CHARLES E. MELBYE & ASSOCIATES

CONSULTING

MINING - GEOLOGICAL - GEOPHYSICAL

ENGINEERS

ANNOUNCE

A

CHANGE OF ADDRESS TO

2020 FOOTHILLS ROAD

GOLDEN, COLORADO

BOX 309

PHONE 229-1542

Sept. 1963

United States Department of the Interior
GEOLOGICAL SURVEY
BOX 25046 M.S. 933
DENVER FEDERAL CENTER
DENVER, COLORADO 80225

IN REPLY REFER TO:

typed
8-25-81

M E M O R A N D U M

To: THE FILE

From: J. William Hasler, Chief, Office of Minerals Exploration JWH

Subject: Field inspection, Nye Metals, Inc., molybdenum mine
OME 6231, Gilpin County, Colorado, amended contract 2149

The subject property has royalty obligations due from possible production from June 1962 to June 1987, or until the sum of $84,984.36 is fully repaid with interest at the rate of 6 percent per annum, whichever occurs first.

I inspected the property on August 6, 1981, in company with H. W. (Skip) Hase, District Geologist, Inspiration Development Company, and Jim Biggs, their Project Geologist. Inspiration Development Company is presently performing exploration under a lease and option agreement with Nye Metals, Inc. There has been no production from the property since December 1965.

Inspiration Development Company has mapped the area in great detail and is drilling south of the mine between Utah and Oregon Hills and has found molybdenum mineralization at depth northward into the Tip Top Mine area near Perigo in the Independence Mining District, indicating an area of interest 3 miles long, 2 miles wide. Detailed surface mapping and interpretation of drill hole data (Inspiration geologists) indicate that the mass of Tertiary leucocratic granodiorite (Sims, 1964, 6Q167, Central City Quad) consists of many smaller intrusive bodies. Continued interest was expressed in the potential for a buried porphyry type Mo-Cu ore body in the vicinity of the Nye property.

Information concerning establishment of grade of molybdenum or size of ore bodies was not volunteered by the applicant's lessee. Any of this information will have to be obtained from Robert Nye, the operator. Any production from the exploration work presently being done would not be possible for perhaps 10 years gauging from similar molybdenum projects in the state or in the country.

JWH:js

cc: R.B. Taylor CMR
A.T. Ovenshine, OMR

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

June 7, 1979

Nye Metals, Inc.
702 Merchants Bank Building
Indianapolis, Indiana 46204

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended contract 2149

Dear Sir:

On October 6, 1977, we sent you a letter about rerecording unpatented mining claims by October 22, 1979, because of provisions in Public Law 94-579. A copy of the letter is enclosed. We asked you to advise us that you had rerecorded your claims by signing, dating, and returning a copy of the letter to this office. We have not received a reply from you on this matter.

Because of the opportunity for you to rerecord the claims in the next 4 months, the need to protect your interest in the claims, and the Government's interest as a consequence of its rights to royalty on production from these claims, we are sending this reminder to you.

Please take care of this matter at your earliest convenience, sign, date, and return the enclosed copy.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

October 6, 1977

Nye Metals, Inc.
702 Merchants Bank Building
Indianapolis, Indiana 46204

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended contract 2149

Dear Sir:

Legislation enacted in October 1976 established new requirements concerning unpatented mining claims and affidavits of annual assessment work. Owners of unpatented claims must comply by October 22, 1979, with new procedures described in Section 314, Public Law 94-579, October 21, 1976, and in Federal Register--Title 43, Part IV of January 27, 1977. Copies of these documents are enclosed for your information. Simply stated, the new legislation requires that mining claims be rerecorded by October 22, 1979, and that certain information be filed with affidavits of assessment work.

We bring this matter to your attention for two reasons--to alert you to the need to rerecord in order to retain the claims, and to protect the Government's interest in the land and in royalty from possible production therefrom during the period of royalty obligation which continues beyond October 22, 1979.

We would appreciate being advised that you have rerecorded your claims. Accordingly, please return to us one copy of this letter dated and signed where applicable in the statement below.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

"The unpatented mining claims described in the contract cited above were recorded on _____ in accordance with Section 314, P.L. 94-579."
(date)

Signature _____

Title _____

Date _____

R III

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

June 12, 1973

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended contract 2149

Nye Metals, Inc.
702 Merchants Bank Building
Indianapolis, Indiana 46204

OME Region III
RECEIVED
JUN 26 1973
Denver, Colorado

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since June 16, 1972, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since June 16, 1972, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value
N/A	N/A	N/A

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore	N/A	N/A	N/A
Concentrates			
Other			

3. Since workings *(see* , has any production been transported through *of contract)*? Yes ☐ No ☒

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value
N/A	N/A	N/A

Submitted by: Robert E. Ng

Name	*Title*
Nye Metals, Inc	President
Address	*Date*
702 Merchants Bank Bldg	6-20-73

R-III

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

June 8, 1970

Nye Metals, Inc.
906 Merchants Bank Building
Indianapolis, Indiana 46204

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 15 1970
INITIAL CODE

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since June 5, 1969, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

2. Since June 5, 1969, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser (*name and address*)	Quantity	Value
N/A	N/A	N/A

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity (*tons*)	Estimated Grade	Location
Ore	N/A	N/A	N/A
Concentrates	N/A	N/A	N/A
Other	N/A	N/A	N/A

3. Since June 5, 1969, has any production been transported through workings (*see* Article 16 (b) *of contract*)? Yes ☐ No ☒

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value
N/A	N/A	N/A

Submitted by:

Name Robert E. Nye	*Title* President
Address 906 Merchants Bank Building Indianapolis, Indiana 46204	*Date* June 11, 1970

Mr. Robert E. Nye
President, Nye Metals, Inc.
Room 527 - Merchants Bank Building
Indianapolis, Indiana

Re: OMX-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

Reference is made to the letter dated September 30, 1966, from Mr. Charles E. Malbye and enclosed voucher covering work performed under the subject contract; but for which payment was not previously claimed.

In processing this voucher for payment it was found that payment had been made for 900 core boxes as shown on your voucher for July 1966, instead of for 800 core boxes inadvertently indicated by the Report of Review issued in May 1966 on this contract. Consequently, the amount allowable for core boxes will be reduced and your voucher processed accordingly.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
Budget & Finance/Rm 5408/Int.Bldg.
OME file
OME reading file
OME Region III
120-M

FEJohnson/bjh 10/26/66

Copy to: Mr. Charles E. Malbye
2020 Foothills Road
Golden, Colorado 80401

JWH

OCT 26 1966

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Enclosed is the Operator's voucher covering previously unclaimed costs for work performed under the subject contract as set forth on pages 4 and 5 of the Report of Review issued in May 1966, on this contract.

The Report of Review inadvertantly shows that payment was made for 800 core boxes. A check of the previous vouchers indicates that payment has been made for 900 core boxes. Consequently, payment on the enclosed voucher should be made for only 41 core boxes, as approved by the Field Officer.

The correct account for this unpaid voucher is set forth as follows:

385 hrs. cementing and casing @ $8.50 per hour	$3,272.50
41 core boxes @ $1.00 each	41.00
Total eligible for Government participation	$3,313.50
Government participation - 50 percent basis	$1,656.75

If you agree with the foregoing, final payment on this voucher may be made in accordance with the terms of the contract.

FRANK E. JOHNSON

Frank E. Johnson

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III

Enclosures (3)

120-M
FEJohnson/bih 10/26/66

CHARLES E. MELBYE AND ASSOCIATES

MINING - GEOLOGICAL - GEOPHYSICAL - ENGINEERS

Recorded working copy

September 30, 1966

Mr. J. William Hasler, Field Officer
Office of Mineral Exploration
Denver, Federal Center
Denver, Colorado

Re: Docket No. 6231
Contract No. 2149
Nye Metals, Inc.

Dear Mr. Hasler:

Enclosed are four copies each of the Monthly Voucher and Progress Report covering additional costs incurred under the subject contract and in answer to the letter request of Frank E. Johnson of September 21.

Since there were two stages involved, I was uncertain of the proper accounting, and this has been submitted as a separate voucher which can be properly accounted for in your Washington office. I trust this is satisfactory.

Sincerely,

Charles E. Melbye

Charles E. Melbye

M/am
cc: Robert E. Nye

P. O. BOX 309 2020 FOOTHILLS ROAD 303: 279-1542
GOLDEN, COLORADO 80402

SEP 2 1 1966

Recorded on working copy

Mr. Robert E. Nye
President
Nye Metals, Inc.
Room 527, Merchants Bank Building
Indianapolis, Indiana

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

This will acknowledge receipt of your letter of September 9, 1966, concerning your claim in the amount of $1,706.75 for the Government's portion of additional costs incurred under the subject contract.

In order to receive payment for this claim you should complete and forward a supplemental original and three copies of the Operator's Monthly Voucher (MME Form 60) and the Operator's Progress Report (MME Form 61) to Mr. J. William Naeler, Field Officer, OME Region III, for processing in the usual manner.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region III w/cy Mr. Nye's letter 9/9/66
Branch, Budget & Finance/room 5408
120-M

FEJohnson/bih 9/21/66

NYE METALS, INC.

FORMERLY NYE-MATHEWS MINING, INC.

527

BLACK HAWK, COLORADO

ROOM 527, MERCHANTS BANK BLDG.
INDIANAPOLIS, INDIANA

September 9, 1966

United States
Department of the Interior
Geological Survey
Washington, D. C.

Amended contract 2149
Docket No. OME-6231(Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado

ATT: Mr. William T. McClelland

Dear Mr. McClelland:

Please find enclosed copies of your June 16, 1966 letter from Mr. J. William Hasler, and our reply dated June 28, 1966, forwarding requested material.

Let this letter serve as a claim and final settlement for the Government's portion of costs amounting to $1,706.75 for which amount no royalty is due per your letter of June 16, 1966.

Please let us know if we can be of any further assistance so we might get this matter settled.

Yours truly,

NYE METALS, INC.

Robert E. Nye

Robert E. Nye
President

REN:ah
encl.

JWH

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Enclosed is a copy of a letter dated June 16, 1966, by the Field Officer, Region III, transmitting the Operator's copy of the Report of Review issued in May 1966, on the subject contract. Also enclosed is a copy of said report.

A copy of the Field Officer's memorandum of July 1, 1966, and enclosures are also enclosed.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME Reading File
Region III
Docket

MMerrithew/mm (7/18/66)

U. S. Geological Survey - Denver Federal Center
Building 25 - Room 2284
Denver, Colorado 80225

July 1, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Gilpin County, Colorado
Amended Contract 2149

Enclosed are two copies of correspondence from the operator in reply to my request dated June 16, 1966 in my transmittal of Report of Cost Review.

Enclosed also are 2 copies of each of Ore and Concentrates Purchase Order and Settlement sheets, P. O. No. 105 and P. O. No. 141.

Enclosures

J. William Hasler

cc: OME-6231
OME chron
Hasler chron

U. S. Geological Survey - Denver Federal Center
Building 25 - Room 2284
Denver, Colorado 80225

June 16, 1966

Mr. Robert Nye
President
Nye Metals, Inc.
Room 527, Merchants Bank Building
Indianapolis, Indiana

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

Transmitted herewith is the Operator's copy of a Report of Cost Review--Contract 2149, Nye Metals, Inc., Nye Molybdenum Mine, Gilpin County, Colorado. Amended Contract 2149, issued May 27, 1966. I have reviewed the report and concur with it.

Your attention is called to the Audit Findings of the report beginning on page 3, particularly to the subjects "Unclaimed Costs" and "Royalty". The auditor's examination disclosed that Nye Metals, Inc., has been paid $84,984.36 representing the Government's 50 percent participation in claimed and accepted costs and is entitled to claim an additional $1,706.75 as the Government's portion of costs incurred by Nye Metals, Inc. and not previously claimed on reimbursement vouchers. Further examination has indicated that the Government received royalty payments in the amount of $14,649.46. It was also noted that an erroneous computation of royalty was made in connection with P. O. No. 122, dated November 7, 1964, on which the gross value of the ore amounted to $1,104.88. Royalty at 5 percent was computed and paid in the amount of $55.74 instead of $55.24.

Our files do not contain copies of P. O. Nos. 105 and 141 and that no royalty has been received applicable to such purchase orders. Our files also indicate that Lenway Mining discontinued purchase from Nye Metals, Inc., as of December 3, 1965, and that P. O. 169 represents the last settlement. May we obtain 3 copies of P. O. Nos. 105 and 141 in order to complete our files, as well as to ascertain whether or not there may be royalty due the Government resulting from these shipments. May we have an early reply so that a final settlement can be made relating to the exploration costs.

Sincerely yours,

J. William Hasler
Field Officer, Region III
Office of Minerals Exploration

Enclosure
cc: OME chron - Hasler chron - OME 6231

Corresp file
Cont. 2149

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

MAY 27 1966

Memorandum

To: Field Officer, OME Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

As requested in your memorandum of February 7, 1966, a Report of Review covering the subject contract has been prepared. This Report of Review includes both costs and repayments. Two copies of the report are enclosed, one for your files and the other for the Operator.

If you concur in the facts as stated in the Report of Review, the Operator should be sent its copy of the report with any comments you wish to make. As evidence of your concurrence, two copies of your letter of transmittal to the Operator should be furnished this office. If for any reason you do not concur, the two copies of the report should be returned with your comments.

Your attention is called to the Audit Findings of the report beginning on page 3, particularly to the subjects "Unclaimed Costs" and "Royalty." A check should be made to ascertain if any additional royalty is due the Government on production since December 1965. Also, inquiry concerning copies of P. O. Nos. 105 and 141 should be made to determine if any royalty is due on these lots.

Frank E. Johnson
Frank E. Johnson

Enclosures

Region III

United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

Report of Review - Amended Contract 2149
Docket No. OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado

Report Issued: May 1966

United States
Department of the Interior

GEOLOGICAL SURVEY

OFFICE OF THE CHIEF AUDITOR

GEOLOGIC DIVISION

OFFICE OF MINERALS EXPLORATION

WASHINGTON, D.C.

Report of Review - Amended Contract 2149
Docket No. OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado

Report Issued: May 1966

Auditor-in-Charge: Clarence E. Fisher

Report Approved: William T. McClelland, Chief Auditor

Audit Performed During Period: March 23 to 24, 1966

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

OFFICE OF THE DIRECTOR

May 17, 1966

Memorandum

To: Director

From: Chief Auditor

Subject: Internal Audit of Amended Contract 2149
Docket No. OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado

We have made a cost and repayment review of Amended Contract 2149, examining the contract and accounting records and files of the Office of Minerals Exploration and the Branch of Budget and Finance. We examined the Contract Operator's reimbursement vouchers from July 1962 to July 1964. Also, we reviewed the settlement sheets and royalty computations and payments to the Government applicable to sales of ore and concentrate production from the mine during the period August 1964 through December 1965.

Our examination disclosed that the Contract Operator has been paid $84,984.36 representing the Government's 50 percent participation in claimed and accepted costs and is entitled to claim an additional $1,706.75 as the Government's portion of costs incurred by the Contract Operator and not previously claimed on reimbursement vouchers. Our examination indicated that the Government received royalty payments in the amount of $14,649.46. A determination of additional royalty should be made by the Office of Minerals Exploration.

We recommend that if the Contract Operator should claim reimbursement for the omitted costs, appropriate withholding be made for any royalty found to be due and unpaid.

William T. McClelland

William T. McClelland

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REPORT OF REVIEW - AMENDED CONTRACT 2149
DOCKET NO. OME-6231 (MOLYBDENUM)
NYE METALS, INC.
NYE MOLYBDENUM MINE
GILPIN COUNTY, COLORADO

INTRODUCTION

On February 15, 1966, the Chief, Office of Minerals Exploration (OME), Geologic Division, requested a report of review of Contract 2149. The audit was authorized by the Chief Auditor on March 23, 1966, under Audit Assignment No. 58. A review of the OME contract files and an examination of the Bureau's disbursement and repayment records in the Branch of Budget and Finance, Administrative Division, were made at Washington, D.C., on March 23 and 24, 1966.

This exploration contract was entered into on June 6, 1962, with Nye Metals, Inc., an Indiana corporation, hereinafter referred to as the Contract Operator. Subsequently the contract was superseded by an amended contract with the same company. This amended contract was made effective as of the date of the original contract. The amended contract has been amended 6 times.

The purpose of the exploration project was to explore for molybdenum-bearing ore bodies by drifting from the main tunnel of the Nye Molybdenum Mine along the Indiana and Indianapolis vein systems, crosscutting from the drifts, and raising from the south Indianapolis drift to the surface. From the drifts, crosscuts, and main adit, and from the surface in the Oregon Hill and Mountain Chief mine areas, diamond drilling was to be performed. The work was to be performed on 68 patented and 98 unpatented lode mining claims owned by the Contract Operator and listed in Annex I of the contract. The work was to begin

on or before June 25, 1962 and was to be performed in 3 stages. The contract was to be completed within 40 months from the date of the original contract.

In a letter to the Contract Operator dated September 20, 1964, OME stated that it was no longer in the interest of the Government to hold this contract in an "in force" status; that the contract was terminated under provisions of Article 9 of the amended contract; and that the Government was relieved of all obligations to contribute to costs incurred after September 1, 1964.

The results of the work performed prior to the termination of the contract were such that OME, in a letter to the Contract Operator dated May 18, 1965, certified that mineral or metal production from the property may be possible as a result of the exploration work and that royalty would be payable to the Government on any such production during the period June 6, 1962 to June 6, 1987, or until the amount of the Government's contribution to costs in the sum of $84,984.36 (subject to audit) had been fully repaid with interest at the rate of 6 percent per annum, whichever occurred first.

SCOPE OF THE AUDIT

Our examination of Amended Contract 2149 with Nye Metals, Inc. included: (a) a review of the official accounting records and contract files, (b) a detailed examination of the Contract Operator's vouchers previously paid, and (c) a review of costs eligible for Government participation and which was omitted from vouchers previously paid. All of the costs

were compared to the amounts allowed by the amended contract, and a determination was made of the reasonableness and propriety thereof. Also, our examination included an analysis of the royalty repayment records and related settlement sheets issued by the purchaser of the ore or concentrates sold.

The principal objective of our examination was to ascertain whether or not the Contract Operator had complied with the provisions of the amended contract, and to determine the effectiveness of contract administration and supervision by OME as well as the degree of compliance with the laws, policy determinations, and administrative regulations and procedures governing the Geological Survey and its predecessor minerals exploration agencies. The report presents our findings and conclusions.

AUDIT FINDINGS

Accepted Costs

The exploration work provided in Stages I and II of the amended contract was completed at claimed costs for Government participation amounting to $169,968.75. All of the claimed costs were accepted and the Government paid to the Contract Operator amounts aggregating $84,984.36, based on 50 percent of the accepted costs for work accomplished under the amended contract.

All of the work under Stage I and a major portion of the work under Stage II was performed under contract provisions calling for Government participation based on agreed unit cost rates for the various items of work. Most of the remaining work provided by Stage II related to underground and surface diamond drilling to be performed by a drilling contractor. The Government's participation in the cost was limited to

overall amounts not to be exceeded and to certain maximum rates for each unit of work accomplished. Stage II also provided for Government participation in actual costs of an estimated 800 necessary core boxes and an estimated 500 assays for Mo.

Our review disclosed that all of the monthly reimbursement vouchers on the basis of which settlements were made with the Contract Operator have been certified by his representative as being correct and just. Also, the Government's field representative, the Acting Field Officer, Region III, Denver, Colorado, has certified that to the best of his knowledge and belief the work had been performed and payment of the Government's 50 percent participation was approved. We have further reviewed the Contract Operator's monthly narrative reports, copies of billing contractors invoices, invoices from assayers, and any other available documentation indicative of the progress of the work.

We find that the settlements made and the payment to the Contract Operator of amounts aggregating $84,984.36 to be valid and proper, provided OME is satisfied that the various work specifications in the amended contract have been followed and the work is otherwise accepted by them as having met the terms of the amended contract.

Unclaimed Costs

We find that invoices from Boyles Bros. Drilling Company, who performed the underground and surface drilling provided in Stage II of the amended contract, have included charges for 685 hours of cementing and casing time at $8.50 per hour and for 941 cardboard core boxes at actual costs estimated at $1.00 each. The Contract Operator has claimed and has been reimbursed for 300 hours of cementing and casing and 800 cardboard core boxes based on its understanding that the quantities were maximums

for Government contributions. The only maximum for Government participation applicable to these items is the $8.50 per hour rate and the proviso that certain overall cost estimates may not be exceeded.

We find that should the Contract Operator claim all of these costs none of the maximums would be exceeded. Thus the Contract Operator is entitled to claim additional Government participation in exploration costs as follows:

385 hours cementing and casing @ $8.50 per hour	$3,272.50
141 core boxes @ $1.00 each	141.00
Total eligible for Government participation	$3,413.50
Government participation - 50% basis	$1,706.75

We recommend that if additional payment is made to the Contract Operator, he be advised that the amount thereof will increase the sum of $84,984.36 repayable as royalty referred to in OME letter dated May 18, 1965.

Royalty

Our review disclosed that sales of ore and concentrates have been made from this property during the period August 1964 through December 1965, on which the Government has received royalty amounting to $14,649.46. These sales were made to Lenway Mining & Development Corporation, Marion Mill, Boulder, Colorado. The royalty remittances have been accompanied by copies of Lenway Mining purchase orders and settlement sheets designated as P.O. Nos. 104 through 169. A brief summary of the sales and royalty computation follows:

	Ore	Concentrates
Period Covered	Aug. 1964/Mar. 1965	May 1965/Dec. 1965
P.O. Nos.	104 to 162	163 to 169
Dry Weight - Pounds	6,466,667	266,326
Pounds - Mo	49,214	98,708
Average Assays	.76%	33.31%
Gross Value	$50,341.93	$242,636.83
Average Price Per Pound	$1.02	$2.46
Royalty Paid - 5% Basis	$2,517.61	$12,131.85

We noted an erroneous computation of royalty in connection with P.O. No. 122, dated November 7, 1964, on which the gross value of the ore amounted to $1,104.88. Royalty at 5 percent was computed and paid in the amount of $55.74, instead of $55.24. Also, we noted that the file does not contain copies of P.O. Nos. 105 and 141 and that no royalty has been received applicable to such purchase orders.

The OME docket files indicate that Lenway Mining discontinued purchases from the Contract Operator as of December 3, 1965, and that P.O. No. 169 represents the last settlement.

We recommend that OME ascertain whether or not any additional royalty may be due to the Government and that appropriate adjustment be made with respect to royalty prior to or at the time of any final settlement relating to the exploration costs.

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

POSTMARK OF DELIVERING OFFICE

INSTRUCTIONS: Fill in items below and complete instructions on other side, if applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

POD Form 3811 Sep. 1963

REGISTERED NO. 189349

NAME OF SENDER Mary E. Clark
U. S. Geological Survey

CERTIFIED NO.

STREET AND NO. OR P. O. BOX
Office of Minerals Exploration
Denver Federal Center-Bldg. 25- Room 2284

INSURED NO.

CITY, STATE, AND ZIP CODE
Denver, Colorado

C55—16—71548-6—F

6231 - Nye Metals final report.

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☐ Show address where delivered

(Additional charges required for these services)

RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE *(must always be filled in)*

Frank Johnson

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Russel Smith

DATE DELIVERED	SHOW WHERE DELIVERED *(only if requested)*
3-23-66	

C55—16—71548-5—F GPO

Nye Metals final rept.

FORM 9-114 Rev. Feb. 1959

OF SHIPPING AND RECEIVING SECTION ONLY

ESTIMATED COST 178

Govt. B/L No.

Date Shipped

CARRIER

SHIPPED

Roll	Lb.	Pkg.	Lb.
Box	Lb.	Case	Lb.
Bundle	Lb.	Carton	Lb.

PREPARED BY OFFICE REQUESTING SHIPMENT

16—75521-1 GPO

Date Prepared 3-18-66

Approximate Date Due at Destination 3-21-66

TO: Chief, OME -Office of Minerals Exploration

Street Room 4460-Interior Building-Geological Survey

City and State Washington, D. C. 20240

CONTENTS: Nye Metals Final Report

Acct. Auth. No. 9640105 Signature Mary E. Clark

U. S. Geological Survey - Denver Federal Center
Building 25-Room 2284
Denver, Colorado

March 18, 1966

Memorandum

To: Chief OME

From: Field Officer, Region III

Subject: 6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Company
Gilpin County, Colorado
Amended Contract 2149

Enclosed is an original and one copy of the Nye Metals, Inc. report pertaining to the above mentioned contract as amended. We are retaining one copy of the report for the Region III files.

The transmittal of the complete report was in reply to your letter to Mr. Robert Nye, President, Nye Metals, Inc. dated January 14, 1966. A final audit review request was transmitted to you February 7, 1966 which will essentially terminate the contract.

J. William Hasler

J. William Hasler
Field Officer, Region III
Office of Minerals Exploration

cc: 6231 ✓
Chron
Hasler

U. S. Geological Survey -- Denver Federal Center
Building 25-Room 2284
Denver, Colorado

March 10, 1966

Memorandum

To: Chief, OMM

From: J. W. Hasler, Field Officer, Region III

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado

Mr. Charles Melbye, consulting geologist and mining engineer for the subject company informed this office, via telephone, today that a request to him, from the subject company, was made for him to complete a final report pursuant to your request dated February 4, 1966. The request was not received by Mr. Melbye until March 1st, 1966, the report is due in your office not later than March 14, 1966; consequently the company's final geologic report is now in preparation and should be completed and submitted to you shortly.

J. William Hasler

cc: 6231
chron
Hasler

OME-6231

Denver Federal Center -- U. S. Geological Survey
Building 25 - Room 2284
Denver, Colorado 80225

February 7, 1966

Memorandum

To: Contract Administration and Audit Division OME

From: Field Officer, Region III

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Request for final audit

Approved work under the subject contract was completed in July, 1964. Reimbursement vouchers submitted by the Operator for expenditures through July, 1964 indicated costs under the exploration contract amounting to $169,968.75 with the Government's contribution on a 50 percent basis being $84,984.36. The contract provided for three stages of work, with the success of each stage governing whether or not the second or third stages would be conducted. Two stages of the contract (as amended) were completed. Stage I consisted of drifting, crosscutting and underground diamond drilling from the Main Tunnel level in the Indianapolis vein system and the north drift in the Indiana vein system.

Stage II consisted of extending the south drift on the Indianapolis vein an additional 300 feet and the north drift on the Indiana vein an additional 500 feet. Some 3,280 feet of surface drilling was completed as well. Considerable reserves of molybdenum ore were discovered and Stage III was deleted. The project was certified as a discovery.

The contract as amended (Amendment No. 4) on May 7, 1963, changed the total amount of the contract and allowed for the following:

Total estimated cost -- Stage I	$76,650.00
Total estimated cost -- Stage II	118,055.00
Total estimated cost -- Stage III	79,530.00
Total estimated cost of project	$274,235.00
Government participation at 50% (rounded)	137,118.00

Stages I and II exploration work was completed under contract 2149 (amended) during July, 1964 and the following operations were completed as follows:

Operation		Units Completed	Cost
Drifting		2708	92,072.00
Crosscutting		163.5	5,559.00
Surface drilling NX		2512	11,555.20
Surface drilling BX		2670	10,680.00
Surface drilling O.B.		92	524.40
Timber		1670.5	13,364.00
Core drilling BX	0 - 500'	1801	7,474.15
NX	500 - 750'	120	528.00
BX	0 - 500'	1114	4,710.00
BX	500 - 750'	674	2,729.70
BX	750' plus	505	2,323.00
AX		715	3,718.00
Casing Cementing		300 -685	2,550.00 3820.50
Xcut drill stations		150	4,500.00
Roads and trails		80	1,200.00
Incidental Allowances		9,230	2,769.00
Compressed Air		3,956	2,175.80
Core Boxes		900 941	900.00 941.00
Analytical work			636.00
Total to date			$169,968.75

The exploration work under the subject contract resulted in a certification of a discovery (May 18, 1965) and a preliminary audit and royalty review (April 30, 1965) has been conducted. A final report from the operator has been requested, but has not yet been submitted nor has he yet completed the termination agreement. It is therefore requested that a final audit be conducted on the subject contract.

J. W. Hasler

J. W. Hasler, Field Officer, Region III,
Office of Minerals Exploration

cc: Chief, OME
6231
Chron
Hasler

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

GEOLOGICAL SURVEY

Memorandum

To: Chief Auditor

From: Chief, Office of Minerals Exploration

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract No. X140

Will you please prepare a Report of Review on the subject contract in accordance with the February 7, 1966, request (copy enclosed) of the Field Officer of Region III.

You will note from the correspondence in the file that Mr. Nye was informed that $500.00 would be withheld from the final settlement if an acceptable Final Report was not received by March 14, 1966.

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Division File
Economic Geology File
OME Reading File
OME Docket
Branch of Budget and Finance
CAA
Mr. Selfridge
OME Region III

GCSelfridge/mm (2/15/66)

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

GEOLOGICAL SURVEY

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

JAN 14 1966

Mr. Robert Nye
President
Nye Metals, Inc.
Room 1017, Merchants Bank Building
Indianapolis, Indiana

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

Approved work under the subject contract was completed in July 1964. As our letter of June 23, 1965, to you was unsuccessful in closing the subject contract, you were sent on September 20, 1965, a unilateral termination agreement in which three copies of a final report and accounting were requested. To date, the final report has not been received.

Your attention is respectfully called to Article 5(e) Compliance with requirements, which provides the Government for withholding approval and payment of any vouchers relating to incomplete or lacking reports. In the circumstances, the Government will procure the preparation or completion of a final report as an expense of the work and will withhold $300.00 from the final settlement if an acceptable final report is not received within thirty days from the date of this letter.

Sincerely yours,

(Signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Selfridge (2)
OME Region III

GCSelfridge/gla (1-14-66)

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

May 6, 1965

Memorandum

To: George C. Selfridge, Chief
Division of Exploration Operations
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

I had planned on going to see Nye today but he telephoned me last night at my home.

He stated that he has leased the Jackpine mill on Chicago Creek above Idaho Springs. He has just made the first shipment of ore to the mill.

The deep hole Nye had been drilling with his own money was not satisfactory, he said, because the hole was not straight. He plans to drill a new deep hole near hole No. 9.

I again reminded him that he has not signed the Termination Agreement and he said he was "not going to sign it for a while."

It might be well if you terminated the contract by other means.

Hugh M. Connors

HMC (5-6-65)
cc: File
Chron

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

OME
DEPARTMENT OF THE INTERIOR
MAY 6 1965
REGION III
DENVER, COLORADO

MAY 3 1965

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Exploration Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Thank you for your memorandum of April 28, 1965, informing us of what the postal inspector wanted.

On February 12 you sent Mr. Nye a proposed Termination Agreement which has not been returned. Will you please remind him of it and let's see if we cannot get this docket closed.

With regard to the Operator's final report, it would not be necessary to duplicate all of the drill logs and maps previously submitted. A summary of the general geology, of the work done, and of the results obtained, including an estimate of ore reserves indicated, would be sufficient.

George C. Selfridge

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

February 12, 1965

Mr. Robert Rye
Room 1017
Merchants Bank Bldg.
Indianapolis, Indiana

Re: OMB-6231 (Molybdenum)
Rye Metals, Inc.
Rye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Rye:

Enclosed are the original and four copies of a proposed Termination Agreement, signed by the Acting Director for the Government.

If the proposed Termination Agreement is satisfactory to you please sign and return all copies except yours, the Operator's Copy.

If any part of the proposed Termination Agreement does not have your approval, please return the original and all copies to this office together with the proposed changes for consideration.

Please note that a final report is requested in paragraph 3 of the proposed Termination Agreement.

Yours very truly,

ORIGINAL SIGNED BY
Hugh M. Connors
Acting Field Officer, OMX
Region III

cc: G. C. Selfridge
2149
Chron

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

FEB 9 1965

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Exploration Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Enclosed are the original and four copies of a proposed Termination Agreement, signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed Termination Agreement is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed Termination Agreement does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

A few days before receiving your memorandum of January 29, 1965, we had sent the draft of this Termination Agreement to the Solicitor's office. The Operator should be requested to submit its final report.

George C. Selfridge

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Bldg. 20, Denver Federal Center
Denver, Colo. 80225

January 29, 1965

Memorandum

To: George C. Selfridge, Chief
Division of Exploration Operations
Washington, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

This has further reference to your memoranda dated November 20, 1964 and December 1, 1964 on the subject contract.

Mr. C. E. Melbye now informs me that the driller was unable to pull the stuck rods at 1,050 feet and has abandoned the hole for the winter.

In view of this turn of events do you wish me to request the Operator's final report and a final Report of Review at this time?

ORIGINAL SIGNED BY

Hugh M. Connors

cc: 2149
Chron

OFFICE OF MINERALS EXPLORATION
Bldg. 20, Denver Federal Center
Denver, Colo. 80225

December 31, 1964

Memorandum

To: George C. Selfridge, Chief
Division of Exploration Operations
Washington, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

I talked to Melbye today. He said the hole was down 1,050 feet just before Christmas when the drill stuck. He now estimates the hole won't be completed until the end of January. The hole will bottom at 2,000 feet.

Melbye said that Bear Creek is still interested in the property and close to making a deal with Nye to drill six more holes.

Hugh M. Connors

cc: 2149
Chron

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

DEC 1 - 1964

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Exploration Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

In reply to your inquiry of November 25, 1964, we can wait until the deep hole the Operator is now drilling is finished. At that time the company should be asked to submit its final report as expeditiously as possible so the contract may be closed.

George C. Selfridge

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Bldg. 20, Denver Federal Center
Denver, Colo. 80225

November 25, 1964

Memorandum

To: George C. Selfridge, Chief
Division of Exploration Operations
Washington, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

This responds to your memorandum dated November 20 on the subject contract.

The Operator is presently drilling a deep hole from surface at his expense. He is now down about 1,000 feet and he hopes to bottom the hole near 1,500 feet before the end of December 1964.

Because a sizeable sum of money remains in the contract I would like to see the results of the hole now being drilled before we close this contract, as not much more time would be involved.

Will you please advise if you concur.

Original signed by
Hugh M. Connors

cc: 2149
Chron

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

NOV 2 0 1964

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Exploration Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

According to the Operator's narrative report for July, all the authorized underground drilling under the contract has been completed. Its request for two additional surface holes in the Mountain Chief area was denied in your letter of August 24, 1964, to the Operator.

In view of this, the Operator should be requested to submit its final report. Also, you should request a final Report of Review by the Audit Division and submit your recommendations regarding certification.

George C. Selfridge

1,500'
end of 6 yr.

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

Mr. Robert Nye
Room 1017
Merchants Bank Bldg.
Indianapolis, Indiana

August 24, 1964

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

Mr. Melbye's request to drill holes Nos. II-S11 and II-S12 has been reviewed and we believe it is quite possible that these proposed holes might traverse better mineralized areas than did Holes II-S4 and II-S9 in the fault areas; however, the widths of the sub-grade MoS_2 traversed by the two holes drilled indicate that even if the MoS_2 values might be higher in the proposed holes, it is unlikely that a commercially exploitable deposit of molybdenum ore would be found.

As Mr. Selfridge previously stated, unless the last surface hole indicated something considerably better than had been indicated to date, no further consideration for additional surface drilling would be given.

In our opinion the information disclosed by Hole II-S9 has not indicated this area has exceptional possibilities and we therefore must deny your request to drill holes Nos. II-S11 and II-S12.

Yours very truly,

ORIGINAL SIGNED BY

Hugh M. Connors
Acting Field Officer, OME

cc: C. E. Melbye
Box 309
Golden, Colo.

G. C. Selfridge
Contract 2149
Chron

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

AUG 18 1964

Memorandum

OME
DEPARTMENT OF THE INTERIOR
AUG 21 1964
REGION III
DENVER, COLORADO

To: Acting Field Officer, Region III

From: Acting Chief, Division of Exploration Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

We have reviewed the Operator's letter of August 10, 1964, in which it requests authorization to drill holes Nos. II-S11 and II-S12 to further explore the S-4 fault and Paton fault areas near their intersection.

It is quite possible that these proposed holes might traverse better mineralized areas than did Holes II-S4 and II-S9 in the fault areas; however, the widths of the sub-grade MoS_2 traversed by the two holes drilled indicate that even if the MoS_2 values might be higher in the proposed holes, it is unlikely that a commercially exploitable deposit of molybdenum ore would be found.

As mentioned in Mr. Selfridge's memorandum of March 10, 1964, unless the approved pending surface drilling indicated something considerably better than had been indicated to date, no further consideration for additional surface drilling would be given. Since in our opinion the information disclosed by Hole II-S9 (the last authorized surface hole) has not indicated this area has exceptional possibilities, will you please advise the Operator its request to drill holes Nos. II-S11 and II-S12 is denied.

J M Murphy

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

July 24, 1964

Memorandum

To: George C. Kelfridge, Chief
Division of Field Operations, OME
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
Gilpin County, Colorado

We should soon be receiving royalty from the subject project. I am advised that the Lindway Chemical Company has purchased the Sunnary Mill in Boulder County and has entered into an agreement with Robert Nye to purchase 50 tons of ore per day. Nye is to mine the ore and deliver it to the portal of the adit where Lindway will load it into trucks and haul it to the mill.

The agreed price for the ore at the adit portal is $12.00 per ton based on 1% molybdenum.

Nye has contracted with his old mine foreman to mine and tram the ore to the portal of the adit for $6.00 per ton.

Original signed by
Hugh M. Connors

cc: R. W. Gachen
E. D. Talbert
2149
Chron

CHARLES E. MELBYE AND ASSOCIATES

MINING - GEOLOGICAL - GEOPHYSICAL - ENGINEERS

May 21, 1964

OME
DEPARTMENT OF THE INTERIOR
MAY 22 1964
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors
Acting Field Officer, OME
Region III
Denver Federal Center
Denver, Colorado

Re: OME-6231
Amended Contract 2149
Nye Metals, Inc.
Gilpin County, Colorado

Dear Mr. Connors:

This letter is to inform you that on May 11, Boyles Bros. Drilling Company started assembling their equipment and waterline on the Nye property and started actual drilling on May 14.

This is in accordance with the authorized winter recess which called for commencement of drilling again by May 15.

Sincerely,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am
cc: Nye Metals, Inc.

Copy to W.O.

2020 FOOTHILLS ROAD

P. O. BOX 309 CRestview 9-1542

GOLDEN, COLORADO

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

April 21, 1964

Mr. Robert Nye
Room 1017
Merchants Bank Bldg.
Indianapolis, Indiana

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

The Government concurs in drilling surface hole II-89 at the location and to the depth proposed in Mr. Melbye's letter to me dated April 3, 1964.

Will you please advise when this hole will be started.

Yours very truly,

ORIGINAL SIGNED BY

Hugh M. Connors
Acting Field Officer, OME

cc: Mr. Charles K. Melbye
Box 309, Golden, Colo.
G. C. Selfridge
Contract 2149
Chron

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

OME
DEPARTMENT OF THE INTERIOR
APR 21 1964
REGION III
DENVER, COLORADO

APR 14 1964

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

With reference to your memorandum of April 6, 1964, we concur in drilling surface hole II-S9 at the location and to the depth proposed in the Operator's letter of April 3, 1964, to you.

George C. Selfridge.

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

April 6, 1964

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
Gilpin County, Colorado

Attached is the original of the Operator's request for drilling hole II-89, to a depth of 900 feet.

Since this is the last surface hole you approved, I would recommend the 900 foot depth.

ORIGINAL SIGNED BY

Hugh M. Connors

cc: Contract Corres. 2149
Chron

April 3, 1964

OME
DEPARTMENT OF THE INTERIOR
APR 6 1964
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors
Acting Field Officer, OME
Region III
Denver Federal Center
Denver, Colorado

Re: OME-6231
Amended Contract 2149
Nye Metals, Inc.
Gilpin County, Colorado

Dear Mr. Connors:

The following request is in accordance with a conference held between Messrs. Johnson and Selfridge and Messrs. Nye and Melbye in the Washington OME office on March 9.

We are requesting that the surface hole, II-S9, originally approved for the north edge of the Mountain Chief area, be drilled as shown in the magnetic-geochemical anomaly at the southeast corner of the area. The enclosed map is a portion of the magnetic map previously sibmitted. This hole is planned to cut both the major mineralized NE and NW faults as well as explore the heart of the magnetic low anomaly and the substantial geochemical anomaly. It is proposed at a bearing of S40°W, at a -45° angle, and to a maximum depth of 900 feet.

The hole, II-S9, was previously approved for 750 feet. However, out of the 5200 feet of surface drilling allowed under the patest Amended Contract, 4298 feet have been drilled, leaving a balance of 902 feet.

Your consideration of this request will be appreciated.

Respectfully submitted,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am
cc: Robert E. Nye

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

March 17, 1964

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington, D.C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract No. 2149
Nye Metals, Inc.
Gilpin County, Colo.

Attached are the Government's, Fiscal Section's, and Audit's executed copies of Amendment No. 6 to the subject contract.

Hugh M. Connors

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

March 13, 1964

Mr. Robert Nye
Room 1017
Merchants Bank Bldg.
Indianapolis, Indiana

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

Attached are the original and five copies of Amendment No. 3 for your signature.

If the proposed amendment is satisfactory to you please sign all copies, retain the Operator's Copy, and return the original and four copies to this office.

If any part of the proposed amendment does not have your approval, please return the original and five copies to this office with your proposed changes for consideration.

Yours very truly,

ORIGINAL SIGNED BY

Hugh M. Connors
Acting Field Officer, OME
Region III

cc: George C. Selfridge
Contract 2149
Chron

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

Memorandum

MAR 10 1964

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Re Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

In accordance with the Operator's request of December 20, 1963, enclosed are the original and four copies of Amendment No. 6, for your signature. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by you and an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge.

Enclosures

OME
DEPARTMENT OF THE INTERIOR
MAR 13 1964
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

March 12, 1964

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

This responds to your memorandum of March 10, 1964 on the subject docket.

I had no knowledge of the visit to your office of Messrs. Nye and Melbye or I would have notified you.

All of the core has been boxed and stored in a shed at the mine. The mineralized core has been split and half has been retained for our use.

Hugh M. Connors

cc: 2149
Chron

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

MAR 1 0 1964

AIRMAIL

Memorandum

OME
DEPARTMENT OF THE INTERIOR
MAR 1 1 1964
REGION III
DENVER, COLORADO

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149
and
OME-6344 (Gold-Silver)
W. S. Moore Co.
Summitville Mines
Rio Grande County, Colorado

Messrs. Nye and Melbye called unexpectedly at the office on March 9, 1964, to discuss their recent request for additional surface drilling. In essence, they were told that unless the approved pending surface drilling footage indicated something considerably better than had been indicated to date, no further consideration for additional surface drilling would be given. They were told that it would be immaterial to OME whether Hole II-S9 were drilled at the northwest anomaly or at the southwest one, whichever they considered might be the better.

A possible summer recess was also discussed in case the company wished to do surface drilling before completing the underground drilling. They were told that unless the delay might be for more than two months, an amendment to the contract allowing such recess would not be necessary.

The matter of drilling a hole at the narrowest part of the southwestern anomaly to probe the area of intersection of the two faults was discussed. One would think that the strongest mineralization in this area might occur at the intersection of the faults.

We take it for granted that the mineralized core to date has been split and that half of such core is available for Government inspection and use if deemed necessary.

The Summitville application (OME-6344, W. S. Moore Co.) was discussed with Mr. Melbye more or less as written you in our memorandum of March 5.

George C. Selfridge.

Building 20 - Federal Center
Denver, Colorado 80225

February 5, 1964

AIRMAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

This responds to your memorandum of February 3, 1964 on the subject contract. My records show that the December voucher was forwarded airmail from this office on January 22, 1964.

The project was recessed December 21, 1963. The remaining assay data on Holes Nos. II-85, 86, 87, and 88 were included with the December voucher.

Original signed by

Hugh M. Connors

cc Contract Corres 2149
Chron
HMC/lm

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

OME
FEB 9 1964
DEPARTMENT OF THE INTERIOR
FEB 5 1964
REGION III
DENVER, COLORADO

AIRMAIL

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Do you have a December voucher for the subject contract? When was the project recessed? 12-21 We would be interested in receiving the rest of the assay data on Holes Nos. II-S5, S6, and S7, also data on II-S8.

George C. Selfridge

Building 20 - Federal Center
Denver, Colorado 80225

January 27, 1964

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Attached is page one of the "Evaluation of Magnetic Survey and Drilling Results - Mountain Chief Area - Nye Molybdenum Property" requested in your memorandum of January 22, 1964.

Original signed by

Hugh M. Connors

Attachment
cc Contract Corres 2149
Chron
HMC/lm

TWR

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

JAN 22 1964

OME
DEPARTMENT OF THE INTERIOR
JAN 27 1964
REGION III
DENVER, COLORADO

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

By your memorandum of January 17, 1964, you transmitted Mr. Melbye's request of January 15 for a transfer of funds and a report entitled "Evaluation of Magnetic Survey and Drilling Results - Mountain Chief Area - Nye Molybdenum Property."

Enclosed is page one of the report which pertains to the Summitville Mines in Rio Grande County, Colorado. Will you please secure the pertinent page one of the Nye report.

George C. Selfridge

Enclosure

Building 20 - Federal Center
Denver, Colorado 80225

January 17, 1964

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Attached is Mr. Melbye's request for a transfer of funds from underground work to additional surface drilling in the Mountain Chief area.

As you know, the underground work was confined largely to drifting north on the Indiana vein and south on the Indianapolis vein which exploration disclosed ore in both veins but diamond drilling in the walls failed to find any worthwhile disseminated molybdenum mineralization.

The only disseminated molybdenum mineralization of any interest, found to date, is in the north end or Mountain Chief area, which was not reached by drifting and could only be reached by very long holes from our present location underground. It is my thought that we have done enough exploration work underground but I believe more surface drilling is justified in the Mountain Chief area and I would like to see some surface drilling in the Oregon Hill area where we haven't even bulldozed a road and where the old timers say more molybdenum float occurs than in the north area. Bear Creek found Oregon Hill to be another anomalous area.

It might be embarrassing to leave a "sleeper" like the R.F.C. left at the Urad Mine which is in the same general area as the Rye property.

The R.F.C. did some drilling at Urad which disclosed nothing of ore grade but was interesting enough for Climax to do further drilling resulting in the discovery of an ore body which will be block-caved from two levels.

If you do not grant the Operator's request now, I would recommend that you hold the Operator's request in abeyance until you can make a personal inspection of the property when the snow has gone.

Original signed by

Hugh M. Connors

Attachment

cc Contract Corres. 2149
Chron
HMC/lm

January 15, 1964

OME
DEPARTMENT OF THE INTERIOR
JAN 1
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors, Acting Field Officer
Office of Mineral Exploration, Region III
Denver Federal Center- Building 20
Denver, Colorado

Re: OME-6231
Contract No. 2149
Nye Metals, Inc.
Blackhawk, Colorado

Dear Mr. Connors:

The accompanying report and maps constitutes a summary of all exploration drilling, bulldozer cuts, magnetics, and geological mapping completed to date in the Mountain Chief area at the north end of the Nye Metals property.

As part of this report, specific requests are made for a transfer of funds from other work catogories to allow additional surface drilling.

Your consideration of these requests will be appreciated.

Sincerely,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am
cc: Robert E. Nye

Maps in Map folder

EVALUATION OF MAGNETIC SURVEY AND DRILLING RESULTS

MOUNTAIN CHIEF AREA

NYE MOLYBDENUM PROPERTY

Gilpin County, Colorado

Docket 6231

Contract 2149

Charles E. Melbye

CHARLES E. MELBYE AND ASSOCIATES

MINING - GEOLOGICAL - GEOPHYSICAL - ENGINEERS

2020 FOOTHILLS ROAD

BOX 309 279-1542

GOLDEN, COLORADO

January 14, 1964

EVALUATION OF MAGNETIC SURVEY AND DRILLING RESULTS

MOUNTAIN CHIEF AREA

NYE MOLYBDENUM PROPERTY

Gilpin County, Colorado
Docket 6231
Contract 2149

INTRODUCTION

In view of the completion of a magnetic survey and the temporary recess in drilling until spring, it seems well at this time to review drilling results in light of the new magnetic data and the geochemical and geological data. Recommended additional drilling in the Mountain Chief area is discussed. No discussion of the mine area is included since the presently approved work under the OME contract is believed adequate.

PURPOSE OF MAGNETIC SURVEY

A ground vertical magnetic survey was run of the entire Mountain Chief area on selected lines with stations 100 feet apart. Lines were chosen to cover the area uniformly and yet try to follow existing roads where survey control was present, thereby keeping costs to a minimum. An Askania torsion magnetometer was used. All readings were tied in to a base station morning, noon, and night, which was the same base station used by Bear Creek Mining Company in running magnetics of the southern and central part of the property. Values are contoured at 100 gamma intervals.

Purpose of the survey was to:

1) Assist in distinguishing rock types, particularly the intrusive-gneiss contact. The gneiss is generally quite magnetic with respect to the quartz monzonite.

2) Delineate the intense hydrothermally altered areas. This technique is now used extensively in non-ferrous exploration as most of the large porphyry molybdenum and copper deposits are associated with magnetic lows which have been caused by the destruction of magnetite in the intrusive rocks through hydrothermal action. Although this does not detect molybdenum deposits directly, the largest concentrations of sulphides are usually found in the highly altered zones, which is always the case of the Nye property.

MAGNETIC SURVEY INTERPRETATION

In general, the magnetics showed striking correlations with known geology from drilling and surface mapping and was an extremely useful tool.

Lithologic Interpretation

The gneiss-quartz monzonite contact was usually easily located by magnetics, since the gneiss contains abundant grains and masses of magnetite. This can readily be seen at the west and east contacts, where contrasts of over 2000 and 500 gammas were present. Another large gneiss body east of Holes II-S2 and II-S6 was delineated. Little or no contrast can be seen between the quartz monzonite and dacite porphyry.

The alaskite appears to be nearly non-magnetic and contributes to the broad low north of the Mountain Chief mine. The broad low in Jenny Lind Gulch appears related to a lithologic change but this is rather uncertain.

Faults

Based on the few known faults, the various major faults are indicated remarkably well by linear magnetic lows with substantial magnetic highs in the hanging-wall. The linear lows are due to hydrothermal alteration along the fault zones, a feature readily seen on surface and in drill holes. In some places the fault anomaly is masked by other lows and the extent is dashed in from surface geological control such as in the large EW anomaly. The pronounced highs are somewhat difficult to explain except that they must represent an introduction of hydrothermal magnetite near the faults. Some of the abundant specularite may be an alteration product of magnetite. The main Mountain Chief fault is shown as well as numerous others, all indicated on the magnetic map.

Magnetic Low Alteration Anomalies

Outside of the normal linear lows along faults, some more extensive magnetic lows can be seen which indicate large intense alteration zones. It should be emphasized that the numerical comparisons of gammas from widely scattered anomalies are not always valid but rather comparisons in the immediate vicinity. The boundary of the Mountain Chief alteration zone is indicated with the heavy orange line. For instance, the pronounced high to the south is within the quartz monzonite and indicates the higher values away from the blanket alteration zone.

SW Anomaly

This low is the most interesting as Hole II-S4 intersected a highly mineralized and altered zone at the southeast and which coincides exactly with the low and with a geochemical high Mo anomaly. Of the 210-foot significant mineralization, a 100-foot section assayed .152% MoS_2 and another 25 foot section .103% MoS_2. Within the 100-foot section, 30 feet assayed .255% MoS_2. Hole II-S7 intersected the anomalous zone at the weak northeast extremity but 20 feet ran .146% MoS_2. The northwest extent is at least 1200 feet and an intersecting NE fault accounts for a broad low extending 750 feet N-S. Rock geochemical values are higher where the NE fault crosses the cut than those at the southeast end of the zone(above Hole II-S4). Overburden, 15' - 20' thick, covers the entire zone.

Mountain Chief Anomaly

Under this discussion are included the E-W low in the footwall of the fault as well as an apparent connecting low extending SW along an intersecting fault. This SW extension encompasses the second most interesting zone, that of Hole II-S2, where 150 feet ran .111% MoS_2. The magnetics now indicate why Hole II-S6 was essentially barren. It is at the southwest end where faulting and alteration are both dying out. The lowest part of the anomaly is at the intersection of the Mountain Chief fault with the N-S fault.

Also, under this heading we may discuss the very large broad low over Hole II-S1, north of the Mountain Chief mine. Although no substantial zones over 0.1% MoS_2 were found, over 500 feet of significant visible molybdenite can be seen which roughly coincides with the broad low. Appreciable gold and copper are also present. Part of this low may be due to the alaskite intrusive. Again two major faults, NE and NW, intersect which is similar to the situation at the previous mentioned anomalies.

NW Anomaly

Although few outcrops are present, bulldozer work has indicated intensely altered dacite porphyry and gneiss and geochemical sampling disclosed a 600-foot wide anomalous zone.

The Magnetic survey has now shown an E-W low to be present between two E-W faults. Since these coincidences are remarkably favorable, Hole II-S9 was requested and approval was granted for this hole, as yet not started.

CONCLUSIONS

1. In view of having a number of drillholes completed, the magnetic

geochemical-geological data can now be interpreted with a great deal of confidence, and the following criteria seem to correlate very closely with the potential economic zones of disseminated molybdenite:

a) Intersecting major faults and widespread brecciation.
b) Dacite porphyry intrusive at least in the vicinity.
c) Magnetic lows of about 700 gammas.
d) Intense silicification, quartz veining, secondary orthoclase, and often chloritization.
e) Rock geochemical highs of at least 200 ppm Mo.

2. Drilling results thus far, while not yet of an economic width and grade, are certainly encouraging when considering that only one hole of real significance has been drilled in any one potential ore target. These are Holes II-S1, 2, and 4. Holes II-S3, 5, and 6, all essentially unfavorable, are all located where magnetic data now indicates very little potential. Substantial remaining portions of these targets have never been drilled, especially in the case of Holes II-S2, 4, and 7. Hole II-S8 has not yet been assayed but was planned to only explore below Hole II-S2.

3. Through the writer's knowledge of numerous molybdenum prospects being drilled today, the results obtained to date on the Nye property are better than the average and dictate that additional drilling must be done. The Mountain Chief portion of the property cannot be turned down after completion of the one more authorized hole, II-S9. Since the OME contract is for purposes of exploration, ample favorable exploration targets still exist and the job is not finished. Their size is sufficient to furnish the potential for an economic ore deposit. Ample funds still exist under the contract in other work categories, which results have shown to be unneeded.

RECOMMENDED EXPLORATION

The recommended holes are shown on the accompanying geologic map and are listed as follows:

Hole No.	Bearing	Angle	Depth
II-S10	S20°W	-45°	900'
II-S11	S21°W	-60°	900'
II-S12	S25°W	-45°	750'
II-S13	S37°W	-50°	1000'
II-S14	S20°W	-60°	1000'
II-S15	Due S	-45°	700'
			5250'

All holes are at new locations except for II-S11 which is at the II-S4 location and is proposed to drill the same zone about 300' below. The holes are listed in decreasing order of importance. In addition, another 750 feet is requested to allow one further hole based on results from the previous 6 holes as well as from undrilled Hole II-S9, making a total of 6000 feet.

REQUESTED OME FUND TRANSFER

Since 1700 feet of underground drilling from Stage II and 6000 feet from Stage III will not be needed, we are requesting that a transfer of funds be made from this category. Authorized bulldozer work, core boxes, and cementing-casing time are used up in Stage II. Therefore, we are requesting additional transfer of funds for these categories as well, and the extra 1700 feet of drilling is sufficient to cover casing-cementing, bulldozing, and core boxes. Under Stage III, 160 hours of casing-cementing time is already allowed. Casing-cementing time is requested at 400 hours since we have every expectancy of needing this much, based on experience to date. One hole(II-S8) alone took 166 hours.

Drilling - 6000 ft. @ $4.60	$27,600.00
Casing-Cementing time 400 hrs. @ $8.50	3,400.00
Bulldozing drill sites 80 hrs. @ $15	1,200.00
Core boxes 600 @ $1	600.00
	$32,800.00

Your consideration of this request will be appreciated.

Respectfully submitted,

Charles E. Melbye

Charles E. Melbye
Geological Engineer
Nye Metals, Inc.

January 14, 1964

NYE METALS, INC.

FORMERLY NYE-MATHEWS MINING, INC.

BLACK HAWK,
COLORADO

ROOM 711, MERCHANTS BANK BLDG.
INDIANAPOLIS, INDIANA

AMC 12-31-63

1017

December 30, 1963

Contract 2149

United States
Dept. of the Interior
Office of Minerals Exploration
Bldg. 20, Federal Center
Denver 25, Colorado

Att: Mr. Hugh Connors

Dear Mr. Connors:

Thank you for your concern in our company. We have received the Government check today.

Enclosed please find four signed copies of the Amended #5 Exploration Contract - OME-6231.

Yours truly,

NYE METALS, INC.

Robert E. Nye

Robert E. Nye
President

REN:ah
encl.4

Mr. Selfridge With Government's, Audits, & Fiscal Section's executed Copies of Amendment #5
AMC 12-31-63

December 26, 1963

Mr. Robert H. Nye
President
Nye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

Re: AMENDED EXPLORATION CONTRACT
OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Nye:

Attached are the Government's, Operator's, Fiscal Section's, Audit's, and Field Office's copies of proposed Amendment No. 5 to the subject amended exploration contract.

If the proposed amendment is suitable to you, you should sign all copies and return all signed copies to this office. The Operator's copy will then be returned to you.

If any part of this proposed amendment does not have your approval, the original and all copies should be returned to this office together with the proposed changes for consideration.

Sincerely yours,

Hugh M. Connors
Acting Field Officer, OME
Region III

Attachments

2149

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

OME
DEPARTMENT OF THE INTERIOR
DEC 23 1963
REGION III
DENVER, COLORADO

DEC 19 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

In accordance with our teletype of December 9, 1963, enclosed are the original and four copies of proposed Amendment No. 5, signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge

Enclosures

5 (Revised)
(April 1955)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REFERENCE SLIP

Route to:	Name	Room
1.	Mr Selfridge	
2.		
3.		
4.		
5.		

For:

..... Action	..... Record of .....
X Approval	..... Referring to .....
..... Comment	..... Reply for signature of .....
..... Conference	..... Rewriting
..... Consideration	..... See or call me
..... Filing	..... Signature
..... Initials	..... Suggestions
..... Instructions	..... Surname
..... Investigation	..... Your information
..... Mailing	
..... Note and return	
..... Previous correspondence	
..... Recommendation	

Remarks: If you concur in the Operators request for recess will you please prepare the amendment.
My stenographer is on Annual leave.

From (Name) Hugh M. Connors Date 12-23-63

Division—Office—Address

Ext: Room:

☆ U. S. GOVERNMENT PRINTING OFFICE : 1957—O-416832

December 20, 1963

Mr. Hugh M. Connors, Acting Field Officer
OME, Region III
Denver Federal Center- Building 20
Denver, Colorado

Re: OME-6231
Contract No. 2149
Nye Metals, Inc.
Blackhawk, Colorado

Dear Mr. Connors:

The past month has seen very slow progress on surface drilling at the Nye property. Much of this has been directly or indirectly due to severe weather conditions at this altitude of 10,500 feet. waterlines or pumps have been frozen nearly every morning and even the water truck tank now being used builds up with ice inside, causing considerable trouble. The unavoidable result is that the Operator is charged excessive cementing time when part of that time is actually spent in keeping equipment thawed out. Also, considerable bulldozer work is needed to keep the road open from the mine to the drill sites.

As a result of this, we are requesting that the project be recessed after completion of Hole II-S8 and until spring. Some underground drilling remains, but the surface results are far more encouraging, and we feel it wise to complete the additional surface drilling before the approved underground drilling. We would anticipate resumption of work on or before May 1, 1964.

Your consideration of this request will be appreciated.

Sincerely,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am
cc: Robert E. Nye

CONFIRMATION COPY

This is confirmation of a message telephoned

TO 8598 8598 Connors

ON 12-9 3:58 M

CENTER

TRANSMITTED

DENVER FED. CENTER - [illegible] BLDG. 3406

Tel. By Eleanor

G S A TELETYPE CENTER

DEC 9 3 45 PM '63

DENVER COLORADO

YA-068

JY-133WJB053 YDNF WWAF 47 I-MME

WASHINGTON DC 12-9-63 1711R

HUGH M CONNORS ACTG FIELD OFFICER OFFICE OF MINERALS EXPLORATION REG III BLDG 20 DNVR FED CTR DENVER COLORADO

RE OME-6231, CONTRACT 2149, NYE METALS. INC., ERROR MADE IN AMENDMENT NO. 4, COMPRESSED AIR FOR DRILLING STAGES 2 AND 3 SHOULD BE UNDER FIXED UNIT COSTS AT $0.55 PER FOOT. WE WILL CORRECT BY AMENDMENT.

GEORGE C SELFRIDGE CHF DIV OF FIELD OPERATIONS

KAY 1712R

Building 20 - Federal Center
Denver, Colorado 80225

December 5, 1963

AIRMAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Enclosed are the Government's, Audit's, and Fiscal Section's executed copies of Amendment No. 4 to the subject contract.

Original signed by
Hugh M. Connors

Enclosures

cc Contract Corres. 2149
Chron
HMC/lm

Building 20 - Federal Center
Denver, Colorado
80225

November 29, 1963

AIRMAIL

Mr. Robert E. Rye
President
Rye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

Re: AMENDED EXPLORATION CONTRACT
OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

Attached are the Government's, Operator's, Fiscal Section's, Audit's, and Field Office's copies of proposed Amendment No. 4 to the subject amended exploration contract.

If the proposed amendment is suitable to you, you should sign all copies and return all signed copies to this office. The Operator's copy will then be returned to you.

If any part of this proposed amendment does not have your approval, the original and all copies should be returned to this office together with the proposed changes for consideration.

Sincerely yours,

Original signed by
T. K. Romelo
For
Hugh M. Connors
Acting Field Officer, OME
Region III

Attachments
cc Chief, Division of Field Operations, OME
Contract Corres. 2149
Chron
MR/lm

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

OME
DEPARTMENT OF THE INTERIOR
NOV 29 1963
REGION III
DENVER, COLORADO

AIRMAIL

NOV 27 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

In accordance with our memorandum of November 22, 1963, enclosed are the original and four copies of Amendment No. 4, signed by the Acting Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge

Enclosures

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

NOV 22 1963

OME
DEPARTMENT OF THE INTERIOR
NOV 26 1963
REGION III
DENVER COLORADO

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

On Wednesday, November 20, 1963, Messrs. Nye and Melbye called at the office to discuss further surface drilling in the Mountain Chief Area. They explained the reasons for requesting additional footage, and we explained ours leading to the decision set forth in our memorandum of November 13 to you. In conclusion, we agreed to amend the contract in a manner which would allow sufficient footage to complete Hole No. II-S8 and drill one other, Hole No. II-S9, as designated in the enclosed copy of our letter to Mr. Melbye.

We have drafted an amendment to the contract to cover the surface work, to increase the number of core boxes, and to cover the holes mentioned in our memorandum of November 13 to you. The draft was sent to Legal today with a hope that the amendment can be forwarded to you this coming week. If it meets over-all approval and is executed, then you may pay the pending vouchers in keeping with the amendment.

At this time it would seem well to have an over-all assessment, after completion of the requested underground drilling, of the results obtained.

George C. Selfridge.

Enclosure

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

OME
DEPARTMENT OF THE INTERIOR
NOV 26 1963
REGION III
DENVER, COLORADO

NOV 2 2 1963

AIRMAIL

Mr. Charles E. Melbye
Consultant to Nye Metals, Inc.
P. O. Box 309
Golden, Colorado

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Melbye:

This letter is in confirmation of the oral approval given Mr. Nye and you on November 20, 1963, to drill Hole No. II-S9 to check the chemical anomaly indicated in the vicinity of the end of the road in the Mountain Chief Area. This hole is to be collared approximately 1100 feet west-northwest of Hole No. II-S1. The hole will be drilled in a southerly direction at approximately -45° for a length not in excess of 750 feet.

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

Sincerely yours,

George Fumich, Jr.

Acting Director

GCSelfridge/gla (11-22-63)
cc to: Director's Reading File
Docket
CA&A Division
Mr. Selfridge
Region III

Building 20 - Federal Center
Denver 25, Colorado
80225

November 8, 1963

AIRMAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

This responds to your teletype of November 8.

Attached is a copy of the October voucher for the subject contract.

Original signed by

Hugh M. Connors

Attachment

cc Contract Corres 2149
Chron
HMC/lm

G S A TELETYPE CENTER
NOV 8 3 48 PM '63
D F C DENVER COLORADO

YA-069

WYB107 YDN WWAF 49 I-MME

WASHINGTON DC 11-8-63 1700R

HUGH M CONNORS ACTG FIELD OFCR

OME BLDG 20 FED CTR DENVER COLO

OME
DEPARTMENT OF THE INTERIOR
NOV 12 1963
REGION III
DENVER, COLORADO

RE OME-6231, NYE METALS, INC., PLEASE SEND US AIRMAIL ONE COPY OPERATOR'S OCTOBER PROGRESS REPORT AS SOON AS RECEIVED.

G C SELFREIDGE CHF DIV OF FIELD OPERATIONS

-6231

BR 1729R

CONFIRMATION COPY
This is confirmation copy of a message telephoned
TO 8598 Lora
ON ..... AT 3:55 M
GENERAL SERVICES ADMINISTRATION
TRANSPORTATION AND COMMUNICATIONS SERVICE
DENVER FED. CENTER - 233-3611 EXT. 6496
Tel. By .....

marj

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

OME
DEPARTMENT OF THE INTERIOR
NOV 15 1963
REGION III
DENVER, COLORADO

AIRMAIL

NOV 13 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Reference is made to our memorandum of October 29, 1963, to you and your memorandum of November 5 transmitting the Operator's request for additional changes relating to underground and surface drilling.

We have reviewed the entire results of the exploration work to date and in the light thereof we shall amend the contract as indicated in our memorandum of October 29 and to cover the recently requested changes relating to the underground drilling covering Holes Nos. 4 and proposed 13, 14, and 15. At this time we do not favor transferring any funds for underground drilling to surface drilling.

You should hold the Operator's September 1963 voucher until an amendment is executed covering the delinquencies involved. We shall try to forward the amendment as soon as possible.

George C. Selfridge.

Building 20 - Federal Center
Denver 25, Colorado
80225

AIRMAIL

November 5, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Attached is the Operator's request for an amendment to the subject contract. I have discussed this request with Mr. Melbye and I recommend an amendment to cover this request.

The Operator has already used 80 hours of bulldozer work and if more surface holes are to be drilled at least 60 more hours of bulldozer work will probably be required.

With regard to core boxes, I hesitate to discard any core at this time and I am wondering if some of the money we have saved by virtue of free assaying could be transferred for more core boxes by amendment.

I am still holding the Operator's September 1963 voucher which was returned to me by Mr. Talbert on October 14, 1963. Will you please advise if I may now forward the voucher to the Fiscal Section for payment.

This memorandum together with the Operator's request for an amendment seems to reply to your memorandum of October 29, 1963.

Original signed by

Hugh M. Connors

Attachment
cc Contract Corres 2149
Chron
HMC/lm

November 4, 1963

Mr. Hugh M. Connors, Acting Field Officer
OME, Region III
Denver Federal Center- Building 20
Denver, Colorado

Re: OME-6231
Nye Metals, Inc.
Blackhawk, Colorado

Dear Mr. Connors:

Inasmuch as we are ~~not~~ now approaching the allowable surface drilling footage under the contract, this letter is a request to transfer some of the remaining Stage II underground drilling to surface drilling, as well as to amend the underground hole locations yet to be drilled. As of the end of September, 2732 feet was completed out of 4200 feet. An estimated 1000 feet will be billed for November, leaving less than 500 feet.

In reviewing the allowed underground drill holes, only 4 out of 12 have been completed, as listed in the following table:

Hole No.	Contract Depth	Drilled Depth	Excess Footage
1 (Map #3)	500	600	100
2 (Map #4)	900	654	(246)
3 (Map #5)	900	900	0
10 (Map #10)	600	1105	505

With the information we now have from these as well as the short Stage I holes and the Stage I and II drifting, the following holes are not recommended and will not be needed:

Hole No.	Drill Sta. No.	Depth
5 (Map #1)	4	700
6	4	400
7	9	500
8	9	500
9	10	400
11	11	400
	Total	2900 Feet

Hole Nos. 5 and 6 from Sta. 4 are in an area in which we now have the knowledge that alteration is unfavorable for disseminated mineralization. There is quartz veining but little secondary orthoclase and very little brecciation. Hole Nos. 7 and 8 are near the area drilled in Hole No. 2. Although the alteration was

Mr. Hugh M. Connors November 4, 1963

somewhat favorable and molybdenite was in nearly every fracture, the average grade did not exceed .05% MoS_2. Hole Nos. 9 and 11 are in the area drilled by Hole No. 10. Disseminated wallrock mineralization was very weak and this was the main feature to be explored by these two holes. Please refer to OMB application map- Plate 2 for locations of these holes.

This change will leave only underground Holes 4 (Map #2) and 12. We are further requesting that Hole No. 4 be changed as shown on the accompanying underground geologic map- 10,300' level. The new bearing will be about S11°E, the angle -60°, and the depth about 400 feet. This will also drill the Dakota fault but in the known mineralized portion. Also, we are requesting that the footage from #12 be used to drill three holes on the newly discovered vein in Hole II-3. Assays were previously reported and the average grade was .44% MoS_2 for a 21-foot length or 1.13% over 6.5 feet. True width of the higher-grade portion would be about 4.6 feet. They are shown on the accompanying map and are listed as follows:

Hole No.	Angle	Bearing	Approximate Depth
13	S15°E	-40°	200 feet
14	S15°E	-65°	270
15	N50°E	+ 3°	100

On all of these holes, existing stations or drifts can be used with the addition of one or two raise rounds for headroom.

In reviewing the allowable money under the contract, please refer to the first table of completed holes for a tabulation of excess footage. As can be seen, there was a net excess footage of 359 feet. The two remaining holes under the contract had an allowed footage of 1500 feet. The new holes being proposed have a total estimated footage of 970, which added to the 359, still does not exceed the 1500-foot allowable.

Since surface and underground drilling are at different prices, the transfer will most likely have to be in dollars rather than units of work. The following transfer of funds to surface drilling is therefore requested:

Core Drilling(Underground)		
0-500 foot depth	2700 feet @ $4.15	$11,205.00
500-750 foot depth	200 feet @ $4.40	880.00
Compressed Air	2900 feet @ $ .55	1,595.00
	TOTAL	$13,680.00

Mr. Hugh M. Connors November 4, 1963

The justification for transferring the footage is quite apparent from a comparison of assay results. In the underground drilling, no intervals of any great width were found which averaged over .05% MoS_2. On the other hand, the surface holes in the Mountain Chief area have nearly all showed widths of up to 300 feet which average in excess of .05%. Some of the better averages are listed and most of the details will be included with the October progress report to be turned in later this week.

Hole No.	Interval	% MoS_2	
II-S1	430'-555'	.080	.1% Cu .009 oz Au
	670'-745'	.082	
II-S2	175'-325'	.111	
II-S4	465'-565'	.152	

Narrower intervals will average considerably higher. Also, Hole II-S7 is now being assayed and it appears to be more highly mineralized than the above-listed holes. We also have a number of favorable zones with geochemical high anomalies which have never been drilled, in addition to drilling near the previous favorable holes. Geochemical anomalies have thus far proven to be quite accurate indicators of the better-grade mineralization.

Your consideration of these requests will be greatly appreciated.

Sincerely,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am
cc: Robert E. Nye

Ame

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

OCT 29 1963

OME
DEPARTMENT OF THE INTERIOR

REGION III
DENVER, COLORADO

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

This is in reply to your memoranda of October 21 and 22, 1963.

An amendment covering the surface drilling can be prepared; however, we do not have sufficient data to amend the Stage II underground drilling as it is set up for 4,800 feet from 0 to 500-foot depths, 2,150 feet from 500 to 1,000 feet, and 350 feet in excess of 750-foot depths. Drilling data reported to date are as follows:

Hole No.	Contract depth (feet)	Drilled depth (feet)
1	500	600
2	900	654
3	900	900
6 out not drld	400	900
7 out not drld.	500	694
10	600	1,105

Kindly supply us your estimate of the number and depths of the remaining underground holes that will be drilled. As stated before, the contract estimated cost of these holes should not be exceeded; therefore, the depth footages will have to be adjusted to cover the footages drilled in excess of the 350 feet allowed for holes over 750 feet in depth.

With regard to core boxes, the number allowed under the contract are not maximums under Category (7) of this amended contract. However, it appears that you and the Operator could decide what core should be retained and the remaining core discarded. This should provide quite a few boxes for re-use.

George C. Selfridge

Building 20 - Federal Center
Denver 25, Colorado
80225

October 22, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Under the General Provisions of the subject contract this statement is made:

> "Core from the diamond drilling shall be properly bound, marked, and stored for later inspection by the Government. With prior Government approval, the Operator may later dispose of such core. Significantly mineralized core shall be split and sampled and the sample assayed for molybdenum."

The Operator has already used more core boxes than the 600 cardboard core boxes allowed in Stage II of the contract.

In the event that you should prepare an amendment, would you wish to include more core boxes or would you recommend that we re-use some of the old core boxes.

Original signed by

Hugh M. Connors

HMC/lm
cc Contract Corres 2149
Chron

Building 20 - Federal Center
Denver 25, Colorado
80225

OCT 21 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado

This responds to your memorandum dated October 14, 1963 on the subject contract.

We are trying to find a disseminated molybdenum deposit, if indeed one exists, on the subject property and to date only holes S-2 and S-6 look encouraging. The assays on hole S-2 should be shown on the October voucher and the Operator states that the assays are encouraging.

The following is a resume of surface drilling to date:

II S-1 The best mineralization in this hole was from 433 feet to 745 feet which was at that point only 200 feet from the property line.

II S-2 This hole bottomed at 842 feet; from 525 feet to 725 feet was in a disseminated sulfide zone which looked very encouraging. It appeared advisable in this hole to get through the Precambrian into the intrusive again.

II S-3 Company hole - no Government participation.

II S-4 Hole bottomed at 691 feet; from 350 feet to 655 feet a zone of nearly continuous breccia was encountered with significant mineralization.

II 8-6 This hole was bottomed at 577 feet and encountered good sulfide mineralization. It is hoped that some assays on this hole will show on the October voucher.

I agree that the total footage for overburden and core drilling should remain the same, but I recommend an amendment deleting the specification "Bedrock to 500 feet."

Attached is an underground geologic map of the 10,300 foot level. A copy of this same map was forwarded you with my memorandum of August 15, 1963. The hole locations, as shown in amended contract 2149, are shown in red ink, in red circles on this map. Hole no. 10 should have been bottomed at 600 feet in accordance with the contract, but it was bottomed at 1,105 feet. By drilling this extra footage we explored at depth a highly silicified zone with quartz veining and some molybdenum which outcrops on Oregon hill. This will save drilling a surface hole in the vicinity of no. 3 vein.

Contract hole no. 1 (Operator's hole no. 3 on the map) a mineralized fault zone was encountered in this hole at 420 feet which was believed to be a strand of the Dakota fault. Significant mineralization continued to 520 feet. It was our thought that another strand of the Dakota fault would soon be encountered. We did intersect another strand of this fault near the bottom of the hole but it contained no mineralization. The hole was bottomed at 600 feet.

Again, I agree, as stated on page 4 of the amended contract, "From these stations approximately 12 holes aggregating not more than 7,300 feet should be drilled." This, in my opinion, should be the maximum but more leeway should be given as to the depth of the individual holes.

Original signed by

Hugh M. Connors

Attachment
HMC/lm
cc Contract Corres 2149
Chron

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

OME
DEPARTMENT OF THE INTERIOR
OCT 17 1963
REGION III
DENVER, COLORADO

OCT 14 1963

Memorandum

To: Acting Field Officer, Region III

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

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Thanks for your October 4 memorandum in reply to my September 23 inquiry concerning the Stage II drilling under the subject contract. Your explanation satisfactorily clears the bulldozing question, but the matter of underground drill hole locations, attitudes, and depths is still not clear, possibly because the Operator has used different identifying numbers from those listed in the contract's Exhibit A. In view of this, as well as your recommendation for an amendment to permit deeper surface drilling, I have referred your memorandum to the Chief, Division of Field Operations.

Because, as noted in my September 23 memorandum, this contract provides no costs for surface core drilling in excess of 500 foot depths, the Department's Fiscal Section has requested this Division's advice as to the propriety of paying the Operator's September 1963 voucher, which was approved by you on October 8, 1963. This voucher included the costs of hole S-4 which was drilled 191 feet beyond the 500 foot depth.

The original and two copies of the September 1963 MME Forms 60 and 61, together with attachments, are enclosed for retention in your files until (1) either an amendment is executed or decision is made not to allow the excess depth of the surface holes, and (2) the question regarding the underground holes is resolved. This withholding of approval is suggested in order to protect the Government from possible overpayments.

Enclosures

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

OME
DEPARTMENT OF THE INTERIOR
OCT 17 1963
REGION III
DENVER, COLORADO
OCT 14 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

This is with reference to your memorandum of October 4 to Mr. Talbert which has been referred to this division for reply.

The purpose in limiting the depths of the surface holes to 500 feet was that in our opinion exploration to that depth would provide enough information regarding these outlying structures and also a larger area could be explored at a reasonable cost. If you will submit a suitable justification, we will consider amending the amended contract deleting the specification "Bedrock to 500 feet" under Stage II surface core drilling. However, we believe the total footages for overburden and core drilling should remain the same.

With regard to your last paragraph, we have not been able to reconcile the Operator's nomenclature of these underground holes with the drill hole numbers shown on page 4 of the amended contract. To clarify this, will you kindly submit a sketch showing the location of the drill holes completed indicating the Operator's and also the contract number for each hole.

With regard to the approximate depths of the underground holes, a ten to twenty percent average could be considered approximate; therefore, it is suggested that you submit a justification for any drilling to depths in excess of 20 percent of the contract specifications.

George C. Selfridge

Building 20 - Federal Center
Denver 25, Colorado

October 4, 1963

Memorandum

To: E. D. Talbert, Chief
Contract Administration and Audit Division

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

This responds to your memorandum of September 23, 1963 on the subject contract. Mr. Malbye informs me that Boyles Bros. will submit a credit memorandum and adjustment will be made on the September voucher to correct the error in Boyles Bros. July 31, 1963 invoice.

Because of the angle of holes S-1 and S-2, we had to go deeper to reach our objective. Will you please prepare an amendment to allow footage over the estimated 500 foot depths.

Mr. Malbye called me by telephone August 26, 1963, and requested permission to drill holes II-34 and II-35 and I gave him verbal permission and told him to request a work order in writing, which he did, and I wrote the work order dated September 6, 1963, for these holes. However, the bulldozing for these drill sites was actually performed in August and was so billed.

Hole no. 10 by being extended deeper under Oregon hill saved drilling another hole. Under the circumstances, I consider holes 3, 6, 7, and 10 "approximate" the specifications of the contract.

Original signed by

Hugh M. Connors

cc Chief, Division of Field Operations, OME
Contract Corres 2149
Chron
HMC/lm

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

OME
DEPARTMENT OF THE INTERIOR
SEP 26 19
REGION III
DENVER, COLORADO

SEP 23 1963

Memorandum

To: Acting Field Officer, Region III

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

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

An informal review of the subject contract has disclosed that the Operator has claimed, you have approved, and the Department's Fiscal Section has authorized contribution to a total of 3,344 feet of Stage II underground drilling through August 1963, whereas a total of only 3,299 appears to have been performed. This difference is due to an error in Boyles Bros. July 31, 1963, invoice wherein 283 feet was charged for drilling hole no. 10 from 762 feet to 1,000 feet.

The review also has disclosed that the Operator has claimed, you have approved, and the Fiscal Section has authorized contribution to a total of 587 feet of Stage II surface drilling, the costs of which are not presently authorized by the contract. The contract provides costs for such drilling only to 500 foot depths, whereas holes S-1 and S-2 were drilled to 745 feet and 842 feet, respectively.

A question also arises as to the propriety of the Operator's charge of 15 hours bulldozing of access roads and drill sites during August 1963. Holes S-1 and S-2 were started in June and July, respectively. Holes S-4 and S-5 were not authorized until September. Could this bulldozing be applicable to hole S-3, which was drilled solely at the Operator's expense?

Another question concerns the underground drill holes. In your opinion do the actual locations, attitudes, and lengths of the four holes drilled through August "approximate" the specifications of the contract? I raise this question because of the variations in lengths, as shown below:

Hole	Contract feet	Actual feet
3	900	600
6	400	900
7	500	694
10	600	1105

It is suggested that: (1) appropriate adjustment be made in your approval of the September 1963 Forms MME 60 and 61 for the excess charge set forth in the first paragraph of this memorandum; (2) recommendation and justification for amendment of the contract be submitted to cover the matter of the second paragraph; and (3) such explanation or recommendation as may be indicated be furnished in regard to the subject of the third and fourth paragraphs above.

OME
DEPARTMENT OF THE INTERIOR
SEP 20 1963
REGION III
DENVER, COLORADO

Building 20 - Federal Center
Denver 25, Colorado
80225

September 17, 1963

Mr. Charles E. Malbye
Consultant to Rye Metals, Inc.
P. O. Box 309
Golden, Colorado

Re: CMB-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado
WORK ORDER

Dear Mr. Malbye:

This constitutes Government approval for the surface diamond drill hole II-86 as shown on the map which accompanied your letter of September 14, 1963. Permission is also granted to defer drilling of hole II-85.

Nothing in this work approval shall be construed to increase the total estimated cost of the project, the aggregate amount which the Government may be required to contribute, nor the "Fixed Unit Cost" of any item of work.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

cc Chief, Division of Field Operations, OME
Contract 2149
Contract Corres. 2149
Chron
HMC/lm

cc Mr. Robert E. Rye, President
Rye Metals, Inc.
Blackhawk, Colorado

CHARLES E. MELBYE AND ASSOCIATES

MINING - GEOLOGICAL - GEOPHYSICAL - ENGINEERS

September 14, 1963

OME
DEPARTMENT OF THE INTERIOR
SEP 17 1963
REGION III
DENVER COLORADO

Mr. Hugh M. Connors, Acting Field Officer
OME, Region III
Building 25- Federal Center
Denver, Colorado

Re: OME-6231
Nye Metals, Inc.
Blackhawk, Colorado

Dear Mr. Connors:

Permission is requested to drill the next surface hole, II-S6, in the Mountain Chief area as shown on the enclosed section of the geologic map. Hole II-S4 is about complete, but Hole II-S5, as approved in your work order of September 6, has not been started. A considerable move of the waterline is necessary to drill II-S5, whereas II-S6 is right along the present line, thereby saving the drillers a move over and back. Therefore, it is further requested to defer drilling of Hole II-S5.

Hole II-S6 is designed to explore the same mineralized fault zone and breccia zone in the dacite porphyry as was cut in the first 355 feet of Hole II-S2. The hole will be parallel to II-S2 (due East), 400 feet further south, and at a -45° angle. Although assays are not back, Hole II-S2 appeared to be highly mineralized with considerable visible molybdenite and chalcopyrite abd abundant jarosite. This area is apparently in a SW prong of the Mountain Chief breccia pipe. Hole II-S4 has intersected a wide zone of disseminated molybdenite in brecciated dacite porphyry and quartz monzonite about 400 feet further southwest.

Your consideration of these requests will be appreciated.

Sincerely yours,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am
cc: Robert E. Nye

2020 FOOTHILLS ROAD

P. O. BOX 309 [redacted] CRestview 9-1542

GOLDEN, COLORADO

Building 20 - Federal Center
Denver 25, Colorado

September 6, 1963

Mr. Charles E. Melbye
Consultant to Nye Metals, Inc.
P. O. Box 309
Golden, Colorado

Re: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado
WORK ORDER

Dear Mr. Melbye:

This constitutes Government approval for the surface diamond drill hole as shown on the map which accompanied your letter of August 30, 1963.

The following is a summation of the two holes:

	Angle	Approximate Depth
Hole II-84	-45°	500 feet
II-85	-55°	800 feet

Nothing in this work approval shall be construed to increase the total estimated cost of the project, the aggregate amount which the Government may be required to contribute, nor the "Fixed Unit Cost" of any item of work.

Sincerely yours,

See map in Nye map file

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

cc Chief, Division of Field Operations, OME
Contract 2149
Contract Corres. 2149
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

August 15, 1963

Memorandum

To: George C. Belfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Attached are two copies of the Underground Geologic Map showing the 10,300 foot level. One copy of the map is being retained in our file.

Original signed by

Hugh M. Connors

Attachments

cc Contract Corres. 2149
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

August 6, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract #149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Enclosed are the Government's, Fiscal Section's, and Audit's executed copies of Amendment No. 3.

Original signed by

Hugh M. Connors

Enclosures

cc Contract Corres. 2149
Chron
HMC/lm

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

OME
DEPARTMENT OF THE INTERIOR
AUG 5 1963
REGION III
DENVER, COLORADO

JUL 31 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

In accordance with your recommendation of July 19, 1963, enclosed are the original and four copies of Amendment No. 3, signed by the Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

With reference to the Operator's letter of July 17 requesting the subject amendment, it did not contain all the data to justify the $15.00/hour for company-owned equipment. Even if bids are submitted the Operator should be requested to submit the fair market value of the bulldozer, and the hourly cost of the operator's wages, operating supplies, repairs, etc.

George C. Selfridge

Enclosures

Extra Copy for Field Office

AMENDED EXPLORATION CONTRACT
RYE METALS, INC.
OMX-6231

AMENDMENT NO. 3

It is agreed this 31st day of July, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Rye Metals, Inc., hereinafter called the "Operator," that Amended Exploration Contract No. 2149 (OMX-6231), dated as of June 6, 1962, as amended, is further amended effective the date of the Amended Contract as follows:

1. In Amendment No. 1, item 2, under Stage II, Actual Costs, Category (1), Independent Contracts, the first item under the words Core Drilling (Surface) is deleted and the figures $21,802.50, $55,040.00, and $57,640.00, for Total surface drilling, Total Independent Contracts Stage II, and Total Estimated Actual Costs Stage II, respectively, are revised to read $20,602.50, $53,840.00, and $56,440.00, respectively.

2. In Amendment No. 1, item 2, under Stage II, Fixed Unit Costs, the following is added:

Bulldozing access roads and
drill sites
80 hours @ $15.00/hr. for D-8 $1,200.00
$12.00/hr. for D-7 dozer

and the figure $57,015.00 for Total Estimated Fixed Unit Costs Stage II is revised to read $58,215.00.

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 as maximum.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank Trumbull
Director, Office of Minerals Exploration

XXX METALS, INC.

By Robert E. Nye
Title President

Building 20 - Federal Center
Denver 25, Colorado

July 19, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Attached are the following:

1. Claim Map of the Mountain Chief Area

2. Surface Geologic Map Mountain Chief Area

3. Alteration Overlay Map Silicification and Quartz Veining (Moderate to Strong) Mountain Chief Area

4. Alteration Overlay Map Argillic Alteration (Weak to Moderate) Mountain Chief Area

5. Alteration Overlay Map Limonitic Alteration (Moderate to Strong)

One copy of each map is being retained in our file.

Original signed by

Hugh M. Connors

Attachments
cc Contract Corres 2149
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

July 19, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Attached is a letter from the subject Operator requesting an amendment to the contract for bulldozer work to be carried as a Fixed Unit Cost.

I recommend that you amend the contract accordingly.

Original signed by

Hugh M. Connors

Attachment
cc Contract Corres 2149
Chron
HMC/lm

OME
DEPARTMENT OF THE INTERIOR
JUL 18 1963
REGION III
DENVER, COLORADO

July 17, 1963

Mr. Hugh M. Connors
Acting Field Officer, OME, Region III
Building 23- Federal Center
Denver, Colorado

Re: OME-6231
Nye Metals, Inc.
Blackhawk, Colorado

Dear Mr. Connors:

As was mentioned in our May narrative report, considerable bulldozer work had been done by the Operator before the realization that this is listed in the contract under Independent Contracts rather than Fixed Unit Costs. Since Nye Metals, Inc. has always owned a D-8 bulldozer and it was so stated in our application, we are requesting an amendment to the contract to permit the use of this bulldozer at the rate of $15/hour listed in the contract. Two bids from independent contractors are enclosed, which indicate a considerably higher cost per hour in addition to standby time. No standby time would be charged by the Operator even though necessary work on roads is quite intermittent.

Also, we are requesting permission to go from Stage II to Stage III of the contract with respect to underground drifting. All drifting footage on the Indianapolis and Indiana veins under Stage II is used up, and the remaining footage of 151' for cross-cutting or cross-vein drifting will be used up in July.

Your consideration of these requests will be greatly appreciated.

Sincerely,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am

QUAD CONSTRUCTION INC.

TUNNELING
SHAFT SINKING

5770 McINTYRE STREET
ROUTE 1, BOX 568A
GOLDEN, COLORADO

MINING
PLANT INSTALLATION

July 10, 1963

Mr. Robert Okey
Nye Metals Inc.
Blackhawk, Colorado

Dear Sir:

We should like to offer the following proposal for the bulldozer work at your mining property, which consists of construction of drill sites and road building.

To be done with a D-8 Caterpiller tractor.

Move in and out	200.00
Bulldozer work with operator	22.50 per hour
Standby time	17.50 per hour

Thank you for considering us for this work. We hope to hear from you.

Very truly yours,

Fred S. Haley

FSH:K

STATEMENT

E. A. SCHEIDEMAN CONSTRUCTION
2060 NEWLAND STREET
DENVER 15, COLORADO
PHONE 233-2765

To: Chas E. Melbye
2721 Lakeview Dr,
Golden,Colo

Date 7/5/63

DOZER RENTAL RATES.	
D-8 Cat & Dozer 14A Fully Maned, Per Hr.	$17.50
Stand By Time.-Per-Hr.----------	6.50
Move In On Job Site.----------	$45.00

Thank You
E.A.S

Building 20 - Federal Center
Denver 25, Colorado

July 12, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Attached are two longitudinal sections showing the ore reserves at the Nye mine as calculated by Charles Melbye, company geologist.

Today I passed the July Voucher for this project but it did not contain the claim map, geology map, and alteration overlay. Mr. Melbye stated that he will bring these maps to this office before next Friday and I will forward them to you.

Mr. Melbye said that the Duval Sulfur Company are now becoming interested in the property with the thought of possible purchase and have taken so much of his time that he didn't get to finish the maps.

Original signed by

Hugh M. Connors

Attachments

cc Contract Corres 2149
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

June 5, 1963

Mr. Robert K. Rye, President
Rye Metals, Inc.
Black Hawk, Colorado

Re: OME-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

This constitutes approval to drill the first hole under Stage II of the captioned contract as requested in Mr. Melbye's letter of June 5, 1963 with a map showing the hole location, bearing and inclination.

Approval is also granted to discontinue drifting on the Indiana vein, and to apply the remaining allowable footage of drifting on the Indiana vein to the Indianapolis south drift.

Mr. Melbye brought along with his letter for my inspection, field maps of the recently completed detailed surface geologic map. He expects to soon submit to this office two copies of the map.

Sincerely yours,
Original signed by
T. M. Romslo

T. M. Romslo
Acting Field Officer, OME
Region III

cc Mr. Charles E. Melbye
Consultant to Rye Metals, Inc.
2721 Lookout View Drive
P. O. Box 309
Golden, Colorado

Chief, Division of Field Operations, OME
w/original of Mr. Melbye's letter 6/5/63 and copy of the map
Contract Corres. 2149
Chron
TMR/lm

June 5, 1963

OME
DEPARTMENT OF THE INTERIOR
JUN 5 1963
REGION III
DENVER, COLORADO

Mr. T. M. Romslo, Acting Field Officer
OME, Region III
Denver Federal Center
Denver 25, Colorado

Re: OME-6231
Nye Metals, Inc.
Gilpin County, Colorado

Dear Mr. Romslo:

Inasmuch as we have now completed a detailed surface geologic map of the Mountain Chief area and have the geologic features well in mind, we are requesting approval to drill the first hole approximately as shown in red on the accompanying sketch. Since drafting of the new geologic map is incomplete, prints of this map cannot be enclosed and will be sent to you in about a week. The geology will be somewhat revised.

This hole is approximately in the center of the molybdenum geochemical anomaly obtained by the Union Carbide Nuclear Corp. survey. It will cross-cut the major east-west molybdenum-bearing fault zones at a depth of 500-600 feet. It is proposed at an angle of -35° and a bearing of due South.

In regard to drifting in the mine, we have a further request to discontinue drifting in the Indiana drift and apply the remaining footage of 153 feet to the Indianapolis drift(South). The Indiana vein structure has become progressively more weakly mineralized, although strong faulting is still present. There is still some justification for future drifting on the vein, but the Indianapolis vein drift is now getting under the Oregon Hill area where we expect to crosscut at least 5 veins in addition to drifting on the vein. The No. 1 Vein has already been intersected, and the entire brecciation of the walls is more intense with a marked increase in molybdenite content. It seems more expedient to extend the Indianapolis drift at this time, at least until the end of Stage II. As of the end of May, advance footages are as follows:

	Adv. Under Stage II
Indianapolis Vein System	484.5 feet
Indiana Vein System	347.0
Drifting or cross-cutting from main drift	29.5

Your consideration of these requests will be appreciated.

Sincerely yours,

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am
cc: Robert E. Nye

Building 20 - Federal Center
Denver 25, Colorado

June 4, 1963

Mr. Robert E. Nye
President
Nye Metals, Inc.
Black Hawk, Colorado

Re: AMENDED EXPLORATION CONTRACT
OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Nye:

Attached is the Operator's executed copy of Amendment No. 2 to the subject amended exploration contract.

Sincerely yours,

Original signed by
T. M. Romsle
T. M. Romsle
Acting Field Officer, OME
Region III

Attachment

cc Chief, Division of Field Operations, OME
Contract Corres. 2149
Chron
TMR/lm

Building 20 - Federal Center
Denver 25, Colorado

June 4, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Enclosed are the Government's, Audit's, and Fiscal Section's executed copies of Amendment No. 2 to the subject amended contract.

Original signed by
T. M. Romslo

T. M. Romslo

Attachments
cc Contract Corres. 2149
Chron
TMR/lm

Building 20 - Denver Federal Center
Denver 25, Colorado

May 27, 1963

Mr. Robert E. Rye
President
Rye Metals, Inc.
Black Hawk, Colorado

Re: AMENDED EXPLORATION CONTRACT
OME-6251 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

Attached are the Government's, Operator's, Fiscal Section's, Audit's, and Field Office's copies of proposed Amendment No. 2 to the subject amended exploration contract.

If the proposed amendment is suitable to you, you should sign all copies and return signed copies to this office. The Operator's copy will then be returned to you.

If any part of this proposed amendment does not have your approval, the original and all copies should be returned to this office together with the proposed changes for consideration.

Sincerely yours,

Original signed by
T. M. Romslo
T. M. Romslo
Acting Field Officer, OME
Region III

Attachments

cc: Chief, Division of Field Operations, OME
Contract Corres. 2149
Chron
TMR/mf

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

OME
DEPARTMENT OF THE INTERIOR
MAY 27 1963
REGION III
DENVER, COLORADO

MAY 23 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

In accordance with your recommendation of April 30, 1963, enclosed are the original and four copies of Amendment No. 2, signed by the Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge.

Enclosures

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

MAY 23 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

In accordance with your recommendation of April 30, 1963, enclosed are the original and four copies of Amendment No. 2, signed by the Director for the Government. Also enclosed is an extra copy for field use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Enclosures

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

OME
DEPARTMENT OF THE INTERIOR
MAY 24 1963
REGION III
DENVER, COLORADO

MAY 21 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

Your May 16 memorandum requests advice as to the procedure for reclaiming costs for compressed air service after the subject Operator signs proposed Amendment No. 1.

Such costs for March and April may be reclaimed either by a supplemental voucher or by inclusion in the Operator's next regular monthly voucher.

In regard to the assay costs, also mentioned in your memorandum, it appears that the Operator's claim, your approval, and the Fiscal Section's payment on the basis of $5.00 per assay were correct. The contract's Category (7) estimate of $4.00 per assay is not a maximum and the Operator's claim is supported by Charles O. Parker & Company's April 18 assay certificate listing 29 MoS2 assays and a charge of $145.00.

George C. Selfridge.

Buck

Melby informed about this matter 5/27/63
Suspended costs to be reclaimed in
regular voucher for May

TMP

Building 20 - Federal Center
Denver 25, Colorado

May 20, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Enclosed are the Government's, Audit's, and Fiscal Section's executed copies of the subject amended contract.
of Amendment No. 2

Original signed by
T. J. Borrelo

Attachments

cc: Contract 2149
Contract Corres 2149
Chron

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

OME
DEPARTMENT OF THE INTERIOR
APR 22 1963
REGION III
DENVER, COLORADO

APR 19 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

With reference to your memorandum of April 9, 1963, we will prepare an amendment transferring the costs of compressed air for core drilling underground from Independent Contracts to Fixed Unit costs.

In the meantime the Department's Fiscal Section has suspended these costs pending the above-mentioned amendment.

George C. Selfridge

P. S. In the amendment the fixed unit cost will be $0.55/ft. of drilling.

Recommended suspension of those costs for April, also

Ronald

Building 20 - Federal Center
Denver 25, Colorado

May 16, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

This concerns the Operator's vouchers for March and April, 1963. The cost of air was suspended from the March voucher and was recommended for suspension from the April voucher.

The Operator will be advised, if he signs proposed Amendment No. 1, to claim payment for the air in a supplementary report with MME Form 60 and 61 for the two months concerned. The April voucher included $145.00 for assaying 29 samples at $5.00 each. I now find that the correct allowable total cost for this item is $116.00 for 29 samples at $4.00 each. The Operator will be asked to straighten this out in the supplementary report by entering the $29.00 overpayment as a debit item on the MME Forms.

Please advise if this procedure is o.k.

Original signed by
T. M. Romslo

T. M. Romslo

cc Contract Corres. 2149✓
Chron
TMR/lm

Building 20 - Federal Center
Denver 25, Colorado

Airmail

May 15, 1963

Mr. Robert E. Rye
President
Rye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

Re: AMENDED EXPLORATION CONTRACT
ONE-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

Attached are the Government's, Operator's, Fiscal Section's, Audit's, and Field Office's copies of proposed Amendment No. ~~1~~ 4 to the subject amended exploration contract.

If the proposed amendment is suitable to you, you should sign all copies, ~~retain the fourth copy,~~ and return ~~the remaining copies~~ signed all copies to this office. The Operator's copy will then be returned to you.

If any part of this proposed amendment does not have your approval, the original and all copies should be returned to this office together with the proposed changes for consideration.

Sincerely yours,
Original signed by
T. M. Romslo

T. M. Romslo
Acting Field Officer, ONE
Region III

Attachments

cc Chief, Division of Field Operations, ONE
Contract Corres. 2149
Chron
TMR/lm

Building 20 - Federal Center
Denver 25, Colorado

May 14, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Reference is made to your memorandum dated May 7, 1963.

The proposed Amendment No. 1 to the subject contract will be submitted for consideration by Mr. Robert E. Nye, the Operator's president, as soon as possible. According to Mr. Charles Melbye, the Operator's consultant, Mr. Nye is presently in Indiana, but can be expected to call at this office and probably sign the proposed amendment upon returning to Denver, about May 17.

In regard to the core-size problem, it is my opinion that Boyles Bros. and the Operator inadvertently failed to mention that wireline equipment would be used. My opinion is based on the information contained in the attached copy of Mr. Melbye's letter dated May 11, 1963, and Mr. Lensch's letter of May 2, 1963, which was forwarded to you May 9, 1963.

In considering this matter, the size of core actually obtained is probably an important factor. According to information obtained today from Mr. Lensch, the Boyles Bros. wireline equipment yields core of the following diameters: NXWL-1.875 inches, BXWL-1.432 inches, and AXWL-1.067 inches. The next lower size coring is done with standard AX size bits. Thus, the size of core obtained by Boyles Bros. is significantly larger than that obtained with the original wireline equipment that yielded core of the sizes quoted in Mr. Griswold's memorandum dated April 23, 1963.

The amendment to be prepared upon receipt of the signed Amendment No. 1 should provide for coring either to wireline or standard sizes and allow for holes to be started either NX or BX standard sizes or the equivalent in wireline sizes. The presently allowable costs are considered reasonable for wireline drilling, that yields core of adequate sizes, and that normally results in the recovery of more core than obtained in standard-size drilling. Bids for drilling standard-size holes would be expected to be somewhat higher than the presently allowable costs.

Original signed by
T. M. Romslo

T. M. Romslo

Attachment

TMR/lm
cc Contract Corres. 2149
Chron

TMP

CHARLES E. MELBYE AND ASSOCIATES

MINING - GEOLOGICAL - GEOPHYSICAL - ENGINEERS

May 11, 1963

OME
DEPARTMENT OF THE INTERIOR
MAY 13 1963
REGION III
DENVER, COLORADO

Mr. T. M. Romslo, Acting Field Officer
OME, Region III
Denver Federal Center
Denver 25, Colorado

Dear Mr. Romslo:

In regard to the question which has arisen on the use of wireline equipment, I would like to explain our position.

In all our discussions with Boyles Bros., before the drilling bids were submitted, they stated their intention to use wireline equipment, although it was omitted from their proposal. This was agreed to be Nye Metals, Inc., since it meant a considerable cost saving as well as better core recovery. A bid by another contractor for regular size core was about $1.00 per foot higher. The use of wireline equipment has paid off as we have had nearly 95% recovery through wide mineralized zones with considerable fracturing and difficult drilling.

Furthermore, the contractor is actually making very little money since bit costs are unusually high.

Therefore, I trust that you will agree to the use of wireline core as a satisfactory substitute for the regular core size.

Sincerely yours,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am
CC: Robert E. Nye

file card

P. O. BOX 309 2721 LOOKOUT VIEW DRIVE CRestview 9-1542
GOLDEN, COLORADO

OME
DEPARTMENT OF THE INTERIOR
MAY 10 1963
REGION III
DENVER, COLORADO

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

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

MAY 7 1963

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

In accordance with our memorandum of April 19, 1963, enclosed are the original and four copies of a proposed Amendment No. 1 to the subject amended contract, signed by the Director for the Government. Also enclosed is an extra copy of the amendment for your use.

If the proposed amendment is satisfactory to you and the Operator, have an authorized representative of the corporation sign all five copies. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

You will note that the unit cost for air is fixed at $0.55 per foot of drilling because an operator should not receive the same money as an independent contractor. The price allowed is five cents lower than MacPherson's bid of $0.60 per foot.

With reference to your memoranda of April 30 and May 1 recommending an amendment to allow the same price for standard NX and wireline NX core sizes, we have no basis to justify such an amendment.

As you mention the Boyles bid did not qualify the sizes quoted as wireline; hence, the contract specifications were as usual based on standard core sizes. If Boyles Brothers and the Operator will submit evidence that a mutual error was made when the bid was received and submitted to OME, we will consider the matter. What was your impression?

In any event, the contract will have to be amended to allow starting the holes standard BX core size. We will withhold action in this matter pending your reply.

George C. Selfridge

Enclosures

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

OME
DEPARTMENT OF THE INTERIOR
MAY 10 1963
REGION III
DENVER, COLORADO

Memorandum

To: Acting Field Officer, Region III

MAY 7 1963

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

In accordance with our memorandum of April 19, 1963, enclosed are the original and four copies of a proposed Amendment No. 1 to the subject amended contract, signed by the Director for the Government. Also enclosed is an extra copy of the amendment for your use.

If the proposed amendment is satisfactory to you and the Operator, have an authorized representative of the corporation sign all five copies. Thereafter, please distribute the copies in the usual manner.

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With reference to your memoranda of April 30 and May 1 recommending an amendment to allow the same price for standard NX and wireline NX core sizes, we have no basis to justify such an amendment.

As you mention the Boyles bid did not qualify the sizes quoted as wireline; hence, the contract specifications were as usual based on standard core sizes. If Boyles Brothers and the Operator will submit evidence that a mutual error was made when the bid was received and submitted to OME, we will consider the matter. What was your impression?

In any event, the contract will have to be amended to allow starting the holes standard BX core size. We will withhold action in this matter pending your reply.

George C. Selfridge

Enclosures

Building 20 - Federal Center
Denver 25, Colorado

May 10, 1963

Mr. George E. Lensch, District Manager
Boyles Bros. Drilling Company
2960 W. 7th Avenue
Denver 4, Colorado

Re: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Lensch:

I have your letter to Mr. Commors dated May 2, 1963 concerning the use of wireline equipment at the subject mine.

Thank you very much for clarifying your company's position in this matter, and for offering to participate in further discussions, if deemed necessary.

I believe that the information voluntarily furnished by you will aid in the resolution of the minor contractual problem faced by the Nye Metals, Inc.

Sincerely yours,

Original signed by
T. M. Romslo

T. M. Romslo
Acting Field Officer, OME
Region III

cc Chief, Division of Field Operations, OME
2149 Contract Corres.
Chron
TMR/lm

Building 20 - Federal Center
Denver 25, Colorado

May 9, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Mr. George E. Lensch, District Manager, Boyles Bros. Drilling Company in the attached letter dated May 2, 1963, presents information concerning the use of wireline equipment at the subject project.

The information furnished by Mr. Lensch indicates that use of wireline equipment in lieu of standard equipment was justified.

Original signed by
T. M. Romslo

T. M. Romslo

Attachments
cc Contract Corres. 2149
Chron
TMR/lm

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Boyles Bros. DRILLING COMPANY

CONTRACTORS - ENGINEERS - GEOLOGISTS

2960 W. 7th Avenue
DENVER 4, COLORADO
Phones: ALpine 5-9244
ALpine 5-0855

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY 10, UTAH
HUnter 7-7595

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

OME
DEPARTMENT OF THE INTERIOR
MAY 6 1963
REGION III
DENVER, COLORADO

May 2, 1963

COPY

Mr. Hugh M. Conners
Acting Field Officer
Office of Mineral Exploration
Denver Federal Center
Denver, Colorado

Re: Nye Metals Core Drilling
Apex, Colorado

Dear Mr. Conners:

It has been brought to my attention of a dissatisfaction of core sizes due to the use of wireline equipment. I wish to clarify our position concerning this.

It was my intention to employ the use of the wireline equipment and was verbaly discussed with the Nye Metals Mining Company management and geologist, even though I failed to make a statement as such in my proposal. It was my understanding the contractor qualified by experience was to perform the drilling for utmost recovery of core without concern to size, method or type of equipment used.

We have definite reason to believe without the use of wireline or a special type core barrell it would be impossible to recover the percentage of core now obtained. Any special type barrell reduces the core size. Using conventional type equipment underground, which requires the pulling of all drill rod for each time the bit blocks, will require considerable more excavation for an adequate size drill cut out to allow the use of longer drill steel for satisfactory performance in the cycle of operation.

Should there by any further question or dissatisfaction concerning this I request all persons concerned meet with me at the earliest possible time convenient, whereby we may further discuss and clarify the situation.

Very truly yours,

BOYLES BROS. DRILLING COMPANY

George E. Lensch, District Manager

GEL/eg

cc: Mr. Robert Nye
Mr. Charles Melbye

Building 20 - Federal Center
Denver 25, Colorado

May 1, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

This has further reference to the last paragraph in my memorandum of April 30, 1963, on the subject contract.

I recommend that an Amendment be made to provide for use of either wireline or standard equipment on Stage II and Stage III drill holes at no reduction in price to the driller.

Original signed by

Hugh M. Connors

HMC/lm
cc Contract Corres. 2149
Chron

Building 20 - Federal Center
Denver 25, Colorado

April 30, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

This responds to Mr. Griswold's memorandum dated April 23, 1963, on the subject contract.

I have just returned from the regular monthly inspection of this property, which I made in the company of Charles Melbye, geologist, for the Operator.

Mr. Melbye told me that it was the intent of Boyle Bros. to use wireline equipment when they made their bid and they so stated in Mr. Melbye's presence. It is true, however, that it was not stated as "wireline" equipment in the bid. However, please note the big difference in price between the Boyle Bros. bid and the Longyear bid which did specify wireline equipment.

It is my belief that Boyle Bros. are not making more than a fair return on their investment on this job and I don't believe we can get away with cutting the price down.

I recommend that an Amendment be made to provide for using wireline equipment on Stage II drill holes at no reduction in price to the driller.

Original signed by

Hugh M. Connors

HMC/lm
cc Contract Corres. 2149
Chron

OME
DEPARTMENT OF THE INTERIOR
APR 26 1963
REGION III
DENVER, COLORADO

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

Memorandum

To: Acting Field Officer, Region III

From: ACTING Chief, Division of Field Operations

APR 23 1963

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

The subject Amended Contract specifies under General Provisions that Stage II drill holes "shall be started using standard NX core sizes (2 1/8" diameter) and may be reduced if necessary to complete a hole to either the standard BX or AX core size". The contractual estimates include maximum average unit costs for NX, BX, and AX "core size".

The March 1963 MME Form 60, which you recently approved and forwarded to the Department's Fiscal Section, includes a claim for 700 feet of drilling in hole no. II-5 at the contractual NX and BX core prices. These costs are supported by Boyle Bros. Drilling Company's March 31 invoice which identifies the hole as no. 6 and bills for NX and BX drilling at the contractual prices. The Operator's narrative, however, states "Wireline equipment is being used which recovers a slightly smaller core than normal NX and BX size".

If this drilling was actually done with wireline equipment, it appears that the specifications of the contract as to core size were not met. Furthermore, as we generally consider the wireline sizes of core to be the approximate equivalent to a one size smaller standard core (i.e., NXWL = BX, BXWL = AX, and AXWL = EX), an overpayment by the Government is indicated.

Your comments and recommendations in the matter will be appreciated.

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

OME
DEPARTMENT OF THE INTERIOR
APR 26 1963
REGION III
DENVER, COLORADO

APR 23 1963

Memorandum

To: Acting Field Officer, Region III

From: ACTING Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

The subject Amended Contract specifies under General Provisions that Stage II drill holes "shall be started using standard NX core sizes (2 1/8" diameter) and may be reduced if necessary to complete a hole to either the standard BX or AX core size". The contractual estimates include maximum average unit costs for NX, BX, and AX "core size".

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If this drilling was actually done with wireline equipment, it appears that the specifications of the contract as to core size were not met. Furthermore, as we generally consider the wireline sizes of core to be the approximate equivalent to a one size smaller standard core (i.e., NXWL = BX, BXWL = AX, and AXWL = EX), an overpayment by the Government is indicated.

Your comments and recommendations in the matter will be appreciated.

W. R. Griswold

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

OME
DEPARTMENT OF THE INTERIOR
APR 29 1963
REGION III
DENVER, COLORADO

APR 25 1963

Mr. Robert E. Nye
President, Nye Metals, Inc.
Black Hawk, Colorado

OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

Thank you for your February 20 letter.

We usually have not issued press releases on amended contracts but for awhile thought we should make an exception in this case.

Because of the time lapse we now think it would not be appropriate.

We appreciate your cooperation.

Sincerely yours,

George Fumich, Jr.

Director

GFumich,Jr./bih
4/25/63

cc to: Files
Dir. reading file
Region III (2)
Mr. Selfridge

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

OME
DEPARTMENT OF THE INTERIOR
APR 29 1963
REGION III
DENVER, COLORADO

APR 25 1963

Mr. Robert E. Nye
President, Nye Metals, Inc.
Black Hawk, Colorado

OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

Thank you for your February 20 letter.

We usually have not issued press releases on amended contracts but for awhile thought we should make an exception in this case.

Because of the time lapse we now think it would not be appropriate.

We appreciate your cooperation.

Sincerely yours,

George Fumich, Jr.

Director

GFumich,Jr./bih
4/25/63

cc to: Files
Dir. reading file
Region III (2)
Mr. Selfridge

Building 20 - Federal Center
Denver 25, Colorado

April 9, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

The Contract shows compressed air for drilling (7300 ft. at $0.70/ft.) under Actual Costs.

Boyles Brothers billing for March does not show the $0.70/ft. for air.

I am passing the March voucher for the Operator in which he has included compressed air at $0.70/ft. for the actual amount of drilling claimed by Boyles Brothers.

It appears to me that the air should be included as a Fixed Unit Cost rather than an Actual Cost.

Will you please advise.

Hugh M. Connors

cc: 2149 Contract Corres
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

March 18, 1963

Mr. Robert E. Rye
President
Rye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

Re: OME-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
Rye Molybdenum Mine
Gilpin County, Colorado

Dear Mr. Rye:

Attached is a memorandum to B. H. Clemmons, Research Director from W. W. Agey, Project Leader regarding the preliminary examination of two samples from the captioned property.

The Rye No. 1 was a grab sample from the mine dump where the vein material was stock-piled. The sample weighed 49 pounds. The Rye No. 2 was a grab sample from the mine dump containing the crosscut material. This sample weighed 43 pounds.

Both samples are true grab samples since they were taken in the snow storm and visibility was very poor.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Attachments
cc Mr. Charles E. Malbye
Consultant to Rye Metals, Inc.
2721 Lookout View Drive
P. O. Box 309
Golden, Colorado

Chief, Division of Field Operations, OME
Contract Corres. 2149
Chron
HMC/lm

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III

SALT LAKE CITY
METALLURGY RESEARCH CENTER

1600 EAST 1ST SOUTH STREET
SALT LAKE CITY 12, UTAH

OME
DEPARTMENT OF THE INTERIOR
MAR 15 1963
REGION III
DENVER, COLORADO

March 14, 1963

Memorandum

To: Hugh M. Connors, Acting Field Officer, Office of Minerals Exploration, Region III, Denver, Colo.

From: Research Director, Salt Lake City Metallurgy Research Center, Region III

Subject: Nye molybdenum prospect, Gilpin County, Colo.

The attached memorandum summarizes the results of a cursory examination of the samples from the subject property that you furnished us some time ago. There seems to be no particular problem in beneficiating the vein material. The low-grade material was not examined as it contained a submarginal molybdenum content.

In the event the property development progresses to a point that commercial utilization seems possible, we may want to make a more extensive examination of whatever is deemed average ore. Meanwhile, extensive work at this time does not seem indicated.

B H Clemmons
B. H. Clemmons

Enclosure

cc: Robert W. Geehan
D. O. Kennedy

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III

Salt Lake City
Metallurgy Research Center

1600 East 1st South Street
Salt Lake City 12, Utah

March 5, 1963

Memorandum

To: B. H. Clemmons, Research Director

From: W. W. Agey, Project Leader

Subject: Preliminary examination of two molybdenite samples from Nye Metals, Inc., (Nye molybdenum mine), Gilpin County, Colo.

We have completed preliminary microscopic and flotation studies on samples of vein material and "country rock" material from the Nye molybdenum mine, Gilpin County, Colo. The samples were submitted by Hugh M. Connors, Acting Field Officer, OME, Bureau of Mines, Region III, with the request that we examine the samples for galena. The results of the studies are discussed in the following paragraphs.

Sample descriptions were vague. Nye No. 1 sample was described as "vein material high in MoS_2 content," while Nye Nos 2 was described as "a like weight of wall rock with lesser MoS_2 mineralization." Partial chemical analyses are as follows:

Sample	Assay, percent			
	MoS_2	Fe	Pb	Insol.
Nye No. 1	2.84	2.1	<0.01	89.8
Nye No. 2	.11	3.7	< .01	88.9

Microscopic examination disclosed that the same minerals were present in each sample, but in different amounts. In Nye No. 1, the sample of vein material, molybdenite was associated with quartz and calcite, the chief gangue minerals, and small amounts of pyrite and oligoclase feldspar. Nye No. 2 contained a small amount of molybdenite with quartz and oligoclase feldspar as the major impurities. Nye No. 2 also contained minor amounts of calcite, chlorite, biotite, and pyrite. Galena could not be identified in either of the samples. Spectrographic and chemical analyses revealed the presence of lead in trace amounts.

Two molybdenite flotation tests were made to determine the amount of lead that might be expected in a high-grade molybdenite concentrate and also to determine the amenability of the ore to flotation concentration. The vein material was selected for the flotation tests, which were similar except for the frother used in cleaning the rougher concentrates. Pine oil, used for roughing, also was used in cleaning the first rougher concentrate, whereas Dowfroth was used in the cleaning step to the second test. In each test a representative portion of the vein material was wet ground at 50 percent solids in an iron ball mill with Salt Lake City tap water. A single-pass grind for 10 minutes gave a product containing approximately 5 percent of the material plus 100-mesh for flotation of the molybdenite. The pulp, after dilution to 23 percent solids, was conditioned for 5 minutes with pine oil and fuel oil, and a molybdenite rougher concentrate then was floated. The molybdenite rougher concentrate was cleaned after conditioning 1 minute with additional pine oil or Dowfroth. The results of the flotation test with pine oil in the cleaner are summarized in table 1.

TABLE 1. - Flotation of molybdenite from Nye No. 1 vein ore

Product	Weight-percent	Assay, pct				Distribution, MoS_2, pct
		MoS_2	Fe	Pb	Insol.	
Molybdenite cleaner concentrate	3.8	67.8	1.4	0.04	28.8	94.0
Cleaner tailing	.8	8.7				2.6
Rougher tailing	95.4	.1				3.4
Calculated heads	100.0	2.74				100.0

Reagent Schedule

Reagents	Rougher conditioning, lb/ton of feed	Cleaner conditioning, lb/ton of feed
Pine oil	0.06	0.06
Fuel oil	.06	
pH	7.3	

As indicated by the data in table 1, flotation recovered 94.0 percent of the molybdenite in a cleaner concentrate that assayed 67.8 percent MoS_2, 1.4 percent Fe, 0.04 percent Pb, and 28.8 percent insoluble. The lead content of the cleaned concentrate was so low that no attempt was made to identify the lead mineral by microscopic examination. However, microscopic examination did show that the large amount of insoluble material in the cleaned concentrate was present as middling grains of quartz and molybdenite. Regrinding the rougher concentrate through 325-mesh should liberate the molybdenite, and should produce a cleaner concentrate of acceptable grade. Microscopic examination of the plus 100-mesh fraction of the rougher tailing revealed the presence of numerous large flakes of molybdenite that accounted for the 0.1 percent MoS_2 assay in the rougher tailing. Finer grinding and additional collector should result in a lower tailing assay.

Although none of the products from the test with Dowfroth were assayed, examination indicated that most of the middling material was rejected in the cleaner tailing with the result of a higher grade molybdenite concentrate.

Please advise if you feel that further testing is required for these samples.

Original signed by

W. W. Agey

cc B. H. Clemmons
W. W. Agey
Hugh M. Connors, OME, Denver
R. W. Geehan, Denver
D. O. Kennedy

Building 20 - Federal Center
Denver 25, Colorado

March 7, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Attached are the Government's, Fiscal Section's, and Audit Section's copies of the new Page 1 to the subject contract showing that the rate of interest shall be 6 percent and which have been initialed by Robert Nye and the Director.

Original signed by

Hugh M. Connors

Attachments
cc OME-6231
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

March 4, 1963

Mr. Robert E. Rye
Rye Metals, Inc.
Blackhawk, Colorado

Re: OME-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

Enclosed are the original and four copies of a new Page One of the captioned Contract with the inserted interest rate initialed by the Director.

Will you please initial all copies, retain the Operator's copy, and return the others to this office.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

cc Mr. Charles E. Melbye
Consultant to Rye Metals, Inc.
2721 Lookout View Drive
P. O. Box 309
Golden, Colorado

Chief, Division of Field Operations, OME
Contract Corres. 2149
Chron
HMC/lm

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

OME
DEPARTMENT OF THE INTERIOR
MAR 4 1963
REGION III
DENVER, COLORADO

FEB 27 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

With reference to the Director's letter of February 14, 1963, it has been decided to replace Page 1 of the contract with the interest rate inserted in lieu of an amendment to correct this discrepancy.

Enclosed are the original and five copies of the page with the inserted interest rate initialed by the Director. Please forward them to the Operator and request him to also initial the copies. The Operator may retain its copy and forward the others to you for the usual distribution.

George C. Selfridge.

Enclosures

P.S. With reference to your memorandum of February 12 and the Operator's request for an amendment to permit transfer of funds from Stage I to Stages II and III if necessary, we do not consider such an amendment appropriate at this time.

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

FEB 27 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

With reference to the Director's letter of February 14, 1963, it has been decided to replace Page 1 of the contract with the interest rate inserted in lieu of an amendment to correct this discrepancy.

Enclosed are the original and five copies of the page with the inserted interest rate initialed by the Director. Please forward them to the Operator and request him to also initial the copies. The Operator may retain its copy and forward the others to you for the usual distribution.

George C. Selfridge

Enclosures

P.S. With reference to your memorandum of February 12 and the Operator's request for an amendment to permit transfer of funds from Stage I to Stages II and III if necessary, we do not consider such an amendment appropriate at this time.

Building 20 - Federal Center
Denver 25, Colorado

March 1, 1963

Mr. Robert E. Rye
Rye Metals, Inc.
Blackhawk, Colorado

Re: OME-4231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
Rye Molybdenum Mine
Gilpin County, Colorado

Dear Mr. Rye:

On January 28, 1963 you delivered one set of the Geochem Analyses on the captioned property to this office. The entire set was forwarded the Washington Office, OME.

It is necessary that complete files on all contracts be kept in both Washington and this office.

Please forward this office one complete set of the Geochem Analyses for our file.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

cc Mr. Charles E. Mallye
Consultant to Rye Metals, Inc.
2721 Lookout View Drive
P. O. Box 309
Golden, Colorado

Chief, Division of Field Operations, OME
Contract Corres. 2149
Chron
HMC/lm

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

OME
DEPARTMENT OF THE INTERIOR
FEB 25 1963
REGION III
DENVER, COLORADO

AIRMAIL

FEB 20 1963

Mr. Robert E. Nye
President
Nye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

Re: OMX-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

With reference to our letter of February 14, 1963, we plan to issue a news release concerning the amended contract on March 6, 1963, unless we hear to the contrary from you prior to that date.

Sincerely yours,

George Fumich, Jr.

Director

FMMurphy/mm
2/20/63
cc: Director's Reading File
Region III (2)
Docket

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

OME
DEPARTMENT OF THE INTERIOR
FEB 25 1963
REGION III
DENVER, COLORADO

FEB 20 1963

AIRMAIL

Mr. Robert E. Nye
President
Nye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

Re: OME-4231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Amended Contract 2149

Dear Mr. Nye:

With reference to our letter of February 14, 1963, we plan to issue a news release concerning the amended contract on March 6, 1963, unless we hear to the contrary from you prior to that date.

Sincerely yours,

George Fumich, Jr.
Director

FMMurphy/mm
2/20/63
cc: Director's Reading File
Region III (2)
Docket

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

OME
DEPARTMENT OF THE INTERIOR
FEB 18 1963
REGION III
DENVER, COLORADO

FEB 14 1963

Mr. Robert E. Nye
President
Nye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149 (Amended)

Dear Mr. Nye:

With reference to your letter of February 7, 1963, this office does not plan to issue a news release concerning the amended contract, at least not until it is approved by you.

With regard to our oversight in not inserting the interest rate in Article 1(c) of the amended contract, we will prepare an amendment to correct this omission. The interest rate will be the same 6 percent as in the original contract.

Sincerely yours,

Director

FMMurphy/mm
2/13/63
cc: Director's Reading File
Region III (2)
Docket

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

OME
DEPARTMENT OF THE INTERIOR
FEB 18 1963
REGION III
DENVER, COLORADO

FEB 14 1963

Mr. Robert E. Nye
President
Nye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149 (Amended)

Dear Mr. Nye:

With reference to your letter of February 7, 1963, this office does not plan to issue a news release concerning the amended contract, at least not until it is approved by you.

With regard to our oversight in not inserting the interest rate in Article 1(c) of the amended contract, we will prepare an amendment to correct this omission. The interest rate will be the same 6 percent as in the original contract.

Sincerely yours,

Director

FMMurphy/mm
2/13/63
cc: Director's Reading File
Region III (2)
Docket

Building 20 - Federal Center
Denver 25, Colorado

February 12, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Attached are the original and one copy of a letter from the subject Applicant's consultant requesting an amendment to the amended contract to permit the transfer of funds from Stage I to Stages II and III if necessary.

It appears to me that the Operator is insurance minded. I see no other reason why this matter should come up at this time unless he thinks that Climax may cease to do the assaying without charge and there will be a large amount of assaying in Stage II and III.

If you believe this matter to be important, will you prepare the amendment.

Original signed by

Hugh M. Connors

Attachments
cc Contract Dorres. 2149
Chron
HMC/lm

February 7, 1963

Mr. Hugh M. Connors, Acting Field Officer
OME, Region III
Building 20, Federal Center
Denver, Colorado

Re: AMENDED EXPLORATION CONTRACT
Nye Metals, Inc.
OME-6231
Contract No. 2149
Gilpin County, Colorado

Dear Mr. Connors:

We are now at the completion of Stage I work except for various unneeded expenditures which have left a surplus of $3,909.30. Since our understanding is that this unused money cannot be applied against other items, such as drifting, we are requesting an amendment to the contract to permit the unused items to be used on Stages II and III, if necessary.

The excess amounts are as follows:

Timbering	230 feet @ $8	$1,840.00
Cementing and redrilling, or reaming and casing drill holes	20 hrs. @ $10	200.00
Assays for molybdenum	279 @ $5	1,395.00
	TOTAL	$3,435.00

Your consideration of this request will be appreciated.

Sincerely,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am

Building 20 - Federal Center
Denver 25, Colorado

February 11, 1963

AIRMAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, GME
Washington 25, D. C.

From: Acting Field Officer, GME, Region III

Subject: GME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Attached are the Government's, Audit's, and Fiscal Section's executed copies of the amended exploration contract, together with an important letter from Mr. Rye and my reply to him.

When you answer Mr. Rye's letter, please forward this office a copy for our files.

Original signed by

Hugh M. Connors

Attachments
cc Contract Corres 2149
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

February 11, 1963

AIRMAIL

Mr. Robert E. Rye, President
Rye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

Re: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

This will acknowledge receipt of your letter dated February 7, 1963 and the executed copies of the captioned amended exploration contract.

I am forwarding your letter to our Washington Office for their consideration and reply to you.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

cc Chief, Division of Field Operations, OME
Contract Corres 2149
Chron
HMC/lm

NYE METALS INC.

February 7, 1963

OME
DEPARTMENT OF THE INTERIOR
FEB 8 1963
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors
Acting Field Officer
O.M.E. Region 111
United States Dept. of Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Dear Mr. Connors:

We return with this letter the properly executed amended Exploration Contract - O.M.E. - 6231, contract 2149 between your agency and this company.

It is noted that no interest rate was included in the amended contract.

We recognize that it is a policy of your department to issue news releases concerning exploration contracts entered into by your department. If this is your policy, we would suggest that the release be issued by both a Senator from Colorado and a Senator from Indiana, and request that the release not be issued until after March 5, 1963 so that the resultant publicity will not affect certain transactions in which the corporation is involved.

We certainly appreciate your cooperation in aiding us in obtaining this contract.

Sincerely,

NYE METALS, INC.

Robert E. Nye

Robert E. Nye
President

REN/ml

Encl.

Building 20 - Federal Center
Denver 25, Colorado

January 28, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6831 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado
GEOCHEM ANALYSES

Under separate cover I am forwarding you Geochem Analyses of the subject property which were made by the Bear Creek Mining Company at no cost to the Operator.

The Analyses consists of the following:

1. Ppm Mo In Soil
2. Ppm Mo In Rock
3. Silicification
4. Ppm Cu In Soil
5. Ppm Cu In Rock
6. Surface Geology
7. Pit Locations
8. Weak Argillic Alteration
9. Sample Types
10. Sample Numbers
11. Ppm Zn In Soil
12. Ppm Zn In Rock
13. MnO_2 On Surface And Dumps
14. Iron Staining
15. Weak Pyritic Alteration

Hugh M. Connors

cc Chief, Division of Field Operations
copy with Geochem Analyses
Contract Corres. 2149
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

Mr. Robert E. Nye
President
Nye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

January 28, 1963

Mr. Charles E. Nelbye
Consultant to Nye Metals, Inc.

Re: AMENDED EXPLORATION CONTRACT
OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Nye ~~Nelbye~~:

Attached are the Government's, Operator's, Fiscal Section's, Audit's, and Field Office's copies of ~~the subject amended~~ proposed Amendment No. 1 to the subject amended exploration contract.

If the ~~amended contract~~ proposed amendment is suitable to you, (you should sign) all five copies, retain the operator's copy, and ~~should be signed by Mr. Nye, who should retain his copy and~~ return the remaining signed copies to this office.

If any part of this proposed ~~amended contract~~ amendment does not have your approval, the original and all copies should be returned to this office together with the proposed changes for consideration.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Attachments

cc Chief, Division of Field Operations, OME
Contract Corres. 2149
Chron
HMC/lm

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

OME
DEPARTMENT OF THE INTERIOR
JAN 28 1963
REGION III
DENVER, COLORADO

Memorandum

JAN 23 1963

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

With reference to your memorandum of December 10, 1962, we are enclosing the original and four copies of a proposed amended contract. It consists of the MME Form 50 with pages 7 and 8 added, Annex I (7 pages), Annex II (1 page), Exhibit A (10 pages), Exhibit B (3 pages), and 3 maps. All copies have been signed by the Director for the Government. An extra copy of MME Form 50 with Annex I and Annex II, Exhibit A and Exhibit B, and 3 maps is also enclosed for your use.

If the amended contract is suitable to you and the Operator, all five copies should be signed by the Operator. The Operator should retain his copy, you should retain the Field Office's copy, and the Government's, Audit's, and Fiscal Section's copies should be returned to this office.

If any part of the proposed amended contract does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies should be returned to this office together with the proposed changes for consideration.

George C. Selfridge

Enclosures

OME
DEPARTMENT OF THE INTERIOR

JAN 28 1963
REGION III
DENVER, COLORADO

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

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

With reference to your memorandum of December 10, 1962, we are enclosing the original and four copies of a proposed amended contract. It consists of the MME Form 50 with pages 7 and 8 added, Annex I (7 pages), Annex II (1 page), Exhibit A (10 pages), Exhibit B (3 pages), and 3 maps. All copies have been signed by the Director for the Government. An extra copy of MME Form 50 with Annex I and Annex II, Exhibit A and Exhibit B, and 3 maps is also enclosed for your use.

If the amended contract is suitable to you and the Operator, all five copies should be signed by the Operator. The Operator should retain his copy, you should retain the Field Office's copy, and the Government's, Audit's, and Fiscal Section's copies should be returned to this office.

If any part of the proposed amended contract does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies should be returned to this office together with the proposed changes for consideration.

George C. Selfridge

Enclosures

Building 20 - Federal Center
Denver 25, Colorado

January 22, 1963

Memorandum

To: Ballard H. Clemmons, Research Director
Salt Lake City Metallurgy Research Center, Region III
1600 East 1st So. St.
Salt Lake City 12, Utah

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Mr. Robert Gaston told me that he had discussed the Rye Molybdenum Mine with you and that you had expressed your desire to have a sample of the vein material and a sample of the wall rock.

I obtained these samples on my last inspection of the property and they were shipped to you via FEX on Government Bill of Lading No. A 027764 copies of which are attached.

Original signed by

Hugh M. Connors

Attachments
cc Chief, Division of Field Operations, OME
Regional Director, Bureau of Mines, Reg. III
Mineral Resources

Contract Corres 2149 ✓
Chron
HMC/lm

STRATEGIC MINERAL PROJECT

Information supplied the Metallurgical Division
regarding samples submitted

Date January 20, 1963

Name and Location of property: Rye Molybdenum Mine

OMB Contract 2149 Gilpin County, Colorado

Sample identification number: Rye No. 1 and Rye No. 2

Number of samples in shipment (estimated if necessary): Two

General nature of ore (type, minerals present, etc.):

Rye No. 1 contains about 50 pounds of vein material high in MoS_2 content.
Rye No. 2 contains a like weight of wall rock with lesser MoS_2 mineralization.

Analyses or assays required:

These samples are being shipped to you at the request of Mr. Robert Carlson who has discussed the Rye mine and these samples with you.

Other tests desired:

I understand that small amounts of galena are deleterious and hard to separate from the moly concentrate and Climax has been working on this problem for a long time. Do these samples contain any galena?

Name and address of
Project Engineer

Ralph M. Connors
Acting Field Officer, OMB, Region III
Bldg. 20, Denver Federal Center
Denver, 25, Colorado

7353
Shipped via PIE on
GBL No. A 0277434

Robert Director, Rolla Lab.
Chief, Division of Field Operations, OMB
Regional Director, Bureau of Mines, Reg. III
Regional Director, Bureau of Mines, Reg. IV
Director, Bureau of Mines, Denver, Colorado

Building 20 - Federal Center
Denver 25, Colorado

January 18, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

This has further reference to your memorandum dated December 31, 1962 on the subject contract.

On January 17, 1963 I made the monthly inspection of this property in the company of Charles Melbye, Geologist. Mr. Melbye agreed to take samples in the missing sections to complete a more usable assay map.

The north heading on the Indiana vein is now through a fault zone and will be turned to the east to pick up the vein. The south heading on the Indianapolis vein shows a well-defined highly mineralized vein four feet wide with three distinct parallel shears of high-grade molybdenum. The wall rock in this area shows some mineralization.

The Operator will complete all of the drifting allowed in the contract by the end of January 1963. All of the diamond drilling allowed under the contract has now been completed and the assays should be cut by the end of this month.

Hugh M. Connors

HMC/lm
cc Contract Corres 2149
Chron

Building 20, Federal Center
Denver 25, Colorado

January 15, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

This responds in part to your memorandum of December 31, 1962 on the subject contract. I have the Operator's December voucher and have been trying to set a date for the field inspection when either Nye or Melbye could be on the property. Nye has been in Indiana since before Christmas and Melbye is the busiest consulting geologist I know. He returned from the State of Washington last night at midnight and I have set a date for Thursday, January 17, to meet him at the Nye Mine.

In my opinion, the main thing that is wrong with this operation to date, is the lack of proper day to day supervision. This lack of supervision is reflected in the poor job of sampling to date. In the past if Nye was at the property, he would cut the samples and if Melbye was on the property, he would cut the samples. When neither Melbye, nor Nye, were present, no samples were taken.

I have discussed with Melbye by telephone this lack of systematic sampling and he has promised that in his absence, or the absence of Nye, the shift boss will cut the samples.

Hugh M. Connors

cc Contract Corres 2149
Chron
HMC/lm

February 7, 1963

Mr. Hugh M. Connors, Acting Field Officer
OME, Region III
Building 20, Federal Center
Denver, Colorado

Re: AMENDED EXPLORATION CONTRACT
Nye Metals, Inc.
OME-6231
Contract No. 2149
Gilpin County, Colorado

Dear Mr. Connors:

We are now at the completion of Stage I work except for various unneeded expenditures which have left a surplus of $3,909.30. Since our understanding is that this unused money cannot be applied against other items, such as drifting, we are requesting an amendment to the contract to permit the unused items to be used on Stages II and III, if necessary.

The excess amounts are as follows:

Timbering	230 feet @ $8	$1,840.00
Cementing and redrilling, or reaming and casing drill holes	20 hrs. @ $10	200.00
Assays for molybdenum	279 @ $5	1,395.00
	TOTAL	$3,435.00

Your consideration of this request will be appreciated.

Sincerely,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am

Building 20 - Federal Center
Denver 25, Colorado

February 11, 1963

AIRMAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Attached are the Government's, Audit's, and Fiscal Section's executed copies of the amended exploration contract, together with an important letter from Mr. Rye and my reply to him.

When you answer Mr. Rye's letter, please forward this office a copy for our files.

Original signed by

Hugh M. Connors

Attachments
cc Contract Corres 2149
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

February 11, 1963

AIRMAIL

Mr. Robert E. Rye, President
Rye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

Re: OME-6931 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

This will acknowledge receipt of your letter dated February 7, 1963 and the executed copies of the captioned amended exploration contract.

I am forwarding your letter to our Washington Office for their consideration and reply to you.

Yours very truly,

Original signed by

Hugh M. Commors
Acting Field Officer, OME
Region III

cc Cheif, Division of Field Operations, OME
Contract Corres 2149
Chron
HMC/lm

NYE METALS INC.

February 7, 1963

OME
DEPARTMENT OF THE INTERIOR
FEB 8 1963
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors
Acting Field Officer
O.M.E. Region 111
United States Dept. of Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Dear Mr. Connors:

We return with this letter the properly executed amended Exploration Contract - O.M.E. - 6231, contract 2149 between your agency and this company.

It is noted that no interest rate was included in the amended contract.

We recognize that it is a policy of your department to issue news releases concerning exploration contracts entered into by your department. If this is your policy, we would suggest that the release be issued by both a Senator from Colorado and a Senator from Indiana, and request that the release not be issued until after March 5, 1963 so that the resultant publicity will not affect certain transactions in which the corporation is involved.

We certainly appreciate your cooperation in aiding us in obtaining this contract.

Sincerely,

NYE METALS, INC.

Robert E. Nye

Robert E. Nye
President

REN/ml

Encl.

Building 20 - Federal Center
Denver 25, Colorado

January 28, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6831 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado
GEOCHEM ANALYSES

Under separate cover I am forwarding you Geochem Analyses of the subject property which were made by the Bear Creek Mining Company at no cost to the Operator.

The Analyses consists of the following:

1. Ppm Mo In Soil
2. Ppm Mo In Rock
3. Silicification
4. Ppm Cu In Soil
5. Ppm Cu In Rock
6. Surface Geology
7. Pit Locations
8. Weak Argillic Alteration
9. Sample Types
10. Sample Numbers
11. Ppm Zn In Soil
12. Ppm Zn In Rock
13. MnO_2 On Surface And Dumps
14. Iron Staining
15. Weak Pyritic Alteration

Hugh M. Connors

cc Chief, Division of Field Operations
copy with Geochem Analyses
Contract Corres. 2149
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

Mr. Robert E. Nye
President
Nye Metals, Inc.
Room 711, Merchants Bank Bldg.
Indianapolis, Indiana

January 28, 1963

Mr. ~~Charles E. Nelbye~~
~~Consultant~~ to Nye Metals, Inc.

Re: ~~ANNUAL EXPLORATION CONTRACT~~
~~OME-6231 (Molybdenum)~~
~~Contract 2149~~
~~Nye Metals, Inc.~~
~~(Nye Molybdenum Mine)~~
~~Gilpin County, Colorado~~

Dear Mr. ~~Nelbye~~ Nye:

Attached are the Government's, Operator's, Fiscal Section's, Audit's, and Field Office's copies of ~~the subject annual~~ amended exploration contract.

If the ~~amended contract~~ proposed amendment is suitable to you, ~~all five copies should be signed by Mr. Nye, who should retain his copy and~~ (you should sign) ... retain the operator's copy, and return the remaining signed copies to this office.

If any part of this proposed ~~annual contract~~ amendment does not have your approval, the original and all copies should be returned to this office together with the proposed changes for consideration.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Attachments

cc Chief, Division of Field Operations, OME
Contract Corres. 2149
Chron
HMC/lm

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

OME
DEPARTMENT OF THE INTERIOR
JAN 28 1963
REGION III
DENVER, COLORADO

Memorandum

JAN 23 1963

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

With reference to your memorandum of December 10, 1962, we are enclosing the original and four copies of a proposed amended contract. It consists of the MME Form 50 with pages 7 and 8 added, Annex I (7 pages), Annex II (1 page), Exhibit A (10 pages), Exhibit B (3 pages), and 3 maps. All copies have been signed by the Director for the Government. An extra copy of MME Form 50 with Annex I and Annex II, Exhibit A and Exhibit B, and 3 maps is also enclosed for your use.

If the amended contract is suitable to you and the Operator, all five copies should be signed by the Operator. The Operator should retain his copy, you should retain the Field Office's copy, and the Government's, Audit's, and Fiscal Section's copies should be returned to this office.

If any part of the proposed amended contract does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies should be returned to this office together with the proposed changes for consideration.

George C. Selfridge

Enclosures

OME
DEPARTMENT OF THE INTERIOR

JAN 28 1963
REGION III
DENVER, COLORADO

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

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

With reference to your memorandum of December 10, 1962, we are enclosing the original and four copies of a proposed amended contract. It consists of the MME Form 50 with pages 7 and 8 added, Annex I (7 pages), Annex II (1 page), Exhibit A (10 pages), Exhibit B (3 pages), and 3 maps. All copies have been signed by the Director for the Government. An extra copy of MME Form 50 with Annex I and Annex II, Exhibit A and Exhibit B, and 3 maps is also enclosed for your use.

If the amended contract is suitable to you and the Operator, all five copies should be signed by the Operator. The Operator should retain his copy, you should retain the Field Office's copy, and the Government's, Audit's, and Fiscal Section's copies should be returned to this office.

If any part of the proposed amended contract does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies should be returned to this office together with the proposed changes for consideration.

George C. Selfridge

Enclosures

Building 20 - Federal Center
Denver 25, Colorado

January 22, 1963

Memorandum

To: Ballard E. Clemmons, Research Director
Salt Lake City Metallurgy Research Center, Region III
1600 East 1st So. St.
Salt Lake City 12, Utah

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Mr. Robert Gaston told me that he had discussed the Rye Molybdenum Mine with you and that you had expressed your desire to have a sample of the vein material and a sample of the wall rock.

I obtained these samples on my last inspection of the property and they were shipped to you via PIE on Government Bill of Lading No. A 027764 copies of which are attached.

Original signed by

Hugh M. Connors

Attachments
cc Chief, Division of Field Operations, OME
Regional Director, Bureau of Mines, Reg. III
Mineral Resources

Contract Corres 2149 ✓
Chron
HMC/lm

STRATEGIC MINERAL PROJECT

Information supplied the Metallurgical Division
regarding samples submitted

Date January 10, 1953

Name and Location of property: Rye Molybdenum Mine

OMR Contract 8149 Gilpin County, Colorado

Sample identification number: Rye No. 1 and Rye No. 2

Number of samples in shipment (estimated if necessary): Two

General nature of ore (type, minerals present, etc.):

Rye No. 1 contains about 50 pounds of vein material high in MoS_2 content.
Rye No. 2 contains a like weight of wall rock with lesser MoS_2 mineralization.

Analyses or assays required:

These samples are being shipped to you at the request of Mr. Robert Cochen who has discussed the Rye mine and these samples with you.

Other tests desired:

I understand that small amounts of galena are deleterious and hard to separate from the moly concentrate and Climax has been working on this problem for a long time. Do these samples contain any galena?

Name and address of
Project Engineer

Ralph M. Connors
Acting Field Officer, OMR, Region III
Bldg. 20, Denver Federal Center
Denver, 25, Colorado

Assistant Director, Field Operations, OMR
Chief, Division of Field Operations, OMR
Regional Director, Bureau of Mines, Reg. III
Director, Pacific Coast Field Station, Reno, Nevada

7353
Shipped via PIE on
CEL No. A 027743

2 lm

Building 20 - Federal Center
Denver 25, Colorado

January 18, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

This has further reference to your memorandum dated December 31, 1962 on the subject contract.

On January 17, 1963 I made the monthly inspection of this property in the company of Charles Melbye, Geologist. Mr. Melbye agreed to take samples in the missing sections to complete a more usable assay map.

The north heading on the Indiana vein is now through a fault zone and will be turned to the east to pick up the vein. The south heading on the Indianapolis vein shows a well-defined highly mineralized vein four feet wide with three distinct parallel shears of high-grade molybdenum. The wall rock in this area shows some mineralization.

The Operator will complete all of the drifting allowed in the contract by the end of January 1963. All of the diamond drilling allowed under the contract has now been completed and the assays should be out by the end of this month.

Hugh M. Connors

HMC/lm
cc Contract Corres 2149
Chron

Building 20, Federal Center
Denver 25, Colorado

January 15, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

This responds in part to your memorandum of December 31, 1962 on the subject contract. I have the Operator's December voucher and have been trying to set a date for the field inspection when either Nye or Melbye could be on the property. Nye has been in Indiana since before Christmas and Melbye is the busiest consulting geologist I know. He returned from the State of Washington last night at midnight and I have set a date for Thursday, January 17, to meet him at the Nye Mine.

In my opinion, the main thing that is wrong with this operation to date, is the lack of proper day to day supervision. This lack of supervision is reflected in the poor job of sampling to date. In the past if Nye was at the property, he would cut the samples and if Melbye was on the property, he would cut the samples. When neither Melbye, nor Nye, were present, no samples were taken.

I have discussed with Melbye by telephone this lack of systematic sampling and he has promised that in his absence, or the absence of Nye, the shift boss will cut the samples.

Hugh M. Connors

cc Contract Corres 2149
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

January 2, 1963

AIRMAIL

To: George C. Selfridge, Chief
Division of Field Operations, GSE
Washington 25, D. C.

From: Acting Field Officer, GSE, Region III

Subject: GSE-6251 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Attached is the last and lowest drilling bid to be submitted on the subject application.

Also attached is a map showing the Arlington claim and the Jumbo claim. These claims are located about one mile north of the project area and should be eliminated from the contract.

Original signed by
T. M. Rosalo

T. M. Rosalo

Attachments

TMR/lm
cc Contract Corres. 2149
Chron

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

OME
DEPARTMENT OF THE INTERIOR
DEC 31 1962
REGION III
DENVER, COLORADO

DEC 28 1962

AIRMAIL

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

With reference to your letter of December 19, 1962, to Mr. Robert E. Nye, president of Nye Metals, Inc., a further check of the claims shows the Arlington claim listed in Annex I of the subject contract. There were various discrepancies in the names of the claims listed in the request for additional work when compared with Annex I of the subject contract and the claim map. However, we will use the names listed in Annex I with the addition of the Beatrice No. 3 and the Dan Nos. 1 through 30 claims, and will also add the Golden Chief (12627A) claim as it was spelled "Golden Cliff" in the contract, whereas it is spelled "Golden Chief" on the map.

As mentioned by Mr. Johnson in a recent telephone conversation with you, we will amend the subject contract to include the new work (since it covers independent contracts); therefore, it will be a complete new amended contract, carrying the subject docket and contract numbers.

Please expedite the drill bids for the new work.

George C. Selfridge.
1/2/62

Buck
Talked with Melbye morning of 1/2/62.
He said 4th bid is in the mail to this office
and that the claim map mentioned in his letter
enclosing the 3rd bid will be sent to me this fm.

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

DEC 28 1962

AIRMAIL

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

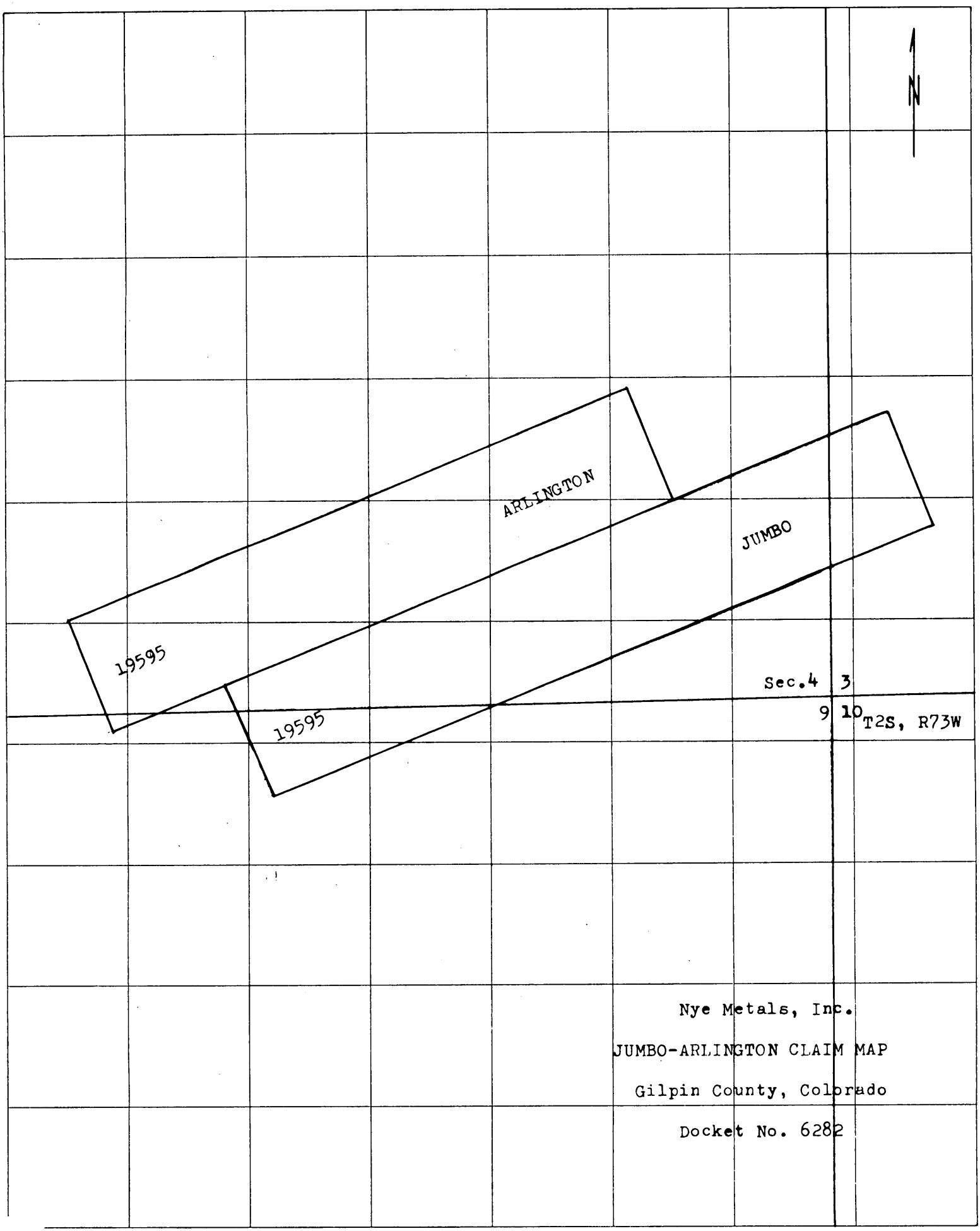
Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

With reference to your letter of December 19, 1962, to Mr. Robert E. Nye, president of Nye Metals, Inc., a further check of the claims shows the Arlington claim listed in Annex I of the subject contract. There were various discrepancies in the names of the claims listed in the request for additional work when compared with Annex I of the subject contract and the claim map. However, we will use the names listed in Annex I with the addition of the Beatrice No. 3 and the Dan Nos. 1 through 30 claims, and will also add the Golden Chief (12627A) claim as it was spelled "Golden Cliff" in the contract, whereas it is spelled "Golden Chief" on the map.

As mentioned by Mr. Johnson in a recent telephone conversation with you, we will amend the subject contract to include the new work (since it covers independent contracts); therefore, it will be a complete new amended contract, carrying the subject docket and contract numbers.

Please expedite the drill bids for the new work.

George C. Selfridge



Nye Metals, Inc.

JUMBO-ARLINGTON CLAIM MAP

Gilpin County, Colorado

Docket No. 6282

K+E ALBANENE 195M ® TRACING PAPER 46130

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Boyles Bros.
DRILLING COMPANY
CONTRACTORS-ENGINEERS-GEOLOGISTS
2960 W. 7th Avenue
DENVER 4, COLORADO
Phones: ALpine 5-9244
ALpine 5-0855

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY 10, UTAH
HUnter 7-7595

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

December 28, 1962

COPY

Nye Metals, Inc.
Black Hawk
Colorado

Attention: Mr. Charles Melbye
Box 309
Golden, Colorado

Dear Sir:

For your consideration, we submit the following schedule of charges which will apply to your proposed drilling program of 35,000 linier feet of hole on the Nye Metals property at Apex, Colorado.

#1 Underground Drilling:

Mobilization — No charge

A. Drilling: Coring — Sizes

	NX	BX	AX
0 to 500 feet	$4.15	$3.80	$3.60
500 to 750 feet		4.05	3.80
750 to 1000 feet		4.60	4.40

B. Cementing and drilling cement, plus cost of cement or cement substitutes — per hr. $8.50

C. Reaming for and casing hole — per hr. 8.50

D. Surveying and standby time as requested by Nye Metals — per hr. 8.50

E. Core boxes, if requested, at our cost at job site.

F. Compressed air - furnished by Boyles Bros. Drilling Co. — per linier foot drilled $0.70
Pipe line and housing for Compressor to be furnished by Nye Metals.

Drill cut outs of adequate size, timber for setup, dry room facilities, transportation of drilling equipment and engineering services to be furnished at no cost to Boyles Bros. Drilling Co.

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Boyles Bros. DRILLING COMPANY

CONTRACTORS - ENGINEERS - GEOLOGISTS

2960 W. 7th Avenue
DENVER 4, COLORADO
Phones: ALpine 5-9244
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General Offices and Plant
1624 Pioneer Road P. O. Box 58
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BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

COPY

Nye Metals, Inc.
Attention: Mr. Charles Melbye
December 28, 1962
Page two

#2 Surface Drilling:

Mobilization — No charge

A. Overburden cased — per linier foot — $5.70

B. Coring

Sizes	NX	BX	AX
Bedrock to 500 feet	$4.60	$4.00	$3.60
500 to 750 feet		4.20	4.00
750 to 1000 feet		4.60	4.60

C. Cementing and drilling cement, plus cost of cement or cement substitutes — per hr. — $8.50

D. Reaming for and setting casing — per hr. — 8.50

E. Surveying and standby as requested by Nye Metals — per hr. — 8.50

F. Core boxes - our cost at job site

G. Drill sites and roads to be prepared and maintained at no cost to Boyles Bros. Drilling Co.

These prices include the cost of hauling water for drilling, with the source of water supply to be arranged for at no cost to Boyles Bros. Drilling Co.

Thank you for calling on our Company. If you have any questions feel free to call us.

Very truly yours,

BOYLES BROS. DRILLING COMPANY

G. E. Lensch - District Manager

GEL:ml

no action taken
TMP

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

OME
DEPARTMENT OF THE INTERIOR
JAN 3 1963
REGION III
DENVER, COLORADO

AIR MAIL

Memorandum

DEC 3 1 1962

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

Our recent call to you concerning the new work proposed under the subject docket was based, in part, upon our analysis of the assays that had been submitted in the monthly vouchers through October. The weighted averages suggested that economic vein mining was not in the offing; and where higher grade vein samples were indicated, the accompanying wall rock samples assayed only a few hundredths percent MoS_2, suggesting that the wall rock did not carry sufficient molybdenite for mass-mining purposes.

The drifting north on the Indianapolis vein disclosed a 65-foot section immediately south of station T 34 averaging 0.437 percent MoS_2 over 5.2 feet. Between stations T 34 and T 35 there is a 51-foot section averaging 0.043 percent MoS_2 over 10-foot samples taken on the wall. Between stations T 35 and T 38 there is a 40-foot section averaging 0.040 percent over 10-foot wall sections and a 30-foot section averaging 0.010 percent MoS_2 over 6 feet, respectively. In the 65-foot section averaging 0.437 percent MoS_2, muck samples assayed 0.026 and 0.050 percent MoS_2. With the exception of one sample, the wall and composite samples do not indicate vein mining.

To the south on the Indianapolis vein, a 40-foot section on either side of station T 47 averages 0.441 percent MoS_2 over 4.8 feet. Here, also, the wall rock and composites are much lower than the vein samples.

On the original working of the Indiana vein there is a 203-foot section averaging 0.160 percent MoS_2 over 5.4 feet. Here again, wall rock sections or composites are low grade. The later crosscut and drift indicated little more. On either side of station T 45, there is a 100-foot section averaging 0.272 percent MoS_2 over 5.7 feet.

Throughout the sampling has not been too systematic; and if the skipped areas were considered too low grade or barren to sample, the over-all grade would be lower than indicated by the quoted sections.

The analysis of the recently received November voucher indicates a 49-foot section averaging 0.483 percent MoS_2 over 4.0 feet at the south end of the Indianapolis vein on either side of station T 49. A single footwall sample there assayed 0.051 percent MoS_2. A composite sample over 7.5 feet assayed 0.371 percent.

At the north end of the Indiana vein there is a 140-foot section largely north of station T 50 which averages 1.397 percent MoS_2 over 2.68 feet. There are no samples to indicate what the wall rock might run other than the composite M 581 which assayed 0.548 percent. Samples of the wall rock should systematically be taken here. This section is the only one that suggests that vein mining might ultimately be feasible. Throughout the exploration the company should take their samples systematically so that intelligent averages may be calculated. If the area does not warrant sampling, a notation should be made that it is barren or practically so.

George C. Selfridge.

Building 20 - Federal Center
Denver 25, Colorado

December 28, 1962

Mr. Robert E. Rye, President
Rye Metals, Inc.
Black Hawk, Colorado

Re: OMS-6231 (Molybdenum)
Amended Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

This constitutes approval to drill hole No. 5 as requested in Mr. Melbye's letter of December 27, 1962 with hole location as shown on the map which was attached.

Nothing in this work approval shall be construed to increase the total estimated cost of the project, the aggregate amount which the Government may be required to contribute, or the "Fixed Unit Cost" of any item of work.

Yours very truly,

T. H. Rumple
Acting Field Officer, OME
Region III

cc Mr. Charles E. Melbye
Consultant to Rye Metals, Inc.
8721 Lookout View Drive
P. O. Box 309
Golden, Colorado

Chief, Division of Field Operations, OME
w/original of Mr. Melbye's letter 12/27/62 and copy of the map

Contract Corres. 2149
Chron
THR/lm

December 27, 1962

OME
DEPARTMENT OF THE INTERIOR
DEC 28 1962
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors, Acting Field Officer
OME, Region III
Building 20, Federal Center
Denver, Colorado

Re: Nye Metals, Inc.
Docket No. 6231
Contract No. 2149
Gilpin County, Colorado

Dear Mr. Connors:

This letter constitutes our formal request for permission to drill Hole No. 5 at the location specified on the enclosed map.

Hole No. 5 will be drilled about due West from the South Indianapolis drift at a point about 450 feet south of the main tunnel. The area to be explored by this hole is one which shows anomalous geochemical concentrations of molybdenum on surface, based on soil sampling.

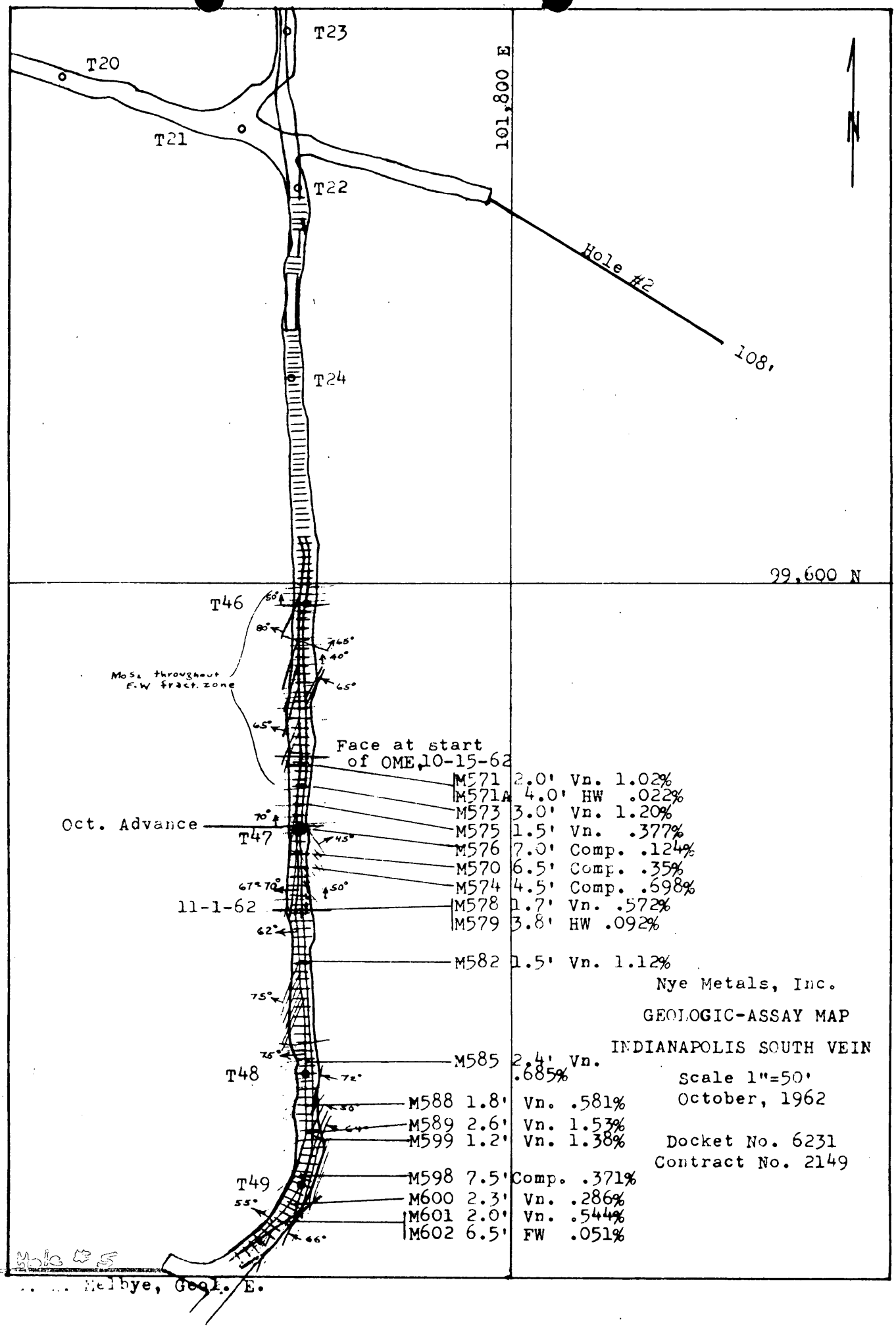
Your consideration of our request will be appreciated.

Sincerely,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am
cc: Nye Metals, Inc.


T23
T20
T21
101,800 E
T22
Hole #2
108,
T24
99,600 N
T46
MoS2 throughout E.W fract. zone
Face at start of OME 10-15-62
M571 2.0' Vn. 1.02%
M571A 4.0' HW .022%
M573 3.0' Vn. 1.20%
M575 1.5' Vn. .377%
M576 7.0' Comp. .124%
M570 6.5' Comp. .35%
M574 4.5' Comp. .698%
Oct. Advance
T47
11-1-62
M578 1.7' Vn. .572%
M579 3.8' HW .092%
M582 1.5' Vn. 1.12%
Nye Metals, Inc.
GEOLOGIC-ASSAY MAP
INDIANAPOLIS SOUTH VEIN
M585 2.4' Vn. .685%
T48
Scale 1"=50'
October, 1962
M588 1.8' Vn. .581%
M589 2.6' Vn. 1.53%
M599 1.2' Vn. 1.38%
Docket No. 6231
Contract No. 2149
T49
M598 7.5' Comp. .371%
M600 2.3' Vn. .286%
M601 2.0' Vn. .544%
M602 6.5' FW .051%
Hole #5
Melbye, Geol. E.

Building 20 - Federal Center
Denver 25, Colorado

December 26, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6282 (Molybdenum)
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Attached is Mr. Charles E. Malbye's letter of December 24, 1962, with a third drilling bid, in answer to my letter to Mr. Robert E. Rye, President, Rye Metals, Inc. dated December 19, 1962.

We will forward to you when received, the other drilling bid and map mentioned by Mr. Malbye.

Original signed by

T. M. Romalo

Attachments
cc OME-6282
Chron
TMR/lm

MINING - GEOLOGICAL - GEOPHYSICAL - ENGINEERS

December 24, 1962

OME
DEPARTMENT OF THE INTERIOR
DEC 26 1962
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors
Acting Field Officer, OME
Region III
Federal Center, Building 20
Denver 25, Colorado

Re: CMF-6282
Nye Metals, Inc.
Gilpin County, Colorado

Dear Mr. Connors:

In regard to the new application for OME assistance, I am enclosing another drilling bid. A fourth bid will also be submitted in the next few days and will be immediately submitted to you.

As far as I can determine, the Arlington claim is not mentioned in the application. However, this claim is owned by the company and is located north of the Josephine mine and out of the area to be explored. The day after Christmas I will pick up a plat from the Bureau of Land Management and forward you two copies of a map showing its location.

Sincerely,

Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc.

M/am

Longyear

E. J. LONGYEAR COMPANY
General Offices, 76 South 8th St.
Minneapolis 2, Minnesota, U. S. A.
TELEPHONE: FEDERAL 9-7631 • CABLE LONGCO

December 21, 1962

Nye Metals Inc.
2721 Lookout View Drive
P. O. Box 309
Golden, Colorado

Attention Mr. Charles E. Melbye

PROPOSED EXPLORATORY DRILLING PROGRAM VICINITY OF BLACK HAWK, COLORADO

Gentlemen:

1. In response to your recent request, we are pleased to submit below for your consideration our proposal for your contemplated exploratory drilling program from both surface and underground locations.

2. Surface drilling: We understand that the surface program as now planned will consist of a series of holes varying in inclination from minus 30 to minus 55 degrees, with a minimum aggregate footage of approximately 5,000 feet; that the formations to be drilled will consist of varying amounts of dacite porphyry, quartz-monzonite, gneiss, schist, and possibly molybdenum ore; that a minimum of AX-size core is desired; and that you will prepare all access roads and level all drill locations if necessary in order to make them accessible to truck transportation. We further understand that the water required for drilling operations will be available within a maximum distance of 2,000 feet of any proposed drill hole location.

Underground drilling: We understand that the work to be performed from underground locations will consist of a series of holes varying in inclination from horizontal to minus 45 degrees, with a minimum aggregate footage of approximately 9,000 feet; that a minimum of AX-size core is desired; and that the formations to be penetrated will be the same as those described above. It is also understood that you will prepare drill locations in advance, providing sufficient headroom and working space around the rig to permit efficient and safe operation of the equipment; that you will assist us in moving the equipment into the mine, from one location to another, and back to surface upon completion of the drilling; and that you will also provide at each location compressed air required for the drilling operation — all at no cost to the Longyear Company.

3. For this project we propose to furnish a minimum of one surface drill and one air-powered underground drill, together with the necessary accessory equipment, including cardboard core boxes, required to complete the work as now planned. We further propose to operate the drill, and/or drills, on a two 8-hour shifts per day, six days per week, basis.

4. We will carry [illegible] liability [illegible] to cover any personal injury and property damage, and workmen's compensation [illegible], and also [illegible]-size insurance

on the drilling equipment protecting against loss by theft, fire, flood, landslides and other similar hazards.

We will also assume and pay any and all Old Age Benefit, Unemployment and Social Security taxes and contributions imposed by federal or state authorities.

Certificates showing the coverage referred to will be furnished upon request.

5. Based upon the conditions as outlined above, and on information supplied by Mr. David Crotty subsequent to his visit to your property, we are pleased to quote as follows:

A. SURFACE DRILLING:

1) Mobilization and demobilization of personnel and drilling equipment.....$975.00 per rig

2) Overburden drilling in angle holes with minimum inclination of 30 degrees measured from the horizontal - 0 to 50 feet in depth.....$ 5.25 per ft.

3) Diamond core drilling in angle holes as specified above --

	NX Wire Line 1-3/4" Dia.Core	BX Wire Line 1-5/16"Dia.Core	AX Wire Lin 15/16"Dia.Cor
Top of Ledge to 500' in depth.....	$5.25 per ft.	$4.95 per ft.	$4.75 per ft
500 to 1000' in depth.....	--	5.30 per ft.	5.10 per ft

4) Reaming for casing, if and when required.....$ 1.95 per ft., plus full payment for casing lost or left in drill holes at your request.

5) Cementing, waiting for cement to set, and drilling out cement.....$ 11.50 per hour, plus cost of materials used.

6) Delays for your convenience or for which you are responsible.....$ 10.25 per hour

B. UNDERGROUND DRILLING:

1) Mobilization and demobilization of personnel and drilling equipment.....$760.00 per rig

2) Diamond core drilling in angle holes varying in inclination from a minus 5 degrees to a minus 45 degrees measured from the horizontal

	NX-Size Recovering Core approx. 2-1/8"	BX-Size Recovering Core approx.1-5/8"	AX WL Recovering Core approx.15/16"
0 to 250 ft. in length.....	$5.75 per ft.	$5.35 per ft.	$4.75 per ft.
250 to 500 ft. in length.....	--	5.75 per ft.	4.95 per ft.
[illegible] to 750 ft. in length.....		[illegible] per ft.	5.25 per ft.
[illegible]			[illegible] per ft.

Mr. [illegible]

December 21, 1952

3) Running the casing [illegible] ..... 1.95 per ft., plus full payment for casing lost or left in drill holes at your request.

4) Cementing, waiting for cement to set, and drilling out cement.....$ 10.50 per hour, plus cost of materials used

5) Delays for your convenience or for which you are responsible.....$ 9.50 per hour

6) Moving Allowance - Should the total time required to move and set up the rig at any given hole exceed eight hours with a two man crew, it is understood and agreed that we would be reimbursed for any such excess time at the rate of $4.75 per man hour.

7) Air Compressor Service - Should it become necessary for us to furnish a compressor to assure efficient operation of our equipment, it is understood that an additional charge of $1.00 per foot would apply to the above-quoted prices for diamond drilling under Paragraph 5.B.2) above, during the period that this extra service is supplied.

6. Drill cores will be turned over to your representative at the individual drill locations in core boxes supplied by the Longyear Company.

7. Statements covering the work performed will be prepared as promptly as possible after the first of each month, and payment will be due within 20 days from date of invoice.

8. We appreciate the opportunity to submit a quotation for this work. If our proposal is accepted, we would be prepared to commence the drilling within a maximum of 15 days after date of official notice to proceed provided that your Company has furnished satisfactory evidence of ability to pay for all work to be completed under this proposed agreement.

Sincerely,

E. J. LONGYEAR COMPANY

Vice President - Contract Drilling

W.J.Gleason:bal

ACCEPTED:

[illegible] METALS INC.

By: _____

Date: _____

Building 80 - Federal Center
Denver 25, Colorado

December 19, 1962

Mr. Robert E. Rye, President
Rye Metals, Inc.
Black Hawk, Colorado

Re: OME-6251 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

This confirms verbal approval to drill holes No. 3 and 4 as requested in your letter of December 8, 1962 with hole locations as shown on the maps which were attached.

Nothing in this work approval shall be construed to increase the total estimated cost of the project, the aggregate amount which the Government may be required to contribute, or the "Fixed Unit Cost" of any item of work.

Yours very truly,

Original signed by

Hugh N. Connors
Acting Field Officer, OME
Region III

cc Mr. Charles E. Melbye
Consultant to Rye Metals, Inc.
2781 Lookout View Drive
P. O. Box 309
Golden, Colorado

Chief, Division of Field Operations, OME
Contract Corres. 2149
Chron

HNC/lm

OME

December 8, 1962

Mr. Hugh M. Connors, Acting Field Officer
OME, Region III
Building 20, Federal Center
Denver, Colorado

Re: Nye Metals, Inc.
Docket No. 6231
Contract No. 2149
Gilpin County, Colorado

Dear Mr. Connors:

This letter constitutes our formal request for permission to drill Hole Nos. 3 and 4 at the locations specified on the enclosed maps.

Hole No. 3 will be drilled about S75°E from the junction of the last crosscut in the north Indianapolis drift. This hole should intersect a zone which on surface shows considerable sheeting and quartz veining.

Hole No. 4 is located at the present end of the Indiana drift. Its bearing will be about S60°E, and its purpose is to explore the fractured and mineralized quartz monzonite between the Indiana and Indianapolis vein systems.

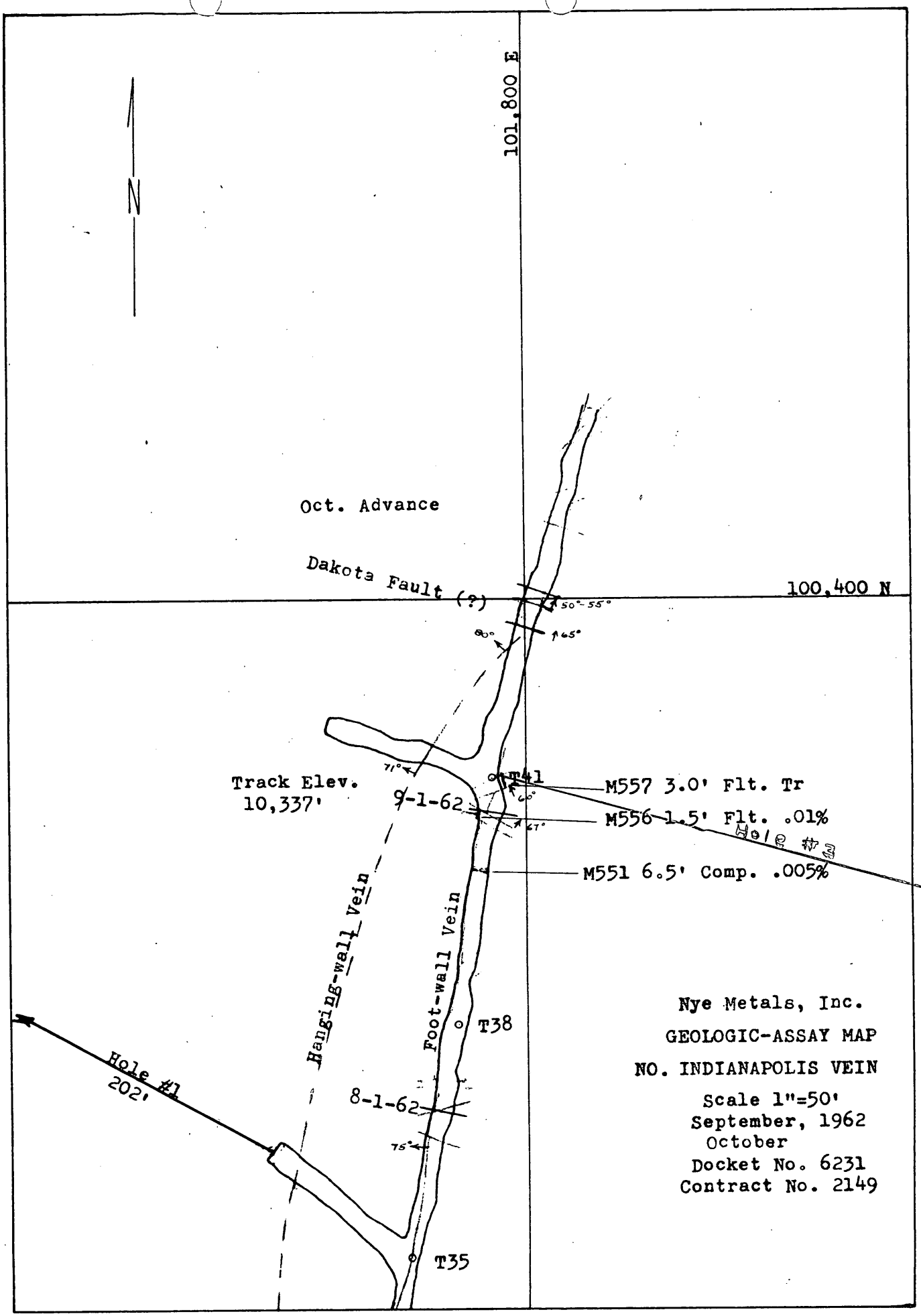
Your consideration of our request will be appreciated.

Sincerely,

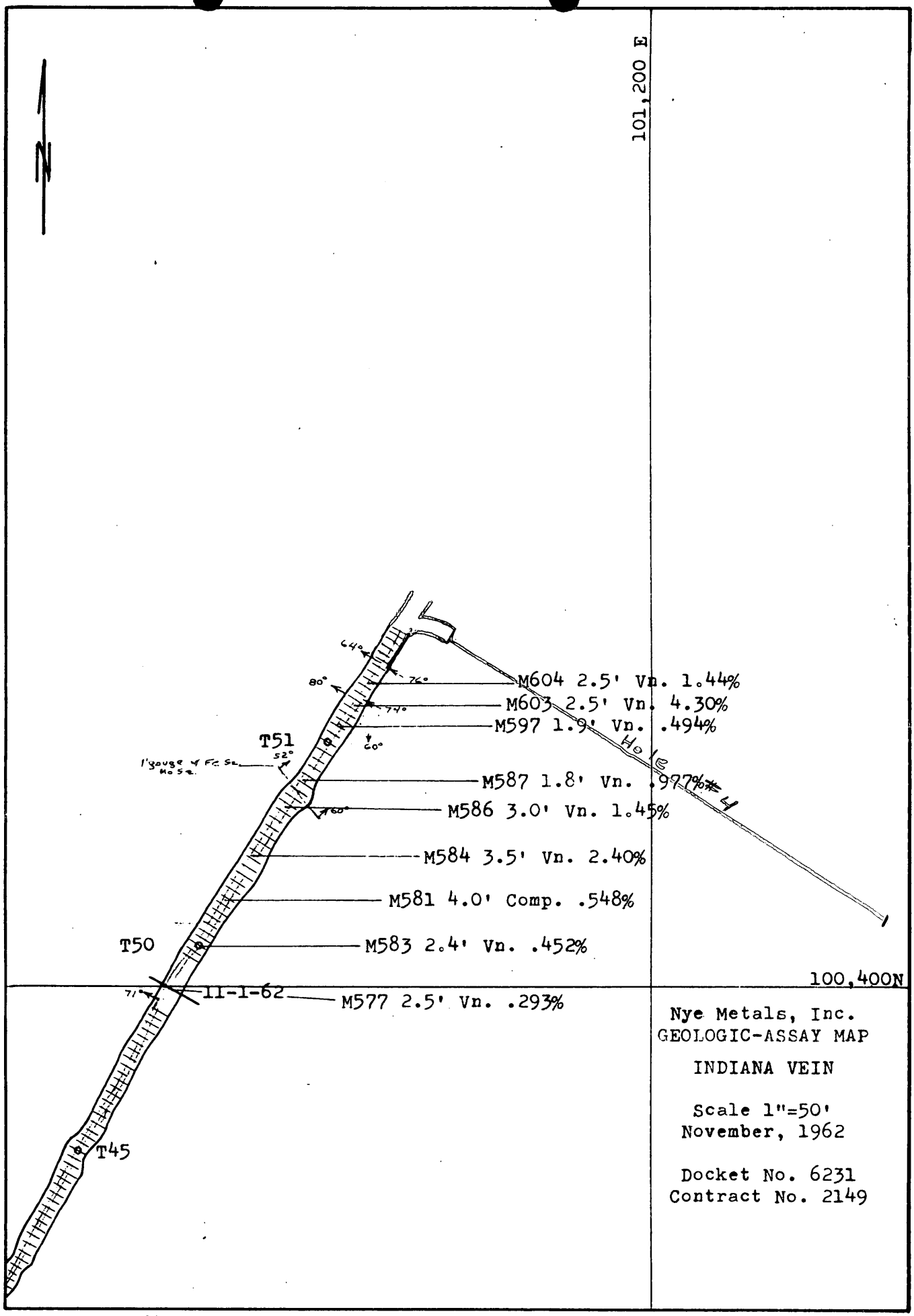
Charles E. Melbye

Charles E. Melbye
Consultant to Nye Metals, Inc

M/am
cc: Nye Metals, Inc.



C. E. Melbye, Geol. E.



C. E. Melbye, Geol. E.

Building 20 - Federal Center
Denver 25, Colorado

December 3, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6251 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Enclosed are the Government's, Fiscal Section's, and Audit's executed copies of Amendment No. 2 to the subject contract.

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Attachments
cc Contract Corres 2149
Chrom
HMC/lm

AMC file

OME
DEPARTMENT OF THE INTERIOR

NOV 27 1962
REGION III
DENVER, COLORADO

TRIP REPORT

On November 21st, I accompanied Hugh Connors, Acting Administrative Officer for OME, on one of his regular visits to the Nye Mine. This molybdenum prospect is the property of Nye Metals, Incorporated. It is situated in Sections 15, 16, 21, and 22 in T2S, R73W, Gilpin County, Colorado.

The company is exploring both fissure veins and lower grade country rock which carries molybdenum and pyrite on joint lines. The country rock in the most favorable area is said to be a silicified diorite; however, it is sometimes referred to as a quartz monzonite. The exploration workings also cut molybdenum-bearing gneiss and the veins extend into the gneiss.

On November 21st, the company was driving two headings, and was working two shifts a day. In some spots, the ground is quite heavy. In some instances, it has been necessary to circle around exceptionally bad ground; the company had also attempted to use spiling. The best ore is said to be present where the veins are widest (perhaps four to six feet).

Snow prevented any examination of the surface, but the approximate surface extent was described by the company's geologist and by Mr. Connors.

This prospect is good enough to attract an active interest on the part of American Metals - Climax, Union Carbide, and the Bear Creek Mining Company. All three of these companies are reportedly providing free assistance to Nye Metals, and are closely following the work. There is an interesting potential for a really big ore deposit.

I think our metallurgists might be interested in having a look at the two types of ore from this deposit. Accordingly, Mr. Connors has been requested to obtain samples which can be sent to them. The mine foreman is Gavin Skinner, and the company's consulting geologist is Charles "Chuck" Ralbys of Golden.

Mr Selfridge

/s/ Robert W. Gresham
Robert W. Gresham

cc: C. H. Johnson
Frank J Casrvenyak
D. O. Kennedy
H. M. Connors
B. H. Clemmons

Building 20 - Federal Center
Denver 25, Colorado

November 28, 1962

Mr. Robert E. Rye, President
Rye Metals, Inc.
Black Hawk, Colorado

Re: OME-6251 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

Enclosed are the Government's, Operator's, Fiscal Section's, Audit's, and Field Officer's copies of Amendment No. 2 to the subject contract which have been signed by the Director, OME.

If the proposed Amendment is satisfactory to you, please sign all copies, retain the Operator's copy, and return the remaining copies to this office.

Yours very truly,

Original Signed By

Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosures

cc Chief, Division of Field Operations, OME
Contract 2149
Contract Corres. 2149 ✓
Chron

Building 20 - Federal Center
Denver 25, Colorado

November 28, 1962

Memorandum

To: George C. Belfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

The date of the agreement on line 1 of Amendment No. 2 to the subject contract was left blank.

I took the liberty of inserting the 16th day of October, 1962 as the date of agreement on all copies of the Amendment and I will forward the copies to the Operator.

Original signed by

Hugh M. Connors

HMC/lm
cc Contract Corres 2149
Contract 2149
Chron

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

OME
DEPARTMENT OF THE INTERIOR
NOV 26 1962
DENVER, COLORADO

NOV 2 1 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

In accordance with our memorandum of October 19, 1962, enclosed are the original and four copies of a proposed Amendment No. 2, signed by the Director for the Government. Also enclosed is an extra copy for your use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by you and the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge

Enclosure

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

OME
DEPARTMENT OF THE INTERIOR

NOV 2 1 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OMX-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

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If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge

Enclosure

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

OME
DEPARTMENT OF THE INTERIOR
OCT 19 1962 OCT 22 1962
REGION III
DENVER, COLORADO

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

In accordance with your memorandum of October 16, 1962, we will prepare an amendment transferring the remaining footage in the referenced contract to the Indiana north heading and Indianapolis south heading.

George C. Selfridge

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

OCT 1 9 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

OME
DEPARTMENT OF THE INTERIOR
OCT 22 1962
REGION III
DENVER, COLORADO

In accordance with your memorandum of October 16, 1962, we will prepare an amendment transferring the remaining footage in the referenced contract to the Indiana north heading and Indianapolis south heading.

George C. Selfridge

FMMurphy/mm
10/19/62
cc: Director's reading
Region III ✓
CA&A Division
Review Committee
Docket

Building 20 - Federal Center
Denver 25, Colorado

October 16, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, CME
Washington 25, D. C.

From: Acting Field Officer, CME, Region III

Subject: CME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Enclosed are the original and one copy of the Operator's request for Amendment No. 2 to the subject contract.

On October 15, 1962 I made the regular monthly inspection of the property and I found that the heading of the north drift on the Indianapolis Vein is now in the fault zone which I suspect to be the same fault we went through on the Indiana Vein. The north heading of the Indiana Vein is in good ore. The south drift on the Indianapolis Vein, on which the Government has not participated to date, is also in good ore.

I believe that the Operator will get more for his money and it will make certification easier for the Government if we transfer the remaining footage provided for in the contract from the Indianapolis north heading to the Indiana north heading and Indianapolis south heading.

Will you prepare the Amendment, please.

Original signed by

Hugh M. Connors

Attachment
HMC/lm
cc Contract Corres. 2149
Chron

October 16, 1962

Mr. Hugh M. Conners
Acting Field Officer
OME, Region III
Building 20 - Federal Center
Denver 25, Colorado

Re: OME-6231
Contract No. 2149
Nye Metals, Inc.
Gilpin Co., Colorado

Dear Mr. Conners:

In view of new exploration developments at the Nye molybdenum project, an amendment to the contract is herewith requested and explained.

As has been previously mentioned, the Indianapolis vein system in the north drift has been getting progressively weaker in fault and mineralization intensity. The vein system is now only a series of fractures, most of which are discontinuous. Molybdenite is sometimes present. The best molybdenite in that heading is now in the E-W cross fractures. Because of this change in the vein system and the difficulty in following it, the request is herewith made to stop the heading.

The Indiana vein system, on the other hand, is getting wider and more highly mineralized. It is now 4.5 feet wide with the high-grade portion 1.5 feet wide, and another parallel vein is suspected in the hanging-wall. However, at the end of September, only 38.5 feet remained on the allowable footage of 300 feet, and this is now used up. It is requested that a portion of the remaining footage (969 feet as of October 1) be used to continue the Indiana drift. This will still continue the original objective of exploring towards the Indianapolis-Indiana vein intersection.

Furthermore, the Indianapolis south drift, heretofore not included in OME participation, has been continued intermittently at the Operator's expense. This vein has widened to a 4-foot width and contains considerable molybdenite. The amendment is requested to apply a portion of the Indianapolis north vein footage to the south drift.

By way of summation, this requested amendment consists of the following changes:

1. Stop the Indianapolis north drift.

2. Continue the Indiana drift to the north.

3. Drift south on the Indianapolis vein system.

The footage division for each drift should be left open for ease of operation since the size of mine plant and crew is set up to drive two headings simultaneously, and each will continue at about the same rate.

Your consideration of these contract amendments will be much appreciated.

Sincerely yours,

Charles E. Melbye

Charles E. Melbye
Geological Engineer
Consultant to Nye Metals, Inc.

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

OME
DEPARTMENT OF THE INTERIOR
OCT 15 1962
REGION III
DENVER, COLORADO

OCT 10 1962

Mr. James E. Moore
6162 N. Park Avenue
Indianapolis 20, Indiana

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

Dear Mr. Moore:

In response to your letter of September 27, 1962, the Government approved the subject exploration contract on June 6, 1962. Work under the contract started June 19, 1962, and is still in progress to date.

With respect to your question as to the extent of molybdenum found, such information is considered confidential on the part of the Government. However, Nye Metals, Inc., may give you the information you desire; therefore, it is suggested that you contact the corporation in this matter.

Sincerely yours,

George Fumich, Jr.

Director

FMMurphy/ama 10-9-62

cc:
Docket
Director's Reading File
Region III (2) w/2 cys of incoming ltr.

OME
DEPARTMENT OF THE INTERIOR
OCT 15 1962
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 1 1962

5577 N. Park Avenue
Indianapolis 20, Indiana

September 27, 1962

Office of Mineral Exploration
Department of the Interior
C. St. between 19th & 19th. Sts. N.
Washington D.C.

Dear Sirs:

In recent months I have become interested in a Lyn Metals, Inc., located in the Merchants Bank Building, Indianapolis. The company is attempting to mine molybdenum for a mine in Dakota Mountain located one mile due East of Apex, Colorado.

The company applied to the Department of Interior for a loan, and as I understand the loan was approved. I would appreciate it if you could confirm this, and if you could give an indication of the extent of molybdenum found on your inspection.

Sincerely,

James E. Moore

make 2 copies for R. III

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

OME
DEPARTMENT OF THE INTERIOR
OCT 15 1962
REGION III
DENVER, COLORADO

OCT 10 1962

Mr. James E. Moore
6162 E. Park Avenue
Indianapolis 20, Indiana

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

Dear Mr. Moore:

In response to your letter of September 27, 1962, the Government approved the subject exploration contract on June 6, 1962. Work under the contract started June 19, 1962, and is still in progress to date.

With respect to your question as to the extent of molybdenum found, such information is considered confidential on the part of the Government. However, Nye Metals, Inc., may give you the information you desire; therefore, it is suggested that you contact the corporation in this matter.

Sincerely yours,

George Fumich, Jr.

Director

FMMurphy/ama 10-9-62

cc:
Docket
Director's Reading File
Region III (2) w/2 cys of incoming ltr.

OME
DEPARTMENT OF THE INTERIOR

OCT 15 1962

REGION III
DENVER, COLORADO

500

Building 20 - Federal Center
Denver 25, Colorado

October 4, 1962

Mr. Robert E. Rye, President
Rye Metals, Inc.
Black Hawk, Colorado

Re: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

This confirms verbal approval for 63 feet of crosscutting on the Indianapolis Vein accomplished during September 1962.

Nothing in this work approval shall be construed to increase the total estimated cost of the project, the aggregate amount which the Government may be required to contribute, nor the "Fixed Unit Cost" of any item of work.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME (2)
Contract 2149
Contract Corres. 2149
Chron

Building 20 - Federal Center
Denver 25, Colorado

October 2, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Amended Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado

Enclosed are the Government's Audit's, and Fiscal Sections executed copies of the subject Amended contract.

Original signed by

Hugh M. Connors

Attachments
TMR/lm
cc Contract 2149
Contract Corres 2149
Chron

Building 20 - Federal Center
Denver 25, Colorado

September 21, 1962

Mr. Robert E. Rye, President
Rye Metals, Inc.
Black Hawk, Colorado

Re: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

Enclosed are the Government's, Operator's, Audit's, Fiscal Section's, and Field Office's copies of Amendment No. 1 to the subject contract.

If the proposed Amendment is satisfactory to you please sign all copies, retain the Operator's copy, and return remaining copies to this office.

If any part of the proposed Amendment does not have your approval, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Yours very truly,

Original signed by
Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosures

cc Chief, Division of Field Operations, OME
Contract 2149
Contract Corres. 2149
Chron
RMC/lm

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

SEP 1 7 1962

OME
DEPARTMENT OF THE INTERIOR
SEP 20 1962
REGION III
DENVER, COLORADO

Memorandum

To: Acting Field Officer, Region III

From: ACTING Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado
Contract 2149

With reference to your memorandum of September 4, 1962, enclosed are the original and four copies of a proposed Amendment No. 1 to the subject contract signed by the Director for the Government. Also enclosed is an extra copy for your use.

You will note that the amendment is not limited to the specific work outlined in your memorandum. However, with your prior approval, confirmed in writing, the work you recommended can be performed. The proposed amendment was written in this form so that if other crosscutting exposed additional splits, the strongest one could be followed north.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Enclosures

Building 20 - Federal Center
Denver 25, Colorado

September 10, 1962

Mr. Robert E. Rye, President
Rye Metals, Inc.
Black Hawk, Colorado

Re: GMS-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado
Work Approval

This has further reference to my meeting today with your geologist, Mr. Charles Malbye, regarding the procedure to be followed on Indiana vein system.

This constitutes Government approval to drift northeasterly on the vein, believed to be the Indiana vein, on the north side of the fault at coordinates 100220N and 100950E.

Nothing in this work approval shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government will be required to contribute, the fixed unit cost of any item of work, nor any item of cost which is expressly designated "maximum."

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME (2)
Contract 2149
Contract Corres 2149
Chron

Building 20 - Federal Center
Denver 25, Colorado

September 10, 1962

AIRMAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Nye Metals, Inc.
(Nye Molybdenum Mine)
Gilpin County, Colorado
Proposed Amendment No. 1

This has further reference to Mr. Romslo's memorandum dated September 4, 1962 on the subject contract. Will you please incorporate one more change in this Amendment as follows:

In the description of the work, please add the word "system" whenever the Indianapolis or Indiana veins are mentioned.

Also we would like to provide for possible crosscutting where necessary to pick up other indicated splits along both fissures.

All crosscutting footage except that allowed in the contract for drill stations to be in lieu of drifting and allowed at $34 per foot.

Original signed by

Hugh M. Connors

HMC/lm
cc Contract 2149
Chron

Building 20 - Federal Center
Denver 25, Colorado

September 4, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado
Proposed Amendment No. 1

Attached is a letter with map from Mr. Charles E. Melbye, the Operator's geologist, requesting an amendment to the contract.

The proposed amendment is concerned with the Indianapolis vein that has been found to include two splits, the footwall and the hanging-wall. It will provide for; crosscutting to the hanging-wall split from the present face of the footwall split, drifting on the hanging-wall split rather than the footwall split, and crosscutting from the hanging-wall split to explore for other possible splits. Crosscutting from the hanging-wall split would be subject to Governmental approval.

Approval of the requested amendment is recommended. Also recommended is a fixed cost of $34.00 a foot for crosscuts other than those driven for diamond drill stations.

Will you please prepare the Amendment.

Original signed by
TMR
for
Hugh M. Connors

Attachment
TMR/lm
cc Contract 2149
Chron

August 31, 1962

Mr. Hugh M. Connors
Acting Field Officer
OME, Region III
Building 20 - Federal Center
Denver 25, Colorado

Re: OME-6231
Contract No. 2149
Nye Metals, Inc.
Gilpin Co., Colorado

Dear Mr. Connors:

In view of new information gained we are requesting an amendment to the above contract with regard to the drifting on the Indianapolis vein. In driving the crosscut for the drill station at Hole No. 1, it was extended at the operators expense to provide room for switching cars. This crosscut intersected a hanging-wall split of the Indianapolis vein.

By way of review, the Indianapolis vein split near Sta. T25 and the foot-wall split being more highly mineralized, was followed. The present foot-wall vein is very weakly mineralized whereas the hanging-wall vein is a 1.5 foot zone of quartz veinlets with molybdenite.

It is requested that the contract be amended to permit drifting on the hanging-wall split rather than the foot-wall split. In order that the present 120 feet of drifting to the north not be duplicated it is requested that crosscutting be allowed from the present face to intersect the footwall vein and then drifting to the north from that point. This crosscutting could be applied against the drifting footage since identical costs would be involved.

In view of our present findings that these veins are actually vein systems consisting of at least two splits, it is further requested that in the future, crosscutting be allowed in place of drifting whenever it appears expedient to explore another portion of the vein system. This would, of course, be done only with government approval.

Your consideration of these contract amendments will be much appreciated.

Sincerely yours,

Charles E. Melbye

Charles E. Melbye
Geological Engineer
Consultant to Nye Metals, Inc.

ajm

Building 20 - Federal Center
Denver 25, Colorado

August 13, 1962

Mr. Robert E. Rye, President
Rye Metals, Inc.
Black Hawk, Colorado

Re: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

This constitutes Government approval to drill the following holes in accordance with the contract:

Hole No. 1 In a westerly direction approximately 200 feet in length from a point on the Indianapolis vein about 500 feet north of the main tunnel as shown on the sketch map accompanying the contract.

Hole No. 2 In a southwesterly direction approximately 200 feet in length from the breast of the main tunnel, which is about 50 feet southeast of the Indianapolis vein shown on the sketch map accompanying the contract, "Diamond Drill Hole No. 1."

Nothing in this work approval shall be construed to increase the total estimated cost of the project, the aggregate amount which the Government may be required to contribute, nor the "Fixed Unit Cost" of any item of work.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
Contract 2149
Contract Corres 2149
Chron

Building 20 - Federal Center
Denver 25, Colorado

AUG 10 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract No. 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

The regular monthly inspection of the subject property was made by me August 9, 1962. You will note on the Operator's Narrative Report, accompanying his voucher for July 1962, that he now believes the vein on which we have been drifting is not the true Indiana vein if his surface projection is correct.

The Operator requested that he be allowed to crosscut from the vein which he believed to be the Indiana vein, to the true Indiana vein.

I suggested, and the Applicant agreed, that he will crosscut at his own expense in a northwesterly direction from the vein we have been following to ascertain if the Indiana vein, which shows so strongly on the surface, is really northwest of the vein we are following.

If the Operator finds, at his own expense, another vein stronger than the one we are now following, an amendment to the contract will be requested.

This operation is getting more publicity than any contract we have in this Region. Bear Creek, a subsidiary of Kennecott, is looking at the property. Also the Climax Molybdenum Company is very interested. The Operator had a letter from Robert Adams, President of Western Nuclear, expressing his interest in the property.

Original signed by

Hugh M. Connors

HMC/lm
cc 2149
Chron

NYE METALS, INC.

FORMERLY NYE-MATHEWS MINING, INC.

BLACK HAWK,
COLORADO

ROOM 711, MERCHANTS BANK BLDG.
INDIANAPOLIS, INDIANA

June 20, 1962

Mr. Hugh M. Connors
Acting Field Officer
OME, Region 111
Building 20, Federal Center
Denver 25, Colorado

Re: OME-6231 (Molybdenum)
Nye Metals, Inc.
Gilpin County, Colorado

Dear Mr. Connors:

This letter is to advise you work was started June 19, 1962 on OME-6231 (Molybdenum) contract.

Please send all mail concerning OME-6231 (Molybdenum) to Nye Metals, Inc., Black Hawk, Colorado.

Sincerely yours,

Robert E. Nye

Robert E. Nye
President

REN:mm

OME
DEPARTMENT OF THE INTERIOR
JUN 26 1962
REGION III
DENVER, COLORADO

Building 20 - Federal Center
Denver 25, Colorado

June 19, 1962

Mr. Robert E. Rye, President
Rye Metals, Inc.
Black Hawk, Colorado

Re: OMS-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Dear Mr. Rye:

This will confirm the starting points on the captioned contract which we established this morning.

Indianapolis Vein

Breast 18.0 feet north of spad tagged U.S.B.M. on a set spiled and BMC curved in the set which is 200 feet north of the crosscut intersection with the Indianapolis Vein, June 19, 1962.

Indiana Vein

Spad in a plugged drill hole center of drift 18.1 feet north to breast, June 19, 1962.

I would also like to make a matter of record that the 6 percent interest in Article I (c) of the Contract accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OMS
Region III

HMC/lm
cc Chief, Division of Field Operations, OMS
Contract 2149
Contract Corres. 2149
Chron

Building 20 - Federal Center
Denver 25, Colorado

June 19, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6231 (Molybdenum)
Contract 2149
Rye Metals, Inc.
(Rye Molybdenum Mine)
Gilpin County, Colorado

Enclosed are the Government's, Audit's, and Fiscal Section's executed copies of the subject contract.

Original signed by

Hugh M. Connors

Attachments

HMC/lm
cc Contract 2149
Contract Corres 2149
Chron

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

JUN 6 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado

OME
DEPARTMENT OF THE INTERIOR
JUN 8 1962
REGION III
DENVER, COLORADO

Enclosed are the original and four copies of a proposed exploration contract with Nye Metals, Inc., signed by the ~~Acting~~ Director for the Government. The contract consists of MME Form 51 (Short Form) as revised, Annex I (seven pages), Exhibit A (three pages), Exhibit B, and two maps. Also enclosed for your use is an "Extra Copy for Field Office," MME Form 51 as revised, Annex I, and Exhibit A.

If the contract is satisfactory to you and the Applicant, kindly insert the starting date and have an authorized representative of the corporation sign the original and four copies. You will note that the signer must be certified by the secretary (page 6 of MME Form 51). Thereafter, please distribute the copies in the usual manner.

Please advise the Applicant that the 6 percent interest accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production. If any part of the proposed contract does not have your approval or that of the Applicant and cannot be altered within your delegated authority, the original and all copies are to be returned to this office with the proposed changes for consideration.

George C. Selfridge

Enclosures

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

JUN 6 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6231 (Molybdenum)
Nye Metals, Inc.
Nye Molybdenum Mine
Gilpin County, Colorado

OME
DEPARTMENT OF THE INTERIOR
JUN 8 1962
REGION III
DENVER, COLORADO

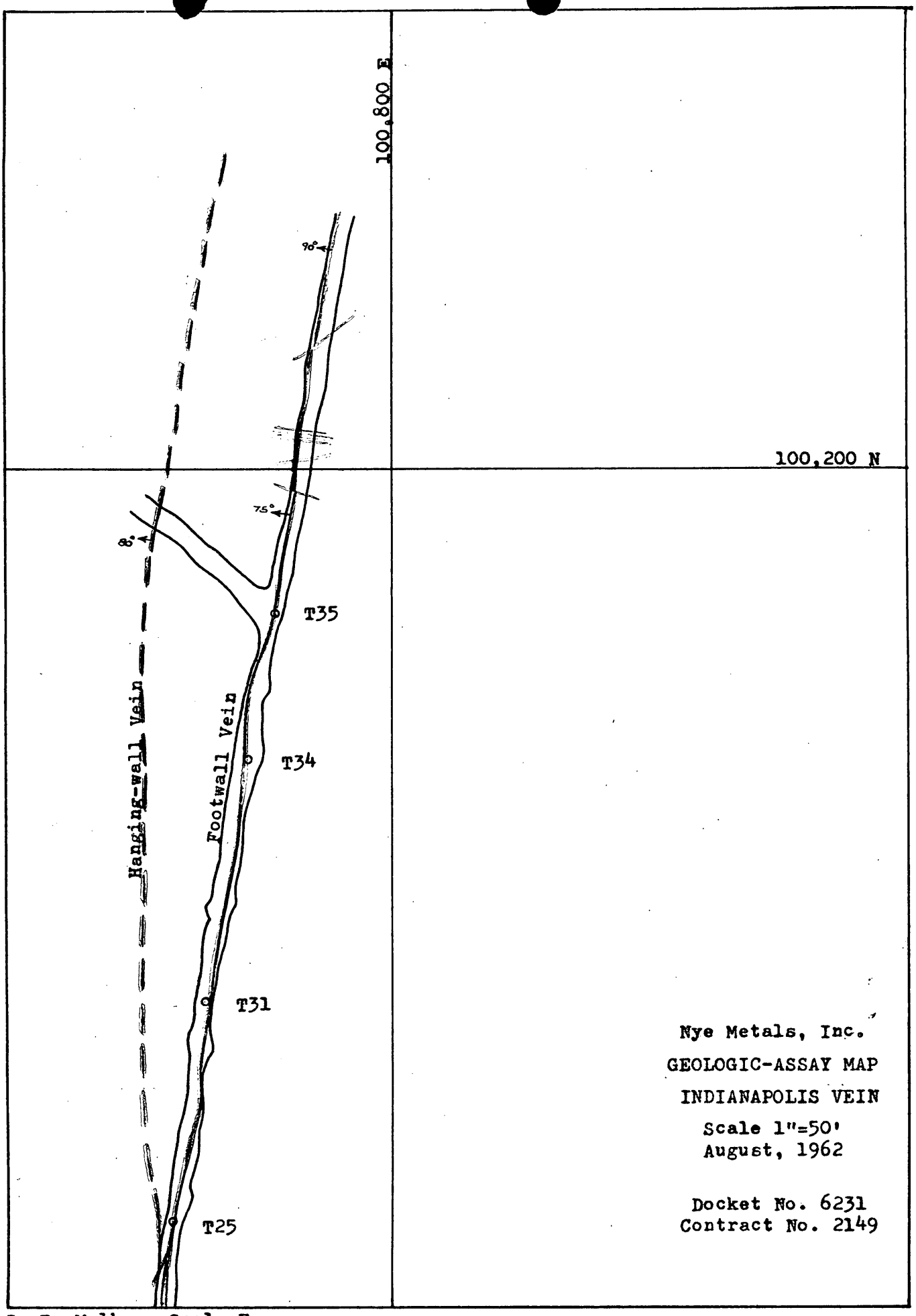
Enclosed are the original and four copies of a proposed exploration contract with Nye Metals, Inc., signed by the Acting Director for the Government. The contract consists of MME Form 51 (Short Form) as revised, Annex I (seven pages), Exhibit A (three pages), Exhibit B, and two maps. Also enclosed for your use is an "Extra Copy for Field Office," MME Form 51 as revised, Annex I, and Exhibit A.

If the contract is satisfactory to you and the Applicant, kindly insert the starting date and have an authorized representative of the corporation sign the original and four copies. You will note that the signer must be certified by the secretary (page 6 of MME Form 51). Thereafter, please distribute the copies in the usual manner.

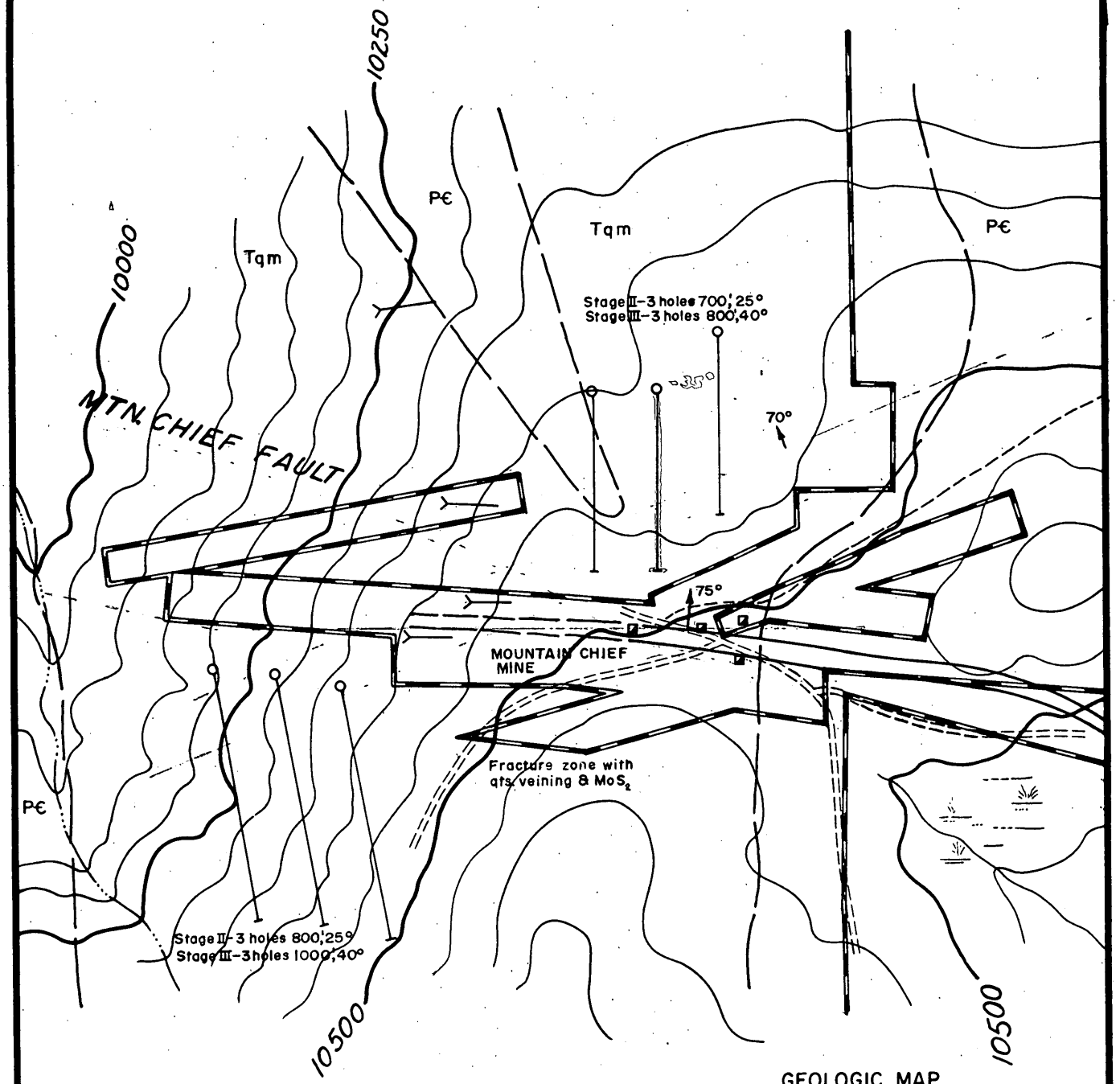
Please advise the Applicant that the 6 percent interest accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production. If any part of the proposed contract does not have your approval or that of the Applicant and cannot be altered within your delegated authority, the original and all copies are to be returned to this office with the proposed changes for consideration.

George C. Selfridge

Enclosures



C. E. Melbye, Geol. E.



GEOLOGIC MAP

NYE METALS INC.

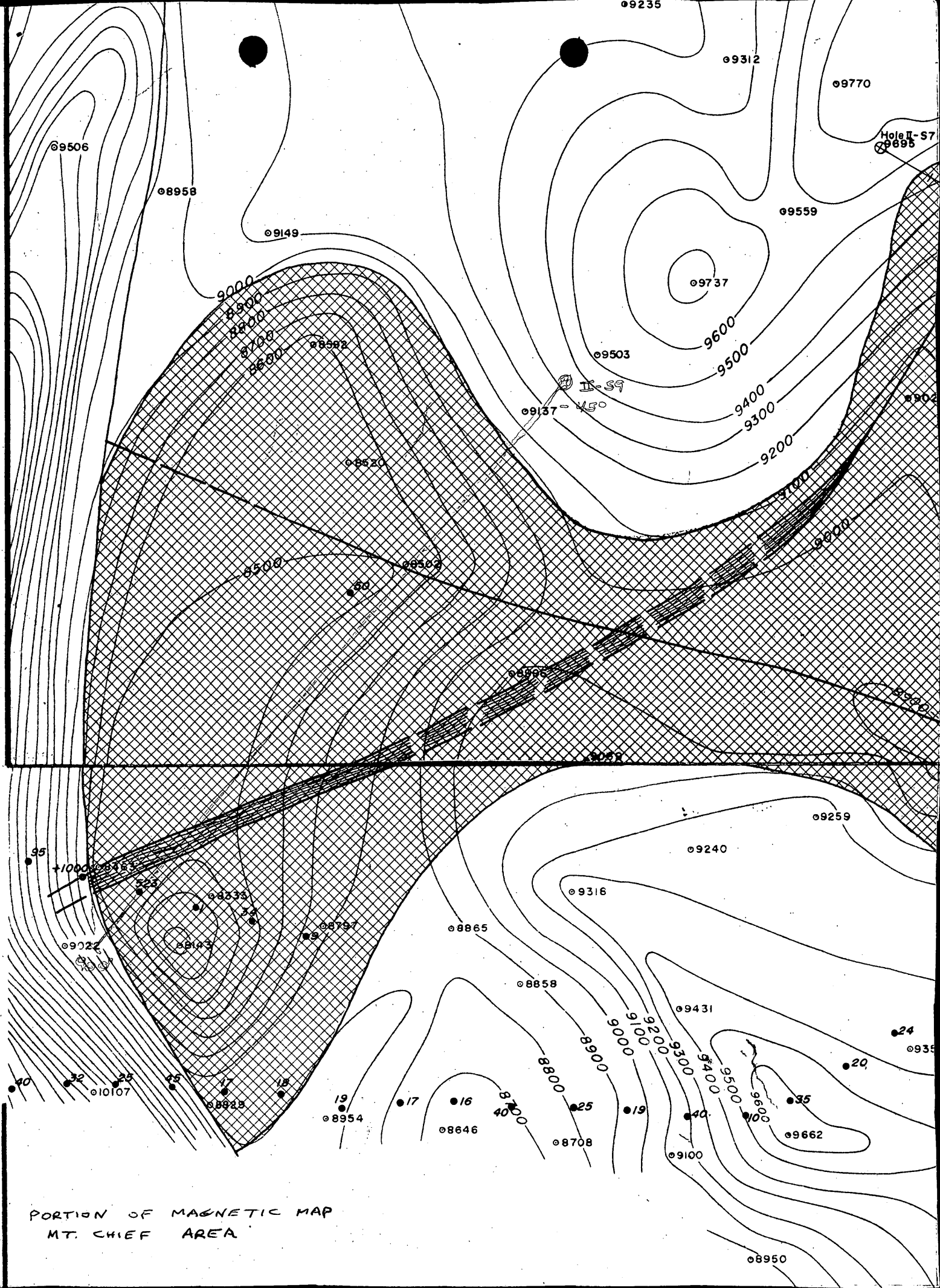
~~NORTH DAKOTA HILL~~ MT. CHIEF AREA

(Showing proposed O.M.E. exploration)

Scale: 1" = 500' November, 1962

NOTE:
For legend see
500 scale map

Charles E. Melbye
Geological Engineer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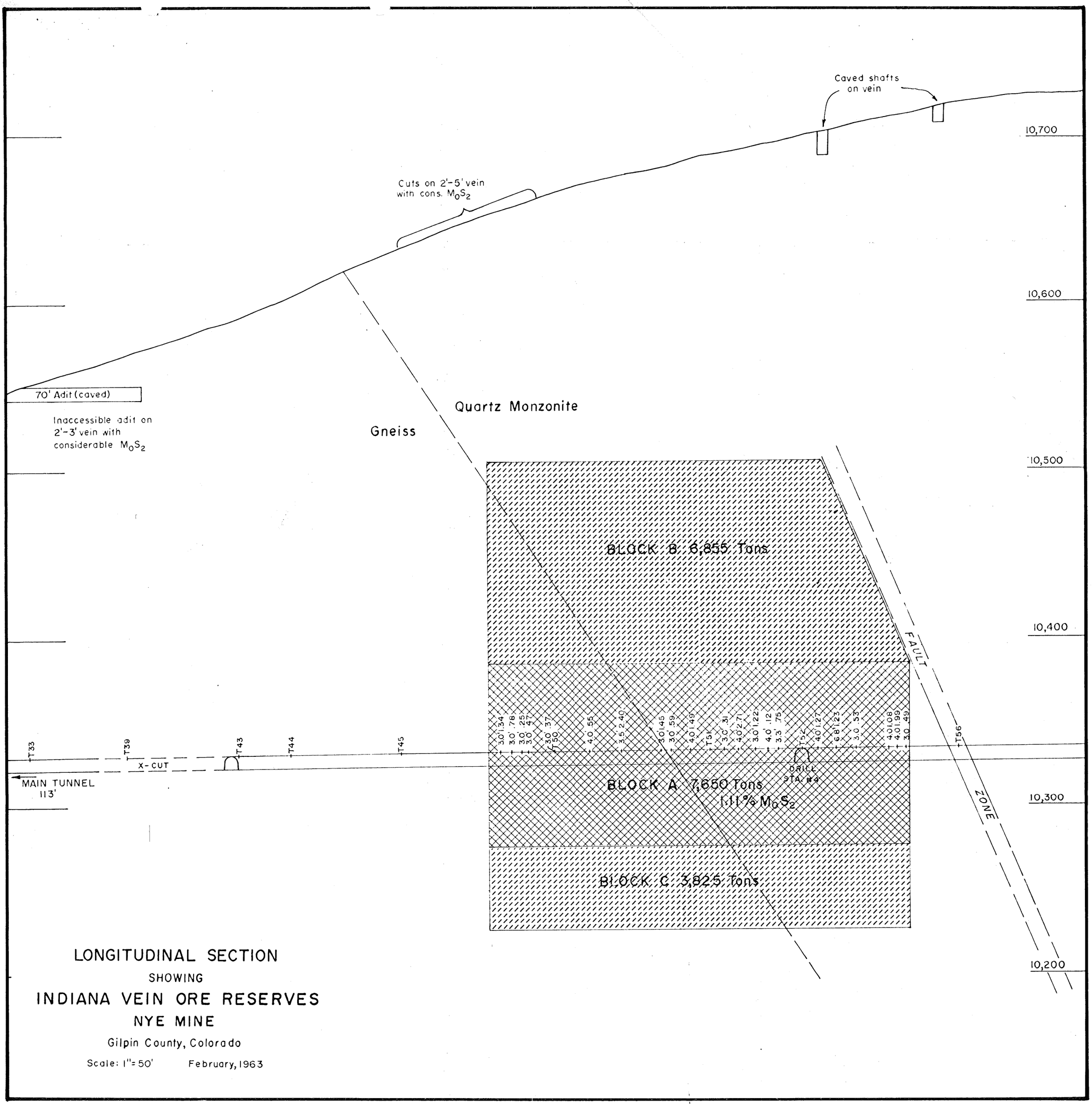
PORTION OF MAGNETIC MAP
MT. CHIEF AREA



LONGITUDINAL SECTION

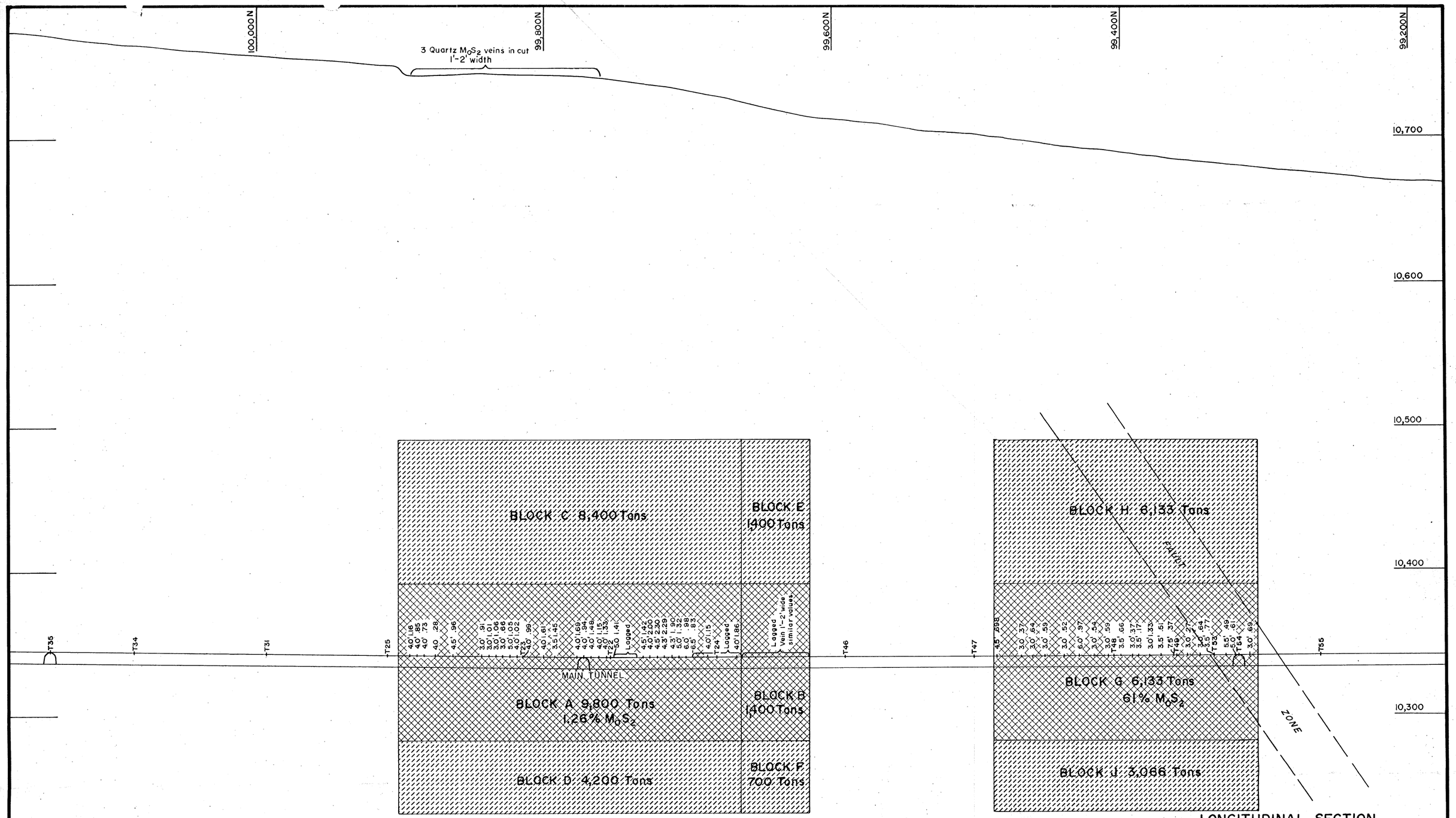
SHOWING

INDIANA VEIN ORE RESERVES

NYE MINE

Gilpin County, Colorado

Scale: 1" = 50' February, 1963



LONGITUDINAL SECTION

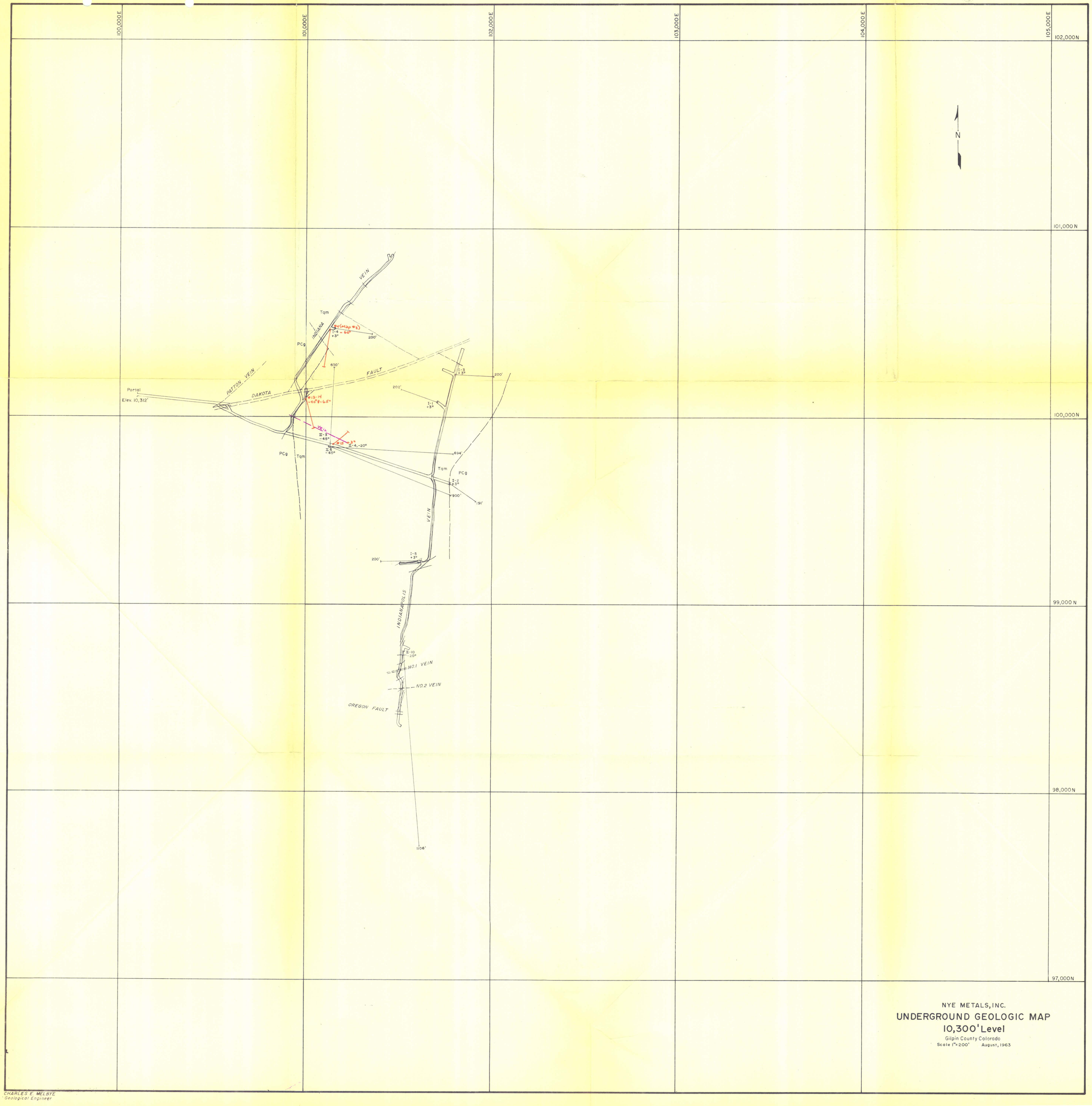
SHOWING

INDIANAPOLIS VEIN ORE RESERVES

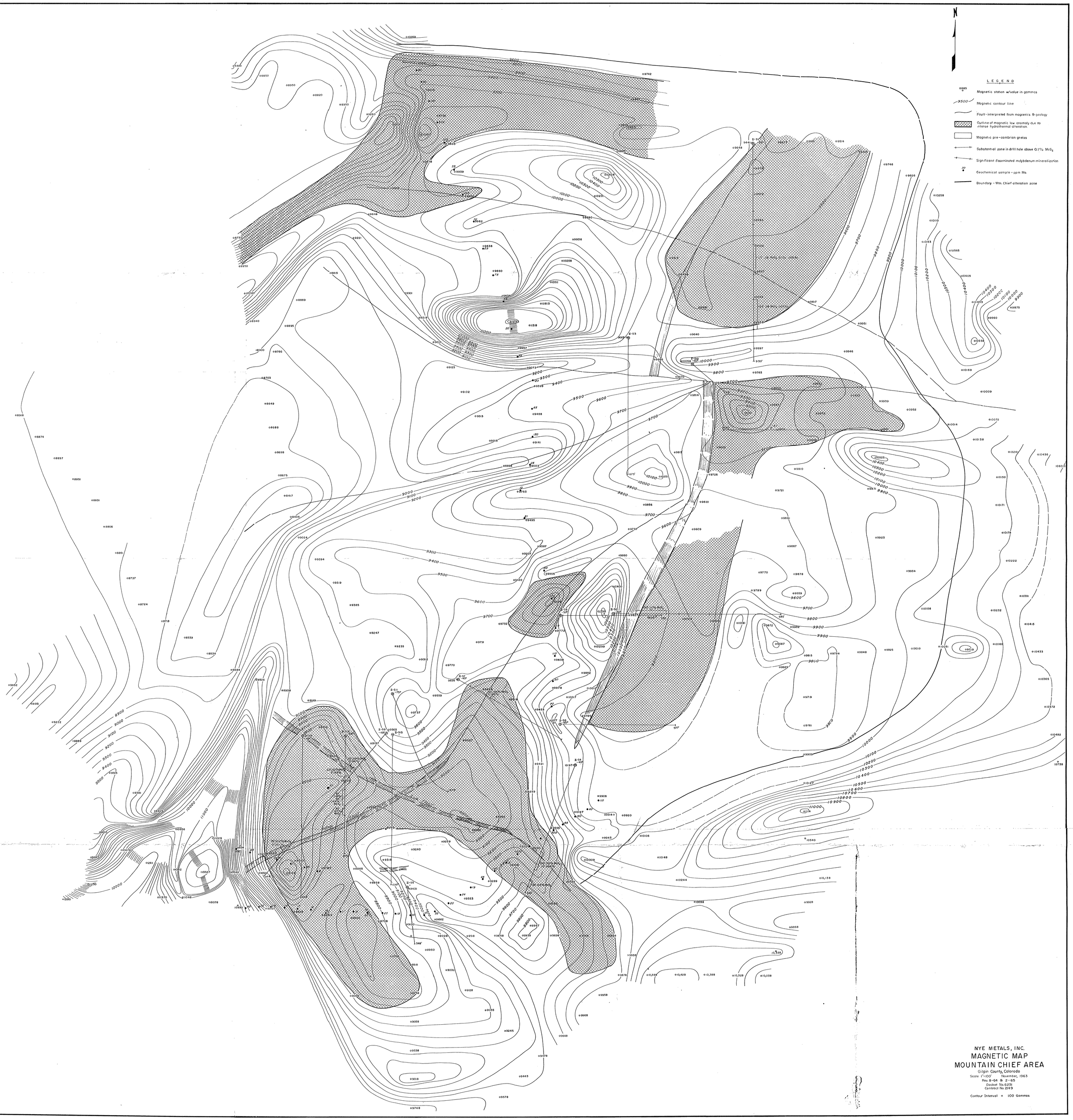
NYE MINE

Gilpin County, Colorado

Scale: 1" = 50' February, 1963



CHARLES E. MELBYE
Geological Engineer



NYE METALS, INC.

MAGNETIC MAP

MOUNTAIN CHIEF AREA

Gilpin County, Colorado

Scale 1"=100' November, 1963

Rev. 8-64 & 2-65

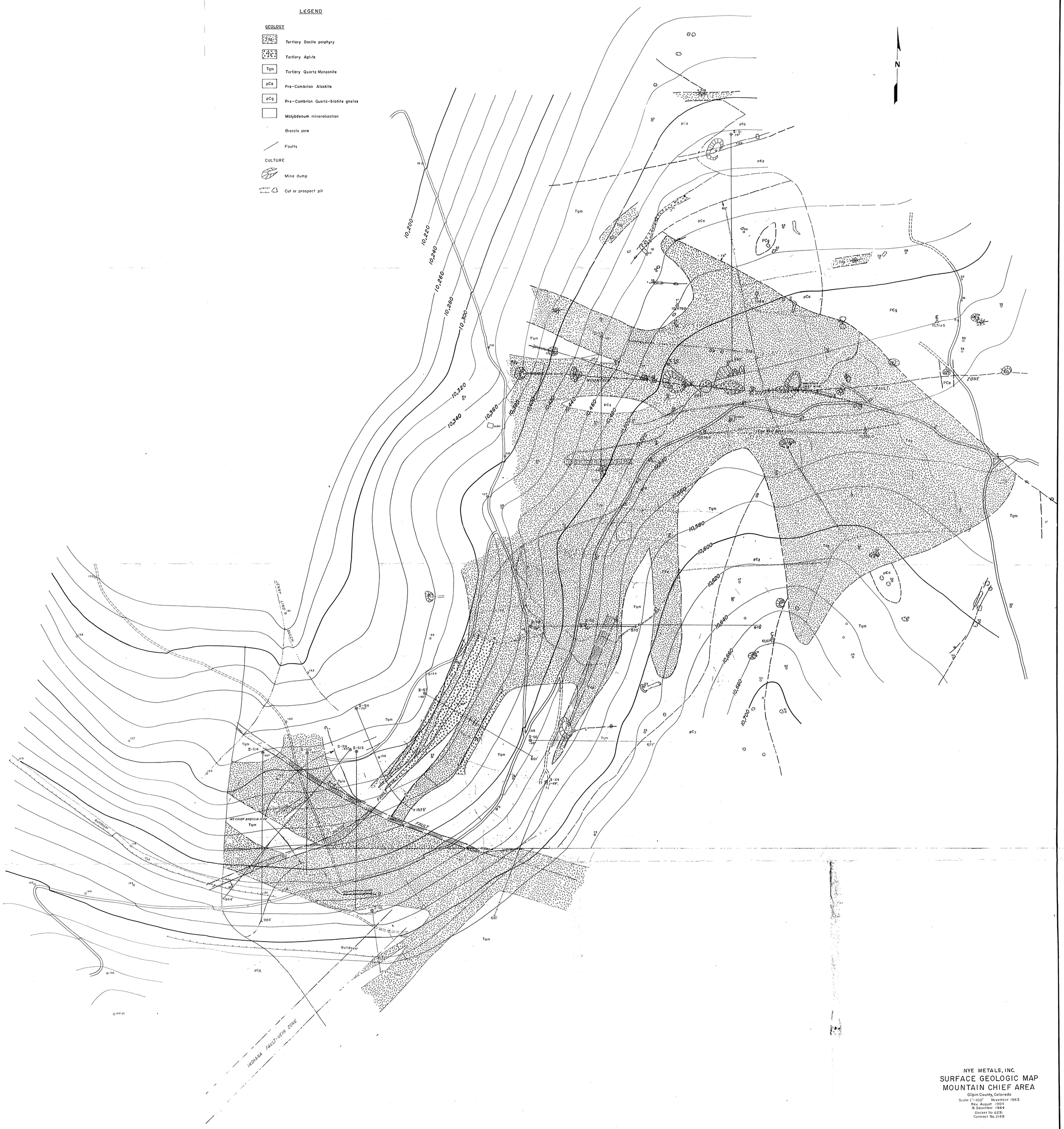
Docket No. 6231

Contract No. 2149

Contour Interval = 100 Gammas

CHARLES E. MELBYE

Geological Engineer



NYE METALS, INC.

SURFACE GEOLOGIC MAP

MOUNTAIN CHIEF AREA

Gilpin County, Colorado

Scale: 1" = 100' November 1963

Rev. August 1964

9 December 1964

Docket No. 6231

Contract No. 2149

CHARLES E. MELBYE

Geological Engineer