation be allowed to take over the American Mining Company contract.

Ernest Wm. Ellis, Chief
Rare & Misc. Metals Division

9/23/53 gla

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

224 New Customhouse
Denver 2, Colorado

September 17, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Contract Idm-E501, Docket No. 2878

Enclosed is a copy of a letter dated September 14, 1953 from American Mining Company stating they have started work on the German Mine.

Also enclosed is a copy of a letter dated September 14, 1953 from the Intercounty Corporation stating that they would like to have Contract Idm-E501 assigned to the Intercounty Corporation.

These letters are being forwarded to you for your consideration and appropriate action.

W. H. King

W. H. King

Enclosures

/ C O P Y /

AMERICAN MINING COMPANY

60 East 42nd St.,

New York 17, N.Y.

Denver Office
405 Interstate Trust Building
Denver 2, Colorado
Telephone: Keystone0583

Denver, Colorado
September 14, 1953

Mr. W. H. King
Executive Officer, Field Team, Region IV
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Dear Mr. King:

Docket No. 2878
Contract No. Idm-E501

German Mine

This is to notify you that we are today commencing work at the German Mine under Contract No. Idm-E501, according to the terms of the contract.

Yours very truly,

AMERICAN MINING COMPANY

BY /s/ Mabel N. Scott
Mabel N. Scott
Secretary

Sent in sextuplicate

/C O P Y/

# INTERCOUNTY CORPORATION

403 Interstate Trust Building
Denver 2, Colorado

September 14, 1953

Mr. W. H. King, Executive Officer,
Field Team, Region IV,
Defense Minerals Exploration Administration,
224 New Customhouse,
Denver 2, Colorado

DMEA Docket No. 2878
Contract Idm - E501

Dear Mr. King:

German Mine

The Intercounty Corporation has received a lease on the German property on Quartz Hill, Gilpin County, Colorado, from American Mining Co. This property is owned by Uranium Corporation of America and has been leased to American Mining Company.

American Mining Company has a D.M.E.A. Exploration Contract (identified above) to perform certain work on the property, and now American Mining Company has leased, or sub-leased, the property to Intercounty Corporation and has assigned its interest in the D.M.E.A. contract to Intercounty Corporation.

Intercounty Corporation is well financed and is prepared to perform the work outlined in the contract. The company is almost entirely owned by the Atomic Uranium Corporation and controlled by the same directors and officers.

It should be pointed out that Atomic Uranium Corporation is now actively engaged in dewatering and examining the Alps mine. The Alps lies between the German and Kirk Mines with the Wood Mine on the far side of the Kirk. Mr. Leonard Abbott is in charge of the work at the Alps and the writer is acting as consultant. The German operation will be managed by the same individuals. There is no connection between the managements of Atomic Uranium Corp. and American Mining Co., although the writer has, on past occasions, advised American Mining Co.

A copy of the lease setting forth the German property over to Intercounty Corp., containing an assignment of the D.M.E.A. contract, is being prepared and will be forwarded to you as soon as it returns from the photographers. We request that, by amendment, we be allowed to take the part of the American Mining Company in the D.M.E.A.contract.

Yours very truly,

INTERCOUNTY CORPORATION

by /s/ G. C. Ridland
G. C. Ridland

9/23/53 gla

224 New Customhouse
Denver 2, Colorado

September 16, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 2878 (Uranium-Lead), Contract Idm-E501, American Mining Company, Gilpin County, Colorado

Enclosed is a copy of a letter dated September 10, 1953, signed by George S. Groves stating that work will be started on the German mine in accordance with DMEA Contract Idm-E501.

This letter was received in the Denver office the morning of September 16. That afternoon, Mrs. Scott, the secretary of the American Mining Company, was in this office and we mentioned that we had received a letter from Mr. Groves. She stated that she had signed the letter. We note that the letter does not state that work was started by the American Mining Company. To date we do not have anything in writing stating whether the work is being done by the American Mining Company or by the Atomic Uranium Company.

We are also enclosing a copy of a lease dated September 1, 1953 between the American Mining Company and the Intercounty Corporation, a copy of a lease dated October 21, 1952 between the Uranium Company of America and the American Mining Company, a copy of an amendment to mining lease dated January 3, 1953 between the Uranium Company of America and the American Mining Company.

We note that Article 2 of the lease between the Uranium Company of America and the American Mining Company states: "To work and mine said premises as aforesaid, steadily and continuously during the period of this lease and in doing said work to perform at least twenty (20) shifts of mining labor per month each and every month during the life of this lease, starting sixty days from date hereof, ten months out of the year."

It appears that the American Mining Company is in default for lack of performance of work.

/s/ W. H. King

W. H. King

Enclosures
(Enclosures attached to original memorandum in docket file)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
SEP 16 1953

9/17/53 gh

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

224 New Customhouse
Denver 2, Colorado

September 16, 1953

Airmail-Special Delivery

Orig. to: Docket

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 2878 (Uranium-Lead), Contract Idm-E501, American Mining Company, Gilpin County, Colorado

Dr. G. C. Ridland telephoned this office on September 15, 1953, and stated that rehabilitation of the German shaft had been started on September 14, 1953, by the Atomic Uranium Company. This company is reported to have a lease on the German mine from the American Mining Company.

Contract Idm-E501 between the Government and the American Mining Company provides that work should be started not later than September 15, 1953. Dr. Ridland said that he would submit a request for the assignment of Contract Idm-E501 from the American Mining Company to the Atomic Uranium Company. This request has not yet been received. Dr. Ridland was informed that it was doubtful if work on the property by employees of the Atomic Uranium Company would hold the contract in force.

Later in the day Dr. Ridland again telephoned this office and stated that he had discussed the matter with Mrs. Scott, the secretary of the American Mining Company, and she agreed that the American Mining Company would pay for the work performed on the German shaft from September 14 until such time as Contract Idm-E501 was assigned to the Atomic Uranium Company.

We have not received any official notification from the American Mining Company that work has been started under the terms of the contract. A Bureau of Mines engineer visited the German mine on September 15, 1953, and reported that two men were working in the shaft approximately 100 feet below the collar and that timber was being lowered into the shaft. The engineer asked the men who their employer was but they stated they did not know what company they were working for.

We will forward the requests for assignment of the contract and copies of the lease when they have been received in this office.

W. H. King

W. H. King

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

OFFICIAL BUSINESS

SEP 17 1953
OR

DENVER COLO. 4 SEP 16 1953 1 30PM

AIR MAIL 6¢ U.S. POSTAGE

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SPECIAL DELIVERY

US AIR MAIL

Mr. C.O.Mittendorf, Administrator
Defense Minerals Exploration Administration
Interior Building
Washington 25, D.C.

WASHINGTON, D.C.
SEP 17
4:30AM
1953

9/16/53 gla

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

Orig & Docket

224 New Customhouse
Denver 2, Colorado

September 11, 1953

**Memorandum**

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA-2878 (Uranium-Lead), Contract Idm-E501, American Mining Company, Gilpin County, Colorado

On September 9, 1953, Dr. G. C. Ridland phoned this office and stated that he was employed by the Atomic Uranium Company. The Atomic Uranium Company is unwatering the Alps mine which adjoins the German mine. Dr. Ridland said that George Groves was not connected with the Atomic Uranium Company. He also stated that Mr. Groves' financing had not been successful and he would not be able to start work on the German mine under Contract No. Idm-E501, so Mr. Groves had given the Atomic Uranium Company a lease on the German mine. He wanted permission to transfer Contract No. Idm-E501 to the Atomic Uranium Company.

It was suggested that Dr. Ridland send us a copy of the lease from George Groves to the Atomic Uranium Company and six copies of a letter requesting transfer of Contract No. Idm-E501 and that this letter should be approved by the American Mining Company. We would then send this information to the Washington office for their consideration.

Ridland then said that the lease was not made out to the Atomic Uranium Company but to a wholly owned subsidiary of that company. It is our understanding that George Groves has an interest in this wholly owned subsidiary.

To date we have not received any of the information requested. It is doubtful if the transfer can be completed before the starting date of the contract.

We will keep you informed of any new developments on this situation.

W. H. King AB

W. H. King

[illegible]

5895 1440

[illegible] Contract Fund, Interior DMEA
September 11, 1953

MR. [illegible], [illegible] MANAGER, DMEA FIELD TEAM, REGION IV,
[illegible], DENVER 2, COLORADO

[illegible] 11, 1953, CONTRACT [illegible], IN [illegible] [illegible]
[illegible] 11 [illegible] COMPANY [illegible] [illegible] TO THE
[illegible] & [illegible] COMPANY [illegible] [illegible] CONTRACT
[illegible] 25. [illegible] CONTRACT
[illegible] EFFECT. [illegible] PRIOR
[illegible] [illegible] WORDS [illegible]
[illegible] THAT [illegible] FACILITY [illegible] FULL
[illegible].

C. O. Mittendorf

C. O. MITTENDORF, ADMINISTRATOR

DMEllis/db
9-11-53
cc to: Adm. Reading File
Docket
Messrs: H.D.Keiser, Rm. 3641
A.P.Butler, Jr., Rm.3806, DMA
Ellis
DMEA Field Team, Region IV (2)
Confirmation

SENT
SEP 14 1953
Clerical Service Section

/ c o p y /

AMERICAN MINING COMPANY

60 East 42nd Street

New York 17, N. Y.

Denver office:
405 Interstate Trust Building
DENVER 2, COLORADO
Telephone: Keystone 0583

September 10, 1953

Mr. C. O. Mittendorf,
Defense Minerals Administration
Bureau of Mines
17th & 18th Streets, S. W.
Washington , D. C.

Dear Mr. Mittendorf:

This is to advise you that work will be started on the German in accordance with the D. M. E. A.'s contract #2878 I.D.M.A.501, dated March 24, 1953, on September 15, 1953.

Very truly yours,

AMERICAN MINING COMPANY

/s/ George S. Groves

SGS:mc

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

# REFERENCE SLIP

DATE 7/14/53

REFERRED TO:

1. Code 700 Rm 4640
2. Mr. Ellis
3.
4.

FOR:

| | |
|---|---|
| ..... Action | ..... Recommendation |
| ..... Approval | ..... Record |
| ..... Comment | of ..... |
| ..... Conference | ..... Referring |
| ..... Consideration | to ..... |
| ..... Filing | ..... Reply for signa- |
| ..... Instructions | ture of ..... |
| ..... Investigation | ..... Rewriting |
| ..... Initials | ..... Signature |
| ..... Mailing | ..... Suggestions |
| ..... Previous correspondence | ..... Your information |

REMARKS: Mr. Ellis - I didn't think the copy of the TT read correctly; therefore, I checked with Mails & Files by having them read the original, and I made correction accordingly. We have not recd. Mr. King's memo to which he refers.

Check (X) before the items needing attention.

ROBERT E. ADAMS

gla

*Initials of sender.*

GPO 16—63815-1

9/14/53 gla

C O P Y

DN 235 BUREAU MINES 9-11-53 4-17 P M

C O MITTENDORF

REFERRING TO A LETTER DATED SEPTEMBER 10, 1953 FROM THE INEXXX INTERCOUNTY CORPORATION, A COPY OF WHICH WAS SENT DIRECT TO YOU, THIS LETTER WAS RECEIVED AFTER WE WROTE YOU A MEMORANDUM REGARDING THE TRANSFER OF CONTRA CT IDM- E501, AMERICAN MINING COMPANY/ GEORGE GROVES/ TO THE INTERCOUNTY CORPORATION. PLEASE ADVISE IF WORK ON THE PROPERTY BY THE INTERCOUNTY CORPORATION WOULD BE A~~DVISE IF WORK ON THE PROPERTY~~ BY THE AMERICAN MINING COMPANY UNDER CONTRACT IDM*E-501 . KINDLY ADVISE US HOW TO PROCEED IN THIS SITUATION.

W. H. KING

Denver, Colo.

satisfactory in lieu of work

mdl

9/14/53 gla

September 10th, 1953

P.O. Box No. 144
Ardsley, N.Y.

Mr. W. H. King
Executive Offices DMEA
Field Team-Region IV
224 Customhouse,
Denver 2, Colorado

Dear Mr. King:

Under dated of September 1st, 1953 a Mining Lease has been entered into between American Mining Company, a Delaware Corporation and Intercounty Corporation, a Colorado Corporation, a subsidiary of Atomic Uranium Corporation, having offices at First National Bank Bldg. Ardsley, New York. This lease covers an assignment of agreement of lease entered into on the 21st day of October,1952 between Uranium Company of America, a Colorado Corporation and American Mining Company a Delaware Corporation pertaining to the German-Belcher lode mining claims in Gilpin County, Colorado.

Under the terms of the lease American Mining Company assigns to Intercounty Corporation any right it may have in and to said application and contract for Government financing subject to any necessary approval of the Defense Minerals Exploration Administration. American Mining Company informs us that they have been notified that work must begin under Defense Minerals Exploration Administration contract on or before Sept. 15, 1953. Intercounty Corporation is prepared to start work Sept. 15th, 1953, and we have notified out engineer, geologist and director Dr. G. C. Ridland to start work immediately after approval of this assignment to us by you. The writer would appreciate a reply from you immediately as to just what is necessary to get under way.

Yours truly,
INTERCOUNTY CORPORATION

/s/ Frances H. Knighton,

By: Francis H. Knighton, Chr. of Bd.

cc: C.O.Mittendorf, Washington, D. C.
G.C.Ridland, Denver, Colorado

copied, with errors, from original carbon copy, which was sent to Docket file.

9/8/53 glc

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

Defense Min
SEP 4 1953

224 New Customhouse
Denver 2, Colorado

September 1, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 2878 (Uranium-Lead), Contract IDM-E501, American Mining Company, Gilpin County, Colorado

Enclosed is a copy of a letter dated August 31, 1953 from George S. Groves, President, American Mining Company.

We have forwarded Mr. Groves his copy of the contract.

W. H. King
W. H. King

Enclosure

C O P Y

AMERICAN MINING COMPANY
60 East 42nd Street
New York 17, N.Y.

Denver Office:
405 Interstate Trust Bldg.
Denver 2, Colorado

Denver, Colorado
August 31, 1953

Mr. W. H. King
Executive Officer
D.M.E.A. Field Team, Region IV
224 New Customhouse
Denver2, Colorado

Dear Mr. King:

Re: Docket No. DMEA 2878
Contract Idm E501

I have received a letter from the Defense Minerals Exploration Office in Washington, and I enclose herewith a copy of my reply. They have given us until September 15th to start to work, and we have agreed to begin not later than that date.

Will you please forward to us a signed copy of our contract, of which all copies, signed by us, were delivered to you on June 30th, so that we will have a complete copy executed by you in this office?

Thanking you for your kind attention, we are,

Very truly yours,

AMERICAN MINING COMPANY

By /s/ Geo. S. Groves

George S. Groves
President

GSG/S

Encl.

SEP 4 1953

Mr. W. H. King
Executive Officer
DMTA Field Team, Region IV
Rm. New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMTA-2078 (Uranium-lead)
Contract No. Ma-5501
American Mining Company
Gilpin County, Colorado

Dear Mr. King:

Reference is made to Mr. C. C. Mittenbergf's letter, dated August 11, to Mr. George S. Grover and the latter's reply, dated August 31, 1953, regarding the captioned contract. We understand that you have copies of both letters and that, to date, no action has been taken to amend the contract with respect to the starting date.

Mr. Grover's announced plan to combine the operations of the American Mining Company with those of the Atomic Uranium Corporation and the possibility that a new corporation will be set up to make use of the Government aid covered by the subject contract, may lead to further complications and delays in connection with this contract. In the event work under contract is started on or before September 15 by the American Mining Company, it will be necessary for you to amend the contract by extending the starting date of the work to September 15, 1953, and advancing the completion date.

If, however, the work has not been started by September 15, please advise us and we will take the necessary steps to rescind the contract.

Sincerely yours,

Ernest Wm. Ellis

APPROVED: ACTING Chairman, Operating Committee

Member, Bureau of Mines
A. R. Kinkel, Jr.

Member, Geological Survey

NChing/db
9-4-53
cc to: Adm. Reading File
Operating Committee
Docket
Messrs: H.D.Kaiser, Rm. 3611
A.P.Butler, Jr., Rm. 3206, GSA
Ellis

AMERICAN MINING COMPANY

60 East 42nd Street

New York 17, N. Y.

405 Interstate Trust Building
Denver 2, Colorado
Denver, Colorado
August 31, 1953

Mr. C. O. Mittendorf
Defense Minerals Exploration Administration
U. S. Bureau of Mines
17th and 18th Streets, S. W.
Washington 25, D. C.

Dear Mr. Mittendorf:

Re: Docket No. DMEA 2878
Contract Idm E501

Your recent kind letter approving the German mine application for Government aid was received during my vacation and absence, and this is the first opportunity I have had to advise you that your letter is most satisfactory and that work will be started on the German mine not later than September 15th, 1953.

It is our plan now, due to the fact that the Atomic Uranium Corporation is dewatering and examining the Alps mine (which lies adjacent to the German mine), to combine our operations for efficiency; and it may be necessary to set up a new corporation to operate the German mine with this government aid. We will keep you advised as to our plans.

Our geologist has advised us that the German and Alps veins dip towards each other and will meet at a shallow depth, and this is another reason we are considering combining the two mining operations. Furthermore, the Alps we now learn reaches a depth of 1,650 feet below the surface, and it may bepossible to carry on deep exploration of the German property at a later date through the facilities of the Alps shaft.

Very truly yours,

AMERICAN MINING COMPANY

By /s/ Geo. S. Groves

George S. Groves
President

GSG/S

CC:- Mr. W. H. King
Denver

Mr. George S. Groves, President
American Mining Company
60 East 42d Street
New York 17, New York

AUG 1 1 1953

Re: Docket DMEA-2878 (Uranium, Lead)
Contract Idm-8501
American Mining Company
Gilpin County, Colorado

Dear Mr. Groves:

I have personally reviewed the docket in the subject case because it has been suggested that your contract be rescinded due to your failure to prosecute operations pursuant to the terms thereof. Since the docket reveals that all signed copies of the contract are being retained by Mr. King, of the Denver office, and because there is no evidence that your letters to both Mr. King and myself, dated June 30, have been formally acknowledged, I have chosen to defer the proposed termination of your contract until a reply is made to your letters and a statement of your work plans is received.

The docket reveals that on May 1, 1953, the Denver office forwarded to you the original and four copies of the subject contract for your signature. Your letter to me dated June 26, which reached me on June 29, requested an extension of time within which to commence work, and also commented on the fact that the approved project cost was reduced to $19,000, from $25,000 as shown in the original contract made with the Uranium Company of America. Upon checking on the matter, we learned that the contracts mailed to you on May 1 had not been signed and returned as of June 29. However, we received information from the Denver office, on June 30, to the effect that you delivered the signed copies of the contract to them on that date.

Other information at hand indicates that the Denver office had advised Mrs. N. N. Scott, your secretary, on several occasions, that work under the contract would have to commence by June 30, 1953 or the contract would be terminated.

The original contract made with the Uranium Company of America was drafted and executed by the Executive Officer of Region IV and prepared on our first contract form, which has since become obsolete. In that contract the total project cost was estimated at $25,000,

but any payments made thereunder by the Government would be on the basis of actual costs incurred, and would first require documentation and only be paid if they were found to be reasonable and necessary and admissible under the terms of the contract.

In the consideration of your request to assign the contract to the American Mining Company, we recognized that the contract with the Uranium Company of America had been legally cancelled and, therefore, this Administration chose to draft a new contract on its new form and provide for the work to be done on a unit cost basis. In so doing, the approved work was restated in definite units of work to be performed and the agreed unit price for this work was set forth without regard to actual cost accounting. The revised contract also eliminated minor items of equipment which were originally intended to be purchased and in which the Government, upon completion of the work, would have a 90 percent equity.

The contract in the name of the American Mining Company, which you have signed and delivered to the Denver office, was prepared in Washington on the basis of unit costs which were recommended by the Field Team and which are considered by this Administration to be adequate to perform the work contemplated.

Due to the period of time elapsed in formally answering the questions raised in your letter of June 26, I now deem it appropriate to offer to amend the contract to extend the starting date of the work to September 15, 1953, with the understanding that the contract will be rescinded if operations do not commence on that date. This suggestion is made, of course, on the assumption that you desire to prosecute the work in accordance with the terms of the contract.

I shall appreciate an immediate reply from you stating your intentions in the matter.

Sincerely yours,

C. O. Mittendorf

Administrator

AEKane/COMittendorf/fw
8/11/53
cc: Mails & Files
Admr Reading File
Mr. Ellis
Field Team, Reg. IV (2)
Mr. Hofflund
Mr. Kane
Mr. Mittendorf

Mr. George S. Groves
President
American Mining Company
60 East 42d Street
New York 17, New York

Re: Docket No. DMEA-2878 (Uranium)
Contract No. Idm-6501
American Mining Company
Gilpin County, Colorado

Dear Mr. Groves:

The subject contract dated March 24, 1953, provides that work is to commence within 60 days, that is, on or before May 23. You were informed by our Region IV office, in response to your June inquiry, that unless work was started before June 30, cancellation of the contract would be recommended.

Although you have repeatedly stated that you were ready to begin work, the work has not yet been started. Consequently, the granting of any further extension of time is not warranted. In the opinion of the Government, you have failed to prosecute operations pursuant to the terms of the contract, and you are hereby notified that the contract is now terminated and rescinded.

Sincerely yours,

Administrator

AEKane:ep 8-3-53

Copy to: Mails & Files
Adm. R. File
Mr. Ellis
Operating Comm.
Field Team, Region IV (2)
Mr. Hofflund
Mr. Kane
Chron.
Pending

Memorandum

To: The Administrator

From: E.W.E.

Subject: Proposed letter to Mr. George S. Groves, American Mining Company, Docket No. DMEA-2878 (Uranium-Lead), Contract No. Idm-E501, Gilpin County, Colorado.

1. Commodity shown after Docket No. should read "(Uranium-Lead) as per the contract and not simply "(Uranium)."

2. Fourth line reads in part: "Since the docket reveals that all signed copies of the contract--" Actually, the original and two copies were forwarded here by Bing under date of July 2, 1953, namely the Government's Copy, the Docket Copy and the Division Copy. The Operator's Copy, according to the file, was retained by Region IV throughout all the recent correspondence period. Thus Region IV retains only three copies of the contract including the Operator's Copy which doubtless somehow was signed by the Operator.

EWE

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

# REFERENCE SLIP

DATE 2-18

REFERRED TO:

1. Code 700
2. Mr. Schmidt
3.
4.

FOR:

| | |
|---|---|
| ..... Action | ..... Recommendation |
| ..... Approval | ..... Record of ..... |
| ..... Comment | ..... Referring to ..... |
| ..... Conference | ..... Reply for signature of ..... |
| ..... Consideration | ..... Rewriting |
| ..... Filing | ..... Signature |
| ..... Instructions | ..... Suggestions |
| ..... Investigation | ..... Your information |
| ..... Initials | |
| ..... Mailing | |
| ..... Previous correspondence | |

REMARKS: Mr. Schmidt - I checked with Hazel Berry this morning (2/19/53) to see if Opr. Com. took action on our let. written Feb. 10 transferring this to Region IV. She said it did not reach the agenda for yesterday's ~~ROBERT E. ADAMS~~ meeting. gla

Check (X) before the items needing attention.

*Initials of sender.*

GPO 16—63815-1

Denver, Colorado
February 16, 1953

Defense Minerals Exploration Administration
Washington 25, D. C.

Docket No. DMA-~~1448X~~ 2898
Contract No. Idm-E270
Uranium Co. of America

For attention: Mr. Schmidt

Gentlemen:

Last Monday when I saw you in Washington you promised me over the telephone that the German-Belcher application made by American Mining Company, which was sent down to Washington on January 14th by the local Denver D.M.E.A.'s office had just come out of the legal department and within one day you would forward it to Denver.

The Denver office informed me today that they have not received this from you. Won't you please look into the matter and see that these papers are forwarded at once, if you have not already done so, to the Denver office?

Very truly yours,

AMERICAN MINING COMPANY

By

George S. Groves
President

GSG/S

CC: Mr. Mithendorf

Original to Docket 10/28/53 gla

COPY

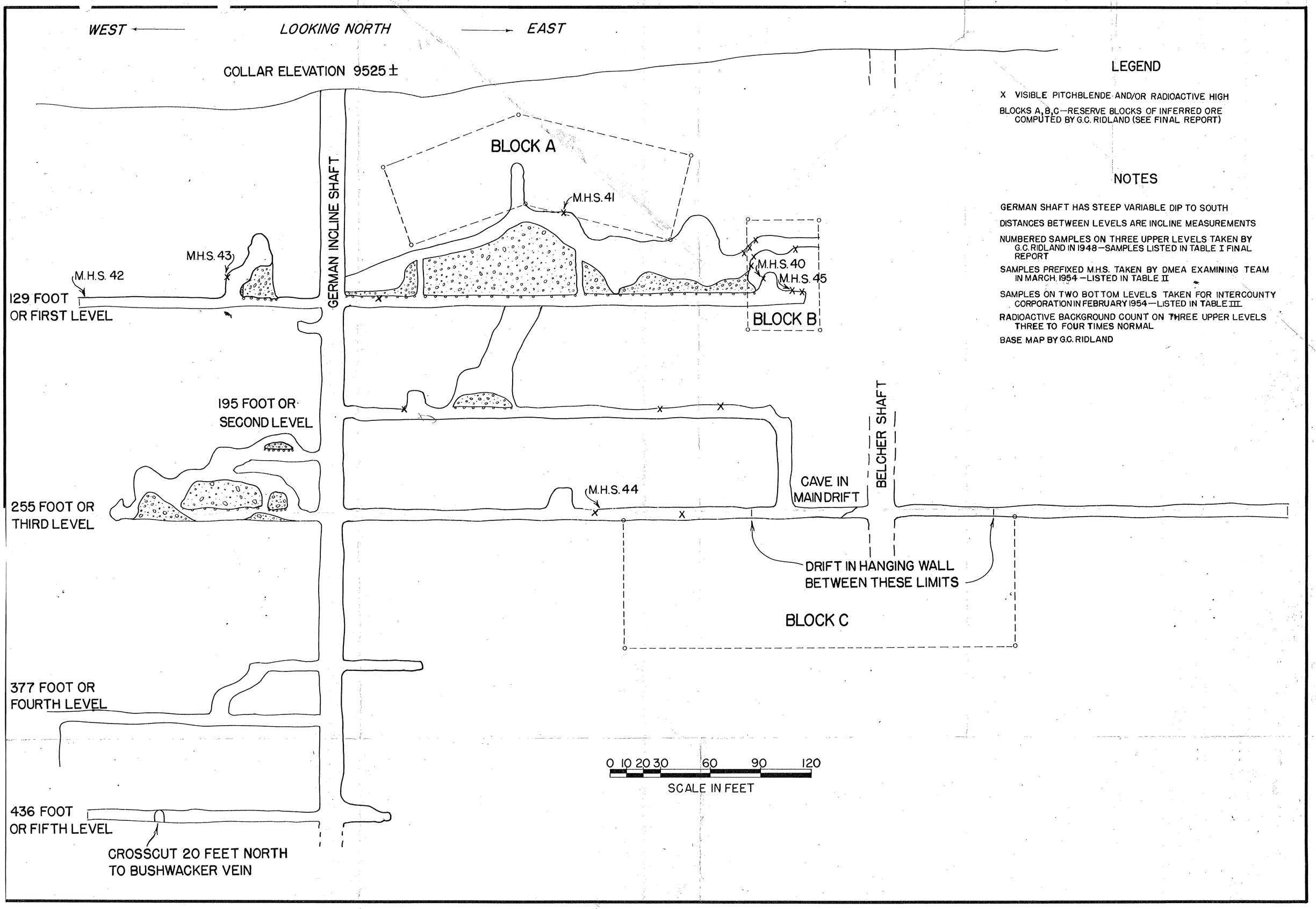


FIGURE 3 - LONGITUDINAL SECTION, SHOWING SAMPLE LOCATIONS, GERMAN-BELCHER MINE, INTERCOUNTY CORP., GILPIN COUNTY, COLO.
(D.M.E.A. 2878, CONTR. Idm. - E501)