DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

5/22 H.G. 205 800

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Caleb V. Haynes, Jr.
P. O. Box 1
Golden, Colorado

pertaining to Exploration Project Contract No. DMA-[illegible], [illegible] No. [illegible], including Amendments Nos. 1 and 2, for the months of October, 1957 to February-March 1958, inclusive, covering a project for the exploration of Uranium on property known as Black Knight and Billiken Lodes located in Jefferson County, Colorado.

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

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

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

Total cost as billed by Contractor		$11,078.88
Exceptions:		
Prior to this review	$0.00	
Herewith	0.00	0.00
Total Accepted Cost		$11,078.88

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 Eight thousand, three hundred nine and 16/100ths Dollars is valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$ 8,309.16
Amount reimbursed	7,794.16
Balance due Operator	$ 515.00

May 19, 1958

F. H. Bradley
F. H. Bradley, Auditor

REASONS FOR REPORT OF REVIEW IN LIEU OF FINAL AUDIT

Contract No. Ida-X1138 **Docket No. ERSA 4791**

Caleb V. Haynes, Jr.

(a) The Monthly Reports were supported by documentary proof of that portion ($9,363.50) of the costs which covered work performed at unit rates under independent contract, and miscellaneous services in the amount of $20.00 (per summary attached.)

(b) The balance($1,695.38) of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed; and

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

SUMMARY OF DOCUMENTED COSTS

Contract No. [illegible]-[illegible]13 Docket No. [illegible] 4791

Caleb V. Haynes, Jr.

INDEPENDENT CONTRACTS

1,646 feet of core drilling at $5.50 per feet	$9,053.00
8.5 hours T.D. 9 Boxer work at $9.00 per hour	76.50
19.5 hours T.D. 14 Boxer work at $12.00 per hour	234.00
Total Independent Contracts	$9,363.50
4 U_3O_8 samples at $5.00 each	20.00
Total Documented Costs	$9,383.50

MAY 26 1958

Mr. Thomas H. Brading
DMEA Auditor
224 New Customhouse
Denver 2, Colorado

Re: Idm-E1132, DMEA-4791 (Uranium)
Caleb V. Haynes, Jr.

Dear Mr. Brading:

Your Report of Review on the referenced project is acceptable and normal distribution is authorized after correction in the first paragraph of the period covered by the MF-104s to read "for the months of October, 1957 to March, 1958, inclusive".

This change has been made on the Washington copies.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/ama
May 26, 1958

Copy to: Docket
Admr. Reading File
Mr. Chambers

EXTRA COPY
DATE
RECEIVED MAY 9
DATE
CODE
800

[illegible] New Customhouse
Denver 2, Colorado
May 7, 1958

Memorandum

To: T. M. Bunking, DMEA Auditor, Region III

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

Subject: Project No. DMEA 4791 (Uranium), Contract No. [illegible],
Caleb V. Haynes, Jr. (Black Knight and William [illegible]),
Jefferson County, Colorado

The subject contract was considered completed upon completion of the work provided for under Phase I and the Operator was so advised of Government determinations therein by letter dated April 5, 1958, a copy of which is enclosed for your records.

The Operator has rendered a final engineering and geologic report and a final accounting as required by the contract. 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.

Acceptable units of work or service completed on a Fixed Unit Cost basis consist of incidental allowance on 1,646 feet of drilling.

The sum of $515.00 was withheld from reimbursement to the Operator in processing his accounting reports for the months of February and March, 1958.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosure

[illegible]:pal

cc: Chem. Op. Comm. (2)
Harshman
Corres. File
Tomasek
Chron.

OFFICIAL FILE COPY
DMFS
RECEIVED JUN 10 1958

224 New Customhouse
Denver 2, Colorado
June 2, 1958

Memorandum

To: T. A. Christensen

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

Subject: Docket No. DMEA 4791 (Uranium) Contract Ida-[illegible],
Caleb V. Haynes, Jr., (Black Knight and Billikin lodes)
Jefferson County, Colorado - FINAL PAYMENT

Reference is made to our memoranda of March 26, 1958, and May 6, 1958, whereby we forwarded Forms MF-104, Operator's Monthly Report and Voucher, for the months of February and March, 1958, and requested that you withhold a total amount of $515.00.

The Operator's final report has been received, therefore we recommend that final payment to the Operator be made on the following basis, which is in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, dated May 19, 1958.

Basis for Final Payment:

Total accepted cost	$11,078.88
Government participation at 75 percent	8,309.16
Total prior payments	7,795.16
Balance due the Operator	$ 513.00

Original signed by
J. W. TOWNSEND

J. W. Townsend

JWC:bmk

cc: Chron. Op. Comm. (2)
Harshman
DMEA/MFC
Townsend
Corres. File, Reg. III
MF-104 file, Reg. III
Green

Paid $515.00
RRC
Randel R. Cooper
Authorized Certifying Officer
DMA-58-129

1

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

Budget Bureau No. 42-R1036.5

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

Month of March, 1958 Docket No. DMEA 479 Contract No. 1dm-07198
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address P. O. Box 9, Gunnison, Colorado
Contract Amount, $ 9,050.00 Government Participation: 75% Amount, $ 6,788.00

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		9,050.00	9,050.00			
Bulldozing		370.50	370.50			
Crosscutting						
Drifting						
Fixed Unit Cost		1,605.50	1,605.50			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	20.00		20.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	20.00	11,050.00	11,070.00	20.00	11,058.88	11,078.88

DMEA
DEPARTMENT OF THE INTERIOR
APR 29 1958
REGION III
DENVER COLORADO

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

Date April 25, 1958 *Payee Caleb V. Haynes, Jr. Caleb V. Haynes, Jr.

Per _____ Title _____

*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:

$ No payment

Signature RRC
(Authorized Certifying Officer)

Date _____ Vou. No. _____
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-1132 in accordance with the terms of the contract.

Signature W. W. Winkel Title Mining Engineer Date May 5, 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature E. M. Hardeman Title acting Executive Officer Date MAY 6 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1962)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 195____ Docket No. DMEA 4791 Contract No. _____

Operator's Name Caleb V. Haynes, Jr. Minerals Idm-21132 Uranium

Address C. C. Box 5, Grafton, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising: ~~Miner's Assaying~~	Each	20.00	4	20.00			20	6.00
Shafts								
Winzes								
Drilling: Core	Foot			9000.00	1648		1200	3.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails ~~Grade~~	~~Hour~~			910.50	60		60	15.00
~~Final Unit Costs~~	~~Foot~~			~~1605.38~~	~~1648~~		~~1200~~	~~1.00~~
TOTAL DISTRIBUTED COSTS		20.00		11,070.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		20.00		11,070.00				9000.40

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 April 20, 1960 Operator Caleb V. Haynes, Jr.

Caleb V. Haynes Jr.

Per _____ Title Operator

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)

REMARKS:

W. W. Winkel

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE MAY 15 1958

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

Administrative Audit Difference Statement

Mr. Caleb V. Mayne
Post Office Box 3
Golden, Colorado

Date: May 13, 1958
Payee's Reference: March 1958

Dear Mr. Mayne:

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

Amount Claimed $ 20.00

Difference $

Amount Approved $ 20.00

The reason for the difference was due to:

Vicinal: $15.00 -- the entire amount of Government contribution pending resolution of matters prerequisite to closing the account.

RECEIVED MAY 19 1958
DATE CODE
5/19 Conc 100
8.00

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

Very sincerely yours,

Randel R. Cooper
Fiscal Officer, Region III

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

224 New Customhouse
Denver 2, Colorado
May 6, 1958

Memorandum

To: T. A. Christensen

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

Subject: Docket No. DMEA 4791 (Uranium) Contract Iam-E1132, Caleb V. Haynes, Jr., (Black Knight and Billikin lodes) Jefferson County, Colorado - Operator's Monthly Progress Report for the month of March, 1958

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.

We consider that the Operator has complied with the intent of the contract and the work is acceptable to the Government. The contract was considered completed upon completion of the work provided for under Stage I, and the Operator was so notified by Certified Letter dated April 8, 1958.

Withhold the entire amount of Government contribution pending resolution of matters prerequisite to closing the account. The total amount withheld to date is as follows:

Amount to be withheld from February 1958 Voucher------	$500.00
Amount to be withheld from March 1958 Voucher------	15.00
Total withheld----------	$515.00

Remarks:

Date of Report ---------- April 25, 1958
Date Received in Field Office ---------- May 2, 1958
Date Received in Region Office ---------- May 6, 1958

Original signed by
F. N. HARSHMAN

F. N. Harshman

Enclosures

JBC:hmh

cc: Chem. Op. Comm. (2)
BMRA/DFC
MV-104 file, Reg. III
Harshman) - w/copy of
Townsend) Engr's Report
Chron

DMEA
DEPARTMENT OF THE INTERIOR
MAY 6 1958
REGION III
DENVER, COLORADO

May 5, 1958

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado

Memorandum

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

From: W. W. Winkel

Subject: Docket DMEA 4791 (Uranium) Contract DMe-K1132
Caleb V. Haynes, Jr., (Black Knight and Billikin lodes)
Jefferson County, Colorado -- Progress report for March 1958.

The operator herewith submits the invoice for assays of mineralized core splits, as per recommendations contained in a joint memorandum by W. W. Winkel and F. B. Moore. These assays were contingent to termination of the contract without prosecution of Stage II work, as requested by the operator in a letter to the Executive Officer, dated March 14, 1958. These assays were considered to be an important part of the contract as a check on the accuracy of the radiometric logging of all Stage I drill holes.

The operator has submitted a letter of transmittal, forms MF-104 and 104A, and invoice from the assayer. Other documentation is not required by the contract.

The completion of contract work is pending the rendering of a final engineering and geologic report pertaining to the work completed under the contract.

It is recommended that the amount of $500.00, withheld by the Government, be retained pending resolution of matters prerequisite to closing the account.

Payment of $15.00 or 75 percent of the amount claimed $20.00 is recommended by the inspection engineer.

W. W. Winkel
W. W. Winkel
Mining Engineer

www/ss
cc: 6/orig
sub
chron

(4

VANCE HAYNES

GEOLOGICAL CONSULTANT

P. O. BOX 5, GOLDEN, COLORADO

April 30, 1958

DMEA
DEPARTMENT OF THE INTERIOR
MAY 1 - 1958
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Contract No. Idm-E1132

Dear Mr. Harshman:

Transmitted herewith are the monthly Forms 104 and 104A and supporting assay certificate.

Caleb V. Haynes Jr.
Caleb V. Haynes, Jr.
Operator

2114 CURTIS STREET

TELEPHONE MAin 3-1852

[redacted]

CHEMISTS • ASSAYERS • ENGINEERS

DENVER 5, COLORADO

Folio 7144

Date March 26, 1958.

Cotter Corporation,
Attention: Leo C. Kanney,
P. O. Box 751,
Canon City, Colorado.

We hereby Certify, that the samples assayed for you gave the following results:

DESCRIPTION	GOLD OUNCES PER TON	SILVER OUNCES PER TON	COPPER PER CENT (WET)	LEAD PER CENT (WET)	ZINC PER CENT	IRON PER CENT	INSOLUBLE PER CENT	VALUE PER TON
Samples by Vance Haynes:		Uranium oxide (U3O8)						
#1-E		0.011%						
#2-B		0.038%						
#3-C		0.121%						
#4-G		0.019%						

20.43

not authorized by DMEA contract; not accountable

DMEA
DEPARTMENT OF THE INTERIOR
MAY 1 - 1958
REGION III
DENVER, COLORADO

Gold at _____ per ounce Copper at _____ per unit

Silver at _____ per ounce Zinc at _____ per unit

Lead at _____ per unit _____

Charge $ 21.50
1.50
$20.00

CHARLES O. PARKER & CO.
CHEMISTS, ASSAYERS and ENGINEERS

22d New Customhouse
Denver 2, Colorado
May 7, 1958

800

Mr. Caleb V. Haynes, Jr.
P.O. Box 5
Golden, Colorado

Re: Docket No. DMEA 4791 (Uranium)
Contract 1dm-5113
Caleb V. Haynes, Jr.
(Black Knight and Billikin lodes)
Jefferson County, Colorado

Dear Mr. Haynes:

Form RF-104, Operator's Monthly Report and Voucher, for March 1958, has been received in this office.

Reimbursement for the Government's share of the March 1958, costs is withheld pending release to this office of a Certificate of Audit and Audit Report or Report of Review of the reported project costs by the Contract Administration and Audit Division, DMEA. The total amount withheld from reimbursement to date is as follows:

Amount withheld from February, 1958 voucher	$500.00
Amount withheld from March, 1958 voucher	15.00
Total withheld	$515.00

Yours very truly,

Original signed by
E. N. HARSHMAN

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

JDC:hsh

cc: Chmn. Op. Comm. (2)
DMEA/DFC
Harshman
Townsend
Corres.File, Reg. III
Chron

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

Budget Bureau No. 42-R1036.5

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

Final Report.

Month of February 195 8 Docket No. DMEA Contract No. Idm-E-1132
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address P.O.Box 5, Golden, Colorado
Contract Amount, $ 9,058.40 Government Participation 75 % Amount, $ 6,793.80

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	1600.50	7452.50	9053.00			
Bulldozing		310.50	310.50			
Crosscutting						
Drifting						
Fixed Unit Cost	299.73	1395.65	1695.38			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1900.23	9158.65	11058.88	1900.23	9158.65	11,058.88

I certify that the above bill is correct and just and that payment therefor has not been received.
Date March 14, 1958 *Payee Caleb V. Haynes, Jr.
Per _____ Title Operator

*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:

$ 925.17

Signature _____ (Authorized Certifying Officer)
Date 3/27/58 Vou. No. DMA 58-104
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-1132 in accordance with the terms of the contract.

Signature W. W. Winkel Title Mining Engr. Date Mar 24 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature E. M. Hanchman Title acting Executive Officer Date MAR 26 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED MAR 17 1958 D.M.E.A.

Month of February 1958 Docket No. DMEA 4791 Contract No. Idm-E-1132
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address P.O.Box 5, Golden, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
~~Raising~~ Assaying	Each						20	5.00
Shafts								
Winzes								
Drilling: Core	Foot	1600.50	291	9053.00	1646		1280	5.50
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails & Site	Hour			310.50	40		40	15.00
Fixed Unit Costs	Foot	299.73	291	1695.38	1646		1200	1.03
TOTAL DISTRIBUTED COSTS		1900.23		11,058.88				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1900.23		11,058.88				9,058.40

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

Date March 14, 1958 Operator Caleb V. Haynes, Jr.
Caleb V. Haynes Jr.

Per ..... Title Operator

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)

REMARKS:
Project completed.
No favorable results from program.

W. W. Wickel

(For Government use only)

DMEA
DEPARTMENT OF THE INTERIOR
MAR 17 1958
REGION III
DENVER, COLORADO

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION
MADE MAR 28 1958

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

Administrative Audit Difference Statement

[redacted]

Date: [redacted]
Payee's Reference: [redacted]

[redacted]

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

Amount Claimed $ [redacted]

Difference $

Amount Approved $ [redacted]

The reason for the difference was due to:

[redacted]

DMA
RECEIVED APR 2 - 195
DATE | INITIALS | CODE
4/3 Com | 100
800

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

224 New Customhouse
Denver 2, Colorado
March 26, 1958

Memorandum

To: T. A. Christensen

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

Subject: Docket No. DMEA 4791 (Uranium) Contract Iam-E1132
Caleb V. Haynes, Jr., (Black Knight and Billikin Lodes,)
Jefferson County, Colorado - Operator's Monthly Progress
Report for the Month of February, 1958

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.

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 for 75 percent of the amount reported on Form MF-104, for February 1958, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deduction:

<u>Withhold</u> an amount of $500.00 from reimbursement to the Operator, pending resolution of matters prerequisite to closing the account. Stage I work has been completed, and the Operator does not wish to undertake any of the work outlined under Stage II. It is anticipated that a supplemental voucher for analytical work will be submitted in the near future.

A total of 366 feet of core drilling footage and Incidental Allowance, together with applicable funds, have been transferred from Stage II to Stage I, in accordance with work approval dated December 18, 1957.

Remarks:

Date of Report----------March 14, 1958
Date Received in Field Office----------March 18, 1958
Date Received in Region Office----------March 25, 1958

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JBC:kmh

cc: Chem. Op. Comm. (2)
DMRA/DPC
MF-104 file, Reg. III
Harshman } w/copy of
Townsend } Engr's report
Gharan

REGION III

DMEA
DEPARTMENT OF THE INTERIOR

MAR 25 1958
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
March 25, 1958

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: W. W. Winkel

Subject: Docket DMEA 4791 (Uranium) Contract Idm-21132,
Caleb Haynes, Jr. (Black Knight and Billikin Lodes)
Jefferson County, Colorado -- Progress report for February 1958

The final inspection of progress, hole location, and a check of the recovered core was made by E. G. Bingen, U. S. Bureau of Mines, and F. B. Moore of the Geological Survey.

DMEA drill hole "G" was completed at a depth of 291 feet. This completed the drilling authorized under Stage 1 of the contract. No favorable results were obtained during Stage 1 drilling. The work completed under this contract was partly independent subcontract, and partly at fixed unit costs.

The operator has submitted a narrative report in quintuplicate with maps showing access roads, DMEA drill sites, and surface geology. Forms MF-104 and 104A, lithologic log and radiometric log of drill hole "G" and invoice from drilling contractor. Other documentation to support this claim is not required by the contract.

The operator has complied with the intent of the contract, and payment of $1,425.17 or 75 percent of the amount claimed $1,900.23 is recommended by the inspecting engineer.

W. W. Winkel
W. W. Winkel
Mining Engineer

www/mr
cc: 6
Idm-21132
chron

Progress Report on DMEA Contract No. Idm-E1132

for the period 1 February to 19 February, 1958.

Drilling operation

Hole G was inclined at 60 degrees in a direction of approximately N 70 W. It was drilled NX size to 15 ft and cased BX size. BX size drilling for AX casing was carried to 40 ft. AX size drilling progressed to a depth of 80 ft whereupon the hole was reamed and cased BX to prevent loss of water at approximately 60 ft. AX drilling continued to a total depth of 291 ft on February 17, 1958.

Serious caving of the hole was encountered between 220 and 230 ft. To prevent sticking of the drilling tools the hole was cemented from 205 to 250 ft and then drilled over.

Core recovery

Seven feet of NX core were recovered for 15 ft of drilling for a recovery of 46.7 %. Twenty three feet of BX core wererecovered for 25 ft of drilling for a recovery of 92.0 %. The AX core recovery was 79.1 % or 198.5 ft of core for 251 ft of drilling. The total core recovery for Hole G was 78.5 %.

Geology

A description of the core for Hole G is given in the attached core log.

Between 258 and 279 ft what is believed to be the Billikin fault zone was encountered. It is characterized by brecciation and silicification. No uranium mineralization and no anomalous radioactivity was encountered in Hole G. It is apparent that the dip of the Billikin fault is probably between 45 and 50 degrees.

Conclusion

The Billikin fault as revealed by drilling shows conditions that should have been favorable for uranium deposition had uranium-bearing solutions been available. No uranium mineralization occurs in the zones penetrated by the drill. Surface exposures of the Billikin fault show uranium to be present as secondary minerals only and then usually with copper minerals. It appears likely that the Billikin fault is post uranium mineralization (Black Knight fault). It is unlikely, therefore, that the intersection of the two structures would be any more mineralized than favorable zones within the Black Knight fault alone.

Caleb V. Haynes, Jr.

Caleb V. Haynes, Jr.
Geologist

Core log, Hole G, DMEA Contract No. Idm-E1132

0 to 15 ft	7 ft of NX core. Granite gneiss.
15-to 40 ft	23 ft of BX core. Granite gneiss and biotite schist.
40 to 52 ft	10 ft of AX core. Granite gneiss.
52 to 74 ft	12 ft of AX core. Granite gneiss with some epidote veins.
74 to 87 ft	12 ft of AX core. Same as above.
87 to 99 ft	12 ft of AX core. Granite gneiss.
99 to 116 ft	12 ft of AX core. Granite gneiss, quartz-biotite-schist, and migmatite of pegmatite and biotite.
116 to 130 ft	12 ft of AX core. Granite gneiss.
130 to 143 ft	12 ft of AX core. Granite gneiss and quartz-biotite-feldspar schist.
143 to 157 ft	12 ft of AX core. Granite gneiss.
157 to 168 ft	Granite gneiss and quartz-biotite-feldspar-schist. 11 ft of AX core.
168 to 180 ft	12 ft of AX core. Same as above.
180 to 192 ft	12 ft of AX core. Same as above.
192 to 207 ft	12 ft of AX core. Granite gneiss with foliation more pronounced than that described above.
207 to 225 ft	12 ft of AX core. Quartz-biotite-feldspar gneiss.
225 to 245 ft	11 ft of AX core. Quartz-biotite-feldspar gneiss and pegmatite-biotite migmatite.
245 to 258 ft	11 ft of AX core. Granite gneiss and quartz-biotite-feldspar schist.
258 to 279 ft	11.5 ft of AX core. Fractured, brecciated, and silicified quartz-biotite-feldspar gneiss and schist. No radioactivity. This is probably the Billikin fault. Lower 2 ft is quartz-biotite gneiss with a small amount of magnetite.
279 to 291ft	12 ft of AX core. Quartz-biotite-feldspar schist and pegmatite-biotite migmatite.

Caleb V. Haynes Jr.

Caleb V. Haynes, Jr.
Geologist

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

Budget Bureau No. 42-R1036.5

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

RECEIVED MAR 7 1958 D.M.E.A.

Month of January 1958 Docket No. DMEA 4791 Contract No. dm-E-1132
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address P. O. Box 5, Golden, Colorado
Contract Amount, $ 9,058.40 Government Participation: 75 % Amount, $ 6,793.80

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	2,068.00	5384.50	7452.50			
Bulldozing		310.50	310.50			
Crosscutting						
Drifting						
Fixed Unit Cost	387.28	1008.37	1395.65			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2455.28	6703.37	9158.65	2,455.28	6,703.37	9,158.65

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

Date 3/6/1958 *Payee Caleb V. Haynes, Jr.

Per _____ Title Operator

*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:

$ 1841.46

Signature _____ (Authorized Certifying Officer)

Date 3/14/58 Vou. No. DMA 58-97

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 14/M E/1137 in accordance with the terms of the contract.

Signature E. O Binyon ($1841.46) Title Mining Engineer Date March 5, 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature W H King Title Executive Officer Date MAR 11 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED MAR 19 1958 D.M.E.A.

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1958 Docket No. DMEA 4791 Contract No. Idm-E-1132
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address P. O. Box 5, Golden, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
~~Raising~~ Assaying	Each						20 Ea.	5.00
Shafts								
Winzes								
Drilling: Core	Foot	2068.00	376	7458.50	1355		1280 ft.	5.50
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails	Site Hour			310.50	40		40 hrs.	15.00
Fixed Unit Costs	Foot	387.28	376	1395.65	1355		1280 ft.	1.03
TOTAL DISTRIBUTED COSTS		2455.28		9158.65				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		2455.28		9158.65				9058.40

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

Date Feb 26, 1958 Operator Caleb V. Haynes, Jr. Caleb V. Haynes Jr.

Per Title Operator

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.

REMARKS:

(Instructions on reverse)

E. Bunyon

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION
MADE MAR 17 1958

EXTRA COPY
DMEA
RECEIVED MAR 19 1958

DATE	INITIALS	CODE
3/24	Com	100
		800

224 New Customhouse
Denver 2, Colorado
March 11, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4791 (Uranium) Contract Idm-E1132, Caleb V. Haynes, Jr., (Black Knight and Billikin lodes), Jefferson County, Colorado - Operator's Monthly Progress Report for the month of January, 1958

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.

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 for 75 percent of the amount reported on Form MF-104 for January 1958, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Remarks:

Date of Report----------February 26, 1958
Date Received in Field Office-----February 28, 1958
Date Received in Region Office----March 6, 1958
Reason for delay: Processing deferred pending receipt of additional data from the Operator.

Enclosures

Original signed by
W. H. KING
W. H. King

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

REGION III

DMEA
DEPARTMENT OF THE INTERIOR

MAR 6 - 1958
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
March 5, 1958

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: E. O. Binyon

Subject: Docket DMEA 4791 (Uranium) Contract Idm-E1132, Caleb V. Haynes, Jr., (Black Knight and Billikin lodes) Jefferson County, Colorado -- Progress report for January 1958

An inspection of the work completed during the period was made March 4, 1958 in company with James B. Cooper, Bureau of Mines and Frank B. Moore of the Geological Survey.

Hole F, the only hole completed in January, was drilled to a depth of 376 feet as reported and located as stipulated in the contract. No anomalous radioactivity was noted in the hole. The hole was drilled in conformance with the contract and as permitted by the work approval dated December 18, 1957. The MF-104 and 104A were checked and found to be correct. Documentation of the drilling footage and the amount claimed for drilling accompany the operator's report.

It is recommended that payment of $1841.46 or the Government's share at 75 percent of $2455.28 be made upon receipt of the radiometric log and map which are to be submitted by the operator.

E. O. Binyon
E. O. Binyon
Mining Engineer

EOB/mr
cc: 6
Idm-E1132
chron

Progress Report on DMEA Contract No. Idm-E1132

for the period 1 January to 1 February, 1958.

Drilling operation

Hole F was drilled NX size to 20 ft and cased BX. It was drilled BX size to 30 ft and cased AX. The hole was drilled AX size to a bottom depth of 376 ft on January 23, 1958. Circulation was lost at 108 ft and could not be recovered.

Core recovery

No attempt was made to recover core from the first 20 ft. Size BX coring from 20 to 30 ft produced 7.5 ft of BX core which constitutes a recovery of 75 %. For the AX drilling approximately 250.5 ft of core was recovered for 346 ft of AX drilling giving a core recovery of 72.4 %. Total recovery for 366 ft of coring was 70.5 %.

Water

Water in the shaft was expended by the end of January. It is being obtained from local wells with the kind permission of the landowners.

Geology

A description of the core for Hole F is given in the attached log.

At approximately 109 ft a foot of limonite-stained gouge was encountered. A dip of approximately 55° is indicated. This seemed a bit shallow to be the Black Knight fault and no magnetite-garnet gneiss had been encountered. It was decided to drill deeper.

Between 339 ft and 353 ft a silicified and partially lime-cemented breccia was encountered. Hydrothermal orthoclase is also present. No ore mineralization occurs in the core, but the recovery was poor (8 ft for 17 ft). The dip appears to be 50°.

Conclusions

From the nature of the deeper fault it appears to be a breccia "reef" and is probably the Billikin Fault. If this is true the dip is considerably less than that indicated in surface exposures. The Billikin fault zone will probably be encountered at a shallower depth than presupposed in drilling Hole G. If the deeper fault is the Billikin then the fault encountered at 109 ft must be the Black Knight . It is of interest to note that no magnetite-garnet gneiss was encountered in this hole. This may explain the abscence of any anomalous radioactivity or uranium mineralization.

Caleb V. Haynes, Jr.

Caleb V. Haynes, Jr.
Geologist

Core log, Hole [redacted] DMEA Contract No. Idm-El[redacted]

0 to 20 ft	No core recovery attempted.
20 to 30 ft	7.5 ft of BX core. Quartz-feldspar-hornblende-biotite gneiss and schist.
30 to 54 ft	9 ft of AX core. Quartz-feldspar-hornblende-biotite gneiss and schist and granite gneiss.
54 to 64 ft	10 ft of AX core. Granite gneiss, quartz-feldspar-hornblende-biotite gneiss and schist, and hornblende-epidote gneiss.
64 to 72 ft	3.5 ft of AX core. Quartz-biotite-gneiss and schist.
72 to 83 ft	6 ft of AX core. Quartz-biotite-feldspar gneiss and schist, and pegmatite.
83 to 93 ft	9.5 ft of AX core. Quartz-biotite-schist and granite gneiss.
93 to 99 ft.	4.5 ft of AX core. Pegmatite and quartz-biotite-pyroxene gneiss and schist.
99 to 110 ft	10 ft of AX core. 2 ft pegmatite, 7 ft quartz-feldspar-biotite-pyroxene gneiss and schist, and 1 ft of limonite gouge and fault material; dips approximately 55°.
110 to 116 ft	5 ft of AX core. Quartz-epidote-biotite-feldspar gneiss.
116 to 126 ft	7 ft of AX core. Quartz-feldspar-biotite gneiss and schist.
126 to 136 ft	2 ft of AX core. Quartz-feldspar-biotite-gneiss and schist.
136 to 146 ft	5 ft of AX core. Granite-gneiss and quartz-feldspar-biotite-chlorite gneiss and schist.
146 to 156 ft	7 ft of AX core. Granite-gneiss and quartz-biotite schist.
156 to 281 ft	108.5 ft of AX core. Biotite-granite-gneiss.
281 to 296 ft	6 ft of AX core. Granite gneiss and quartz-biotite feldspar schist.

Core Log, Hole F (cont'd)

296 to 306 ft	10 ft of AX core. Quartz-hornblende-biotite-gneiss and schist, and pegmatite zones.
306 to 316 ft	6 ft of AX core. Quartz-biotite -schist and granite gneiss migmatite.
316 to 326 ft	9.5 ft of AX core. Quartz-feldspar-hornblende-biotite-gneiss and schist.
326 to 339 ft	4 ft of AX core. Same as above.
339 to 346 ft	2 ft of AX core. /Fractured and somewhat altered granite gneiss with silica and lime coated fractures.
346 to 356 ft	6 ft of AX core. First 2 ft silicified breccia containing some carbonate and in silicified quartz-feldspar-granite gneiss. Rest is quartz-biotite-feldspar schist and pegmatite granite-gneiss with 2-inch silicified breccia zone at 353 ft.
356 to 366 ft	10 ft of AX core. Quartz-feldspar-biotite-schist and granite gneiss.
366 to 376 ft	10 ft of AX core. Quartz-feldspar-biotite schist.

Caleb V. Haynes, Jr.
Geologist

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

Budget Bureau No. 42-R1036.5

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

RECEIVED MAR 10 1958 D.M.E.A.

Month of December 1957 Docket No. DMEA 4791 Contract No. Idm-E-1132
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address Box 5, Golden, Colorado
Contract Amount, $9,058.40 Government Participation: 75% Amount, $6,793.80

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	3102.00	2282.50	5384.50			
Bulldozing		310.50	310.50			
Crosscutting						
Drifting						
Fixed Unit Cost	580.92	427.45	1008.37			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	3682.92	3020.45	6703.37	3682.92	3020.45	6703.37

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

Date Jan 28, 1958 *Payee Caleb V. Haynes, Jr. Caleb V. Haynes Jr.

Per _____ Title Operator

*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:

$2762.19

Signature _____ (Authorized Certifying Officer)

Date 3/14/58 Vou. No. DMA 58-97

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. EDM E 1132 in accordance with the terms of the contract.

Signature E Bunyon (# 2762.19) Title Mining Engineer Date March 5, 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Checked for Engineering Allowability

Signature W S King Title Executive Officer Date MAR 11 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

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

RECEIVED MAR 19 1958 DMEA

Month of December 1957 Docket No. DMEA 4791 Contract No. Dm-E-1132
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address P.O.Box 5, Golden, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
~~Raising~~ Assaying	Each						20 Ea.	5.00
Shafts								
Winzes								
Drilling: Core	Foot	3102.00	564	5384.50	979		1280 ft.	5.50
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails & Sites-Hour				310.50	40		40 hrs.	15.00
Fixed Unit Costs Per Ft		560.92	564	1008.37	979		1280 ft.	1.03
TOTAL DISTRIBUTED COSTS		3682.92		6703.37				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		3682.92		6703.37				9058.40

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 Jan. 28, 1958 Operator Caleb V. Haynes, Jr.

Per _____ Title Operator

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)

DMEA
DEPARTMENT OF THE INTERIOR
JAN 31 1958
REGION III
DENVER, COLORADO

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE MAR 17 1958

EXTRACTED BY

RECEIVED 19 58

DATE		CODE
3/24	Com	100
		800

224 New Customhouse
Denver 2, Colorado
March 11, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4791 (Uranium) Contract Idm-E1132, Caleb V. Haynes, Jr., (Black Knight and Billikin lodes) Jefferson County, Colorado - Operator's Monthly Progress Report for the month of December, 1957

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

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

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 for 75 percent of the amount reported on Form MF-104 for December 1957, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Remarks:

Date of Report----------January 31, 1958
Date Received in Field Office---------February 3, 1958
Date Received in Region Office--------March 6, 1958
Reason for Delay: Processing deferred due to illness of inspecting engineer and also pending receipt of additional data from Operator.

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

Original signed by
W. H. KING
W. H. King

DMEA
DEPARTMENT OF THE INTERIOR
MAR 6 - 1958
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
March 5, 1958

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: E. O. Binyon

Subject: Docket DMEA 4791 (Uranium) Contract Idm-E1132, Caleb V. Haynes, Jr. (Black Knight and Billikin lodes) Jefferson County, Colorado -- Progress report for December 1957

An inspection of the work completed during the period was made on March 4, 1957 in company with James D. Cooper, Bureau of Mines, and Frank B. Moore of the Geological Survey.

Two holes, C and D, were drilled 269 and 295 feet respectively, or a total of 564 feet as reported. The holes were found to be located as shown on the map submitted with the October report and as specified in the contract.

No radioactivity was noted in hole D. In hole C the operator reported that ARC probe results indicated a 2 foot thickness from 249 to 251 of ore grade material containing 0.5 to 0.6 percent U_3O_8. No core was recovered from this section of the hole and the operator is of the opinion that a small veinlet not over 1 inch thick is responsible for the probe results.

The MF-104 and 104A were checked and were found to be correct. Documentation of the drilling footage and the amount claimed for drilling is submitted by the operator.

It is recommended that the operator be paid $2762.19 or the Government's share at 75 percent of $3682.92 the total amount claimed. The payment should be withheld pending receipt of radiometric logs and map.

E. O. Binyon
E. O. Binyon
Mining Engineer

EOB/mw
cc: 6
Idm-E1132
chron

Progress Report on DMEA Contract No. Idm-E1132

for the period 1 December to 1 January, 1957-58

Drilling operations

Hole C was drilled BX size to 10 feet and cased AX. AX drilling proceded to 232 feet. Between 200 feet and 210 feet serious caving of the hole made drilling very difficult. Rather than ream the entire length of the hole to set AX casing it was decided (with DMEA approval) to case the hole with EX pipe and drill further with EX size core bit. The EX drilling proceded to a bottom depth of 269 feet on December 10, 1957.

Setting up and collaring in at Site D was completed on December 13, 1957. Hole D was drilled NX size to 30 feet and cased BX size to 29 feet. The hole was drilled BX size to 50 feet and AX size to a bottom depth of 295 feet on December 26, 1957.

The remainder of December was spent setting up on Site F.

Core recovery

Total core recovery for Hole C was 67.2 percent. Twenty percent of the BX core was recovered, 72.2 percent of the AX core and 50.0 percent of the EX core.

For Hole D the total core recovery was 79.7 percent. 77.5 percent of the BX core and 79.0 percent of the AX core was recovered.

Water

By the end of December the water level in the shaft had dropped to within a foot or two of the level workings. Permission has been obtained from local landowners to use water from private wells if necessary.

Geology

Descriptions of the cores from Hole C and D are given in the attached logs.

Hole C

Two feet of intensely altered and limonite stained rock and some limonite gouge were encountered between 10 and 20 feet. This is a small fault but because 6 feet of core

were not recovered its thickness can not be determined. The dip is 65° but its relation to the foliation can not be determined. This fault may be one that is supparallel to the Black Knight fault and higher. It may be the same one encountered in Hole B and that outcrops at Site 23.

Between 167 and 168 feet a 2-mm fracture filling of calcite contains a fine coating of pitchblende. The rock here is a nonfoliated migmatite of biotite and granite gneiss. There is no evidence of strong faulting. The pitchblende-bearing fracture dips 15°.

The magnetite-garnet-biotite-quartz gneiss zone was encountered at 215 feet and persisted to 263 feet. At 224 feet the foliation of the magnetite gneiss dips at 45°.

Fracturing and weak calcite and pyrite mineralization plus poor core recovery and soft gouge zones encountered between 200 and 250 feet indicate that this is the Black Knight fault. Within the magnetite gneiss zone at approximately 249 feet anomalous radioactivity was encountered and appeared to be limited to a 6-inch zone. Because no core was recovered in this zone, Mr. Schlottman of the U. S. Atomic Energy Commission was asked to confirm the anomaly. He determined that the radioactivity indicated a 2-foot zone containing 0.50 percent to 0.60 percent U_3O_8. Experience with surface exposures on the Black Knight fault leads me to believe that this is a small (probably not more than one inch) veinlet of pitchblende.

Hole D

Quartz-biotite-garnet and magnetite gneiss was encountered between 80 and 94 feet in Hole D. This zone contains numerous fractures, some of which contain calcite and pyrite. Some of the biotite is altered to chlorite. This zone probably represents the Black Knight fault, however, no anomalous radioactivity was encountered.

The foliation of the magnetite gneiss in this zone was measured as 61° in core from 81 feet. A calcite veinlet dips 52° and parallels the foliation in strike.

Conclusion

The anomalous radioactivity at 249 feet in Hole C is the first indication of ore grade material found in core drilling. While it is strictly a show it is a favorable indication especially when one consideres the conditions of the rock where the radioactivity was detected. The core recovery was poor, caving of the hole was severe, and the drilling fluid was lost to this zone. All are good indications of favorable structure in the magnetite zone. This is a target worthy of additional exploration.

Caleb V. Haynes

Caleb V. Haynes, Jr.
Geologist

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

Budget Bureau No. 42-R1036.5

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

RECEIVED MAR 17 1958 D.M.E.A.

Month of November, 1957 Docket No. DMEA 4791 Contract No. Idm-S-1132
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address P. O. Box 5, Golden, Colorado
Contract Amount, $ 9,058.40 Government Participation: 75 % Amount, $ 6,793.80

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:	1111.00	1171.50	2282.50			
Drilling		310.50	310.50			
Bulldozing						
Crosscutting						
Drifting						
Fixed Unit Cost	208.06	219.39	427.45			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1319.06	1701.39	3020.45	1319.06	1701.39	3020.45
				310.50	D -310.50	D 310.50
				1629.56		

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

Date 12/31/57 *Payee Caleb V. Haynes, Jr.
Caleb V. Haynes Jr.
Per _____ Title Operator

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
1390.89
2,709.95
310.50
3020.45
$ 1,222.17

Signature _____ (Authorized Certifying Officer)

Date 3/12/58 Voucher No. DMA 58-95

*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)

(See other side)

1 Previous disallowances
2 Previous disallowance reinstated

(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. tdm E1132 in accordance with the terms of the contract.

Signature E. Bunyon (#98930) Title Mining Engineer Date March 5, 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature W H King Title Executive Officer Date MAR 10 1958

X MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
MAR 17 1958
D.M.E.A.

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

Month of November 1957 Docket No. DMEA 4791 Contract No. DMEA 1132
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address P. O. Box 5, Golden, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
~~Raising~~ Assaying	Each						20 ea	5.00
Shafts								
Winzes								
Drilling: Core	Foot	1111.00	202	2282.50	415		1280 ft.	5.50
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails	Sites hour			310.50			40 hrs	15.00
Fixed Unit Costs per ft.		208.06	202	427.45	415		1280 ft.	1.03
TOTAL DISTRIBUTED COSTS		1310.06		3020.45				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1310.06		3020.45				$ 9058.40

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 12/21/57 Operator Caleb V. Haynes, Jr.

Per _____ Title Operator

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE MAR 14 1958

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

Administrative Audit Difference Statement

[redacted]

Date: [redacted]
Payee's Reference: [redacted]

[redacted]

EXTRA COPY
D M E
RECEIVED MAR 17 1958

DATE		CODE
3/17	Com	100
		800

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

Amount Claimed $ [redacted]

Difference [redacted] $ [redacted]

Amount Approved $ [redacted]

The reason for the difference was due to:

[redacted]

[redacted]

1. [redacted]	[redacted]
2. [redacted]	[redacted]
[redacted]	[redacted]

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

224 New Customhouse
Denver 2, Colorado
March 10, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4791 (Uranium) Contract Idm-E1132, Caleb V. Haynes, Jr., (Black Knight and Billikin lodes) Jefferson County, Colorado - Operator's Monthly Progress Report for the month of November, 1957

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

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

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

<u>Reinstatement, Bulldozing</u>

Amendment No. 2, provides for the use of International Harvester TD-9 and TD-14 tractors with dozers in lieu of the Caterpillar D-8 tractor with dozer or equivalent unit of another make, originally specified in the contract. Bulldozing costs which were disallowed in processing the October 1957 voucher, are to be reinstated as follows:

Reinstate:

1. TD-9, 8½ hours at $9.00 per hour----------$76.50
2. TD-14, 19½ hours at $12.00 per hour---------234.00
   Total amount to be reinstated----------$310.50

Reconciliation With Amount Reported by the Operator on Form MF-104 for November, 1957

Amount reported on November, 1957 voucher----------$1319.06
Amount to be reinstated---------- 310.50
Acceptable cost----------$1629.56

Government participation at 75 percent----------$1222.17

Remarks:

Date of Report----------December 21, 1957
Date Received in Field Office---------January 10, 1958
Date Received in Region Office--------February 5, 1958
Reason for delay: Processing deferred due to illness of inspecting engineer and also pending receipt of additional data from Operator.

Original signed by
W. H. KING

W. H. King

Enclosures

JDC:hmh

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

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
March 5, 1958

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: E. O. Binyon

Subject: Docket DMEA 4791 (Idm-E1132 - Uranium)
Caleb V. Haynes, Jr., Black Knight and Billikin lodes,
Jefferson County, Colorado -- Progress report for November 1957

An inspection of the work completed during the period was made March 4, 1957 in company with James D. Cooper, Bureau of Mines, and Frank B. Moore, Geological Survey.

The location and depth of Hole B were found to be as shown on the map accompanying the operator's report for October and as reported by the operator for this period. The access roads to this drill site as well as the sites to the other holes to be drilled were completed in October. The amount claimed however, was disallowed pending an amendment to the contract to permit the use of the dozers used on the job and at the rates per hour as claimed by the operator.

The MF-104 and 104A forms were checked and found to be correct. Documentation of the amount claimed for drilling accompanies the report.

The operator mentions a slight anomalous area in the hole at approximately 173 feet but has failed to submit a radiometric log of the hole. No map was submitted with the report.

It is recommended that pending receipt of the radiometric log and map the operator be paid $989.30 or the Government's share at 75 percent of $1319.06 the total amount claimed by the operator.

E. O. Binyon
E. O. Binyon
Mining Engineer

EOB/mw
cc: 6
Idm-E1132
chron

DMEA
DEPARTMENT OF THE INTE
JAN 9 - 1958
REGION III
DENVER, COLORADO

Progress Report on DMEA Contract No. Idm-E1132

for the period 1 November to 1 December, 1957

Drilling operations

Setting up at Site B and collering in was completed on 4 November. The hole was drilled BX size to 19 ft and cased with BX casing. The hole was then cased with AX casing to 20 ft after which AX core drilling proceeded to a total depth of 202 ft on 14 November.

Setting up and collaring in at Site C was completed on 22 November after a 5-day delay due to illness (influenza) of the drilling crew. Core drilling at Site C began on 23 November and after some difficulty was still in progress at the end of the month. Because this hole will be completed in December it will be reported upon in greater detail in the December progress report.

Core recovery

From Hole B approximately 181 ft of core was obtained for 202 ft of hole. This constitutes a recovery of 89.6 %. 7½ ft of the core is BX size for 19 ft of BX drilling representing a recovery of 39.5 %. 173.5 ft of AX size core for 183 ft of drilling constitutes a 94.8 % recovery for the AX drilling.

Water

The water level in the shaft at Site 3 droped another 5 ft as the water was used in drilling at Site B. The circulation of water for drilling at Site C has been more successful and a minimum has been used. It is hoped that the water remaining in the underground workings will be sufficient to complete at least the drilling of Stage I.

Geology

A description of the core from Hole B is covered in the accompanying log. Generally the rock units are the same as those reported for the core from Hole E.

Faulting is in evidence in the Hole B core between 96 ft and 106 ft. The only mineralization apparent is limonite and no anomalous radioactivity was detected in this zone. It is not the Black Knight fault proper but may be somewhat parallel and higher one. It is not a strong fault.

Magnetite gneiss layers were encountered from 130 ft to 197 ft giving an apparent thickness of 67 ft. Many fractures occur in this zone and a foot of gouge was encountered at approximately 171 ft. This is probably the Black Knight fault. Moderate to strong alteration is apparent and mineralization in the form of calcite, pyrite, and silica fills fractures averaging 1 mm in thickness. Two such fractures at approximately 173 ft are radioactive and apparently contain a fine film of pitchblende.

Geology (cont'd.)

The only anomalous radioactivity encountered in the hole was a reading of approximately twice background between 171 ft and 173 ft.

Conclusions

No commercial zone of uranium mineralization was encountered in Hole B, however approximately 2 ft of the core including the radioactive fractures will be halved and assayed chemically for U_3O_8.

Caleb V. Haynes, Jr.
Operator and Geologist
6 December 1957

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

Budget Bureau No. 42-R1036.5

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

Month of October, 1957 Docket No. DMEA 4791 Contract No. 1DM-81132
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address P.O. Box 5, Golden, Colorado
Contract Amount, $ 9,050.40 Government Participation 75 % Amount, $ 6,793.80

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	1171.50		1171.50			
Bulldozing	310.50		310.50			
Crosscutting						
Drifting						
Fixed Unit Costs	219.39		219.39			
(2) Labor and Supervision:						
Labor						
Supervision	~~263.64~~ CVH		~~263.64~~ CVH			
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Misc. Supplies	~~50.82~~ CVH		~~50.82~~ CVH			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
	CVH		CVH			
	1701.39		1701.39			
TOTALS	~~1801.46~~		~~1801.46~~	1,390.89	—	1,390.89

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

Date 11/13/57 *Payee Caleb V. Haynes, Jr. Caleb V. Haynes Jr.

Per _____ Title Operator

*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:

$ 1043.17

Signature RRR
(Authorized Certifying Officer)

Date 12-20-57 Vou. No. DMA-58-74

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-1132 in accordance with the terms of the contract.

Signature W. W. Winkel Title Mining Engr. Date Dec. 13, 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. H. King Title Executive Officer Date DEC 17 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

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

Month of October 195 7 Docket No. DMEA 791 Contract No. 1DM E 1132
Operator's Name Caleb V. Haynes, Jr. Minerals Uranium
Address P.O.Box 5, Golden, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
~~Raising~~ Assaying	Each						20 ea.	5.00
Shafts								
Winzes								
Drilling: Core	Foot	1171.50	213	1171.50	213	1171.50	1280 ft.	5.50
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails & Sites	Hour	310.50	28	310.50	28	310.50	40 hrs.	15.00
Fixed Unit Costs	per Ft.	219.39	213	219.39	213	219.39	1280 ft.	1.03
TOTAL DISTRIBUTED COSTS		1701.39		1701.39		1701.39		TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1701.39		1701.39				9058.40

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 11/13/57 Operator Caleb V. Haynes, Jr.

Per Caleb V. Haynes Jr. Title Operator

REMARKS: Drill Hole E was drilled to 213 ft. because the estimated 170 ft. did not sufficiently test the hole.

→ 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)

H. W. Winkel

(For Government use only)

DMEA
DEPARTMENT OF THE INTERIOR
NOV 19 1957
REGION III
DENVER, COLORADO

INSTRUCTIONS

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

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

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

GPO 872894

58-74

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

FINAL DISTRIBUTION
MADE DEC 23 1957

Administrative Audit Difference Statement

[redacted]

Date: [redacted]
Payee's Reference: [redacted]

[redacted]

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

Amount Claimed $ [redacted]

Difference $ [redacted]

Amount Approved $ [redacted]

The reason for the difference was due to:

[redacted]

EXTRA COPY
DMEA
RECEIVED DEC 26 1957

DATE	INITIALS	CODE

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

Very sincerely yours,

for N. E. Stokes
Audit Section

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

224 New Customhouse
Denver 2, Colorado

December 17, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-4791 (Uranium) Contract Idm-E1132, Caleb Haynes, Jr. (Black Knight and Billikin lodes) Jefferson County, Colorado - Operator's Monthly Progress Report for the month of October 1957

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

The work is being performed partly under independent subcontract and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Bulldozing was performed by International Harvester Model TD-9 and TD-14 tractors, both of which are smaller than the Model D-8 Caterpillar, or equivalent size unit, required by the contract.

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.

Disallowance, Bulldozing Costs

The contract stipulates that all dozing shall be performed with a Model D-8 Caterpillar tractor with dozer, or equivalent size unit of another make. The dozer work to date has been performed by International Harvester dozers, size TD-9 and TD-14, neither of which is equivalent to the Caterpillar D-8 tractor. The reported bulldozing costs are to be disallowed subject to possible reinstatement at a later date if the contract is subsequently amended to provide for smaller units at lower hourly rates.

Bulldozing costs to be disallowed

TD-9, 8½ hours at $9.00 per hour	$ 76.50
TD-14, 19½ hours at $12.00 per hour	234.00
Total to be disallowed	$310.50

Reconciliation with Amount Reported on Form MF-104 for the month of October 1957

Amount reported on Form MF-104 for October 1957	$1,701.39
Amount to be disallowed	310.50
Acceptable cost for October 1957	$1,390.89
Government participation at 75 percent	$1,043.17

REMARKS:

Date of Report	November 13, 1957
Date Received in Field Office	November 21, 1957
Date Received in Region Office	December 16, 1957

Original signed by
W. H. KING

W. H. King

Enclosures

JDC:jy

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

DMEA
DEPARTMENT OF THE INTERIOR

DEC 16 1957
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
Dec. 16, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: W. W. Winkel

Subject: Docket DMEA 4791 (Uranium) Contract I&u-E1132,
Caleb Haynes, Jr. (Black Knight and Billikin Lodes)
Jefferson County, Colorado -- Progress report for October 1957

Progress under the subject contract was inspected December 5, 1957. The inspecting engineer was accompanied by Caleb Haynes, Jr., the operator, and Frank Moore, geologist with the U. S. Geological Survey, DMEA section.

On the day of inspection drill hole "2" was considered to have reached its objective at a depth of 213 feet. It was necessary to continue this hole beyond the estimated approximate depth of 170 feet to reach the probable objective, the Billikin breccia zone. The core recovery at depth was good, however, the breccia zone was poorly defined and a definite marker lacking, pending a study of core recovered from subsequent drilling.

Bulldozing operations, during the report period, consisted of construction of drill sites and one-way access roads to these sites.

Actual drilling on drill hole "2" was started on October 21, 1957. The first 30 feet of hole was a soft weathered material that could not be cored. The core from 30 feet on down to the bottom of the hole was recovered. The overall core recovery, including the first 30 feet of hole, was 70 percent. The actual recovery from 30 feet to 213 feet was 82 percent.

The operator has submitted a narrative report in quintuplicate with maps showing access roads, drill sites, and surface geology, forms MF-104 and 104A, lithologic log of drill hole "2", invoices from bulldozer and drilling contractors. Other documentation to support this claim is not required by the contract.

Unit costs are correctly listed on form MF-104 except those shown under column "Unit Costs to Date." The costs listed on form MF-104 under Supervision and under Misc. Supplies are not allowable items of cost under terms of the contract, and were voided by the operator.

Payment of $1,276.04 or 75 percent of the amount claimed $1,701.39 is recommended by the inspecting engineer.

W. W. Winkel
W. W. Winkel
Mining Engineer

WWW/mr
cc: 6
I&m-E1132
ohron

Progress Report on DMEA Contract No. Idm-E1132

for the period 15 October to 1 November, 1957

Drill site preparation

Bulldozing operations on the Black Knight and Billikin uranium prospects commenced on 15 October, 1957. Sites for the six proposed Stage I drill holes and one-way access roads were completed on 21 October. These changes have been added to Figure 1a, attached; a revision of the original Figure 1 of the application report, Docket No. DMEA 4791.

Bulldozing operations were performed by S. F. Renaud of 6598 Morrison Road, Denver 14, Colorado.

Drilling operations

Boyles Brother's Drilling Company of Salt Lake City, Utah has been contracted for the diamond core drilling. On 16 October Mr. Richard F. Durfee, Denver district manager, suprovised the moving of the drilling equipment on Site E. This site was selected as the initial hole because of its location off the access roads and it was the easiest site to prepare. This allowed drilling operations and bulldozing to proceed concurrently.

The drilling setup was completed on 21 October and drilling commenced the same day. The first 15 ft were soft and weathered and were spudded with a cone-and-roller bit to accomodate 15 ft of NX casing. The hole was drilled to 40 ft with a BX diamond core barrel. Only in the lower 10 ft was core obtained. 40 ft of BX casing was set after which drilling with AX rod and diamond core barrel proceeded to a total depth of 213 ft where drilling hole E was terminated.

Core recovery

Approximately 150 ft of core was obtained. If the first 30 ft are neglected this would constitute a recovery of approximately 82%. On the basis of the total depth of 213 ft the recovery would be 70%. After drilling from 134 to 139 ft the core slipped from the barrel and had to be drilled over resulting in a loss of practically all of the core, however the cutting from this run were recovered and carefully inspected. Most of the drilling runs below 114 ft recovered 100% core.

Drilling fluid

The drilling fluid used was water from the inclined shaft at Site 3 (Fig. 1a). Circulation was lost intermittently and addition of bran to the drilling fluid failed to prevent lost circulation. It is estimated that approximately 9,000 gal of water were lost to the hole. If this rate of consumption is representative of what is to be expected in the other holes the supply of water in the shaft will not likely be adequate. There is no indication that the water level in the shaft will

stabalized before it is pumped dry. In the event it is pumped dry it is planned to haul water from Mr. Huchster's well (with his permission) approximately 1 mi to the north by road. At the present time the water is pumped from the shaft to a 300-gal tank on a Jeep truck. It is then hauled to the drill site and emptied into a stock tank.

Geology

The 150 ft of diamond drill core has been described in the accompanying log. It is made up of medium grained granite-gneiss (quartz, microcline, plagioclase feldspar, and biotite), quartz-biotite schist and gneiss, magnetite-quartz-garnet gneiss, and narrow granite pegmatite zones. The core did not reveal any uranium mineralization or anamolous radioactivity. The entire length of the hole was tested for radioactivity with a long-hole probe in conjunction with a "Babbel" counter. No anamalous radioactivity was detected.

Intersection of the Black Knight fault by the drill hole is not apparent in the core, and only minor, non-uraniferous, mineralization was observed. After approximately 160 ft depth the biotite shows increasing degrees of alteration to chlorite down to about 200 ft. Scattered grains of pyrite also increase in occurrence with depth in this range, and from 182 ft to 192 ft pyrite also occurres as fracture fillings a millimeter or less thick. Some fractures from 182 ft to 208 ft are filled with calcite. The magnetite gneiss zone that outcrops from Site 1 to Site 4 was encountered at 178 ft in Drill-hole E and persisted intermittently to 208 ft. It is the magnetite gneiss zone that has revealed the strongest uranium mineralization at Site 3.

There is no indication that the drill hole is not essentially vertical. Assuming that it is vertical the dip of the foliation ranges from 15° to 65°. Dips from 45° to 60° are the most common. Fractures in the rock commonly parallel the foliation, and the cores usually break along foliation planes.

Bulldozing the access road to Site D uncovered evidence of a fault zone in the form of a strongly limonite-stained and fractured granite-gneiss and biotite schist. This exposure has been labeled Site 23 on Figure 1a. A 1-in. zone of gouge with slickensided walls strikes approximately N 70° W and dips 47° NE. If these are representative data this fault evidently parallels the Black Knight and is probably sympathetic with it. If this second fault was penetrated by hole E it must have been in the first 30 ft where no core was recovered. Thiss assumption would help account for the bad ground encountered in that portion of the hole. A scintillometer on the most sensitive scale can detect a slight increase in radioactivity over background at Site 23.

Another but lesser indication of faulting, labeled Site 24 on Figure 1a, was uncovered by the bulldozing. It is a zone of fracturing trending N 40° W and dipping 85° NE.

A number of dip and strike readings have been taken over the mapped area and are approximately located on Figure 1a. This shows a marked NW-SE trend with a moderate dip to the NE.

Conclusions

The thin pyrite- and calcite-coated fracture surfaces along with chloritization in the magnetite gneiss zone between 182 ft and 192 ft may be the only expression of the Black Knight fault in the drill hole at Site E. If this is a correct assumption the tightness and lack of space prevented the deposition of uranium in the area immediately around the hole. The alternative possibility is that the trend of the Black Knight changes radically from that revealed at Site 2 such that intersection by the drill hole is impossible or would be deeper than 213 ft. The additional drilling as proposed should clear up the question. Drilling at Site B is presently underway.

Caleb V. Haynes Jr.

Caleb V. Haynes Jr.
Applicant & Geologist
4 November 1957

Radiometric Probe Results

From	To	Results
0	213	Background

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

OCT 20 1958

Mr. Caleb V. Haynes, Jr.
Post Office Box 5
Golden, Colorado

Re: Docket No. DMEA-4791 (Uranium)
Contract No. Ida-X1132
Black Knight and Billikin Lodes
Jefferson County, Colorado

Dear Mr. Haynes:

Reference is made to your terminated 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 require the operator to keep and preserve certain records for the period indicated.

Your interest in the DMEA exploration program and participation therein are fully appreciated.

Sincerely yours,

Frank E. Johnson

ACTING Director

FLKnouse/gla
9-22-58
cc to: Director's Reading File
Contract Adm. & Audit Division
Field Team, Region III (2)
Mr. Knouse

Copies to:
Carl L. Kuehster, Star Route, Littleton, Colorado

Louis S. Malach, 2731 Stuart, Denver, Colorado

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

Mr. Louis S. Malach
2731 Stuart
Denver, Colorado

Re: Docket No. DMEA-4791 (Uranium)
Contract No. Idm-21132
Caleb V. Haynes, Jr.
Black Knight and Billikin Lodes
Jefferson County, Colorado

Dear Mr. Malach:

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 on May 7, 1957.

Sincerely yours,

Frank E. Johnson

ACTING Director

Enclosure

FLKnouse/gla
9-22-58
cc to: Director's Reading File
Contract Adm. & Audit Division
Field Team, Region III (2)
Mr. Knouse

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

OCT 20 1958

Mr. Carl L. Knehster
Star Route
Littleton, Colorado

Re: Docket No. DMEA-4791 (Uranium)
Contract No. Ida-Kilyz
Caleb V. Mayses, Jr.
Black Knight and Milliain Lodes
Jefferson County, Colorado

Dear Mr. Knehster:

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 on May 15, 1957.

Sincerely yours,

Frank E. Johnson

ACTING Director

Enclosure

FLKnouse/gla
9-22-58
cc to: Director's Reading File
Contract Adm. & Audit Division
Field Team, Region III (2)
Mr. Knouse

Audit copy

EXPLORATION PROJECT CONTRACT
CALEB V. HAYNES, JR.
DOCKET NO. DMEA-4791

AMENDMENT NO. 2

It is agreed this 10th day of February, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Caleb V. Haynes, Jr., that Exploration Project Contract No. Idm-E1132 (Docket No. DMEA-4791), dated September 11, 1957, as amended, is further amended effective September 11, 1957, as follows:

1. In Exhibit "A" under the heading, Description of the Work, General Provisions, the first paragraph on the second page is revised to read as follows:

"Drill sites and access roads shall be prepared with Models TD-9 and TD-14 International Harvester Tractors w/dozers or equivalent sized units of other makes."

2. In Exhibit "A" under the heading, "Estimated Cost of the Project":

(a) Stage I, Actual Costs, Category (1) Independent Contracts, is revised to read as follows:

Category (1) Independent Contracts

1,280 feet of core drilling @ $5.50/ft.	$7,040.00
Actual bulldozer operating time (including operator and all necessary costs whatsoever) rates as follows:	
For a model TD-9 tractor w/dozer - $9.00/hr.	600.00
For a model TD-14 tractor w/dozer - $12.00/hr.	

(b) Stage II, Actual Costs, Category (1) Independent Contracts, is revised to read as follows:

Category (1) Independent Contracts

1,600 feet of core drilling @ $.[illegible]0/ft.	$8,800.00
Actual bulldozer operating time (including operator and all necessary costs whatsoever) rates as follows:	
For a model TD-9 tractor w/dozer - $9.00/hr.	600.00
For a model TD-14 tractor w/dozer - $12.00/hr.	

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.

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals
Exploration Administration

_____
Caleb V. Haynes, Jr.

Audit Copy

EXPLORATION PROJECT CONTRACT
CALEB V. HAYNES, JR.
DOCKET NO. DMEA 4791
CONTRACT NO. Idm-E1132

AMENDMENT NO. 1

It is agreed this 27th day of January, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Caleb V. Haynes, Jr., hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E1132, Docket No. DMEA 4791, dated September 11, 1957, hereinafter called the "Contract," that:

1. The date fixed in Article 3, on or before which The Operator shall have completed the work, is extended from February 1, 1958 to April 1, 1958.

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.

CALEB V. HAYNES, JR.

Caleb V. Haynes Jr.

UNITED STATES OF AMERICA

By W S King
Executive Officer
DMEA Field Team, Region III

800

DMEA
RECEIVED DEC 23 1957
DATE | INITIALS | CODE
800

224 New Customhouse
Denver 2, Colorado

December 18, 1957

Mr. Caleb V. Haynes, Jr.
P. O. Box 5
Golden, Colorado

Re: Docket No. DMEA 4791 (Uranium)
Contract No. Idm-81132
Caleb V. Haynes, Jr.
(Black Knight and Billikin Lodes)
Jefferson County, Colorado

Dear Mr. Haynes:

In reference to your letter of December 8, 1957, and consistent with provisions in the Contract, this confirms verbal approval by the Government issued on December 9, 1957, to reduce the size of Stage I Hole C below the depth of 252 feet to XX size.

Nothing in this confirmation of verbal approval to reduce the size of Hole C shall 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."

Very truly yours,

DMEA Field Team, Region III

By W. H. King
W. H. King

By E. M. Harshman
E. M. Harshman

JWT:prl

cc: Chmn. Op. Comm. (3)
Finance Office, Region III
Amendment file, Region III
Harshman
DMEA/DFC (Winkel)
Corres. file
Townsend
Chron.

DATE	INITIALS	COPY

224 New Customhouse
Denver 2, Colorado

December 18, 1957

Mr. Caleb V. Haynes, Jr.
P. O. Box 3
Golden, Colorado

Re: Docket No. DMEA 4791 (Uranium)
Contract No. Idm-E1152
Caleb V. Haynes, Jr.
(Black Knight and Billikin Lodes)
Jefferson County, Colorado

Dear Mr. Haynes:

In reference to your letter of December 8, 1957, and consistent with provisions in the contract, the Government hereby approves transfer of sufficient footage and applicable funds from Stage II to Stage I to permit completion of the six Stage I holes to their stated objectives.

Appropriate deductions will be made from Stage II footage and funds consistent with necessary amounts transferred to Stage I.

The transfer of drilling footage and applicable funds from Stage II to Stage I is necessitated because the objectives of Stage I holes have been found to be deeper than originally estimated.

Nothing in this approval for transfer of footage and funds from Stage II to Stage I shall 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."

Very truly yours,

DMEA Field Team, Region III

By W. H. King
W. H. King

By E. N. Harshman
E. N. Harshman

JWT:prl

cc: Chmn. Op. Comm. (3)
Finance Office, Region III
Amendment File, Region III
Harshman
DMEA/DFC (Winkel)
Corres. File
Townsend
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
DEC 17 1957
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
Dec. 17, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: W. W. Winkel

Subject: Docket DMEA 4791 (Uranium) Contract Idm-R1132, Caleb Haynes (Black Knight and Billikin Lodes) Jefferson County, Colorado -- Justification for transfer of drilling footage from Stage II to Stage 1 drilling

After completing drill holes "E" and "C", under Stage I of the subject contract, it appears necessary to have additional footage transferred from Stage II to Stage I to complete the remaining 4 drill holes in Stage I to the stated objective.

Drill hole "E" was estimated to be drilled to 170 feet, and drill hole "C" was estimated for a depth of 220 feet. Hole "E" was drilled to 213 feet and "C" was stated to be completed at 269 feet. This excess footage to reach the stated objective is about 34 percent over the approximate original estimate. It now appears that the Billikin breccia zone pitches more steeply than initial surface and shaft observations indicated.

It is recommended that an unspecified amount of drilling footage be transferred from Stage II to Stage I with the stipulation that any unused footage from Stage I will revert back to Stage II in the event that Stage II drilling receives Government approval. The amount of footage to be transferred should not be less than 25 percent of the estimated total for Stage I drilling.

W. W. Winkel
W. W. Winkel
Mining Engineer

RECEIVED

DATE		CODE

WWW/mr
cc: 9
Idm-R1132
chron

DMEA
DEPARTMENT OF THE INTERIOR

DEC 10 1957
REGION III
DENVER, COLORADO

P. O. Box 5
Golden, Colorado

8 December 1957

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

Re: Docket No. DMEA 4721
Contract No. Idm-71132

Dear Mr. Townsend:

Two (B & E) of the proposed six diamond drill holes of Stage I have been completed and another hole (C) is near completion. All of these holes to date have exceeded the original estimated footage for each hole by a total of 67 ft and hole C is not yet completed. It is unlikely that the other holes D, F, & G will be bottomed short of the proposed depths. Therefore, the need for additional footage of approximately 25 ft per hole is anticipated.

It is hereby requested that additional footages totaling approximately 150 ft be deducted from Stage II and transferred to Stage I.

Sincerely yours,

Caleb V. Haynes Jr.
Caleb V. Haynes, Jr.
Operator and Geologist

RECEIVED
DATE

DMEA
DEPARTMENT OF THE INTERIOR

REGION III

DEC 17 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
Dec. 16, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: W. W. Winkel

Subject: Docket DMEA 4791 (Uranium) Contract Idm-E1132, Caleb Haynes (Black Knight and Billikin Lodes) Jefferson County, Colorado -- Justification for completing drill hole "C" using EX size diamond coring bit

During inspection of the subject property hole "C" was being drilled at a depth of 232 feet. At this depth the drill had penetrated fault material from 212 to 232 feet and became stuck. It was impossible to continue drilling AX size below this zone prior to the added expense of reaming and casing to the 232 foot depth. Because of the extra cost of reaming and casing it was not considered advisable because of the low percentage of hole still estimated as being necessary to reach the stated objective, the Billikin breccia zone. This zone was estimated to be not more than 12 to 18 feet below the 232 foot depth. The more feasible plan is to case the existing part of the hole to a smaller size, without reaming, and complete the remaining part with EX size core bit. The operator was advised to request approval to bottom this hole by casing and drilling the remaining portion using EX size core bit.

It is recommended that approval be granted the operator to bottom the remaining part of hole "C" by casing the existing section and drilling EX size to its stated objective.

W. W. Winkel
W. W. Winkel
Mining Engineer

EXTRA COPY
DMEA
RECEIVED DEC 23 1957
DATE | | CODE

WWW/mw
cc: 9
Idm-E1132
chron

DMEA
DEPARTMENT OF THE INTERIOR

DEC 10 1957
REGION III
DENVER, COLORADO

P. O. Box 5
Golden, Colorado

8 December 1957

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

Re: Docket No. DMEA 4791
Contract No. Idm-E1132

Dear Mr. Townsend:

As of noon Saturday, December 7, drilling at Site C had reached a total depth of 232 ft. Due to very"bad" ground between 212 ft and 220 ft drilling had to be terminated. Drill rods were sticking to such a degree that the hole was in danger of being lost if the rods could not be removed.

The "sticky" zone at 212 ft is interpreted as fault gouge or highly altered schist. Below the gouge zone circulation of drilling fluid was completely lost. Magnetite gneiss appears only in the bottom 5 ft of the hole and fracturing is still in evidence at this depth.

In view of these things I feel that it is adviseable to recover additional core from further down in order to properly test the fault zone and favorable magnetite gneiss zone. In order to drill deeper at Site C Boyles Brothers must do one of two things. Either the hole must be completely reamed and cased with AX casing to permit AX coring or the hole can be cased as it is without reaming and coring continued with EX bit and rods. Boyles assures me that the EX drilling would be by far the cheaper way. Reaming at $2.30 per foot would amount to $533.60 for the 232 ft whereas there would be no additional charge for the agreed upon cost per foot of $4.90 for the additional 10 to 20 ft required.

Because probably not more than 20 ft of additional drilling would be required to complete the testing of the fault zone I request approval for completion of Hole C with EX bit and rod.

EXTRA COPY
DMEA
RECEIVED DEC 23 1957
DATE CODE

Sincerely yours,

Caleb V. Haynes, Jr.

Caleb V. Haynes, Jr.
Operator and Geologist

DMEA Form 14

Contract No. Idm-E 1132

Docket No. 4791

Terminated Contract

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
September 11, 1957	III	Colorado	Uranium

Name and Address of Operator: Caleb V. Haynes, Jr.
Post Office Box 5
Golden, Colorado

	Reserve	Obligation
Prior Amount	0	15,192.00
Increase	0	0
Decrease	0	6,882.84
Revised Amount	0	8,309.16

Remarks:

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

(Title)

Date delivered to Bureau of Mines, Washington 6/5/58

22845

DMEA Form 14

Contract No. Idm-E 1132

Docket No. 4791

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
September 11, 1957	III	Colorado	Uranium

Name and Address of Operator: Caleb V. Haynes, Jr.
Post Office Box 5
Golden, Colorado

	Reserve	Obligation
Prior Amount	15,192.00	0
Increase	0	15,192.00
Decrease	15,192.00	0
Revised Amount	0	15,192.00

Remarks:

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

Date delivered to Bureau of Mines, Washington 9/30/57

22845

Audit Copy

RECEIVED SEP 30 1957 D.M.E.A.

MF-200
(Revised June 1954)

Docket No. DMEA 4791

Commodity Uranium

Contract No. Idm-E 1132

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 11 SEP 1957 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Caleb V. Haynes, Jr., whose mailing address is Post Office Box 5, Golden, Colorado, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] two leases, [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: Royalties as are set forth in the leases.

(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: Consents to Lien and Subordination Agreements of Lessors signed by Louis S. Malach and Carl L. Kuehster.

(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 October 15, 1957 shall commence the work, and on or before February 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. (See Annex II.)

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $20,256.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $15,192.00: *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. [redacted] See Annex II

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

See Annex II

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

Caleb V. Haynes Jr.
CALEB V. HAYNES, JR.
(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

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DMEA
RECEIVED 1957

EXPLORATION PROJECT CONTRACT
CALEB V. HAYNES, JR.
DOCKET NO. DMEA-4791

ANNEX I

The land referred to in Article 2 of the Contract consists of the southwest quarter (SW¼) of the southwest quarter (SW¼) of section three (3) T. 7 S., R. 70 W., 6th P.M., Jefferson County, Colorado owned by Carl L. Kuehster; and the southeast quarter (SE¼) of the southwest quarter (SW¼) of section three (3) T. 7 S., R. 70 W., 6th P.M., Jefferson County, Colorado, owned by Louis S. Malach.

The location of the land is shown on the map entitled "Figure 2 - Map Showing Location of Recommended Drill Holes, Black Knight and Billikin Lodes, Caleb V. Haynes, Jr., Jefferson County, Colo DMEA 4791," attached hereto and made a part hereof.

The Operator is in possession of the land by virtue of leases dated June 7, 1957, and June 14, 1957, respectively, from Louis S. Malach and Carl L. Kuehster.

The Consents to Lien and Subordination Agreements signed by Messrs. Malach and Kuehster are attached and made a part hereof.

MF-205
(Combines and supercedes MF-[illegible]1 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1132
Contract Date 11 SEP 1957

RECEIVED JUN 14 1957 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 Jefferson, State of Colorado, described as follows: 2/

Southwest quarter of the southwest quarter of section three, Township seven south, Range seventy west of the sixth principal meridian (SW¼, SW¼, sec. 3, T. 7 S., R. 70 W., 6th P. M.) 40 acres.

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.)

none

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.

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

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1132
Contract Date 11 SEP 1957

RECEIVED JUN 14 1957 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 Jefferson, State of Colorado, described as follows: 2/

the southeast quarter of the southwest quarter of section five, township seven south, range seventy west, sixth principal meridian (SE¼, SW¼, sec. 5, T. 7 S., R. 70 W., 6th P. M.) 40 acres, approx.

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.)

none

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 2 day of May, 195 9.

Louis G. Malech [Seal] 6722 Stuart, Denver, Colo. [Address]

Louis G. Malech

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, _____ 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]

DMEA
RECEIVED 1957

EXPLORATION PROJECT CONTRACT
CALEB V. HAYNES, JR.
DOCKET NO. DMEA-4791

ANNEX II

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 stages of work."

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

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

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

(e) In the last sentence of Article 6(e), 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.

EXPLORATION PROJECT CONTRACT
CALEB V. HAYNES, JR.
DOCKET NO. DMEA-4791

EXHIBIT "A"

Description of the Work

General Provisions

The work consists of exploration by diamond core drilling from the surface for the downward projection of the uranium ore bearing Black Knight and Billikin breccia zones.

Each hole shall be diamond core drilled the entire length not less than 5 feet nor more than 10 feet through the uranium bearing breccia zones (Black Knight and Billikin lodes). No payment shall be made for any uncompleted drill hole. The minimum collar size of core shall be BX, and no part of any hole shall be less than AX size without prior approval of the Government. All holes shall be reamed and cased as necessary.

All core and cuttings shall be saved by such methods and at such drilling intervals, and shall be checked for radioactivity in such manner, as may be specified by the Government. The sections of the drill core and cuttings that indicate significant radioactivity shall be split into halves. One-half of each of the radioactive drill cores shall be analyzed chemically for uranium, and one-half of each of the radioactive cores and cuttings shall be furnished to the Government upon request. The remaining half of the radioactive cuttings, and all the non-radioactive cores and cuttings, shall be properly boxed, labeled, and stored pending final Government inspection.

All drill holes shall be logged geologically and probed for radioactivity, and copies of each log shall be furnished to the Government with each copy of the Operator's monthly report.

No drill hole shall be drilled closer than 100 feet to the outside boundary of the land, and no Stage II drill hole shall be drilled closer than 75 feet from any Stage I hole from where it intersects the breccia zones.

The method of all sampl ng is subject to the approval of the Government. Not more than 20 samples for Stage I nor more than 30 samples for Stage II shall be analyzed chemically for U_3O_8.

Drill sites and access roads shall be prepared with a Model D-8 Caterpillar tractor w/dozer or an equivalent size unit of another make.

The location, direction, and extent of all work are subject to the approval of the Government. At the completion of the project, upon Government approval, all stored samples may be disposed of by the Operator.

The project shall be supervised at all times by a qualified geologist or mining engineer, who shall direct or perform the required surveying, mapping, sampling, and drill hole logging, and shall prepare reports required pursuant to this Contract.

The work shall be performed in two stages. The Operator shall perform all the Stage I work, and shall perform as much of the work under Stage II as the Government approves in writing in advance, either after the completion of the Stage I work, or concurrently. In the event the estimated footages are insufficient to reach a specified horizon in any hole in Stage I, additional footage and necessary funds, upon the written approval of the Government, may be transferred and deducted from Stage II.

Stage I

Prepare access roads and drill sites and drill five (5) vertical core-drill holes to intersect the Black Knight breccia zone approximately 150 feet down-dip below the surface and one inclined core drill hole to intersect the Billikin breccia zone about 150 feet down-dip below the surface. The holes are designated as B, C, D, E, F, and G and their locations are shown on the attached map entitled "Figure 3 - Geologic Map Showing Recommended Exploration of Black Knight and Billikin Lodes, Jefferson County, Colorado."

The approximate depths, directions, and inclinations of holes are as follows:

Hole No.	Direction and Inclination	Approximate Depth-Feet
B	Vertical	190
C	Vertical	220
D	Vertical	190
E	Vertical	170
F	Vertical	160
G	N. 70° W at -60° Inclination	350

Stage II

Prepare access roads and drill sites and drill not more than eight (8) holes aggregating not more than 1,600 feet to explore for the extension of favorable mineralization intersected in Stage I drill holes. The location, inclination, and depth of each hole are subject to the prior written approval of the Government.

Estimated Cost of the Project
(In addition to maximum set forth in Article 6, an asterisk indicates maximum)

Stage I

Actual Costs

Category (1) Independent Contracts

1,280 feet of core drilling @ $5.50/ft.	$7,040.00	
40 hrs. of bulldozing (including operator and all necessary costs) @ $15.00/hr.	600.00	
Categories (2) through (6) None	- - -	
Category (7) Miscellaneous None except		
20 chemical sample analyses @ $5.00*/each sample	100.00	$7,740.00
Fixed Unit Costs (See Article 13 and Annex II)		
Incidental allowances[1] for each foot of core drilling completed, 1,280 feet @ $1.03/ft.	1,318.40	$1,318.40
Estimated Total Cost of Stage I		$9,058.40

Stage II

Actual Costs

Category (1) Independent Contracts

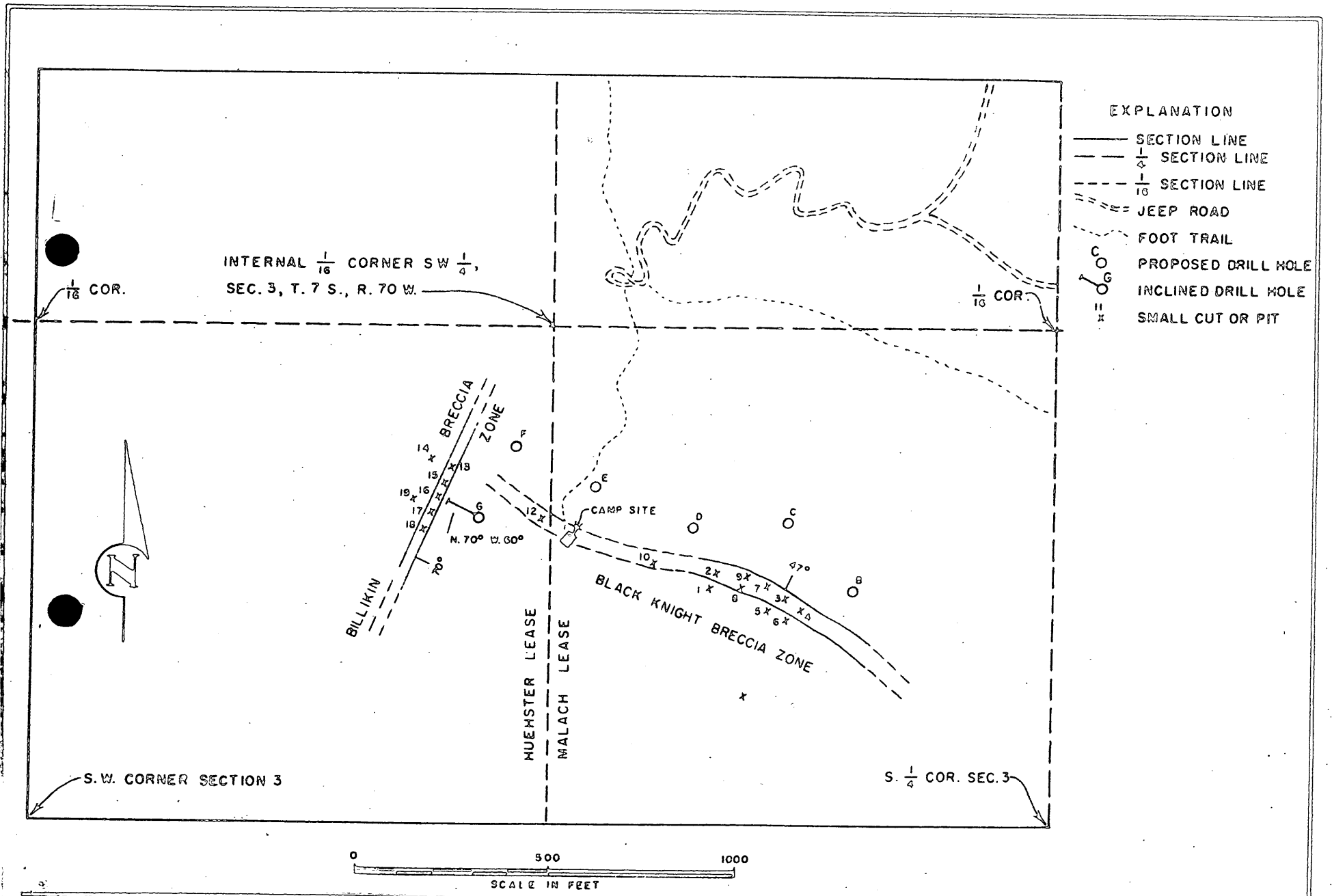
1,600 feet of core drilling @ $5.50/ft.	$8,800.00	
40 hrs. of bulldozing (including operator and all necessary costs) @ $15.00/hr.	600.00	
Categories (2) through (6) None	- - -	

Category (7) Miscellaneous None except		
30 chemical sample analyses @ $5.00*/each sample	150.00	$9,550.00
Fixed Unit Costs (See Article 13 and Annex II)		
Incidental allowances[1] for each foot of core drilling completed, 1,600 feet @ $1.03/ft.	1,648.00	$1,648.00
Estimated Total Cost of Stage II		$11,198.00

S U M M A R Y

Estimated Total Cost of Stage I	$9,058.40
Estimated Total Cost of Stage II	11,198.00
Estimated Total Cost of the Project (rounded)	$20,256.00
Government Participation @ 75%	$15,192.00

1/ Includes all costs that might otherwise be allowable costs of the project under Categories (2) through (7) of Article 6(a).



GURE 2 - MAP SHOWING LOCATION OF RECOMMENDED DRILL HOLES, BLACK KNIGHT AND BILLIKIN LODES, CALEB V. HAYNES, JR., ~~AND GLEN A. BOYD, JR.~~, JEFFERSON COUNTY, COLO. DMEA 4791

OFFICIAL FILE COPY
DMEA
RECEIVED 0 1957
CODE
800

224 New Customhouse
Denver 2, Colorado

September 26, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4791 (Uranium), Contract No. Idm-X1138, Caleb V. Haynes, Jr. (Black Knight and Billikin Lodes), Jefferson County, Colorado

Enclosed are the Government's and Audit copies of Exploration Project Contract No. Idm-X1138, which was forwarded by your letter of September 11, 1957 for insertion of a starting date under Article 3 of the contract and signature by the Operator.

Also enclosed are three copies of a letter from this office, dated September 26, 1957, 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 procedures to be followed in communicating with this office in all matters pertaining to the contract.

The contract, dated September 11, 1957, provides for work estimated to cost $20,256.00, toward which the Government will contribute 75%, or an amount not in excess of $15,192.00.

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

Original signed by
J. W. TOWNSEND

J. W. Townsend

JWT:prl

cc: Ransome
Finance Office, Region III
Harshman
DMEA/EPC-Winkel
Townsend
Corres. file
Chron.
) w/copy of contract and letter to Operator.

OFFICIAL FILE COPY
DMEA
SEPTEMBER 30 1957
CODE

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

September 26, 1957

Mr. Caleb V. Haynes, Jr.
P. O. Box 5
Golden, Colorado

Re: Docket No. DMEA 4791 (Uranium)
Contract No. Idm-21132
Caleb V. Haynes, Jr.
(Black Knight and Billikin Lodes)
Jefferson County, Colorado

Dear Mr. Haynes:

Enclosed herewith is the "Operator's Copy" of Exploration Project Contract No. Idm-21132, Docket No. DMEA 4791.

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

In reference to ANNEX II (f) 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 <u>not</u> to be incorporated in your narrative report accompanying monthly progress report forms MP-104 and MP-104A.

The locations of holes to be drilled under Stage I are indicated on the map, "Figure 3," attached to the contract. Should conditions encountered necessitate or make desirable a change in the location of any of the holes, approval of this office for the change must be obtained prior to performance of the drilling. Otherwise, the drilling may not be acceptable for reimbursement to you under the terms of the contract.

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

When work under Stage I has been completed, or sufficiently so to permit evaluation of results of the work, you must request approval from this office for the work you propose to perform under the next stage. Your request for the work approval must be in quadruplicate, each copy complete with a map showing the location and extent of the work completed and the location of the additional work proposed. Also, your request must include an evaluation of the work completed and include Assay returns and any other pertinent data which will be of value to the Government in appraising the results of the work.

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

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

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

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

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JWT:prl
cc: Chem.Op.Comm.-5
Finance Office, Region III
Amendment file, Region III
Marshman
DMEA/DPC-Winkel
Townsend
Corres. file
Chron.

September 6, 1957

Memorandum

To: Chairman, Operating Committee

From: Jay L. Chambers, Director (Signed) J. L. Chambers
Contract Administration and Audit Division

Subject: Docket No. DMEA-4791 (Uranium)
Caleb V. Haynes, Jr.
Black Knight and Billikin Lodes
Jefferson County, Colorado

I am transmitting the above cited proposed contract to the Operating Committee without my surname because the contract combines the cost of drilling and bulldozing when the Operator's application separates these items. We would probably run into difficulty in making payment for the bulldozing if a contractor other than the one doing the drilling did the work. The man who bid on the drilling at $5.50 a foot did not bid on the bulldozing.

Incidentally, we increased the applicant's estimate by $208.00. This increase would have had little if any effect on my surnaming.

Attachment

JLChambers/sma
September 6, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

DMEA Form 14

Contract No. Idm-E 1132

Docket No. 4791

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
September 11, 1957	III	Colorado	Uranium

Name and Address of Operator: Caleb V. Haynes, Jr.
Post Office Box 5
Golden, Colorado

	Reserve	Obligation
Prior Amount	0	0
Increase	15,192.00	0
Decrease	~~0~~	~~0~~
Revised Amount	15,192.00	0

Remarks:

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

Date delivered to Bureau of Mines, Washington 9/11/57

22845

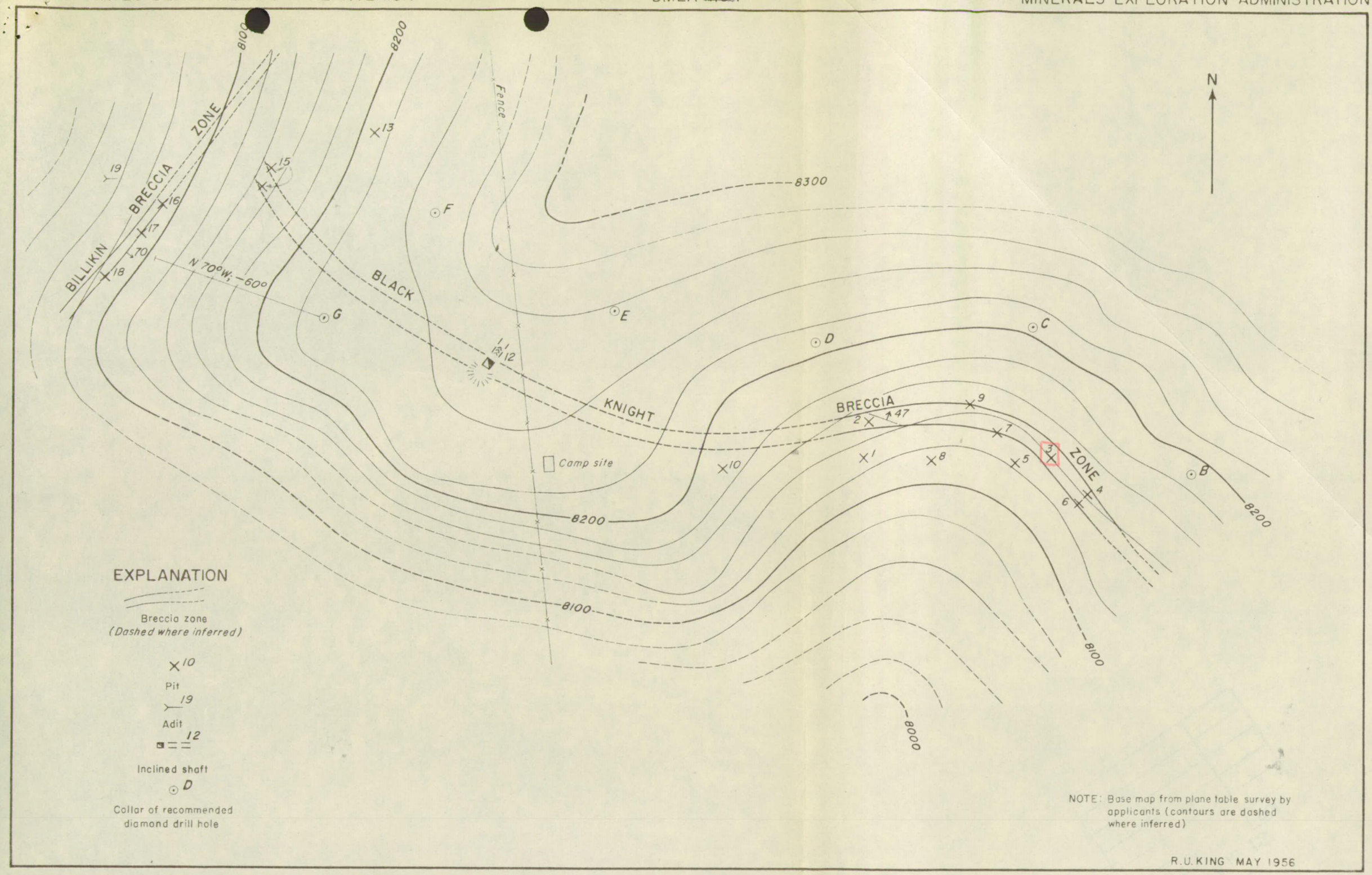


FIGURE 3.—GEOLOGIC MAP SHOWING RECOMMENDED EXPLORATION OF BLACK KNIGHT AND BILLIKIN LODES, JEFFERSON COUNTY, COLORADO

100 50 0 200 Feet

Contour interval 20 feet
Datum is approximately mean sea level

EXTRA COPY
D M E A
RECEIVED AUG 15 1957

DATE	INITIALS	CODE