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. Ridland, Secretary
403 Interstate Trust Building
Denver 2, Colorado

pertaining to Exploration Project Contract No. Idm-E501, Docket No. DMEA 2878, including Amendment No. 1, for the months of January 1954 and February 1954, and Termination Notice dated April 26, 1954, covering a project for the exploration of Uranium, Lead, and Incidental Gold and Silver on property known as German mine, located in Gilpin County, Colorado, near Central City.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, conference with the Executive Officer 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

SCHEDULE OF EXCEPTIONS

(By DMEA Finance Officer)

Intercounty Corporation, Assignee, DMEA 2873, Idm-E501

Stage I

Contract called for Unit of work consisting of:

"Dewater mine, rehabilitate shaft from 250-foot level to 600-foot level @ $3000.00."
$3000.00 ÷ (600 ft. - 250 ft.) = $8.57 per foot.

When access to mine was accomplished it was determined there was no 600-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.

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 2876 (Uranium-Lead), Contract Idm-8501, 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)
Charon
Townsend
Shaw

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.

W. M. Traver

Enclosures

W. M. Traver

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

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

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

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
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			
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 H. Rickland 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 [illegible]
(Authorized Certifying Officer)

Date 3/24/54 Vou. No. DMEA 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. IdMF501 in accordance with the terms of the contract.

Signature M. H. Salsbury $1480.90 Title Mining Engineer Date March 16, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

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 M.F-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 2078 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								
Shaft								
Winzes								
Drilling: Core								
Churn								
Auger								
Blasting								
Trenching								
Dozering								
Roads and Trails								
Dewatering 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. C. Rickland 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

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

Administrative Audit Difference Statement

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

Intercounty Corporation
603 Interstate Trust Bldg.,
Denver, Colorado
Idaho Hill, 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 at 192 feet @ $8.57 per foot or $1645.44. Data is based on specified rehabilitation of 1[illegible] feet at a cost of $3,[illegible]. 90% of $1645.44 is $1,480.90 - from this amount $750 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. F. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket No. 2878 (Uranium-lead), Contract Idm-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 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 percent of the amount reported by the Operator on Form MF-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

WHK:ma

cc: Contract
Secretary to the Oper. Comm. (2)
WHTraver
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 IDM-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. H. 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.

? Might involve other items. Is the amt. "#3000 "Rehab" with footage only estimate?

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	189.2
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
Charon

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 IDM-2501 (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, "Downtor mine, rehabilitate shaft from 250-foot 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. H. Salsbury
Mining Engineer

MHS/kp

cc 6
E501
Chron

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.

Form MF-104 (Rev.)
(April 19[illegible])

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:

$ 1811.25

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. Idm-E50! in accordance with the terms of the contract.

Signature M. H. Salsbury $811.25 MMT Title Mining Engineer Date Mar. 1, 1954

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

Signature W H King 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 2570 Contract No. Lim-1501
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								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
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 deepen 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

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

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. N. 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. K. Salsbury

Subject: DMEA 2878, contract Idm-2501 (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. K. Salsbury
M. K. Salsbury
Mining Engineer

cc 6

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

MAY 1 7 1955

Mr. Charles E. Stahl, Jr., President
Intercounty Corporation
First National Bank Building
Lakewood, New York

Re: Docket No. [illegible] (Uranium, lead, and incidental gold and silver)
Contract No. [illegible]
Sunset 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. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to the provisions of the Contract which require 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,

S. D. Wilkerson

Administrator

Copy to: Intercounty Corporation
c/o [illegible], Secretary
[illegible] Interstate Trust Building
Denver 2, Colorado

Vice President,
American Mining Co.,
Assignee

George S. Crowe, President
Gold Uranium Mining Company
Room 839, 60 E. 42nd Street
New York City, New York

Richard [illegible], Secretary-Treasurer
[illegible] Company, Trustee
Equitable Bldg., Denver 2, Colo.

MWhite/gla
5-10-55

cc to: Admr.'s Reading File
Mr. Selfridge
Docket
Messrs. J. E. Crawford, Rm. 3641
T. E. Hillegaard, Rm. 5220
J. G. Hosted, Rm. 3210, GSA
Contract Admin Audit Div.
Code 700
DMEA [illegible], Region III (2)

GOVERNMENT COPY

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-2501, 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

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

RECEIVED
APR 30 1954

224 New Customhouse
Denver 2, Colorado

April 26, 1954

REGISTERED

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

Re: Docket DMEA 2873 (Uranium-Lead)
Contract Idm-L501

Dear Dr. Ridland:

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
COMittendorf
TAChristensen
JWTownsend
-3- with encl.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
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/ici

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 new 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

DMRA Sample No.	Width INs.	Description	U_3O_8 percent	Lead percent	Zinc percent	Gold oz. per ton	Silver oz. per ton	Mr/hr	Equivalent sample by Ridland: Gold oz. per ton	Silver oz. per ton	Lead percent	Zinc percent	U_3O_8	Width ins.	Sample number
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	2[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	30

< 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

Memorandum

To: Mr. A. H. Koschmann

Approved AHK/4/14/54

From: D. R. MacLaren

Subject: DMEA Docket 2878 (uranium), Contract Idm-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 German 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. M. 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; MHS-number, DMEA sample):

Sample No.	Sample Width	% U_3O_8	oz./ton gold	oz./ton silver	% lead	% zinc
R-27	14"	.39	.04	.68	--	--
MHS-40	12"	.27	.03	.40	.10	.37
R-24	12"	.25	.05	2.0	--	--
MHS-41	12"	.022	.05	.20	.35	.80
R-54	12"	.15	.04	.50	--	--
MHS-42	12"	.010	.005	.10	.07	.05
R-58	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, on and above the first level. Of these, one is .095%, twelve are .08%, nine are .15%, and one each are 20%, 25%, 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 or 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 ungraded 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-E501 be terminated and that no further exploration for uranium be done in the German-Belcher mine.

INTERCOUNTY CORPORATION

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

GCR/jl

G. C. Ridland

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 - E501

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.A.

G. C. Ridland

GCR:bh

Government's 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 O Mitchell
Administrator, Defense Minerals
Exploration Administration

INTERCOUNTY CORPORATION

By G L Kidland
Secretary

EXPLORATION PROJECT CONTRACT
INTERCOUNTY CORPORATION
DOCKET NO. DMEA-2878

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 3 - 1953

ANNEX I

The following provisions are in lieu of Article 6 :

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.

Government's 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 as president 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, 195[illegible]

[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

On this 16th day of October, 1953, before me ~~Charles E. Stahl, Jr.~~ 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
Notary Public

ALETA E. REID
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 C. D. Mitchenor
~~ACTING~~ Administrator, Defense
Minerals Exploration
Administration

1975 1640

Hr3723-970 [illegible] Fund, [illegible]
September 14, 1953

MR. [illegible], [illegible], REGION IV,
2[illegible] BUILDING, DENVER 2, COLORADO

[illegible] 11, 1953, [illegible] IN [illegible] WITH [illegible]

[illegible] 11 [illegible]

[illegible]

[illegible] 15. [illegible]

[illegible]

[illegible]

[illegible] FULL

[illegible].

SENT
SEP 14 1953
Clerical Service Section

C. O. Mittendorf

C. O. [illegible]

[illegible]Ellis/db
9-14-53
cc to: Adm. Reading File
Docket
Messrs. H. D. Keiser, Rm. 3611
A. P. Butler, Jr., Rm. 3206, GSA
Ellis
DPEA Field Team, Region IV (2)
Confirmation

Noted JM

Mr. Kane - Rm 4628
Mr. Chambers, Rm 4542

Docket No. DMEA - 2878

Commodity Lead

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E ~~501~~

Date of Contract or Amendment: March 24, 1953

Name and Address of Operator:

Intercounty Corporation
60 East 42nd St. Room 839
New York, N.Y.

Amount of Government participation ____ $ 17,100.00

Percent of Government participation 90 %

Region: 17 State: Colo.

Note: Please release $ 13,397.65; Advice Contract Administration and Audit Division

E. H. Talbot
(Name)
for J. L. Chambers
Chief, Contract Administration and Audit Div.

(Title)

Date Delivered to Bureau of Mines, Washington. 7/2/54

54458

Document No. ~~DMA 2878~~

Commodity ~~Uranium-lead~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 501

Date of Contract ~~or Amendment~~: March 24, 1953

Name and Address of Operator:

American Mining Company
Room 539
60 E. 42nd Street,
New York, New York

Amount of Government participation ____ $ 17,100.00

Percent of Government participation 90 %

Region: IV State: Colorado

~~[illegible]~~

NOTE: This document cancels the previous obligation of $13,300.00 and establishes the amount shown above.

(Name)
J. L. Chambers,
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. April 15, 1953 13908

Docket No. [illegible]

Commodity Lead-Zinc

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E [illegible]

Date of Contract ~~or Amendment~~: March 24, 1953

Name and Address of Operator:

American Mining Company
Room 639, 60 E 42nd Street,
New York New York

Amount of Government participation $ 13,[illegible].00

Percent of Government participation [illegible] %

Region: IV State: Colorado

(Name)

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

(Title)

Date Delivered to Bureau of Mines, Washington. Mar. 24, 1953

13908

MP-200 (A)
(February 1952)

DOCKET NO. [redacted]EA[redacted]2878

COMMODITY Uranium-Lead

Government's 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), Ina (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*) ~~That the Operator is the owner in possession and entitled to possession, and that the property is subject only to the following liens, mortgages, encumbrances, or easements, a list of which is attached:~~
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] [illegible] and nature of organization if any.
[3] [illegible] identify the property, particularly excluding any land or interest therein to which the Government's lien is not to [illegible] to the Government's percentage royalty.

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

(*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 Geo S. Groves
President

THE UNITED STATES OF AMERICA

By O. Meitzenberg
Administrator, Defense
Minerals Exploration
Administration

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

Mabel N. Scott [CORPORATE]

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 30th day of March, 1953

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

U. S. GOVERNMENT PRINTING OFFICE 940767

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, 1952.

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

RELEVANT CONTRACT PROVISIONS

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 six 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) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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.

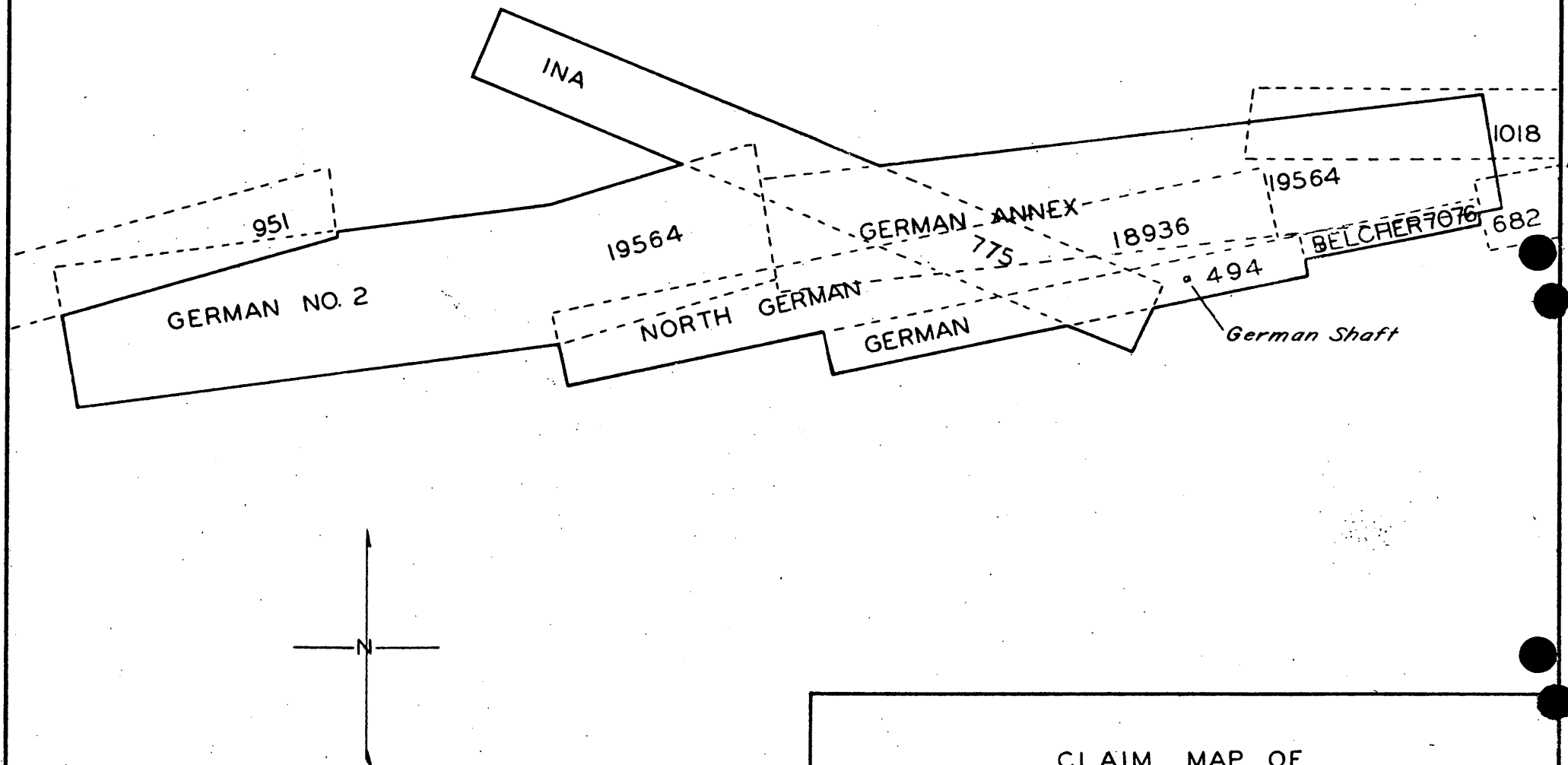
(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

(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, 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.

(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.

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.



CLAIM MAP OF

GERMAN-BELCHER PROPERTY

GILPIN COUNTY

SCALE: 1" = 300'

DATE: MAR. 1 1948

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