IMEA Form 9

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

DMEA NO. 4328

31 OCT 1957 1148

Application (Denied
(Withdrawn
(After disposition, delete items not applicable)

Contract (Terminated - not Certified
(Cancelled
(Terminated - Certified
(Royalty Agreement

This is the official contract file containing all official records of the project. The records contained in the files are checked and are arranged in this order:

Left Side

Interim Royalty Audits
Reports of Royalty Review
Certification of Discovery
Certificate of Audit (Final)
Interim Audit(s)
✓ Report of Review
Termination Notice or Agreement
Recision Notice
Assignment of Contract
✓ Contract Amendments (latest on top)
✓ Contract with all exhibits and annexes
✓ Owner's Consent to Lien
✓ Subordination Agreement
✓ Leases and assignments of leases
✓ Application and attachments
(3) Envelope for maps

Right Side

✓ Project summary
✓ Work completed analysis
All other material is filed in chronological order with correspondence including the following reports as checked:

✓ Final Field Team Report (Tab)
✓ Operator's Final Report
(2R) Interim Reports
(2R) ✓ Operator's monthly reports and all attachments (latest on top)
✓ On-site Exam Report(s) (Tab)
(4) Settlement Sheets

When the volume of records is expected to warrant additional folders, or when convenience of reference warrants separate folders for certain records, they should be set up in this order:

Left Side

Folder No. 2: (In chron. order) Interim Summary Reports by W. O. Engineers

Right Side

Operator's Semi-Annual Report for Certified Project, Field Team Interim Reports, Operator's Monthly Report with transmittal, narrative, maps, and Field Team review.

Folder No. 3: Maps (Use pocket folder or envelope. Fold maps with title block out and show reference to related document or correspondence.)

Folder No. 4: Settlement Sheets

Folder No. 5: Drill Logs

9774

E SLIP

REV. [redacted] ALS EXPLORATION

TO:	DATE	INITIALS
1. Mr. Johnson	5/26	[illegible]
2. Mr. Selfridge		
3. Mr. Knouse	5/27	[illegible]
4.	5/27	[illegible]
5.		
FROM: E. D. Talbert [illegible]	5/26	

FOR: Check items for action desired

____ Action ____ Reply for signature of _____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

MAY 25 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REVIEW OF REPORT

I have reviewed the Monthly Reports of:

R.A.G. Drilling Company
[illegible] Avenue
Salida, [illegible]

pertaining to Exploration Project Contract No. 2Ma-X1148, DMEA No. 4326, including Amendment No. 1 for the period May 23, 1958 to February 13, 1959, inclusive, covering a project for the exploration of Uranium on property known as Lightning Group of Claims, located in Fremont County, Colorado

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

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

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

Total cost as billed by Contractor		$47,559.72
Exceptions: (Schedule attached)		
Prior to this review	$285.50	
Less: Reinstatement by review	-	
Herewith	-	285.90
Total Accepted Cost		[illegible]

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Thirteen Thousand Thirty and 66/100ths Dollars is valid and proper, provided that the Regional Officer, the Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$13,030.66
Amount reimbursed	[illegible]
Balance due Operator (Government)	$ [illegible]

May 22, 1959

Donald T. Finch
Donald T. Finch
OME, Auditor

[redacted]

[redacted]

[redacted]

[redacted]

(a) The monthly reports were supported by documentary proof of that portion ([illegible]) of the work which actual was performed by each [illegible] independent contract and that portion ([illegible]) which represent other costs for consideration by the Government on the basis of actual costs. (See Summary attached).

(b) The administrative cost to the Government of an audit would be excessive in relation to the actual amount of possible additional disallowances thereunder.

Schedule No. 1

SUMMARY OF EXCEPTIONS

CONTRACT [illegible]

REPORT NO. [illegible]

P.A.G. [illegible] COMPANY

Exceptions by Field Team subject to review

30 cord boxes at $1.25/cord, in excess of allowable maximum	$ 37.50	
74 Cu. yd. of excavating and refilling at $2.00/Cu. in excess of allowable maximum	148.00	
Total exceptions		$185.50

The Executive Officer of the CCC Field Team, Region III and the Auditor concur with the foregoing exceptions.

Schedule No. 1

SCHEDULE OF INCIDENTAL COSTS

CONTRACT [illegible] | PROJECT NO. [illegible]

R.A.G. [illegible] COMPANY

Subcontract Statements			
Engineering			
[illegible] man-hours at $22.00/hr.		$[illegible]	
Open Drilling			
[illegible]			
[illegible] ft. at average of $6.9019/ft.	$13,879.70		
A.X. Bits			
59 ft. at average of $6.5432/ft.	386.05		
Cementing and Mobilization			
[illegible] ft. at [illegible]/ft.	1,000.00	15,065.55	
Testing			
[illegible].7 ft. at $0.10/ft.		[illegible]	$15,[illegible]
Transportation			
[illegible] trucks at $[illegible].00/ea.		1,300.00	
Miscellaneous			
Mud Tanks			
[illegible] at $1.25/ea.	200.00		
Sampling Analyses			
[illegible] samples at $[illegible]/ea.	[illegible]	[illegible]	[illegible]
Total accepted costs			$[illegible]

OFFICIAL FILE COPY
O. M. E.
RECEIVED JAN 15 1959

DATE	INITIALS	CODE

Government's copy

EXPLORATION PROJECT CONTRACT
D. A. C. URANIUM COMPANY
DOCKET NO. DMEA 4328
CONTRACT NO. Idm-E1148

AMENDMENT NO. 1

It is agreed this 23rd day of December, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, (successor agency to the Defense Minerals Exploration Administration), hereinafter called the "Government," and D. A. C. Uranium Company, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E1148, Docket No. DMEA 4328, dated May 23, 1958, hereinafter called the "Contract," that:

1. (a) Work under the contract shall be suspended during the period beginning October 16, 1958, and ending not later than December 15, 1958.

   (b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of work.

   (c) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work and any property in which the Government has an interest.

2. The date fixed in Article 3, on or before which the Operator shall have completed the work, is extended from December 31, 1958, to February 15, 1959.

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

Executed in quintuplicate the day and year first above written.

D. A. C. URANIUM COMPANY

By [signature]
President

UNITED STATES OF AMERICA

By E. M. Hawkins
acting Executive Officer, OME
Field Team, Region III

DMEA
RECEIVED APR 28 1958

DATE		

MF-200
(Revised June 1954)

Government's Copy

Docket No. DMEA 4328

Commodity Uranium

Contract No. Idm-E 1148

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this MAY 23 1958 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] D.A.C. Uranium Company, a Delaware corporation

whose mailing address is 1016 Burt Bldg. Dallas, Texas,

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and maps Figures 2, 3, and 4

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] sublessee of [5] see Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [7] ....recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: See Annex I

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

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

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

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium. The work to be performed is described in Exhibit "A." The Operator on or before June 23, 1958 shall commence the work, and on or before December 31, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $17,939.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $13,454.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums. See Article 13.

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article ~~8~~. 8. See Article 13.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

See Region III memo 5/5/59, change of address:

A. M. Brenneke, President
D.A.C. Uranium Company
4427 Cole Avenue
Dallas 5, Texas

gla

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

(a) In the last sentence of Article 6(c), the figure "8" is substituted for the figure "9."

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals
Exploration Administration

D.A.C. Uranium Company
(Operator)

By A. M. Brennecke

Title President

I, V. O. Morton, certify that I am the secretary of the corporation named as Operator herein; that A. M. Brennecke 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.

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
D. A. C. URANIUM COMPANY
DOCKET NO. DMEA-4328

ANNEX I

The land referred to in Article 2 of the Contract consists of eight (8) unpatented lode mining claims. The notices of location of the claims are recorded in the Office of the County Recorder, Fremont County, Colorado, as follows:

Claims	Recorded Date	Book	Pages
Lightning No. 1	8/16/55	355	429-430
Lightning No. 2	"	"	431-432
Lightning No. 3	"	"	433-434
Lightning No. 4	"	"	435-436
Lightning No. 5	"	"	437-438
Lightning No. 6	"	"	439-440
Lightning No. 7	"	"	441-442
Lightning No. 8	"	358	385-386

These claims are situate in secs. 11, 14, and 15, T. 47 N., R. 11 E., N.M.P.M., Fremont County, Colorado, as shown on the map entitled "Figure 2. Claim Map of the Lightning Group" attached hereto.

The Operator has the right to possession of the land under a Mining Lease Agreement, dated March 5, 1957, among Robert Benton and Richard Brady, as "Owners"; Victor Herlacher, as "Lessee" with a five percent royalty interest; and the D.A.C. Uranium Company, as "Sublessee".

The Consents to Lien and Subordination Agreements of Victor C. Herlacher, Robert Benton, and Richard Brady are attached hereto.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator D.A.C. Uranium Company
Docket No. DMEA- 4328
Contract No. Idm-E 1148
Contract Date 31 OCT 1957

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

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Fremont, State of Colorado, described as follows: 2/ Unpatented lode mining claims of record in the County Clerk and Recorder's office of Fremont County, Canyon City, Colorado

Lightning No. 1	Book 355	Page 429
Lightning No. 2	Book 355	Page 431
Lightning No. 3	Book 355	Page 433
Lightning No. 4	Book 355	Page 435
Lightning No. 5	Book 355	Page 437
Lightning No. 6	Book 355	Page 439
Lightning No. 7	Book 355	Page 441
Lightning No. 8	Book 356	Page 385

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on produotion as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

Sub-lease to D.A.C. Uranium Company

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

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this ____ day of 31 OCT 1957, 195__.

Victor C. Herlacher [Seal] 319 W. 3rd St. Pueblo, Colo [Address]

Victor C. Herlacher

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, J. O. Morton certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

[Corporate Seal]

OFFICIAL FILE COPY
D R E A
RECEIVED MAY 6 1957
DATE INITIALS CODE

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator D.A.C. Uranium Company
Docket No. DMEA- 4328
Contract No. Idm-E
Contract Date

RECEIVED
MAY 15 1958
D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Fremont, State of Colorado, described as follows: 2/ Unpatented lode mining claims of record in the County Clerk and Recorder's office in Fremont County, Canon City, Colorado

Lightning No. 1 Book 355 Page 429
Lightning No. 2 Book 355 Page 431
Lightning No. 3 Book 355 Page 433
Lightning No. 4 Book 355 Page 435
Lightning No. 5 Book 355 Page 437
Lightning No. 6 Book 355 Page 439
Lightning No. 7 Book 355 Page 441 Lightning No. 8 Book 358 Page 385

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

Sub-lease to D.A.C. Uranium Company which existed at time of application.

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

2/ 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.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: none (State "None" or "See Annex No.____")

Dated this 13th day of May, 1958.

Robert Benton Robert Benton	[Seal]	Cotopaxi, Colorado	[Address]
	[Seal]		[Address]
Richard Brady Richard Brady	[Seal]	Coaldale, Colorado	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, J. D. Morton certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
D. A. C. URANIUM COMPANY
DOCKET NO. DMEA-4328

EXHIBIT "A"

Description of the Work

General Provisions

The object of this project is to explore for uranium ore deposits in a fault zone by means of core drilling.

Core showing significant mineralization shall be split, and one-half of the split core used for assay purposes. The remainder of the split shall be stored with the nonmineralized core in boxes properly labeled as to hole number and with markers placed in the core sections to indicate the depth represented.

Sludge samples shall be taken over intervals of not more than 5 feet through sections of a hole which may be mineralized. All sludge and core shall be tested radiometrically.

In the event no core is recovered from a section of a hole where mineralization is suspected, then one-half of the sludge sample from this section shall be used for assay purposes in lieu of the core sample, if the sludge sample shows significant mineralization. The remainder of it shall be stored in a suitable container properly identified for Government inspection and possible use. The portions of the samples selected for assaying shall be chemically analyzed for their U_3O_8 content.

With prior approval by the Government, the Operator may dispose of the stored core and the sludge samples.

All holes shall be probed radiometrically, and core recovered from the drill holes shall be logged geologically. Records of such probing and logging, together with the assay certificates of the core and sludge samples, shall be submitted with the Operator's monthly progress report. The report shall also include a map or sketch showing the location of the holes completed during the reporting period.

The size of core shall be BX, except that AX size is acceptable where, in the opinion of the Government, maintenance of BX size is impracticable to complete the hole. Drill holes shall be cemented and drilled out as necessary. The Government will not contribute to the cost of an incompleted hole, nor to one drilled closer than 100 feet to a boundary of the land described in Annex I.

The Operator shall provide such supervision and technical services as may be required to complete the project in a satisfactory manner.

Preparation of access roads and drill sites shall be performed with a D-7 Caterpillar dozer or an equivalent unit of any other make.

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

The work will consist of preparing access roads and drill sites, and drilling holes Nos. 1 through 13 at the approximate locations shown on the map entitled, "Figure 3. - Map Showing Locations of Recommended Diamond Drill Holes, . . .," attached hereto.

The holes shall be drilled approximately on a bearing of S. 60° W. and inclination of -55°. The holes shall be drilled along two lines about 70 feet apart, the holes on each line being spaced at intervals of approximately 75 feet. It is estimated that holes Nos. 1 through 7 will penetrate through the fault zone at a depth of about 75 feet down dip, and that holes Nos. 8 through 13 will penetrate such zone at a depth of about 150 feet down dip. The drill holes shall be considered completed only when they have passed through the intensely kaolinized fault zone and into relatively unaltered rock. The approximate locations of the drill holes with reference to the fault zone are shown on map entitled, "Figure 4. Vertical Section AA' (Fig. 3) Showing Relative Positions of Fault Zone and Lines of Drill Holes, . . .," attached hereto.

Not in excess of 24 hours of bulldozing, 2,060 feet of core drilling, 500 feet of cementing and drilling out, 2,060 feet of radiometric probing, supervision and technical services for 2½ months or equivalent time if less than 8 hour shifts are worked, 160 core boxes, and chemical analyses of 65 samples will be allowed under this Contract.

Estimated Costs of the Project

Actual Costs

Category (1) Independent Contracts

Bulldozing drill sites and access roads, 24 hours @ $12.00/hr.	$288.00
Core drilling (BX size or larger) 2,060 feet @ $7.00 1//ft. or diamond drilling AX size @ $6.65 1// ft.	14,420.00
Cementing and drilling out holes, 500 feet @ $2.00/ft.	1,000.00
Radiometric probing of holes, 2,060 feet @ $0.10/ft.	206.00

Category (2) Personal Services:

(a) and (b) Supervision and technical services:

1 supervisor-engineer, 2½ months or equivalent @ $600.00/month	1,500.00
(c) Labor	None

Category (3) Operating Materials and Supplies

None except:

160 cardboard core boxes @ $1.25/box	200.00

Categories (4), (5), and (6)

None

Category (7) Miscellaneous:

None except:

Chemical analyses for U_3O_8 content of 65 samples @ $5.00/sample	325.00	
Estimated Total Cost of Project		$17,939.00
Government Participation @ 75% (rounded)		$13,454.00

1/ See Article 13(b).

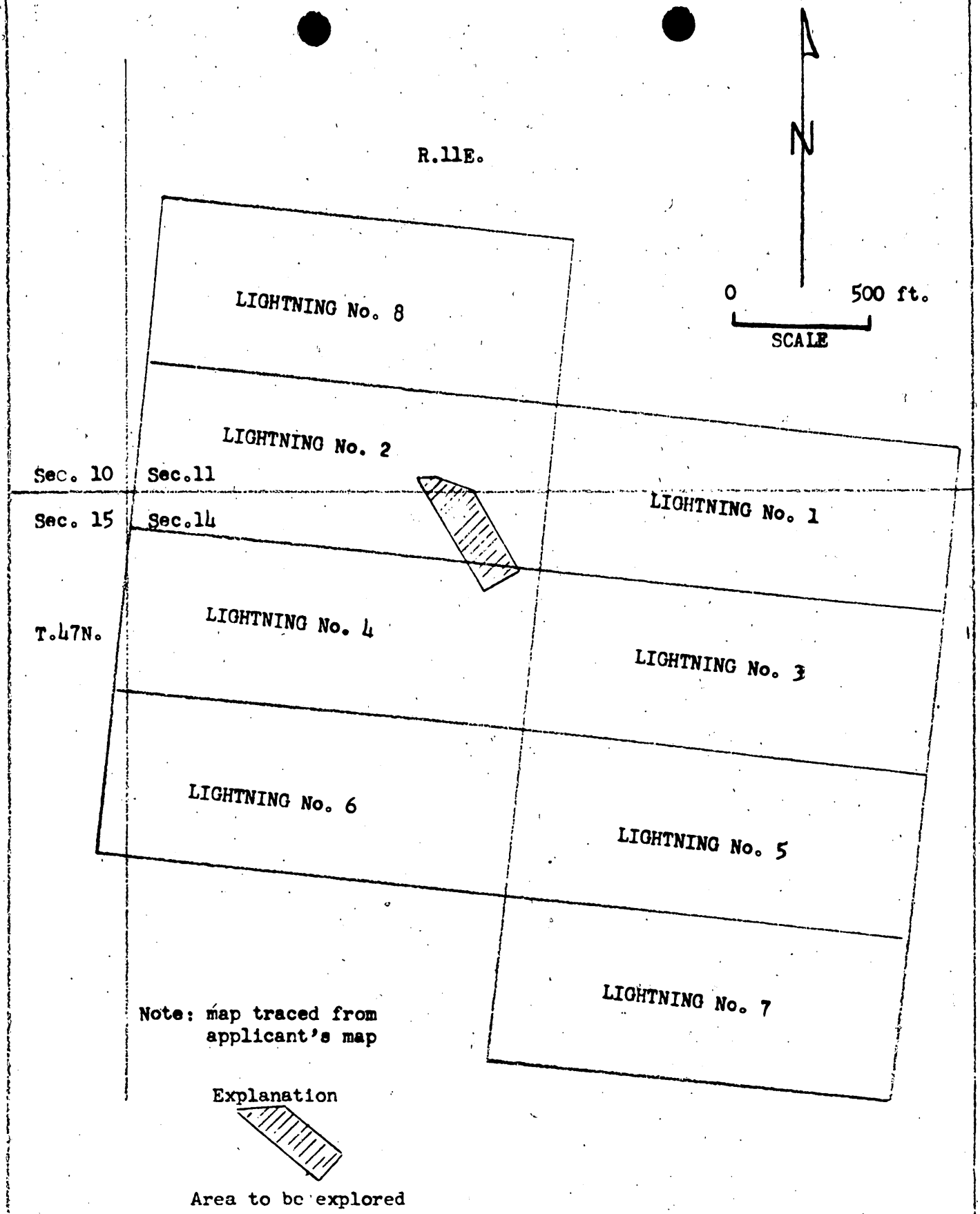


Figure 2 - Claim Map of the Lightning Group

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

EXAMINATION REPORT
DMEA 4328

PREPARED FOR DEFENSE MINERALS
EXPLORATION ADMINISTRATION

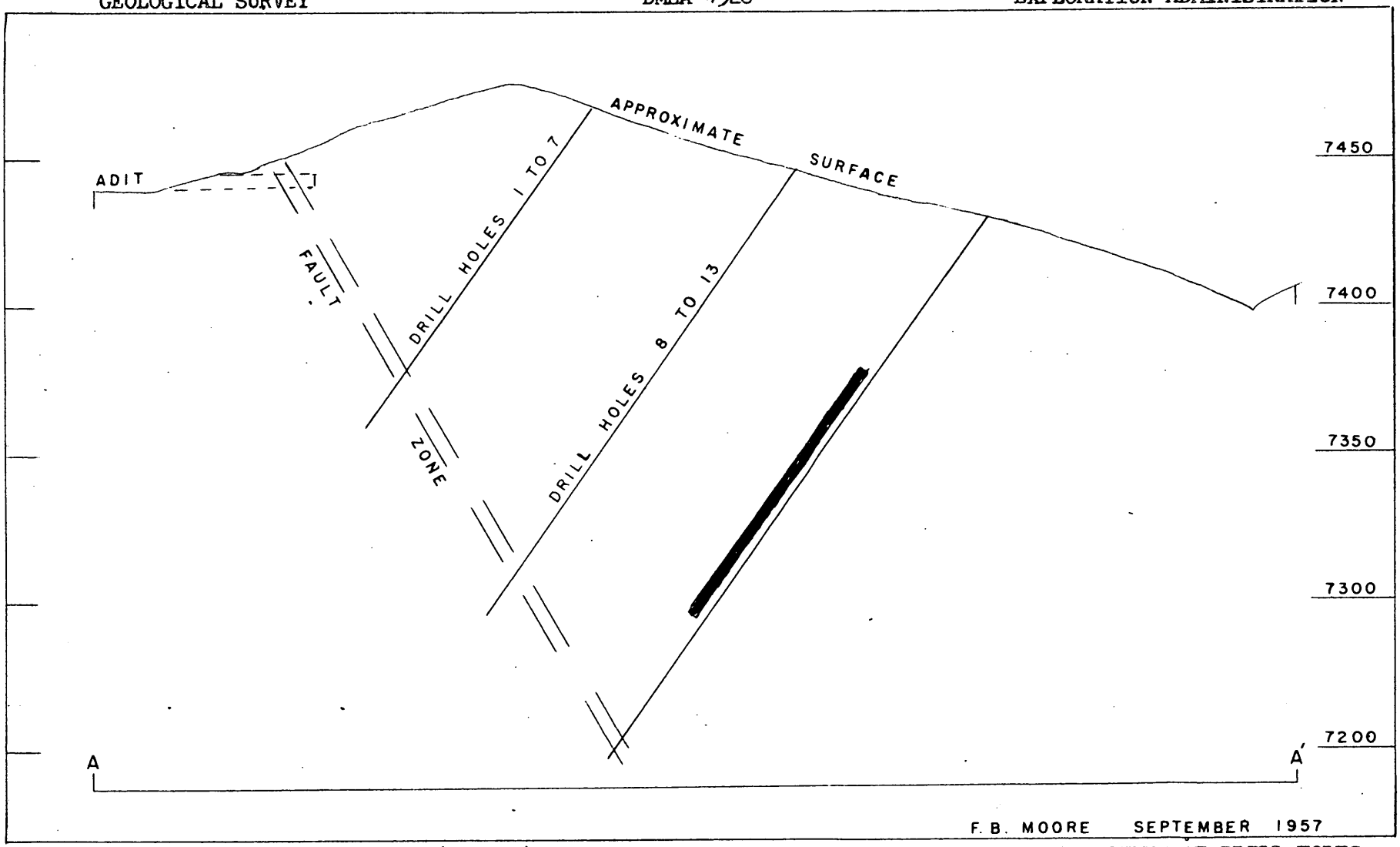


FIGURE 4.--VERTICAL SECTION AA' (FIG. 3) SHOWING RELATIVE POSITIONS OF FAULT ZONE AND LINES OF DRILL HOLES, LIGHTNING CLAIMS 2 AND 4, FREMONT COUNTY, COLORADO

SCALE 1 in. = 50 ft.

CIVIL 5368

IN THE UNITED STATES DISTRICT COURT

FOR THE

DISTRICT OF COLORADO

FILED
United States District Court
Denver, Colorado

APR 1 1957

G. WALTER BOWMAN
CLERK
BY _____
DEP. CLERK

D. A. C. URANIUM COMPANY,

Plaintiff,

vs.

ROBERT BENTON, RICHARD BRADY, and VICTOR C. HERLACHER,

Defendants.

ORDER OF DISMISSAL

THIS MATTER coming on to be heard before the Court this 1 day of April, 1957, upon the joint motions of all of the parties hereto for the dismissal of this action and appearing to the Court that the parties have settled and compromised their differences and that all actions involved in this pending action have become moot.

NOW, THEREFORE, it is hereby ordered that this action be dismissed and that each party pay his or its own cost.

Given at Denver, Colorado the day and year first above mentioned.

William Lee Knous
Chief Judge

APPROVED AS TO FORM:

Earl H. Ellis

John R. Wall

Mack Witty

ENTERED
ON THE DOCKET

APR 1 1957

G. WALTER BOWMAN
CLERK
BY _____
DEP. CLERK

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 6 1957
DATE | INITIALS | COPY

A True Copy, TESTE:
G. WALTER BOWMAN, Clerk
By Claire H. Kane
Deputy Clerk

MINING LEASE AGREEMENT

This Agreement is made and entered into in triplicate this fifth day of March, 1957, by and between Robert Benton and Richard Brady (hereinafter called "Owners"), Victor C. Herlacher (hereinafter called "Lessee"), and D. A. C. Uranium Company, a corporation (hereinafter called "Sublessee").

RECITALS

Owners own certain mining locations hereinafter discribed. Owners gave Lessee a lease under date of August 1, 1955, upon those mining claims, Lessee gave Sublessee a sublease upon the properties under date of September 25, 1955. Lessee brought a suit against Owners in the Fremont County District Court of Colorado, one phase of which is pending before the Supreme Court of Colorado. Sublessee brought a suit in the United States District Court for Colorado against Owners and Lessee, which has not been determined. Other litigation between the parties is a possibility. All of these matters may be compromised and settled between the parties by the execution of a new, three-party agreement of lease, and this the parties desire to accomplish by the following contract.

CONTRACT OF LEASE AND SETTLEMENT

In consideration of the above Recitals and of the undertakings hereinafter set forth, and the mutual respective compliances therewith, the parties hereto agree and contract as follows:

Owners, for and in consideration of the rents, royalties and agreements hereinafter expressed to be paid, do hereby lease and demise to Lessee, and Lessee does hereby sublease and demise to Sublessee, for mining purposes, the eight mining claims

or locations described in the Colorado location certificates filed by owners as follows:

Lightning No. 1. Lode, filed for record in Fremont County Records, at pages 429-430 of Book 355;

Lightning No. 2 Lode, filed for record in Fremont County Records, at pages 431-432 of Book 355;

Lightning No. 3 Lode, filed for record in Fremont County Records, at pages 433-434 of Book 355;

Lightning No. 4 Lode, filed for record in Fremont County Records, at pages 435-436 of Book 355;

Lightning No. 5 Lode, filed for record in Fremont County Records, at pages 437-438 pf Book 355;

Lightning No. 6 Lode, filed for record in Fremont County Records, at pages 439-440 of Book 355;

Lightning No. 7 Lode, filed for record in Fremont County Records, at pages 441-442 of Book 355; and

Lightning No. 8 Lode, filed for record in Fremont County Records, at pages 385-386 of Book 358.

TO HAVE AND TO HOLD the same for a term of twenty years from Januaryl, 1957, unless sooner abandoned by Sublessee (as to its rights from Lessee) or by both Lessee and Sublessee (as to their rights from Owner), pursuant to the terms hereof; and the parties mutually covenant and agree as follows:

1. So long as Sublessee shall perform its obligations hereunder, this agreement shall be treated as alease to Sublessee with an ouerriding interest and royalty in Lessee; but if Sublessee shall abandon its rights or shall be in default hereunder, then Lessee shall be considered the owner of the lease rights hereunder.

2. The rights granted by the Owners hereunder shall be for the possession of the above-described properties and for the operation and use thereof for mining purposes and for the extraction of ore therefrom and for the sale of such ore or treatment thereof and sale of the resulting products. Such rights shall be exercised solely by Sublessee, unless and until Subless shall abandon or forfeit or lose its rights hereunder; and thereupon

such rights of possession and mining shall belong to the Lessee.

3. If there is any claim of default hereunder by Owners, notice thereof shall be served by Owners upon both Lessee and Sublessee, and Sublessee shall have twenty days from such service to remedy the default, and if Sublessee does not remedy such default in such period, Lessee shall have further twenty days himself to remedy the default and to go into possession of the properties as the holder of this lease.

4. All mining operations under this agreement shall be carried on in a good and workmanlike manner and with the object of producing as much and as high a grade of ore as possible from the properties. Due regard shall be had for the proper and logical development of the properties and for the preservation thereof for future operations.

5. Owners shall have the right to come upon the properties at all reasonable times to inspect the operations being carried on, but shall in no wise interfere with the operations by Sublessee or by Lessee.

6. Neither Sublessee nor Lessee shall have any right to assign any interest hereunder; but if Sublessee shall abandon or forfeit its interests hereunder, the Lessee shall have the right to grant another sublease and to substitute some other party as Sublessee hereunder, or to operate himself.

7. Sublessee shall pay the following rents or royalties hereunder: 7½ % of the net returns received by Sublessee from any sale of the products mined and shipped from these properties, less transportation charges from the properties, and of any bonus payments received by Sublessee on account of such products, such 7½% to be paid by Sublessee to the Owners; and another 5% of such net return and bonuses to be paid by Sublessee to the Lessee; making a total of 12½% that Sublessee shall pay for its rights and

possession hereunder; Provided, however, that if as a result of operations hereunder by Sublessee the Lessee shall have received a total of Five Thousand Dollars ($5,000.00) as royalty as above provided, then the royalty payments shall be changed and thereafter the Owners shall receive a 10% royalty and the Lessee shall receive a 2½% royalty, all from the Sublessee and calculated as above provided. All such royalty payments accruing hereunder shall be paid by Sublessee either within fifteen days after the end of each calendar month if receipts for shipments are numerous in a month, or within fifteen days after receipt of each payment for isolated receipts. If there shall be no sublease in existence and if Lessee shall himself operate the properties, then the Lessee shall pay a royalty to the Owners of 10% of said net returns and bonuses, calculated and at the times as above provided. If any Discovery Bonus is paid, it shall belong exclusively to the Owners and shall be paid to them.

8. Sublessee hereby agrees to indemnify and hold harmless the Owners and the Lessee from any and all loss or damage and from all claims for injury, death, loss or damage of any kind any by whomsoever suffered or asserted, occasioned or in any way brought about by the occupancy of the premises by the Sublessee or by the operations of the Sublessee hereunder. If the Lessee shall be operating hereunder, he shall similarly indemnify and protect the Owners from such losses and claims occasioned by his occupancy and operations.

9. Sublessee, at all times that it is operating the premises hereunder, shall comply with the provisions of the Colorado Workmen's Compensation laws, and shall carry on all of its operations in accordance with law, and shall keep the premises well posted to advise that the operations are being carried on by the Sublessee. If Lessee shall be operating the properties, it shall be

his duty similarly to operate in accordance with law and to keep the properties posted showing his operation.

10. Any party forfeiting or abandoning its rights hereunder shall have the right, for a reasonable time, to remove any personal property, machinery, or supplies from the property that such party has brought onto the properties.

11. As a further consideration and condition of holding under this lease, it shall be the duty of the Sublessee to operate the properties at least twenty-six weeks time out of each calendar year; and a week's operation for this purpose shall mean the employment and active work of at least four men putting in five full days' work out of seven consecutive days. For the year 1957 it shall be the duty of the Sublessee to do enough work prior to the end of June, 1957, to take care of all assessment work or annual labor required to hold the claims hereby leased. If lessee shall be operating hereunder, his duty as to work shall be the same.

12. Owners and Lessee agree that they will at once cause to be dismissed, through stipulations, any proceedings pending before the Supreme Court of Colorado, and pending or that may be pending through remand in the District Court of Fremont County, arising out of an action heretofore brought by Lessee against Owners and involving matters of rights of possession under the former lease, parties paying own costs.

13. All parties agree that they will at once cause to be dismissed the action between the parties pending in the United States District Court for Colorado, each party paying own costs.

14. Each party hereby releases each of the other parties of and from any and all claims and demands that any party may have against one or more of the otherparties hereto, to the extent that such claims arise or have arisen out of any leases heretofore

given, out of any operations thereunder, out of interference with such operations, or out of the occupancy of the properties hereinabove sescribed. It is understood, however, that Sublessee may collect or any past shipments of ore from the Lightning group, with full cooperation of Owners and Lessee being available, and that upon any such collection royalties shall be paid in the amounts as hereinabove provided and as though such sale or sales had been made under this agreement.

15. Sublessee will cause to be conveyed to Owners any rights arising out of any relocations by or on behalf of Sublessee of the areas covered by the Lightning group of claims.

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Agreement as of the date first above written.

/s/ Richard Brady

/s/ Robert Benton
Owners

/s/ Victor C. Herlacher
Lessee

D. A. C. Uranium Company

by /s/ A. M. Brenneke
Its President
Sublessee

SUPPLEMENTAL MINING LEASE AGREEMENT

This Agreement is made and entered into in duplicate this fifth day of March, 1957, by and between Victor C. Herlacher (hereinafter called "Lessee") and D. A. C. Uranium Company, a corporation (hereinafter called "Sublessee").

RECITALS

Lessee and Sublessee have this day entered into an agreement with Robert Benton and Richard Brady (hereinafter called "Owners") concerning the Lightning Group of mining claims in Fremont County, Colorado, so that all terms of the lease under which the properties shall be operated shall be fixed and definite and so that certain litigation may be settled. To satisfy the Lessee, the Lessee has asked and Sublessee has agreed to grant Lessee certain additional rights, with certain option rights to the Sublessee, and this agreement supplements, as to Lessee and Sublessee only, the said agreement betweenthem and the Owners.

SUPPLEMENTAL CONTRACT AS TO ROYALTIES

In consideration of the above Recitals and of the execution of the said Mining Lease Agreement with the Owners, and of the undertakings hereinafter set forth, and the mutual respective compliances therewith, the parties hereto agree and contract as follows:

If and when the Lessee has received Five Thousand Dollars ($5,000.00) as royalties under the provisions of the said Mining Lease Agreement with the Owners, especially as provided in paragraph 7 thereof, then the parties hereto, as a separate agreement, between themselves further provide as follows: At such time, when Lessee shall have received said Five Thousand Dollars ($5,000.00), then Sublessee shall have the following option

and choice: (1) To then pay Lessee the sum of Seven Thousand Dollars ($7,000.00) in cash for assignment by Lessee to Sublessee of all Lessee's rights under the Mining Lease Agreement for the future and of all further right to receive thereafter any royalty; or (2) to thereafter pay Lessee an additional 2-1/2% royalty, over and above the 2-1/2% royalty provided for under such circumstances, in the said Mining Lease Agreement, so that the Lessee would in such event continue to receive a total 5% royalty so long as Sublessee operated under the lease agreement. Sublessee shall have thirty days time, after Lessee has received said Five Thousand Dollars ($5,000.00) total royalty, to make its election under this supplemental contract.

IN WITNESS WHEREOF, the parties have executed or caused to be executed this agreement as of the date first above written.

/s/ Victor C. Herlacher
Lessee

D. A. C. URNAIUM COMPANY

By: /s/ A. M. Brenneke
Its President
Sublessee

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

RECEIVED
JUN - 8 1956

June 6, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Application for DMEA Aid (Uranium) D. A. C. Uranium Company, (Lightning claims), Fremont County, Colorado

Enclosed are three copies of the subject application in the amount of $24,301.20. One copy of the application is being retained in our file.

It is noted that the Applicant has submitted only one drilling bid, which appears to be high.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

Enclosures

APPLICATION FOR AID

IN AN EXPLORATION PROJECT NEAR COTOPAXI

Fremont County, Colorado

PURSUANT TO DMEA ORDER I

Under the Defense Production Act of

1950 - As Amended

By

D. A. C. URANIUM COMPANY
~~1307 Tower Petroleum Bldg.~~ 1016 Burt Bldg
Dallas 1, Texas

May - 1956

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

DMEA
Date Rec'd. JUN 5 1956
BUREAU OF MINES
Denver, Colorado

RECEIVED
JUN - 8 1956

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. DMEA - 4328
Metal or Mineral URANIUM
Date Received 6/8/56
Estimated Cost $24,301.20
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: D. A. C. Uranium Company
~~1307 Texas Petroleum Building~~ 1016 Burt Bldg.
DALLAS 1, TEXAS
(Incorporated in the State of Delaware)

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract

(see attached application)

(*b*) State any mine name by which the property is known.

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore .....

.....

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if nee[illegible]) of any present mine workings, and the location of the proposed exploration work as related to such features as cont[illegible]s, veins, ore-bearing beds, etc.

(*c*) The work will start within ..... days and be completed within ..... months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated abo[illegible].

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or [illegible] other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)?

(*b*) How do you propose to furnish your share of the costs?

[X] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated 30 May, 1956

D. A. C. URANIUM COMPANY
(Applicant)

By A. M. Brenneke

A. M. Brenneke - President

J. O. Morton, Sec.

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any de[illegible]ment or agency of the United States as to any matter within its jurisdiction.

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

DMEA LOAN APPLICATION

1- NAME OF APPLICANT -

(a) State here your full legal name, in the form in which you wish to contract, and your mailing address:

D. A. C. Uranium Company
1307 Tower Petroleum Bldg.
Dallas 1, Texas

(b) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

A Delaware Corporation

(c) If a corporation, add to the above statement, titles, names and addresses of officers.

President	A. M. Brenneke 1307 Tower Petroleum Bldg. Dallas 1, Texas
Executive Vice-President	G. S. Paine 1307 Tower Petroleum Bldg. Dallas 1, Texas
Secretary	T. O. Morton 1307 Tower Petroleum Bldg. Dallas 1, Texas
Treasurer	A. E. W. Barrett 1307 Tower Petroleum Bldg. Dallas 1, Texas

(d) -

2- GENERAL -

3- APPLICANT'S PROPERTY RIGHTS -

(a) - State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the ex-

ploration, and excluding any land or interest in land which is not to be included in the exploration project contract -

The property consists of 8 unpatented lode mining claims in Sections 10, 11, 14 and 15, T47N, R11E, New Mexico Principal Meridian, unnamed mining district, Fremont County, Colorado. (See index map - Plate I and claim map - Plate 2, in folder). The eight claims included in the proposed exploration project are collectively referred to as the Lightning Group and include the following:

Lightning No. 1
Lightning No. 2
Lightning No. 3
Lightning No. 4
Lightning No. 5
Lightning No. 6
Lightning No. 7
Lightning No. 8

(b) State any mine name by which the property is known.

An exploration adit has been opened on the Lightning No. 2 claim and is referred to as the Lightning No. 2 Mine.

(c) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise -

Lessee

(d) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

The Lightning Claim Group is held by the D. A. C. Uranium Company under a sub-lease from Mr. Victor C. Herlacher of the County of Pueblo, Colorado, who in turn acquired a lease from Messrs. Robert Benton and Richard Brady, the original locators. Copies of the two leases are attached to this application under Exhibit 1 (d).

(e) If you own the land, describe any liens or encumbrances on it.

(f) If the land consists of unpatented claims, add to the description above, the book and page numbers for each

recorded location notice.

The property consists of unpatented mining claims. The following documents are of record in the recorder's office at the Fremont County Court House, Canon City, Colorado:

Name of Claim	Locator	Record. date	Book	Page
Lightning No. 1	Robert Benton & Richard Brady	8-16-55	355	429
Lightning No. 2	" "	8-16-55	355	431
Lightning No. 3	" "	8-16-55	355	433
Lightning No. 4	" "	8-16-55	355	435
Lightning No. 5	" "	8-16-55	355	437
Lightning No. 6	" "	8-16-55	355	439
Lightning No. 7	" "	8-16-55	355	441
Lightning No. 8	" "	8-16-56	358	385

4- PHYSICAL DESCRIPTION -

(a) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

The Lightning No. 2 "mine" area has undergone considerable preliminary exploration. The initial work completed todate consists of:

1 - Extensive bulldozer operations which have cleared an area approximately 150' x 500' with additional clearing and road building work serving as access. The extent of this bulldozing is shown on Plate 2 in the pocket.

2 - More than 30 holes have been drilled on a grid base. Except for one hole, all were drilled with a wagon drill. A sketch map, Plate 5, has been prepared showing the location of the holes drilled todate and will be found in the pocket. During the drilling, an attempt to save and assay the cuttings was made but because of poor sample recovery and the nature of the uranium mineralization, no assayable samples were collected. The existence of ore grade uranium is based solely upon geiger probe data collected during the drilling operations and subsequently by an A. E. C. geologist who probed and recorded all drill holes which were

open. Several short holes were drilled near the face of the present "mine" workings. Samples taken and assayed by the Atomic Energy Commission and by the Company verify the existence of ore grade mineralization but since none were taken adjacent to drill holes on which probe data were obtained, no assumptions concerning the existence of ore grade material other than that exposed are being made.

The data collected todate will be discussed under 4 (c).

3 - An adit has been driven into the side of the low hill at a point selected from surface and drill hole mineralization indications. No underground work has been done. The adit consists of a deep (8' - 12') trench which has been surfaced with timbers for approximately 30' - 40' to prevent injuries from falling rocks. The adit is approximately 15 feet wide at the breast and exposes considerable autunite mineralization along a fracture system which will be described under 4 (c).

4 - In addition to the bulldozer work, drilling, and "mine" operations briefly described above, two ore bins are partially built, camp facilities established, and numerous minor access roads constructed. The location of the ore bins and immediate access roads are shown on Plate 2.

5 - The D. A. C. Uranium Company has completed and paid for all of the above work which was under the supervision of Mr. G. S. Paine, Executive Vice-President of the Company. Because of weather conditions, all work was stopped during December, 1955 except for the geological and geophysical examinations conducted during April and May, 1956 under contract with the Colorado Exploration Company of Golden, Colorado, for the purpose of obtaining data for use in this DMEA application.

6 - The "mine" area is readily accessible throughout the year except for short periods during the winter months when excessive snowfall blocks the access roads. The mine site has been bulldozed of all overburden and except for possible extensions to the vein system where undergrowth may prevent ease of movement and examination, the

surface exposures are completely satisfactory for geological work.

(b) State past and current production, and ore reserves, if any, giving quantities and grades.

Production from the property has been limited to experimental mining. Some ore-grade material has been "mined" from the timbered adit but has become intermingled with waste and for all practical purposes the property remains in its initial prospect stage.

An A. E. C. fringe area contract has been negotiated but todate no attempt has been made to ship ore. The D. A. C. Uranium Company is awaiting bids to fulfill this contract.

Thirty vertical drill holes have been probed by the A. E. C. and by the Company. Long and cross-sections have been prepared (Plates 6 (a) - 6 (d) and 7 (a) - 7 (g)) to depict the results of this drilling. A plan map, Plate 5, shows the location of the drill holes probed, and graphically depicts those holes in which high radiometric readings were obtained.

The existence of ore grade uranium mineralization may be inferred from the results of the drilling to date. Readings in excess of 2 MR/HR were obtained in 11 of the 30 holes and in excess of 1 MR/HR in an additional 8. Since no cutting samples were obtained during the wagon drilling program, it has been impossible to calculate an equilibrium factor. For this reason no attempt will be made to compute an ore reserve.

Several assays, which follow, have been taken at the exposed face in the open cut and adit. From these results it appears the uranium mineralization is out of balance favorably but further checks will be necessary before this can be proven.

		% e U_3O_8	% of U_3O_8	
A. E. C.	#F-35448	0.14	0.21	3.5' channel
A. E. C.	#F-13975	0.05	0.05	5.0' channel
Independent	785	0.033	0.039	Grab
Independent	59	0.050	0.090	Grab
Independent	1868	0.152	0.206	Grab

(c) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your

application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

REGIONAL:

The Lightning claim group is located on the western flank of the Wet Mountain anticline along a major, steeply west-dipping thrust fault which strikes roughly N.15 - 20°W. Along this fault zone, pre-Cambrian rocks on the east have moved upward with respect to the Permo-Pennsylvanian arkosic sediments on the west.

Acid igneous flows (rhyolite-phonolite) exhibiting extreme alteration in the form of kaolinization, cover a considerable portion of the area and are exposed on the southern Lightning claims.

The area lies on an inferred metallogenic trend through Cripple Creek - Bonanza - Silverton, at a point near the junction of this trend with the northwest Westcliff-Leadville fabric.

Several significant copper-uranium prospects are located throughout the general area but none have been developed past this stage.

The pre-Cambrian rocks exposed consist of a complex of Pikes Peak granite and unclassified metamorphics. Numerous pegmatite dikes showing complex structures and carrying undetermined amounts of rare earth mineralization, together with small quantities of beryl and lithium (?) minerals, are located through the area, and in some places have been prospected for secondary uranium mineralization.

LOCAL GEOLOGY:

Structure

The Lightning No. 2 "mine" is located within a major fracture zone which is believed to be directly associated with the thrust fault mentioned under "Regional Geology". Plate 3 is a 50 scale plan map of the "mine" area depicting the interrelationships of the faulting. A major N10 - 30 W fault zone, from 5 - 10 feet wide, located at 10,660 N - 10,460 W, is intensely altered, iron stained, and contains the bulk of the visible autunite mineralization. A shear or fault zone striking S80° E and mapped at the breast of the adit may control the deposition of the uran-

ium mine since, as shown on the drill hole plan map, Plate 5, the best probe results show an apparent trend in this direction.

The major fault zone, striking N 10 - 30° W dips from 45° - 55° at the surface. A definite roll towards the vertical was observed in the adit and from this and the apparent concentration of mineralization, as indicated in the A. E. C. probe data, the dip of this zone is believed to be more nearly 60° and has been shown as such on the cross section Plates 7 (a) - 7 (g).

Numerous additional faults forming an intensely fractured network are located in the immediate area (Plate 3). Autunite mineralization located at 10475 N - -10380W is apparently a result of ground water deposition in the fractured area and may be controlled by a fracture system mapped at 10280N - -10500W and projected through the outcrop, and the main NS zone which may be traced by limonite staining 45 feet to the east.

Alteration

The bulldozer work completed todate has exposed intensely altered areas associated with the major NS fault zone with subsidiary alteration observed in intersecting zones. Kaolinization of the feldspar accounts for the bulk of the bleaching although local concentration of limonite and hematite along the fracture systems was observed. At the face of the open cut the autunite is directly associated with the heavily limonite stained fault zone. Because of this it is believed that the autunite, a secondary ground water deposited mineral, has been leached from primary hydrothermal pitchblende-uraninite mineralization which, if present in commercial quantities, will be found at or below the water table.

Mineralization

All of the exposed uranium mineralization consists of autunite. This material is dispersed throughout the major N10 - 30°W fault zone described under structure but is concentrated at a point near the face of the adit. Several samples have been taken and are noted under 4 (b).

Referring to Plates 6 (a) - 6 (d) and 7 (a) - 7 (g), it will be noted that continuously mineralized zones have been encountered in the wagondrilling program. Profile D-D, the nearest line of drill holes to the working face, encountered probe readings in excess of 1MR in 9 drill holes, five of which are shown on the Section. Three of these holes, 12, 5 and 25, encountered zones which approached or were in excess of 2 MR. Since, as was stated, no wet assays were obtainable, no estimate of the grade of ore encountered can be made. Profile C-C' encountered the most intensely ~~the~~ mineralized area. This line of holes is located approximately 20 feet behind and to the east of the first line of holes and the probe results give anomalous readings to 8MR/HR. A study of the relationship between Profile D-D' and C-C' indicates that the position of the mineralized zone has shifted downward, lending credence to the supposition of the 60 dip fault control. This is further substantiated by noting the depth at which high probe readings were obtained on the Profile Plates 8 (a) - 8 (g), particularly 8 (a), (b), (c), (d) and (f).

Autunite is one of the leach products of primary uranium. Ground water circulation has dispersed the autunite and has accounted for the irregular shape and distribution of the "values" encountered in the drill program. The secondary body of uranium, if it proves to be commercial, is extremely erratic in plan but in general follows the strike of the major fault zone.

Few, if any, of the holes drilled on the 3rd. and 4th. lines east of the face penetrated deep enough to cut the inferred fault. The wagon drilling was forced to stop at the water table, located at a depth of approximately 100 feet. Since this drilling encountered very little mineralization other than in holes 2, 23 and 25, and this at relatively shallow depths above the fault zone, the existence of mineralization in the most favorable area has not been tested. The 4th. line of holes proved to be blank since it would have been necessary for the drilling to be in excess of 150 feet to test this zone.

It appears, therefore, from the available probe information, the geological mapping, and the radiometric survey, that the Lightning No. 2 uranium deposit consists of a semi-proven body of unknown grade secondary autunite mineralization with a potentially important zone of primary mineralization which remains completely untested.

The program to be outlined under 5 (b) will thoroughly test for these targets.

Radiometrics

Plate 4 is a 50 scale map of the same area covered by the detailed geology (Plate 3) and has been reproduced on tracing paper so that it may be overlaid on the geological map for interpretation.

The red lines shown on the map are linear radiometric highs representing the surface traces of mineralized faults. The strongest anomalies were of course encountered throughout the bulldozed area where the soil overburden had been removed. Several significant trends are shown by this survey and have been extremely useful in the interpretation of the ore controls discussed under structure and mineralization.

Referring to Plate 4, it will be noted that a strong N 10° - 30° W zone of radiometric highs parallels and in many places falls on the surface trace of the main N 10° - 30° W mineralized zone. High readings (up to .11 MR/HR) were obtained in the bulldozed area but are accounted for by lack of overburden. An anomalous condition exists between the inferred radioactive trend and the apparent trend or directions of the mineralization as mapped and projected on Plate 4 and 5. This projected trend is in all likelihood false since as shown on Plate 5, it passes very nearly the southern line of holes, and if drilling had been extended in this direction it is possible that the drill hole data would have shown the mineralization to more nearly conform to the main vein. Of particular interest is the close coincidence between the radioactive survey and the faults as mapped.

The cross faults are apparently erratically mineralized since several surface readings in unstripped areas approached or exceeded the anomal-

ous radioactivity noted in the "mine" area. Such a pattern suggests many places to be explored in the area mapped and this work will be undertaken if the proposed program proves successful.

The radiometric survey shows the system of faults which are mineralized. Further work will be necessary to test the mineralization indicated on Plate 4, and associated with the faulting shown on Plate 3. The coincidence of the observed autunite mineralization with the radiometric and projected fault intersecting is sufficiently developed to substantiate the inferred control and the exploration as planned will test the most favorable intersections.

4- THE EXPLORATION PROJECT

(a) State the mineral or minerals for which you wish to explore.

Uranium.

(b) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

The objectives of the applicant in exploring the property are four-fold:

1 - To determine the extent and grade of the secondary autunite mineralization above the water table as indicated in the drilling todate.

2 - To determine the equilibrium factor between wet assay and radiometric probe "assays" so that full utilization of the previously assembled data may be made.

3 - To test the inferred structure at sufficient depth for primary uranium mineralization from which the autunite is believed to be derived.

4 - To determine the structural relationships which possibly control the deposition of the uranium mineralization and to use this information in further exploration and mine planning.

To accomplish these objectives the applicant proposes to drill with a diamond core drill 15 BX holes. The collar locations of these holes are shown on Plate 3, together with the angle and expected depth of hole. In addition the approximate traces of the First 6 holes are shown on the cross sections Plates 7 (b), (d) and (f). The structural relationships shown on the cross sections is inferred to be the control within the area covered and is expected to be the control throughout the area to be explored.

The following are the coordinates, directions, vertical angles, depth and collar elections of the 15 planned drill hole locations:

Note angle of fault dips over 60° these holes would be short

DDH	COORDINATES	BEARING	VERT. ANGLE	APPROX. DEPTH.	ELEV.
1	10730N - -10408W	S62°W	-55°	100'	7469
2	10693N - -10390W	S62°W	-55°	100'	7473
3	10659N - -10370W	S62°W	-55°	100'	7477
4	10625N - -10351W	S62°W	-55°	100'	7480
5	10748N - -10373W	S62°W	-65°	135'	7466
6	10713N - -10354W	S62°W	-65°	135'	7466
7	10678N - -10335W	S62°W	-65°	135'	7466
8	10643N - -10317W	S62°W	-65°	135'	7468
9	10732N - -10318W	S62°W	-70°	200'	7451
10	10697N - -10299W	S62°W	-70°	200'	7452
11	10603N - -10294W	S62°W	-70°	135'	7467
12	10542N - -10308W	S62°W	-55°	100'	7491
13	10506N - -10289W	S62°W	-55°	100'	7493
14	10543N - -10263W	S62°W	-65°	135'	7480
15	10715N - -10264W	S62°W	-70°	250'	7441

In planning this program it was felt that the initial drilling should be laid out to correspond closely with the surface exposures. The main N10° - 30°W zone may be projected through the open cut south and east of DDH13. At 10378N - -10280W, the vein is exposed and at this point dips 60°E. This dip has been used throughout the vein and the concentration of autunite at the breast of the adit may be accounted for by the apparent steepening roll in the structure.

The drilling, as outlined above, follows a rigid grid. If successful, the program will be extended beyond the presently assignable limits after mining operations commence.

From the table above it may be seen that approximately 2060 feet of core drilling will be necessary to thoroughly explore approximately 250 feet of vein strike. The drilling has been planned to intersect the projected vein at approximately 50, 100, 150 and 200 foot intervals vertically below the surface. The small change in elevation between the drill holes has not been taken into consideration since it may be seen that additional sections will be cut rather than lost.

The depths of drilling estimated in the table are only approximate. It is planned to log the core in detail and the hole will be bottomed only upon passing through the intensely kaolinized zone into relatively fresh or unaltered rock on the foot wall side. It will be noted that no drilling is being planned north of section AA - AA' (see plate 7(a) and plate 5). The indications from the completed drilling are that the mineralization apparently extends to the south and east from the adit and full advantage of this is taken in the proposed program.

The Golden Drilling Company expects to recover in excess of 90% core although the ground is considerably fractured and it will be necessary to cement considerable portions of each hole.

All core will be carefully logged by an experienced mining geological engineer. The core of mineralized zones will be split into 2 1/2 foot or smaller sections and assayed chemically. The holes will be probed with a Babbel-type geiger counter and the A. E. C. requested to follow up with their recording probe. In this way it will be possible to determine the equilibrium factor, outline the structure and delineate any ore body or ore bodies encountered, as well as utilize the information gathered in the completed wagon drill program.

(c) The work will start within 30 days and be completed within 4 months from the date of an exploration project contract.

(d) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

The D. A. C. Uranium Company plans to let all work under the proposed program out on contract to individuals or firms specializing in mining exploration.

Upon completion of the contract, if commercial mineralization is encountered, the D. A. C. Uranium Company will contract the underground exploration and mining to an individual or firm experienced in this phase. The applicant feels that the success of any mining or exploration venture is dependent upon the ability of the individuals performing the work and will obtain the services of qualified firms or persons.

Mr. A. M. Brenneke, President of D. A. C. Uranium Company, is an experienced civil engineer with many years experience in this field. Mr. G. S. Paine, Executive Vice-President, has had several years of mining experience, particularly in coal, but both men fully realize that, as stated above, the ultimate success of this venture is dependant upon retaining those who are particularly concerned with mining exploration problems and production.

6- ESTIMATE OF COSTS - Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(a) Independent contracts - (note - if the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

Independent Costs

This application contemplates execution by applicant of a short form contract pursuant to which the government will reimburse applicant on the basis of an agreed unit cost for work performed as follows:

Diamond Drilling:

The applicant plans to contract the proposed 2,060 feet of BX diamond drilling, as set forth in 5 (b) at a price of approximately $7.50 per foot. This estimate is based upon the cost per foot of BX drilling as set forth in the Golden Drilling Company's letter attached as Exhibit 6 (a), plus approximately

$2.00 per foot for cementing which has been estimated at an average of $.50 per foot over the entire 2,060 feet. The total estimated drilling, based on the contract price per foot of drilling and cementing is $16,500.00.

Drill sites can be easily made since considerable such work has already been completed. It is estimated that 16 hours of bulldozer work on drill site preparation at $12.00 per hour, or $192.00, will be necessary, making a grand total for diamond drilling of $16,692.00.

(b) Labor, supervision, consultants. - Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

The following is an itemized schedule of the estimated costs of engineering geological work deemed necessary to complete the exploration program contemplated by this applicant. The necessary survey control, drill core logging and probing, as well as geological interpretation, will be under the direction of Mr. Stuart S. Merwin, resident manager of the Colorado Exploration Company of Golden, Colorado. The Colorado Exploration Company has completed the geological evaluation work to-date and the maps and reports submitted with this application have been prepared by this firm.

Schedule of Estimated Costs:

The helper will assist the geologist in logging and splitting the core for assays, as well as serving as rodman to the surveyor.

Geological engineer, 5 days per mo. @ $85.00 per day or $425.00 per mo.	$1700.00/4 mos.
Geological assistant, 5 days per mo. @ $50.00 per day or $250.00 per mo.	1000.00/4 mos.
Expenses (meals, lodging, transportation, drafting, etc.) $300.00 per mo. -	1200.00/4 mos.
Total Engineering Geology	$3900.00

Assaying:

300 samples (to be taken in mineralized zones for control) are estimated @ $5.00 each or -	$1500.00

(c) Operating materials and supplies. - Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

None.

(d) Operating equipment - Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

Since all work will be under contract, no vehicles other than supplied by the contractor will be required.

(e) None

(f) None

(g) None

(h) Contingencies - Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

The applicant requests that an allowance be made to cover contingencies arising during the course of the exploration contract such as excessive drilling depths or increased number of assays. Ten percent (10%) of the costs set forth will cover any forseeable excess of those computed under the proposed proposal, or $2,209.20.

RECAPITULATION OF COSTS

The total contemplated expenditure for the completion of the proram by the applicant is:

Diamond BX core drilling as set forth in 5 (b), 2,060 feet @ $7.50 per foot -	$16,500.00
Drill site locations (5b)	192.00
Geological Engineers Supervision (6b)	3,900.00
Assayers charges (6b)	1,500.00
Contingencies (6h)	2,209.20
TOTAL PROJECT COST	$24,301.20

7- (a) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1) ?

Yes.

(b) How do you propose to furnish your share of the costs?

Money.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated this 30th day of May, 1956.

A. M. Brennecke

A. M. BRENNEKE, President of
D. A. C. Uranium Company,
the Applicant

Attest:

T. O. Morton

T. O. Morton - Secretary

EXHIBIT I (d)

EXHIBIT 6 (a)

MINERAL EXPLORATION - TEST BORINGS - GROUT HOLE DRILLING

RECEIVED
JUN - 3 1956

GOLDEN DRILLING COMPANY

DIAMOND DRILLING CONTRACTORS
2201 EAST STREET
GOLDEN, COLORADO
PHONE CRESTVIEW 9-1371

W. E. MATTHEWS,
MANAGER

May 19 1956.

Colorado Exploration Co.
Golden Colorado

The Golden Drilling Co. agrees to diamond core drill the estimated two thousand feet (2000) of exploration drilling to be done on the Lightening No. 2 claim in Fremont County, Colorado at $7.00 per. foot for BX core. Holes ranging in depths from 60ft. to 200 ft.

There is 500 ft. of cementing anticipated. Cementing and drilling cement out will be done at $[illegible].00 per foot.

This price includes the approximate 2 mile water haul.

W. E. Matthews

Aug. 1, 1955
Cotopaxi, Colorado

Agreement entered into by and between Victor C. Herlacher (lessee) and Richard Brady and Robert Benton (lessors)

1. Lessors to retain 5% Royalty on net mill returns and 5% of all bonus except freight bonus.
2. Lessors to retain the development bonus.
3. If the percentage of ore increases in value 1/3 above original shipment, lessors are to retain 10% after the first year.
4. Lease to continue indefinitely as long as it continues six months of each year.
5. This agreement concerns all mining claims situated in Section #11, Township #47, Range #11, ~~Fremont~~ Fremont County. This claims are known as the lightning group.

Recorded Aug. 18th '55
Book 356
Page 254
Fremont County
Canon City Colo

Robert Benton
Richard Brady

Victor Herlacher

(Get 5 photo copies)

Mining Lease Agreement

THIS AGREEMENT, made and entered into in duplicate this 24th day of [illegible], 1955, by and between Vito C. Hertzler of the County of Pueblo and State of Colorado, (hereinafter referred to as "Lessor"), and E.A.C. Uranium Co. of Dallas Texas, (hereinafter referred to as "Lessee"):

WITNESSETH:

That Lessor for and in consideration of the royalties hereinafter expressed and by Lessee to be kept and performed, do hereby lease and demise unto Lessee Eight Mining Claims [illegible] (Name of Claim, Section, Township, Range) Principal Meridian, [illegible] County, State of Colorado, for mining purposes.

TO HAVE AND TO HOLD the same for a term of Twenty years from the date hereof unless sooner abandoned by Lessee pursuant to the terms hereof. And in consideration thereof, lessee does hereby covenant with lessor as follows:

1. To enter upon said property and work the same in a manner consistent with good and economical mining practice so as to take out the greatest amount of ore possible with due regard to the development and preservation of the same as mining property and keeping as high as practicable the grade of ore being so mined.

2. To hold and mine said premises as aforesaid from the date of this lease, the lessee, however, reserving the right to quit and abandon said property and this lease at any time after six months from the date of the execution of this agreement if, in the opinion of the lessee, said property is not susceptible of profitable operation.

3. To allow said lessor and his agent from time to time to enter upon and into all parts of mining operations upon said property for purposes of inspection.

4. Not to assign this lease or any interest thereunder nor sublet the said premises or any part thereof without the written consent of said lessor nor to allow any person not in privity with the parties hereto to take or hold possession of said premises or any part thereof.

5. To pay said lessor as royalty Fifteen percent (15) of the mill returns of all ores mined from said property by lessee, such payments to be made by delivery of such ore with all convenient speed in lots as mined to some mill or regular ore buyer and leaving with such mill or ore buyer the percentage of mill returns aforesaid for delivery to lessor. Should the uranium oxide content of ore mined and the volume thereof be sufficient to qualify for a bonus from the government, lessor shall be entitled to receive Fifteen percent (15) as his share of such bonus. Development allowances and transportation allowances, as set forth by the government for the development and transportation of uranium, are to be retained by the lessee as lessee's sole property.

6. To indemnify and hold harmless lessor from any and all loss or damage and from all claims for injury, death loss or damage of any kind or character and by whomsoever suffered or asserted occasioned by or in connection with any work performed by lessee, its agents or employees.

7. To at all times fully comply with the provisions of the Workmen's Compensation laws of the State of Colorado [illegible] Fifteen (15)% [illegible] net profit tax [illegible]

IT IS MUTUALLY AGREED that if lessee is in possession of said premises under this lease on the date 20 years from date and is conducting mining operations on said premises at that time, then lessee shall have the option to remain on said premises and conduct operations thereon so long as mining operations, in the opinion of the lessee, continue to be profitable, provided that lessee fully and faithfully complies with each and all of the covenants by it to be kept and performed as herein stated.

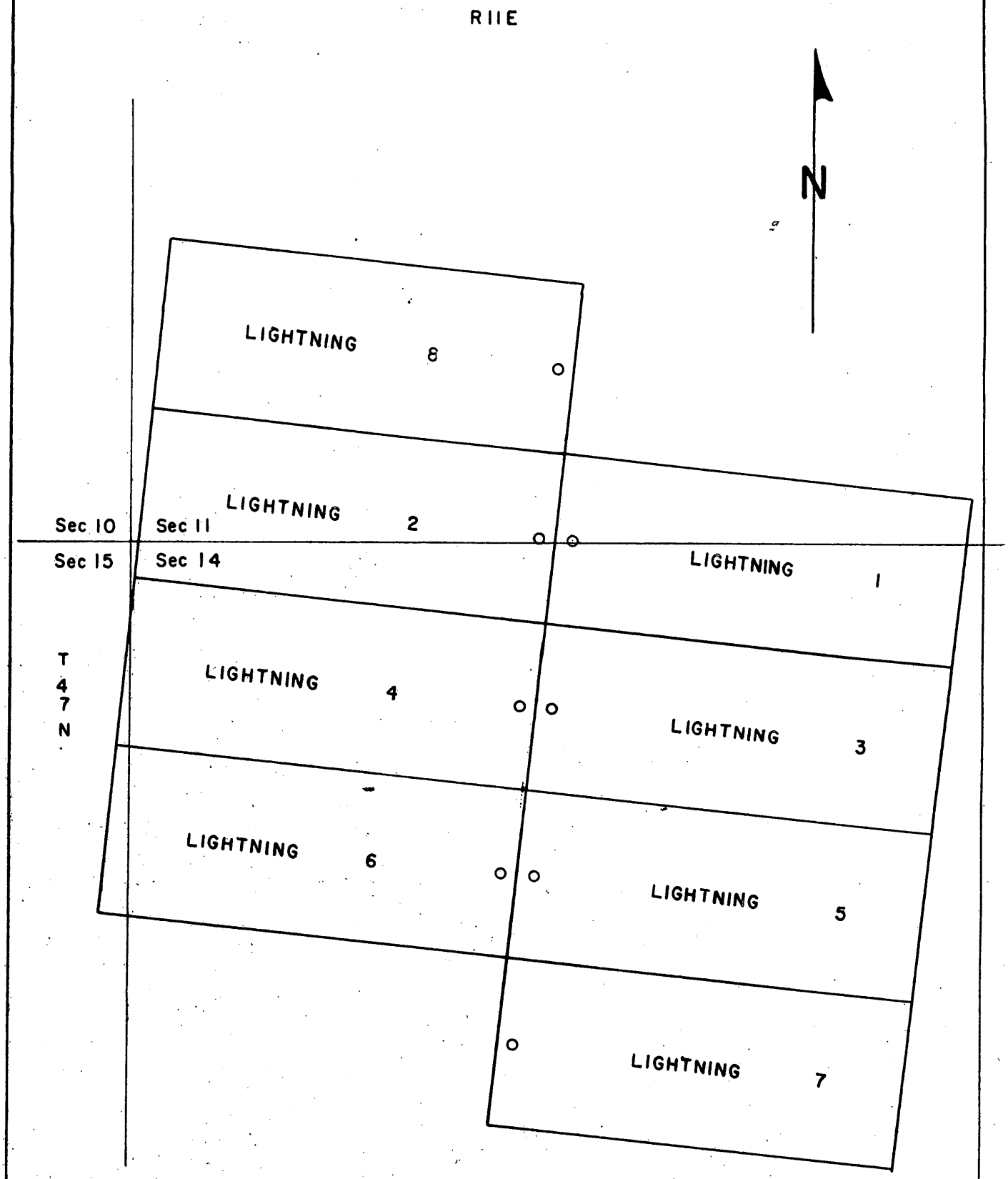
On termination hereof, the lessee shall have the right to remove from said property at any time within the ninety-day period from and after the date of termination all equipment placed on the property by lessee.

Each and every clause and covenant of this agreement shall extend to the heirs, executors, administrators and lawful assigns of all parties hereto.

Dated at Pueblo (City), Colorado (State), the day and year first above written.

By Victor C. Hertzler (Lessor)

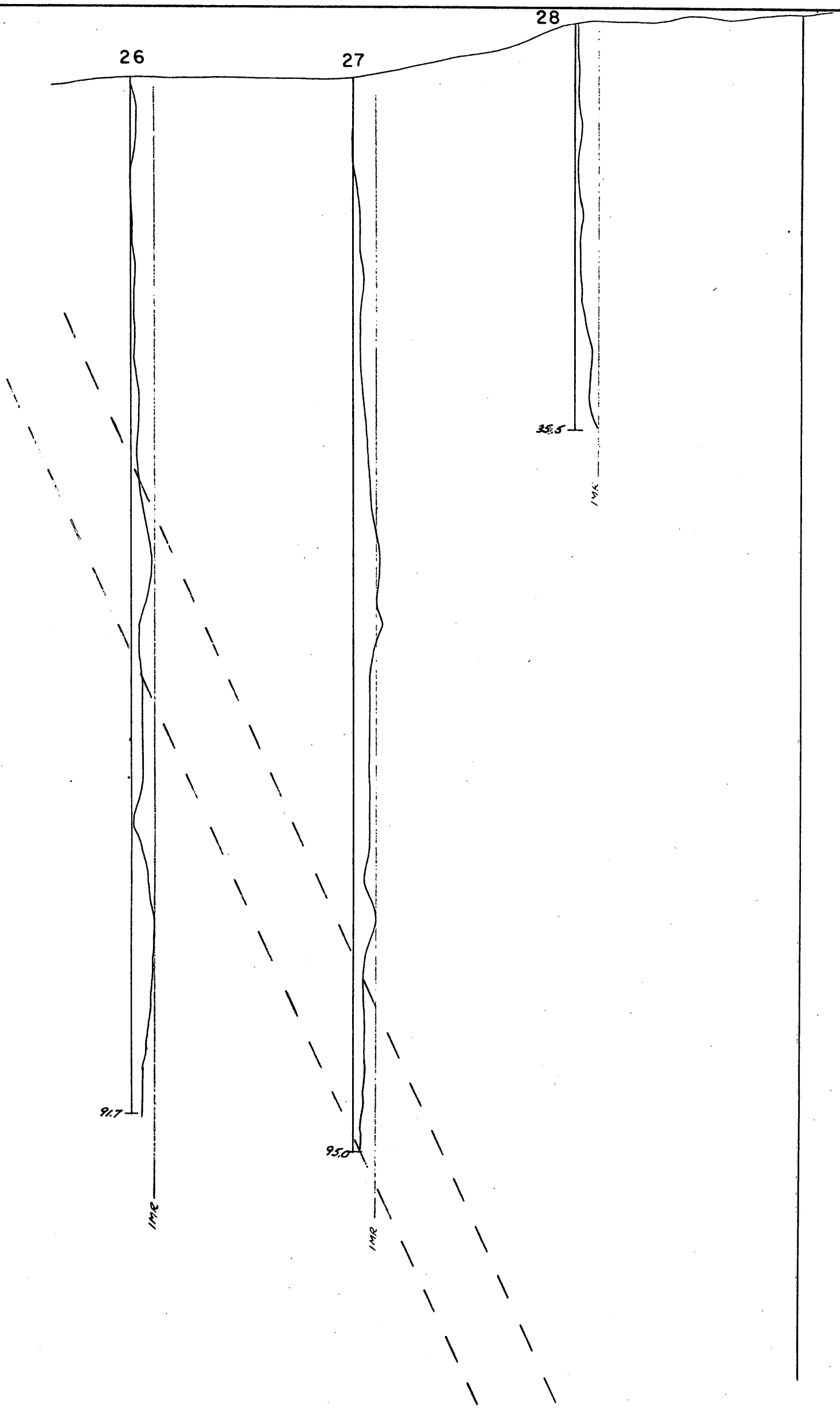
By E.A.C. Uranium Co. (Lessee)
By [illegible]
Executive Vice President



CLAIM MAP of LIGHTNING NO'S 1-8

COLORADO EXPLORATION CO.

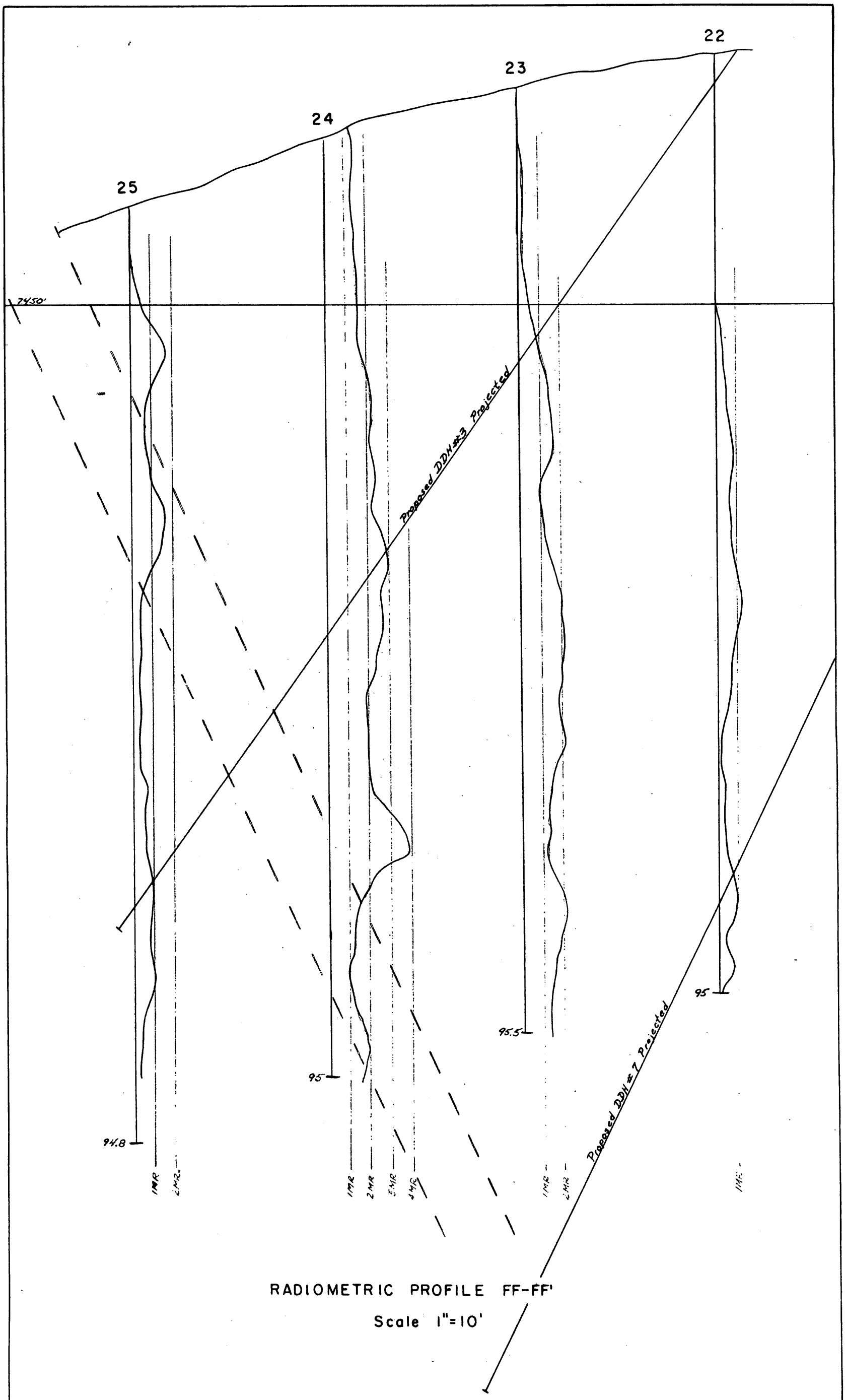
PLATE NO. 2



RADIOMETRIC PROFILE GG-GG'

Scale 1"=10'

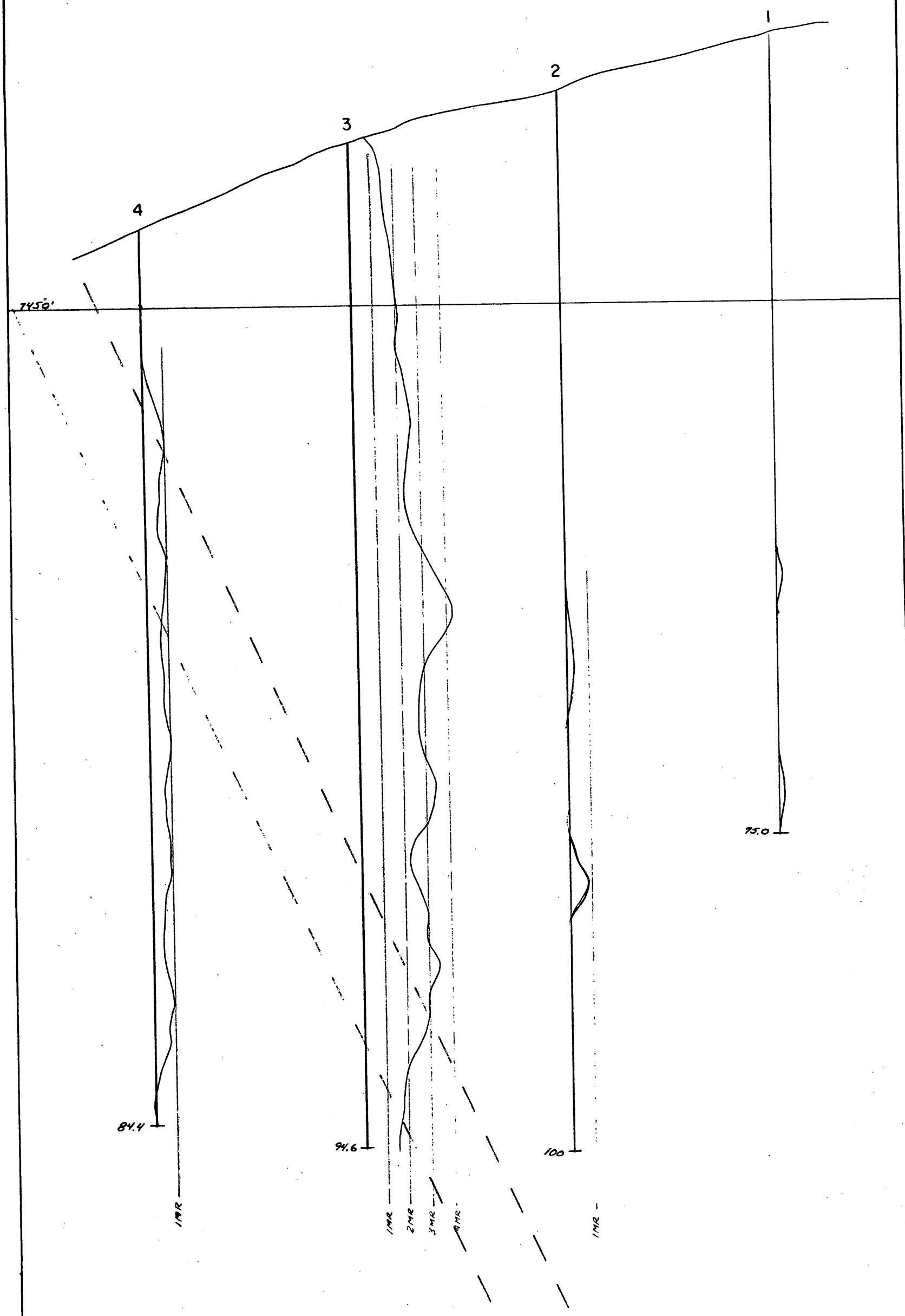
PLATE NO. 7G



RADIOMETRIC PROFILE FF-FF'

Scale 1"=10'

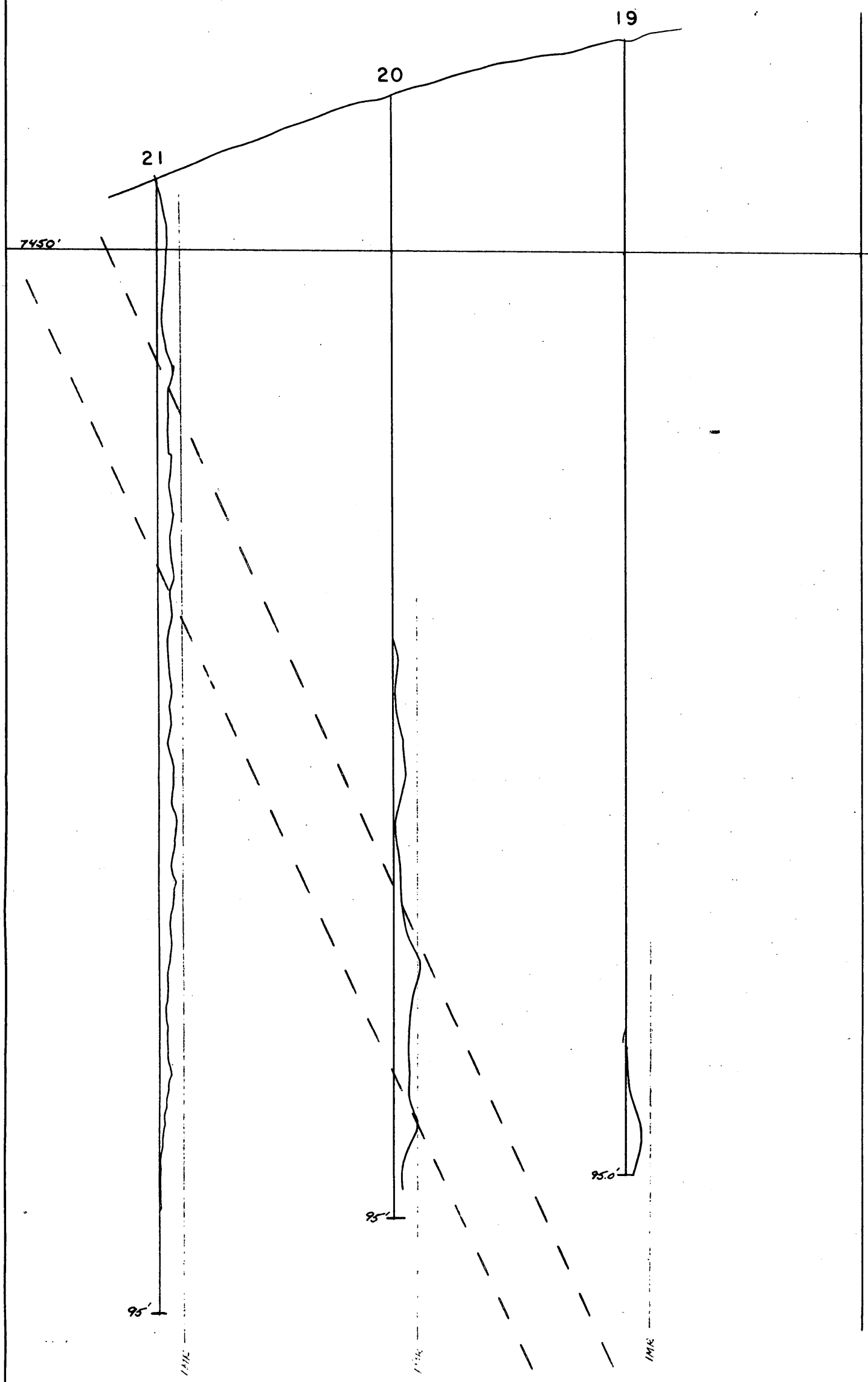
PLATE NO. 7F



RADIOMETRIC PROFILE EE-EE'

Scale 1"=10'

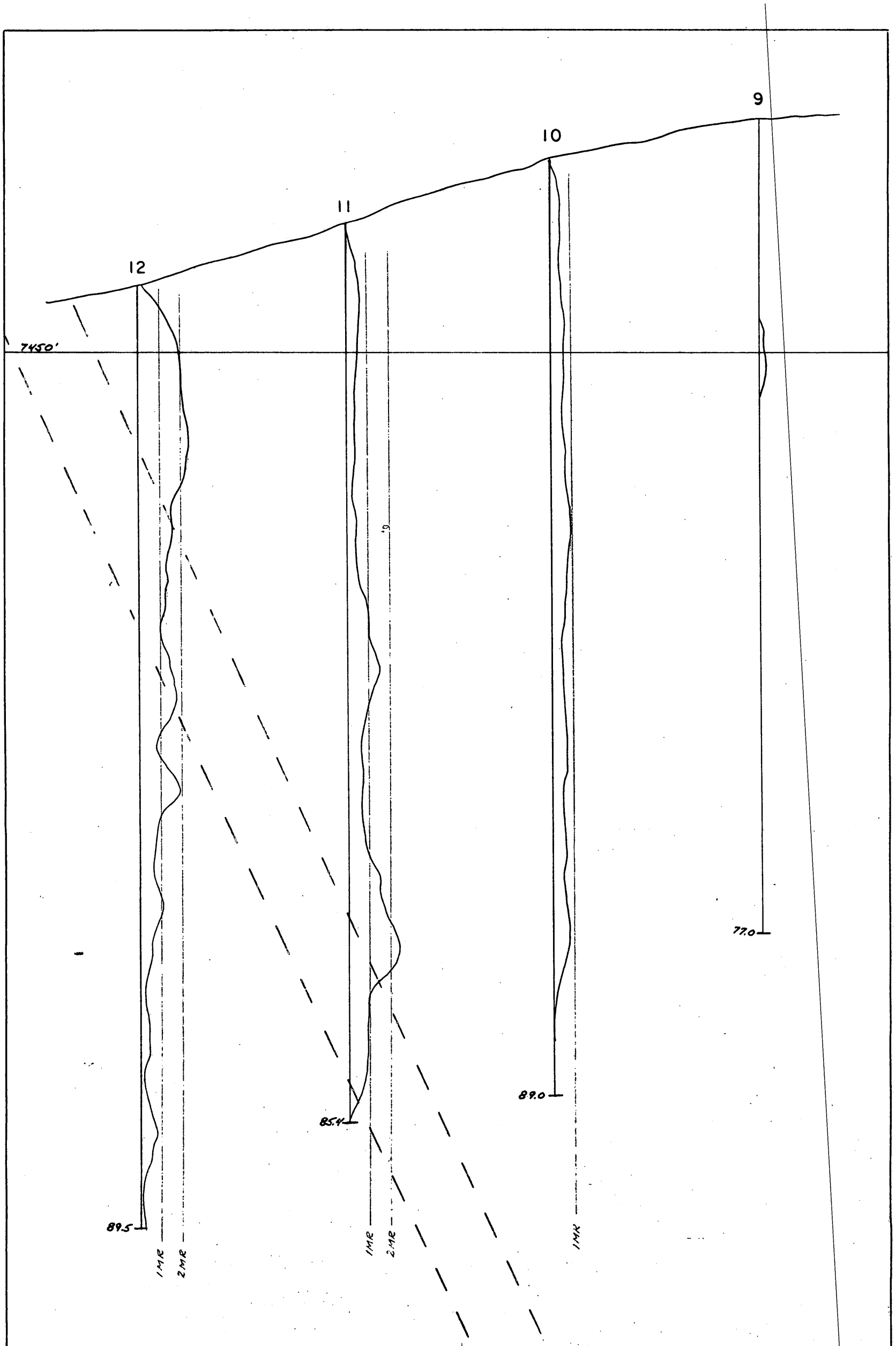
PLATE NO. 7E



RADIOMETRIC PROFILE AA-AA'

Scale 1"=10'

PLATE NO. 7A



RADIOMETRIC PROFILE CC-CC'

Scale 1"=10'

PLATE NO. 7C

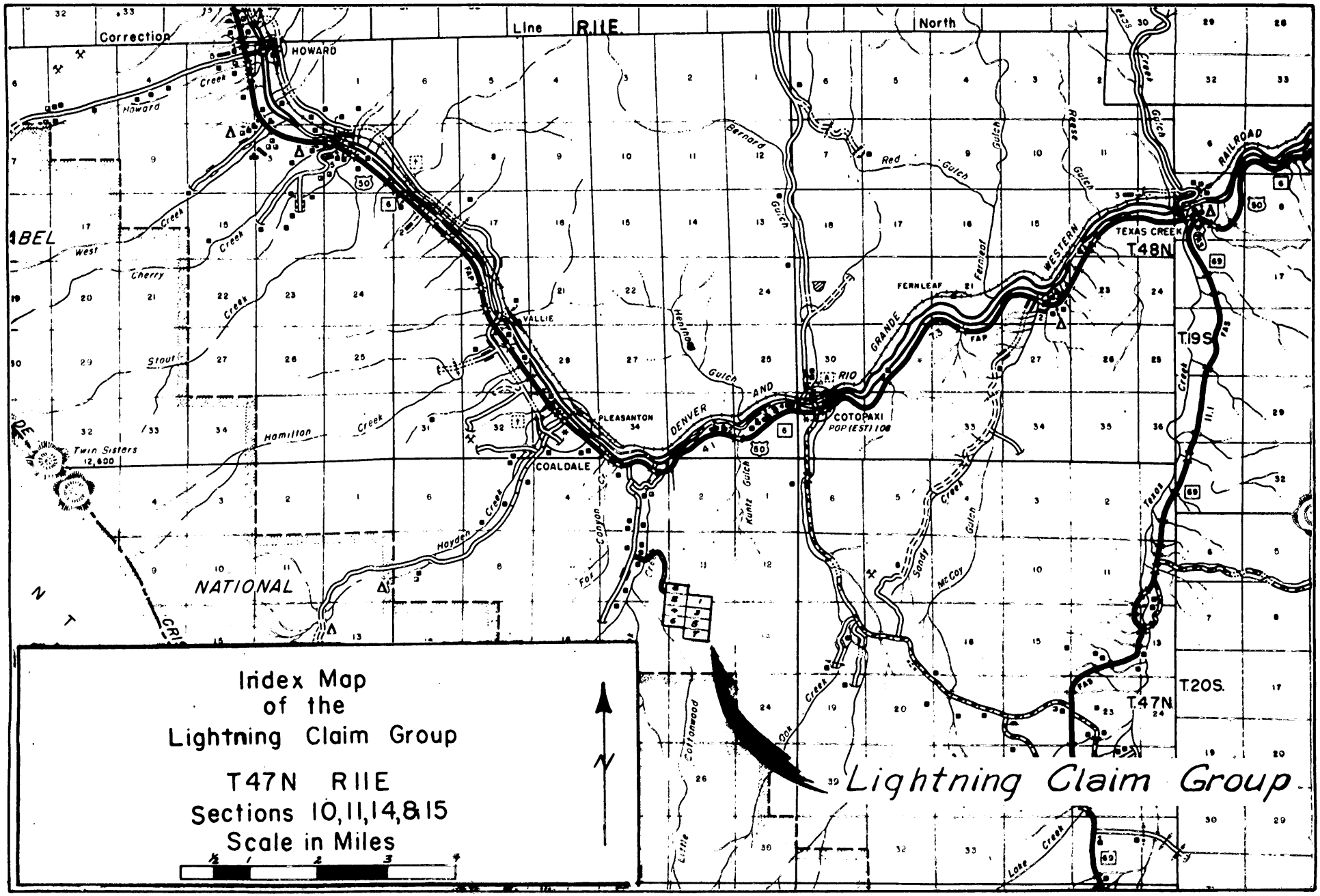
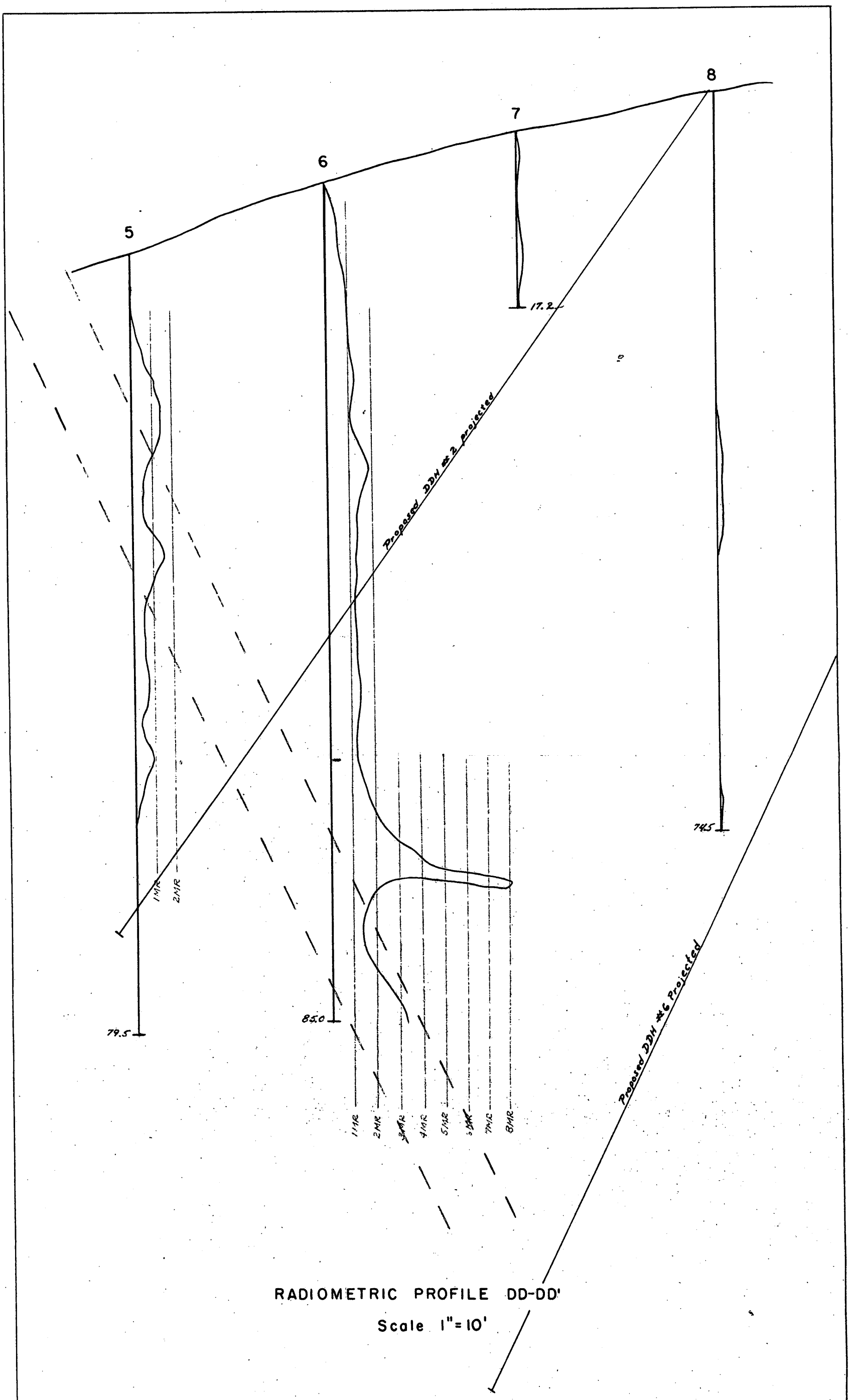


PLATE NO. 1

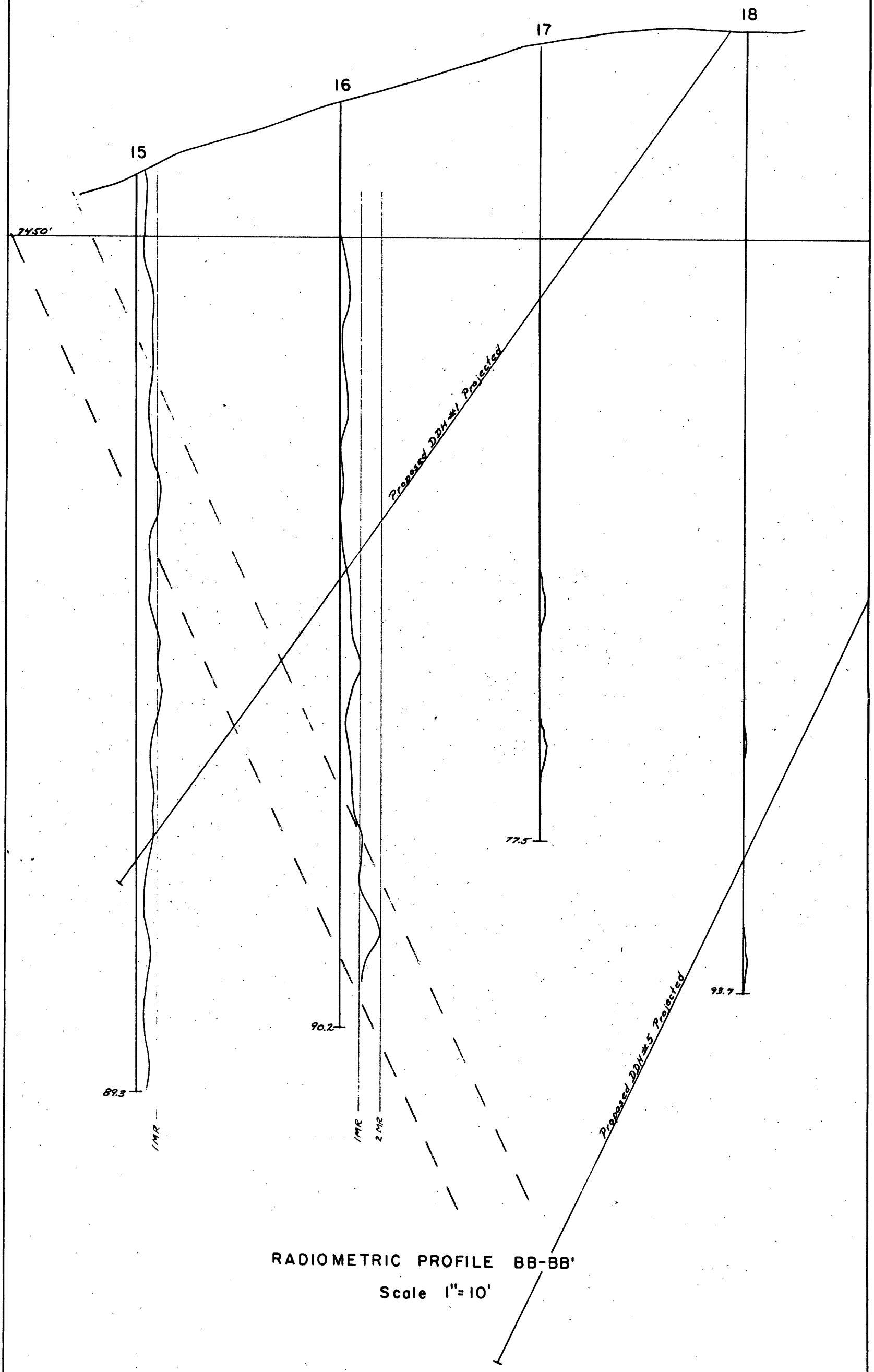
COLORADO EXPLORATION CO.



RADIOMETRIC PROFILE DD-DD'

Scale 1"=10'

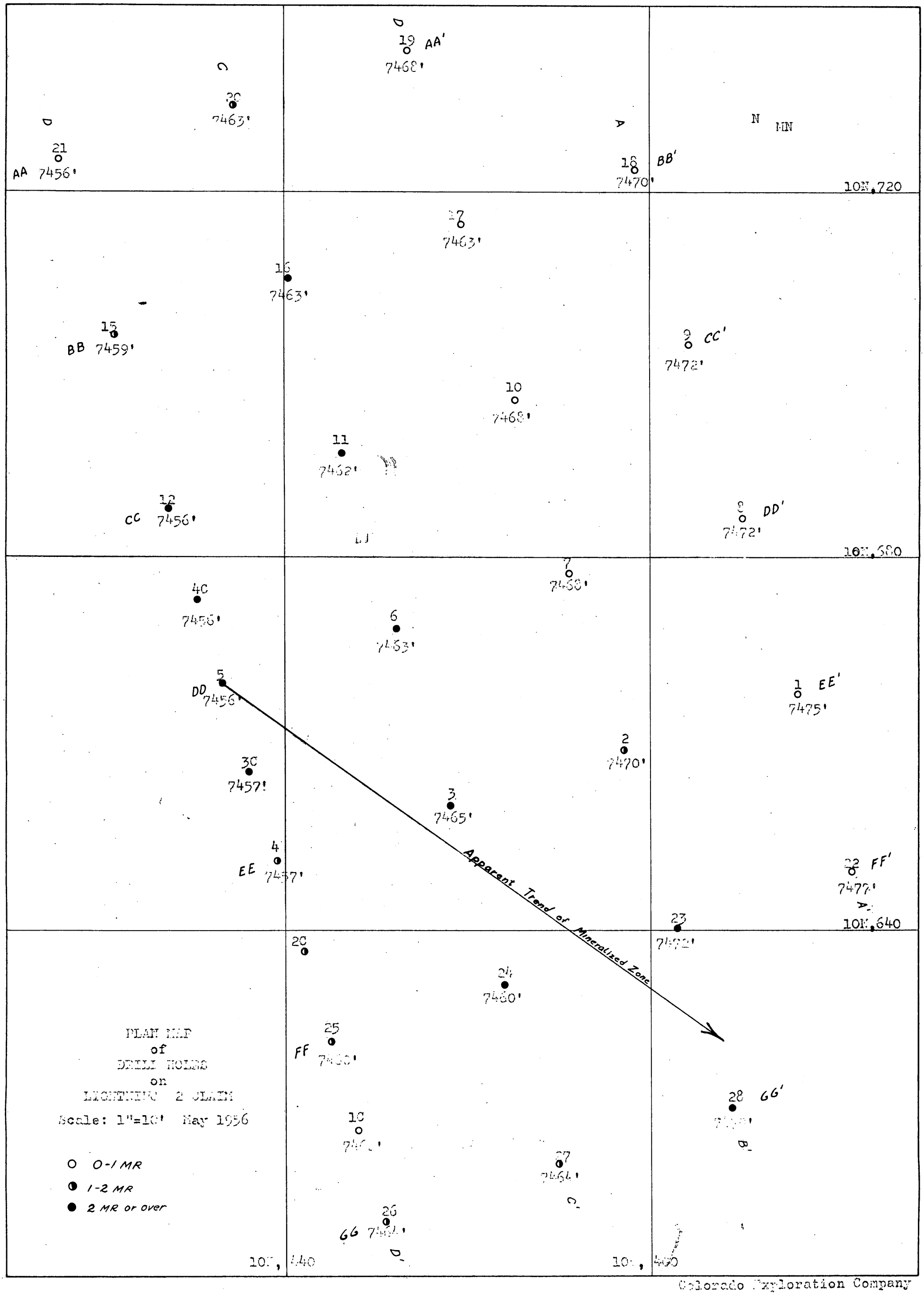
PLATE NO. 7D



RADIOMETRIC PROFILE BB-BB'

Scale 1"=10'

PLATE NO. 7B



Colorado Exploration Company

PLATE 5

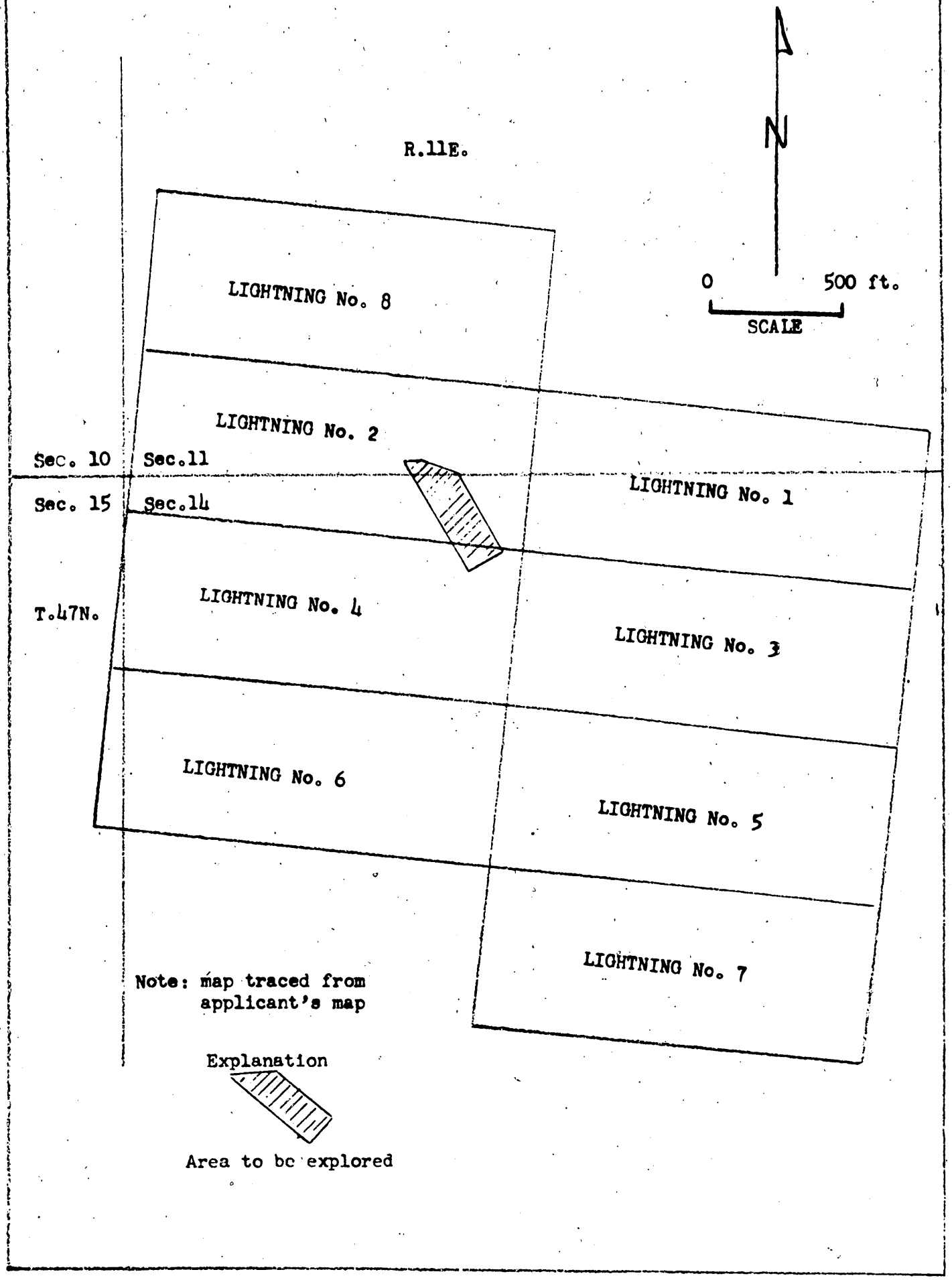


Figure 2 - Claim Map of the Lightning Group

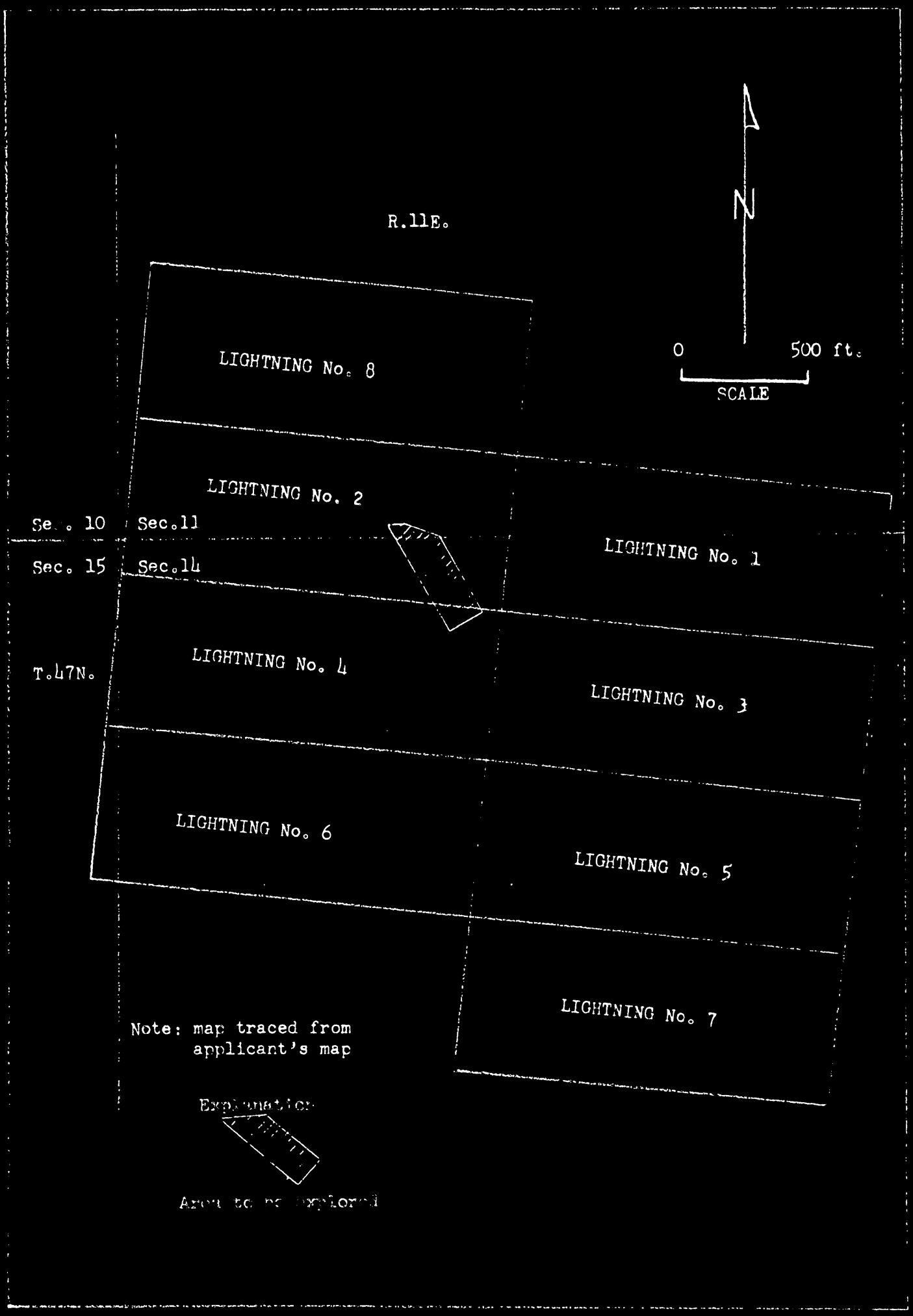


Figure 2 - Claim Map of the Lightning Group

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

OFFICIAL BUSINESS
U. S. GEOLOGICAL SURVEY
SOUTH 157 HOWARD ST.
SPOKANE 4, WASHINGTON

JAMES A. GARFIELD 1831
20 CENTS 20

Mr. George C. Selfridge
Chairman, Operating Committee
Defense Minerals Explor. Admin.
Department of the Interior
Washington 25, D. C.

A Form 7
12-56)

OFFICIAL FILE COPY

Date	Surname	Code

PROJECT SUMMARY REPORT

By: F. M. Murphy June 25, 1959

1. Docket No. DMEA-4328 (Uranium)
Contract No. Idm-E1148

Operator - D.A.C. Uranium Company
1016 Burt Building
Dallas, Texas

Operator's Property Rights -

Sublessor of Lightning Nos. 1 through 8 unpatented lode mining claims situate in Secs. 11, 14, and 15, T. 47 N., R. 11 E., N.M.P.M., Fremont County, Colorado.

2. Contract dated May 23, 1958.

Amendment No. 1, December 23, 1958, allows recess beginning October 16, 1958, and ending December 15, 1958; also extends completion date from December 31, 1958, to February 15, 1959.

Work under the contract started June 23, 1958, and was completed February 13, 1959.

Final Reports

Operator's, received in Washington May 11, 1959, is considered acceptable as fulfilling the requirements of a final report in accordance with Article 7(c) of the contract.

Field Team's, received June 8, 1959, transmitting field examiners' final report.

d

e - core drilling 13 holes.

ing, 24 hours @ $12.00/hr.	$ 288.00
drilling, 2060 feet, BX @ $7.00, AX @ $6.65/ft.	14,420.00
ment and redrill, 500 feet @ $2.00/ft.	1,000.00
Radiometric probing, 2060 feet @ $0.10/ft.	206.00
Supervision, 2½ months @ $600/mth	1,500.00
Core boxes, cardboard, 160 @ $1.25/box	200.00
Chemical analyses for U_3O_8, 65 @ $5.00/sample	325.00
Estimated Total Cost of Project	$17,939.00

Work Completed - 13 holes.

Bulldozing, 24 hours @ $12.00/hr.	$ 288.00
Core drilling:	
BX size, 1982 feet @ $6.9019/ft.	13,679.50
AX size, 59 feet @ $6.5432/ft.	386.05
Cement and redrill, 500 feet @ $2.00/ft.	1,000.00
Radiometric probing, 2006.7 feet @ $0.10/ft.	200.67
Supervision, 2½ months @ $600/mth	1,500.00
Core boxes, 160 @ $1.25/box	200.00
Chemical analyses for U_3O_8, 24 @ $5.00/sample	120.00
Total Accepted Cost	$17,374.22

4. Audit Report of Review, dated May 22, 1959

Total cost as billed by Contractor	$17,559.72
Exceptions (in excess of maximums) 1/	185.50
Total accepted cost	$17,374.22
Government participation @ 75%	$13,030.66

1/ Represents 30 core boxes	$37.50
75 feet cement and redrill	148.00
Exceptions	$185.50

5. Certification - not recommended by Field Team or field examiners.

6. Excerpts from Joint Final Engineering and Geologic Report, dated May 28, 1959, by W. N. Sharp, USGS, and Carl Belser, USBM:

The country rock on the claims is a fine-grained facies of the Pikes Peak. A strong fault zone crosses the claim area; it strikes N 30° W and dips 45 to 60° northeast. This fault is probably related to the Pleasant Valley thrust fault, to the west, which it parallels.

The fault zone is more than 10 feet wide where exposed in a short adit on the property. Uranium minerals, mostly autunite, occur in the zone on the Lightning No. 2 and No. 3 claims.

Under the contract 13 holes were drilled on Lightning No. 2 claim. Seven holes to penetrate the fault zone at a depth of about 75 feet downdip and six at about 150 feet downdip. The drilling indicated that uranium mineralization occurs in the main shear zone, and also in shears on both the hanging and foot walls of the zone.

Of the 13 holes drilled one was barren, 2 showed 0.03 and 0.05% $_eU_xO_8$ over widths of 1.5 feet, and 10 showed 0.11 to 0.14% $_eU_3O_8$ over widths ranging from 2.0 to 8.0 feet. Only 12 holes were accepted, as there was not enough footage allowed in the contract to complete all 13 holes.

Evaluation of the surface and radiometric hole data indicates the presence of about 2000 tons of material containing as much as 0.15% U_3O_8. Most of this material appears to be in and along the major fault zone in the vicinity of, and downdip from, the site of abundant autunite on the surface.

The examiners recommended that certification of discovery not be made, because only insignificant reserves of marginal uranium ore were discovered by the DMEA exploration program.

Comments

Commodity Members:

In memoranda dated June 10 and 18, 1959, James Paone, USBM, and H. Kirkemo, USGS, concur in the Field Team's and field examiners' recommendations that the project should not be certified.

Division of Rare and Miscellaneous Metals:

The contract work was suspended for a short time because the Operator had failed to pay the drilling contractor. This was cleared up and the drilling completed.

The work was supervised by a competent engineer-geologist and the drilling results submitted to the Government with the Operator's Final Report were well documented. The temporary financial problem of the Operator which halted the project for a short time should not affect consideration of a request by the Operator for aid in a subsequent project because, otherwise, the contract was carried out in a satisfactory manner.

F M Murphy

F. M. Murphy

FMMurphy/fw-6/25/59
cc: Docket
Dir.Read.File
Mr.Murphy
Chron.

MME Form 17
Mar. 59

OFFICE OF MINERALS EXPLORATION

WORK COMPLETED ANALYSIS

No Certified — After final audit or review report is received, prepare in duplicate. File original in official docket. Send copy to Code 210.

Operator: D.A.C. Uranium Company

Actual Cost ✓

State: Colorado

Agreed Unit Cost

Final Report of Audit

Commodity: Uranium

Docket No.: DMEA-4328

Final Report of Review: x

Contract No.: Idm-E1148

Type of Work (Use these categories only)	Authorized by Contract and Amendments		Completed and Paid for		Net cost after sale of Gov't. Property
	Units	Cost 1/	Units	Cost 1/	
Drifting & Crosscutting					
Raising					
Shafts					
Winzes					
Drilling (Specify) Core drilling @ 8.00 BX, @ 6.65 AX	2060	$17,326.00	2041	16,967.00	16,967.00
Surface Excavation					
Underground Excavation					
Roads and Trails Bulldozing		288.00		288.00	288.00
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) U3O8 analyses @ $3.00/sample		325.00		120.00	120.00
Totals		$17,939.00		$17,375.00	2/ $17,375.00

1/ Round off to dollars.
2/ Net cost total must agree with final report of audit or review.

Prepared by [signature] Date 8/29/59

52616

MME Form 7
(10-58)

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Date	Surname	Code
11/10	Murphy	500
	Ashwell	500
11/10	Talbot	800
11/12	Selfridge	190
11/12	Johnson	110
		225
11/12	gad	110

NOV 12 1959

Mr. A. M. Brennake, President
D. A. C. Uranium Company
4427 Cole Avenue
Dallas 5, Texas

Re: Docket No. DMEA-4328 (Uranium)
D. A. C. Uranium Company
Lightning Group
Fremont County, Colorado
Contract No. AEC-E1148

Dear Mr. Brennake:

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

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

We appreciate your interest and participation in the DMEA exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

FMMurphy/gla 11-10-59
cc to: Director's Reading File
Operating Committee
Contract Adm. & Audit Div.
OME Field Team, Region III (2)
Victor C. Herlacher, 319 West 3rd St., Pueblo, Colorado
Robert Benton, Cotopaxi, Colorado
Richard Brady, Coaldale, Colorado
Docket
Chron

43683

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7/30	Murphy	500
	[illegible]	500
11/10	Talbert	800
11/12	Selfridge	190
		~~130~~
		~~130~~
11/12	Johnson	110
		[redacted]
		[redacted]

11/12 gad 225

NOV 12 1959

Mr. Victor C. Herlacher
319 West 3rd Street
Pueblo, Colorado

Re: Docket No. DMEA-4328 (Uranium)
D.A.C. Uranium Company
Lightning Group
Fremont County, Colorado
Contract No. Idm-E1148

Dear Mr. Herlacher:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the above-cited contract.

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you October 31, 1957, under the DMEA program which has now been succeeded by the Office of Minerals Exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

Enclosure
FredMurphy/er 7-30-59
Copy to: Docket
Dir Read File
Op. Committee
Region III (2)
Mr. Murphy, Code 500
Chron:

P.S. This same letter with reference date on OCh ar 5/13/59 has been sent to the following:

Mr. Robert Benton
Cotopaxi, Colorado
and
Mr. Richard Brady
Coaldale, Colorado

8623

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224 New Customhouse
Denver 2, Colorado

June 26, 1959

Mr. Duffy Salinger
Office Manager
Gunnison Mining Company
P. O. Box 539
Gunnison, Colorado

Re: Docket No. DMEA 4328 (Uranium)
Contract No. Ida-Mi148
D.A.C. Uranium Company
(Lightning Group)
Fremont County, Colorado

Dear Mr. Salinger:

In reference to your letter of June 25, 1959, the D.A.C. Uranium Company will be advised direct by the Washington Office, CME concerning disposition of the account; therefore, you should look to D.A.C. for further advice in the matter.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JWT:ltm

cc: Chem. Op. Comm. (42) w/cpy
Corres. file. encl. ltr.
Susp. file
Chron.

Quantum Mining Company
GUNNISON, COLORADO

Telephone [illegible]

June 25, 1959

OME
DEPARTMENT OF THE INTERIOR
JUN 26 1959
REGION III
DENVER, COLORADO

Official File copy

~~7/2 - Fapm - 700~~

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

RE: Docket No. DMEA 4328 (Uranium)
Contract Idm - E1148
DAC Uranium Company Lightning Group
Fremont County, Colorado

Dear Mr. Townsend:

It has come to our attention in reference to the above Docket number and in reference to article 8 A of the contract, that in order to properly close or complete the account, we should have a certificate of Non - Discovery in order that copies may be sent to the various owners and interest holders on this property.

We are abandoning the property and desire to make proper notification to all concerned.

We would appreciate your comments concerning this and any suggestions you may have to comply with your requirements.

Thank you.

Yours truly,

Duffy Salinger
Office Manager

DS:jam

IN REPLY REFER TO:

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

June 18, 1959

Memorandum

To: Fred M. Murphy, Office of Minerals Exploration

From: H. Kirkemo, U. S. Geological Survey

Subject: Review of Final Tield Team Report, DMEA 4328, Contract No. Idm-E1148 (Uranium), D. A.C. Uranium Company, Lightning Group Claims, Fremont County, Colorado

The Final Field Team Report on the subject DMEA project indicates that the completed drilling confirms the preliminary interpretations of the geology but the tonnage and grade of ore discovered does not warrant a certification of discovery.

I concur with the Field Team's recommendation that the project not be certified as a discovery or development by the Government.

H. Kirkemo

H. Kirkemo

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6/23	[illegible]	700

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6/12	Fmm	700
✓		

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

Date June 10, 1959
DMEA [redacted] Docket No. 4328
DMEA [redacted] Contract No. Idm-E1148
Commodity Uranium
Name of Applicant D.A.C. Uranium Company
Location of Property Fremont County, Colorado
Estimated Cost of Project $17,374.22

~~Memorandum~~

To: Frederick L. Knouse, Acting Director, OME
Rare and Misc. Minerals Division

From: James Paone, Bureau of Mines Member JP
Uranium Commodity Committee

Subject: Review of Final Report
(Applications, Field Team Report, etc.)

1. Date of subject document: 6/2/59. 2. Date received by reviewer: 6/10/59.

3. Prior reports on this property known to reviewer: Yes ☐ No ☐

4. Prior reports on nearby properties known to reviewer: Yes ☐ No ☐

5. Information available on past production: Yes ☐ No ☐

6. Other pertinent factors known to reviewer: Yes ☐ No ☐

7. Explain items marked "yes" above:

8. Factors meriting special consideration:

a. Location ☐
b. Ownership ☐
c. Evidence of mineralization ☐
d. Geology ☐
e. Proposed exploration method ☐
f. Alternate exploration method ☐
g. Costs ☐
h. _____ ☐

9. Action advised:

a. Obtain information from applicant ☐
b. Refer to Field Team ☐
c. Denial ☐
d. Agree with Field Team ☒
i. Consult with Mr. _____ at _____ AEC Office.
e. Disagree with Field Team ☐
f. Suggest alternate plan ☐
g. Request another estimation ☐
h. Approval ☐

10. Remarks: (Use back of page if necessary). Certification as a discovery or development not recommended.

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O. M. E.
RECEIVED JUN 5 1959
FINAL DISTRIBUTION

DATE MADE	INITIALS	CODE
6/5	C	220
6/8	FMM	700

22A New Customhouse
Denver 2, Colorado

June 2, 1959

Memorandum

To: T. A. Christensen

From: Executive Officer, OME Field Team, Region III

Subject: Docket DMEA 4305 (Uranium) Contract IAm-E1148, D. A. C. Uranium Company (Lightning group) Fremont County, Colorado. FINAL PAYMENT

Reference is made to our memorandum of April 27, 1959, whereby we forwarded to you the original and four copies of Forms MF-10A and MF-10AA, Operator's Narrative Report and Engineer's Report for the period of September 30, 1958 through February 13, 1959, and instructed you to withhold from reimbursement to the Operator the amount of $200.00, pending resolution of all matters prerequisite to closing the account.

Contrary to advice to you in our memorandum of April 27, the Operator elected not to submit a supplemental voucher covering costs of drill hole No. 7 as that hole would exceed allowable maximum drilling footage provided for in the contract and, therefore, would have been disallowed in any event.

The Operator has rendered a final engineering and geologic report pertaining to work completed under the contract as provided for in the contract. Therefore, it is recommended that final payment to the Operator in the amount of $200.00 be made in accordance with the Report of Review of reported project costs by the Contract Administration and Audit Division, OME, dated May 22, 1959.

Original signed by
J. W. TOWNSEND

J. W. Townsend

JWT:jx

cc: Chm. Op. Comm. (2)
OME/WPC
MF-10A File, Reg. III
Response File
Chron.

$200.00
JJ
6/2/59 OME 59-111

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
June 2, 1959

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6/8	C	220
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"	ZEJ	110
6/12	JHB	130
6/15	a	220
		~~110~~
		800
6/18		700

Memorandum

TO: Chairman, Operating Committee, OME

From: OME Field Team, Region III

Subject: Docket No. DMEA 4328 (Uranium) Contract No. Idm-E1148
D.A.C. Uranium Company (Lightning group claims) Fremont County, Colorado - FINAL SUMMARY REPORT

Enclosed are the original and two copies of a Joint Final Engineering and Geologic Report, dated May 28, 1959, by W. N. Sharp, Geologist, Geological Survey, and Carl Belser, Mining Engineer, Bureau of Mines, pertaining to operations under the subject contract.

The original and one copy of the Operator's Final Report were forwarded to you by memorandum of May 8, 1959.

Final payment to the Operator was processed by this office June 2, 1959, in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, OME, dated May 22, 1959, which was released to this office June 1, 1959.

The acceptable exploration work completed under the contract consisted of 24 hours of bulldozer time in preparing access roads and drill sites, the drilling of 12 diamond drill holes aggregating 2041.5 ft. radiometric probing of 2006.7 ft. of holes, purchase of 160 core boxes, and chemical analyses of 24 samples for U_3O_8 content, all at a total accepted cost of $17,374.22 toward which the Government contributed 75 percent or $13,030.66.

The field examiners recommend that the project not be certified as a discovery or development because the exploration work resulted in the development of only insignificant reserves of marginal uranium ore. This office concurs in their recommendations.

FINAL REPORT

By J. W. Townsend
J. W. Townsend

By F. B. Moore for
E. N. Harshman

Reviewed by
OME OPERATING COMMITTEE
6-12-59
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

OFFICE OF MINERALS EXPLORATION
REGION III

OME
DEPARTMENT OF THE INTERIOR
JUN 1 - 1959
REGION III
DENVER, COLORADO

DMEA 4328

Contract Idm-E 1148

D. A. C. Uranium Company

Lightning Group

Fremont County, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 8 1959

DATE	INITIALS	CODE
6/12	JHB	130
		220

Uranium

Joint Final Engineering and Geologic Report

by

W. N. Sharp, Geologist
Geological Survey

Carl Belser, Mining Engineer
Bureau of Mines

Reviewed by
OME OPERATING COMMITTEE
6-12-59
(date)

May 28, 1959

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Introduction and summary	1
Property	2
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Present status	3
Geology	3
Project	4
Approved program	4
Work completed	5
Results of exploration	6
Ore reserves	7
Conclusions and recommendations	8

ILLUSTRATIONS

Figure		Follows page
1.	Location map of Lightning Group, D.A.C. Uranium Company, Fremont County, Colorado. DMEA 4328, Idm-E 1148	2
2.	Claim map of the Lightning Group, DMEA 4328, Idm-E 1148	2
3.	Map showing locations of exploratory diamond drill holes, Lightning claims 2 and 4, Fremont County, Colo.	8
4.	Vertical section AA' (Fig. 3) showing relative positions of fault zone and lines of drill holes, Lightning claims 2 and 4, Fremont County, Colorado	6

TABLES

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1.	Summary of authorized and accepted costs	5
2.	Holes drilled under the contract	5

DMEA 4328
Contract Idm-E 1148

D. A. C. URANIUM COMPANY
LIGHTNING GROUP
FREMONT COUNTY, COLORADO

INTRODUCTION AND SUMMARY

The D. A. C. Uranium Company, a Delaware corporation with offices at 1016 Burt Building, Dallas, Texas, submitted an application dated May 30, 1956, for financial assistance to explore for uranium on their property in Fremont County, Colorado. The proposed program consisted of 15 diamond drill holes on the Lightning claim group. The applicant's estimated cost for the program was $24,300.00

The property was examined on August 26, 1957, by F. B. Moore, U. S. Geological Survey, and E. W. Buel, U. S. Bureau of Mines. The examining team was accompanied by the applicant's representative, Mr. Paul Van Dyke of Coaldale, Colorado.

The claims cover a mineralized fault zone in granite country rock that contains visible uranium minerals. The examining team recommended a two-stage exploration program comprising 18 diamond drill holes, access roads, and drill sites at a total estimated cost of $28,287.75.

Contract Idm-E 1148, dated May 23, 1958, was executed, under which all work was included in one stage. The contract provided for the drilling of 13 holes (2,060 feet) and bulldozing access roads and drill sites at a total estimated cost of $17,939.00; Government participation would be

75 percent or not to exceed $13,454.00. The operator was to begin work on or before June 25, 1958, and was to complete the work on or before December 31, 1958.

Work started on June 23, 1958, but was recessed, due to financial troubles, from October 16, 1958, to December 15, 1958. The date of completion was extended to February 15, 1959. The drilling was completed February 13, 1959.

Twelve acceptable holes, aggregating 2,041.5 feet of diamond drilling, were completed at a total project cost of $17,374.22. Government participation was 75 percent or $13,030.67.

An estimated 2,000 tons of rock averaging 0.15 percent U_3O_8 was indicated by the work under the contract. Because of the small amount of indicated ore of only marginal grade at best, a certification of discovery is not recommended.

PROPERTY

Ownership and extent

The property is in secs. 11, 14, and 15, T. 47 N., R. 11 E., NMPM, Fremont County, Colorado. It consists of eight unpatented lode claims, namely, the Lightning Nos. 1 to 8 (fig. 2). The claims are recorded at the Fremont County courthouse, Canon City, Colorado.

The claims are owned by Messrs. Robert Benton and Richard Brady, Cotopaxi, Colorado. D. A. C. Uranium Company holds a sub-lease from Victor C. Healacher, Pueblo County, Colorado.

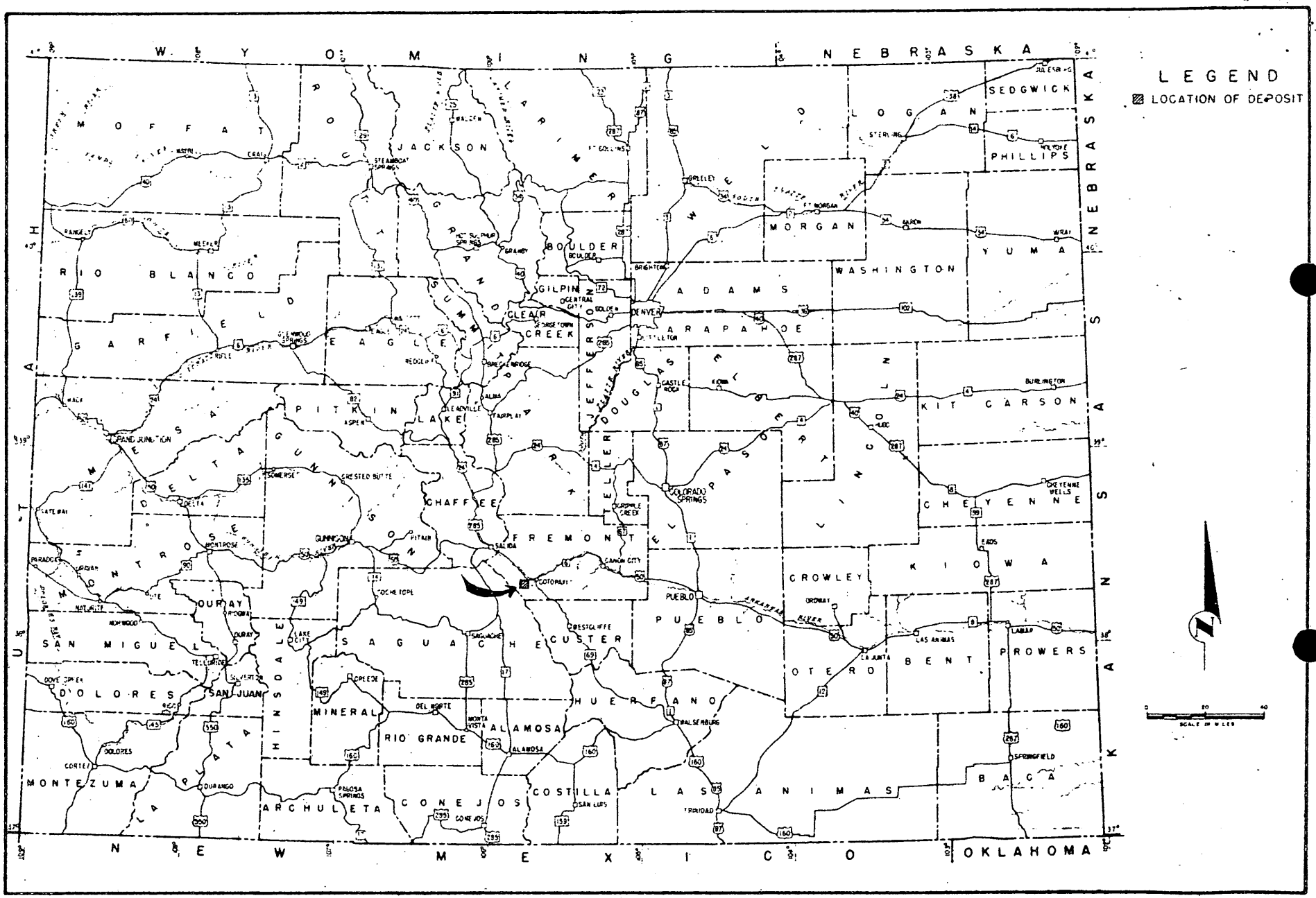

FIGURE 1. LOCATION MAP OF LIGHTNING GROUP, D.A.C. URANIUM COMPANY, FREMONT COUNTY, COLORADO. DMEA 4328, Idm-E 1148.

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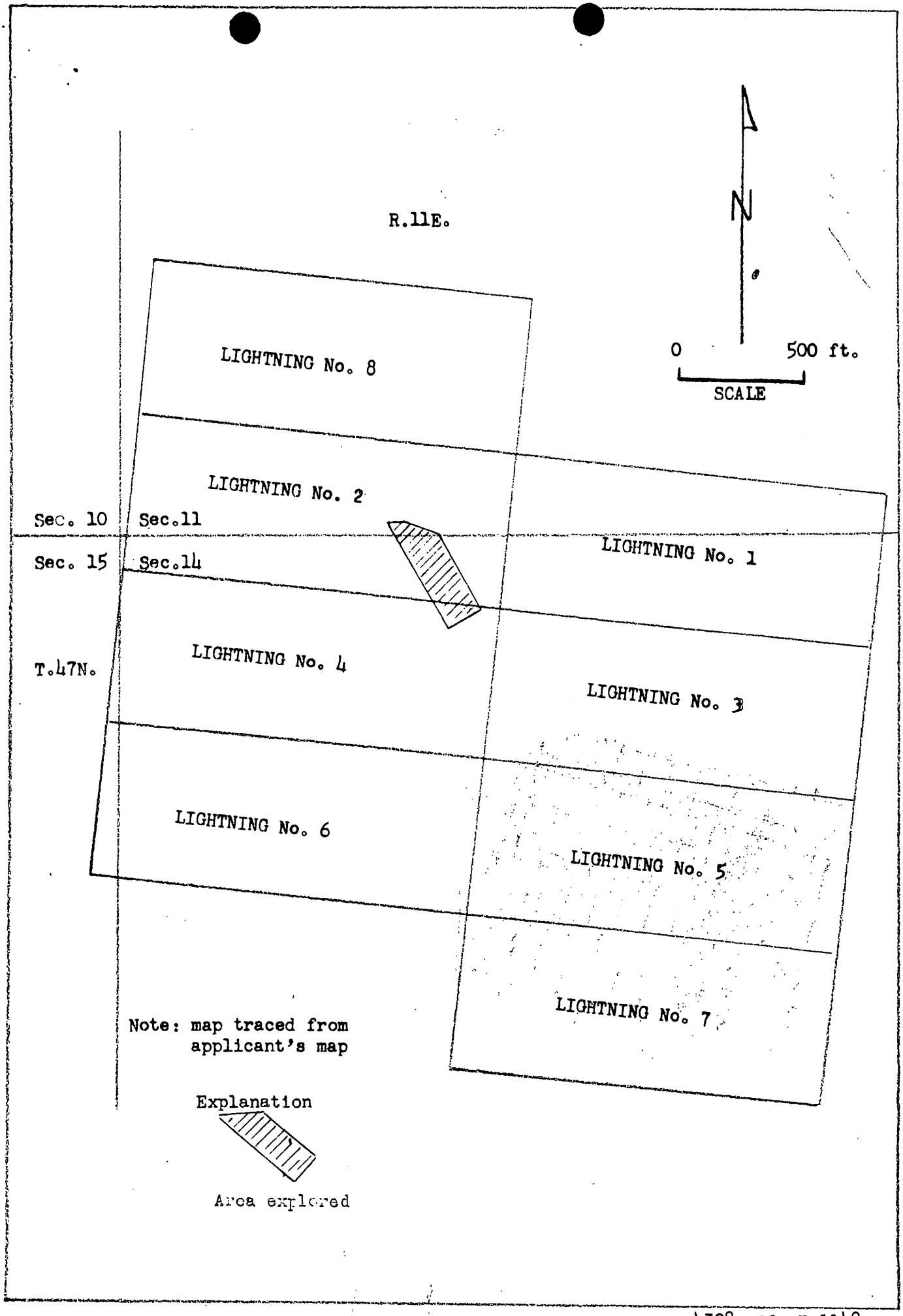

Figure 2 - Claim Map of the Lightning Group. DMEA 4328, Idm E-1148

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O. M. E.
DATE INITIALS
CODE

Present status

As of March 5, 1959, the operation was idle, and the impression conveyed by the geologist was that no mining was contemplated.

GEOLOGY

The country rock in the vicinity of the Lightning claims is a fine-grained facies of the Pikes Peak granite. The granite has been faulted up against Pennsylvanian rocks on the west by the Pleasant Valley thrust fault that trends N 25° W and dips eastward. A component of the force that induced the faulting folded the Pennsylvanian marine sedimentary beds into a tight syncline that now underlies Pleasant Valley and parallels the fault on the west. The sedimentary rocks crop out about 3 miles west of the claims; no sedimentary rocks were seen in the mine area. Rhyolite is reported by the applicant to be exposed on the southern part of the Lightning claims.

A strong fault zone crosses the claim area; it strikes N 30° W and dips 45 to 60° northeast (fig. 3). This fault in granite is probably related to the Pleasant Valley thrust fault. The zone is more than 10 feet wide where exposed in a short adit on the property, and the surface expression of the fault is traceable for several hundred feet where the overburden is removed. Uranium minerals, mostly autunite, occur in the zone on the Lightning No. 2 and No. 3 claims.

On the Lightning No. 2 claim the fault consists of a 6- to 8-inch main shear and numerous subsidiary shears with the rock between the

shears well broken. All the rock in and near the fault is highly altered, kaolinite being the main alteration product. Limonite and hematite are abundant in the main shear, and autunite coats fractures on both sides, but the footwall side appears to be more strongly mineralized. In the short adit, where the fault is well exposed, autunite occurs for a distance of 5 feet from the main shear on the footwall side and for a distance of 3 feet from the shear on the hanging wall side.

Shallow wagon-drill holes put down east of the fault and adit, where autunite was abundant, showed the fault and hanging wall side to be significantly radioactive at shallow depths.

Two samples cut across the fault zone in the adit by the examining team contained 0.038 and 0.044 percent uranium. Samples collected by the A.E.C. and the company, and analyzed both chemically and radiometrically, showed the material to contain approximately 50 percent more U_3O_8 than indicated by radioactivity. Some samples contained as much as 0.2 percent U_3O_8.

PROJECT

Approved program

Contract Idm-E 1148 was executed by the operator and the Government effective May 23, 1958, and was to be in force until December 31, 1958. Amendment No. 1 extended the completion date to February 15, 1959. The estimated cost of the project was $17,939.00, Government participation

75 percent or not to exceed $13,454.00. The contract provided for access roads, drill sites, and 13 diamond drill holes to test the fault zone for uranium mineralization.

Details of the authorized units of work and the estimated costs provided by the contract are given in table 1.

Work completed

Work under the contract started on June 23, 1958, but drilling was suspended from October 16 to December 15 due to financial difficulties. Drilling was resumed and completed on February 13, 1959.

The work completed and accepted under the contract consisted of access roads, drill sites, and 12 drill holes, amounting to 2,041.5 feet, at a total cost of $17,054.22 1/ (Government participation at 75 percent or $13,030.67 1/).

The operator drilled 13 holes as described in the contract; however, total drilling footage provided for in the contract (2,060 feet) was exceeded by 111.5 feet; therefore, one hole, No. 7, was disallowed. Hole No. 7 was chosen because it was the last hole reported by the operator. Also its position at the south end of the drilling area, the difficulty encountered in drilling and probing the hole, and the negative probe results made it the most suitable for deletion under the contract. The 13 holes drilled are tabulated in table 2.

1/ Subject to final audit.

Table 1.--Summary of Authorized and Accepted Costs

Item	Authorized				Acceptable work completed			
	Units		Unit costs	Total costs	Units		Unit costs	Total costs 1/
Bulldozing	24 hrs.		$ 12.00	$ 288.00	24 hrs.		$ 12.00	$ 288.00
Core drilling	2,060 ft.	(BX)	7.00					
		(AX)	6.65	14,420.00	2,041.5 ft.		6.90	14,065.55
Cement and Redrill	500 ft.		2.00	1,000.00	500 ft.		2.00	1,000.00
Radiometric Probing	2,060 ft.		0.10	206.00	2,006.7 ft.		0.10	200.67
Supervision	2.5 mo.		600.00	1,500.00	2.5 mo.		600.00	1,500.00
Core Boxes	160		1.25	200.00	160		1.25	200.00
Chemical Analyses	65		5.00	325.00	24		5.00	120.00
Total cost				$17,939.00				$17,374.22
Government participation at 75%				$13,454.00				$13,030.67

1/ Subject to audit by Contract Administration and Audit Division, OME.

Note: All work was performed on actual incurred cost basis.

Table 2.--Holes drilled under the contract

Hole No.	Depth (feet)	Collar elevation	Radiometric Probe Results From	To	Dist.	eU_3O_8
1	140.0	7,461.8	119.5	124.0	4.5	0.13
2	131.0	7,460.5	118.5	120.5	2.0	0.11
3	128.5	7,457.9	116.5	119.0	3.5	0.13
4	151.0	7,460.5	138.5	141.0	2.0	0.12
5	139.0	7,463.6	No radioactivity			
6	140.5	7,473.8	105.5	109.5	4.0	0.11
7	130.0	7,470.4	No radioactivity			
8	199.5	7,439.6	172.0	174.0	2.0	0.14
9	200.0	7,437.9	67.0	68.5	1.5	0.055
10	200.0	7,438.7	195.5	197.0	1.5	0.03
11	210.0	7,444.6	(126.5 (138.0 (152.5	130.0 140.0 160.5	3.5 2.0 8.0	0.14 0.12 0.12
12	201.0	7,455.2	129.5	132.0	2.5	0.11
13	201.0	7,458.9	No radioactivity			
Total 13	2,171.5					
Disallowed 1(#7)	130.0					
Accepted 12	2,041.5					

Results of exploration

The 13 drill holes provided for in the contract were planned for exploration of the mineralized fault zone at moderate depth on the Lightning No. 2 claim. Drilling data from the completed holes confirmed the preliminary interpretation of the geology. The major fault zone, where mineralized at the surface, dips northeastward at about 60 degrees (fig. 4). The uranium, for the most part, is restricted to this major zone, and principally near the surface. In two holes radiometric logs indicate that small subsidiary fractures were mineralized; one fracture was about 30 feet and a second, 90 feet above the main zone. In hole 11, a group of closely spaced, mineralized fractures appear to be slightly above the main zone (fig. 4). It appears from such features that a group of related faults in the area were mineralized by uranium-bearing solutions, and the resulting mineralized zones may be more widespread than is apparent from surface outcrop.

At the surface the ore material is a fractured granite containing autunite. At depth the uranium-bearing material may contain uraninite or some other primary uranium-bearing mineral, the oxidation of which probably produced autunite near the surface.

The radiometric probe logs of the drill holes made by the operator show intervals in most holes with radioactivity up to 0.2 percent eU_3O_8. The effort to substantiate this radiometric value by assaying core was not done adequately for any of the data to be meaningful.

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

FINAL REPORT
DMEA 4328
CONTRACT Idm-E 1148

PREPARED FOR
OFFICE OF MINERALS EXPLORATION

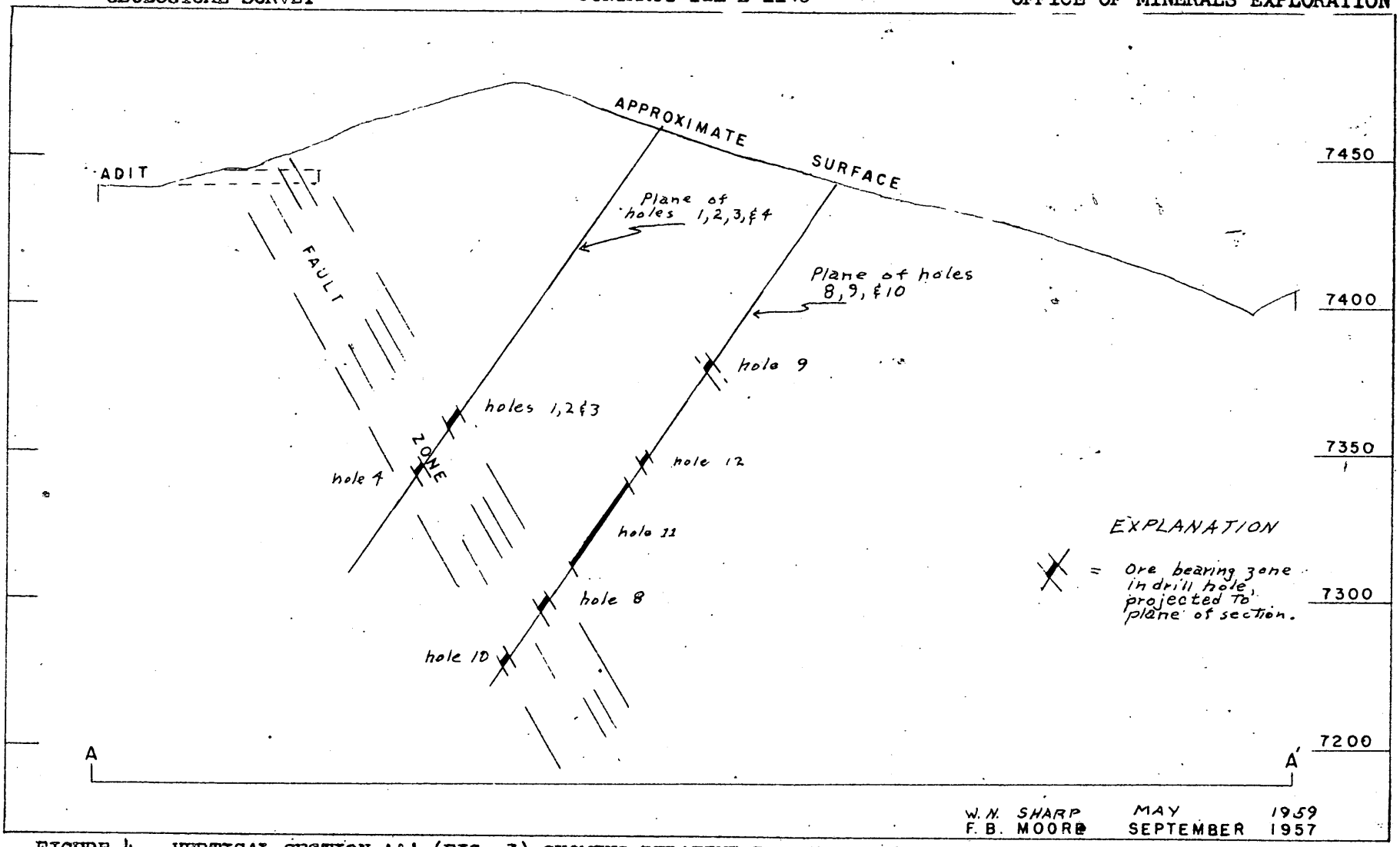

FIGURE 4.--VERTICAL SECTION AA' (FIG. 3) SHOWING RELATIVE POSITIONS OF FAULT ZONE AND LINES OF DRILL HOLES, LIGHTNING CLAIMS 2 AND 4, FREMONT COUNTY, COLORADO

SCALE 1 in. = 50 ft.

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JUN 8 1959
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INITIALS
DATE

Chemical assays were made on pieces of core from 11 holes. In four holes the assayed core is plainly not from the interval of high radioactivity. In three other holes, core for assay was chosen from zones of very poor recovery. The selection of a core fragment for assay in this situation probably was almost random. Regardless, the uncertainty of what was assayed appears to greatly limit the value of the assay data. The remaining four holes were apparently assayed in the proper radioactive interval. However, no information is presented about the core recovery in these holes, and the samples are vaguely referred to as hard pegmatite.

Because of the highly broken nature of the mineralized ground at the surface and the apparent persistence of this character with depth, it seems likely that most of the core from all holes was rubbly with perhaps a small amount of good core intermixed. Consequently, it appears that in all holes the chemical data is not easily assessable.

ORE RESERVES

Evaluation of the surface and radiometric hole data from the Lightning group indicates the presence of about 2,000 tons of material that may contain as much as 0.15 percent U_3O_8. Most of this material appears to be in and along the major fault zone in the vicinity of, and downdip from, the site of abundant autunite on the surface.

CONCLUSIONS AND RECOMMENDATIONS

The mineralized fault zone that trends across the Lightning claims possibly contains a small ore body on the Lightning No. 2 claim. Total reserves, indicated and inferred, amount to about 2,000 tons of about 0.15 percent U_3O_8. The limited drilling in a small area along the relatively extensive fault perhaps does not adequately explore the whole area for uranium deposits, but within the Lightning No. 2 claim it appears that sufficient exploration drilling was done, and additional exploration, with Government assistance, is not recommended.

It is recommended that certification of a discovery not be made on the property. This recommendation is made because only insignificant reserves of marginal uranium ore were discovered by the DMEA sponsored exploration program.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/26	Alley	800
5/26	a	220
5/29	[illegible]	700

MAY 26 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-4328 (Uranium)
D.A.C. Uranium Company
Contract No. Idm-E1148

Your Report of Review on the above-cited contract is acceptable and normal distribution is authorized.

AMAlley/ama
May 26, 1959

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

43683

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

May 21, 1959

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OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 25 1959

DATE	INITIALS	CODE
5/25	G	220
5/27	[illegible]	700

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket DMEA 4328 (Uranium) Contract Idm-E1148, D. A. C. Uranium Company (Lightning group) Fremont County, Colorado

Enclosed are two copies of a memorandum report dated April 20, 1959, from F. B. Moore, Geologist, Geological Survey and Carl Belser, Mining Engineer, Bureau of Mines, pertaining to the disallowance of Hole No. 7, which was discussed in our letters to H. K. Thurber, Jr., dated May 5 and 12, 1959, copies of which were forwarded to you at the time of writing.

J. W. Townsend

J. W. Townsend

Enclosures

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
Denver Federal Center
Denver 25, Colorado

OME
DEPARTMENT OF THE INTERIOR
APR 22 1959
REGION III
DENVER, COLORADO

April 20, 1959

Memorandum

To: Executive Officer, OME Field Team, Region III
Through: E. N. Harshman

From: F. B. Moore
Carl Belser

Subject: Docket DMEA 4328 (Uranium), Contract Idm-E 1146, B.A.C. Uranium Company (Lightning group), Fremont County, Colorado

Diamond drilling on the Lightning group of claims under DMEA contract has exceeded total allowable footage by 111.5 feet. Therefore, at least 111.5 feet of drilling must be disallowed.

The drilling target was a fault zone containing uranium. More footage was required than originally planned because the average dip of the fault zone is steeper than expected. Structurally, there is no geologic reason to assume that any of the holes drilled were of excessive length in regard to a revised position of the fault zone based on partial or complete drill data. Of the 13 holes drilled, six were mineralized and four others had recognizable fault material in the projected position of the fault zone as revised. Therefore, one too many holes was drilled to stay within the terms of the contract.

The examining team recommends that hole 7 be disallowed. Hole 7 is selected because it is the last hole for which claim for payment will be made, and also because it is one of three holes which most nearly equals the footage drilled in excess of contract provisions.

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 25 1959
DATE INITIALS CODE

F. B. Moore
F. B. Moore, Geologist

Carl Belser
Carl Belser, Mining Engineer

FBMoore:arh

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 15 1959

DATE	INITIALS	CODE
5/15	a	220
5/15	[illegible]	800
5/18	[illegible]	900

224 New Customhouse
Denver 2, Colorado
May 13, 1959

Mr. Duffy Salinger
Office Manager
Gunnison Mining Company
Gunnison, Colorado

Re: Docket No. [illegible] 4325 (Uranium)
Contract No. [illegible]-E1148
D. A. C. Uranium Company
(Lightning group)
Freemont County, Colorado

Dear Mr. Salinger:

Receipt is acknowledged of your letter dated May 11, 1959, pertaining to operations under the subject contract.

For your information we are enclosing one copy each of two letters from Mr. H. K. Thurber, Jr., one dated May 1, 1959, and the other undated. We are also enclosing one copy each of our letters of May 5, 1959, and May 12, 1959 which are in answer to Mr. Thurber's letters.

As you will note, all matters which are prerequisite to closing the account have been accomplished except for final audit or review of the reported project costs by an OME Auditor, and final reimbursement to the Operator.

By letter of November 18, 1958, Mr. A. M. Brennaka, President, D.A.C. Uranium Company advised this office that it is not in accordance with the bylaws of the Company for payment to be made to any party other than D.A.C. Uranium Company; therefore, when final payment is made, the check will be forwarded to D.A.C. Uranium Company, and it will be necessary for you to make private arrangements for any monies which may be due you.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JDC:ltm
cc: Chmn. Op. Comm. (2)) w/cpy
Harshman) Salinger's
Belser, OME/DFC) ltr 5/11/59
Corres. File Reg. III
Cooper
Chron.

Enclosures

cc: Mr. A. M. Brennaka, President) w/cpy HKT ltr undated
D.A.C. Uranium Company) our ltr 5/12/59 and
4427 Cole Avenue) Salinger's ltr 5/11/59
Dallas 5, Texas

Gunnison Mining Company

GUNNISON, COLORADO

May 11, 1959

Telephone 543

OME
DEPARTMENT OF THE INTERIOR
MAY 13 1959
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 15 1959

DATE	INITIALS	CODE

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

Dear Mr. Townsend:

Since Gunnison Mining Company no longer employs Mr. H.K. Thurber Jr, and since we are anxious to consummate the DMEA paper work on the DAC Uranium Company property, we would appreciate your sending us a copy of all future correspondence relative to the project in order that we may be able to follow the status more closely. Perhaps you can also bring us up to date on what is required for us to obtain final payment on the work performed. We would also appreciate your sending the payments due to our Gunnison office.

Thank you very much for your attention and cooperation in this.

Yours truly,

Duffy Salinger
Office Manager

DS:jam

OFFICIAL FILE COPY O. M. E. RECEIVED MAY 15 1959		
DATE	INITIALS	CODE
5/15	G	220
5/15	[illegible]	800
5/18	[illegible]	100

224 New Customhouse
Denver 2, Colorado
May 13, 1959

Memorandum

To: Donald T. Finch, OME Auditor

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4328 (Uranium) Contract No. Lim-Ell48
D.A.C. Uranium Company (Lightning group) Freemont County, Colorado

The subject contract was considered completed as of the close of business on February 13, 1959, and the Operator was so notified by our letter of May 12, 1959, a copy of which is enclosed for your records.

The Operator's final report has been recieved; therefore, final payment of the Operator's account is in order contingent on release to this office of a Certificate and Report of Audit or Report of Review of reported project costs, whichever the case indicates.

All of the work under the contract was performed on the basis of actual incurred costs.

An amount of $200.00 was withheld from reimbursement to the Operator in presenting its final accounting report which was for the period September 30, 1958 through February 13, 1959.

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosure

JDC:ltm

cc: Chmn. Op. Comml (2)
Harshman
Belser, OME/DFC
Corres. file, Reg. III
Cooper
Chron.

4328 5/12/59

Certification ?

4 holes penetrated 1½ to 2'. of near 0.20% BeO_2 - data on letter drilling testing, [illegible] to hold for [illegible], since probe data may reflect Thorium influence, in which case ore would be too [illegible] grade to mine. FMM

Operators Final Report confirms this. Will wait for Field Team's report. FMM

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 15 1959

DATE	INITIALS	CODE
5/15	a	220
5/15	[illegible]	800
5/18	[illegible]	700

224 New Customhouse
Denver 2, Colorado
May 18, 1959

Mr. H. K. Thurber, Jr.
Project Manager
D. A. C. Uranium Company
P. O. Box 432
Salida, Colorado

Re: Docket No. [illegible] 4328 (Uranium)
Contract No. [illegible]
D. A. C. Uranium Company
(Lightning group)
Freemont County, Colorado

Dear Mr. Thurber:

Reference is made to your undated letter which was received in this office May 12, 1959, whereby you advised that a supplemental voucher and accounting report will not be submitted to cover the costs of hole No. 7, because sufficient drilling footage is not available under the contract for completion of an additional hole. The contract is considered completed as of February 13, 1959.

Your final engineering and geologic report has been received; therefore, final audit or review of the reported project costs will be scheduled as soon as possible by the Contract Administration and Audit Division, OME, and final settlement of the account will be made upon release of the Auditor's report to this office.

Very truly yours,

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

JWT:ltm

cc: Chmn. Op. Comm. (2)
Harshman) w/cpy Oper's
Belser, OME/DFC) undated
Corres. file Reg. III)ltr
Cooper
Chron.

D. A. C. Uranium Company
P. O. Box 4[illegible]
S[illegible], Colorado

OME
DEPARTMENT OF THE INTERIOR
MAY 12 1959
REGION III
DENVER COLORADO

Mr. J. W. Townsend
Executive Officer, OME
Field Team, Region III
2[illegible]4 New Customhouse
Denver 2, Colorado

EXTRA COPY
O. M. E.
RECEIVED MAY 15 1959
CAFT INITIALS CODE

RE: Docket No. DMEA 4328
Contract Idm-E1148
D. A. C. Uranium Company
Fremont County, Colorado

Dear Mr. Townsend:

Reference is made to Paragraph 2 of your letter of May 5, 1959. We do not wish to present a supplemental voucher for Hole No. 7 and request that you consider the accounting report for the period of September 30, 1958 through February 13, 1959 as the final accounting report.

Regarding the Final Engineering and Geologic Report, it was mailed to your office on May 6, 1959.

Thank you for your and your engineer's assistance and cooperation on the drilling project under this DMEA Contract.

Best personal regards.

Very truly yours,

H. K. Thurber, Jr.
Project Manager

HKT/jt

OFFICIAL FILE COPY O. M. E. RECEIVED MAY 14 1959		
DATE	INITIALS	CODE
5/14	G	220
~~5/18~~	~~JMM~~	~~700~~

22A New Customhouse
Denver 2, Colorado

May 11, 1959

Mr. H. K. Thurber, Jr., Project Manager
D. A. C. Uranium Company
P. O. Box 432
Salida, Colorado

Re: Docket DMEA 4388 (Uranium)
Contract Idm-X1148
D. A. C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Thurber:

Reference is made to your letter of May 5, 1959, wherein you make inquiry regarding disposition of sludge and core samples recovered from diamond drilling of the referenced property.

The examining engineer and geologist advised me that they have no further use for the sludge and core samples; therefore, you may dispose of them as you wish.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

Copy to:
D. A. C. Uranium Company
4487 Cole Avenue
Dallas 5, Texas

JWT:jy
cc: Cham. Op. Comm. - 2
Harshman
Belser, OME/DFC
} w/copy of Thurber's. ltr. of May 5.
Corres. file
Cooper
Townsend
Chron.

W C

D. A. C. Uranium Company
P. O. Box 432
Salida, Colorado

May 5, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 14 1959

DATE	INITIALS	CODE

OME
DEPARTMENT OF THE INTERIOR

MAY 7 - 1959
REGION III
DENVER, COLORADO

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

RE: Docket No. DMEA 4328 (Uranium)
Contract Idm-E1148
D. A. C. Uranium Co. Lightning Group
Fremont County, Colorado

Dear Mr. Townsend:

Enclosed are the original and four copies of the final engineering and geologic report on the subject project as required by the contract. The project map, drill hole logs and graphic sections of the holes are attached to the report.

Please advise when a final disposition can be made of the cores and sludges. They are now stored at Canon City but must be moved or thrown away shortly.

Very truly yours,

D. A. C. Uranium Company

H. K. Thurber, Jr.

H. K. Thurber, Jr.
Project Manager

HKT/jt
encl
cc: Mr. A. M. Brenneke, President
D. A. C. Uranium Company

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

224 New Customhouse
Denver 2, Colorado
May 8, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 11 1959

DATE	INITIALS	CODE
5/11	a	220
5/11	[illegible]	800
~~5/12~~	~~Murphy~~	~~700~~

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4328 (Uranium) Contract Idm-E1148,
D. A. C. Uranium Company, (Lightning claims)
Fremont County, Colorado

Enclosed are the original and one copy of a final engineering and geologic report submitted by the Operator, pertaining to work completed under the subject contract.

The report appears to be complete, therefore, we recommend that it be accepted as complying with the requirements under Article 7(c) of the contract.

J. W. Townsend

J. W. Townsend

Enclosures

OPR's FINAL REPORT

Checked 5-7-59

FINAL ENGINEERING AND GEOLOGIC REPORT
DOCKET NO. DMEA 4328
CONTRACT Idm-E1148
LIGHTNING CLAIMS
D. A. C. URANIUM COMPANY
FREMONT COUNTY, COLORADO

May 1, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 11 1959

DATE	INITIALS	COMM

OME
DEPARTMENT OF THE INTERIOR
MAY 7 - 1959
REGION III
DENVER, COLORADO

FINAL ENGINEERING AND GEOLOGIC REPORT

Work under Contract Idm-E1148 on the Lightning Group of claims in Fremont County, Colorado, consisting of the construction of access roads and drill sites, was begun by an independent contractor on June 23, 1958. The work was done with a Catapillar D-7 bulldozer and was completed by July 1st; a total of 27 hours working time having been expended on both types of construction.

Immediately upon completion of the drill site preparation, the diamond drilling contractor moved a skid-mounted diamond drill onto the site of Hole No. 1. The location of all the holes is shown on the attached map. Actual drilling began on July 2nd with a Longyear Jr. gasoline-driven drill operated one shift and continued on this basis until July 29th when a second machine, a Joy Model 21 drill, was set up on Hole No. 6. The Longyear rig was run on two shifts until August 29th when it was moved to another project. Drilling thereafter was with a single rig on a single shift basis until the end of the project on February 13, 1959 with the exception of a recess of the work between October 16 and December 16, 1958.

The drilling resulted in the completion of 2172.5 feet of cored hole of which 2113.0 feet were BX size and 59.5 feet were AX size. A summary of the drilling in tabular form is presented below.

SUMMARY OF DRILLING

Hole No.	T.D. Feet	Date Started	Date Finished	Length Cemented Feet	BX Size Feet	AX Size Feet	Length Probed Feet
1	140.0	July 2, 1958	July 12, 1958	31.0	140.0		137.0
2	131.0	July 14, 1958	July 22, 1958	None	131.0		129.6
3	128.5	July 23, 1958	July 28, 1958	None	128.5		126.9

SUMMARY OF DRILLING
(Continued)

Hole No.	T.D. Feet	Date Started	Date Finished	Length Cemented Feet	BX Size Feet	AX Size Feet	Length Probed Feet
4	151.0	July 29, 1958	Aug. 7, 1958	21.0	151.0		149.0
5	140.0	Aug. 8, 1958	Aug. 16, 1958	25.0	140.0		128.0
6	140.5	Aug. 8, 1958	Aug. 19, 1958	60.0	123.0	17.5	136.0
7	130.0	Aug. 1, 1958	Aug. 7, 1958	11.0	130.0		128.0
8	199.5	Aug. 20, 1958	Aug. 29, 1958	20.0	199.5		193.5
9	200.0	Aug. 31, 1958	Sept 12, 1958	67.5	200.0		196.4
10	200.0	Sept 13, 1958	Sept 25, 1958	50.0	200.0		198.7
11	210.0	Sept 26, 1958	Dec. 16, 1958	35.0	210.0		209.3
12	201.0	Dec. 21, 1958	Jan. 19, 1959	171.0	180.0	21.0	200.4
13	201.0	Jan. 23, 1959	Feb. 13, 1959	95.0	180.0	21.0	199.0
Totals	2172.5			586.5	2113.0	59.5	2131.8

DETAILS OF DRILLING

In view of the irregular nature of the rock and the fractured condition, it is believed that the drilling contractor and his men did very well in recovering approximately 80% of the core for the entire project. Only in Hole No. 1 and Hole No. 13 was an appreciable amount of core entirely lost. The logging of these holes shows that in the former hole no core was recovered between 66 feet and 69 feet. In the latter hole, in the sections between 118.5 feet and 123.5 feet, 133.5 feet and 138.5 feet and between 143.5 feet and 175.0 feet, a total of 41.5 feet, no core was recovered. The relatively good core recovery was obtained by adjusting the feed of the machines and in pulling the core as soon as any blocking of the barrel occurred. Often runs of only 1.5 feet were made.

The irregular, broken ground made it necessary to cement and redrill in all but two of the 13 holes drilled. Hole No's 12 and 13 required the maximum length of cement. This is logical from the standpoint that the zone penetrated

by these holes was mapped on the surface as being the most highly fractured and altered. A total of 586.5 feet of hole was cemented and redrilled.

It was found necessary to reduce to AX size only in three holes; Hole No's 6, 12 and 13. BX casing was used in the holes to the top of the AX sections to alleviate caving. The total length of AX holes was 59.5 feet; 17.5 feet in Hole No. 6 and 21.0 feet each in Hole No's 12 and 13.

In addition to the cement, Aqua-Gel was used in every hole to reduce water loss and minor caving. The gouge zone fractures, in some cases, were sufficiently open to cause water loss but none were so wide nor broken that water loss could not be held to a minimum by the use of mud. All the water used was hauled from Cottonwood Creek, approximately 1¼ miles from the drilling project.

Sludge recovery was made over total lengths of each hole greater than called for in the contract by use of a three-compartment wooden sludge box. The sample of each five-foot run was thoroughly mixed, split into convenient size by use of a Jones splitter and stored in paper food containers fitted with tight lids upon which the footage sampled was marked. It is believed that the handling and marking of both sludge and core was good on the part of the drillers throughout the entire project.

GEOLOGIC CONSIDERATIONS

The rock penetrated in the drilling is moderately broken pink granite (probably Pike's Peak granite) with many coarse grained to pegmatitic facies occurring as highly irregular masses. Some gouge filled fractures were penetrated. Many of the minor fractures, mainly near the surface, were limonite stained to varying degrees. The gouge zones showed some chloritization in some holes.

A review of the logs and graphic sections of the holes which are attached as Appendix I indicates that no single persistent fracture or group of fractures was penetrated by the holes. Furthermore, the drilling indicates that the pegmatitic zones encountered are highly irregular and not persistent even over the distance between adjacent drill holes.

One area, however, does appear to be more highly fractured and more strongly altered. This is the zone penetrated by the holes on the south end of the project area. This is evidenced by the badly broken and altered core recovered from Hole No's 7 and 13. The loss of core in Hole No. 13 was noted in a foregoing paragraph.

RADIOMETRIC PROBING

As each hole was completed, it was radiometrically probed using a reel and probe attachment with a Babble Model 610 geiger counter. Hole No. 7 had to be reopened for probing as noted in the progress reports. The results of probing are summarized below. The detail logs of the probing have been presented as appendices to the progress reports.

SUMMARY OF RADIOMETRIC PROBING

Hole No.	Zone of Radioactivity	Thickness Feet	Estimated Grade %U3O8
1	121.0 thru 123.0	2.5'	0.20%
2	119.0 thru 120.0	1.5'	0.13%
3	117.0 thru 118.0	1.5'	0.19%
4	139.0 thru 140.5	2.0'	0.08%
5	0 thru 128.9		No measurable radioactivity
6	106.5 thru 108.0	1.5'	0.18%
7	0 thru 128.0		No measurable radioactivity
8	172.0 thru 173.0	1.5'	0.20%
9	67.0 thru 68.0	1.5'	0.07%

SUMMARY OF RADIOMETRIC PROBING
(continued)

Hole No.	Zone of Radioactivity	Thickness Feet	Estimated Grade %U3O8
10	195.5 thru 196.5	1.5'	0.03% max.
11	127.0 thru 130.0	3.5'	0.14%
	138.5 thru 140.0	2.0'	0.12%
	152.5 thru 155.5	3.5'	0.12%
	158.5 thru 160.5	2.5'	0.12%
12	129.0 thru 132.0	3.5'	0.11%
13	0 thru 199.0		No measurable radioactivity

From a review of the probing summarized above it is evident that the radioactivity is discontinuous even between adjacent holes such as Hole No's 4 and 5. Further, it is apparent from the results of probing of Hole No's 7 and 13 that the south end of the fracture zone being explored is barren of radioactive minerals. Hole No. 11 shows various zones of radioactivity but none is in a lithologic zone favorable for uranium deposition. The radioactivity encountered in Hole No. 12 and Hole No. 6 when plotted on a section drawn between the two holes and parallel to them, if related, indicates a structure dipping approximately 39° to the east. This dip is much flatter than any mapped along the main shear zone so the mineralization in the holes may not be related. The irregularity of results obtained in probing makes it difficult to project the various radioactive zones between adjacent holes.

SAMPLING AND ASSAYING

The delimiting of the core and sludge samples was done on the basis of the depths at which radioactivity was encountered and the lithologic character of the rock. The assay results tabulated on the following page were obtained

from the laboratory at the Gunnison Mining Company mill in Gunnison, Colorado and were reported February 14, 1959 by Mr. Earl Young, Chief Chemist.

TABULATION OF ASSAY RESULTS

Hole No.	Sample No.	Description	%U3O8
1	177	Core, 120.75 - 121.75	0.109
1	179	Sludge, 120.0 - 125.0	0.010
2	178	Core, 117.6 - 119.0	0.071
2	180	Sludge, 115.0 - 120.0	0.019
3	181	Core, 116.0 - 118.6	0.012
3	182	Sludge, 115.0 - 120.0	0.028
4	183	Core, 139.5 - 140.6	0.027
4	184	Sludge, 135.0 - 140.0	0.022
6	185	Core, 105.0 - 110.0	0.048
6	186	Sludge, 110.0 - 115.0	0.003
8	187	Core, 171.0 - 175.0	0.023
8	188	Sludge, 170.0 - 175.0	0.020
8	189	Sludge, 175.0 - 180.0	0.029
9	190	Core, 166.5 - 167.5	0.025
9	191	Sludge, 165.0 - 170.0	0.021
9	193	Sludge, 160.0 - 165.0	0.004
10	192	Core, 196.0 - 197.0	0.009
10	195	Sludge, 195.0 - 200.0	0.010
11	175	Core, 183.0 - 184.5	0.005
11	194	Sludge, 180.0 - 185.0	0.009
12	173	Core, 172.5 - 174.5	0.013
12	174	Sludge, 170.0 - 175.0	0.005
13	171	Core, 175.0 - 178.0	0.006
13	172	Sludge, 170.0 - 175.0	0.003

In many instances, the section of core showing good radioactivity was hard, unfractured granite or pegmatite with little or no alteration and no minerals resembling the usual black uranium minerals were evident by megascopic examination. This fact, and considering the very low uranium values found by assay, leads to the conclusion that the radioactivity encountered in most of the holes derives from thorium and rare earth minerals. The Coaldale-Cotopaxi area contains deposits of these minerals in near-commercial quantities.

Occurrances of these minerals in similar geologic setting have been found within a three-mile radius of the Lightning claims.

SUMMARY

The results of drilling thus far completed on the project area indicate that (1) the fractures in the area are highly irregular and are continuous over only a limited strike length, (2) the pegmatite masses are discontinuous and as irregular as those observed on the walls of the Arkansas River Canyon, (3) the radioactivity encountered in some of the holes is apparently derived from thorium and rare earth minerals. Only in Hole No. 1 was the radioactivity due to uranium and then probably only in part, (4) the secondary uranium minerals discovered on the surface may well have been a redeposition and concentration near the surface in a zone of very limited vertical extent.

From the above factors, it is believed that commercial uranium ore cannot be produced from the drilled area and the strength of uranium mineralization does not indicate that further exploration be undertaken on the property. Further, the present market outlook does not warrent further exploration for thorium or rare earths.

D. A. C. Uranium Company

Contract No. Idm-E1148

APPENDIX I

DRILL HOLE LOGS AND SECTIONS

DRILL HOLE LOG

Logged For

Type of Drill: Longyear

D. A. C. Uranium Co.

Drill-hole No. 1

Total depth 140.0

Collar elev. T 7461.8 P

Area Coaldale, Colorado

COORDINATES

North ..... East .....

Tie .....

Claim Lightning No. 1

Date started July 2, 1958

Date completed July 12, 1958

Logged by H. K. T., Jr.

Summary of log ..... ; OBSS ..... Thick ..... ; SS color ..... ; MS under OBSS ..... ; Cbn .....

DEPTH From	DEPTH To	DESCRIPTION Rock	Color	Grain	Carbon	REMARKS
0	5.0					No core. Surface casing.
5.0	23.0	Granite	Wh-Br			Coarse gr. pegmatitic, predom. feldsp., badly fract. Lim. filled.
23.0	26.0	"	Wh			Pegmatitic zone, 92+ predom.
26.0	46.5	"	Wh-Br			Badly fract., Fe stain. Med. gr.
46.5	47.5	"	Br			Gougy zone, limonite fract.
47.5	58.0	"	Wh-Br			Med. Fract. with limonite stain.
58.0	63.0	"	Br-Pk			Badly fract. to gougy, Kaolinized at 62.0 to bottom.
63.0	69.0	"	Pk			Coarse gr. badly fract. Somewhat altered becoming gougy 66-69'. Core lost in gouge.
69.0	85.6	"	Wh-Br			Mod. fract., limonite stained. zone at 71.5'. Some pegmatite.
85.6	105.5	"	Gy-Wh			Massive, in some zones predom. feld. widely spa. fract.
105.5	109.5	"	Br-Wh			Massive, mod. fract. 105.5-107' with limonite staining.
109.5	112.5	"	Br			Badly fract. becoming vy. coarse gr., (pegmatitic ?) 110.0-112.5'.
112.5	121.3	"	Wh-Pk			Coarse gr. Some fract. gouge at 115.5'. Becomes vy coarse gr. or pegmatitic at 117.5-120.4'.
121.3	124.5	"	Pk-Gy			Fract. zone with Mn(?) in fract.
124.5	131.5	"	Pk			Vy badly fract, some pegmatitic facies and gouge in fract.
131.5	132.0	"	Pk-Gy			Mod. fract., predom. feld.
132.0	133.0	"	Pk			Intensely fract. zone, some gouge close to 133.0'.
133.0	134.5	"	Pk			Fine grained, possibly fract.
134.5	137.0	"	Pk-Gn			Mod. fract. but no limonite.
137.0	140.0	"	Gy-Wh			Little fract., predom. Qzt. but lg. xtals. of feld.
						BX - 0 - 140', AX - None

γ-Ray Log

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Note: Sludge collected at 5' int., 65-140'.

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant
OBSS—ore bearing sandstone	

Hole No. 1

DRILL HOLE LOG

Logged For

Type of Drill: Longyear

D. A. C. Uranium Co.

Drill-hole No. 2

Total depth 131.0

Collar elev. T7460.5 P

Area Coaldale, Colorado

COORDINATES

North ..... East .....

Tie .....

Claim Lightning 2

Date started July 14, 1958

Date completed July 23, 1958

Logged by H. K. T., Jr.

Summary of log ..... ; OBSS ..... Thick ..... ; SS color ..... ; MS (under OBSS) ..... ; Cbn .....

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	10.0					No core - collar casing
10.0	11.5	Granite	Wh.			Pegmatitic phase of granite
11.5	15.5	"	Wh-Br			Massive, med. gr, biotite abun.
15.5	32.6	"	Br.			Fe. stained biotite abun.
32.6	33.6	"	Br.			Fractured, highly Fe. stained
33.6	40.5	"	Wh-Br			Massive, F. gr. some fract.
40.5	41.2	"	Br.			Fract. zone, Fe. filled fract.
41.2	67.5	"	Ch-Br			Massive with some fract. zones
67.5	71.0	"	Wh-Br			Pegmatitic phase, coarse gr.
71.0	76.6	"	Wh-Br			Med. gr. with Fe. stained fract.
76.6	79.4	"	Wh			Vy F. grained. Biotite sparse
79.4	106.5	"	Wh-Pk			Fine to coarse gr. grading to fine gr. pink at end of section
106.5	107.6	Gouge	Gy			Apparent fault gouge
107.6	118.6	Granite	Pk			Fine to med. grained
118.6	125.4	"	Pk			Apparently fractured zone, medium to coarse gr., some sandy
125.4	131.0					Med. to fine gr., pk sparse biotite
						BX - o' - 131'
						AX - none
						Note: for probing results see probing log. Sludge collected each 5 feet from 85' through 131'

γ-Ray Log

0 — 1000

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant

OBSS—ore bearing sandstone

Hole No. 2

DRILL HOLE LOG

Logged For

Type of Drill: Longyear

D. A. C. Uranium Co.

Drill-hole No.: 3

Total depth: 128.6

Collar elev.: T7457.9 P

Area: Coaldale, Colorado

COORDINATES

North: East:

Tie:

Claim: Lightning 2

Date started: July 23, 1958

Date completed: July 28, 1958

Logged by: H. K. T., Jr.

Summary of log: ; OBSS: Thick: ; SS color: ; MS under OBSS: ; Cbn:

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	10.0					No core, surface casing
10.0	16.4	Granite	Br			Fract. at 13.5 Fe. gouge filled med. to coarse grain, biotite sparse
16.4	37.5	"	Br-Wh			Some very coarse grained. Moderate amount of biotite. Badly fract zone at 35.5 to 36.0'
37.5	39.0	"	Br			Fract. zone, limonite filled
39.0	47.6	"	Wh-Br			Med. grained. Fe stained 40.6-41.0'
47.6	52.8	"	Wh			Fine grained, fractured
52.8	53.6	"	Br			Badly fract., Fe stained
53.6	62.0	"	Gy			Med. grained, sparse biotite
62.0	72.6	"	Wh			Fine grained, some massive fract. med. grain, Fe stained
74.0	86.6	"	Pk			Fine to med. grained, massive, possible fract. zone 80.0-80.6'
86.6	90.0		R			Vy fine grained ig. rock, hematite filled fracture.
90.0	90.6	Gouge	Gy			Gouge zone
90.6	117.0	Granite	Gy-Pk			Massive, fine to med. grain, sparse biotite
117.0	118.5	"	Gy			Fract. with abundant black mineral (biotite)
118.5	121.0	"	Gy-Pk			Massive, fine grained
121.0	125.0	"	Gy			Massive, fine grained
125.0	128.6	"	Pk			Massive, increased biotite
						BX - 0' - 128.6'
						AX - None
						Note: for radiometric probing, see probing log. Sludge collected, 5 inter. 60'-128.6'

γ-Ray Log

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant
OBSS—ore bearing sandstone	

Hole No. 3

DRILL HOLE LOG

Logged For

Type of Drill: Longyear

D. A. C. Uranium Co.

Drill-hole No.: 4

Total depth: 151.0

Collar elev.: T 7460.5 P

Area: Coaldale, Colorado

COORDINATES

North: East:

Tie:

Claim: Lighning 2

Date started: July 29, 1958

Date completed: August 7, 1958

Logged by: H. K. T., Jr.

Summary of log: ; OBSS: Thick: ; SS color: ; MS under OBSS: ; Cbn:

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	10.0					No core, surface casing
10.0	15.0	Granite	Pk			Vy. coarse gr., pegmatitic, lg. feldsp.
15.0	17.6	"	Br			Apparent fract. zone, Fe. stained
17.6	25.0	"	Br-Pk			Med. gr., sparse biotite, med. fract., limonite stained
25.0	36.0	"	Pk			Coarsely xtalin, predom. felds.
36.0	36.6	"	Pk			Gouge (?) filling around part.
36.6	46.0	"	Pk-Br			Coarse to med. gr., badly fract. to gougy at bottom
46.0	47.8	"	Wh			Massive, medium grained
47.8	60.0	"	Br-Wh			Fract. zones in fine to med. gr.
60.0	66.8	"	Pk-Wh			Fine to med. gr., massive fract. filled with gouge & Mn. at 65.5'
66.8	73.0	"	Gy			Fine grain, little biotite, massive
73.0	79.5	"	Pk			Fine gr., biotite in some sections
79.5	82.6	"	Gy			Med. grain, bk. min. in num. fract.
82.6	86.0	"	Pk-Gy			Altered, gougy, wide fract. Bk staining in fract.
86.0	88.6	"	Pk			Coarse gr. broken, some sandy
88.6	89.5	Gouge	Gy			Gouge
89.5	98.0	Granite	Pk			Somewhat alt. near top Mn. st. Vy little biotite
98.0	108.0	"	Gy			Unalt. grading to alt. at bottom, fine to med. gr.
108.0	109.0	Gouge	Gy			Gouge with limonite staining
109.0	120.6	Granite	Gy			Sparse, biotite, med. to coarse gr
120.6	130.6	"	Wh-Pk			Biotite mod., some fract. Fe filled
130.6	137.0	"	Pk			Apparently massive, coarse gr.
137.0	140.6	"	Gy-Wh			Biotite abund. Massive
140.6	141.8	"	Pk-Br			Somewhat altered
141.8	148.5	"	Pk			Coarse gr., unaltered except gouge at 144.0'.
148.5	151.0	"	Gy			Massive, unaltered to bottom

γ-Ray Log

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Note: for radioactivity, see log of probing. Sludge recovered.

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant
OBSS—ore bearing sandstone	

Hole No. 4

DRILL HOLE LOG

Logged For

Type of Drill: Longyear

D. A. C. Uranium Co.

Drill-hole No.: 5
Total depth: 140.0
Collar elev.: T 7463.6 P
Area: Coaldale, Colorado

COORDINATES
North: East:
Tie:

Claim: Lightning 2
Date started: August 8, 1958
Date completed: August 16, 1958
Logged by: H. K. T., Jr.

Summary of log: ; OBSS: Thick: ; SS color: ; MS under OBSS: ; Cbn:

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
1.0	5.0					No core, surface casing
5.0	18.0	Granite	Br-Wh			Course gr. with limonite stain with major fract. at 12.0'
18.0	30.6	"	Wh-Pk			Med. to fine gr. massive
30.6	31.0	"	Br			Limonite stained fr. zone
31.0	39.0	"	Pk-Br			Med. gr., massive but with fr. zone at 32.5' to 33.0'
39.0	50.0	"	Wh-Pk			Massive, some thin fract.
50.0	51.0	"	Br			Fract. zone, limonite stain.
51.0	55.0	"	Pk			Med. grain, massive
55.0	57.6	"	Br			Fract. zone, some gouge
57.6	83.0	"	Wh-Gy			Med. to pegmatitic, biotite, med. to abund. Some fract.
83.0	85.5	Gouge	Br			Gouge zone, highly limonite stained and altered
85.5	124.3	Granite	Wh-Br			Med. to coarse gr., biotite med. to abundant, some fract.
124.3	125.5	"	Br-Wh			Minor fract. zone, limonite st.
125.5	139.0	"	Br-Wh			Massive to somewhat fract. but no major fract. Biotite abundant in some zones.
						BX - 0' - 139.0'
						AX - None
						Note: No measurable radioactivity in this hole. Sludge collected at 5' intervals.

γ-Ray Log: 0 — 1000

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant
OBSS—ore bearing sandstone	

Hole No. 5

DRILL HOLE LOG

Logged For

Type of Drill: Longyear

D. A. C. Uranium Co.

Drill-hole No. 6

Total depth 140.0

Collar elev. T 7473.8 P

Area Coaldale, Colorado

COORDINATES

North East

Tie

Claim Lightning 2

Date started August 8, 1958

Date completed August 19, 1958

Logged by H. K. T., Jr.

Summary of log; OBSS Thick; SS color; MS under OBSS; Cbn.

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	6.0					No core. Surface casing
6.0	27.5	Granite	Pk-W			Med to fine gr. relatively unaltered, biotite sparse to abundant in some sections
27.5	30.0	"	Pk-Wh			Pegmatitic phase, little FM min.
30.0	47.0	"	Wh-Br			Massive with very few fract. Biotite sparse.
47.0	55.5	"	Br			Fract. zone, fracture filled with limonite
55.5	59.5	"	Wh-Gy			Massive, fine to med. gr.
59.5	74.5	"	Br			Fine gr., fract. filled with limonite
74.5	118.0	"	Gy-Pk			Massive but somewhat altered at top of section. Lost core 104.0-108.0
118.0	123.0					No core rec. Red. to AX
123.0	133.0	"	Br-Wh			Fract., Fe. stained, med to coarse grained
133.0	140.5	"	Wh-Pk			Coarse grained, mod. fract.
						BX:-0'-123'
						AX:-123'-140'
						Note: for probing results see radiometric log. Sludge recovered

DESCRIPTION

γ-Ray Log

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant
OBSS—ore bearing sandstone	

Hole No. 6

DRILL HOLE LOG

Logged For

Type of Drill: Longyear

D.A.C. Uranium Co.

Drill-hole No. 7

Total depth: 130.0

Collar elev. T 7470.4 P

Area: Coaldale, Colorado

COORDINATES

North: East:

Tie:

Claim: Lightning No. 2

Date started: August 1, 1958

Date completed: August 7, 1958

Logged by: H. K. T., Jr.

Summary of log: ; OBSS: Thick: ; SS color: ; MS (under OBSS): ; Cbn:

DEPTH From	DEPTH To	DESCRIPTION Rock	Color	Grain	Carbon	REMARKS
0	11.0					No core. Surface casing.
11.0	12.0	Granite	Wh			Fine grained, massive.
12.0	13.5	"	Br			Fine to med. gr., limonite filled fr.
13.5	24.5	"	Wh-Pk			Apparently massive with widely spaced fract.
24.5	25.5	"	Pk			Pegmatitic phase, Feldsp. abund.
25.5	38.4	"	Wh			Med. to coarse gr. Biotite mod. to abundant. Some Fe. filled fractures.
38.4	39.0	"	Br			Fract. zone, Fe. staining.
39.0	62.0	"	Wh-Pk			Med. to vy coarse gr. biotite sparse, qzt. predom.
62.0	69.0	"	Pk			Fine grained, biotite sparse Hematite in fractures.
69.0	71.5	"	Wh-Pk			Somewhat altered, fractured and gougy. Biolite vy sparse.
71.5	87.0	"	Pk			Fine grained, somewhat altered near bottom of sec.
87.0	93.0	"	Wh-Gy			Med. to coarse gr, minor fract.
93.0	100.0	"	Br-Wh			Fractured zone, gouge at 97.5-98.0 and bottom of sec.
100.0		"	Gy-Pk			Med to fine gr., biotite med to abund. Possible gouge zone at 121.0.
						BX - 0' - 130.0'
						AX - None
						Note: For probing results see radiometric log. Sludge recovered.

γ-Ray Log

0 — 1000

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant

OBSS—ore bearing sandstone

Hole No. 7

DRILL HOLE LOG

Logged For: D.A.C. Uranium Co.

Type of Drill: Longyear

Drill-hole No.: 8
Total depth: 199.5
Collar elev.: T 7439.6 P
Area: Coaldale, Colorado

COORDINATES
North: East:
Tie:

Claim: Lightning No. 2
Date started: August 20, 1958
Date completed: August 29, 1958
Logged by: H. K. T., Jr.

Summary of log: ; OBSS: Thick: ; SS color: ; MS under OBSS: ; Cbn:

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	10.0					No core, surface casing.
10.0	56.0	Granite	Wh-Pk			Med to vy coarse gr. with light Fe stained fract.
56.0	66.0	"	Pk-Gy			Coarse grained, massive.
66.0	70.0	"	Br-Pk			Fractured zone. Fe filling in fract.
70.0	106.0	"	Pk-Gy			Massive, med to coarse gr., Biotite abundant. Fract. zone at 72.0 - 74.0.
106.0	112.0	"	Pk			Coarse gr. to pegmatitic.
112.0	125.0	"				Med. grained, altered from 115.6 to 118.6. Biotite sparse. Gouge seam at bottom.
125.0	138.0	"	Pk-Gy			Med. gr., somewhat altered, gouge at 134.0. Some kaoliniz.
138.0	145.0	"	Gy			Vy coarse grained (pegmatite ?) predom. feldspar.
145.0	151.0	"	Pk			Med to fine grained, some fract with Mn(?) stain. Gouge at 147.0 and 149.0 to 151.0.
151.0	155.5	"	Pk			Fine gr. (sandy) little core.
155.5	167.6	"	Pk-Gy			Med. gr. to coarse at bottom.
167.6	171.0	Unident.	Gy			Med. gr. rock, soft. May be a gouge. Some Fe staining.
171.0	188.5	Granite	Pk-Gy			Med. to coarse gr., biotite sparse. Minor alteration.
188.5	189.5	Gouge	Lt.Gy			Fine grained gouge.
189.5	199.5	Granite	Pk-Gy			Coarse grained, Feldsp. predom. Biotite lacking.
						BX - 0' - 199.6'
						AX - None
						Note: Sludge recovered from 120.0 to 199.5. 5' intervals.

y-Ray Log: 0 — 1000

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant

OBSS—ore bearing sandstone

Hole No. 8

DRILL HOLE LOG

Logged For

Type of Drill: Longyear

D. A. C. Uranium Co.

Drill-hole No. 9

Total depth 200.0

Collar elev. T 7437.9 P

Area Coaldale, Colorado

COORDINATES

North East

Tie

Claim Lightning No. 2

Date started August 31, 1958

Date completed September 12, 1958

Logged by H. K. T., Jr.

Summary of log; OBSS Thick; SS color; MS under OBSS; Cbn

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	10.0					No core, surface casing
10.0	33.0	Granite	Wh-Br			Med. to coarse gr. limonite stain in few fract. zones. FM min. sp.
33.0	35.0	"	Wh			Apparent fract. zone, little stain
35.0	42.5	"	Wh-Pk			Med. fract., to massive. Mn. in some fract. Med. to coarse gr.
42.5	43.5	"	Wh			Limonite filled fract.// to hole.
43.5	77.6	"	Gy-Wh			Mainly massive with wide spa. fract. zones. Fine to med. gr. Biotite sparse.
77.6	81.0	"	Gy			Altered, chloritized (?) Biotite abundant.
81.0	125.0	"	Wh-Pk			Coarse gr. to pegmatitic in top 1.5'. Rest med. gr. Biotite sp.
125.0	132.0	"	Wh-Pk			Fract., somewhat altered. Fine to med. gr.
132.0	133.0	Gouge	Gy			Apparent gouge zone.
133.0	162.8	Granite	Pk			Mn. staining at top. Somewhat altered. Biotite sparse.
162.8	168.0	Chlorite				Highly altered to chlorite (?) FM, min. absent.
168.0	200.0	Granite				Mod. fract. but unalt., med. to coarse gr. Mn. in some fract.
						BX - 0 - 200.0
						AX - none
						Sludge collected 5' int. from 55' to bottom

γ-Ray Log

0 — 1000

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant

OBSS—ore bearing sandstone

DRILL HOLE LOG

Logged For

Type of Drill: Longyear

D. A. C. Uranium Co.

Drill-hole No. 10

Total depth 200.0

Collar elev. T 7438.7 P

Area Coaldale, Colorado

COORDINATES

North East

Tie

Claim Lightning No. 2

Date started September 13, 1958

Date completed September 25, 1958

Logged by H. K. T., Jr.

Summary of log ; OBSS Thick ; SS color ; MS under OBSS ; Cbn:

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	10.0					No core rec. Surface casing.
10.0	28.0	Granite	Wh-Br			Massive, only med. fract.
28.0	28.5	"	Br			Fract. zone, limonite stained.
28.5	40.0	"	Wh-Br			Badly fract., fract. filled with limonite and some hematite.
40.0	44.5	"	Pk-Pp			Fract. coarse gr. (Pegmatitic) with Mn. in fract.
44.5	86.5	"	Pk-Gy			Med. fract. to massive at bottom of sec.
86.5	87.0	Unident.	Pp			Fract. zone. hematite filled.
87.0	119.5	Granite	Pk-Gy			Sparsely fract. to massive.
119.5	125.0	Gouge	Pp-Gy			Recemented, altered gouge with slickensides and Mn. filling.
125.0	135.0	Granite	Gy			Probably partially alt. fine gr. Biotite very sparse.
135.0	166.0	"	Pk.			Med.-coarse gr. mod. fract. and somewhat altered.
166.0	169.0	"	Wh			Highly altered zone, chloritized.
169.0	200.0	"	Pk			Sparse fract. unaltered med. to coarse gr.
						BX - 0 - 200
						AX - None
						Note: Sludge recovered at 5' intervals 50' to bottom.

γ-Ray Log

0 1000

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant
OBSS—ore bearing sandstone	

Hole No. 10

DRILL HOLE LOG

Type of Drill: Longyear

Logged For: D.A.C. Uranium Co.

Drill-hole No.: 11
Total depth: 210.0
Collar elev.: T 7444.6 P
Area: Coaldale, Colorado

COORDINATES
North: East:
Tie:

Claim: Lightning No. 2
Date started: Sept. 26, 1958
Date completed: Dec. 16, 1958
Logged by: H. K. T., Jr.

Summary of log: ; OBSS: Thick: ; SS color: ; MS under OBSS: ; Cbn:

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	13.0					Plug bit, cased, no core
13.0	25.0	Granite	Gy-Pk	C-M		Fractured, frac. Fe stained
25.0	31.5	"	Gy	F-M		Massive with streaks of biotite, pegmatitic between 28.5' and 29.5'
31.5	56.0	"	Gr-Br	M		Badly fract., highly Fe stained, some pegmatitic zones
56.0	107.5	"	Gy-Pk	F-M		Massive with some zones of biotite streaks, lost core 90.7' to 92.0'
107.5	114.5	"	Gy-Bk	M-C		Fracture zone with Mn stains in fract. gouge 113.5' to 114.5'
114.5	149.0	"	Gy-Pk	C-M		Med. fracture to massive fracture at 140.0' red stained.
149.0	150.0	Chlorite	Gy-Gn			Chloritized zone
150.0	174.5	Granite	Pk-Gr	F-C		Massive with some fract. zones. Gouge (?) 168.5' and pegmatitic at 170.0' to 171.5'
174.5	208.0	Schist	Gy-Gn	F		Biotite schist and chlorite
208.0	208.4	Gouge	Gy-R			Gouge zone badly crushed
208.4	209.0	Granite	Gy			Granite with schist zones
209.0	210.0	"	Gy			Massive
						BX 0' to 210.0'
						AX None
						Note: for probing results see probing log.

γ-Ray Log: 0 — 1000

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant

OBSS—ore bearing sandstone

Hole No. 11

DRILL HOLE LOG

Type of Drill: Longyear

Logged For: D. A. C. Uranium Co.

Drill-hole No.: 12
Total depth: 201.0
Collar elev.: T 7455.2 P
Area: Coaldale, Colorado

COORDINATES
North: East:
Tie:

Claim: Lightning No. 2
Date started: Dec. 21, 1958
Date completed: Jan. 19, 1959
Logged by: H. K. T., Jr.

Summary of log: ; OBSS: Thick: ; SS color: ; MS (under OBSS): ; Cbn:

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	9.5					Plug bit cased, no core
9.5	23.0	Granite	Br-Gy	M-C		Badly fract., Fe stains in fract.
23.0	30.0	"	Br-Gy	F-M		Med. fract. some pegmatite zones, Fe staining in fractures
30.0	31.0	"	Br	M-C		Badly fractured, possible gouge, Fe stain
31.0	52.0	"	Gy-Br	M-C		Mod. fracture, some zones very coarse grain
52.0	72.5	"	Gy	F-M		Massive with some iron stained fracture, Biotite moderate
72.5	78.5	"	Gy-Pk	M-C		Badly fractured zone with chlorite top 1' section, bottom 1.5' pegm.
78.5	98.5	Gr	Gy	C-M		Sparse fract. Fe stain, Biotite sparse, pegmatitic at 92.0' to 94'
98.5	110.0	"	Gy-Pk			Badly fract. zone, some thin beds Chlorite, pegmatitic at bottom of zone
110.0	115.0		Gy			Gouge zone, Mn (?) staining
115.0	143.5	Granite	Gy-Pk	M-C		Mod. to badly fractured but notable lack Fe staining, biotite moderate pegmatitic 125.5' to 130.0'
143.5	144.0	"	Br	M		Fractured zone, highly Fe stained
144.0	151.5	"	Br-Pk	M-F		Mod. fractured zone, apparent gouge 147.0'
151.5	158.5	"	Gy-Pk	M-C		Mod. fract. pegmatite 152.5' to 153.0'
158.5	201.0	"	Gy	M		Gray massive with some tight fractures which are chloratized 199.0' to 201.0'
						BX 0' to 180.0'
						AX 180.0' to 201.0'
						Note: for probing results see probing log

γ-Ray Log (0 – 1000)

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant

OBSS—ore bearing sandstone

DRILL HOLE LOG

Type of Drill: Longyear

Logged For: D. A. C. Uranium Co.

Drill-hole No.: 13

Total depth: 201.0

Collar elev.: T 7458.9 P

Area: Coaldale, Colorado

COORDINATES

North: East:

Tie:

Claim: Lightning No. 1

Date started: Jan. 23, 1959

Date completed: Feb. 13, 1959

Logged by: H. K. T., Jr.

Summary of log: ; OBSS: Thick: ; SS color: ; MS under OBSS: ; Cbn:

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	8.0					Plug bit, no core
8.0	9.0	Granite	Gy-Br	M		Moderate fract. with light Fe staining in fractures
9.0	26.0	"	Gy	M-C		Sparse fracture, very light Fe staining, fract. Biotite very sparse
26.0	37.0	"	Gy	F		Biotite abundant
37.0	59.5	"	Gy	C-M		Massive with few fractures
59.5	85.5	"	Gy-Pk	C		Section pegmatitic in many zones. Feldspar predom. gouge zone 71.5' to 73.0'. Some chlorite Pegmatitic 79.0' to 80.5'
85.5	95.0	"	Pk-Br	M-C		Badly fract. zone. Somewhat Fe stained. Gouge at top of section at 90.5' to 91.0'
95.0	97.0	Gouge	Br			Gouge zone. Some chlorite, Fe staining (Limonite).
97.0	118.5	Granite	Gy-Br	M-C		Badly fract. zone, moderate alter.
118.5	123.5					No core
123.5	133.5	"	Gy-Pk	C		Pegmatite zone
133.5	138.5					No core
138.5	143.5	"	Gy	C		Apparently fract. zone but no Fe stain. No chlorite
143.5	175.0					No core
175.0	180.0	"	Pk	F-M		Some fractures, Fe staining
180.0	201.0	"	Gy	C-M		Massive, Biotite abundant
						BX 0' to 180.0'
						AX 180.0' to 201.0'
						Note: for probing results see probing log.

γ-Ray Log: 0 — 1000

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

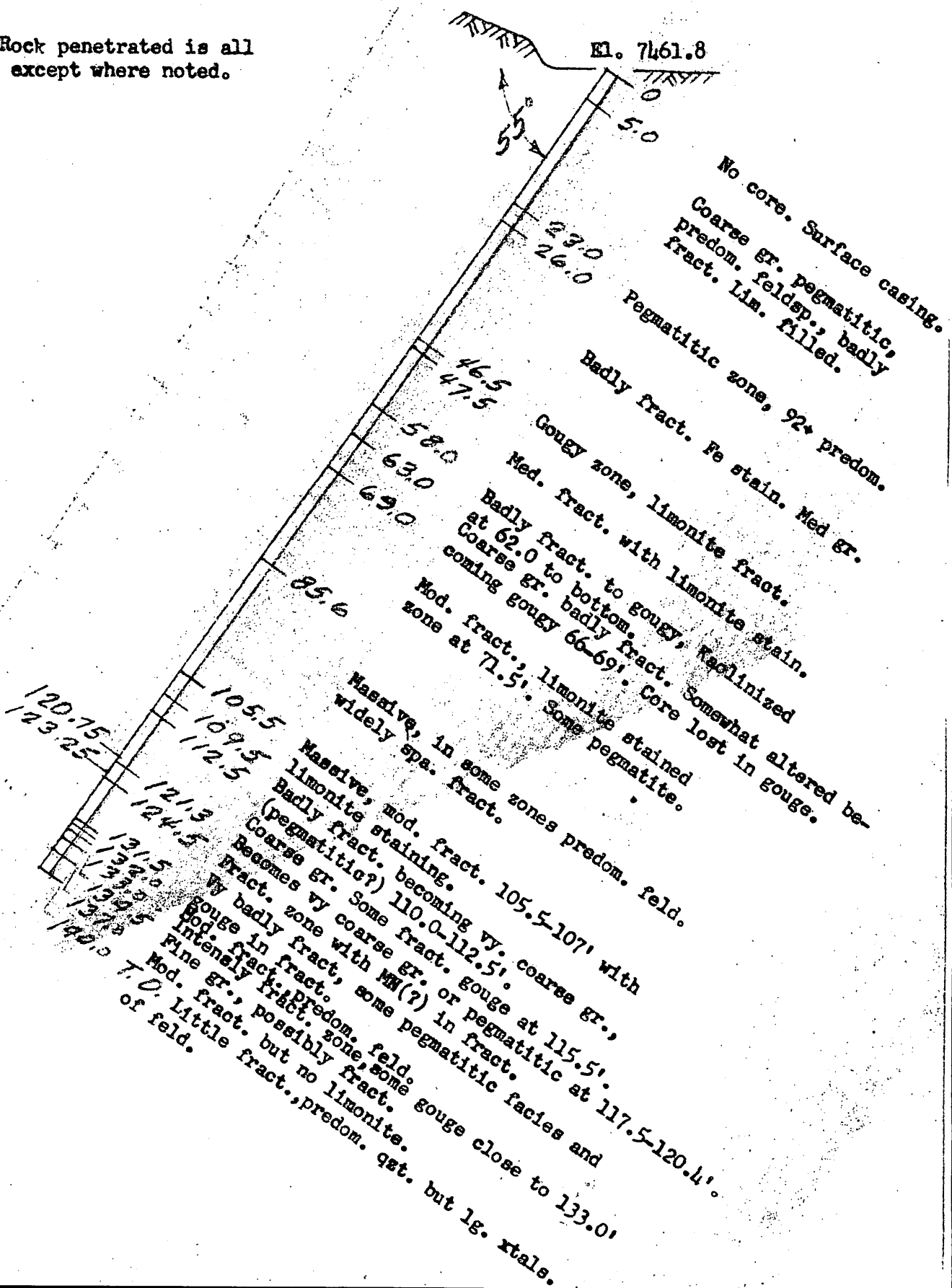
Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant

OBSS—ore bearing sandstone

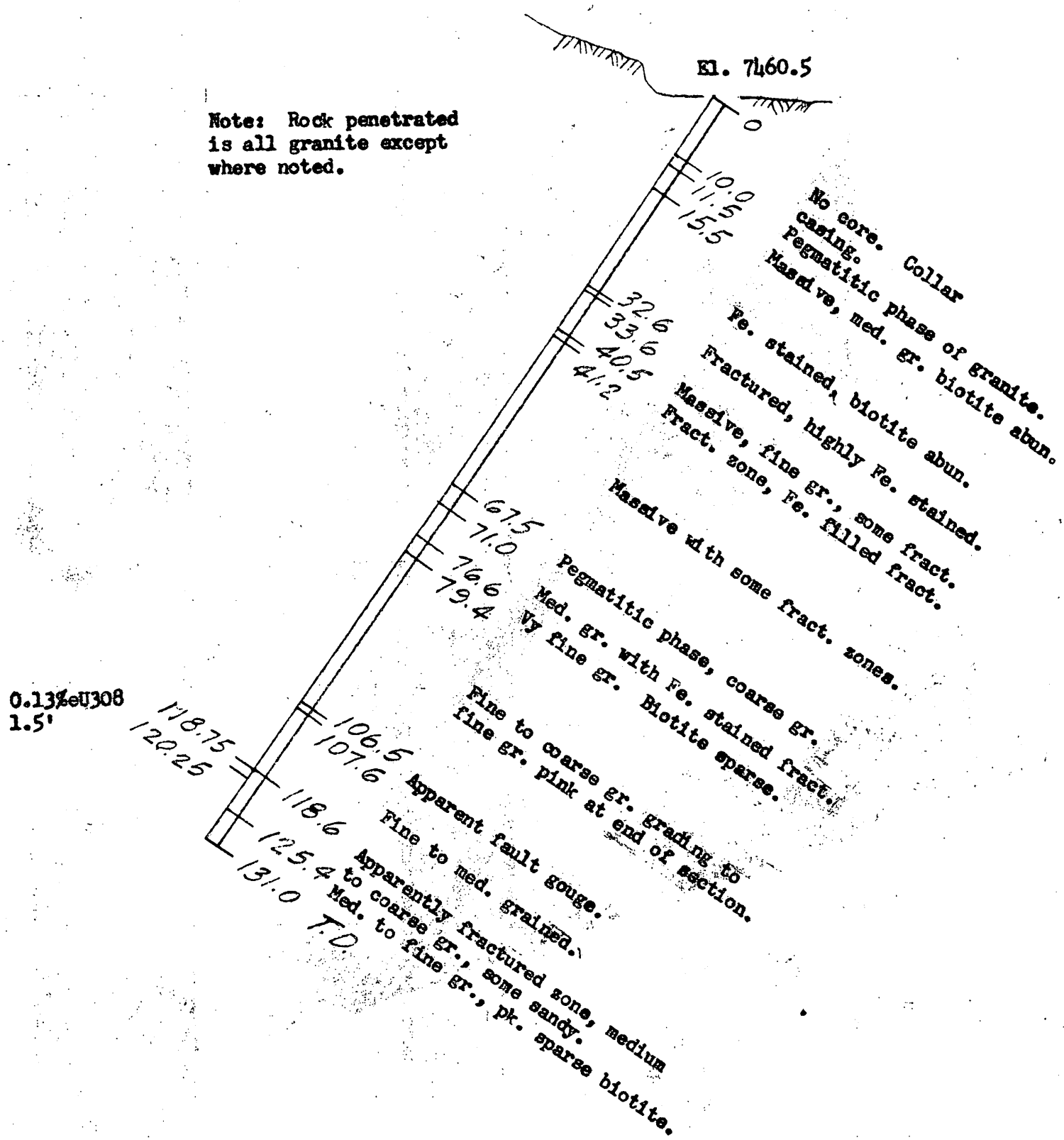
Hole No. 13

Docket DMEA 4238, Cont. Idm-E1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 1
Scale: 1"=20'

Note: Rock penetrated is all granite except where noted.

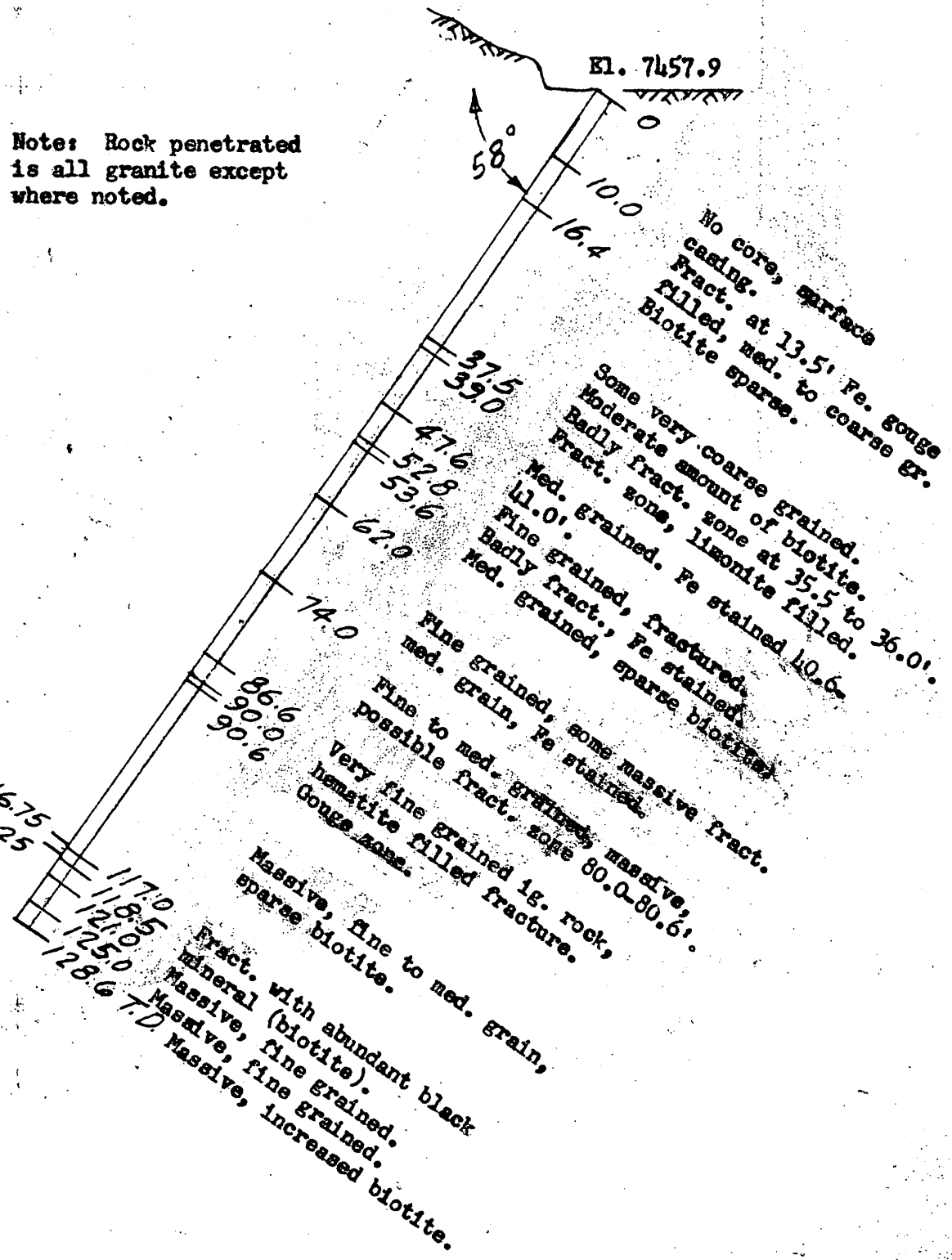


Docket [redacted]EA 4238, Cont. Idm.-E1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 2
Scale: 1"=20'



Doc[illegible] DMEA 4238, Cont. Idm.-E1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 3
Scale: 1"=20'

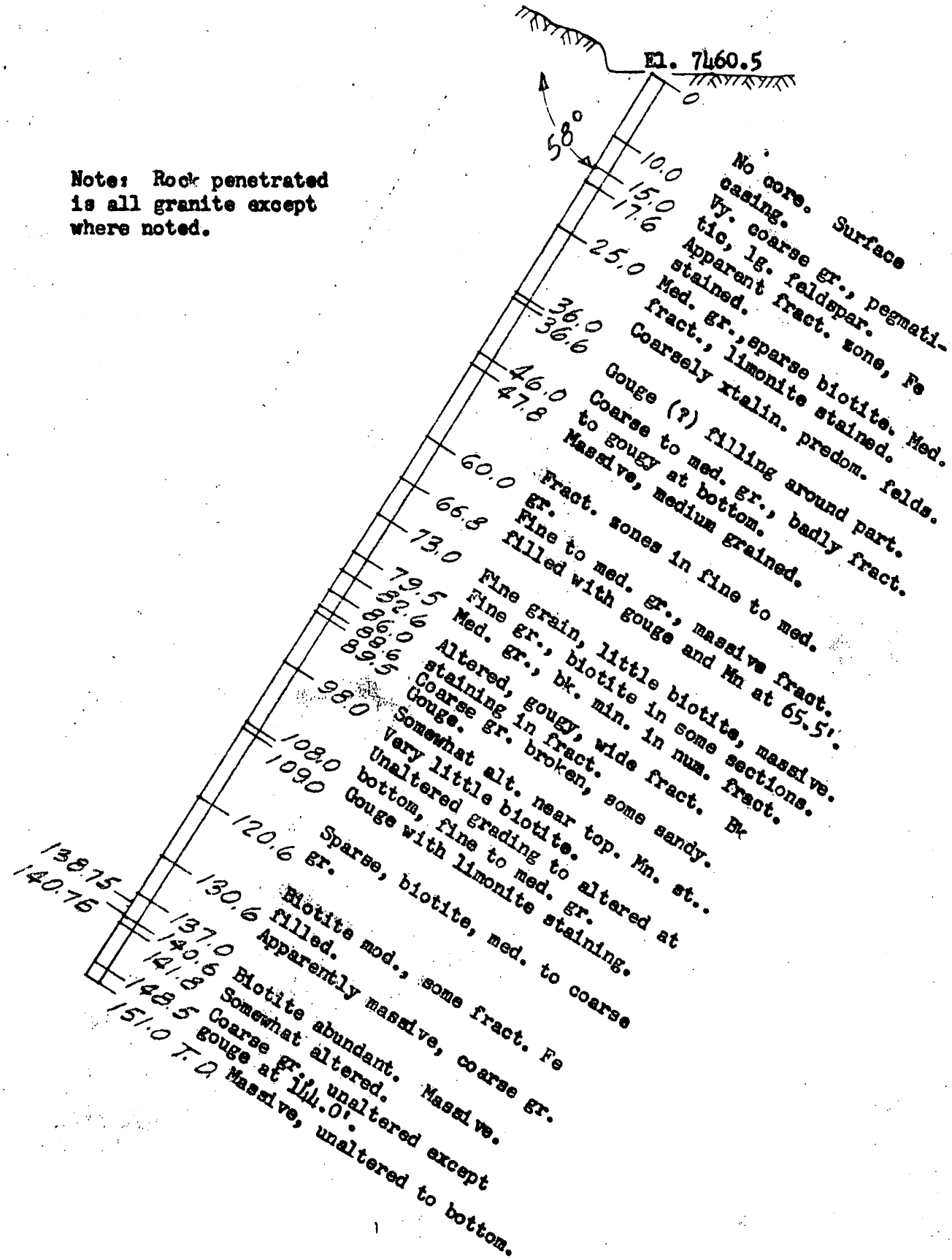
Note: Rock penetrated is all granite except where noted.



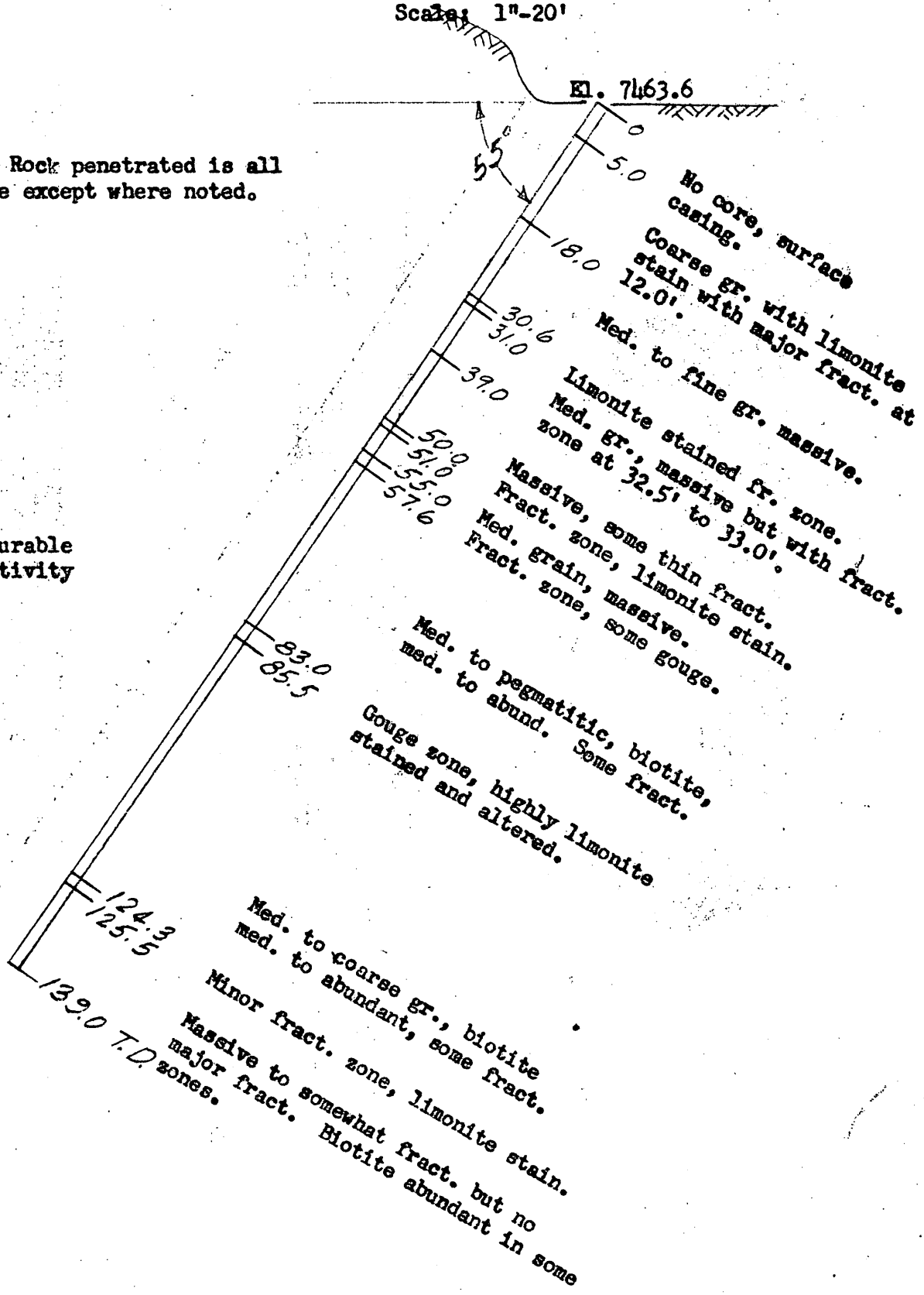
(3)

Docket DMEA 4238, Cont. Idm.-E1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 4
Scale: 1"=20'

Note: Rock penetrated is all granite except where noted.



Docket DMEA 4238, Cont. Idm-E1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 5
Scale: 1"-20'

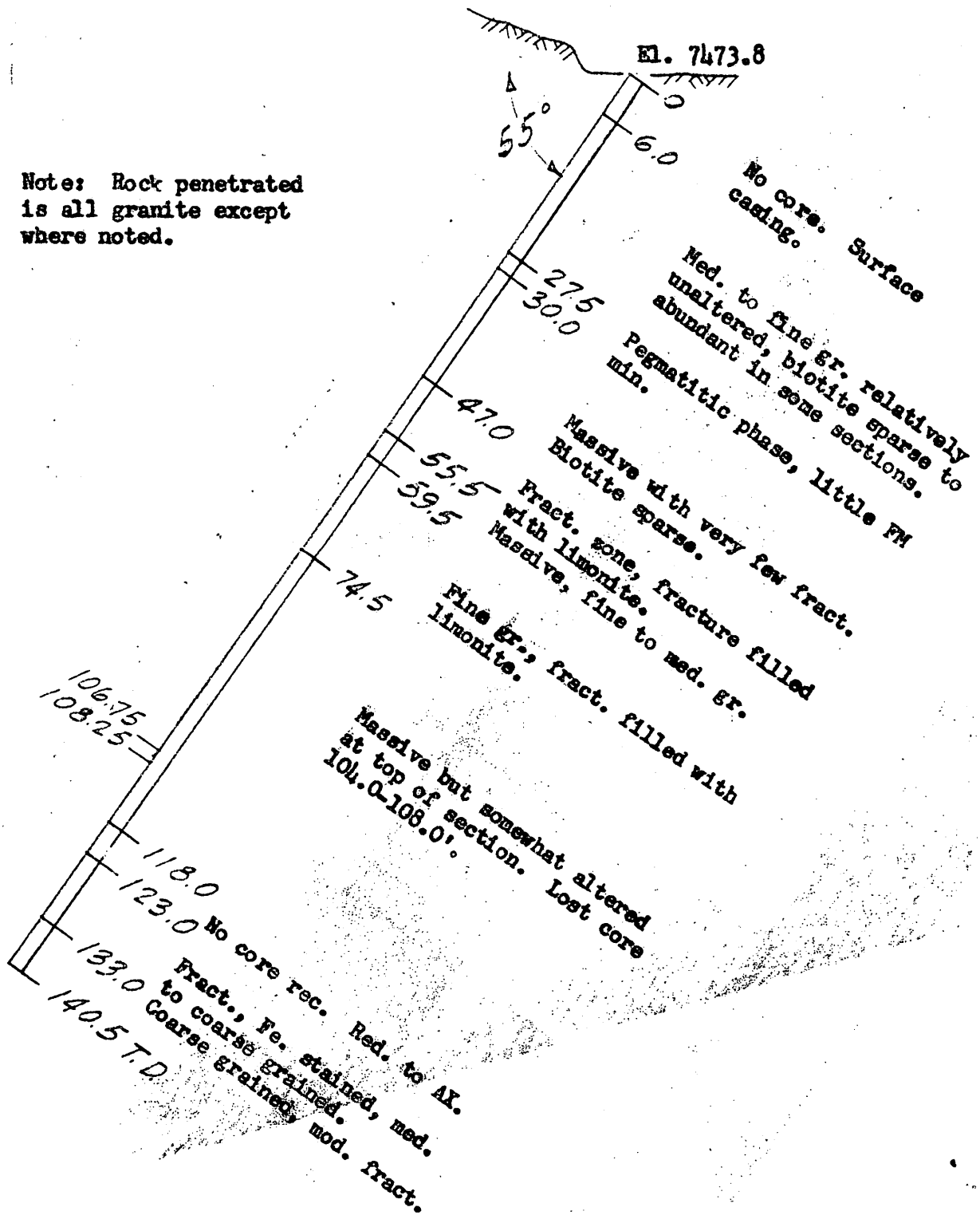


Note: Rock penetrated is all granite except where noted.

No measurable radioactivity

5

Docket DMEA 4238, Cont. Idm.-E1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 6
Scale: 1"=20'



Note: Rock penetrated is all granite except where noted.

0.18% eU308
1.5'

6

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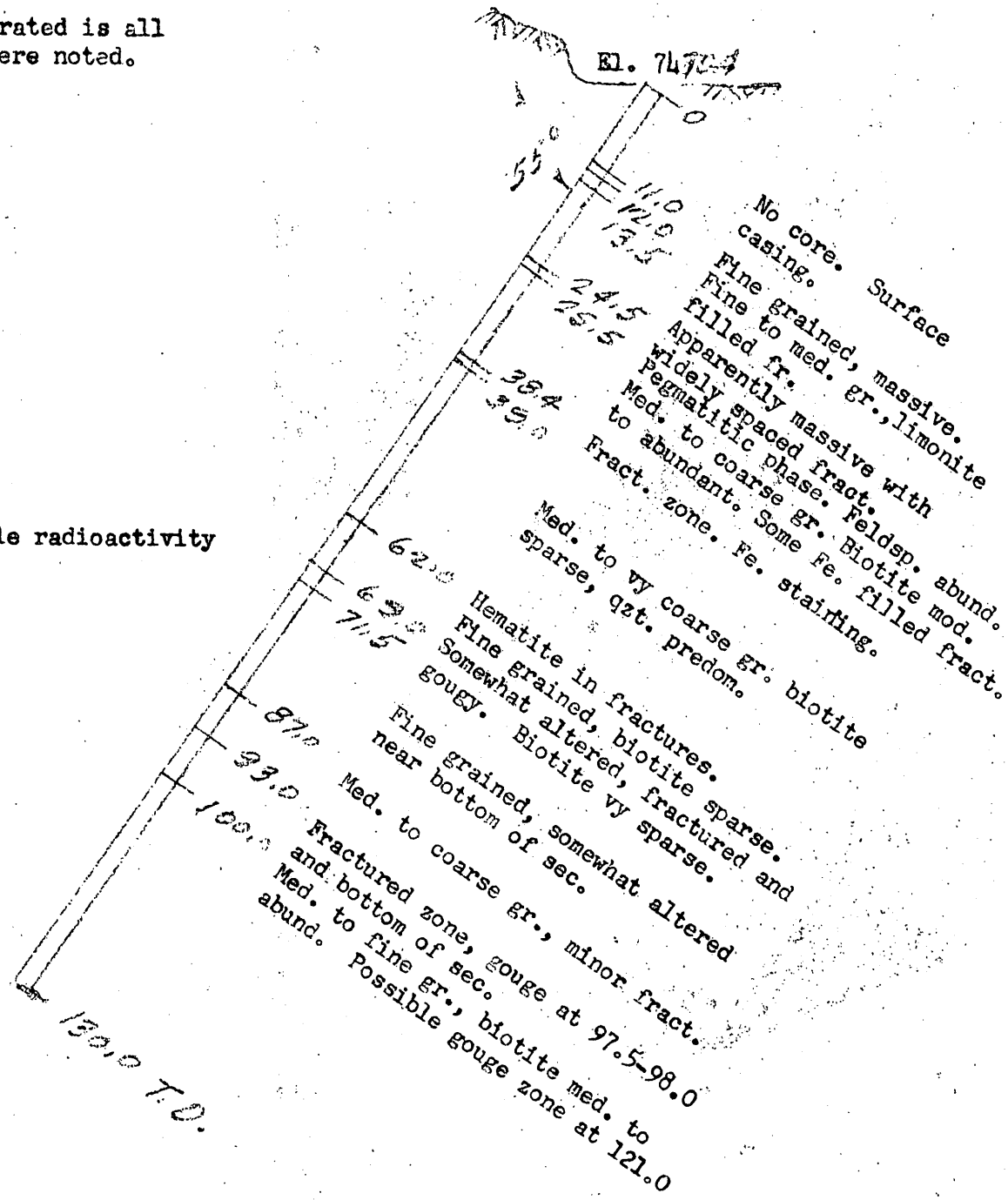
DATE	INITIALS	CODE

Docket DMEA 4238, Cont. Idm-E1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 7
Scale: 1"=20'

Note: Rock penetrated is all granite except where noted.

No measurable radioactivity



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DATE	INITIALS

Dock[redacted] DMEA 4238, Cont. Idm.-K1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 8
Scale: 1"=20'

El. 7439.6

55°

Note: Rock penetrated is all granite except where noted.

0

10.0 No core. Surface casing.

Med. to very coarse gr. with light Fe stained fract.

56.0

66.0 Coarse grained, massive.

70.0 Fract. zone. Fe filling in fract.

Massive, med. to coarse gr., Biotite abundant. Fract. zone at 72.0 - 74.0'.

106.0 Coarse gr. to pegmatitic.

112.0

Med. grained, altered from 115.6 to 118.6'. Biotite

125.0 sparse. Gouge seam at bottom.

Med. gr., somewhat altered, gouge at 134.0' Some kaolinization.

138.0

Very coarse grained (pegmatite?)

145.0 predom. feldspar.

Med. to fine grained, some fract.

151.0 with Mn(?) stain. Gouge at 147.0'

155.5 and 149.0 to 151.0'.

Fine gr. (sandy), little core.

171.75

173.25

Med. gr. to coarse at bottom.

167.6

171.0 Med. gr. rock, soft. May be a gouge. Some Fe staining.

188.5

189.5 Med. to coarse gr., biotite sparse. Minor alteration.

Fine grained gouge.

199.5 T.D. Coarse gr., Feldsp. predom. Biotite lacking.

0.20% eU308
1.5'

(8)

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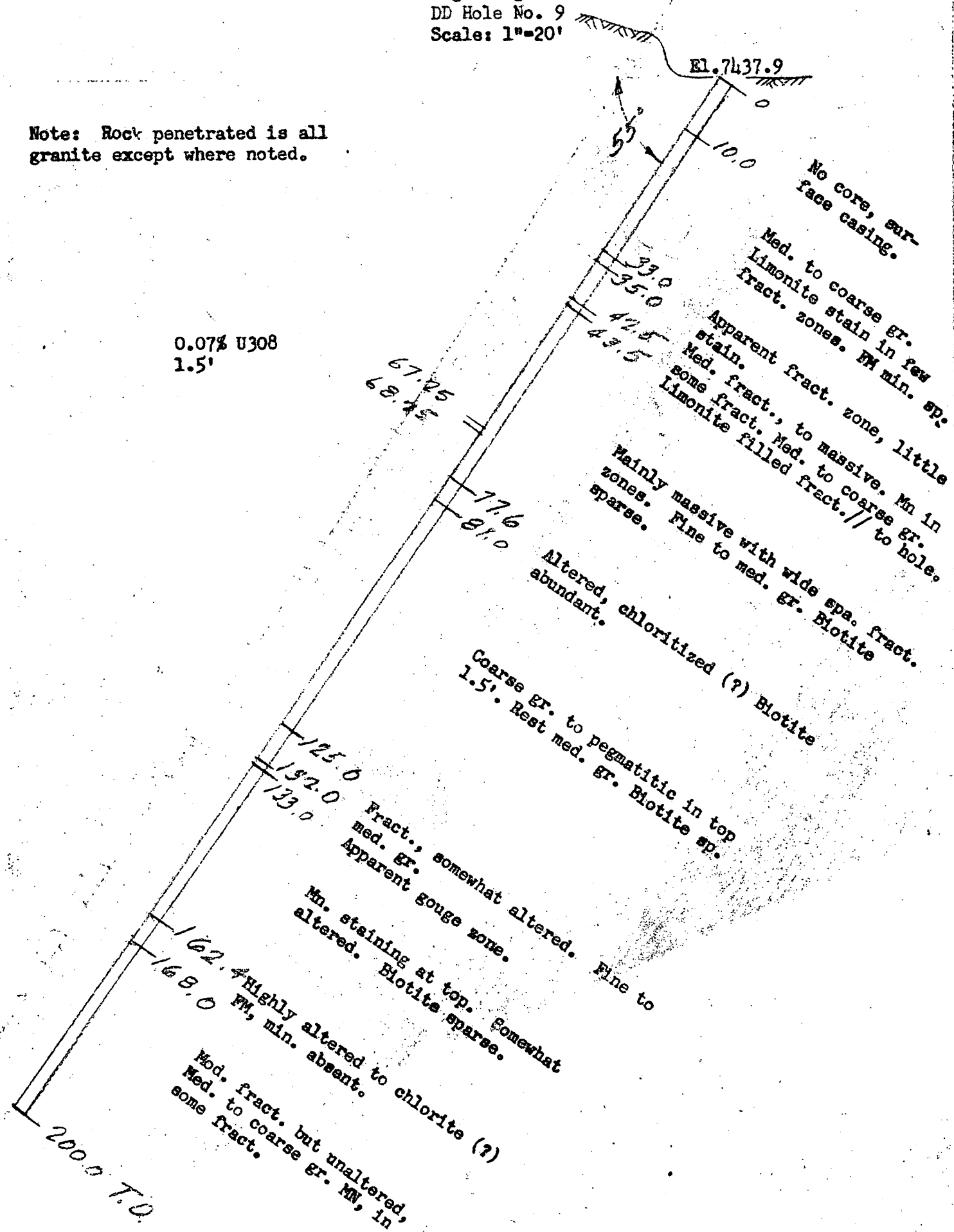
DATE	INITIALS	CODE

Docket DMEA [illegible]8, Cont. Idm-E1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 9
Scale: 1"=20'



Note: Rock penetrated is all granite except where noted.

0.07% U308
1.5'

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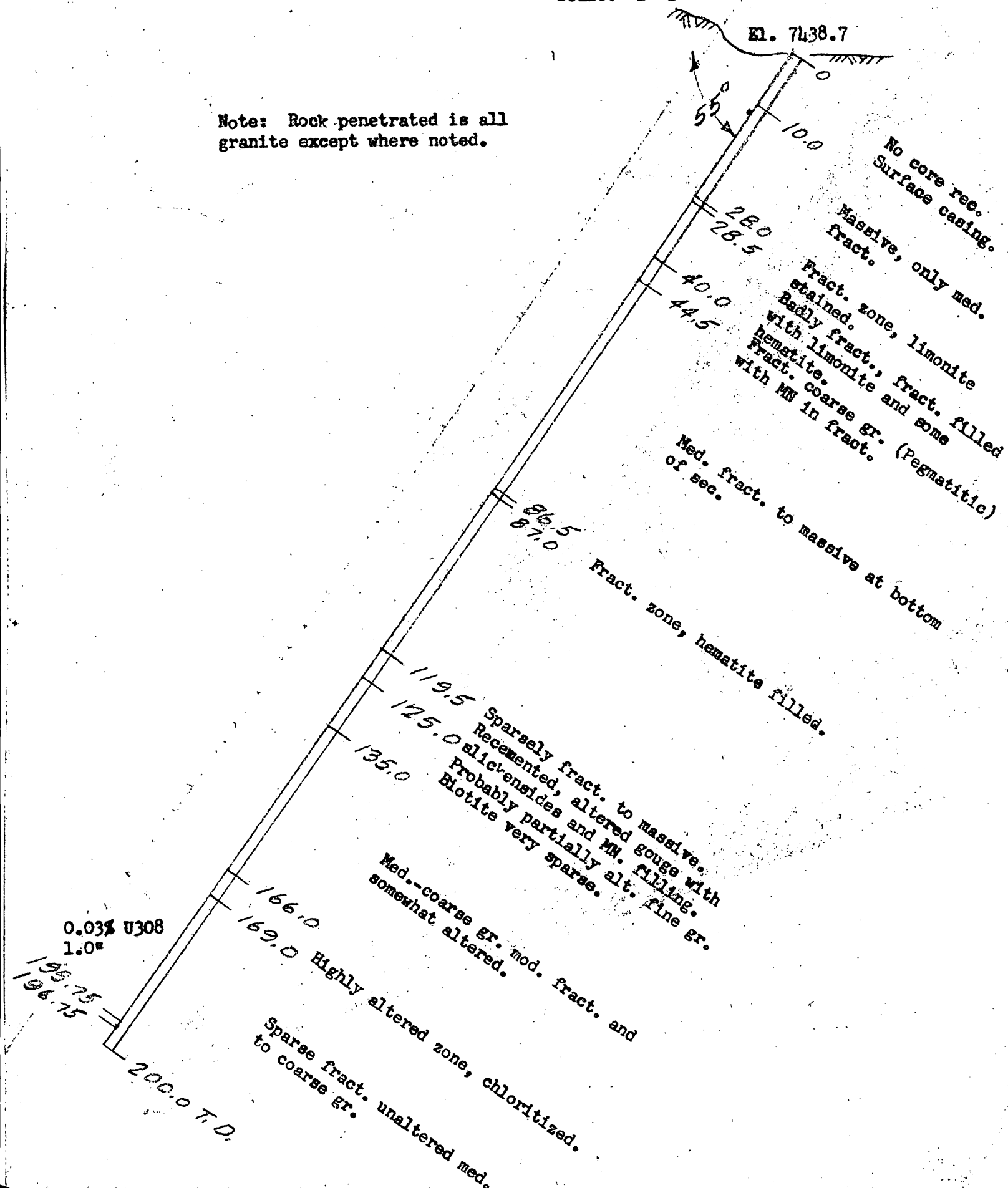
DATE	INITIALS	CODE

Docket D[redacted]4238, Cont. Idm-E1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 10
Scale: 1"=20'



Note: Rock penetrated is all granite except where noted.

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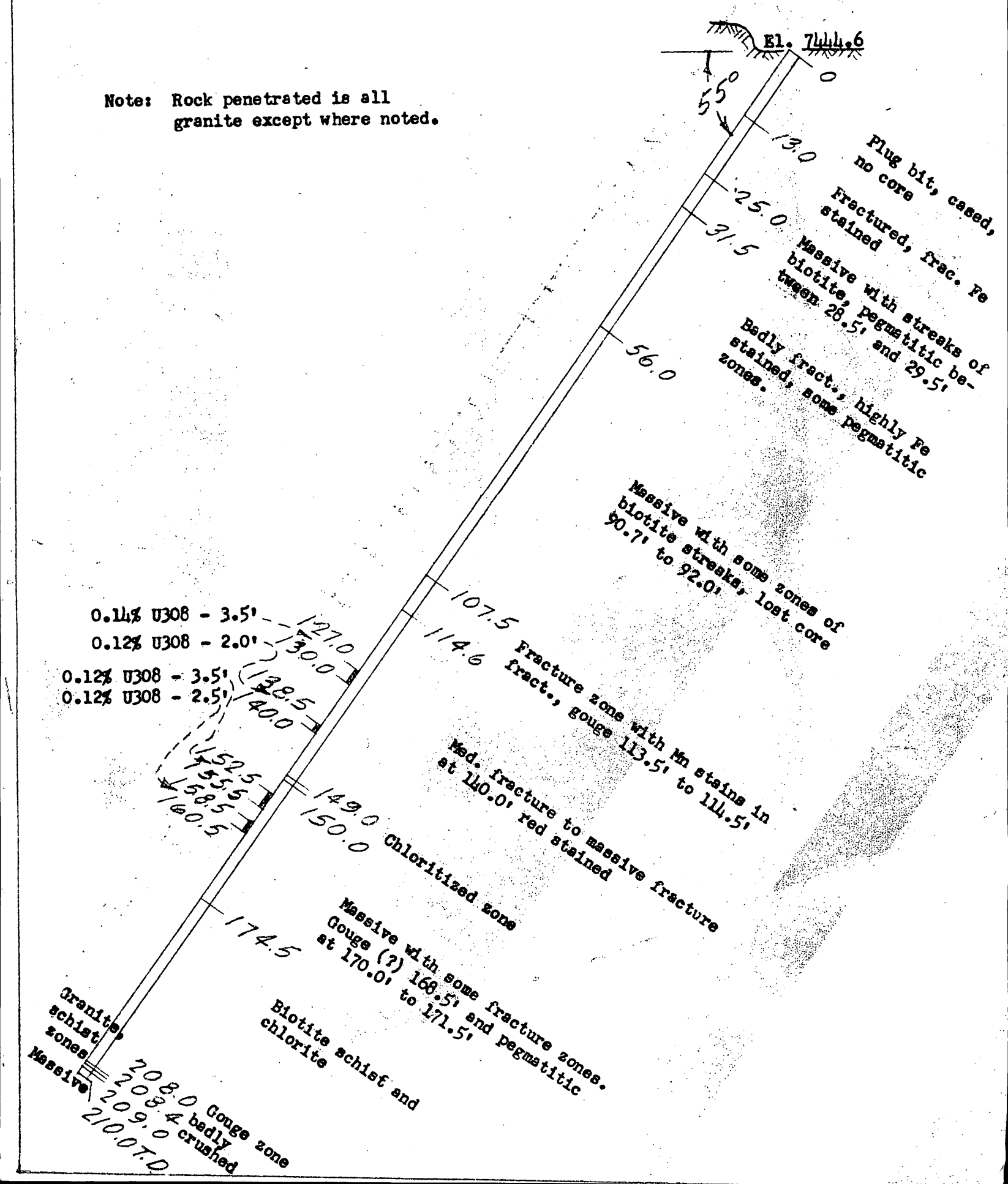
DATE	INITIALS	CODE

Docket DMEA 4238, Cont. Idm-E1148
D[illegible]. C. Uranium Company
Lightning No. 2
DD Hole No. 11
Scale: 1"=20'



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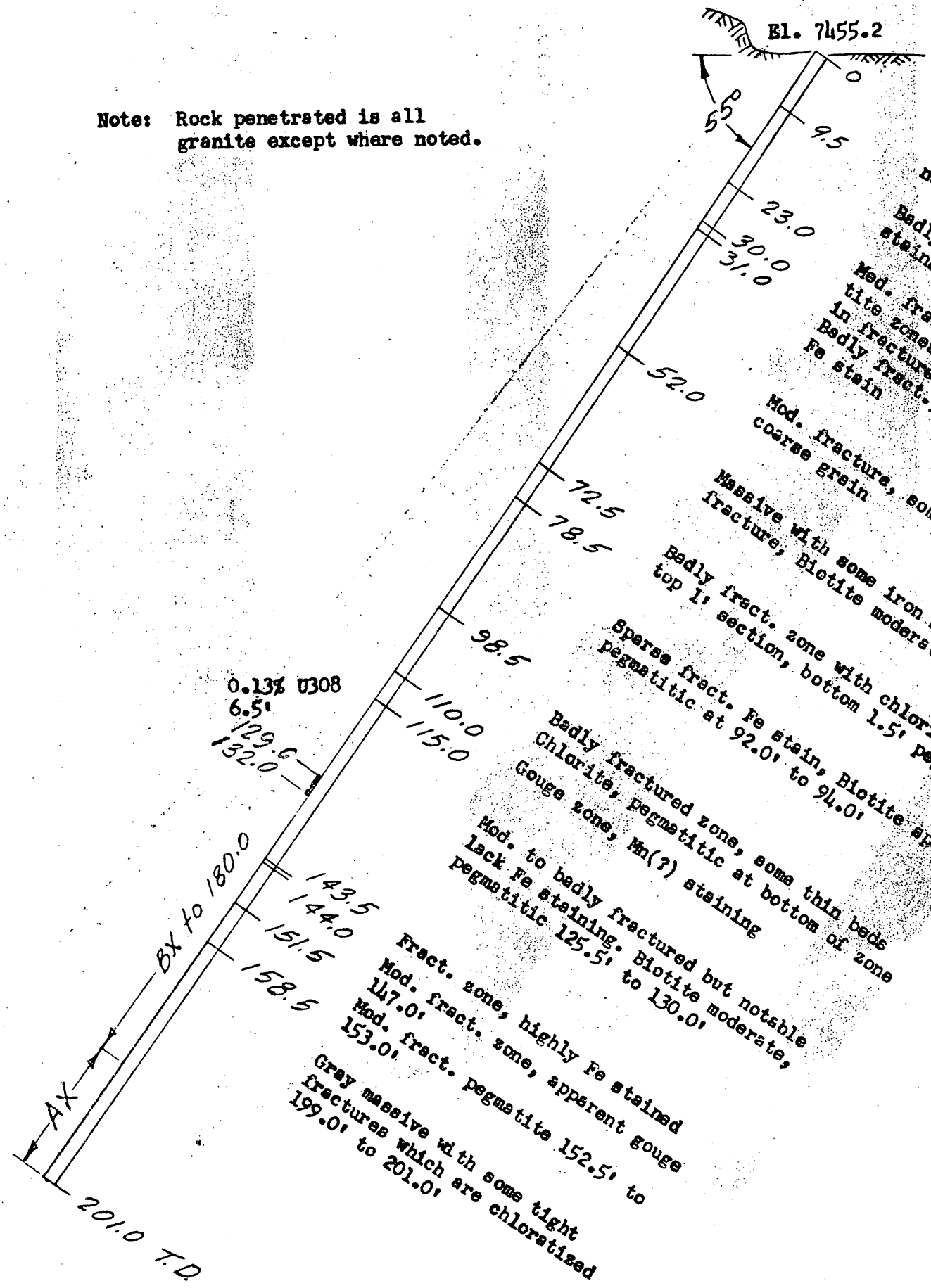
DATE	INITIALS	CODE

Docket DMEA 4238, Cont. Idm-E1148
D. A. C. Uranium Company
Lightning No. 2
DD Hole No. 12
Scale: 1"=20'

Note: Rock penetrated is all granite except where noted.



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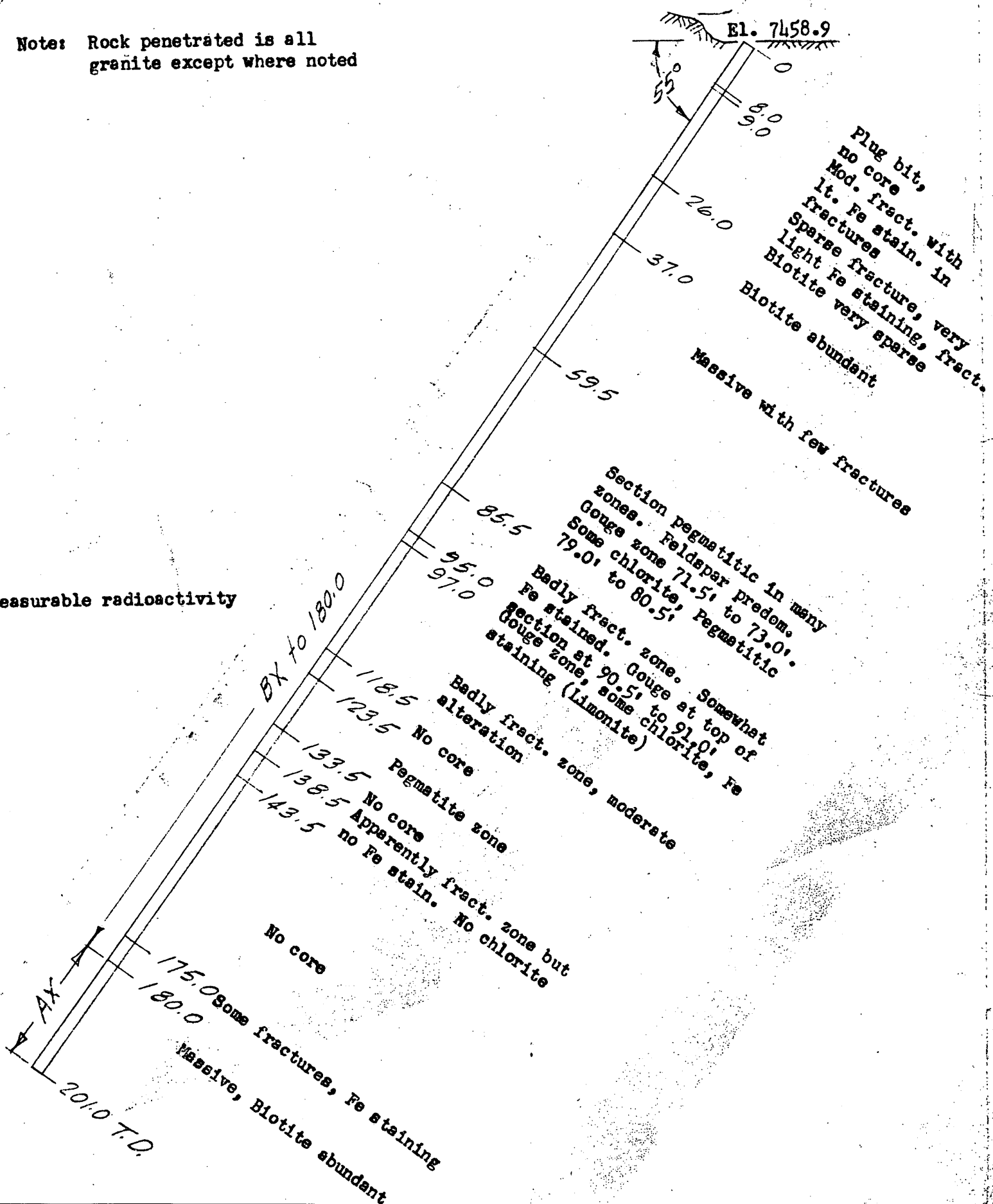
DATE	INITIALS	CODE

Docket DMEA 4[illegible], Cont. Idm-E1148
D. A. C. Uranium Company
Lightning No. 1
DD Hole No. 13
Scale: 1"=20'

Note: Rock penetrated is all granite except where noted



No measurable radioactivity

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RECEIVED MAY 11 1959

DATE	INITIALS	CODE

OFFICIAL FILE COPY O. M. E. RECEIVED MAY 7 1959		
DATE	INITIALS	CODE
5/7	G	220
5/8	[illegible]	800
~~5/11~~	~~[illegible]~~	700

224 New Customhouse
Denver 2, Colorado
May 5, 1959

Memorandum

To: T. A. Christensen

From: Executive Officer, GME Field Team, Region III

Subject: Docket No. DMRA 4328 (Uranium) Contract No. Idm-E1148, D.A.C. Uranium Company, (Lightning group) Fremont County, Colorado

Enclosed is a change of address card from Mr. A. M. Brennake, President, D. A.C. Uranium Company. Please send all future payments and related correspondence to the new address, as follows:

D. A. C. Uranium Company
4427 Cole Avenue
Dallas 5, Texas.

Original signed by
J. W. TOWNSEND

J. W. Townsend

JWC:bmh

cc: Chem. Op. Comm. (2)
Harshman
Balser, GME/DFC
Contract file, Reg. III
Corres. file, Reg. III
Cooper
Chren

} w/copy of Change of Address Card

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 7 1959

DATE	INITIALS	

OME
DEPARTMENT OF THE INTERIOR
MAY 4 - 1959
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY O. M. E. RECEIVED MAY 7 1959		
DATE	INITIALS	CODE
5/7	G	220
5/8	MW	800
5/11	~~[illegible]~~	700

224 New Customhouse
Denver 2, Colorado
May 5, 1959

Mr. E. T. Thurber, Jr.
Mining Engineer
P. O. Box 432
Salida, Colorado

Re: Docket No. DMEA [illegible]
Contract Idm-Kl[illegible]
D.A.C. Uranium Company
(Lightning Group)
Fremont County, Colorado

Dear Mr. Thurber:

Receipt is acknowledged of your letter of May 1, 1959, pertaining to the supplemental voucher and accounting Forms NF-104 and NF-104A, covering the work units and costs for Hole No. 7.

Review of the monthly report and voucher for the period from September 30, 1958, through February 13, 1959, which has now been processed, reveals that the maximum allowable units for core boxes and for cementing and redrilling have already been exceeded and that sufficient drill footage does not remain available for completion of another hole. Under EXHIBIT "A", page 2, second paragraph, the contract stipulates that the Government will not contribute to an incompleted hole, therefore it is necessary that one hole be deleted.

Hole No. 7 has not been reported completed to contract specifications; therefore, as sufficient drilling footage is not available for its completion it will be necessary to disallow the entire cost of the hole, if it is reported. You may prefer not to submit a supplemental voucher for Hole No. 7, in which case, please inform this office by return mail that you wish the accounting report for the period from September 30, 1958, through February 13, 1959, to be considered as the final accounting report.

In the event you wish to submit a supplemental accounting report and voucher for Hole No. 7 for the records, following are the answers to the questions asked in your letter.

1. All accepted work units and costs to date, plus the additional units and costs for Hole No. 7, are to be included on the supplemental Forms NF-104 and NF-104A.

2. Units and costs which have been disallowed in processing prior vouchers should be deleted from the supplemental forms.

3. Amounts previously suspended for Hole No. 7 are as follows:

Core drilling, 130 feet at $7.00/ft.	$910.00
Core boxes, 14 boxes at $1.25/box	17.50
Cementing and redrilling, 11 ft. at $2.00/ft.	22.00
Total	$949.50

There still remains the matter of the Operator's final engineering and geologic report required under Article 7(e) of the contract, which is to be submitted by you as a separate matter from the final accounting report. For prior correspondence regarding the final report, please refer to your letter of February 19, 1959, and our reply of March 17, 1959.

In addition to your decision regarding whether you will submit a supplemental voucher covering Hole No. 7, we will appreciate advice by return mail, as to the date within the near future on or before which we can expect to receive the required five copies of the final engineering and geologic report.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JDC:hmh

cc: Mr. A. M. Brenneke
4427 Cole Ave.,
Dallas 5, Texas

cc: Chmn. Op. Comm. (2)
Harshman
Belser, OME/DFC
Corres. file, Reg.III
Cooper
Chron

w/copy of Operator's letter of 5/1/59

D. A. C. URANIUM COMPANY
P. O. Box 432
Salida, Colorado

May 1, 1959

OME
DEPARTMENT OF THE INTERIOR
MAY 4 - 1959
REGION III
DENVER, COLORADO

EXTRA COPY
O. M. E.
RECEIVED MAY 7 1959

DATE	INITIALS	CODE

Mr. A. C. Townsend
Executive Officer, OME
Field Team, Region III
U.S. Geological Survey
Denver 2, Colorado

Re: Docket No. DMA 4321 (Permit)
Garnet Mesa Mill
D. A. C. Uranium Company
Fremont County, Colorado

Dear Mr. Townsend:

Upon my return to Denver after a two week absence, I found your letter of April 16, 1959 requiring results thereof for certain payments specified by your office.

Several questions have arisen regarding the proper completion of the Monthly and Bi-Monthly forms now available.

1. Paragraph 2 of your letter requires that the forms show dollars in full for all work completed under the contract. Does this requirement include the dollar value of work in progress at the beginning of the contract or to the end of the period covered by the report? Does this mean that the amounts shown on the monthly and bi-monthly reports should be dollars?

2. Should the details to date, in any body, be the amount shown on the previously prepared [illegible] Department Headquarters?

3. [illegible]

The MT-104 forms will be completed when advice on the above questions is received. Please address any future correspondence to P. O. Box 432; Salida, Colorado.

Thank you.

Very truly yours,

D. A. G. URANIUM COMPANY

W. K. Thurber, Jr.

W. K. Thurber, Jr.
Project Manager

WKT/jt

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

FINAL DISTRIBUTION
MADE APR 29 1959

Administrative Audit Difference Statement

Date: April 29, 1959
Payee's Reference: 9/30/58 - 2/13/59

D.A.C. Uranium Company
1307 Tower Petroleum Bldg.
Dallas Texas

DMEA-43 & 8

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

Amount Claimed $ $5245.87

Difference $ 168.00

Amount Approved $ $5077.87

The reason for the difference was due to: See attached

Amount reinstated ----------$500.00

Amount withheld----------$200.00

EXTRA COPY O. M. E. RECEIVED MAY 4 1959		
DATE	INITIALS	CODE
5/4	G	220
5/5	[illegible]	110
5/6	[illegible]	700

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

Disallowance, Core Boxes

The contract provides for a maximum of 160 core boxes to be purchased, which has been exceeded; therefore the reported cost for excess core boxes is to be disallowed as follows:

Included in units and costs to date, 190 core boxes at $1.25 per box----------	$237.50	
Previously suspended, now considered disallowed, 14 core boxes at $1.25 per box----------	17.50	
Net reported to date, 176 core boxes at $1.25 per box----------		$220.00
Maximum allowable, 160 core boxes at $1.25 per box----------		200.00
Disallowed, 16 core boxes at $1.25 per box----------		$ 20.00

Disallowance, Cementing and Redrilling

The contract provides for a maximum of 500 feet of cementing and redrilling. The allowable maximum has been exceeded, therefore, the reported cost for excess cementing and redrilling is to be disallowed as follows:

Total reported to date, 574 feet at $2.00 per foot --	$1148.00	
Maximum allowable, 500 feet at $2.00 per foot--------	1000.00	
Amount to be disallowed, 74 feet at $2.00 per foot----------		$148.00
Total amount disallowed----------		$168.00

Reinstated the amount of $500.00 which was withheld from reimbursement to the Operator in processing Form MF-104 for the period from June 23, 1958 through September 30, 1958.

Withheld an amount of $200.00 from reimbursement to the Operator in processing the current voucher, pending resolution of matters prerequisite to closing the account. The contract work has been completed.

EXTRA COPY O. M. E. RECEIVED MAY 4 1959		
DATE	INITIALS	CODE

224 New Customhouse
Denver 2, Colorado
April 27, 1959

Memorandum

To: T. A. Christensen

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

Subject: Docket No. DMRA 4326 (Uranium) Contract Idm-81148, D. A. C. Uranium Company, (Lightning group) Fremont County, Colorado - Operator's Monthly Progress Report for the period - Sept. 30, 1958 through February 13, 1959

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

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

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

The Operator intends to submit a separate voucher covering the costs of hole No. 7, which costs were previously suspended in processing the voucher for the period June 23, 1958 through September 30, 1958, because the hole had not been probed radiometrically as required. All of the previously reported costs for hole No. 7 have been deleted from the current voucher, with exception of the cost for 14 core boxes which is included in the "Totals Previously Reported" and "Totals to Date". The previously suspended cost for the 14 core boxes is now considered to be a disallowance, and additional core boxes are to be disallowed as indicated below, as the maximum allowable number of core boxes provided in the contract has been exceeded.

EXTRA COPY
O. M. E.
RECEIVED MAY 4 1959

DATE	INITIALS	DATE

Disallowance, Core Boxes

The contract provides for a maximum of 160 core boxes to be purchased, which has been exceeded; therefore the reported cost for excess core boxes is to be disallowed as follows:

Included in units and costs to date, 190 core boxes at $1.25 per box	$237.50	
Previously suspended, now considered disallowed, 14 core boxes at $1.25 per box	17.50	
Net reported to date, 176 core boxes at $1.25 per box		$220.00
Maximum allowable, 160 core boxes at $1.25 per box		200.00
Disallow, 16 core boxes at $1.25 per box		$ 20.00

Disallowance, Cementing and Redrilling

The contract provides for a maximum of 500 feet of cementing and redrilling. The allowable maximum has been exceeded, therefore, the reported cost for excess cementing and redrilling is to be disallowed as follows:

Total reported to date, 574 feet at $2.00 per foot	$1148.00
Maximum allowable, 500 feet at $2.00 per foot	1000.00
Amount to be disallowed, 74 feet at $2.00 per foot	$148.00
Total amount to be disallowed	$168.00

Reinstate the amount of $500.00 which was withheld from reimbursement to the Operator in processing Form MF-104 for the period from June 23, 1958 through September 30, 1958.

Withhold an amount of $200.00 from reimbursement to the Operator in processing the current voucher, pending resolution of matters prerequisite to closing the account. The contract work has been completed.

Reconciliation With Amount Reported by the Operator on Form MF-104 for the period, September 30, 1958, through February 13, 1959

Amount reported on Form MF-104 for the period from September 30, 1958, through February 13, 1959		$5245.87
Amount to be disallowed		168.00
Acceptable cost for the period		$5077.87
Government participation at 75 percent		$3808.40
Amount to be reinstated	$500.00	
Amount to be withheld	200.00	
Net Reinstatement		300.00
Balance due the Operator		$4108.40

Remarks:

Date of Report---------- March 6, 1959
Date Received in Field Office---------- April 13, 1959
Date Received in Region Office---------- April 23, 1959

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

Enclosures

JBC:mmh

cc: Chem. Op. Comm. (2)
Belser, CHE/NFC
NP-104 file, Reg. III
Harshman } w/copy Engr's Report
Cooper }
Chron

OME
DEPARTMENT OF THE INTERIOR

APR 23 1959
REGION III
DENVER, COLORADO

EXTRA COPY
O. M. E.
RECEIVED MAY 4 1959

April 22, 1959	INITIALS	CODE

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Carl Belzer

Subject: Docket No. DMEA 4328 (Uranium) Contract I6m-E1148, D. A. C. Uranium Company, Lightning group, Fremont County, Colorado

The subject operation was visited March 5, 1959, at which time no one had been up the mine road since about February 14, 1959. All the holes had been completed but the core boxes containing the core of the last three holes were there and could be checked. The holes follow:

Hole	BX Core	AX Core	Core Boxes	Radiometric From	To	Dist.	eU_3O_8	Cemented Length	Probed Length
~~7~~	~~130.0~~	~~0~~	~~14~~	~~No measurable radioactivity~~				~~11.0~~	~~138.0~~
11	210.0	0	18	126.5'-130.0'		3.5'	0.14		
				138.0'-140.0'		2.0'	0.12	35.8	209.3
				152.5'-155.0'		3.5'	0.12		
				158.5'-160.5		2.5'	0.12		
12	180.0	21.0	16	129.5'-132.0'		3.0'	0.11	171.0	200.4
13	180.0	21.0	16	No measurable radioactivity				95.0	199.0
	570.0	42.0	50					301.0	608.7
Paid before	1412.5	17.0	136					273.0	1398.0
	1,982.5	59.0	186					574.0	2,006.7

Because of the overdrilling hole 7 in its entirety is disallowed. A total of 136 core boxes were paid for on the first 104's. Only 24 additional core boxes are necessary to reach the maximum of 160 permitted by the contract. The total length of cementing and redrilling is 574.0 feet or 74 feet more than is permitted by the contract.

Allowable costs are:

570 ft. BX core drilling at $7.00/ft.	$3,990.00
42 ft. AX core drilling at $6.50/ft.	273.00
608.7 ft. of probing at $0.10/ft.	60.87

(cont.)

227.0 ft. of cementing and redrilling at $2.00/ft.	$454.00
24 core boxes at $1.25/each	30.00
½ month supervision at $600.00/mo.	150.00
24 chemical analyses at $5.00/each	120.00
	$5,077.87

Payment of 75 percent of the above amount or $3,808.40 is recommended.

Carl Belser
Carl Belser
Mining Engineer

CB/mw
cc: 6
Idm-E1148
chron

Form MF-1 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

MAY 4 1959 O.M.E

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

Month of 9/30/58-2/13/59, 195..... Docket No. DMEA 4328 Contract No. DMEA 1148

Operator's Name D.A.C. Uranium Company Minerals Uranium

Address P. O. Box 935; Canon City, Colorado

Contract Amount, $ 17,939.00 Government Participation 75 % Amount, $ 13,454.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	4263.00	9802.55	14,065.55			
Bulldozing	None	288.00	288.00			
Crosscutting, Probing	60.87	139.80	200.67			
Drifting						
Cementing & Redrill.	602.00	546.00	1,148.00			
(2) Labor and Supervision:						
Labor						
Supervision	150.00	1,350.00	1,500.00			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core Boxes	50.00	187.50	237.50			
(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	120.00	None	120.00			
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	5,245.87		17,559.72	507.87	12,296.35	17,374.22

OME DEPARTMENT OF THE INTERIOR APR 9 - 1959 REGION III DENVER, COLORADO

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

Date Mar 16, 1959 *Payee D.A.C. Uranium Co.

Per [signature] Title Project Manager

*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:

$ 4108.40

Signature [signature] (Authorized Certifying Officer)

Date 4/28/59 Vou. No. OME 59-104

(See other side)

Withheld 200.00
Reinstated 50.00

(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-E1148 in accordance with the terms of the contract.

Signature Carl Bekker ($3,808.40) Title Mining Engineer Date 4/21/59

Checked for Engineering Allowability

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature John N. Henderson Title Acting Executive Officer Date APR 27 1959

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 195[illegible])

Budget Bureau No. 42-R1151.2

MAY 4 1959 O.M.E.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of 9/30/58-2/18/59 195____ Docket No. DMEA 4328 Contract No. [illegible]
Operator's Name L.A.C. Uranium Company Minerals Uranium
Address P. O. Box 938/ Canon City, 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 Bullcosing	Hr	None	None	288.00	24	12.00	24	12.00
Crosscutting Core Drill. BX	Ft	3,990.00	570.00	13679.50	1963.5	7.00	2060	7.00
Raising AX	Ft	273.00	42.0	306.05	59.0	5.65		5.65
Shafts Radiometric Probe	Ft	60.87	608.7	200.67	2006.7	0.10	2060	0.10
Winzes Supervision	Mo	150.00	1/4	1500.00	2-1/2	600.00	2-1/2	600.00
Drilling: Core Core Bxs	Ea	50.00	40	237.50	190	1.25	160	1.25
Churn Analysis	Ea	120.00	24	120.00	24	5.00	65	5.00
Auger Redrill	Ft	602.00	301.0	1148.00	574.0	2.00	500	2.00
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		6,246.87		17,559.72				

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 Mar 7, 1959 Operator L.A.C. Uranium Co.

Per [signature] Title Project Manager

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) Carl Belser

INSTRUCTIONS

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

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

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

GPO 872894

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of [illegible] 195..... Docket No. DME-[illegible] Contract No. [illegible]
Operator's Name [illegible] Minerals [illegible]
Address [illegible]

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	FIRST COSTS TO DATE	ACCRUED BY CONTRACT	
							Units	Unit Cost
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
[illegible] Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Clay [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Auto [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]								
[illegible]								
[illegible]								
Roads and Trails								
Total Distributed Costs								Total Costs Accrued by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		[illegible]		[illegible]				

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 [illegible] Operator [illegible]

For [illegible] Title [illegible]

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

REMARKS:

(Instructions on reverse)

(For Government use only) [illegible]

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O. M. E.
RECEIVED MAY 11 1959

DATE	INITIALS	CODE

MAY 4 1959
O.M.E.

DRILLING PROGRESS NARRATIVE REPORT
DOCKET NO. DMEA 4328
CONTRACT NO. Idm-81148
LIGHTNING CLAIMS
D. A. C. URANIUM COMPANY
FREMONT COUNTY, COLORADO
March 9, 1959

Work under Contract Idm-81148 proceeded uninterrupted during the reporting period with the exception of a recess in drilling from October 16 to December 15, 1958. Because of the recess Hole No. 11, started on September 26, 1958, was not completed until December 16, 1958. All drilling, sampling, probing and assaying under the Contract was completed by February 13, 1959.

The recess noted in the above paragraph necessitated an extension in the time for completion of the contract work. An extension was requested on December 11, 1958 and was granted by Amendment No. 1 to the Contract dated December 23, 1958 which allowed completion by February 15, 1959.

In addition to the new drilling completed during the reporting period, Hole No. 7 was reopened and cased for probing. This hole was probed to 128.0 feet.

A tabulated summary of the data on holes completed during the reporting period is presented below. Detailed logs of the cores and graphic sections of the holes are attached as Appendix I.

SUMMARY OF DRILLING

September 30, 1958 to February 13, 1959

Hole No.	T.D. Feet	Date Started	Date Finished	Length Cemented Feet	BX Size Feet	AX Size Feet	Length Probed Feet
11	210.0	Sept 26, 1958	Dec 16, 1958	35.0	210.0	-0-	209.3
12	201.0	Dec 21, 1958	Jan 19, 1959	171.0	180.0	21.0	200.4
13	201.0	Jan 23, 1959	Feb 13, 1959	95.0	180.0	21.0	199.0
Totals	612.0			301.0	570.0	42.0	608.7

The assumption that the south end of the mineralized zone is the most highly shattered is borne out by the difficulty encountered in drilling the last three holes and the caving of Hole No. 7. The drillers found it necessary to cement and redrill a total of 301.0 feet in the three holes drilled during the reporting period as contrasted to only 285.0 feet in the 10 holes reported formerly. Further, the bad ground required the reduction to AX in short sections of Hole Nos. 12 and 13.

The core recovery in Hole Nos. 11 and 12 was excellent but the logging of the core in Hole No. 13 showed that three sections of core were lost. Between 118.5 feet and 123.5 feet (5.0 feet) no core was recovered; between 133.5 feet and 138.5 feet (5.0 feet) no core was recovered and between 143.5 feet and 175.0 feet (31.5 feet) no core was recovered. It is estimated that the core recovery in the latter hole was only approximately 65% while in Hole Nos. 11 and 12 the core recovery exceeded 80%. Sludge samples were recovered at 5 foot intervals over longer sections of the holes than required by the Contract.

Hole Nos. 11, 12 and 13 as well as Hole No. 7, reopened during the reporting period, were radiometrically probed with a reel and probe attachment for a Babble Model 610 geiger counter. The results are summarized in the following table and the logs are detailed in Appendix II.

SUMMARY OF RADIOMETRIC PROBING

Hole No.	Zone of Radioactivity	Thickness Feet	Estimated Grade % eU_3O_8
7	0 thru 128.0	No measurable radioactivity	
11	127.0 thru 130.0	3.5	0.14
	138.5 thru 140.0	2.0	0.12
	152.5 thru 155.5	3.5	0.12
	158.5 thru 160.5	2.5	0.12
12	129.0 thru 132.0	3.5	0.11
13	0 thru 199.0	No measurable radioactivity	

It is apparent from the results of probing of Hole Nos. 7 and 13 that the south end of the fracture zone being explored is barren of radioactive minerals. Hole No. 11 shows various zones of radioactivity but none is in a favorable lithologic zone for uranium deposition. The radioactivity encountered in Hole No. 12 and Hole No. 6 when plotted on a section drawn between the two holes and parallel to them, if related, indicates a structure dipping approximately 39° to the east. This dip is much flatter than any mapped along the main shear zone so the mineralization in the holes may not be related. The irregularity of results obtained in probing makes it difficult to project the various radioactive zones even between adjacent holes.

The samples reported in Appendix II were taken in part on the basis of the radioactivity encountered in probing and in part on the basis of the rock character noted in the cores. In many instances, the section of core showing good radioactivity was hard, unfractured granitic rock or pegmatite. This, coupled with the very low uranium values found by assay, indicates that the radioactivity encountered in most of the holes is due to Thorium or rare earths. These elements are found in the Cosldale-Cotopaxi area in near-commercial quantities.

In summary, the work accomplished during the reporting period bears out the evidence of discontinuity of the radioactive zones noted in the narrative report of the preceeding period and the assays strongly indicate that the radioactivity encountered is, for the most part, Thorium and rare earths. The latter indicates that the mining of the fracture zone for uranium would not be feasible.

E. A. C. Uranium Company

Contract No. I6m-21146

APPENDIX I

DRILL HOLE LOGS AND SECTIONS

DRILL HOLE LOG

Logged For

Type of Drill: Longyear

D.A.C. Uranium Co.

MAY 4 1959 O.M.E.

Drill-hole No.: 11

COORDINATES

Claim: Lightning No. 2

Total depth: 210.0

North: East:

Date started: Sept. 26, 1958

Collar elev.: T 7444.6 P

Tie:

Date completed: Dec. 16, 1958

Area: Coaldale, Colorado

Logged by: H. K. T., Jr.

Summary of log: ; OBSS: Thick: ; Sp color: ; MS under OBSS: ; Cbn:

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	13.0					Plug bit, cased, no core
13.0	25.0	Granite	Gy-Pk	C-M		Fractured, frac. Fe stained
25.0	31.5	"	Gy	F-M		Massive with streaks of biotite, pegmatitic between 28.5' and 29.5'
31.5	56.0	"	Gr-Br	M		Badly fract., highly Fe stained, some pegmatitic zones
56.0	107.5	"	Gy-Pk	F-M		Massive with some zones of biotite streaks, lost core 90.7' to 92.0'
107.5	114.5	"	Gy-Bk	M-C		Fracture zone with Mn stains in fract. gouge 113.5' to 114.5'
114.5	149.0	"	Gy-Pk	C-M		Med. fracture to massive fracture at 140.0' red stained.
149.0	150.0	Chlorite	Gy-Gn			Chloritized zone
150.0	174.5	Granite	Pk-Gr	F-C		Massive with some fract. zones. Gouge (?) 168.5' and pegmatitic at 170.0' to 171.5'
174.5	208.0	Schist	Gy-Gn	F		Biotite schist and chlorite
208.0	208.4	Gouge	Gy-R			Gouge zone badly crushed
208.4	209.0	Granite	Gy			Granite with schist zones
209.0	210.0	"	Gy			Massive
						BX 0' to 210.0'
						AX None
						Note: for probing results see probing log.

γ-Ray Log

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

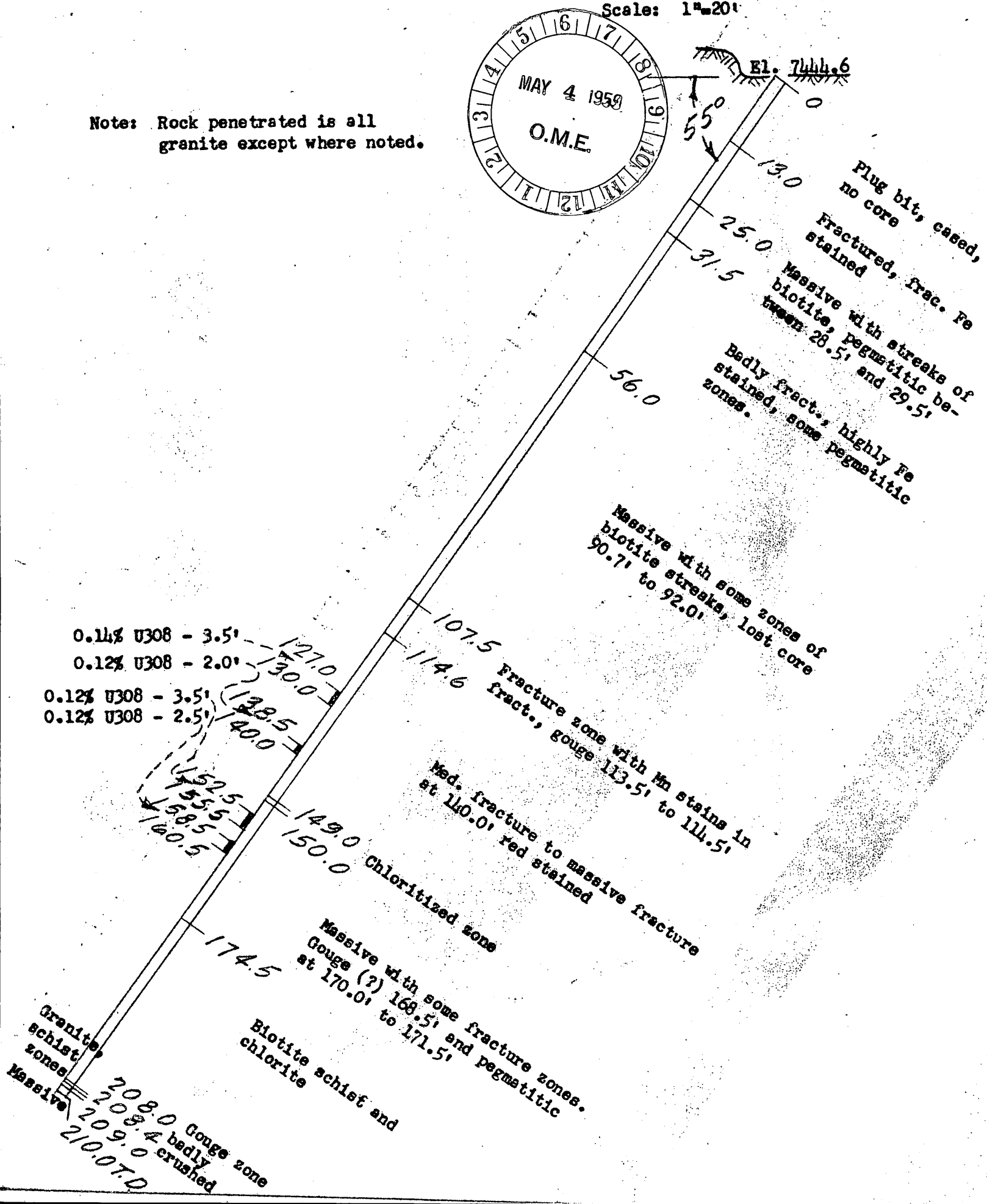
Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant
OBSS—ore bearing sandstone	

Hole No. 11

Docket DMEA 4238, Cont. Idm-E1148
D. A. [illegible] Uranium Company
Lightning No. 2
DD Hole No. 11
Scale: 1"=20'

MAY 4 1959
O.M.E.

Note: Rock penetrated is all granite except where noted.



DRILL HOLE LOG

MAY 4 1959 O.M.E.

Logged For

Type of Drill Longyear D. A. C. Uranium Co.

Drill-hole No. 12 COORDINATES Claim Lightning No. 2

Total depth 201.0 North East Date started Dec. 21, 1958

Collar elev. T 7455.2 P Tie Date completed Jan. 19, 1959

Area Coaldale, Colorado Logged by H. K. T., Jr.

Summary of log ; OBSS Thick ; SS color ; MS under OBSS ; Cbn

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	9.5					Plug bit cased, no core
9.5	23.0	Granite	Br-Gy	M-C		Badly fract., Fe stains in fract.
23.0	30.0	"	Br-Gy	F-M		Med. fract. some pegmatite zones, Fe staining in fractures
30.0	31.0	"	Br	M-C		Badly fractured, possible gouge, Fe stain
31.0	52.0	"	Gy-Br	M-C		Mod. fracture, some zones very coarse grain
52.0	72.5	"	Gy	F-M		Massive with some iron stained fracture, Biotite moderate
72.5	78.5	"	Gy-Pk	M-C		Badly fractured zone with chlorite top 1' section, bottom 1.5' pegm.
78.5	98.5	Gr	Gy	C-M		Sparse fract. Fe stain, Biotite sparse, pegmatitic at 92.0' to 94'
98.5	110.0	"	Gy-Pk			Badly fract. zone, some thin beds Chlorite, pegmatitic at bottom of zone
110.0	115.0		Gy			Gouge zone, Mn (?) staining
115.0	143.5	Granite	Gy-Pk	M-C		Mod. to badly fractured but notable lack Fe staining, biotite moderate pegmatitic 125.5' to 130.0'
143.5	144.0	"	Br	M		Fractured zone, highly Fe stained
144.0	151.5	"	Br-Pk	M-F		Mod. fractured zone, apparent gouge 147.0'
151.5	158.5	"	Gy-Pk	M-C		Mod. fract. pegmatite 152.5' to 153.0'
158.5	201.0	"	Gy	M		Gray massive with some tight fractures which are chloratized 199.0' to 201.0'
						BX 0' to 180.0'
						AX 180.0' to 201.0'
						Note: for probing results see probing log

γ-Ray Log

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant

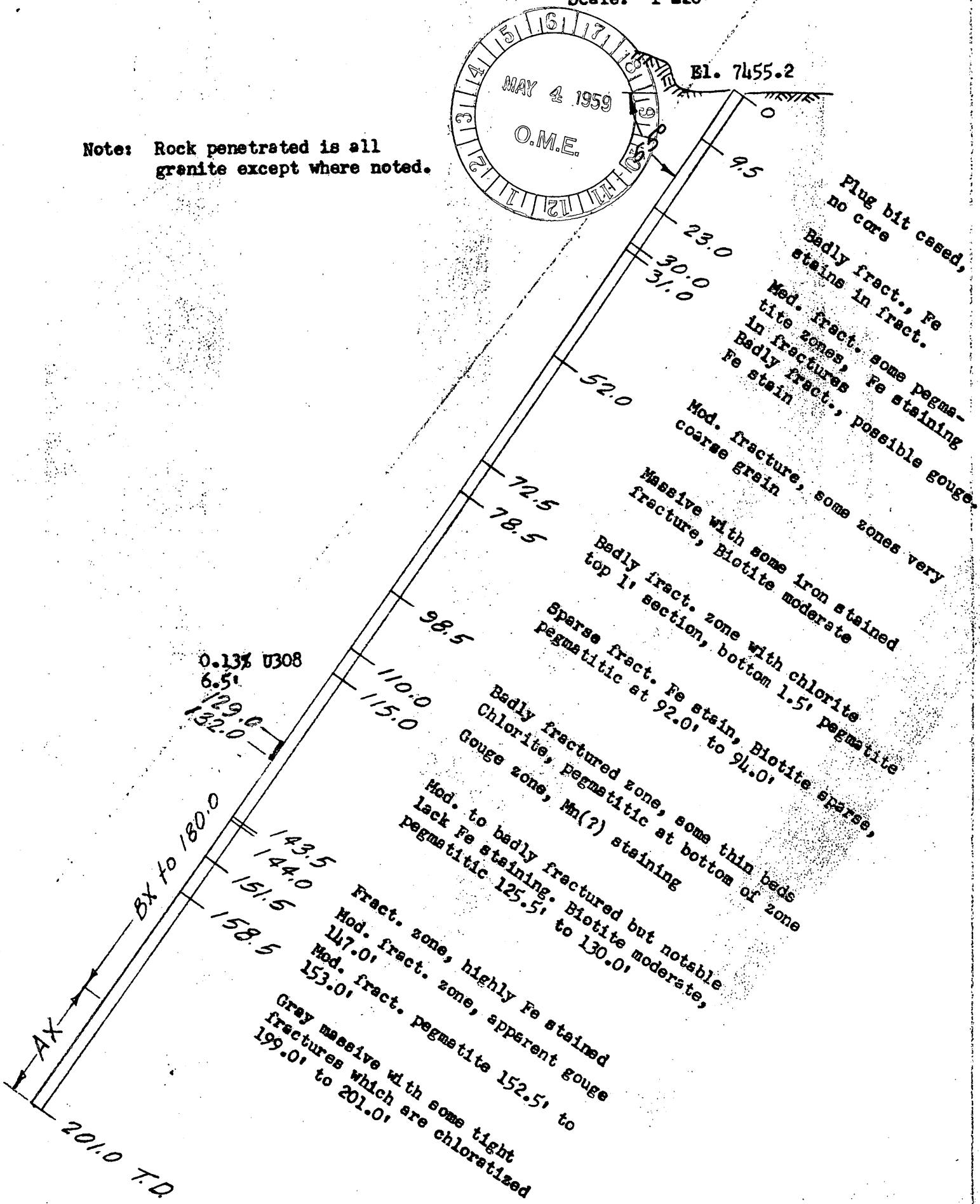
OBSS—ore bearing sandstone

Hole No. 12

Docket DMEA 4238, Cont. Idm-E1148
D. A. [redacted] Uranium Company
Lightning No. 2
DD Hole No. 12
Scale: 1"=20'

MAY 4 1959
O.M.E.

Note: Rock penetrated is all granite except where noted.



DRILL HOLE LOG

Type of Drill: Longyear

Logged For: D. A. C. Uranium Co.

Drill-hole No.: 13

Total depth: 201.0

Collar elev.: T 7458.9 P

Area: Coaldale, Colorado

COORDINATES

North: East:

Tie:

Claim: Lightning No. 1

Date started: Jan. 23, 1959

Date completed: Feb. 13, 1959

Logged by: H. K. T., Jr.

Summary of log: ; OBSS: Thick: ; SS color: ; MS under OBSS: ; Cbn:

MAY 4 1959 O.M.E.

DEPTH From	DEPTH To	Rock	Color	Grain	Carbon	REMARKS
0	8.0					Plug bit, no core
8.0	9.0	Granite	Gy-Br	M		Moderate fract. with light Fe staining in fractures
9.0	26.0	"	Gy	M-C		Sparse fracture, very light Fe staining, fract. Biotite very sparse
26.0	37.0	"	Gy	F		Biotite abundant
37.0	59.5	"	Gy	C-M		Massive with few fractures
59.5	85.5	"	Gy-Pk	C		Section pegmatitic in many zones. Feldspar predom. gouge zone 71.5' to 73.0 '. Some chlorite Pegmatitic 79.0' to 80.5'
85.5	95.0	"	Pk-Br	M-C		Badly fract. zone. Somewhat Fe stained. Gouge at top of section at 90.5' to 91.0'
95.0	97.0	Gouge	Br			Gouge zone. Some chlorite, Fe staining (Limonite).
97.0	118.5	Granite	Gy-Br	M-C		Badly fract. zone, moderate alter.
118.5	123.5					No core
123.5	133.5	"	Gy-Pk	C		Pegmatite zone
133.5	138.5					No core
138.5	143.5	"	Gy	C		Apparently fract. zone but no Fe stain. No chlorite
143.5	175.0					No core
175.0	180.0	"	Pk	F-M		Some fractures, Fe staining
180.0	201.0	"	Gy	C-M		Massive, Biotite abundant
						BX 0' to 180.0'
						AX 180.0' to 201.0'
						Note: for probing results see probing log.

γ-Ray Log

SAMPLE BASE	SAMPLE THICK	LAB ASSAY (%) U_3O_8	LAB ASSAY (%) V_2O_5	FIELD EST. (%) U_3O_8	FIELD EST. (%) V_2O_5

Abbreviations

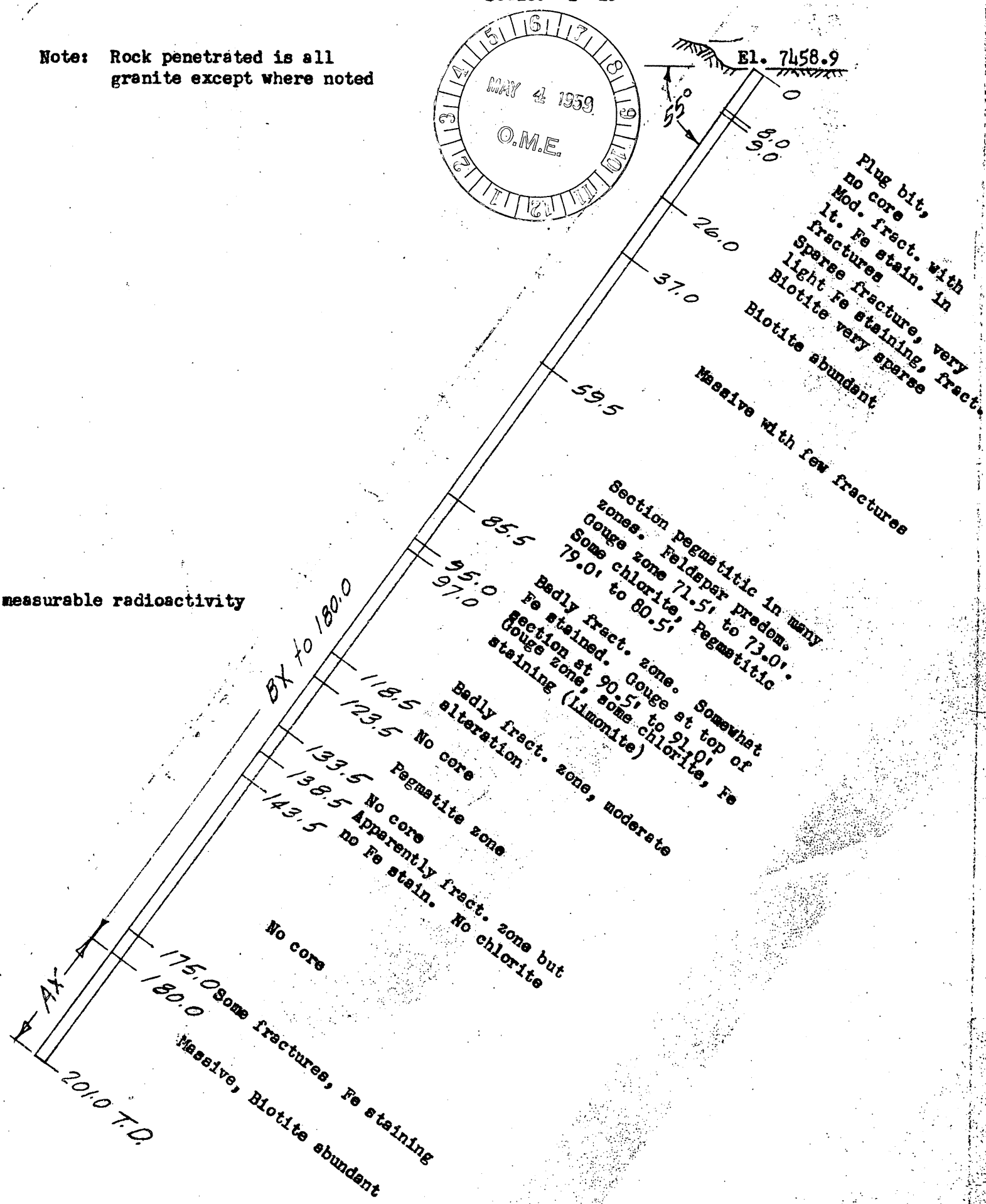
Wh—white	CG—conglomerate
Br—brown	SS—sandstone
R—red	MS—mudstone
Gy—gray	ST—siltstone
Bl—blue	F—fine
Gn—green	M—medium
Yw—yellow	C—coarse
Bk—black	N—none
Pp—purple	S—sparse
Cbn—carbon	A—abundant
OBSS—ore bearing sandstone	

Docket DMEA 4238 Cont. Idm-E1148
D. A. C. Urani[illegible] Company
Lightning No. 1
DD Hole No. 13
Scale: 1"=20'

MAY 4 1959
O.M.E.

Note: Rock penetrated is all granite except where noted

No measurable radioactivity



L. A. C. Uranium Company

Contract No. 1[illegible]-21116

APPENDIX II

RADIOMETRIC LOGS
AND
ASSAY RESULTS

D. A. C. URANIUM COMPANY
LOG OF RADIOMETRIC PROBING

OMIE

Hole No. 7

Depth probed: 128.0 ft.
Calibration: 55 on 4, in; 55 on 4, out
Zero, out - .04

Depth	% eU_3O_8
0-128.0	No measurable radioactivity

Hole No. 11

Depth probed: 209.3 ft.
Calibration: 55 on 4, in; 57 on 4, out
Zero, out - .04

Depth	% eU_3O_8	
0-126.5	Trace	
127.0	0.12	
127.5	0.16	
128.0	0.17	Avg. 0.14 over 3.5 ft.
128.5	0.15	
129.0	0.12	
129.5	0.12	
130.0	0.11	
130.5-138.0	Trace	
138.5	0.09	
139.0	0.12	Avg. 0.12 over 2.0 ft.
139.5	0.20	
140.0	0.07	
140.5-152.0	Trace	
152.5	0.10	
153.0	0.15	
153.5	0.13	Avg. 0.12 over 3.5 ft.
154.0	0.10	
154.5	0.11	
155.0	0.13	
155.5	0.09	
156.0-158.0	Trace	
158.5	0.07	
159.0	0.15	
159.5	0.20	Avg. 0.12 over 2.5 ft.
160.0	0.09	
160.5	0.09	
161.0-209.3	No measurable radioactivity	

D. A. C. URANIUM COMPANY
LOG OF RADIOMETRIC PROBING
(continued)

OME

Hole No. 12

Depth probed: 200.4 ft.
Calibration: 55 on 4, in; 56 on 4, out
Zero, out - .08

Depth	% eU_3O_8	
0-128.5	Trace	
129.0	0.10	
129.5	0.14	
130.0	0.11	Avg. 0.11 over 3.5 ft.
130.5	0.10	
131.0	0.09	
131.5	0.10	
132.0	0.12	
132.5-200.4	Trace to none	

Hole No. 13

Depth probed: 199.0
Calibration: 55 on 4, in; 57 on 4, out
Zero, out - .04

Depth	% eU_3O_8
0-199.0	No measurable radioactivity

SUMMARY OF ASSAY RESULTS

Assays by Gunnison Mining Company laboratory
February 14, 1959

Hole No.	Sample No.	Description	% U_3O_8
1	177	Core, 120.75 - 121.75	0.109
1	179	Sludge, 120.0 - 125.0	0.010
2	178	Core, 117.6 - 119.0	0.071
2	180	Sludge, 115.0 - 120.0	0.019
3	181	Core, 116.0 - 118.6	0.012
3	182	Sludge, 115.0 - 120.0	0.028
4	183	Core, 139.5 - 140.6	0.027
4	184	Sludge, 135.0 - 140.0	0.022
6	185	Core, 105.0 - 110.0	0.048
6	186	Sludge, 110.0 - 115.0	0.003
8	187	Core, 171.0 - 175.0	0.023
8	188	Sludge, 170.0 - 175.0	0.020
8	189	Sludge, 175.0 - 180.0	0.029
9	190	Core, 166.5 - 167.5	0.025
9	191	Sludge, 165.0 - 170.0	0.021
9	193	Sludge, 160.0 - 165.0	0.004
10	192	Core, 196.0 - 197.0	0.009
10	195	Sludge, 195.0 - 200.0	0.010
11	175	Core, 183.0 - 184.5	0.005
11	194	Sludge, 180.0 - 185.0	0.009
12	173	Core, 172.5 - 174.5	0.013
12	174	Sludge, 170.0 - 175.0	0.005
13	171	Core, 175.0 - 178.0	0.006
13	172	Sludge, 170.0 - 175.0	0.003

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 30 1959

DATE	INITIALS	CODE
4/30	G	220
4/30	EDT	800
4/30	Murphy	700

224 New Customhouse
Denver 2, Colorado
April 27, 1959

Mr. A. K. Brennaka, President
D. A. C. Uranium Company
1016 Hart Building
Dallas 1, Texas

Re: Docket No. DMEA 4368 (Uranium)
Contract 14s-[illegible]
D. A. C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Brennaka:

Form MF-104, Operator's Monthly Report and Voucher for the period from October 30, 1958 through February 13, 1959, has been received and is being processed for payment. The following deductions and reinstatement have been made.

Disallowance

Under Exhibit "A", the contract provides for a maximum of 500 feet of connecting and redrilling, and a maximum of 160 core holes. The maximum allowable units for the two items have been exceeded, therefore the reported costs for the excess units are disallowed.

Amounts Reinstated and Withheld

The amount of $500.00 which was withheld from reimbursement to D. A. C. Uranium Company in processing the voucher for the period from June 23, 1958, through September 30, 1958, is reinstated. An amount of $[illegible].00 is withheld from reimbursement to D. A. C. Uranium Company in processing the current voucher, pending resolution of matters prerequisite to closing the account, which include the following:

1. Rendering to the Government by you of a final engineering and geologic report, in quintuplicate, as required under Article 7(c) of the contract form.

2. Release to this office of a Certificate and Report of Audit, or Report of Review of reported project costs, by the Contract Administration and Audit Division, GAE.

You will be further advised of the details of the deductions and reinstatement by means of an Administrative Audit Difference Statement, which will be forwarded to you by the Finance Office, Region III.

Very truly yours,

Original signed by
E. N. HARSHMAN

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

cc: Mr. H. T. Thurber, Jr.
P. O. Box 935
Canon City, Colorado

JDC:hmh

cc: Chmn. Op. Comm. (2)
Harshman
Belser, OME/DFC
Corres. file, Reg. III
Cooper
Chron

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 20 1959

DATE	INITIALS	CODE
4/20	G	220
4/21	[illegible]	300
~~4/21~~	~~[illegible]~~	~~700~~

20th New Customhouse
Denver 2, Colorado
April 15, 1959

Mr. H. K. Thurber, Jr.,
D.A.C. Uranium Company
P. O. Box 935
Canon City, Colorado

Re: Docket No. DMEA [illegible] (Uranium)
Contract Ion-[illegible]
D.A.C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Thurber:

Enclosed are the original and four copies each of Supplemental Forms MF-104 and MF-104A constituting a reclaim voucher, which you forwarded by letter dated March 7, 1959, and which were received by the Government April 9, 1959.

The forms have not been properly completed as Form MF-104 does not include the "Totals Previously Reported" and "Totals To Date" for all items of work completed under the contract, and Form MF-104A does not contain "Costs To Date" and "Units To Date" for all of the work completed.

In order for the Supplemental Reclaim Voucher to be considered by the Government, the above referred to information must be added to the forms. We are enclosing seven (7) blank copies of each form for your use in the event you wish to retype the Supplemental Reclaim Voucher.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JDC:bmh

Enclosures

cc: Chmn. Op. Comm. (2)
Marshman
Belser, OME/DFC
Corres. file, Reg. III
Cooper
Ohron

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 20 1959

DATE	INITIALS	CODE
3-20	C	220
3/20	[illegible]	800
/	[illegible]	700
3/20	[illegible]	700

224 New Customhouse
Denver 2, Colorado
March 17, 1959

Mr. H. K. Thurber, Jr.
Project Manager
D.A.C. Uranium Company
P. O. Box 935
Canon City, Colorado

Re: Docket No. DMEA 4328 (Uranium)
Contract Idm-E1148
D.A.C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Thurber:

By letter of February 19, 1959, you informed this office that all work under the captioned contract was completed as of February 13, 1959, and that your final accounting report, and final engineering and geologic report should be completed and forwarded by March 1, 1959. To date we have not received either of the reports.

The final accounting report and voucher, with supporting data, is to be submitted as a separate report, in addition to the final engineering and geologic report required under Article 7(e) of the contract form. Priority should be given to the preparation of the final accounting report and voucher, as this report was to have been submitted by March 15, 1959, as indicated on the reverse side of Form MF-104, Operator's Monthly Report and Voucher.

It is necessary that all completed contracts be closed out as soon as possible, therefore your prompt attention to the matter of submitting the required reports is requested.

Please advise by return mail as to the date or dates within the near future, on or before which we can expect to receive the two reports.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JDC:hmh

cc: Chmn. Op. Comm. (2)
Harshman
Belser, OME/DFC
Corres.file, Reg.III
Cooper
Chron

cc: A. M. Bremneke, Pres.
D.A.C. Uranium Company
1016 Burt Bldg.
Dallas 1, Texas

January 16, 1959

Memorandum

To: Hazel Berry, Operating Committee

From: Grace L. Ault
Division of Rare and Miscellaneous Metals

Subject: Amendment to contract

Mr. Murphy has reviewed and approved Amendment No. 1, dated December 23, 1958, to Contract Ida-21148, Docket No. DMRA-4328, D.A.C. Uranium Company, which was executed by the Operator and the Acting Executive Officer, Region III. Further review of the amendment by the Legal Division is unnecessary.

/s/ Grace L. Ault

Grace L. Ault

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

January 9, 1959

OFFICIAL FILE COPY O. M. E. RECEIVED JAN 15 1959		
DATE	INITIALS	CODE
1-15	C	220
		130

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4328 (Uranium) Contract No. Idm-E1148
D. A. C. Uranium Company (Lightning group)
Fremont County, Colorado

Enclosed are the Government's and Audit copies of Amendment No. 1 to the subject contract which has been executed to provide for recess of operations from October 16, 1958 to December 15, 1958 and to extend the contract completion date from December 31, 1958 to February 15, 1959. The Amendment was prepared by this office in accordance with the special notice contained in Minutes, Operating Committee No. 11 of October 24, 1958.

Also enclosed are two copies of the Operator's request, dated December 11, 1958, and three copies of a joint memorandum dated December 19, 1958 from F. B. Moore, Geologist, Geological Survey, and Carl Belser, Mining Engineer, Bureau of Mines, pertaining to the matter.

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

E. M. Hans Amend

for/ J. W. Townsend

Enclosure

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
Denver Federal Center
Denver, Colorado

OME
DEPARTMENT OF THE INTERIOR
DEC 22 1958
REGION III
DENVER, COLORADO

W.O.

December 19, 1958

RECEIVED JAN 15 1959

DATE	INITIALS	CODE
	EWH	

Memorandum

To: Executive Officer, OME Field Team, Region III
Through: E. N. Harshman

From: F. B. Moore
Carl Belser

Subject: Docket DMEA 4328 (Uranium), D.A.C. Uranium Company (Lightning group), Fremont County, Colorado

The completion date of the subject contract is December 31, 1958. In a letter of December 11, 1958, the operator requests extension of the completion date to February 15, 1959.

At the date of the request, 9 of the 13 approved holes had been completed and probed. Of the 9 holes, 4 showed a significant uranium content of near 0.20 percent U_3O_8 or better over a 1-1/2 to 2-foot thickness. One additional hole (No. 7) was drilled but caved before probing; it probably can be reopened by drilling and probed. A second additional hole (No. 11) lacks 15-20 feet of reaching the estimated target depth. Holes No. 12 and 13 have not been started.

The two holes not started are adjacent to hole No. 6 which contained 0.18 percent U_3O_8 over a thickness of 1-1/2 feet. Hole No. 7 also is adjacent to hole No. 6. Hole No. 11, nearly completed, is in a more poorly mineralized area.

Drilling operations at the property were suspended without authorization from September 30 to December 15 because the drilling

contractor stopped drilling owing to failure of the company to pay since the start of the contract. The examining team does not believe drilling is underway at this time, and it is doubtful if the company or the driller will wish to reactivate exploration unless the project can be completed.

Because of the fairly successful results of exploration to date, it is to the best interest of the Government to complete the project. The possibility of finding a minable ore body still exists. Recommendation to extend the completion date of the contract to February 15, 1959, is therefore made.

F. B. Moore

F. B. Moore, Geologist

F. B. Moore for

Carl Belser, Mining Engineer

FBMoore:arh

DAC Uranium Company
P. O. Box 935
Canon City, Colorado

December 11, 1958

OME
DEPARTMENT OF THE INTERIOR
DEC 12 1958
REGION III
DENVER, COLORADO
OFFICE OF THE SUPT.
O. M. E.
RECEIVED JAN 15 1959

DATE	INITIALS	CODE

Executive Officer, OME
Field Team, Region III
224 New Custom House
Denver 2, Colorado

Dear Sir:

Work under Contract Ida-Ellis, Docket No. DMSA 1326 on the Lightning group of claims in Fremont County, Colorado was temporarily suspended during the past weeks but will be resumed on December 15, 1958. References to the contract shows that the expiration date of the contract was December 31, 1958. Work remaining to be done is the completion of Hole No. 11, a matter of drilling approximately fifteen feet to the target depth, the drilling of Holes No. 12 and 13 to depths of approximately two hundred feet and the probing of the holes.

A discussion with the drilling contractor leads to the conclusion that, in all probability, the work cannot be completed by the expiration date of the contract. It is highly desirable to complete the holes to the projected depth in view of the fact that the south end of the structure, which would be penetrated by the holes, is believed to be the most highly mineralized judging from the intensemolinization found on the surface. The fact that the Christmas and New Year's holidays occur during the latter half of December will probably shorten the actual working time.

In view of the above facts and the belief that the remaining holes should be completed to give a complete geologic picture, it is hereby requested that an extension in the completion date of the contract be granted to allow completion of the drilling by not later than February 15, 1959. It is believed that such an extension would allow sufficient time to complete the holes and the probing of the holes.

Very truly yours,

H. K. Thurber, Jr.

H. K. Thurber, Jr., Project Mgr.
DAC Uranium Company

HKT:jp

Official File Copy
O. M. E.
RECEIVED DEC 30 1958

DATE	INITIALS	CODE
12/30	J.G.	225
"	[illegible]	800
"	[illegible]	700

224 New Customhouse
Denver 2, Colorado
December 23, 1958

Mr. H. T. Thurber, Jr.,
Project Manager
D. A. C. Uranium Company
P. O. Box 935
Canon City, Colorado

Re: Docket No. DMEA 4328 (Uranium)
Contract Idm-E1148
D. A. C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Thurber:

Enclosed are the Government's, Audit, Operator's, Finance Office and Field Team copies of proposed Amendment No. 1, which has been prepared in reference to your letter of December 11, 1958, to extend the date presently fixed for the completion of the work from December 31, 1958, to February 15, 1959. The amendment also provides for suspension of operations from October 16, 1958, to December 15, 1958.

If the amendment is satisfactory, all copies are to be signed by an official of D. A. C. Uranium Company, authorized to sign such an instrument, the signer's title inserted, the corporate seal affixed, and all copies promptly returned to this office, upon receipt of which and after signature by a representative of the Government, the Operator's copy will be returned to you.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

cc: Chmn. Op. Comm. (2)
Harshman
Belser, OME/DFC
Corres. file, Reg.III
Cooper
Chron

cc: A. M. Brenneke, President
D. A. C. Uranium Company
Dallas 1, Texas

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 8 1958

DATE	INITIALS	CODE
12/8	C	220
12/8	[illegible]	800
12/9	[illegible]	700

224 New Customhouse
Denver 2, Colorado
December 4, 1958

CERTIFIED MAIL

Mr. H. T. Thurber, Jr.,
Mining Engineer
P. O. Box 935
Canon City, Colorado

Re: Docket No. DMEA 4328 (Uranium)
Contract Idm-K1148
D. A. C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Thurber:

Recent inspection of the project site by an OME representative reveals that work under the contract is not in progress.

Under Article 4(a), the contract requires that the work shall be performed with reasonable diligence, efficiency, etc., to bring it to completion within the time fixed, which is December 31, 1958. Please advise by return mail as to the present status of the project work, and also regarding your plans for completion of the balance of authorized work on or before December 31, 1958.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JDC:hmh

cc: Chmn. Op. Comm. (2)
Harshman
Belser, OME/DFC
Corres.file, Reg. III
Cooper
Chron

cc: A. M. Brenneke, President
D.A.C. Uranium Company
Dallas 1, Texas

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 21 1958

DATE	INITIALS	CODE
11/21	C	220
11/24	Murphy	700

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
November 19, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA-4328 (Uranium), Contract No. Idm-K1148
D.A.S. Uranium Company, (Lightning Group), Fremont
County, Colorado

Enclosed is one copy each of two letters from the subject Operator dated November 11, 1958 and November 18, 1958, which are self-explanatory.

Until further notice, please send all checks to the address given in the last paragraph of the Operator's letter of November 18, 1958.

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures

JDC/ff
cc: Chmn. Op. Comm. (2))
Harshman)w/copy Operator's letters
Belser, OME/DFC) of 11/11 and 11/18/1958.
Corres. File, Reg. III)
Cooper
Chron.

A. M. BRENNEKE
CONSULTING ENGINEER
DURF BUILDING
DALLAS, TEXAS

OME
DEPARTMENT OF THE INTERIOR
NOV 21 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 21 1958

DATE	INITIALS	CODE

Defense Minerals Exploration Administration
234 Old Customhouse
Denver, Colorado

Re: Docket No. DMEA 4330 (Premium)
Contract DMI 7162
U.S.A. Premium Company
Shaughnessy Group
Fremont County, Colorado

Gentlemen:

Please consider this as your authority to mail checks the U.S.A. Premium Company, for your proportionate part of the cost of the exploratory work being done in Fremont County, Colorado under DMEA Docket No. 4330, to Mr. M. K. Thurber at Canon City, Colorado.

Mr. Thurber is authorized to accept and to endorse such checks in the name of this Company.

Thanking you, we are,

Very truly yours,
U.S.A. PREMIUM COMPANY

A. M. Brenneke, President

AMB:lmd

D.A.C.
URANIUM CO.

1307 Tower Petroleum Bldg. o Dallas, Texas o Telephone RAndolph 2645

DEPARTMENT OF THE INTERIOR
NOV 19 1958
REGION IV
DENVER, COLORADO

November 18, 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 21 1958

DATE	INITIALS	CODE

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket No.DMEA 4328 (Uranium)
Contract IDM-E1148
D.A.C. Uranium Company
(Lightning Group)
Fremont County, Colorado

Gentlemen:

Reference is made to my letter of November 11, authorizing you to forward checks for your participation in the above captioned contract to Mr. H. K. Thurber, Canon City, Colorado.

I am today informed by our attorney that such letter is not in accordance with our By-Laws, as only the Board of Directors has authority to determine who may and who may not receive checks for the D.A.C. Uranium Company.

For this reason, it is requested that you destroy and cancel my letter of November 11, and forward checks to the D. A. C. Uranium Company to Mr. A. E. W. Barrett, Treasurer, 1307 Tower Petroleum Building, Dallas, Texas.

Thanking you, we are,

Very truly yours,

D.A.C. URANIUM COMPANY,

By: A. M. Brenneke
A. M. Brenneke, President

(5)

AMB:lmd

Christensen

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 21 1958

DATE	INITIALS	CODE
11/21	C	220
11/24	[illegible]	800

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
November 19, 1958

Mr. A. M. Brennake, President
D. A. C. Uranium Company
1016 Burt Building
Dallas 1, Texas

Re: Docket No. EMEA 4328 (Uranium)
Contract I6m-E1148
D. A. C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Brennake:

Form MF-104, Operator's Monthly Report and Voucher, for the period 6/23/58-9/30/58, has been received in this office and is being processed for payment. The following deductions have been made:

Disallowance, Drilling

The drilling invoice shows a total of 130 feet drilled in hole No. 3; however, the hole was actually drilled to 128.5 feet. The reported cost for 1½ feet of drilling is disallowed.

Disallowance, Probing

A total of 1459 feet of probing is reported on Form MF-104; however, only 1398 feet of probing has been accomplished in the acceptable hole. The reported cost of 61 feet of probing is disallowed.

Suspension, Hole No. 7

Hole No. 7 has not been probed radiometrically; therefore, the reported cost for this hole is suspended, subject to reinstatement after the hole has been probed and the results submitted to the Government.

Amount Withheld

The contract work is temporarily suspended; therefore, an amount of $500.00 is withheld from reimbursement to D. A. C. Uranium Company, pending resumption of work under the contract. If for any reason the work is not resumed, the amount of $500.00 shall continue to be withheld pending resolution of matters prerequisite to closing the account, of which you will be advised at the appropriate time.

You will be further advised of the above deductions by means of an Administrative Audit Difference Statement, which will be forwarded to you by the Finance Office, Region III.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

cc: E. T. Thurber, Jr. - w/copy of Admin.
P. O. Box 935 Audit Dif. Statement
Carson City, Nevada.

JDC:hmh

cc: Chmn. Op. Comm. (2)
Belser, OME/DFC
Harshman
Corres.file, Reg. III
Cooper
Chron

DMEA
DEPARTMENT OF THE INTERIOR

JUL 9 - 1958
REGION III
DENVER, COLORADO

D. A. C. URANIUM CO.

1307 Tower Pettroleum Bldg., Dallas, Texas - RI 2-2645

July 7, 1958

7/17 C 220
7/14 800
7/15 ~~JMM~~ 700

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket No.DMEA 4120
Contract IBM-E1148
D.A.C.Uranium Company
(Lightning Group)
Fremont County, Colo.

Gentlemen:

Reference is made to our letter dated June 25, advising you that work was commenced under the above captioned contract on June 23, and informing you that Mr. H. K. Thurber, Jr., was to handle the operation.

Mr. Thurber's mailing address remains as P.O.Box 935, Canyon City, Colorado but his telephone number has been changed to 1011 NM.

Mr. Thurber is project engineer and is authorized to sign all reports required of the D.A.C.Uranium Company.

Very truly yours,

D.A.C.Uranium Co.

By:
A.M.Brennecke,President

AMB:lmd
cc: Mr. H.K.Thurber

Copies sent to
Chas. Oppenheimer Co.
Harshman
[illegible]
Lewis [illegible], Reg III
Cooper

224 New Customhouse
Denver 2, Colorado
June 30, 1958

7/3 C 220
7/7 800

Mr. Arthur E. W. Barrett, Treasurer
B.A.C. Uranium Company
1016 Burt Building
Dallas 1, Texas

Re: Docket No. DMEA 4328 (Uranium)
Contract Idm-E1148
B.A.C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Barrett:

Receipt is acknowledged of your letter of June 25, 1958, informing this office of the date work was started under the contract.

In the future, please submit the original and five copies of all correspondence directed to this office in connection with the contract. Specific instructions concerning this and other matters pertaining to contract operations are contained in our letter of instructions, dated June 9, 1958, whereby we forwarded the Operator's copy of the contract.

Reference should be made to the captioned docket and contract numbers on all correspondence to the Government concerning the contract.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JDC:hmh

cc: Chmn. Op. Comm. (2))
Harshman) w/copy of Operator's
DMEA/DFC) letter of 6/25/58
Corres.file,Reg.III)
Cooper
Chron

D.A.C.
URANIUM CO.

1307 Tower Petroleum Bldg. • Dallas, Texas • Telephone RAndolph 2645

DMEA
DEPARTMENT OF THE INTERIOR
JUN 26 1958
REGION III
DENVER, COLORADO

JUNE 25, 1958

DEFENSE MINERALS EXPLORATION ADMINISTRATION
NEW CUSTOMS HOUSE
DENVER, COLORADO

ATTENTION: MR. TOWNSEND

DEAR MR. TOWNSEND:

WE WISH TO CONFIRM TELEPHONE CALL TO YOU ADVISING THAT ON JUNE 23, 1958 WORK WAS COMMENCED ON THE LIGHTNING GROUP OF CLAIMS IN COMPLIANCE WITH THE D.M.E.A. REQUIREMENTS.

THE MAN WHO WILL BE HANDLING THE OPERATION IS MR. H. K. THURBER, JR., P. O. BOX 935, PHONE 228R, CANON CITY, COLORADO, WHOM YOU SHOULD CONTACT FOR MAKING PHYSICAL INSPECTION OF THE PROPERTY.

THANKING YOU FOR YOUR CONTINUED COOPERATION, AND IN ORDER THAT WE MAY COMPLETE OUR FILE, WON'T YOU PLEASE ACKNOWLEDGE RECEIPT OF THIS LETTER, AND OBLIGE, WE ARE,

YOURS VERY TRULY,

ARTHUR E. W. BARRETT,
TREASURER

AEWB:JH
CC: A. M. BRENNEKE, PRESIDENT
H. K. THURBER, JR.
P. O. BOX 935
CANON CITY, COLORADO

DMEA
RECEIVED JUN 5 1956

6/5 C 220
~~Shorthey~~ 700

224 New Customhouse
Denver 2, Colorado
June 3, 1956

AIR MAIL
~~REGISTERED~~ MAIL

B.A.C. Uranium Company
1016 Burk Building
Dallas, Texas

Re: Docket No. DMEA 4388 (Uranium)
B.A.C. Uranium Company
(Lightning Group)
Fremont County, Colorado -
Proposed Exploration Project
Contract No. 16m-8116

Gentlemen:

Enclosed are the Government's, Audit, Finance Office, and Field Team copies of proposed Exploration Project Contract No. 16m-8116, which has been prepared pursuant to your application for Government assistance in exploration work under the Defense Minerals Exploration Administration program.

If the contract is satisfactory, all copies are to be signed by an official of B.A.C. Uranium Company authorized to sign such an instrument, the signer's title inserted, the signature attested to by the Secretary of the Company, the corporate seal affixed, and all copies promptly returned to this office.

In the event the contract is not satisfactory, all copies are to be returned promptly to this office, together with your comments on or objections to the contract.

Your attention is especially directed to these provisions in the contract:

1. The Government will not contribute to the costs of any of the work provided for in the contract which is performed prior to the date of the contract.

2. The contract requires completion of the exploration work by the date fixed therefor. Approval must be obtained from the Government for any suspension of work which may result in failure to complete the work by the date specified.

3. Royalty is due the Government on all production from the land described in the contract, beginning on the date of the contract.

If the contract is satisfactory, and upon return of all copies properly signed, the "Operator's Copy" of the contract will be forwarded to you, together with blank report forms and instructions relative to reporting on work performed under the contract. Also, instructions will be given as to the procedure to be followed in corresponding with this office in matters concerning operations under the contract.

Upon the signed copies of the contract are returned, please advise us the date on or before which work will be commenced, for our inspection in Article 3 of the contract form.

All copies of the contract must be properly executed and returned to this office on or before June 30, 1958 for the contract to become effective this fiscal year, as the authority under which the BLM is presently operating expires as of that date.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

cc: Mr. R. Gerald Hughes
3955 Jay Street
Denver 15, Colorado

Enclosures

JWTyer

cc: Chron. Op. Comm. (2)
Reichman
BLM/DPC (Winkel)
Boehart
Townsend
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado
June 9, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 12 1958

DATE		CODE
6/12	C	220
6/12	C	215
		700

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4328 (Uranium), Contract No. Idm-E1148, D.A.C. Uranium Company (Lightning Group), Fremont County, Colorado

Enclosed are the Government's and Audit copies of Contract No. Idm-E1148, which was forwarded by your letter of May 23, 1958 for signature by the Operator and insertion of a suitable final starting date under Article 3.

Also enclosed are two copies of the Operator's letter of June 5, 1958, whereby the executed copies of the contract were returned and advice given as to the starting date. Also enclosed are three copies of a letter from this office, dated June 9, 1958, whereby we forwarded the "Operator's Copy" of the contract, blank report forms and instructions relative to reporting on work performed under the contract, and outlined procedures to be followed in corresponding with this office in all matters pertaining to the contract.

The contract, dated May 23, 1958, provides for exploration work estimated to cost $17,939.00, toward which the Government will contribute 75 percent, or not in excess of $13,454.00.

Copies of the contract have been distributed to the Finance Office and others concerned in Region III.

J. W. Townsend

ORIGINAL FILE COPY
DMEA
RECEIVED JUN 12 1958

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

JUN 9 1958

Mr. A. M. Brennake
D.A.C. Uranium Company
1016 Burt Building
Dallas 1, Texas

Re: Docket No. DMEA 4326 (Uranium)
Contract No. Idm-X1148
D.A.C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Brennake:

Enclosed herewith is the "Operator's Copy" of Exploration Project Contract No. Idm-X1148, Docket No. DMEA 4326.

Also enclosed are six copies of Form MF-104, "Operator's Monthly Report and Voucher," and six copies of Form MF-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced, and monthly thereafter, you are required to submit the original and four copies of each form to the

Executive Officer
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado.

The extra copy is for your records.

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

For your information, and in reply to many questions that have been asked, after Forms MF-104 and MF-104A are received, an engineer will check progress on the project and review your accounts,

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

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

The contract is prepared on form MF-200, and under its provisions and as outlined in Exhibit "A", the estimated costs of performing the work are broken down into categories, which conform to the "Categories" in Article 6 of the contract form and conform to the numbered items for reporting on Form MF-104. Under the provisions of the contract, the work outlined in Exhibit "A" under Category (1) is to be performed by an independent contractor. The unit cost established for each item of work for all stages is a maximum average unit cost which cannot be exceeded. The actual costs of the work completed under Category (1) are to be recorded under item 1 of Form MF-104 and must be supported and documented by a signed or certified true copy of the billing from the subcontractor. The costs of sample analysis under Category (7) must be supported by a copy of the assay return and a signed or certified true copy of the billing from the assayer. For further information on reporting procedures and documentation, you are referred to the next to the last paragraph on the reverse side of Form MF-104. The actual properly documented costs, up to the maximum average unit cost established for each category of work, will be the basis for reimbursement to you under the terms of the contract.

In reference to Article 13 (b) of the contract pertaining to the average unit cost of the drilling, if excess costs are suspended by reason of exceeding the maximum unit cost of the drilling described under Category (1), the excess costs will be held in suspense and be reinstated by this office, to the extent suspended funds are available, in the event the unit costs for any month should cause the average unit cost to fall below the maximum average unit cost established in the contract for the drilling.

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

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

The locations of the holes to be drilled under Stage I are indicated as approximate on the map, "Figure 3," attached to the contract. Should conditions encountered necessitate any appreciable change in the location of any of the holes, approval of this office for the change must be obtained prior to performance of the drilling. Otherwise, the drilling may not be acceptable for reimbursement to you under the terms of the contract.

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

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

Very truly yours,

Original signed by
J. W. TOWNSEND

Alternate Acting
Executive Officer
DMEA Field Team, Region III

cc: Mr. R. Gerald Hughes
2935 Jay Street
Denver 15, Colorado

Enclosures

JWT:prl

cc: Chmn. Op. Comm. (3)
Finance Office, Region III
Amendment file, Region III
Harshman
DMEA/DFC-Buel
Townsend
Corres. file
Chron.

D.A.C.
URANIUM CO.

1307 Tower Petroleum Bldg. • Dallas, Texas • Telephone RAndolph 2645

DMEA
DEPARTMENT OF THE INTERIOR
JUN 9 - 1958
REGION III
DENVER, COLORADO

June 5, 1958.

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA-4328

Gentlemen:

Receipt is acknowledged of your letter dated June 3, 1958 enclosing 4 copies of a proposed Exploration Contract No.Idm-E1148.

It is contemplated that work under this contract will be started not later than June 23, 1958, and request that this date be inserted in the several copies of the contract.

The 4 copies of the contracted forwarded with your letter of June 3, have been executed, attested and sealed and are returned herewith.

Very truly yours,

D.A.C.URANIUM COMPANY

By: A. M. Brenneke
A. M. Brenneke, President

encls.

AMB:lmd

Chairman, DMEA

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 13 1958

DATE	INITIALS	CODE
6/3	C	220
		700

DN 235 BUR MINES 5-3 XX 6-3-58 8-45

CHAIRMAN, OPERATING COMMITTEE, DMEA

REOUR TELETYPE 5-29-58. DOCKET NO. DMEA 4328, D.A.C. URANIUM CO.
NEED CONTRACT DATE IN ORDER TO RELEASE CONTRACT FOR SIGNATURE.

J W TOWNSEND

This has been acknowledged by telotype of 6/3/58 by O.C.

C.C.

Denver, Colo.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/2	Dakan	200
6/2	[illegible]	130
	Lamb	
	Gilgoard	
"	Johnson	110
"	Mattendal	100
6/3	C [illegible]	225
		700

DMEA-4528

JUN 3 1958

ASDakan:kb - June 2, 1958
Copy to: Operating Committee
Admin. Reading File
Chron.

Allen S. Dakan Director
Operations Control & Stat. Div. DMEA
Department of the Interior
Defense Mineral Exploration
Administration
14X0401(01) Revolving Fund, Defense
Production Act, Interior, (transfer
to Office of Secretary)

TELETYPE

June 2, 1958

Executive Officer
DMEA Region III
224 New Customhouse Building
Denver 2, Colorado

REWRIT PROPOSED CONTRACT IDM-R1148 DATED MAY 23, 1958.

George C. Selfridge

Chairman, Operating Committee (GCS)

8623

[redacted] 1/23/58

[redacted] George Delfridge

OF[redacted]AL FILE COPY
DMEA
RECEIVED [redacted] 1958

DATE	INITIALS	[redacted]
6/2	C	220
6/2	[illegible]	200

WA 30//// 310
CHAIRMAN, OPERATING COMMITTEE, DMEA
WASHINGTON DC

RE DOCKET DMEA 4328, D.A.C. URANIUM COMPANY. PROPOSED CONTRACT IDM-E1148 FORWARDED BY YOUR LETTER OF MAY 23,1958 NOT DATED. PLEASE TELETYPE DATE TO BE INSERTED UNXXXIN HEADING OF CONTRACT.

J W TOWNSEND
ALTERNATE ACTING EXECUTIVE OFFICER,
DMEA FIELD TEAM, REGION III

Kennedy, Colo.

CLASS OF SERVICE
This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION
TELEGRAM

W. P. MARSHALL, PRESIDENT

(10)

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

1958 MAY 26 PM 2 41

WT027 LONG PD=TN DALLAS TEX 26 1143AMC=
DEFENSE MINERALS EXPLORATION ADMN=
INTERIOR BLDG=ATTENTION C O MITTENDORF ADMINISTRATOR

RE YOUR DOCKET DMEA 4328 PLEASE REFER TO OUR LETTER MAY 15 PERIOD THIS LETTER SHOULD HAVE STATED THAT WE INTEND TO PROCEED WITH THE DEVELOPMENT WORK OURSELVES AND NOT THROUGH THE JACKPOT OIL COMPANY AS HAD BEEN PREVIOUSLY STATED PERIOD THERE WILL BE NO TRANSFER OF THIS PROPERTY OR DMEA CONTRACT TO THE JACKPOT OIL COMPANY=
DAC URANIUM CO BY A M BRENNEKE PRESIDENT=

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 26 1958

DATE	INITIALS	CODE
5/26	C	220
"	JMM	700
"		

No reply needed, Field Team probably has contacted D.A.C. by this time.
JMM

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/22	Murphy	700
5/22	Ellis	700
5-22	Chamberlin	800
5/23	[illegible]	130
"	Johnson	110
"	Willenborg	100
		26
5/26	C	220
		700

MAY 23 1958

Mr. E. H. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-4328 (Uranium)
D.A.C. Uranium Company
Lightning Group
Fremont County, Colorado

Dear Mr. Harshman:

This is with reference to the copies of the proposed contract forwarded to the Field Team on October 31, 1957, which were returned to this office with your memorandum, dated April 24, 1958.

DMEA's offer of a contract would have been rescinded May 15, 1958, in accordance with the Administrator's letter of April 21, 1958. However, in a letter, dated May 13, and received May 15, the Applicant enclosed copies of form MF-205 signed by the owners of the claim group.

The enclosed copies of the proposed contract are the same as originally forwarded to you, except Annex I has been rewritten to cover the change from a Performance Bond to the Consent to Lien and Subordination Agreement by the owners.

If you and the Applicant find the proposed contract in order, please insert in Article 3 of the contract form the date work shall commence, then have an authorized representative of the company sign the original and four copies. Thereafter, kindly distribute the copies in the usual manner.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (HB)

Enclosures
APPROVED:

Frank D. Lamb (HB)
Member, Bureau of Mines

Thor H. Kiilsgaard (HB)
Member, Geological Survey

FMMurphy/izm 5-22-58
cc: Mr. Murphy
Admr.'s Reading File
Operating Committee
THKiilsgaard, 5224

8623

SAFE COPY
DMEA
RECEIVED MAY 20 1958

DATE	INITIALS	CODE

May 15, 1958

Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Re: Docket DMEA-4328

Attention: Mr. C. O. Mittendorf, Administrator

Dear Mr. Mittendorf:

On Tuesday, May 13, 1958 Mr. R. Gerald Hughes of Denver forwarded to you the Consent to Lien and Subordination Agreement executed by Robert Benton and Richard Brady, the obtaining of which has been the cause of the long delay in the execution of a contract between the DMEA and the D.A.C.Uranium Company for the exploration of the Lightning Claims in Fremont County, Colorado.

We are now in a position to proceed with the proposed exploration work and request that execution of the contract be authorized.

Thanking you, we are,

Very truly yours,

D.A.C.URANIUM COMPANY,

By:
A. M. Brenneke, President

AMB:lmd

D.A.C.
URANIUM CO.

1307 Tower Petroleum Bldg. • Dallas, Texas • Telephone RAndolph 2645

COPY
DMEA
RECEIVED MAY 20 1958
DATE | MINERAL | CODE
5/20 | 79 | 225
" | ~~[illegible]~~ | 700

May 15, 1958

Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Re: Docket DMEA-4328

Attention: Mr. C. O. Mittendorf, Administrator

Dear Mr. Mittendorf:

On Tuesday, May 13, 1958 Mr. R. Gerald Hughes of Denver forwarded to you the Consent to Lien and Subordination Agreement executed by Robert Benton and Richard Brady, the obtaining of which has been the cause of the long delay in the execution of a contract between the DMEA and the D.A.C.Uranium Company for the exploration of the Lightning Claims in Fremont County, Colorado.

We are now in a position to proceed with the proposed exploration work and request that execution of the contract be authorized.

Thanking you, we are,

Very truly yours,

D.A.C.URANIUM COMPANY,

By: A. M. Brenneke
A. M. Brenneke, President

AMB:lmd

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/16	Murphy	700
"	Ellis	700
		140

INTERIOR DEPT.
MAY 19 1958
SOLICITOR

Memorandum May 16, 1958

To: Associate Solicitor, Division of Mineral Resources

From: Ernest Wm. Ellis, Director
Division of Rare and Miscellaneous Metals

Subject: Docket No. DMEA-4328 (Uranium)
Proposed Contract No. Idm-E1148
D.A.C. Uranium Company
Lightning Group
Fremont County, Colorado

Please refer to the Administrator's letter, dated April 21, 1958, relating to reopening this docket. Actually the docket has not been closed (see letter, dated April 9).

Will you kindly make the following changes in the proposed contract:

1. In Article 3, change the completion date to December 31, 1958; and

2. In Annex I, replace the last paragraph relating to the Performance Bond by noting the Consents' to Lien of Benton and Brady. These consents are attached to Mr. Hughes' letter, dated May 13, 1958.

A new effective date will be stamped on the proposed contract. However, please type in contract number.

/s/ Ernest Wm. Ellis

Ernest Wm. Ellis

Attachments
Fmmurphy/izm
cc: Mr. Murphy

8623

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 15 1958
DATE
5/15 C 220
" 7 MCA 700

May 13, 1958

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

Dear Sir: Re: Docket DMEA-4328

At the request of Mr. A. M. Breneke, President D.A.C. Uranium Company, 1307 Tower Petroleum Building, Dallas, Texas, I am enclosing herewith the lien and subordination agreement acknowledged by Robert Benton and Richard Brady.

It is my understanding that this document is the only remaining requirement of the DMEA loan number 4328.

Yours very truly,

R. Gerald Hughes

R. Gerald Hughes,
300 Travel Center Bldg.
1640 Court Place
Denver 2, Colorado

RGH:mm
Enclosures

cc: A. M. Breneke
DMEA Denver Office

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado
April 24, 1958

OFFICE OF THE DIRECTOR
DMEA
RECEIVED APR 28 1958
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4/28 | C | 220
" | Naughty | 900
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Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4328 (Uranium), D.A.C. Uranium Company, (Lightning Group), Fremont County, Colorado

In compliance with the instructions in the post script of the Administrator's letter to Mr. Brenneke, dated April 21, 1958, we are enclosing the Government's, Audit, Operator's, Finance Office, and Field Team copies of proposed Contract No. Idm-E1148.

E. N. Harshman

E. N. Harshman

Enclosures

D.A.C.

URANIUM CO.

1307 Tower Petroleum Bldg. • Dallas, Texas • Telephone RAndolph 2645

April 25, 1958

DMEA
DEPARTMENT OF THE INTERIOR
APR 28 1958
REGION III
DENVER, COLORADO

United States Department of the Interior
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Attention: Mr. E. N. Harsham

Re: Docket No. DMEA 4328 (Uranium) 5/9 C 22c 22s
D.A.C. Uranium Company
(Lightning Group)
Fremont County, Colorado

Dear Mr. Harsham:

As requested in your letter of April 24th, we are forwarding herewith the copy of the proposed contract Idm-E1148.

Very truly yours,

D.A.C. URANIUM CO.

A M Brenneke

A. M. Brenneke, President

5/5/58
Copies distributed to:
Chmn. Of. Comm. (2)
Harshman
Townsend

encl.
AMB:lmd

OFFICIAL FILE COPY
DMEA
RECEIVED APR 28
DATE
4/28 C 220
225

[illegible] Air Construction
Denver 2, Colorado
April 24, 1958

VIA AIR MAIL

Mr. A. H. Brunsche, President
S.A.C. Uranium Company
1016 Ivy Building
Helena 1, Mont.

Re: Contract No. [illegible] (Uranium)
S.A.C. Uranium Company
(Lightning Mine)
Fremont County, Colorado

Dear Mr. Brunsche:

In reference to the second paragraph of the letter to you from Mr. C. O. Mitzenbert, Administrator, DMEA, dated April 9, 1958, and in conjunction with matter discussed in his letter to you of April 21, 1958, please return immediately the copy of proposed Contract No. [illegible] which was forwarded to you by our letter of November 12, 1958.

We have been interested in return all copies of the contract to the Washington Office pending resolution of matters as outlined by Mr. Mitzenbert's letter. Therefore, prompt return of the copy of the contract will be appreciated.

Very truly yours,

Original signed by
E. N. HARSHMAN

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

JWT:prl

cc: Chmn. Op. Comm. (2)
Harshman
DMEA/EFC (Winkel)
Dunlap
Kennedy
Green.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/17	Murphy	700
4/17	Ellis	700
4/18	Selfridge	120
4/28	[illegible]	110
"	[illegible]	100
4/22	[illegible]	220
		225

APR 21 1958

Mr. A. M. Brenneke, President
D.A.C. Uranium Company
1016 Burt Building
Dallas 1, Texas

Re: Docket No. DMEA-4328 (Uranium)
Lightning Group
Fremont County, Colorado

Dear Mr. Brenneke:

This is to acknowledge your letter of April 15, referring to our letter of April 9, 1958, rescinding our offer of a contract subject to the attachment of the Performance Bond mentioned in Annex I.

Your letter indicates that you can now obtain the owners' consent to lien. Therefore, we are requesting our Regional Office to return all the copies of the proposed contract to this office.

If, prior to May 15, 1958, we receive the executed Consent to Lien and Subordination Agreements by Messrs. Robert Benton and Richard Brady, or the Performance Bond, consideration will be given to the reopening of the subject docket.

Sincerely yours,

G. O. Mitterdorf (fur)

Administrator

FMMurphy/izm 4-17-58
cc: Mr. Murphy
Admr.'s Reading File
DMEA FT Reg. 3 (2) w/cc's of incoming let.
Mr. Harshman: Please return copies of proposed contract in accordance with second paragraph above.

8623

FILE COPY
DMEA
APR 17 1958
CODE
4/17 C 220
" FMM 900
225

D.A.C.
URANIUM CO.

1307 Tower Petroleum Bldg. • Dallas, Texas • Telephone RAndolph 2645

April 15, 1958

Defense Minerals Exploration Administration
Department of Interior Building
Washington 25, D. C.

Re: Docket No. DMEA - 4328(Uranium)
Lightning Group
Freemont County, Colorado

Attention: Mr. C. O. Mittendorf,
Administrator.

Dear Mr. Mittendorf:

This will acknowledge your letter of April 9, 1958, stating that "since the proposed contract No. Idm-E1148 has not been executed it cannot be transferred or assigned to the Jack Pot Oil Co.," and therefore the offer of a contract is rescinded.

We realize, of course, that no contract exists until it has been executed, and that no action of any sort is proper until then.

In our letter of April 2nd we asked for a 30 day extension of time to obtain a subordination of lien agreement from Messrs. Binton and Beady, and to permit the execution of operating agreements prior to the execution of the DMEA contract, as oral agreement has been reached by all interested parties. Your letter makes no mention of this requested extension of time, but withdraws the contract offer because the contract has not been executed.

It is requested that your withdrawal be reconsidered, and the extension of time granted.

Very truly yours,

DAC URANIUM COMPANY,

By A. M. Brenneke

A. M. Brenneke

AMB:lmd

OFFICIAL FILE COPY

Date	Surname	Code
4/8	Murphy	700
4/8	Ellis	700
4/9	Selbrede	120
4/9	Johnson	110
"	Hutchinson	00
4/9	B	115
4/9	C	220
	225 [redacted]	

APR 9 1958

Mr. A. M. Brenneke, President
D.A.C. Uranium Company
1016 Burt Building
Dallas 1, Texas

Re: Docket No. DMEA-4328 (Uranium)
Lightning Group
Fremont County, Colorado

Dear Mr. Brenneke:

This is to acknowledge your letter of April 2, 1958, in which you state that you plan to request the transfer of the subject application to the Jack Pot Oil Company.

We regret to advise you that since the proposed Contract No. Idm-E1148 has not been executed, it cannot be transferred or assigned to the Jack Pot Oil Company. In view of these circumstances, our offer of a contract is rescinded. The copy of the proposed contract, forwarded to you by Certified Mail on November 12, 1957, should be returned to Mr. E. N. Harshman, Acting Executive Officer, DMEA Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado.

If the Jack Pot Oil Company wishes to submit an application for aid in exploring the Lightning Group, it should submit a new application making reference to the subject application. In the event that a contract results from the new application, the Government will share 50 percent of the costs in accordance with DMEA Order 1, Revised October 22, 1957. (A copy of this order is enclosed).

Since there is no assurance that this Agency will be authorized to process applications received after June 30, 1958, it is suggested that if Jack Pot Oil Company desires aid, its application should be submitted as soon as possible.

Sincerely yours,

(for)

Administrator

Enclosure

FMMurphy/izm 4-8-58 (4-7-58)
cc: Mr. Murphy
Admr.'s Reading File
THKiilsgaard, 5224
DMEA FT Reg. 3 (2) w/c of incoming letter.

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CENTRAL FILE COPY
DMEA
RECEIVED APR 4 1958
DATE | INITIAL | CODE
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" | Murphy | 700

D.A.C.

URANIUM CO.

~~1307 Tower Petroleum Bldg.~~ • Dallas, Texas • Telephone ~~RAndolph 2645~~
1016 Burt Bldg.

April 2, 1958

Defense Minerals Exploration Administration
Department of The Interior
Washington 25, D. C.

Re: Docket DMEA - 4328 (Uranium)
Lightning Group
Fremont County, Colorado

Gentlemen:

Reference is made to your letter dated March 7, 1958, and to previous correspondence related to the above captioned Docket.

In March an oral agreement was reached with Mr. Paul C. Clark, President of the Jack Pot Oil Company, 300 Travel Center Bldg., 1640 Court Place, Denver, Colorado, for the transfer of the Lightning Claims and our DMEA Exploration Contract to his company, subject to obtaining approval from the original claim owners, Messrs. Benton & Brady. A conference was held with these gentlemen, and they agreed. As their attorney was then in Mexico, the new lease contract was sent to him for review and comments. His reply has not been received to date.

To permit the execution of the necessary contracts, leases and subordination of lien agreements, it is requested that a 30-day extension of time be granted, to May 7, 1958. After the execution of these agreements we plan to formally request the transfer of this docket to the Jack Pot Oil Company.

Thanking you for your consideration, we remain,

Very truly yours,

DAC URANIUM COMPANY

By A. M. Brenneke
A. M. Brenneke, President

AMB:lmd
cc: DMEA-Denver
Jack Pot Oil Co.-Denver

D. M E A.

DN 235 BUR MINES 3-7-58 10-00

CHAIRMAN, OPERATING COMMITTEE, DMEA

REOURTT 3-3-58, DOCKET DMEA 4328, D.A.C. URANIU M CO. APPLICANT S REPRESENTATIVEADVISED THIS OFFICE LATE YESTERDAY THAT REQUEST WOULD BE FORTHCOMING TO PREPARE CONTRACT IN FAVOR OF NEW OPERATOR AND THAT IT APPEARED REQUIRED EXECUTED CONSENT TO LIEN FORMS WOULD BE AVAILABLE. WILL FORWARD ADDITIONAL INFORMATION AS SOON AS RECEIVED.

W H KING

No reply required

Denver, Colorado

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 13 1958
DATE | INITIALS | CODE
3/10 C 220

MAR 7 12 48 PM '58
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3-6	Murphy	700
3-6	Elliot	700
"	Johnson	110
		~~100~~
3/10	C	220
		700

MAR 7 1958

Mr. A. M. Brenneke, President
D.A.C. Uranium Company
1016 Burt Building
Dallas 1, Texas

Re: Docket No. DMEA-4328 (Uranium)
Lightning Group
Fremont County, Colorado

Dear Mr. Brenneke:

Reference is made to our previous correspondence concerning the submission of a Performance Bond for the proposed contract under the subject docket number.

We wish to cooperate with you fully in allowing ample time to supply the requested bond; however, we cannot indefinitely postpone action on an application. Therefore, if we do not receive the requested bond within 30 days from the date of this letter, we will assume that you are no longer interested in proceeding with your application, and we will consider it as having been withdrawn.

Sincerely yours,

Frank M. Murphy (for)

ACTING Administrator

FMMurphy/izm 3-6-58
cc: Mr. Murphy
Admr.'s Reading File
THKillsgaard, 5224
DMEA FT Reg. 3 (2)

8623

Chairman, Operating Comm
D.M.E.A.

DN 235 BUR MINES 3-3-58 4-19

CHAIRMAN, OLXX OPERATING COMMITTEE, DMEA

RE DOCKET DMEA 4328, D.A.C. URANIUM CO., ADMINISTRATOR S LETTER OF JANUARY 24,1958, TO APPLICANT. PERFORMANCE BOND OR O TXX OTHER ADVICE NOT RECEIVED TO DATE FROM APPLICANT.

W H KING

Mrs Ruff
Follow-up Admin letter
of Jan. 24, FMM

Denver, Colo.

OFFICIAL FILE COPY
DMEA
RECEIVED APR 4 1958
DATE | INITIALS | CODE
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" | FMM | 700

MAR 4 8 05 AM '58

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

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

D.A.C. URANIUM CO.

1307 Tower Petroleum Bldg. • Dallas, Texas • Telephone RAndolph 2645

January 21, 1958

1/27 220
1/27 800
~~700~~

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA-4328 (Uranium)
D.A.C. Uranium Company
(Lightning Group) Fremont County,
Colo., Proposed Contract Idm-E1148

Gentlemen:

We have delayed replying to your letter of December 19, 1957 by reason of the holidays, and by reason of some incomplete negotiations relative to operations, which we had hoped to have completed before now.

It now appears that two or three weeks will be required before these can be completed, after which we will be in a position to complete the Performance Guaranty and forward it to you as the last preliminary to the execution of the contract.

Very truly yours,

D.A.C. URANIUM CO.

A. M. Brenneke

A. M. Brenneke
President

JAN 23 1958

AMB:cbp

Copies distributed to:
Chm. Op. Comm. (2)
Hardeman
DMEA/DTC

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/24	Murphy	700
1/24	Ellis	700
"	[illegible]	180
"	Murphy	100
1/27	[illegible]	220
		700

JAN 24 1958

Mr. A. M. Brenneke, President
D.A.C. Uranium Company
1016 Burt Building
Dallas 1, Texas

Re: Docket No. DMEA-4328 (Uranium)
Lightning Group
Fremont County, Colorado

Dear Mr. Brenneke:

Our Field Team, Region III, has advised this office that you have not answered its letter of December 19, 1957, relating to the Performance Bond required under the proposed contract, a copy of which was sent to you.

We prefer not to hold an application in abeyance for an indefinite period of time; therefore, we suggest that you make every effort to submit the bond. If you anticipate that you will require more than thirty days from the date of this letter to complete the transaction, please advise the Regional Office the date it may expect to receive the bond.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

FMMurphy/gla
1-24-58
cc to: Admr.'s Reading File
THKiilsgaard, 5224
Mr. Murphy
DMEA Field Team, Region III (2)

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 23 1958

DATE		CODE
1/24	C	220
"	FWM	700

Memorandum

January 22, 1958

VIA AIR MAIL

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4328 (Uranium), D.A.C. Uranium Company (Lightning Group), Fremont County, Colorado - Proposed Exploration Project Contract No. Idm-E1148

The subject proposed contract was forwarded to this office by your letter of October 31, 1957 for signature by the Applicant after providing a performance bond. In reference to the matter, you are referred to our letters to the Applicant, dated November 4, November 12, and December 19, 1957, copies of which were forwarded to you at the time of writing.

We have been unsuccessful, as the referred to letters will indicate, in obtaining either the performance bond by the Applicant or the courtesy of a reply to our letters. Therefore, since the history of this docket has been one of continuous delay by the Applicant for one reason or another, we recommend that the Applicant be contacted by your office and advised that unless the required performance bond and all other matters which are prerequisite to commencing work under the contract are resolved within thirty days, that the contract will be cancelled and the application considered to have been withdrawn.

W H King
W. H. King

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 23 1957

DATE	INITIALS	COST
12/23	gb	220
12/27	GBB	800
	~~FMM~~	~~700~~

224 New Customhouse
Denver 2, Colorado

December 19, 1957

. A. M. Benneke
.A.C. Uranium Company
1016 Burt Building
Dallas 1, Texas

Re: Docket No. DMEA-4328 (Uranium)
D.A.C. Uranium Company
(Lightning Group) Fremont County,
Colo., Proposed Contract Idm-E1148

Dear Mr. Benneke:

Considerable time has elapsed since our letter of November 12, 1957, by which we forwarded a copy of Proposed Contract No. Idm-E1148, for your use in obtaining a performance bond.

Since the contract cannot be maintained in an indefinite status, we will appreciate advice by return mail as to the result of your efforts to obtain the performance bond and the approximate date on or before which we can expect to receive it.

Very truly yours,

Original signed by
W. H. KING
W. H. King
Executive Officer, DMEA
Field Team, Region III

JWT:bh
cc-Chairman, Op. Comm. (2)
Harshman
DMEA/DFC (Winkel)
Corres. File
Townsend
Chron.

224 New Customhouse
Denver 2, Colorado

November 12, 1957

CERTIFIED MAIL

11/15 gb 220
11/15 800
11/18 ~~500~~

Mr. A. M. Benneke
D.A.C. Uranium Company
1016 Burt Building
Dallas 1, Texas

Re: Docket No. DMEA 4328 (Uranium)
Contract No. Idm-E1148
D.A.C. Uranium Company
(Lightning Group)
Fremont County, Colorado

Dear Mr. Benneke:

In compliance with your request of November 7, 1957, enclosed is a copy of proposed Contract No. Idm-E1148, for your use in obtaining the required Performance Bond. Please return the copy of the Contract when you forward the original and one copy of the Performance Bond.

Confirming our telegram of today, the Performance Bond must be executed effective the same date as the Contract, which is October 31, 1957.

Very truly yours,

Original signed by
E. N. HARSHMAN

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

Enclosures

JWT:prl

cc: Chmn. Op. Comm. (2)) w/copy of
Harshman) Operator's
Corres. file) letter of Nov. 7
Townsend
Chron.

11/15 gf 220
800
700

D.A.C. URANIUM CO.

DMEA
DEPARTMENT OF THE INTERIOR
NOV 12 1957
REGION III
DENVER, COLORADO

1307 Tower Petroleum Bldg. • Dallas, Texas • Telephone RAndolph 2645

November 7, 1957

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA-4328 (Uranium)
Contract Idm-E1148

Gentlemen:

Receipt is acknowledged of your letter dated November 4, 1957, advising that a contract has been prepared for signature under the above docket number.

Our insurance carrier has requested a copy of the contract so that there will be no question as to what must be covered by the bond.

Therefore we will appreciate your forwarding a copy of the contract, which will be returned to you.

Very truly yours,

D.A.C. URANIUM CO.

A. M. Brenneke

A. M. Brenneke
President

AMB:tbp

RECEIVED NOV 6 1957

DATE	INITIALS	CODE
11/6	gb	220
11/4	~~RHH~~	~~200~~

224 New Customhouse
Denver 2, Colorado
November 4, 1957

Mr. A. M. Brenneke
D.A.C. Uranium Company
1016 Burt Building
Dallas 1, Texas

Re: Docket DMEA-4328 (Uranium)
Contract Idm-E1148
D.A.C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Brenneke:

We have at hand proposed Exploration Contract Idm-E1148, dated October 31, 1957, which has been prepared pursuant to your application for Government assistance under Defense Minerals Exploration Administration.

Release of the Contract to you for signature, is subject to the prior furnishing this office with the original and one copy of a Performance Bond on Standard Form 25, in the amount of $13,454.00. For prior communication in the matter, please refer to your letter of July 23, 1957.

In supplying the Performance Bond, the Contract number, and date of the Contract, as cited in the first paragraph of this letter, must be inserted in the space provided therefor, on Form 25.

If a copy of the Contract is needed in conjunction with supplying the Performance Bond, please advise and we will forward a copy to you which must be returned when you forward the Performance Bond.

Yours very truly,

Original signed by
J. W. TOWNSEND

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

JWT:hmh

cc: Chmn. Op. Comm. (2)
Harshman
DMEA,DFC - Buel
Townsend
Docket
Chron

ME Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/29	[illegible]	700
10/29	[illegible]	700
10/29	[illegible]	800
10/31	[illegible]	130
"	[illegible]	110
		~~[illegible]~~
		~~[illegible]~~
11/1	[illegible]	220
		700

OCT 31 1957

B

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-4328 (Uranium)
D.A.C. Uranium Company
Lightning Group
Fremont County, Colorado

Dear Mr. Harshman:

Enclosed are the original and four copies of a proposed long-form contract signed by the Administrator for the Government, subject to attachment of the Performance Bond mentioned in Annex I. Attached to each contract form MF-200 are Annex I (1 page), a Consent to Lien and Subordination Agreement, Exhibit "A" (4 pages) and three maps (Figures 2, 3, and 4). Also enclosed are two extra copies of Annex I, Exhibit "A," and the three maps.

Consideration has been given to the work outlined for Stage II in the Field Team's recommendations; however, this stage has been deleted in the proposed contract as being unjustified. Drill holes 8 through 13 will explore the target zone below the ground water level, therefore, the proposed Stage II would only duplicate these holes at a greater depth.

If you and the Applicant find the proposed contract in order, please attach copies of the Performance Bond to at least the Government's and Finance Office's copies of the contract, and insert in Article 3 of the contract form the date work shall commence. Then have an authorized representative of the company sign the original and four copies, and distribute the copies in the usual manner.

If any part of the proposed contract does not meet with your approval and the Applicant's and cannot be amended within your delegated authority, the original

8623

and all copies, including the extra copies, are to be returned to this office with the proposed changes for consideration.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JLB)

Enclosures

APPROVED:

Frank D. Lamb (JLB)
Member, Bureau of Mines

W. P. Williams (JLB)
Member, Geological Survey

FMMurphy/izm 10-29-57 (10-24-57)
cc: Mr. Murphy
Admr.'s Reading File
Operating Committee
THKiilsgaard, 5224

Government's Copy

MF-200
(Revised June 1954)

Docket No. DMEA 4328

Commodity Uranium

Contract No. Idm-E

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] D.A.C. Uranium Company, a Delaware corporation, whose mailing address is 1016 Burt Bldg. Dallas, Texas, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and maps Figures 2, 3, and 4

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] sublessee of [5] see Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [7] ....recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: See Annex I

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

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

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

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium. The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before May 1, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A," ~~except as otherwise provided in Exhibit "A" with respect to Stages of Work~~

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $17,939.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $13,454.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

contract rewritten

Mr. Selfridge:

Note that there is no provision for reduction in price of drilling AX in lieu of BX.

Talbut
10/25/59

NO

unless spacing holes both vertically and horizontally by 150' centers. Drilling corresponding

Second stage not justified.

Reduction in angle of hole should have corresponding reduction in cost

Government's Copy

MF-200
(Revised June 1954)

Docket No. DMEA 4328

Commodity Uranium

Contract No. Idm-E

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] D.A.C. Uranium Company, a Delaware corporation, whose mailing address is 1016 Burt Bldg. Dallas, Texas, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and maps Figures 2, 3, and 4

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] sublessee of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [7] ....recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: See Annex I

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

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

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

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium. The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before May 1, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A," except as otherwise provided in Exhibit "A" with respect to Stages of Work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $~~28,324.00~~ $17,939.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $~~21,243.00~~ $13,454.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

EXPLORATION PROJECT CONTRACT
D. A. C. URANIUM COMPANY
DOCKET NO. DMEA-4328

ANNEX I

The land referred to in Article 2 of the contract consists of eight (8) unpatented lode mining claims. The notices of location of the claims are recorded in the Office of the County Recorder, Fremont County, Colorado, as follows:

Claims	Recorded Date	Book	Pages
Lightning No. 1.	8/16/55	355	429-430
Lightning No. 2	"	"	431-432
Lightning No. 3	"	"	433-434
Lightning No. 4	"	"	435-436
Lightning No. 5	"	"	437-438
Lightning No. 6	"	"	439-440
Lightning No. 7	"	"	441-442
Lightning No. 8	"	358	385-386

These claims are situate in secs. 11, 14, and 15, T. 47 N., R. 11 E., N.M.P.M., Fremont County, Colorado, as shown on the map entitled "Figure 2. Claim Map of the Lightning Group" attached hereto.

The Operator has the right to possession of the land under a Mining Lease Agreement, dated March 5, 1957, among Robert Benton and Richard Brady, as "Owners"; Victor Herlacher, as "Lessee;"and the D.A.C. Uranium Company, as "Sublessee."

The Consent to Lien and Subordination Agreement of Victor C. Herlacher is attached hereto.

A Consent to Lien and Subordination Agreement is not obtainable from the "owners," and in lieu thereof the Government has been furnished a Performance Bond in the sum of ~~$21,243.00~~ executed on a Government standard form. A copy of the Performance Bond is attached to the Contract. ~~Government's copy of the Contract~~.

$13,439.00

EXPLORATION PROJECT CONTRACT
D. A. C. URANIUM COMPANY
DOCKET NO. DMEA-4328

EXHIBIT "A"

Description of the Work

General Provisions

The object of this project is to explore for uranium ore deposits in a fault zone by means of core drilling.

Core showing significant mineralization shall be split, and one-half of the split core used for assay purposes. The remainder of the split shall be stored with the nonmineralized core in boxes properly labeled as to hole number and with markers placed in the core sections to indicate the depth represented.

Sludge samples shall be taken over intervals of not more than 5 feet through sections of a hole which may be mineralized. All sludge and core shall be tested radiometrically.

In the event no core is recovered from a section of a hole where mineralization is suspected, then one-half of the sludge sample from this section shall be used for assay purposes in lieu of the core sample. If the sludge sample shows significant mineralization, the remainder of it shall be stored in a suitable container properly identified for Government inspection and possible use. The portions of the samples selected for assaying shall be chemically analyzed for their U_3O_8 content.

With prior approval by the Government, the Operator may dispose of the stored core and the sludge samples.

All holes shall be probed radiometrically, and core recovered from the drill holes shall be logged geologically. Records of such probing and logging, together with the assay certificates of the core and sludge samples, shall be submitted with the Operator's monthly progress report. The report shall also include a map or sketch showing the location of the holes completed during the reporting period.

The size of core shall be BX, except that AX size is acceptable where, in the opinion of the Government, maintenance of BX size is impracticable to complete the hole. Drill holes shall be cemented and drilled out as necessary. The Government will not contribute to the cost of an incompleted hole, nor to one drilled closer than 100 feet to a boundary of the land described in Annex I.

The Operator shall provide such supervision and technical services as may be required to complete the project in a satisfactory manner.

Preparation of access roads and drill sites shall be performed with a D-7 Caterpillar dozer or an equivalent unit of any other make.

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

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

~~Stage I~~

The work will consist of preparing access roads and drill sites, and drilling holes Nos. 1 through 13 at the approximate locations shown on the map entitled, "Figure 3. - Map Showing Locations of Recommended Diamond Drill Holes, . . .," attached hereto.

will be allowed under this contract.

The holes shall be drilled approximately on a bearing of S. 60° W. and inclination of -55°. The holes shall be drilled along two lines about 70 feet apart, the holes on each line being spaced at intervals of approximately 75 feet. It is estimated that holes Nos. 1 through 7 will penetrate through the fault zone at a depth of about 75 feet down dip, and that holes Nos. 8 through 13 will penetrate such zone at a depth of about 150 feet down dip. The drill holes shall be considered completed only when they have passed through the intensely kaolinized fault zone and into relatively unaltered rock. The approximate locations of the drill holes with reference to the fault zone are shown on map entitled, "Figure 4. Vertical Section AA' (Fig. 3) Showing Relative Positions of Fault Zone and Lines of Drill Holes, . . .," attached hereto.

Not in excess of

~~It is estimated that Stage I work will require~~ 24 hours of bulldozing, 2,060 feet of core drilling, 500 feet of cementing and drilling out, 2,060 feet of radiometric probing, supervision and technical services for 2½ months or equivalent time if less than 8 hour shifts are worked, 160 core boxes, and chemical analyses of 65 samples. ~~However, if these estimates are not adequate to complete the 13 holes to the desired horizon, the additional requirements and funds may, upon written approval by the Government, be transferred and deducted from Stage II.~~

~~Stage II~~

~~The work consists of preparing access roads and drill sites, and drilling holes Nos. 14 through 18 at the approximate locations shown on map Figure 3. The locations shown are tentative, the exact locations of any Stage II holes to be approved by the Government based upon information derived from Stage I drilling. The Stage II holes shall be planned to cut the fault zone at a depth of about 225 feet down dip. The spacing, bearing, and inclination of the holes shall be approximately the same as those drilled under Stage I.~~

~~Not in excess of 10 hours of bulldozing, 1,200 feet of core drilling, 300 feet of cementing and drilling out, 1,200 feet of radiometric probing, 1½ months of supervision and technical services, or equivalent time if less than 8 hour shifts are worked, 96 core boxes, and not more than 25 chemical analyses for the U_3O_8 content of samples, shall be allowed under this Stage II of the Contract.~~

Estimated Costs of the Project

Actual Costs

~~Stage I~~

Category (1) Independent Contracts

Bulldozing drill sites and access roads, 24 hours @ $12.00/hr.	$288.00
Core drilling, (BX size or larger) 2,060 feet @ $7.00 1//ft.	14,420.00
Cementing and drilling out holes, 500 feet @ $2.00/ft.	1,000.00
Radiometric probing of holes, 2,060 feet @ $0.10/ft.	206.00

Diamond drilling BX size @ $7.00/ft.

Category (2) Personal Services:

(a) and (b) Supervision and technical services:

1 supervisor-engineer, 2½ months or equivalent @ $600.00/month	1,500.00
(c) Labor	None

Category (3) Operating Materials and Supplies

None except:

160 cardboard core boxes @ $1.25/box	200.00

Categories (4), (5), and (6)

None

Category (7) Miscellaneous:

None except:

Chemical analyses for U_3O_8 content of 65 samples @ $5.00/sample 325.00

Estimated total cost ~~Stage I~~ of Project $17,939.00

Government participation @ 75% $13,454.00 (rounded)

Stage II

Category (1) Independent Contracts:

Bulldozing drill sites and access roads, 10 hours @ $12.00/hr. $ 120.00

Core drilling, 1,200 feet @ $7.00 1/ ft. 8,400.00

Cementing and drilling out holes, 300 feet @ $2.00/ft. 600.00

Radiometric probing of holes, 1,200 feet @ $0.10/ft. 120.00

Category (2) Personal Services:

(a) and (b) Supervision and technical services

1 supervisor-engineer, 1½ months or equivalent @ $600.00/month 900.00

(c) Labor None

Category (3) Operating Materials and Supplies:

None except:

96 cardboard core boxes @

1/ See Article 13(b)

$1.25/box	120.00	
Categories (4), (5), and (6)		
None		
Category (7) Miscellaneous:		
None except:		
Chemical analyses for U_3O_8 content of 25 samples @ $5.00/sample	125.00	
Estimated total cost Stage II		$10,385.00

S U M M A R Y

Estimated total cost Stage I	$17,939.00	
Estimated total cost Stage II	$10,385.00	
Estimated total cost of Project		$28,324.00
Government participation @ 75%		$21,243.00

1/ See Article 13(b).

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

OCT 23 1957

Memorandum

To: The Administrator, DMEA
Attention: Chief, Division of Rare and Miscellaneous Metals

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-4328 (Uranium)
D.A.C. Uranium Company
Lightning Group, Fremont County, Colorado

Pursuant to Mr. Ellis' request, dated October 8, 1957, we have prepared the attached Contract in satisfactory legal form for execution, subject to: (1) attachment of the bond mentioned in Annex I and (2) attachment of map, Figure 2.

Robert P. Dwyer

Robert P. Dwyer

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

OCT 23 1957

Memorandum

To: The Administrator, DMEA
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Pursuant to Mr. Ellis' request, dated October 8, 1957, we have prepared the attached Contract in satisfactory legal form for execution, subject to: (1) attachment of the bond mentioned in Annex I and (2) attachment of map, Figure 3.

Robert P. Dwyer

HCRubin:md
10/22/57

CC: Solicitor's Docket (2)
DMEA Docket
Mr. Ellis (2)
R. P. Dwyer
H. C. Rubin
Chron.

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

IN REPLY REFER TO:

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 10 1957

DATE	INITIALS	CODE
10/10	C	220
/11	FMM	700

October 9, 1957

Memorandum

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

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

Subject: Review of Joint Report of Examination, DMEA 4328 (uranium), D. A. C. Uranium Company, Lightning claims, Fremont County, Colorado

The examining team report that chances appear to be good for finding undiscovered uranium ore reserves on the applicant's property. Ore of minable grade has been discovered in a steeply-dipping fault zone by an old adit and by the applicant's drilling. The mineralized fault zone is at least 8 feet wide.

The field examiners recommend a drilling project that would explore the mineralized fault zone at depth. Total estimated cost of the work would be $28,288. I agree with the recommendations of the Field Team on the grounds that conditions are favorable for a new ore discovery.

W. P. Williams

W. P. Williams

DRAFT
10/7/57
FMMurphy/gla

DOCKET COPY

MF-200
(Revised June 1954)

Docket No. DMEA-4328

Commodity Uranium

Contract No. Idm-E

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] D.A.C. Uranium Company, incorporated in the State of Delaware, whose mailing address is 1016 Burt Bldg., Dallas, Texas, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and maps Figures 2, 3, and 4.

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] sublessee of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [7] ....recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: See Annex I

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

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

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

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before May 1, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $28,324.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $21,243.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

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

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

(c) Subsection (2) through (7) of Article 6(a) are deleted.

(d) In addition to the costs of work actually performed under Exhibit "A" by expenditures of actual costs, the costs of such contracts as specified in Exhibit "A" are deemed unit costs. The Government will contribute to the fixed unit costs of work to be performed under Exhibit "A" in an amount not to exceed the fixed unit costs as specified in Exhibit "A" for each unit of work to be performed. A "fixed unit cost" is an agreed price for each unit of work to be performed regardless of costs incurred by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the contract.

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

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By .....

.....
(Operator)

By .....

.....

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

.....

[CORPORATE SEAL]

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

DRAFT
FMMurphy/gla
10/7/57

EXPLORATION PROJECT CONTRACT
D.A.C. URANIUM COMPANY
DOCKET NO. DMEA-4328

ANNEX I

The land mentioned in Article 2 of the contract consists of eight (8) unpatented lode mining claims. The notices of the location of the claims are recorded in the Office of the County Recorder, Fremont County, Colorado, as follows:

Claims	Recorded Date	Book	Pages
Lightning No. 1	8/16/55	355	429-430
" No. 2	"	"	431-432
" No. 3	"	"	433-434
" No. 4	"	"	435-436
" No. 5	"	"	437-438
" No. 6	"	"	439-440
" No. 7	"	"	441-442
" No. 8	"	358	385-386

The above-referenced claims are situate in secs. 11, 14, and 15, T. 47 N., R. 11 E., N.M.P.M., Fremont County, Colorado, as shown on the map entitled "Figure 2. Claim Map of the Lightning Group" attached hereto.

The Operator has right ~~of~~ to possession of the above-named claims under a Mining Lease Agreement, dated March 5, 1957, between Robert Benton and Richard Brady, as "Owners"; Victor C. Herlacher, as "Lessee," and the D.A.C. Uranium Company as "Sublessee."

A copy of a Consent to Lien and Subordination Agreement signed by Victor C. Herlacher is attached hereto.

Since a consent to lien could not be obtained from the owners, the Government accepts a Performance Bond in the sum of $21,243.00 in lieu of this requirement. A copy of the Performance Bond is attached hereto and made part hereof.

EXPLORATION PROJECT CONTRACT
D.A.C. URANIUM COMPANY
DOCKET NO. DMEA-4328

EXHIBIT "A"

Description of the Work

General Provisions

The object of this project is to explore for uranium ore deposits in a fault zone by means of core drilling.

Sludge samples shall be taken over intervals of not more than 5 feet through sections of a hole which possibly might be mineralized. All sludge and core shall be tested radiometrically. Core showing significant mineralization shall be split, the Operator using one-half of the split core for assay purposes. The remainder shall be stored with the non-mineralized core in boxes properly labeled as to hole number and with markers placed in the core sections to indicate the depth represented. In the event no core is recovered from a section of the hole where mineralization is suspected, then one-half of the sludge sample from this section shall be used for assay purposes in lieu of the core sample, if it shows significant mineralization, and the remainder shall be stored in a suitable container properly identified for Government inspection and possible use. The portions of the samples selected for assaying shall be chemically analyzed for their U_3O_8 content.

With prior approval by the Government, the Operator may dispose of the stored core and the sludge samples. ¶ All holes shall be probed radiometrically and core recovered from the drill holes shall be logged geologically. Records of such probing and logging, together with the assay certificates of the core and sludge samples, shall be submitted with the Operator's monthly progress report. The report shall also include a map or sketch showing the location of the holes completed during the reporting period.

The size of core shall be BX, except that AX size is acceptable where, in the opinion of the Government, maintenance of BX size is impracticable to complete the hole. The Government will not contribute to the cost of an incomplete hole, nor to one drilled closer than 100 feet to the boundary of the project area.

The Operator shall provide such supervision and technical services as may be required to complete the project in a satisfactory manner.

Preparation of access roads and drill sites shall be performed with a D-7 Caterpillar dozer or an equivalent unit of any other make.

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

The work shall be performed in two stag

The O erator shall perform all of Stage I work and much of Stage II work as is approved of in writing the Government.

Stage I

The work shall consist of preparing access roads and drill sites, and drilling holes Nos. 1 through 13 at the approximate locations shown on the map entitled, "Figure 3. - Map Showing Locations of Recommended Diamond Drill Holes, - -— -.," attached hereto.

The holes shall be drilled on a bearing of S. 60° W. and inclination of -55° approximately. The holes shall be drilled along two lines about 70 feet apart, the holes on each line being spaced at intervals of approximately 75 feet. It is estimated that holes Nos. 1 through 7 will penetrate through the fault zone at a depth of about 75 feet down-dip and holes Nos. 8 through 13 at a depth of about 150 feet down-dip. The drill holes shall be considered completed only when they have passed through the intensely kaolinized fault zone and into relatively unaltered rock. The approximate locations of the drill holes with reference to the fault zone are shown on map entitled, "Figure 4. Vertical Section AA' (Fig. 3) Showing Relative Positions of Fault Zone and Lines of Drill Holes, - - - -.," attached hereto.

It is estimated that Stage I work will require 24 hours of bulldozing, 2,060 feet of core drilling, 500 feet of cementing and drilling out, 2,060 feet of radiometric probing, supervision and technical services for 2½ months or equivalent, 160 core boxes, and that 65 samples will be chemically analyzed for their U_3O_8 content. However, if these estimates are too low to complete the 13 holes to the desired horizon, the additional requirements and funds may, upon written approval by the Government, be transferred and deducted from Stage II.

Stage II

The work shall consist of preparing access roads and drill sites, and drilling holes Nos. 14 through 18 at the approximate locations shown on map Figure 3. The locations as shown are tentative, the exact locations of the Stage II holes to be agreed upon by the Government and Operator based on information derived from Stage I drilling. The Stage II holes shall be planned to cut the fault zone at a depth of about 225 feet down-dip. The spacing, bearing, and inclination of the holes shall be approximately the same as those drilled under Stage I.

Not in excess of 10 hours of bulldozing, 1,200 feet of core drilling, 300 feet of cementing and drilling out, 1,200 feet of radiometric probing, 1½ months or equivalent of supervision and technical services, 96 core boxes, and not more than 25 chemical analyses for the U_3O_8 content of samples, shall be allowed under this Stage II of the contract.

Estimated Costs of the Project

Actual Costs

Stage I

Category (1) Independent Contracts:

Bulldozing drill sites and access roads, 24 hours @ $12.00/hr.	$ 288.00
Core drilling, 2,060 feet @ $7.00[1]/ft.	14,420.00
Cementing and drilling out holes, 500 feet @ $2.00/ft.	1,000.00
Radiometric probing of holes, 2,060 feet @ $0.10/ft.	206.00

Category (2) Personal Services:

None except:

Supervision and technical services

2½ months or equivalent @ $600.00/mth. 1,500.00

Category (3) Operating Materials and Supplies:

None except:

160 cardboard core boxes @ $1.25/box 200.00

Categories (4), (5), and (6) None

Category (7) Miscellaneous:

None except:

Chemical analyses for U_3O_8 content of 65 samples @ $5/sample 325.00

Total Estimated Cost Stage I $17,939.00

Stage II

Category (1) Independent Contracts:

Bulldozing drill sites and access roads, 10 hours @ $12.00/hr.	$ 120.00
Core drilling, 1,200 feet @ $7.00[1]/ft.	8,400.00
Cementing and drilling out holes, 300 feet @ $2.00/ft.	600.00
Radiometric probing of holes, 1,200 feet @ $0.10/ft.	120.00

Category (2) Personal Services:

None except:

Supervision and technical services 1½ months or equivalent @ $600.00/mth.	900.00

Category (3) Operating Materials and Supplies:

None except:

96 cardboard core boxes @ $1.25/box	120.00
Categories (4), (5), and (6)	None

Category (7) Miscellaneous:

None except:

Chemical analyses for U_3O_8 content of 25 samples @ $5.00/sample	125.00
Total Estimated Cost Stage II	$10,385.00

S U M M A R Y

Total Estimated Cost Stage I	$17,939.00
Total Estimated Cost Stage II	10,385.00
Total Estimated Cost of Project	$28,324.00
Government Participation @ 75%	$21,243.00

1/ See Article 13 (d)

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DATE	INITIALS	CODE
10/7	C	R20
"	Murphy	700

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

Date October 4, 1957

DMEA Docket No. 4328
DMEA Contract No.
Commodity Uranium
Name of applicant D.A.C. Uranium Company
Name of property Lightning Group
Location of property Fremont County, Colorado
Estimated cost of project $21,215.81

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee
From: James Paone, Bureau of Mines Member
Uranium Commodity Committee
Subject: Review of Field Team Report
(Application, Field Team Report, etc.)

1. Date of subject document: 9/27/57. 2. Date received by reviewer: 10/1/57

3. Prior reports on this property known to reviewer: Yes ☐ No ☐

4. Prior reports on nearby properties known to reviewer: Yes ☐ No ☐

5. Information available on past production: Yes ☐ No ☐

6. Other pertinent factors known to reviewer: Yes ☐ No ☐

7. Explain items marked yes above:

8. Factors needing special consideration:
a. Location ☐
b. Ownership ☐
c. Evidence of mineralization ☐
d. Geology ☐
e. Proposed exploration method ☐
f. Alternate exploration method ☐
g. Costs ☐
h. _____ ☐

9. Action advised:
a. Obtain information from applicant ☐
b. Refer to Field Team ☐
c. Denial ☐
d. Agree with Field Team ☒
e. Disagree with Field Team ☐
f. Suggest alternate plan ☐
g. Request another examination ☐
h. Approval ☒
i. Consult with Mr. _____ at _____ AEC office.

10. Remarks: (Use back of page if necessary)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

September 27, 1957

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DATE	INITIALS	CODE
9/30	C	220
	esf	130
10/2	C	220
"	FMM	700

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket DMEA 4328 (Uranium) D.A.C. Uranium Company (Lightning Group) Fremont County, Colorado

Enclosed are the original and two copies of the Joint Report of Examination on the subject property by Edward W. Buel, USBM, and Frank B. Moore, USGS.

The field examiners conclude that the probability for making a significant discovery is sufficiently promising to justify Government participation. Accordingly, they recommend that the Applicant's work proposal be approved, as modified by them, in which the Field Team concurs.

Also enclosed are eight extra copies of Figures 3 and 4 for use in the preparation of the contract.

By copy of letter dated July 23, 1957, from the Applicant you were informed that a performance bond would be furnished in the event a contract is approved in lieu of Consent to Lien signed by Messrs. Benton and Brady. Inasmuch as this office has received no response to our letter of July 25, 1957, to Mr. Arthur Barrett, which enclosed Form MF-205 for possible signatures by Messrs. Benton and Brady, we assume that your Legal Section will require the indicated performance bond.

see Op. Com letter July 11 [illegible]

Enclosed are the only two copies of Form MF-205 signed by Victor C. Herlacher, which we have received to date from the Applicant. The Applicant was informed verbally that we must be provided with the original of the form which we have not as yet received.

J. W. Townsend
J. W. Townsend
Alternate Acting Executive Officer

Reviewed by
DMEA OPERATING COMMITTEE
10/2/57
(Date)

ON-SITE EXAM. REPORT

IN REPLY REFER TO:

DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEPARTMENT OF THE INTERIOR
SEP 26 1957
REGION III
DENVER, COLORADO

Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

September 25, 1957

TRANSMITTED
SEP 27 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: E. N. Harshman

Subject: Docket DMEA 4328 (Uranium), D. A. C. Uranium Company (Lightning group), Fremont County, Colorado

Enclosed is the original and eight copies of a report of examination by F. B. Moore and E. W. Buel on the subject property.

The delay of more than one year between receipt of the application and field examination was due to the need for clarification of the applicant's possessory rights.

Secondary uranium minerals occur in narrow fractures over an 8-foot width in a steeply dipping fault zone. The examiners conclude there is a reasonable chance of finding significant deposits of uranium along the fault zone and recommend a two-stage drilling project estimated to cost $21,215.81. The recommended program is modified from the applicant's proposal chiefly by increasing the spacing of holes and thereby reducing the total footage. The recommended program will also adequately explore the potential ore-bearing structure to a depth slightly greater than that proposed by the applicant.

I concur with the examiner's conclusions and recommendations.

RU King for
E. N. Harshman
Member, Field Team

RUKing:mp

Approved by
10/2/57

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DMEA
DEPARTMENT OF THE INTERIOR
SEP 26 1957
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

TRANSMITTED
SEP 27 1957

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA 4328

D. A. C. Uranium Company

Lightning group

Fremont County, Colorado

Uranium

Joint Engineering and Geologic Report

by

Frank B. Moore, Geologist
Geological Survey

Edward W. Buel, Mining Engineer
Bureau of Mines

September 24, 1957

Reviewed by
DMEA OPERATING COMMITTEE
10/2/57

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4.	Vertical section AA' (fig. 3) showing relative positions of fault zone and lines of drill holes, Lightning claims 2 and 4, Fremont County, Colorado	10

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DMEA 4328

D. A. C. URANIUM COMPANY
LIGHTNING GROUP
FREMONT COUNTY, COLORADO

INTRODUCTION

An application for Defense Minerals Exploration Administration assistance was made by D. A. C. Uranium Company on May 30, 1956. The requested assistance consisted of 15 diamond drill holes to explore for uranium on the Lightning claim group, Fremont County, Colorado. The applicant's estimated cost of the program was about $24,300.

The Lightning group of claims was examined on August 26, 1957, by DMEA examiners Frank B. Moore, U. S. Geological Survey, and Edward W. Buel, U. S. Bureau of Mines. The examiners were accompanied by Mr. Paul Van Dyke, Coaldale, Colorado.

The examination of the property was considerably delayed because the applicant was required to show sufficient rights of possession for the claim group. A court ruling was favorable to the applicant's rights of possession.

Mr. Van Dyke was not too familiar with many aspects of the applicant's previous and proposed exploration programs. From all appearances, he was acting only in a capacity of a guide. Therefore, additional information needed for a more complete report was unobtainable during the course of the examination.

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Members of the Denver office of the Atomic Energy Commission were consulted in regard to the property.

LOCATION AND ACCESS

The Lightning group is in secs. 11, 14, and 15, T. 47 N., R. 11 E., New Mexico principal meridian, Fremont County, Colorado. The property lies about 3 airline miles southeast of Coaldale and to the east of Little Cottonwood Creek (fig. 1).

The property is readily accessible from the Coaldale post office on U. S. Highway 50 by traveling eastward for about 1 mile to the Cottonwood Creek road, thence southward for 1.1 miles to the Van Dyke home. From the Van Dyke home, a steep road passes through the Van Dyke property to the Lightning group, a distance of about 1.5 miles.

GEOGRAPHY

The property is on the east slope of the Sangre de Cristo Range and a few miles south of the Arkansas River canyon. The general region is mountainous with a relief that ranges from about 6,500 feet in the river canyon to several mountain peaks that measure over 12,000 feet in altitude. The proposed exploration area on the property lies at an altitude of 7,500 feet.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

COLORADO

ROCKY MOUNTAIN REGION
FEDERAL CENTER
DENVER, COLORADO

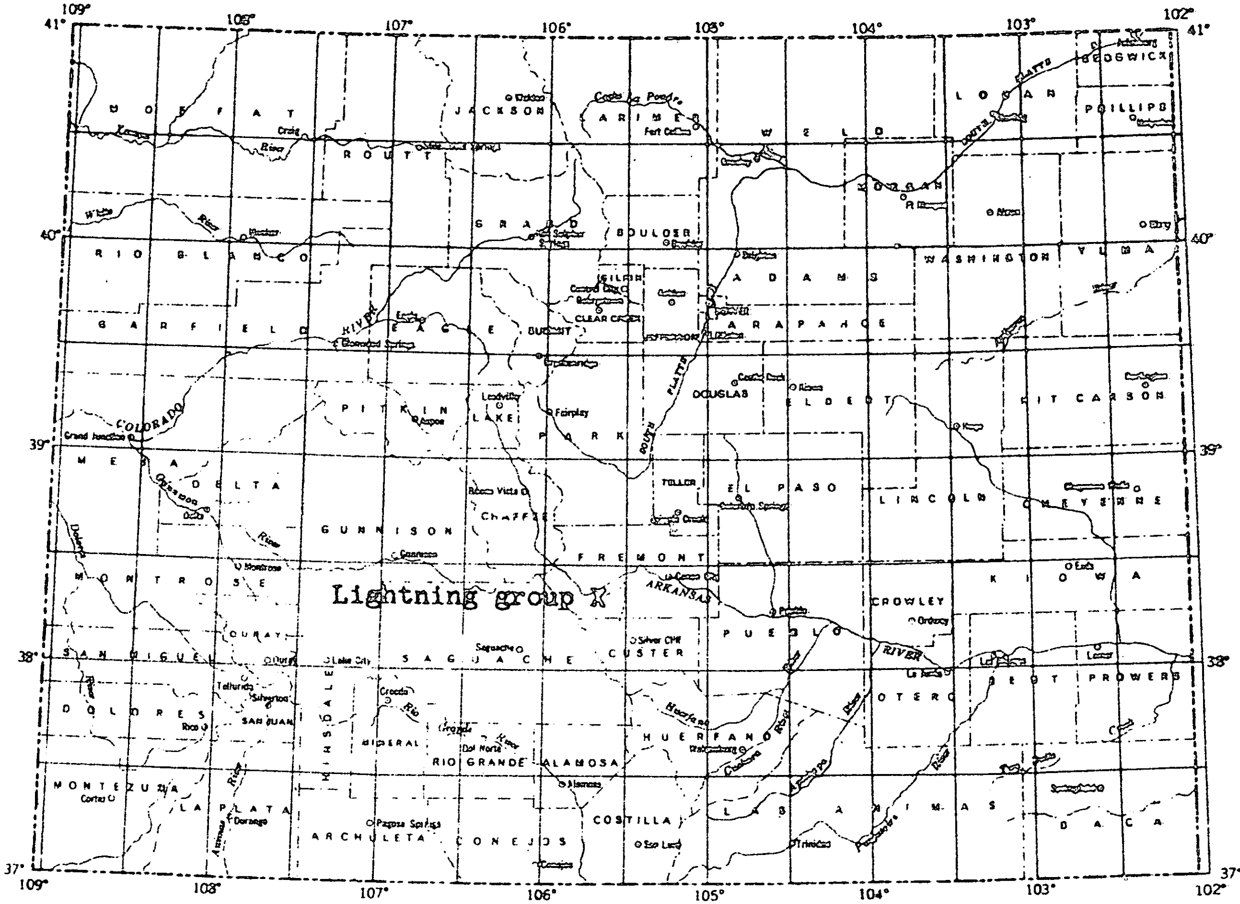

FIGURE 1.--LOCATION MAP OF LIGHTNING GROUP, D. A. C. URANIUM COMPANY, FREMONT COUNTY, COLORADO. DMEA 4328

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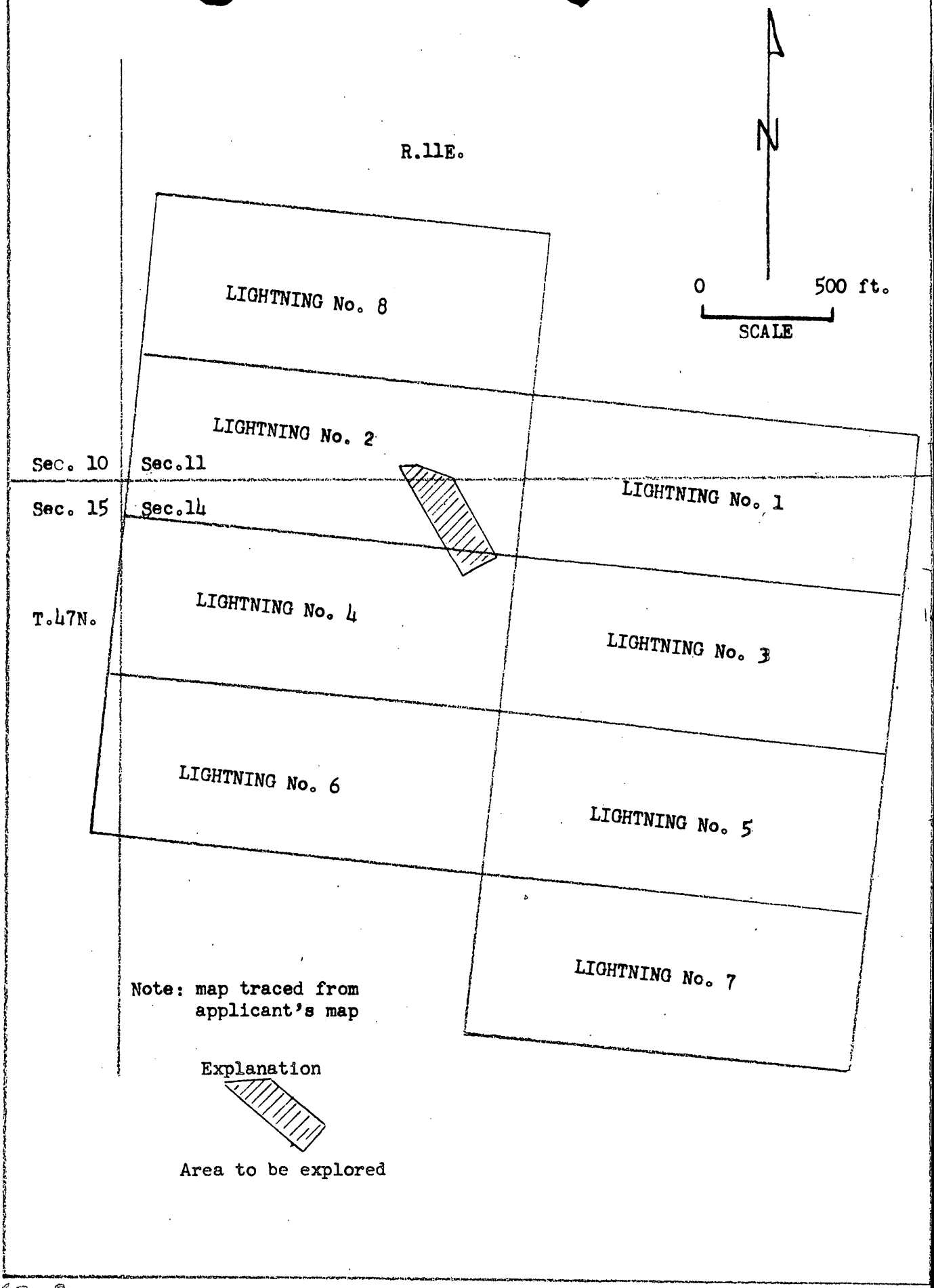

D.A.C.

4328

Figure 2 - Claim Map of the Lightning Group

The climate in the immediate vicinity of the property is not severe throughout the winter season. Except for an occasional snowstorm which might block access for a day or two, the property remains open throughout the year. During the summer season, frequent thunderstorms occur in the vicinity of the property.

Vegetation consists principally of a scrub growth of trees, primarily of oak, pine, and juniper below an estimated elevation of 7,500 feet. Above this elevation, the trees are of sufficient size for most mining needs.

Water for drilling and/or mining operations would probably have to be hauled for about 1-1/2 miles from Little Cottonwood Creek.

Small mining supplies can be obtained from Canon City and Salida about 37 miles to the east and about 20 miles to the west of the property, respectively.

Mine labor could probably be obtained from Salida.

All power at the mine is supplied from portable internal combustion engines.

PROPERTY

The property consists of eight unpatented lode claims, namely, the Lightning Nos. 1 to 8 (fig. 2). The claims are recorded at the Fremont County Courthouse, Canon City, Colorado, as follows:

see Lease March 5, 1957

Claim	Recorded Date	Book	Page 5
Lightning No. 1	8/16/55	355	429 - 430
do. No. 2	do.	do.	431 - 432
do. No. 3	do.	do.	433 - 434
do. No. 4	do.	do.	435 - 436
do. No. 5	do.	do.	437 - 438
do. No. 6	do.	do.	439 - 440
do. No. 7	do.	do.	441 - 442
do. No. 8	do.	~~do.~~ 358	385 - 386

The claims are owned by Messrs. Robert Benton and Richard Brady, Cotopaxi, Colorado. The applicant, D. A. C. Uranium Company, holds a sub-lease from Mr. Victor C. Heilacher, Pueblo County, Colorado. The effective dates of the lease and sub-lease are August 1, 1955, and September 24, 1955. The length of the lease is indefinite and 20 years for the sub-lease.

HISTORY AND PRODUCTION

Uranium was discovered during the summer of 1955 on the Lightning group. The claims were located on August 9, 1955. Shortly after the discovery exploration by trenching, underground workings, and wagon-drill holes was conducted on the property by the applicant. Since this time the property has been relatively inactive except for a minor amount of development work and mining.

It was learned from Mr. Van Dyke that two car loads of about 80 tons of low-grade uranium ore, estimated to contain 0.10 percent U_3O_8, was shipped to the Vitro mill at Salt Lake City, Utah. Except for this small shipment, there has been no other production.

PRESENT STATUS

Exploration and development

The property, especially on the Lightning No. 2 claim, has been stripped and trenched as shown in figure 3. A short crosscut of about 55 feet and a 12-foot drift have also been driven in the mineralized area. About 35 feet of the crosscut was surfaced to the trench level and is covered with timbers.

More than 30 wagon-drill holes were drilled on 10- and 20-foot centers. The estimated average depth of these holes is 90 feet.

Mining equipment and other facilities

With the exception of a compressor mounted on a truck, a flat-bed truck, and a surface drill rig, there was no other mining equipment seen on the property. The size of the compressor could not be determined, but it is believed to be of an approximate size of a 250 c.f.m. compressor.

An ore bin has been constructed on the property. A 15-foot wide crosscut was surfaced in a trench and later covered by timbers for

approximately 35 feet. The crosscut has been provided with garage doors and is suitable for the housing of mining equipment and supplies.

ORE RESERVES

There are no calculable ore reserves.

A small amount, possibly less than 50 tons, of low-grade ore material has been stockpiled near the present underground workings.

GEOLOGY

The country rock in the Lightning No. 2 claim area is a fine-grained facies of the Pikes Peak granite. The granite has been faulted up against Pennsylvanian rocks on the west by a N. 25° W. trending thrust fault that extends northwesterly from the claim area for more than 10 miles. (Gabelman, J. W., Structure and Origin of Northern Sangre de Cristo Range, Colorado: AAPG Bull. V. 36, No. 8 pp. 1574-1612, August 1952) The Pennsylvanian rocks are folded into a syncline several miles wide which parallels the fault on the west. However, no sedimentary rocks were seen in the immediate claims area.

Acid igneous rocks (rhyolite-phonolite) are reported by the applicant to be exposed on the southern Lightning claims. These claims are outside the exploration area and were not visited by the examining team.

On the Lightning No. 2 claim autunite occurs in a strong fault zone that strikes N. 30° W. and dips 45 to 60 degrees northeast (fig. 3). The fault probably is related to the large thrust fault mentioned above but is not the main break as granite and not Pennsylvanian rocks occupies the west side. The fault is more than 10 feet thick where exposed in the adit (the hanging wall side is not reached) and it has been traced for several hundred feet on the surface where the overburden has been removed. The fault consists of a 6- to 8-inch main shear with limonite and hematite and numerous subsidiary shears. The rock between the shears is well broken. All the rock in and near the fault is highly altered, kaolinite being the chief alteration product. Autunite coats fractures on both sides of the main shear but the footwall side appears to be more strongly mineralized. In the adit, which is the only place where the fault is well exposed, autunite occurs for a distance of 5 feet from the main shear on the footwall side and for a distance of 3 feet from it on the hanging wall side. Two samples cut across the fault assayed as follows:

Sample number	Length in feet	eU (percent)	U (percent)
EB-41	3	0.06	0.038
EB-42	5	0.05	0.044

The applicant drilled 30 wagon-drill holes on 10- and 20-foot centers in the area east of the adit (fig. 3). Of these 30 holes, 18 reached the fault. No cuttings were collected but all holes were probed. All holes but one that reached the fault registered a count of 1 Mr/hr or better; seven registered a count of more than 2 Mr/hr. In addition, 4 holes that failed to reach the fault registered counts of 1 Mr/hr or better. The zone of high radioactivity occurred mostly on the hanging wall side of the fault; in several holes counts of more than 2 Mr/hr were registered 20 feet away from the fault on the hanging wall side. The drilling indicates the presence of an ore body of possible mineable grade with a long dimension of more than 80 feet. The ore body appears to plunge to the southeast. Five samples collected in the adit by the A.E.C. and the company show that the ore is out of equilibrium; the U_3O_8 content is nearly 50 percent greater than the eU_3O_8 content. Results of analyses are as follows:

Sample No.	By	Type	eU_3O_8 (percent)	U_3O_8 (percent)
F 35448	AEC	3.5' channel	0.14	0.21
F 13975	AEC	5.0' channel	0.05	0.05
785	Company	Grab	0.033	0.039
59	"	"	0.050	0.090
1868	"	"	0.152	0.206

The possibility of the Lightning 2 and 3 claims containing a significant deposit of uranium ore appears to be good. The width of the ore zone in the adit is 8 feet and several of the holes indicate that the width does not decrease at depth. Two of the five samples assayed contained material approaching ore grade at a depth of only 10 to 15 feet below the surface. Two types of ore may be present in the fault; one composed of secondary uranium minerals above a depth of 120 feet (the estimated depth of the water table) and primary ore (pitchblende) below 100 feet. To date only the secondary type ore has been explored.

APPLICANT'S EXPLORATION PROPOSAL

The applicant proposes to explore for uranium by 15 surface diamond drill holes of BX size. The holes will be angled from 55° to 70° and are expected to range in length from 100 to 250 feet. Six holes will be 100 feet in length, six holes will be 135 feet in length, two holes will be 200 feet in length, and one hole will be 250 feet in length. Spacing of the holes in each of the 6-hole fences will be about 40 feet. The remaining three holes will be widely spaced.

The applicant's drilling was planned to provide for the intersection of the projected vein at vertical depths of approximately 50, 100, 150, and 200 feet below the surface.

The actual length of each drill hole will be determined by the extent of the intensely kaolinized zone which contains uranium mineralization as seen in the present underground workings. The drill holes would be bottomed only when a hole passes through the intensely kaolinized zone and into relatively fresh or unaltered rock.

RECOMMENDED EXPLORATION

Exploration by diamond drilling is recommended in an area on the Lightning Nos. 2 and 4 claims as shown on figure 3. The drilling would consist of 13 Stage I holes in 2 fences on 75-foot centers. The first fence would cut the vein at a depth of 75 feet down the dip; the second fence at a depth of 150 feet down the dip (fig. 4). If significant amounts of uranium is found in the first 13 holes, an additional 5 holes should be drilled in Stage II. Locations of Stage II holes (numbered 14 to 18 on Figure 3) are tentative. The Stage II holes would cut the vein at 225 feet down the dip and further delineate the trend of the ore body. All holes would be drilled on a bearing of S. 60° W. and an inclination of -55°. Holes would average 135 feet in length in the first fence, 185 feet in the second, and 240 feet in the third. Total length of Stage I holes is 2,055 feet and of Stage II holes 1,200 feet. Total length for both stages is 3,255 feet.

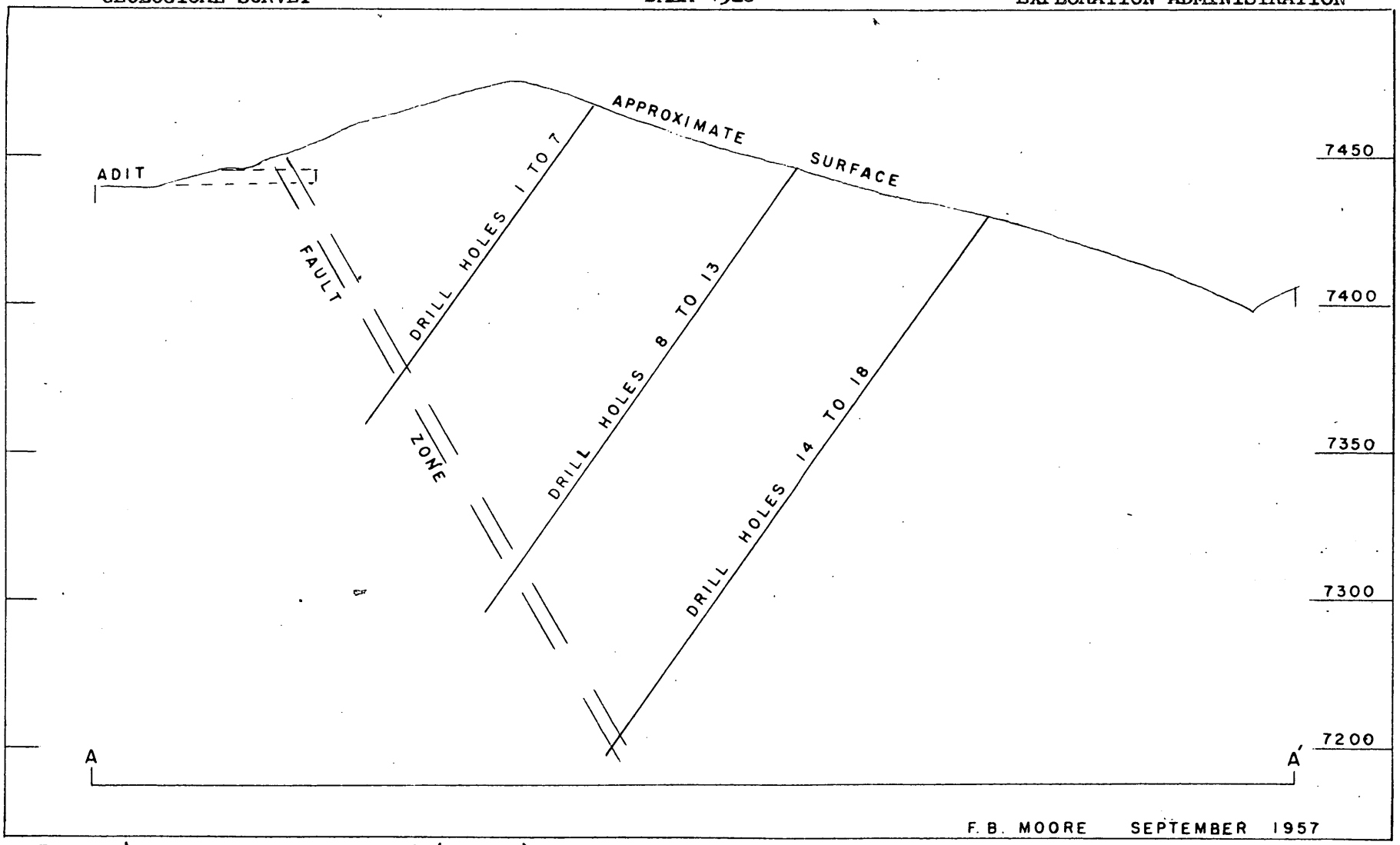

FIGURE 4.--VERTICAL SECTION AA' (FIG. 3) SHOWING RELATIVE POSITIONS OF FAULT ZONE AND LINES OF DRILL HOLES, LIGHTNING CLAIMS 2 AND 4, FREMONT COUNTY, COLORADO

SCALE 1 in. = 50 ft.

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The drilling program should be supervised by a competent geologist or mining engineer. As it is anticipated that only one drill rig will be used on a project this size, half time supervision should be adequate. If two drill rigs are used, full time supervision should apply. All core should be BX or larger and sludge should be saved for possible assay if core recovery is less than 60 percent. All core should be logged and tested with a Geiger counter; that which gives a significant count should be split. Half of the significantly mineralized core should be assayed chemically for uranium; the remaining half should be saved for Government disposition. Core boxes are to be provided for proper handling and storage.

Cost estimates

The estimated cost of the recommended DMEA exploration program is as follows:

Stage I

Actual Cost

I. Independent contracts

A. Bulldozing drill sites and access roadways, 24 hrs. at $12/hr. $ 288.00

B. Core drilling (BX) ~~2,055~~ 2060 feet at $7/ft. (based on one bid, subject to revision from competitive bids) $14,385.00

C. Cementing and drilling, 500 feet at $2/ft. (based on one bid, subject to revision from competitive bids) 1,000.00

D. Radiometric probing 2,060 feet at $0.10/ft. 206.00

E. Supervision and technical services 1-engineer-geologist at $600/mo. 2-1/2 mos. [redacted] 1,500.00 max — 2 months drilling ½ mo. surveys reports

F. Supplies 160 - cardboard core boxes at $1.25/box 200.00

G. Assaying 65 - chemical assays for U_3O_8 at $5/each 325.00

Total Stage I $17,904.00

Estimated completion time 5 months

Stage II

Actual Cost

I. Independent contracts

A. Bulldozing drill sites and access roadways, 10 hrs. at $12/hr. $ 120.00

B. Core drilling (BX) 1,200 feet at $7/ft. (based on one bid, subject to revision from competitive bids) 8,400.00

C. Cementing and drilling, 300 feet at $2/ft. (based on one bid, subject to revision from competitive bids) 600.00

D. Radiometric probing 1,200 feet at $0.10/ft.	$ 120.00	
E. Supervision and technical services 1-engineer-geologist at $600/mo., 1-1/2 mos. full time or 3 months half time	900.00	
F. Supplies 95 - cardboard core boxes at $1.25 per box	118.75	
G. Assaying 25 - chemical assays for U_3O_8 at $5/each	125.00	
Total Stage II		$10,383.75

Estimated completion time 3 months

Totals Stage I	$17,904.00	
Stage II	10,383.75	
		$28,287.75
Government's participation at 75 percent		$21,215.81

Estimated completion time 8 months

CONCLUSIONS AND RECOMMENDATIONS

Autunite fills narrow fractures over a width of 8 feet in a fault zone on the Lightning No. 2 claim. Sampling in an adit which cuts the fault and wagon drilling near the adit indicate that ore approaching mineable grade is present. However, insufficient exploration has been done to properly evaluate the property.

Because there appears to be a reasonable possibility of finding a significant deposit of uranium ore on the Lightning Nos. 2 and 4 claims, it is recommended that an exploration program, modified slightly from that of the applicant, be approved.

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224 New Customhouse
Denver 2, Colorado

August 16, 1957

Mr. Paul Van Dyke
Coaldale
Colorado

Re: Docket DMEA 4328 (Uranium)
D.A.C. Uranium Company
(Lightning Group)
Fremont County, Colorado

Dear Mr. Van Dyke:

A field examination of the captioned property has been scheduled for Monday afternoon August 26, 1957.

Mr. Arthur Barrett stated that you would accompany the field examiners, who will meet you at your home in Coaldale shortly afternoon, Monday, August 26.

In the event that you are unable to accompany the field examiners on that date, will you please advise this office by return mail.

Very truly yours,

E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer

HMC:eh

cc: Sec. Op. Comm. (2)
Harshman
DMEA/DFC (2)
Arthur Barrett, Indian Hills, Colorado
Docket
Chron.

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RECEIVED JUL 29 1957

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"	~~[illegible]~~	~~700~~

224 New Customhouse
Denver 2, Colorado

July 25, 1957

Mr. Arthur Barrett
Indian Hills
Colorado

Re: Docket DMEA 4328 (Uranium)
D.A.C. Uranium Company
(Lightning Group)
Fremont County, Colorado

Dear Mr. Barrett:

At the request of Mr. A. M. Brenneke, we are enclosing the original and seven copies of Form MF-205, Consent to Lien and Subordination Agreement, upon which he thought you might be able to obtain the signatures of Robert Benton and Richard Brady.

If you are successful in obtaining the signatures of these gentlemen, please have them insert their mailing address after their signatures. When this has been done, you are to return the original and four copies of the signed Consent to Lien to this office. The three remaining copies are for Mr. Benton, Mr. Brady, and D.A.C. Uranium Company.

By letter of July 23, 1957, Mr. Brenneke advised us, that should you be unsuccessful in obtaining the necessary signatures on these Consent to Lien Forms, D.A.C. Uranium Company agrees to submit two copies of Standard Form 25 Performance Bond in the event a contract is approved.

Very truly yours,

Original signed by
W. H. KING

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

Enclosures

MHM:eh
cc: Sec. Op. Comm. (2)
Harshman
DMEA/DFC (2)
Docket
Chron.

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DMEA
RECEIVED JUL 26 1957

DATE	INITIALS	CODE
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224 New Customhouse
Denver 2, Colorado

July 24, 1957

Mr. A. M. Brenneke, President
D.A.C. Uranium Company
1016 Burt Building
Dallas, Texas

Re: Docket DMEA 4328 (Uranium)
D.A.C. Uranium Company
(Lightning Group)
Fremont County, Colorado

Dear Mr. Brenneke:

We have received your letter of July 23, 1957, which enclosed two copies of a Consent to Lien and Subordination Agreement signed by Victor C. Herlacher. Your letter stated your willingness to submit two copies of a Standard Form 25 Performance Bond in the event the contract is approved and you are unsuccessful in securing Consent to Lien from Messrs. Benton and Brady.

By our letter of July 23, 1956, you were instructed and we required that the original and all copies of the Consent to Lien, forwarded to you at that time, be returned to this office. We, therefore, cannot process your application further until you have provided this office with the original and other copies which we now lack.

As requested by your letter of July 23, 1957, we are forwarding a set of MF 205 Forms, to be signed by Messrs. Benton and Brady, to Mr. Arthur Barrett, Indian Hills, Colorado.

Very truly yours,

Original signed by
W. H. KING

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

MHM:eh
cc: Sec. Op. Comm. (2))
Harshman) W/cy of Applicant's letter dated
DMEA/DFC (2)) July 23, 1957
Docket
Chron.

224 New Customhouse
Denver 2, Colorado

July 19, 1957

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DATE	INITIALS	CODE
7/22	C	220
"	PMM	700

Mr. A. M. Brenneke, Pres.
D.A.C. Uranium Company
1016 Burt Building
Dallas, Texas

Re: Docket DMEA 4328 (Uranium)
(Lightning Group)
Fremont County, Colorado

Dear Mr. Brenneke:

We have been advised by the Washington Office DMEA that a review of your application indicates that Robert Benton and Richard Brady have not as yet given their Consent to Lien.

If the Consent to Lien cannot be obtained, and you will agree to submit two copies of a Standard Form 25 Performance Bond, in the event a contract is approved, the Field Team has been authorized to schedule a field examination on the subject property.

Please advise.

Very truly yours,

Original signed by
W. H. KING

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

HMC:eh

cc: Sec. Op. Comm. (2)
Harshman
DMEA/DFC (2)
Docket
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7/8	Murphy	700
"	Ellis	700
7/10	GCS	130
"	Johnson	110
"	Rutherford	100
7/11	P.K	220
		700

JUL 11 1957

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

Re: Docket No. DMEA-4320 (Uranium)
D. A. C. Uranium Company
Lightning Group
Fremont County, Colorado

Dear Mr. King:

This is to acknowledge your memorandum of June 28, and the copies of your letter, dated June 28, in response to the Applicant's letter of June 25, 1957.

The Solicitor's Office has reviewed the application and finds the Applicant's lease in order. On May 1, 1957, we received the executed copies of a Consent to Lien and Subordination Agreement signed by Victor L. Berlacher. As noted in your memorandum of April 7, the application lacks the Consents to Lien of the owners Robert Denton and Richard Brady.

If their Consents to Lien cannot be obtained, and the Applicant agrees to submit two copies of a Standard Form 25 Performance Bond in the event a contract is approved, the Field Team should make a field examination of the subject property and submit its recommendations.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Admin. Asst.

F.Murphy:mg 7/8/57
Copy to: Docket
Code 700
Mr. Murphy
Admr. M. File
Operating Committee

O. M. Bishop (JHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

Reserve: JHCrawford, Rm. 3643
THKiilsgaard, Rm 5224
JHHosted, Rm. 3210, GSA

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

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June 28, 1957

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-4328 (Uranium), D.A.C. Uranium Company (Lightning group) Fremont County, Colorado

Enclosed is a copy of a letter dated June 25, 1957, from the Applicant and our reply of even date.

Not until we reviewed the docket file preparatory to answering the Applicant's inquiry did we observe that the Applicant failed to submit the Consent to Lien which he stated was enclosed in his letter of April 29, 1957, to this office. We pointed this fact out to the Applicant and stated that a single performance bond would suffice for this lack of data, as well as the inability of the Applicant to obtain a Consent to Lien from the owners of the property.

Please have your legal section review the documents submitted by our memorandum of May 2, 1957, consider our advice to the Applicant, and inform us if we are free to examine the property from a legalistic standpoint. By this we assume that we will receive an affirmative reply to our letter to the Applicant concerning his ability to obtain a performance bond.

W. H. King

Encls.

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JUL - 2 1957
SOC. SOLICITOR
MINERAL RESOURCES

224 New Customhouse
Denver 2, Colorado

June 28, 1957

Mr. A. M. Brenneke, President
D.A.C. Uranium Company
1016 Burt Building
Dallas, Texas

Re: Docket DMEA-4328 (Uranium)
D.A.C. Uranium Company
(Lightning group)
Fremont County, Colorado

Dear Mr. Brenneke:

In reply to your inquiry of June 25, 1957, an alternative to obtaining a Consent to Lien from the owners of land proposed for subordination under the captioned docket, is to obtain a performance bond for the amount that the Government may contribute to your proposed exploration project. The performance bond required is executed on a standard Form 25, available at most stationery stores.

We would appreciate your advising us if you would be in a position to obtain such a bond in the event a contract is indicated as the result of the recommendations based on the examination of your property.

By your letter of April 29, 1957, you stated that you were enclosing four copies of a Consent to Lien and Subordination Agreement executed by Victor C. Herlacher. Our records indicate that the referred to agreement was not included with your letter. It is our understanding, however, that a single performance bond for the amount of possible Government contribution would substitute for a Consent to Lien signed by both the owners of the property and Mr. Herlacher. You are at liberty to submit the copies of the Consent to Lien signed by Mr. Herlacher with your letter advising of your ability to obtain a performance bond. If you so decide, then please submit the original and six copies of the executed Consent to Lien, as originally instructed by our letter of July 23, 1956.

Very truly yours,

Original signed by
W. H. KING

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

MHM:bh
cc-Sec.Op.Comm.(2)) w/copy of
Harshman) Applicant's
DMEA/DFC) letter of
Docket DMEA-4328) 6/25/57
Chron.

Sd Im 2

D.A.C.

URANIUM CO.

DMEA
DEPARTMENT OF THE INTERIOR
JUN 26 1957
REGION III
DENVER, COLORADO

~~1207 Texas Petroleum Bldg.~~ • Dallas, Texas • Telephone ~~RAndolph 9645~~
1016 Burt Building RI 7-0449

June 25, 1957

Defense Minerals Exploration Administration
224 New Customs House,
Denver 2, Colorado

Gentlemen:

RE: Docket DMEA 4328

On the above captioned docket there still remains to be delivered to you a subordination of lien agreement from Benton & Brady, the original claim owners.

We have been unable to get them to sign such an agreement, for reasons unknown to us, and as we are extremely anxious to get this exploratory work under way at the earliest possible date we are wondering if there is not some way by which we can guarantee repayment of the loan out of our portion of the proceeds from the shipment of ore. We are willing to make any reasonable agreement to guarantee repayment to the government and would appreciate any suggested methods you would approve in place of the above mentioned subordination of lien agreement from the original claim owners.

Very truly yours,

D.A.C. URANIUM CO.

A. M. Brenneke

A. M. Brenneke, Pres.

AMB:ei

PROCESS TO:
WO-2
DMEA/DFE-2
DOCKET.
HERSHMAN

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

May 2, 1957

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5/6	~~M~~	~~700~~

Memorandum

To: Secretary to the Operating Committee, DMEA

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

Subject: Docket No. DMEA-4328 (Uranium) D. A. C. Uranium Company (Lightning group) Fremont County, Colorado

Enclosed are the following which relate to the application included under the subject docket: -

1. Certified copy of Order of Dismissal of Civil Case No. 5368 dated April 1, 1957, regarding title to the Lightning Claims, Fremont County, Colorado.

2. Copy of Mining Lease Agreement dated March 5, 1957, between Robert Benton and Richard Brady, Victor C. Herlacher, and D. A. C. Uranium Company.

3. Copy of Supplemental Mining Lease Agreement dated March 5,1957, between Victor C. Herlacher and D. A. C. Uranium Company.

4. Copy of letter dated April 29, 1957, from the Applicant, transmitting Items 1 - 3.

As stated in the last paragraph of the Applicant's letter, one other Consent to Lien and Subordination Agreement is yet to be obtained. We are informed that it will be sent promptly to this office when executed.

E. N. Harshman

Encls.

E. N. Harshman

D.A.C.

URANIUM CO.

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

~~1007 Tower Petroleum Bldg.~~ ○ Dallas, Texas ○ Telephone ~~Randolph 2645~~
1016 Burt Building

April 29, 1957

OFFICIAL FILE COPY
RI 2 6037 M E A
RECEIVED MAY 6 1957

DATE	INITIALS	CODE

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Gentlemen: Docket DMEA 4328

We are enclosing, herewith, one certified copy and three other copies of the Order of Dismissal from the Federal Court in Denver in our case over title to the Lightning claims in Fremont County.

We are also enclosing, herewith, four copies of the new Mining Lease Agreement between Benton and Brady, Victor C. Herlacher and D. A. C. Uranium Company.

We are also enclosing four copies of a Supplemental Mining Lease Agreement between Victor C. Herlacher and the D. A. C. Uranium Company./

We are also enclosing, herewith, four copies of a consent to lien and subbordination agreement executed by Victor C. Herlacher.

All of the above documents are related to the above captioned loan application. One other consent to lien and subbordination agreement is yet to be obtained and will be forwarded to you promptly upon its execution. We expect to obtain this very shortly.

Very truly yours,

D. A. C. Uranium Company

A M Brenneke

A. M. Brenneke, President

AMB/mdl

COPY TO
WO
HAOS

D.A.C.

URANIUM CO.

~~1007 Tower Petroleum Bldg.~~ • Dallas, Texas • Telephone ~~RAndolph 2645~~
1016 Burt Building RI 2-6637

April 17, 1957n

OFFICIAL FILE COPY
DMEA
RECEIVED APR 22 1957

DATE	INITIALS	CODE
4/22	C	220
	Murphy	700

Defense Minerals Exploration Administration
Washington 25, D.C.

Re: Docket No. DMEA-4328
(Uranium)
Lightning Group
Fremont County, Colorado

Gentlemen:

Receipt is acknowledged of your letter dated April 18, relative to the above captioned claim.

The litigation which delayed us for so long has been cleared up and we have obtained one of two required subordination of lien agreements. The other one has been delayed by reason of the absence of one of the parties from the country and his return is expected this week. We should, therefore, be able to complete all the necessary supporting papers for this claim and forward them to the regional office together with a copy of the judgement as issued by the Federal Court in Denver within the next two weeks.

Mr. Erl Ellis, of the firm of Grant, Shafroth and Toll, attorneys in Denver, have been representing us in this case and a call to him from your Denver office at any time will permit your office to keep advised of the progress being made.

If you will bear with us for a very little more time, I feel quite sure that we will have all the necessary papers delivered to your Denver office.

Thanking you, we are

Very truly yours,

A. M. Brenneke, President
D. A. C. Uranium Company

AMB/mdl

2 copies Mailed & Reg. 3- 4-23-57

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4-15	Murphy	700
4-15	Ellis	700
"	Mottaudy	100
4/15	C	220
		700

APR 15 195

Mr. A. M. Brenneke, President
D. A. C. Uranium Company
1016 Durt Building
Dallas, Texas

Re: Docket No. DMEA-4328 (Uranium)
Lightning Group
Fremont County, Colorado

Dear Mr. Brenneke:

This is with reference to letters, dated July 23, 1956, and January 28, 1957, by the Executive Officer, DMEA Field Team, Region III, in which you were requested to submit certain documents to show that you have rights of possession of the Lightning Group of claims.

This office has been advised by the Field Team that to date the documents it requested have not been received. We prefer not to hold an application open for an indefinite period. Therefore, will you kindly advise the Field Team the approximate date that it may expect to receive the requested data and forward a copy of your letter to this office.

Sincerely yours,

FMMurphy/dlm 4-15-57
cc to: Mr. Murphy
Admr.'s Reading File
DMEA FT Reg. 3 (2)

Ernest Wm. Ellis, Chief
Rare and Miscellaneous
Metals Division

8623

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

April 9, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED APR 1 1957

DATE	INITIALS	CODE
4/11	C	220
4/11	Murphy	700

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket DMEA-4328 (Uranium) D. A. C. Uranium Company (Lightning group) Fremont County, Colorado

The subject application was referred to the field for examination by your letter of July 2, 1956. Your letter of July 16, 1956, pointed out that if a field examination was deemed necessary, we should request clarification of the Applicant's property rights. We do not have geologic data available on the property, and a field examination will be necessary to appraise the merits of the proposed project.

On July 23, 1956, the Executive Officer requested the Applicant to obtain a Subordination Agreement from Victor C. Herlacher, holder of the lease, and a Consent to Lien from Robert Benton and Richard Brady, claim owners. You have been furnished with copies of subsequent letters to and from the Applicant, the last of which (from the Applicant and dated January 23, 1957) stated that a copy of the formal court judgment in favor of the Applicant would be sent to the Executive Officer in about 30 days. No copy of the judgment has been received.

We suggest that the Applicant be given notice that if the question of property rights is not resolved within 30 days, the docket will be closed.

E. N. Harshman

E. N. Harshman

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

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 11 1957

DATE	INITIALS	CODE
3/11	C	220
11	~~Murphy~~	~~700~~

March 8, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: DMEA Docket 4328 (Uranium) D. A. C. Uranium Company (Lightning group) Fremont County, Colorado

I wish to correct an apparent misunderstanding regarding future action on the subject Docket as discussed in your letter of March 6, 1957.

None of the correspondence between the Executive Officer and the Washington office or the Applicant was intended to imply that favorable action would be taken on the subject Docket when the question of ownership was finally established by court action.

There is no geologic data available upon which to appraise the merits of the Applicant's request, and a field examination will be required. Therefore, in accordance with your letter of July 16, 1956, the Executive Officer has been attempting to clarify the right of possession before making the field examination.

In a letter of January 23, 1957, Mr. A. M. Brenneke, President of the D. A. C. Uranium Company, notified the Executive Officer that the court ruling was in their favor and that a certified copy of the judgment would be furnished in about 30 days. The field examination is being deferred pending receipt of the copy of the judgment.

You have been furnished copies of all correspondence between the Executive Officer and the Applicant.

E. N. Harshman

E. N. Harshman

DMEA Form 7
(12-56)

700

OFFICIAL FILE COPY

Date	Surname	Code
3/6	Murphy	700
"	[illegible]	700
3/6	Selfridge	130
"	Johnson	110
"	Pettendorf	100
3/7	C	220

700

Mr. H. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

MAR - 6 1957

Re: Docket No. DMEA-4328 (Uranium)
D.A.C. Uranium Co.
Lightning Group
Fremont County, Colorado

Dear Mr. Harshman:

On January 28, 1957, Mr. Traver requested the Applicant to submit a certified copy of the Federal Court (Denver) judgment relating to the ownership of the Lightning group of claims.

By inference, it appears that the Field Team will recommend a project when the question of ownership of the claims is clarified. Will you kindly advise this office what action the Field Team is presently taking in regard to the application.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

Frank D. Lamb (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

FMMurphy/gla
3-6-57
cc to: Admr.'s Reading File
Operating Committee
Code 700, Mr. Murphy
THKiilsgaard, Rm. 5224
Jack Kratchman - AEC

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 30 1957

DATE	INITIALS	CODE
January 28, 1957		
1-30	C	220
~~1-30~~	~~Mergh~~	~~700~~

224 New Customhouse
Denver 2, Colorado

Mr. A. M. Brenneke, President
D. A. C. Uranium Company
1016 Burt Building
Dallas, Texas

Re: Docket DMEA 4328 (Uranium)
Lightning Group
Fremont County, Colorado

Dear Mr. Brenneke:

This will acknowledge receipt of your letter dated January 23, 1957, stating that the Federal Court in Denver has ruled in your favor.

Please forward this office a certified copy of the judgement, as soon as formal judgement is entered.

Yours very truly,

Original signed by
W. M. TRAVER

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

HMC:ytl
cc
Sec. Op. Comm. (2)
Harshman
Shaw (2)
Docket 4328
Chron.

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 30 1957

DATE	INITIALS	CODE
1-30	C	220
~~1-30~~	~~[illegible]~~	~~[illegible]~~
January 25, 1957		

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman of the Operating Committee

From: DMEA Field Team, Region III

Subject: Docket DMEA 4328 (uranium) D.A.C. Uranium Company (Lightning Group) Fremont County, Colorado.

Reference is made to our letter to you dated January 17, 1957 on the subject docket, in which we recommended that the captioned application be denied without prejudice.

Enclosed are two copies of a letter from the President of the Applicant company, informing us that the Federal Court in Denver has ruled in the Applicant's favor, and that "formal judgement probably will be entered within about 30 days."

In view of the fact that the Federal Court has made the ruling, we believe it would be wise to hold this application open for a reasonable time. We are requesting the Applicant to forward us a certified copy of the judgement as soon as the formal judgement is entered.

DMEA Field Team, Region III

By W. M. Traver
Executive Officer

Enclosures

(3)

Amc

D.A.C. URANIUM CO.

DMEA
DEPARTMENT OF THE INTERIOR
JAN 25 1957
REGION III
DENVER, COLORADO

~~1005 Tower Petroleum Bldg.~~ • Dallas, Texas • Telephone ~~[illegible]~~

1016 Burt Building

January 23, 1957

RI 2-6637

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 30 1957

DATE	INITIALS	CODE

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Attn: W. M. Traver
Sub: Lightning Claims
Fremont County,
Colorado

Dear Sir:

We have just been informed that the Federal Court in Denver has ruled in our favor in the litigation on the above captioned claims.

Formal judgment will probably be entered within about thirty days, upon receipt of which we will forward you a certified copy of the judgment.

Very truly yours,

D.A.C URANIUM COMPANY

A M Brenneke

A. M. Brenneke,
President

AMB/mdl

cc: Mr. Earle Cabell
Mr. T. H. Anspacher

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

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 22 1957

DATE	INITIALS	CODE
1-22	C	220
1-22	[illegible]	700

224 New Customhouse
Denver 2, Colorado

January 17, 1957

Memorandum

To: Chairman, Operating Committee

From: DMEA Field Team, Region III

Subject: Docket DMEA 4328 (Uranium) DAC Uranium Company (Lightning Group) Fremont County, Colorado.

The subject docket has been inactive since the date it was received in this office, June 5, 1956, because of litigation. Copies of all correspondence received from the Applicant have been forwarded your office. If the decision of the Court has been announced, we have not been notified.

We therefore recommend that this application be denied without prejudice. If at some later date the ownership of the property is determined by the Federal Court, the Applicant may again apply for DMEA aid.

DMEA Field Team, Region III

W. M. Traver

W. M. Traver
By Executive Officer

D.A.C.

URANIUM CO.

DMEA
DEPARTMENT OF THE INTERIOR
DEC 21 1956
REGION III
DENVER, COLORADO

~~1005 Texas Petroleum Bldg.~~
1016 Burt Building • Dallas, Texas • Telephone ~~[illegible]~~ RI 2-6637

December 18, 1956

RECEIVED
DEC 26 1956
DMEA

Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Gentlemen:

RE: Docket DMEA 4328 (Uranium)
Lightning Group, Fremont County,
Colorado

Replying to your letter dated December 13, inquiring about the status of the litigation of the above referenced claim, the trial was held in Denver on October 23-24, 1956, before Judge Knous. The Judge requested that briefs be filed by the parties to the litigation and these briefs were all filed by November 9th. The decision of the court has not been announced.

Be assured that we will advise your office of the results of this litigation as soon as we know the decision of the court.

Very truly yours,

D.A.C. URANIUM COMPANY

A. M. Brenneke

A. M.B renneke
President

AMB/mdl

See. Op. Com. (2)

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

RECEIVED
DEC 17 1956
D.M.E.A.

224 New Customhouse
Denver 2, Colorado

December 13, 1956

Mr. A. M. Brenneke, President
D. A. C. Uranium Company
1307 Tower Petroleum Building
Dallas 1, Texas

Dear Mr. Brenneke:

Re: Docket DMEA 4328 (Uranium)
Lightning Group, Fremont County,
Colorado

Your letter dated September 25, 1956 indicated that your pending litigation with the original claim owners was set for trial in the Federal Court in Denver on October 23, 1956.

Will you please advise, by return mail, the outcome of that trial so that we may begin to process your application.

If the results of the trial were unfavorable to you and you are no longer interested in DMEA aid, will you please advise so that we may close our records on this docket.

Yours very truly,

Original signed by
W. M. TRAVER

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

HMC:ytl
ec
Sec. Op. Comm. (2)
Harshman
Shaw (2)
Docket 4328
Chron.

10/1/56 gla

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

RECEIVED
OCT - 1 1956

224 New Customhouse
Denver 2, Colorado

September 28, 1956

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 4328 (Uranium) DAC Uranium Company Lightening Group) Freemont County, Colorado

Enclosed are two copies each of letters from the Applicant, dated August 22 and September 25, 1956, which are in reply to our letter to him dated August 17, 1956.

If the Applicant fails to advise us of the outcome of the trial in Federal Court on October 23, 1956, we will request a reply from him regarding the outcome of the trial.

W. M. Traver

W. M. Traver

D.A.C.
URANIUM CO.

~~1307 Lower Petroleum Bldg.~~ ○ Dallas, Texas ○ Telephone RAndolph ~~2845~~-6637
1016 Burt Building

DMEA
DEPARTMENT OF THE INTERIOR
OCT 27 1956
REGION III
DENVER, COLORADO

September 25, 1956

RECEIVED
OCT - 1 1956

Defense Minerals Exploration Administration
224 New Courthouse
Denver 2, Colorado

Re: Docket DMEA 4328

Gentlemen:

Reference is made to your letter dated August 17th on the above subject with which you enclosed two sets of Consent to Lien forms.

Due to some pending litigation with the original claim owners, we have been unable to secure signatures to these Consent Lien forms; but, as the matter is set for trial in the Federal Court in Denver on October 23rd, we should be able to secure execution of these documents immediately thereafter, assuming we win the suit.

Very truly yours,

A M Brenneke

A. M. Brenneke, President

AMB:mdv

file

Field is holding

to Secy.

D.A.C.

URANIUM CO.

OFFICE REGION III
AUG 24 1956
BUREAU OF MINES
DENVER, COLORADO
RECEIVED
OCT - 1 1956

1707 Texas Power & Light Bldg. • Dallas, Texas • Telephone RAndolph 2645

1016 Burt Building

August 22, 1956

DMEA
Date Rec'd
AUG 24 1956
BUREAU OF MINES
Denver, Colorado

United States Department of the Interior
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 4328 (Uranium)
Lightning group, Fremont
County, Colorado

Gentlemen:

Receipt is acknowledged of your letter of August 17, inquiring about the program on obtaining consent to lien to permit the further processing of the above captioned loan application.

Litigation is now pending and action on the consent to lien is dependent on the outcome of the litigation.

A pre-trial hearing is scheduled in the Federal Court in Denver on the morning of September 4, and if we are able to have our differences resolved at that time, the consent to lien would be executed immediately and delivered to your office.

In the event that we are not able to reconcile our differences in the pre-trial conference, the case is set for trial on September 17. It, therefore, appears that this matter should be clarified before September 25.

Very truly yours,

A. M. Brenneke, President

AMB/ps

cc: Mr. William Andress, Jr.
Mr. T. O. Morton
Mr. A. E. W. Barrett

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

August 17, 1956

224 New Customhouse
Denver 2, Colorado

D.A.C. Uranium Company
1307 Tower Petroleum Building
Dallas 1, Texas

Re: Docket DMEA 4328 (Uranium) Lightning group, Fremont County, Colorado

Gentlemen:

With our letter to you dated July 23, 1956, we enclosed two sets of Consent to Lien forms to be executed and returned to this office.

Will you please advise what progress is being made in obtaining the required signatures on the Consent to Lien forms so that we may continue to process your application.

Very truly yours,

W. M. TRAVER,

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

HMC:ab

cc: Chair. Op. Comm. (2)
Docket 4328
Harshman
Shaw (2)
Chron.

RECEIVED
AUG 20 1956

7-25-56

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

RECEIVED
JUL 25 1956

July 23, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Field Team, Region III

Subject: Docket DMEA 4328 (Uranium) D.A.C. Uranium Company (Lightning group), Fremont County, Colorado

This replies to your letter of July 16, 1956 on the subject docket. We believe that the best way the Applicant can clarify his right of possession to the captioned claims is to obtain Consent to Lien.

Enclosed are two copies of our letter to the Applicant. The field examination will be held in abeyance pending receipt of the executed copies of Owner's Consent to Lien.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

Enclosures

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

RECEIVED
JUL 25 1956

July 23, 1956

224 New Customhouse
Denver 2, Colorado

D.A.C. Uranium Company
1307 Tower
Petroleum Building
Dallas 1, Texas

Re: Docket DMEA 4328 (Uranium) Lightning group, Fremont County, Colorado

Gentlemen:

Before a field examination is made on the captioned property, it will be necessary for you to clarify your right of possession of the Lightning claims. This Agency does not recommend Government assistance in an exploration project until the Applicant has demonstrated that he has sufficient rights of possession of the land for the purpose of a contract.

Item 3 (d) of your application states as follows:

> "The Lightning Claim Group is held by the D.A.C. Uranium Company under a sub-lease from Mr. Victor C. Herlacher of the County of Pueblo, Colorado, who in turn acquired a lease from Messrs. Robert Benton and Richard Brady, the original locators. Copies of the two leases are attached to this application under Exhibit 1 (d)."

It will be necessary, therefore, to obtain a Subordination Agreement from Victor C. Herlacher, holder of the lease; Consent to Lien from Robert Benton and Richard Brady, claim owners.

Enclosed are two sets of Form MF-205, Owner's Consent to Lien and Subordination Agreement consisting of the original and five copies. One set should be signed by Victor C. Herlacher and the other set should be signed by Robert Benton and Richard Brady. The individuals who should sign the enclosed Forms MF-205 should sign their names and addresses on the line above their name which we have typed on all copies.

When the above signatures are obtained on all copies, please return all copies to this office so that we may continue to process your application.

Very truly yours,

W. M. TRAVER,

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

Enclosures

HMC:ab

cc: Chair. Op. Comm. (2)
Harshman
Shaw (2)
Docket 4328
Chron.

700
Surname copy

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

Murphy
Selfridge
N E Nelson
Mitchendon

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

JUL 16 1956

Re: Docket No. DMEA-4328 (Uranium)
D. A. C. Uranium Company
Lightning Group
Fremont County, Colorado

Dear Mr. Traver:

Enclosed are copies of a letter, dated July 6, 1956, by Messrs. Robert Benton and Richard Brady, relating to the ownership of the Lightning lode claims, mentioned in the above-docketed application. This application was referred to your office in our letter of July 2.

You will note that in our letter mention was made that we would require copies of an Owners' Consent to Lien signed by Messrs. Benton and Brady in the event a contract was recommended.

In view of this letter from the original locators of the claims, we suggest that if the Field Team concludes a field examination of the property is warranted, it should request the Applicant to clarify its right of possession of the claims. However, if it appears that a denial of the application without a field examination is justified, then the question of ownership is not important.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (245)

Enclosures

FMMurphy/ai 7-12-56
cc to: Admr. Reading File
Docket
Operating Committee
Messrs. THKiilsgaard, Rm. 5224
JECrawford, Rm. 3643
JOHosted, Rm. 3210, GSA
Code 700
Mr. Murphy

APPROVED:

/s/ Robert W. Geehan (245)
Member, Bureau of Mines

N. E. Nelson (245)
Member, Geological Survey

R.C.S.

Surname copy

700

Murphy
Ellis
Selfridge
Johnson
Mittendorf

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

JUL 16 1956

Messrs. Robert Benton
and Richard Brady
Cotopaxi, Colorado

Re: Docket No. DMEA-4328 (Uranium)
D.A.C. Uranium Company
Lightning Group
Fremont County, Colorado

Gentlemen:

This is to acknowledge your letter of July 6, 1956, relating to your rights to the Lighting lode claims as the original locators and those claimed by the D.A.C. Uranium Company.

This Agency does not recommend Government assistance in an exploration project until the applicant has demonstrated that he has sufficient rights of possession of the land for the purpose of a contract. Also, if the land is held under lease we require that the lessor sign an Owner's Consent to Lien on the property involved.

We wish to thank you for advising us in regard to the subject property.

Sincerely yours,

Ernest Wm. Ellis, Chief
Rare and Miscellaneous
Metals Division

FMMurphy/gla
7-16-56
cc to: Admr.'s Reading File
Operating Committee
Docket
Messrs. JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JCHosted, Rm. 3210, GSA
Code 700, Mr. Murphy
DMEA Field Team, Region III (2)

RCB

7-9-56

Cotopaxi, Colorado
July - 6, 1956

DMEA-4328

D.M.E.A.
U.S. Dept. of Interior
Washington 25, D.C.

RECEIVED
JUL 9 - 1956

Sirs:

Subject:

Application for Loan on Lightning Lode Claims, FREMONT County, Colorado By D.A.C. Uranium Co of Dallas, Texas.

Inasmuch as we (Richard Brady and Robert Benton of Cotopaxi, Colorado) ARe the discoverers & owners of the Afore mentioned Property, we wish to Advise that the D.A.C. Uranium Co. has been trespassing on our property, Pretending to have a valid Lease And when then discovered they did Not have a Lease did willfully and with fraudulent intent Stake this property in their

Name (As of May 16 1956 of this year) in violation of Federal Mining Laws.

Please be further advised that we accept no responsibility for their actions & request that you investigate these people and their activities more thoroughly as we are certain of the valid status of our claims.

Any information concerning the application forms they filled out would be appreciated by us in order to stop this willful defiance of law and order. We have reason to believe that the D.A.C. URANIUM Co. have falsified reports & application forms in order get financial assistance.

We would suggest that if there is an agent of your agency in this area, that they contact us

immediately on this matter.

Geological Survey for this Property has been made by: Colo. Exploration Co.
C/o Stuart Merwin
Golden, Colorado

Thank You,

Robert Benton
Richard Brady
Cotopaxi, Colorado

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

July 6, 1956

224 New Customhouse
Denver 2, Colorado

JUL 9 - 1956

Memorandum

To: J. F. Shaw (2) (With brochure)
E. H. Kerchman

From: Field Team, Region III

Subject: Docket DMEA 4328 (Uranium) D. A. C. Uranium Company (Lightning group) Fremont County, Colorado

Enclosed are copies of the subject application in the amount of $24,301.20, its transmittal by the Chairman of the Operating Committee to the Executive Officer and review memoranda by E. E. Nelson, USGS, and J. E. Crawford, USBM. After a review and evaluation of the application by reference to the Denver area office of the Atomic Energy Commission, a field examination and covering report will probably be in order.

The proposed 2,000 feet of diamond drilling by the Applicant is supported by a bid from only one independent contractor for $7.00 a foot, whereas the Applicant shows an estimated cost of $7.50 a foot. Both figures appear to be exceptionally high and should be discussed with the Applicant and possibly two additional bids required. If a field examination is made and as a result approval indicated, the Region III Field Team should be advised in sufficient time to allow obtaining from the Applicant the requirements mentioned in the last paragraph of the Chairman's letter.

DMEA Field Team, Region III

W. M. TRAVER,

By W. M. Traver
Executive Officer

Enclosures

WMT:ab

cc: Sec. Op. Comm. (2)
Docket 4328
Chron.

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

D. A. C. Uranium Company
1307 Tower Petroleum Building
Dallas 1, Texas

Re: Docket No. DMEA-4328 (Uranium)
Lightning Group
Fremont County, Colorado

Gentlemen:

The application for assistance in exploring your property, under the captioned docket number, has been reviewed by the Rare and Miscellaneous Metals Division of the Defense Minerals Exploration Administration. It has been referred to:

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

The Regional Office will contact you in regard to your project if additional information is required.

Sincerely yours,

G. Q. Mittendorf (for)

Administrator

FMMurphy/izm 6-29-56
cc to: Docket
Code 700
Mr. Murphy
Admr.'s Reading File
DMEA Field Team, Region III (2)

RCS.

700

FILE
Surname:
Murphy
Yopes
Selfridge
Hjelmstad

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

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

Re: Docket No. DMEA-4328 (Uranium)
D. A. C. Uranium Company
Lightning Group
Fremont County, Colorado

Dear Mr. Traver:

The captioned application is referred to Region III Field Team for investigation, a field examination if deemed advisable, and recommendation.

Enclosed are copies of memoranda, dated June 11 and 27, 1956, by N. E. Nelson, USGS, and J. E. Crawford, USBM, respectively, relating to the application.

In the event the Field Team recommends a project to explore the Lightning claims, it should advise the Applicant that we will require six copies of the Owners' Consent to Lien, signed by Robert Benton and Richard Brady, the original locators of the claims; also, six copies of a Subordination Agreement, signed by Victor C. Berlacher, sub-lessor. The mailing address of the signers should be indicated on these documents.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Enclosures

APPROVED:

P. F. Yopes (JHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

FMMurphy/izm 6-29-56
cc to: Docket
Code 700
Mr. Murphy
Admr.'s Reading File
Operating Committee
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

R.C.S.

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

6/29/56

June 27, 1956

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

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

Subject: Application for Assistance, DMEA Docket 4328 (Uranium)
D. A. C. Uranium Company, 1307 Tower Petroleum Building,
Dallas 1, Texas

I have reviewed the attached application, DMEA Docket 4328, D. A. C. Uranium Company, 1307 Tower Petroleum Building, Dallas 1, Texas, dated May 30 and received in this office June 8, 1956. I have also discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

The application is for the amount of $24,301.20, with Government participation at 75 percent for 2,000 feet of diamond drilling and associated work. The applicant states a cost of $7.50 per foot of drilling, yet the Golden Drilling Company's letter of bid, which was attached to the application, indicates a cost of only $7.00 per foot.

After having made a complete evaluation of the proposed exploration project, it is our suggestion that the application be forwarded to the Field Team for consideration and that they consult with E. E. Thurlow, Manager, Denver Area Office, Atomic Energy Commission, Denver, Colorado.

John E. Crawford
John E. Crawford

Attachment

RECEIVED
JUN 28 1956

6-12-56

IN REPLY REFER TO:

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

RECEIVED
JUN 12 1956

June 11, 1956

Re: DMEA 4328
D.A.C. Uranium Company
Lightning Group
Fremont Co., Colo.
$24,301.20 - Uranium

Memorandum

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

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application.

The applicant requests assistance in exploring an uranium-bearing fracture zone 5-10 feet wide, by diamond drilling 15 BX holes, totaling about 2,060 feet.

Considerable work, including much bulldozing, drilling, geologic and radiometric surveys, has been done and the data recorded. As interpreted, mapped and described the results appear to confirm the presence of a narrow radioactive fracture breccia zone in granite gneiss possibly 270 feet long and of unknown uranium content.

The drilling explored about 100 feet of the zone. Qualitatively the results of the drilling seem to be favorable and an examination may be warranted. However, an evaluation of the data and appraisal of the proposed project without an examination may well suffice.

Referral of the application to the Field Team for appropriate treatment is recommended.

N. E. Nelson

N. E. Nelson

June 8, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region III.

DMEA
-4328 D. A. C. Uranium Co.

Robert E. Adams
Chief, Operation's Control
and Statistics Division

June 8, 1956

D. A. C. Uranium Co.
1307 Tower Petroleum Bldg.
Dallas 1, Texas

Subject: DMEA-4328
Re: Exploration Assistance
Lightning Claims

Gentlemen

The receipt of your application dated May 30, 1956 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4328 and referred to the Rare & Misc. Metals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

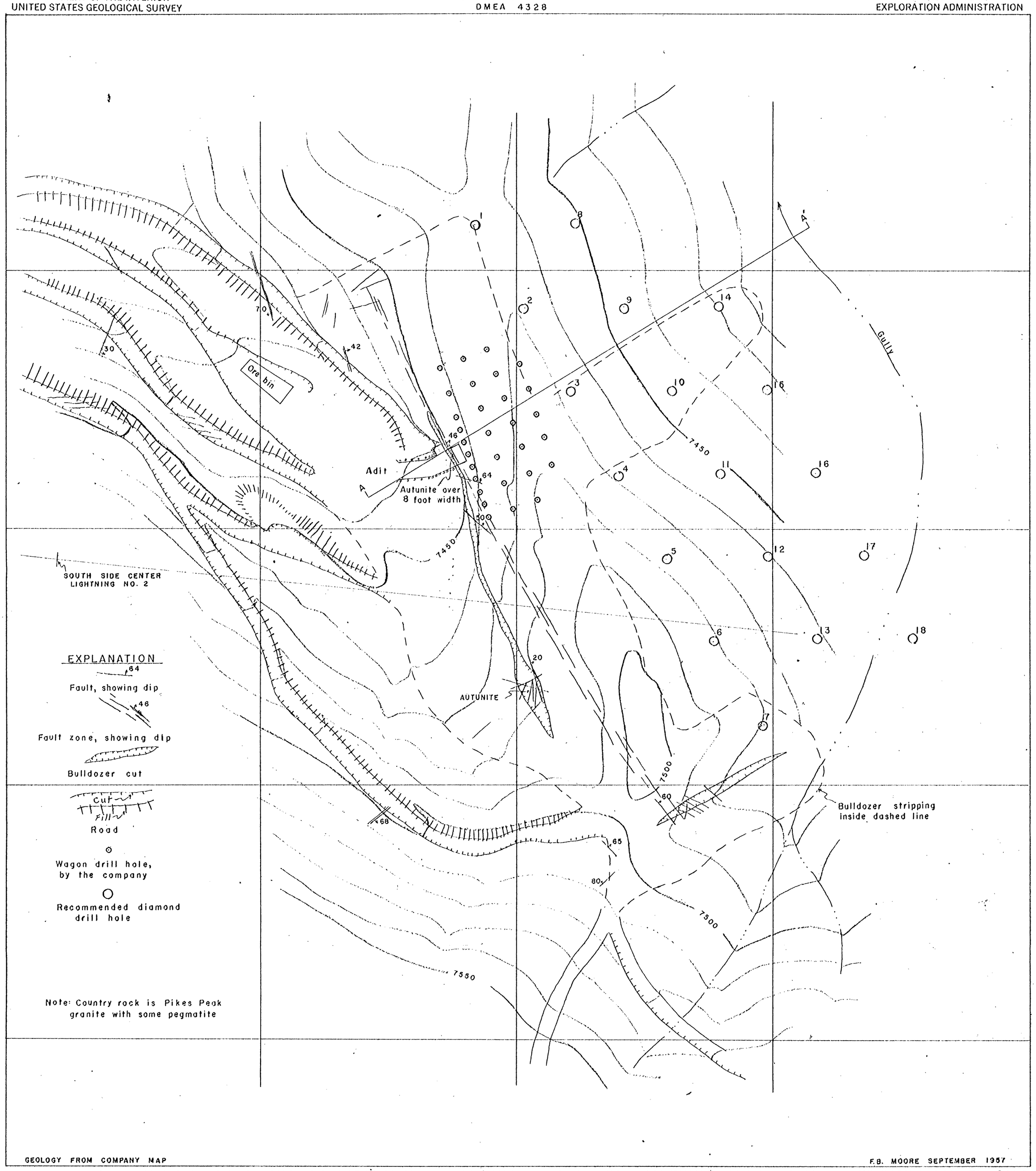
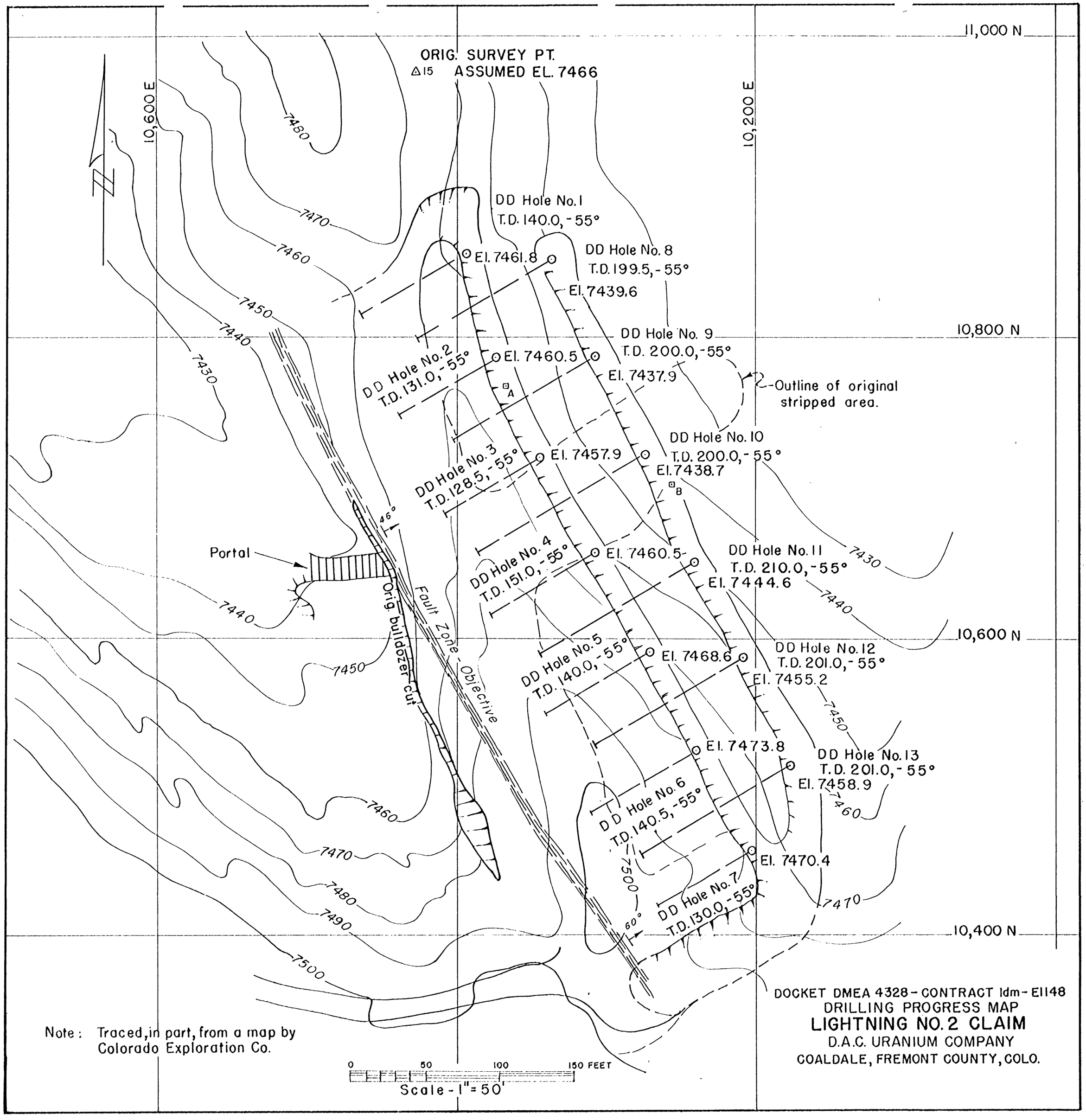
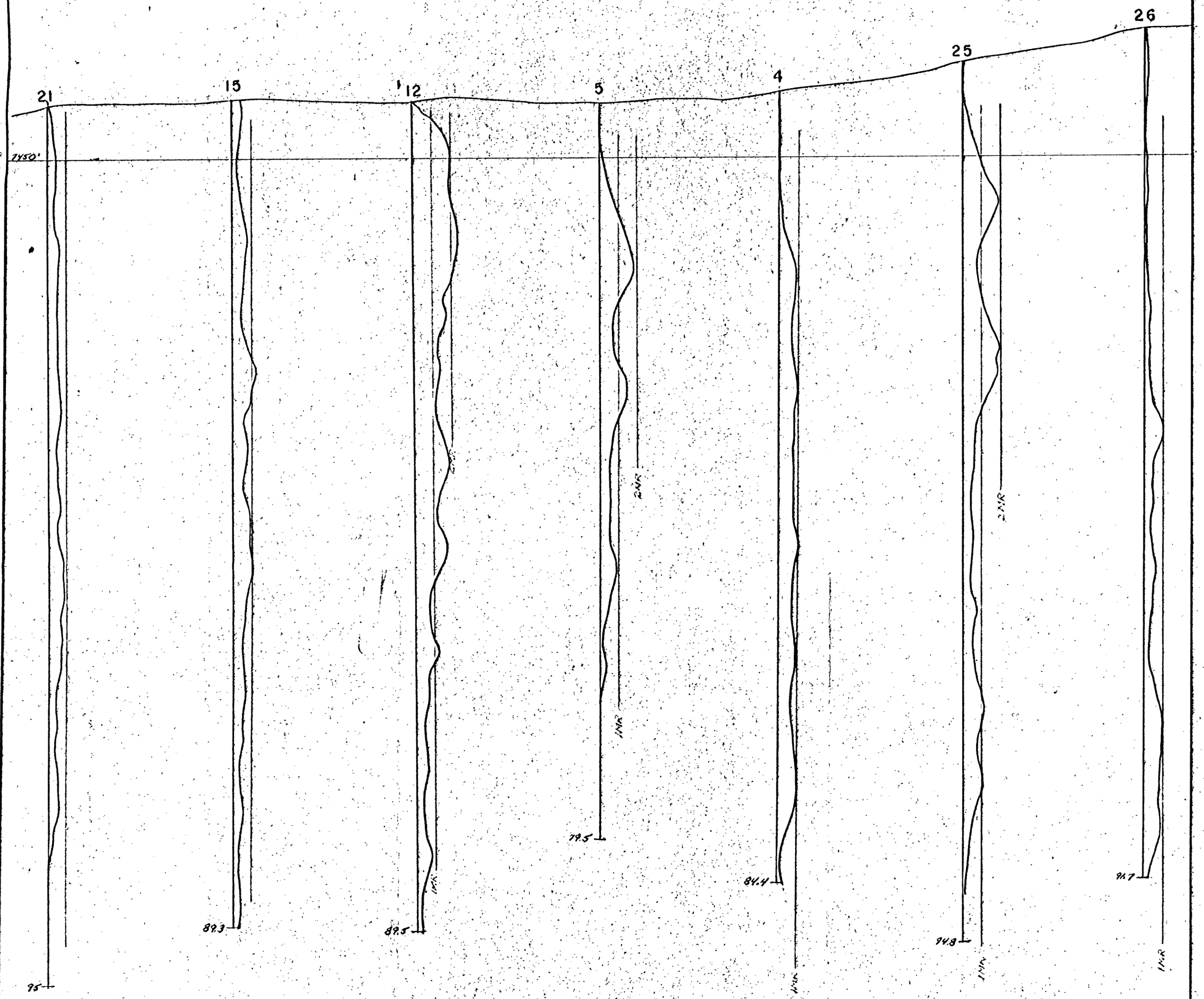


FIGURE 3.- MAP SHOWING LOCATIONS OF RECOMMENDED DIAMOND DRILL HOLES, LIGHTNING CLAIMS 2 AND 4, FREMONT COUNTY, COLO.

50 0 50 100 150 200 FEET
SCALE

CONTOUR INTERVAL 10 FEET

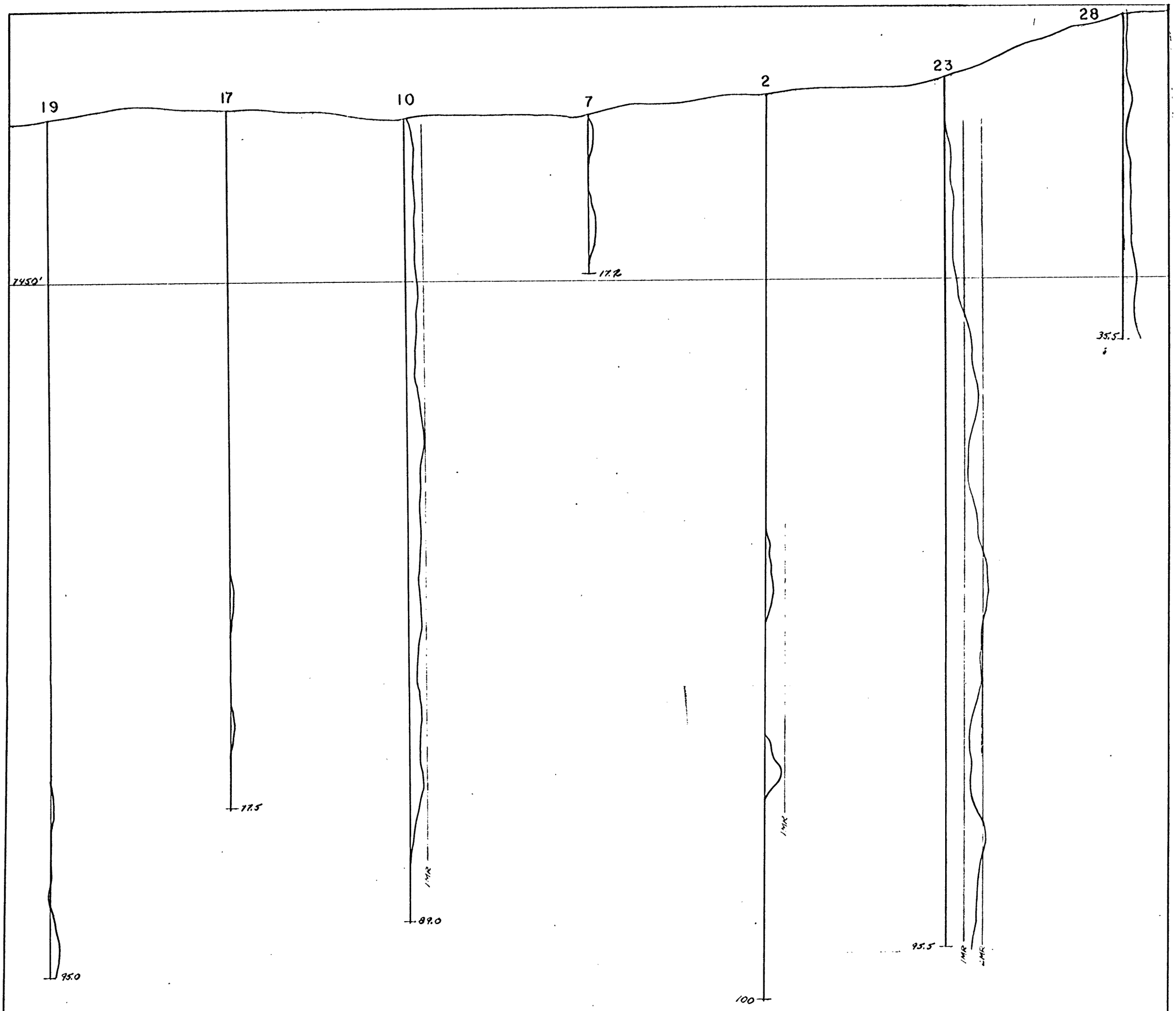

11,000 N
10,800 N
10,600 N
10,400 N
10,600 E
10,200 E
ORIG. SURVEY PT.
△15 ASSUMED EL. 7466
DD Hole No. 1
T.D. 140.0, -55°
El. 7461.8
DD Hole No. 8
T.D. 199.5, -55°
El. 7439.6
DD Hole No. 9
T.D. 200.0, -55°
El. 7437.9
Outline of original stripped area.
DD Hole No. 2
T.D. 131.0, -55°
El. 7460.5
A
DD Hole No. 10
T.D. 200.0, -55°
El. 7438.7
B
DD Hole No. 3
T.D. 128.5, -55°
El. 7457.9
DD Hole No. 4
T.D. 151.0, -55°
El. 7460.5
DD Hole No. 11
T.D. 210.0, -55°
El. 7444.6
DD Hole No. 5
T.D. 140.0, -55°
El. 7468.6
DD Hole No. 12
T.D. 201.0, -55°
El. 7455.2
El. 7473.8
DD Hole No. 13
T.D. 201.0, -55°
El. 7458.9
DD Hole No. 6
T.D. 140.5, -55°
El. 7470.4
DD Hole No. 7
T.D. 130.0, -55°
Portal
Orig. bulldozer cut
Fault Zone - Objective
46°
60°
7430
7440
7450
7460
7470
7480
7490
7500
0 50 100 150 FEET
Scale - 1" = 50'
Note: Traced, in part, from a map by Colorado Exploration Co.
DOCKET DMEA 4328 - CONTRACT Idm - E1148
DRILLING PROGRESS MAP
LIGHTNING NO. 2 CLAIM
D.A.C. URANIUM COMPANY
COALDALE, FREMONT COUNTY, COLO.



RADIOMETRIC PROFILE D-D'

Scale 1"=10'

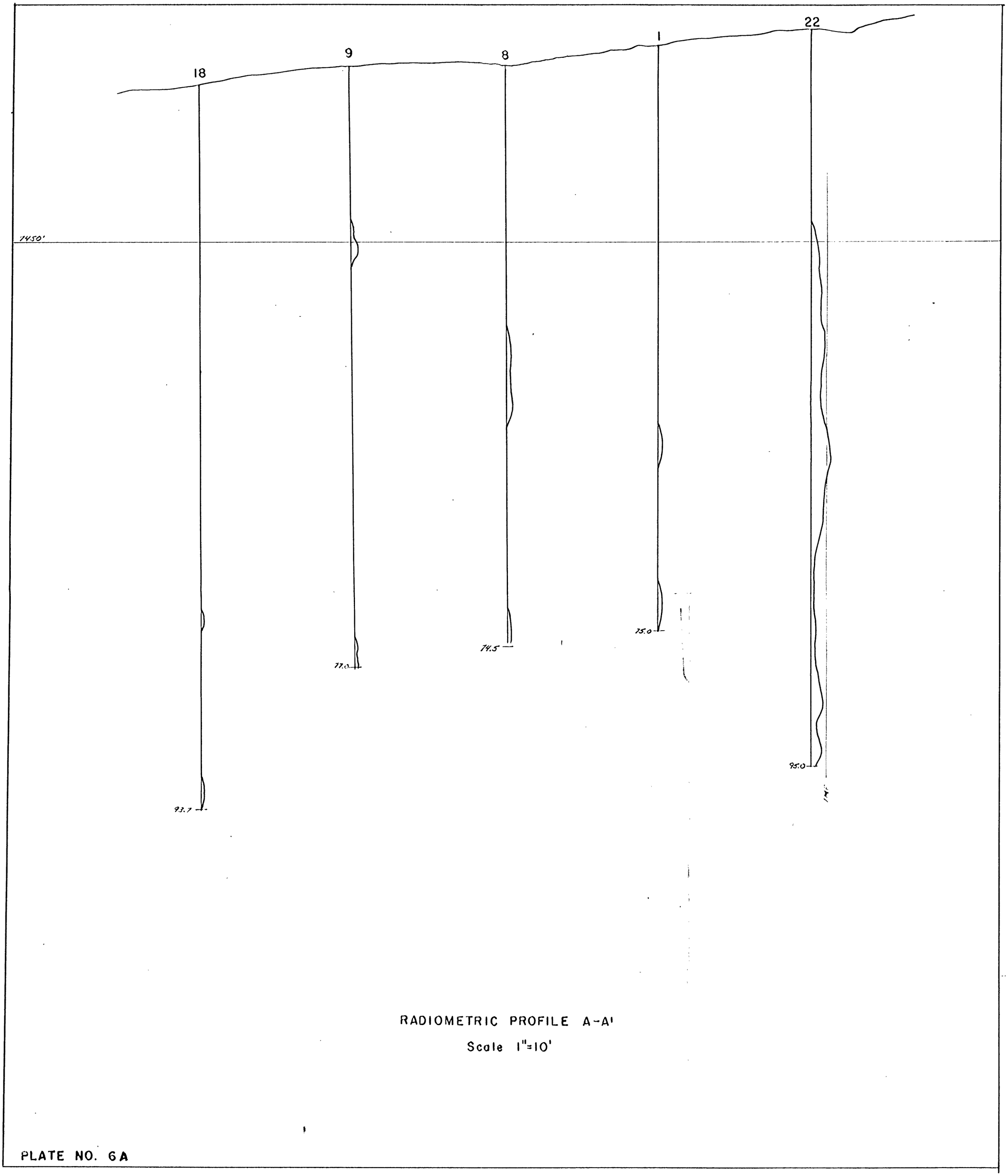
PLATE NO. 60



RADIOMETRIC PROFILE B-B'

Scale 1"=10'

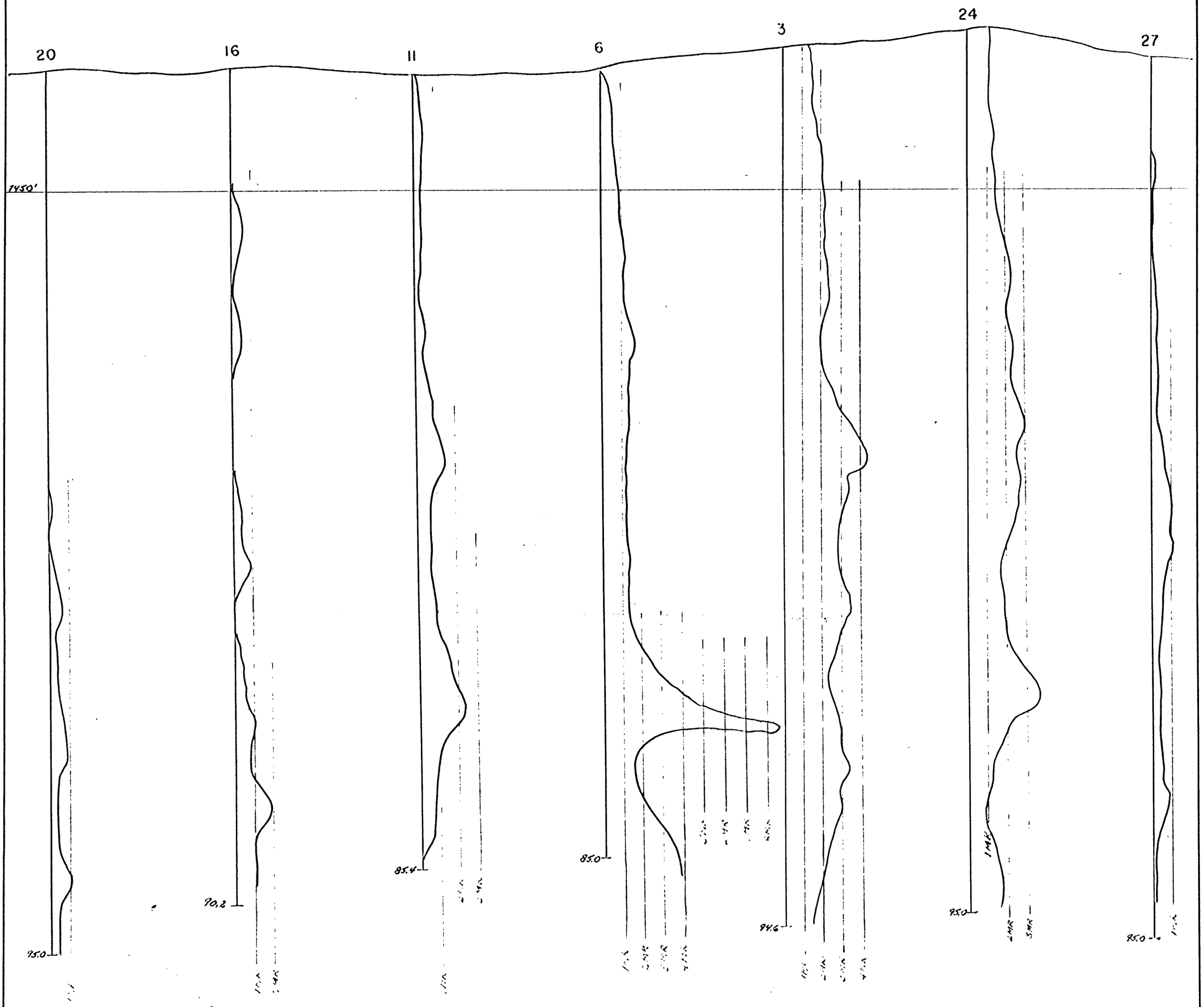
PLATE NO. 6B



RADIOMETRIC PROFILE A-A'

Scale 1"=10'

PLATE NO. 6A



RADIOMETRIC PROFILE C-C'

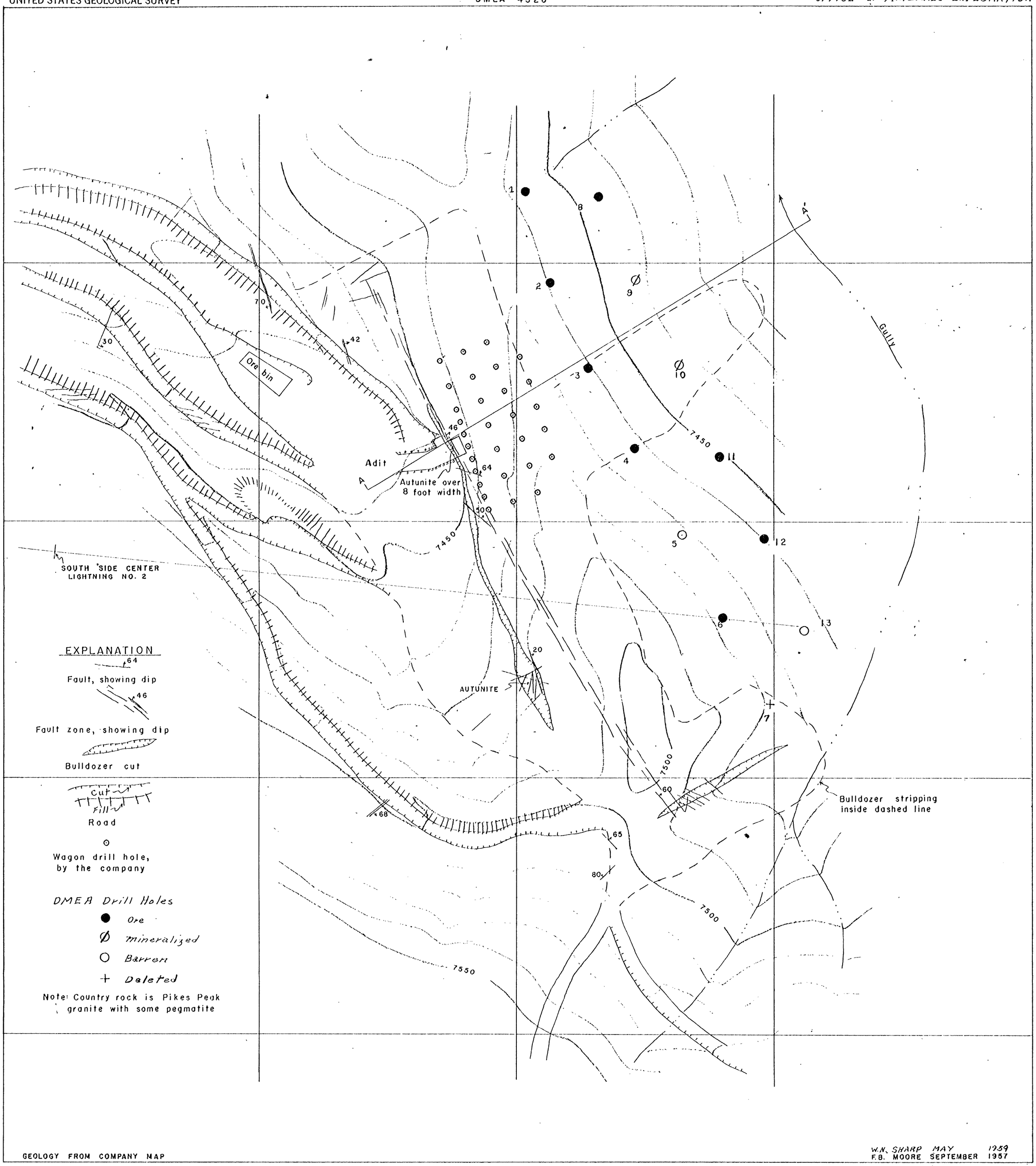
Scale 1"=10'

PLATE NO. 6C

DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

FINAL REPORT
CONTRACT Idm-E1148
DMEA 4328

PREPARED FOR
OFFICE OF MINERALS EXPLORATION



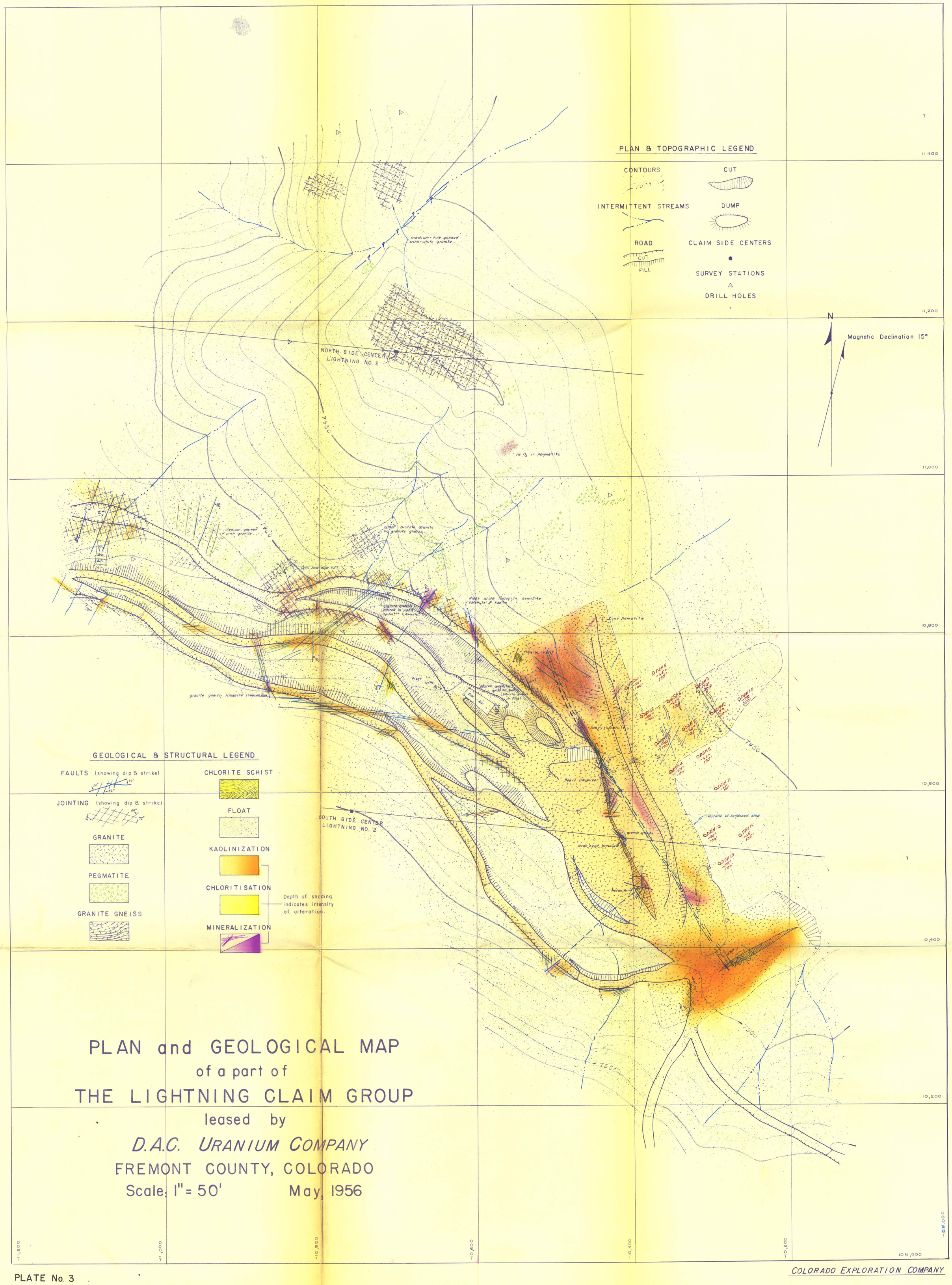
GEOLOGY FROM COMPANY MAP

W.N. SHARP MAY 1959
F.B. MOORE SEPTEMBER 1957

FIGURE 3.- MAP SHOWING LOCATIONS OF EXPLORATORY DIAMOND DRILL HOLES, LIGHTNING CLAIMS 2 AND 4, FREMONT COUNTY, COLO.

50 0 50 100 150 200 FEET
SCALE

CONTOUR INTERVAL 10 FEET



PLAN and GEOLOGICAL MAP
of a part of
THE LIGHTNING CLAIM GROUP
leased by
D.A.C. URANIUM COMPANY
FREMONT COUNTY, COLORADO
Scale: 1" = 50' May, 1956

PLATE No. 3

COLORADO EXPLORATION COMPANY

RADIOMETRIC MAP

OF A PART OF

THE LIGHTNING CLAIM GROUP

FREMONT COUNTY, COLO.

SCALE 1"=50' MAY 1956

CONTOUR INTERVAL .001 MR/HR.

RECEIVED
JUN - 3 1956

RECEIVED
JUL - 9 1956

PLATE NO. 4

COLORADO EXPLORATION CO.