DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE — Idm-E NO. 2419 — DMEA NO. 299

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [x] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [x] Royalty Audits
- [x] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [ ] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab)
- [x] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam Report (Tab)
- [x] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 2 : Reports
- [x] Analysis of Semi-Annual Inspection Reports & FT Semi-annual rep.
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

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

Folders No. _____ : Maps (Use pocket folder or envelope)

Folders No. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

Reported Inactive 12/28/59

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E299, Docket DMEA-2419 (uranium), dated April 17, 1952, with

David Nieminen, A. H. Eiselein, and Maurice Nelligan
d/b/a Lone Eagle Quartz Mine
Boulder, Montana

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Lone Eagle Quartz Lode Mining Claim and Lone Eagle Mine located in Jefferson County, Montana, during the period May 5, 1955, through December 8, 1961.

A certification of discovery or development was issued on December 10, 1954, and, in accordance with Article 9 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated July 27, 1954, indicated accepted costs under the exploration contract amounting to $13,807.80 with the Government's contribution on a 90 percent basis being $12,427.03.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Royalty Audit Certificate, which found the sales subject to the Government's royalty through May 4, 1955, to be $2,505.80. The royalty account as of May 4, 1955, was:

Total Royalty Payable	$125.29
Total Royalty Paid	66.95
Balance of Royalty Due	$ 58.34

As of December 8, 1961, the royalty account of this project was found to be:

Total Royalty Payable	$125.29
Total Royalty Paid	125.29
Balance of Royalty Due	$ -0-

December 29, 1961

E. D. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

At the time the exploration project contract was executed, the Operators were the owners of the property thereunder by virtue of a July 28, 1941, re-location of the claim by David Nieminen and a March 4, 1950, sale of undivided interests to A. H. Eiselein and Maurice Nelligan. In reply to an inquiry of the Acting Field Officer, OME Region I, the Operators advised on December 8, 1961, that no change in ownership had occurred and that no production had been made from the property since 1954.

The files disclose that inspections and inquiries by field representatives have established that the property has been inactive, except for annual assessment work, since the period covered by a Royalty Audit Report and Certificate dated May 9, 1955. Only two sales of production, one during the exploration work and one shortly thereafter, were found by that audit as having been made since the date of the contract. The files disclose that during 1957 the property was leased, with an option to purchase, to Joe Brenan and associates of Helena, Montana, but only annual assessment work was performed.

The $58.34 stated in the prior Royalty Audit Certificate as due the Government was paid during June 1955.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The property has been inactive since 1954;

(2) All sales of production have been accounted for and proper royalty thereon paid; and

(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

5/24/55 gla

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

FIRST ROYALTY AUDIT CERTIFICATE

I have examined the records and sales documents pertaining to the sale of uranium ore for the period April 17, 1952, to May 4, 1955, by:

David Nieminen, A. H. Eiselein and
Maurice Nelligan, Partners
Boulder, Montana

produced from land in Jefferson County, Montana, under terms of Contract Idm-E299, Docket No. DMEA-2419.

My examination was made in accordance with generally accepted standards applicable to the circumstances.

The audit established the total sales of uranium ore for this period, subject to repayment royalties, to be $2,505.80. Royalty due the U. S. Government at the contract rate of 5 per cent is $125.29. The royalty paid and balance due are as follows:

Total Royalties Due	$125.29
Total Royalties Paid	66.95
Balance of Royalties Due	$ 58.34

Rec'd 7/6/55

C. E. Fisher
C. E. Fisher, Auditor

May 9, 1955

FIRST ROYALTY AUDIT REPORT

I INTRODUCTION

On May 4, 1955, an audit was made of the sales and royalty accounts and records of:

David Nieminen, A. H. Eiselein and
Maurice Nelligan, partners
Boulder, Montana

pertaining to the sale of uranium ore during the period April 17, 1952, to May 4, 1955, from Lone Eagle Quarts Mine, located in Jefferson County, Montana, in accordance with Contract Idm-E299, Docket No. DMEA-2419, including Amendments No's. 1 through 6.

Mr. A. H. Eiselein, one of the partners, and Mrs. Maurice Nelligan, wife of another partner, and bookkeeper for the project were visited at Boulder, Montana. Mr. John Bardill, Mining Engineer, Bureau of Mines, Spokane, Washington, was present during the audit.

II. GENERAL INFORMATION

The exploration contract was dated April 17, 1952. According to Report of Review dated July 27, 1954, the accepted costs of this exploration amounted to $13,807.80; and the Government's portion, on 90 per cent basis, subject to repayment royalties amounted to $12,427.02. A certificate of discovery or development was issued under date of December 10, 1954.

III. SCOPE OF AUDIT AND FINDINGS

The audit disclosed that only two sales of ore were made from this mine since the date of the contract. Both shipments were made to Vitro Chemical Company, a qualified uranium mill under the Atomic Energy Commission's Domestic Uranium Program. American Smelting and Refining Company, acting as ore purchasing agent for A.E.C. withheld from settlements with the operators and paid to DMEA amounts purporting to represent the 5 per cent repayment royalty due under the exploration contract. However, errors were made in computing the royalty due, resulting in underpayments aggregating $1.10 as follows:

Settlement Sheet dated November 2, 1953

5% royalty on $1,037.20 - should be		$51.86	$ .50
Paid		51.36	

Settlement Sheet dated September 23, 1954

Royalty due on sales:			
Base payment	$293.79		
Development allowance	41.97		
Premium on excess over 4¢ per ton	17.99		
Haulage allowance	10.08		
Less: Handling and sampling charge a/c less than 45 tons	(40.12)		
Amount subject to 5% royalty	$323.71	$16.19	
Computation of royalty paid:			
Base payment	$293.79		
Premium	17.99		
Total on which 5% royalty was paid	$311.78	15.59	.60
Total underpayment			$1.10

During the audit it was ascertained that the A.E.C. had made additional payments to the operators in amounts of $851.10 relating to the first shipment, and $293.79 relating to the second shipment, under that agency's program of payment of bonuses for initial production of uranium ores from domestic mines. Royalties at 5 per cent, aggregating $57.24, are due and unpaid on such bonus payments received.

A summary of the audit findings follows:

Item	Settlement Sheet dated: 11/2/53	9/23/54
Short Dry Tons of ore	50.6595	14.9895
Base payments	$ 851.08	$ 293.79
Development allowances	121.58	41.97
Premium payments	30.40	17.99
Haulage allowances	34.14	10.08
Less: Handling and sampling	-o-	(40.12)
A.E.C. bonus payments	851.10	293.79
Total subject to royalty	$1,888.30	$ 617.50

Settlement Sheet - Cont'd/

Item	11/2/53	9/23/54
Royalties due - 5%	$ 94.41	$30.88
Less: Royalties Paid	51.36	15.59
Balance royalties due	$ 43.05	$15.29

C. E. Fisher
C. E. Fisher, Auditor

May 9, 1955

Check Sheet of Accompanying Engineer

DEPARTMENT OF Defense
MAY 19

Operator's Name Nieminen, Eiselein & Nelligan, Partners

Address Boulder, Montana

Exploration Contract No. Idm-E299 Docket No. DMEA-2419

Date May 4, 1955

	Check One Yes	Check One No
1. (a) Does the Operator stockpile ore subject to royalty repayment?		x
(b) If so, is segregation and identification procedure adequate?		
2. (a) Does Operator co-mingle production subject to DMEA royalties with exempt production?		x
(b) If so, do you consider the allocation of the co-mingled production equitable?		
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		x
(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4. Do you consider the assay controls in effect are adequate?	x	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	x	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	x	

7. Comment on any item 2 to 6 if answer is No.

John D. Bardill
Mining Engineer

Note: Mine is inactive and not in production.

67958

Docket copy

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Ellis

CERTIFICATION BY THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

To: David Niemisen, Wickes, Montana;
A. H. Eiselein, Boulder, Montana;
and Maurice Nelligan, Boulder, Montana
(Partners)

Pursuant to the provisions of Exploration Project Contract No. [illegible]-5299, dated April 17, 1952, (Docket No. DMEA-219), hereinafter called the "contract" between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

"Drifting and [illegible] on the land described in Article 2 of the [illegible] a radioactive vein in quartz monzonite over a distance of approximately [illegible] feet. The vein ranges in width from one to five feet, is frequently offset by faulting, and contains uranium ore of economic grade.

Dated: DEC 10 1954

THE UNITED STATES OF AMERICA

By C. A. Mittendorf
Administrator, Defense Minerals
Exploration Administration

Hoffland
Chamberlin
Martin
H. E. Johnson

MChing/gla 12-8-54
Original: David Niemisen, Wickes, Montana
cc to: A. H. Eiselein, Boulder, Montana
Maurice Nelligan, Boulder, Montana
Contract Adm. & Audit Division
Field Team, Region II (2)
Finance Office
Rare & Misc. Metals Division
Docket file
Mr. Irving Umbal, Acting Director,
Materials Division, EPS
Admr.'s Reading File
Operating Committee
Mr. Hedges, Rm. 4604
Mr. Killsgaard, Rm. 5224
Mr. T. E. Johnson, Rm. 4460
Mr. Ching

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/8	Murphy	500
	Davis	500
3/11	Talbot	800
	Pellegrino	120
3/12	Johnson	110
3/26	Fumich	100
		220
		3

MAR 1 2 1963

Mr. A. H. Eiselein

Boulder, Montana

Re: DMEA-2419 (Uranium)
Nieminen, Eiselein, and Nelligan
Lone Eagle Quartz Lode Mining Claim
Jefferson County, Montana
Contract Idm-8299

Dear Mr. Eiselein:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated December 10, 1954, all minerals mined or produced from April 17, 1952, to April 17, 1962, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

Director

FMMurphy/mm
3/7/63
cc: Director's Reading File
CA&A Division
Region I (2)
Docket
Code 500

Above letter also written to Mr. David Nieminen, Wickes, Montana

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/8	Murphy	500
	[illegible]	500
3/11	Talbot	800
	Selfridge	120
3/12	Johnson	110
3/12	Fumich	100
		220

MAR 1 2 1963

Mrs. Grace Nelligan

Boulder, Montana

Re: DMEA-2419 (Uranium)
Nieminen, Kiselein, and Nelligan
Lone Eagle Quartz Lode Mining Claim
Jefferson County, Montana
Contract Idm-E299

Dear Mrs. Nelligan:

Thank you for returning the completed MME Form 63, relating to the subject contract.

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated December 10, 1954, all minerals mined or produced from April 17, 1952, to April 17, 1962, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

(pl)

Director

FMMurphy/mm
3/7/63
cc: Director's Reading File
CA&A Division
Region I (2) w/cy Form 63 completed by Mrs. Nelligan 2/13/63
Docket
Code 500

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/5	Murphy	500
	Tyrrell	500
3/6	Tallent	800
	Selfridge	120
		110
		100
		320

Messrs. David Niemimen,
A. H. Kieslein, and
Maggie Nelligan

Re: DMEA-2419 (Uranium)
Niemimen, Kieslein, and Nelligan
Lone Eagle Quartz Lode Mining Claim
Jefferson County, Montana
Contract Ism-K299

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated December 10, 1954, all minerals mined or produced from April 17, 1952 to April 17, 1962, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

Director

Original to: Mrs. Grace Nelligan
Boulder, Montana
Copy to: Mr. A. H. Kieslein, Boulder, Montana
Mr. David Niemimen, Wickes, Montana

Director's Reading File
Region I (2)
CA&A Division
Docket
Code 500

Marion - When you have time rewrite this letter to each individual. No rush!

In letter to Mrs Nelligan the last sentence should read:
Thank you for returning the exploration data as relating to the subject contract.

8623

8-10-54 a.u.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

Defense Minerals Administration
RECEIVED
AUG 30 1954

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

David Riemenon, A. H. Eiselein and Maurice Nelligan, Partners
d/b/a Lone Eagle Quartz Mine
Boulder, Montana

pertaining to Exploration Project Contract Number Idm-E299, Docket Number DMEA 2419, including Amendments Numbers 1 to 6 inclusive, for the period of April 17, 1952 to June 19, 1954, covering a project for the exploration of Uranium on property known as Lone Eagle Quartz Mine, located in Jefferson County, Montana.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Government representative who visited and examined the project, consultation with the Executive Officer of the DMEA Field Team, and a determination of the reasonableness and propriety of the costs.

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

(a) A major portion ($10,802.50) of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed;
(b) The Monthly Reports were supported by documentary proof of the costs incurred under the contract;
(c) the administrative cost to the Government of an audit would be excessive in relation to value of the contract or the estimated possible further disallowances thereunder.

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

Total cost as billed by Contractor		$14,340.30
Less: Proceeds from property disposition		460.00
Net Cost as claimed by Contractor		$13,880.30
Exceptions (schedule attached):		
By DMEA Finance Officer	None	
Herewith	$72.50	72.50
Total Accepted Costs		$13,807.80

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the Contractor by the Government in the amount of Twelve thousand four hundred twenty seven and 02/100 Dollars

--$12,427.02--

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

C. A. Turner, Auditor

July 27, 1954

Audit Report of Review
recd. 8/10/54

Schedule of Disallowances and Salvage Proceeds

David Nieminen, A. H. Eiselein, Maurice Nelligan

Rdm-1299 Docket DMEA 2419

Disallowances

Unit Costs claimed March 1954 Final MF-104

Timbering	135.0'	@	$ 5.00	$ 675.00
Crosscutting 1/	50.0'	@	20.00	1,000.00
Drifting 1/	185.0'	@	20.00	3,700.00
Drifting and Crosscutting	220.0'	@	25.00	5,500.00
				$10,875.00
Allowed by Audit				10,802.50
Disallowed by Audit				
Timbering, excessive footage deleted by Field Team engineer	14.5'	@	5.00	$ 72.50

1/ Amendment Number 1 permitted the Operator to claim costs on the unit basis of $20.00 per foot.

Salvage Proceeds on Property

Nieminen, Eiselein and Nelligan made an offer by letter June 15, 1954 for the remaining equipment to be salvaged which was accepted by letter from the Field Team, Region II, June 18, 1954, as follows:

1	Compressor, JR, 100 c.f.m. with Waukesha motor (Purchased under rental-purchase agreement)	$250.00
1	Atlas Rock Drill and pusher leg complete	200.00
1	Frame Compressor House	10.00
	Salvage Proceeds	$460.00

C. A. Turner, Auditor

July 27, 1954

Docket No. DMEA-2419
(uranium)
DOCKET COPY

(Amendment to Change Starting and/or Completion Dates)

AMENDMENT NO. 6

It is agreed this 12th day of October 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and David Nieminen, A. H. Eiselein, and Maurice Nelligan, partners (Lone Eagle Mine, Jefferson County, Montana) each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E299 dated April 17 1952 between the parties hereto be modified and amended to change the completion period from 18 (No. of months) to 19 (No. of months) from the date of the contract. The effective date of this amendment shall be October 17, 1953.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.

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

Executed in sextuplicate the day and year first above written.

DAVID NIEMINEN, A. H. EISELEIN, and MAURICE NELLIGAN, Partners
(Operator)

By A H Eiselein
By David Nieminen
By Maurice Nelligan

THE UNITED STATES OF AMERICA

By A. E. Weissenborn
A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II

LONE EAGLE QUARTZ MINE
Niemisen, Eiselein & Halligan
Contract Lim-8299
Docket No. DMEA 5419 (uranium)

Justification of Amendment No. 6

We believe it is to the Government's advantage to grant the operators extension of time to permit them to make an ore shipment as the information to be gained from mining the ore will undoubtedly benefit the exploration. We now believe that the mine will no doubt be a small producer of uranium ore and the last 60 feet of the drift will aid greatly in evaluating the mine.

George W. Beeraft

Docket No. DMEA 2419
(uranium)

AMENDMENT NO. 5

DOCKET COPY

It is agreed this 25th day of May 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, and David Nieminen, A. H. Eiselein, Maurice Nelligan, partners

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E 299 of April 17 1952 between the parties hereto be modified and amended as described in Exhibit "F" attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be May 1 1953.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.

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

Executed in sextuplicate the day and year first above written.

DAVID NIEMINEN, A. H. EISELEIN,
MAURICE NELLIGAN, PARTNERS
(Operator)

By A. H. Eiselein

By Maurice Nelligan

By David Nieminen

THE UNITED STATES OF AMERICA

By A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

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7/7/53
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LONE EAGLE QUARTZ MINE
Niemimen, Eiselein & Nelligan
Contract Idm-E299
Docket No. DMEA 2419 (uranium)

AMENDMENT NO. 5

Exhibit "F"

Amendment No. 4 is amended as follows:

I. Under item 2, page 1,

Delete: "Timber and rehabilitate as necessary to make safe, the drift and crosscut driven as indicated in Part I and on the map attached hereto and made a part hereof and entitled 'Geologic Map, Lone Eagle Mine.' Drift approximately 150 feet in a southwesterly direction from the end of the crosscut indicated on the aforementioned map."

Add: "Drift approximately 170 feet in a southwesterly direction from a point approximately 135 feet from start of drift as indicated in map entitled 'Geologic Map, Lone Eagle Mine' attached hereto and made a part of this amendment."

II. Under Estimated Actual Costs, page 2,

Delete: Timber and rehabilitate drift and crosscut referred to in Part I - $700.00

Change: $1,150.00*
To: 450.00

III. Under Agreed Unit Costs, page 2,

Change: Drift and crosscut approximately 200 feet @ $25.00/ft. $5,000.00

To: Drift and crosscut approximately 220 feet @ $25.00/ft. $5,500.00

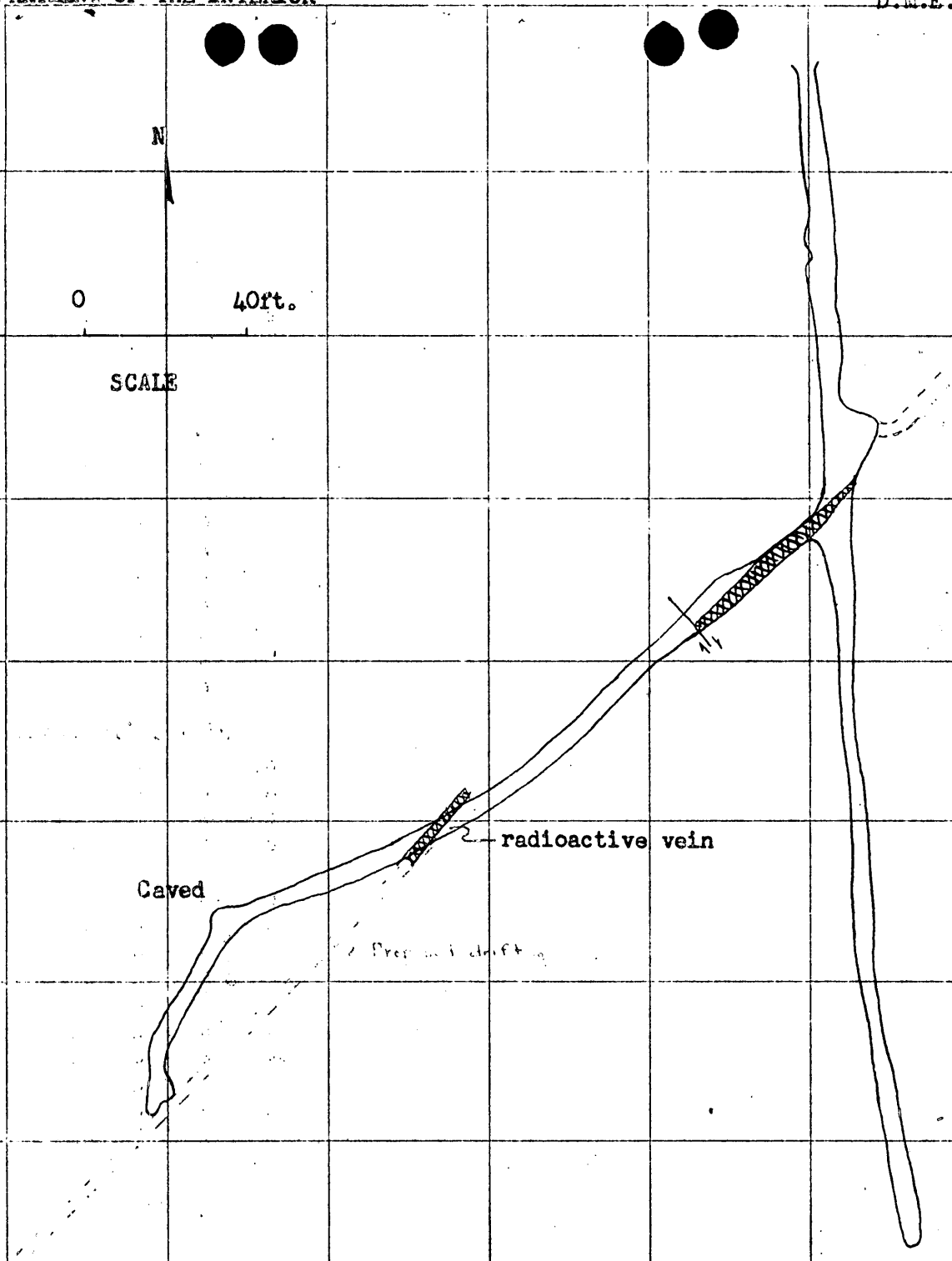
Change: Timber approximately 100 feet of workings @ $5.00/ft. $500.00

To: Timber approximately 140 feet of workings @ $5.00/ft. $700.00

IV. Under Summary, page 2,

Change:	Estimated Actual Costs of Part II	$1,150.00*
To:	Estimated Actual Costs of Part II	450.00
Change:	Agreed Unit Costs of Part II	5,500.00
To:	Agreed Unit Costs of Part II	6,200.00

Change subtotals under Estimated Actual Costs and Agreed Unit Costs, page 2, to conform with amended contract changes.



MINE MAP
of
LONE EAGLE MINE
JEFFERSON COUNTY, MONTANA

Modified tracing of Geologic Map
by G.E.Becraft, U.S.Geol.Survey

Contract Idm-E299

"ALBANENE" No. 166M K&E CO., N.Y.
REG. U.S. PAT. OFF.

LONE EAGLE QUARTZ MINE
Nieminen, Eiselein & Nelligan
Contract Idm-E299
Docket No. DMEA 2419 (uranium)

Justification of Amendment No. 5

An examination of the caved drift disclosed that an allowable rehabilitation cost of $700.00 was not adequate to completely rehabilitate the drift. Furthermore, a drift driven along the vein from where it crosses the drift just before the caved area would be more advantageous in determining the geological characteristic of the uranium-bearing vein. It is in the interest of the Government that drifting be allowed for 170 feet in a southwesterly direction from a point 135 feet from the start of the drift in lieu of rehabilitation of the caved drift and crosscut with subsequent 150 feet of drifting.

E. W. Buel

Docket Copy

EXPLORATION PROJECT CONTRACT
DAVID NIEMINEN, A. H. EISELEIN, MAURICE NELLIGAN (PARTNERS)
DOCKET NO. DMEA-2419

AMENDMENT NO. 4

It is agreed this 17th day of February, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and David Nieminen, A. H. Eiselein, and Maurice Nelligan, each acting in consideration of the agreement of the other to the terms hereinafter set forth that Exploration Project Contract Idm-E299, Docket No. DMEA-2419, dated April 17, 1952, as amended by the parties, hereto be further modified and amended as of said date as follows:

(1) This amendment shall be effective as of February 1, 1953.

(2) In Exhibit "A" under "Statement of the Work" under "Part II" on page 1, delete the entire paragraph and substitute the following in lieu thereof: "Timber and rehabilitate as necessary to make safe, the drift and crosscut driven as indicated in Part I and on the map attached hereto and made a part hereof and entitled "Geologic Map, Long Eagle Mine." Drift approximately 150 feet in a southwesterly direction from the end of the crosscut indicated on the aforementioned map.

Drift approximately 50 feet in a northeasterly direction on the vein from the main tunnel, as indicated on the aforementioned map.

Crosscuts may be driven at points where the advisability of such work is indicated, but the direction, location and extent of all work shall be subject to the approval of the Government. All drifts and crosscuts are to be approximately 5' x 7' in the clear of any timbering.

(3) In Exhibit "A" under "Estimated Costs of the Project", under "Part II," on page 3, eliminate all the material thereunder on said page and substitute the following:

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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Estimated Costs of the Project
(*Indicates allowable maximum)

Estimated Actual Costs

Timber and rehabilitate drift and crosscut referred to in Part I	$700.00	
Accounting and office expense	100.00	
Contingencies	350.00*	$1,150.00*

Agreed Unit Costs

Drift and crosscut approximately 200 feet @ $25.00/ft.	5,000.00	
Timber approximately 100 feet of workings @ $5.00/ft.	500.00	5,500.00

The Government will contribute to the cost of the work set forth above under heading "Agreed Unit Costs" on the basis of the above agreed unit costs per foot, as they accrue, for units of work actually performed in lieu of actual costs. These unit costs include all costs of the work excepting accounting and office expense, timbering and rehabilitating drift and crosscut referred to in Part I, estimated above under the heading "Estimated Actual Costs", to which the Government will contribute on the basis of actual costs as set forth in Article 6(a) of the contract.

S U M M A R Y

Total Estimated Actual Costs of Part I	$8,460.00*	
Total Estimated Actual Costs of Part II	1,150.00*	
Agreed Unit Costs of Part II	5,500.00	
Total Estimated Cost of Project		$15,110.00*
Government Participation @ 90%		$13,599.00*

5

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C P Mitchendoy
Administrator, Defense
Minerals Exploration
Administration

2 Ex Com
Chamber

David Nieminen, A. H. Eisclein
and Maurice Nelligan, Partners

By A H Eisclein
Partner

By David Nieminen
Partner

By Maurice Nelligan
Partner

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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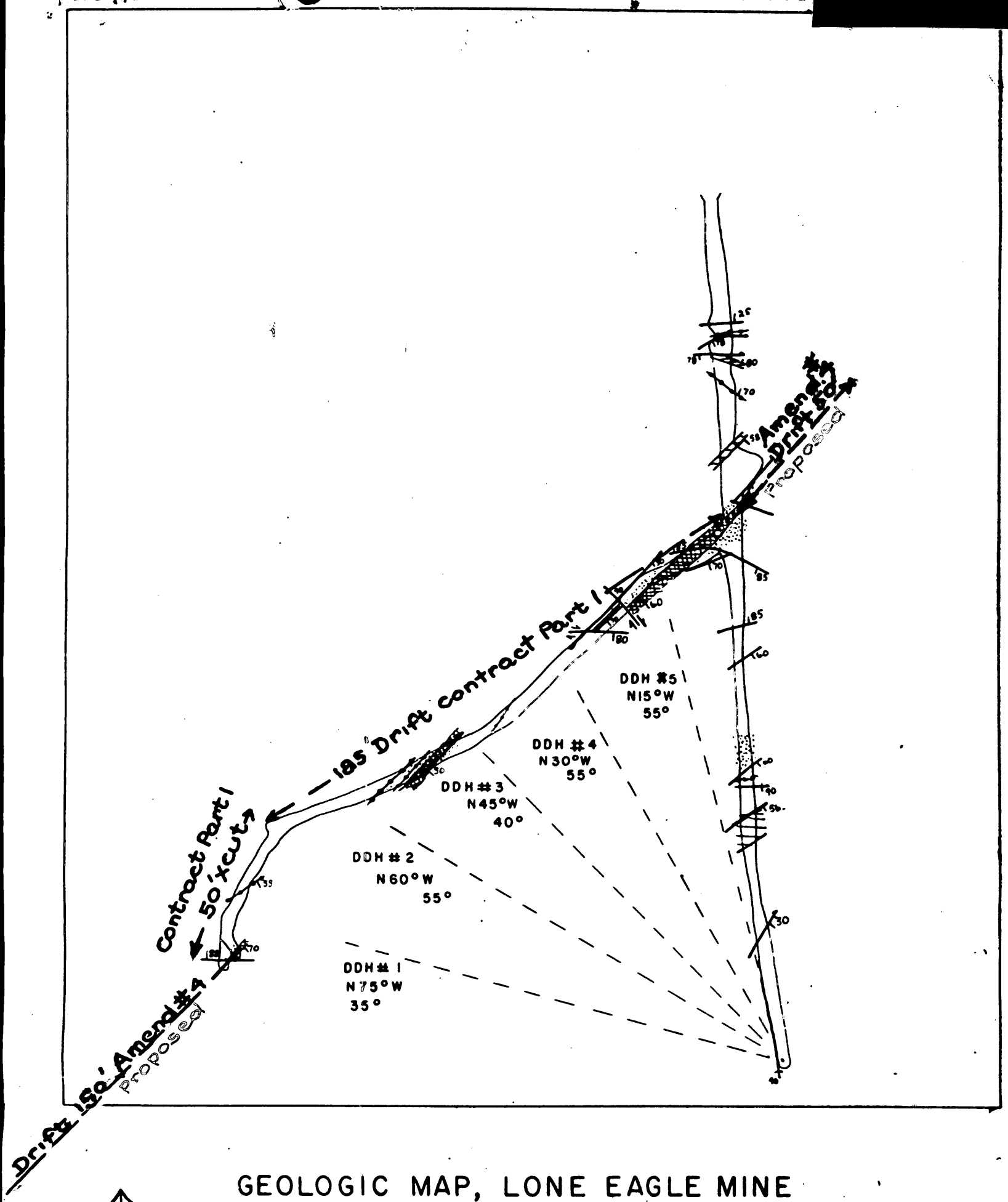

EXPLANATION

[redacted]

Radioactive vein

Other veins

Silicified rock

Faults

Proposed drill holes showing heading and dip

Country rock is quartz monzonite.

Contract Idm-8-399 Part II

Amendment No.4

Proposes 200 feet drifting instead of 1,000 feet diamond drilling

N

GEOLOGIC MAP, LONE EAGLE MINE

JEFFERSON COUNTY, MONTANA

showing proposed diamond drill holes

George E. Becraft

Scale 1" = 40'

Exploration Project Contract
David Nieminen, A. H. Eiselein, and Maurice Nelligan, Partners
Docket No. DMEA-2419 (uranium)

EXHIBIT "F"

Part II of Exhibit "A" of the subject contract is deleted and the following substituted in lieu thereof:

"Part II will consist of such timbering and rehabilitation as necessary in the drift and crosscut driven as part of Part I of the contract to make them safe (for a more permanent installation) an amount not to exceed $700.00 will be allowed for this work. An additional 200 feet of drifting will be done; 150 feet along the vein in a southwesterly direction from the end of the crosscut driven under Part I of the contract and 50 feet in a northeasterly direction along the same vein about 125 feet from the portal. The drift is to be approximately 5 feet by 7 feet in cross section.

"The drifting will be done at $25.00 per foot which will include all costs except timber; where timbering is necessary an additional $5.00 per foot will be allowed. A sum of $100 will be allowed for accounting and office expense."

PART II

1.	200 ft. drifting and crosscutting @ $25.00 per ft.	$5000.00
2.	100 ft. timbered drift (if necessary) @ $5.00 per ft.	500.00
3.	Timbering and rehabilitating drift and crosscut driven as part of Part I to make safe for a more permanent installation.	700.00
4.	Accounting and office expense	100.00
5.	Contingency	350.00
	Total Part II	$6650.00

DAVID NIEMINEN, A. H. EISELEIN AND
MAURICE NELLIGAN, PARTNERS
EXPLORATION PROJECT CONTRACT
LONE EAGLE QUARTZ MINE
DOCKET NO. DMEA-2419 (URANIUM)

Justification for Amendment No. 4

Part II of the contract called for 1000 feet of diamond drilling to explore a uranium-bearing vein at depths from 80 feet to 175 feet below the Lower Tunnel Level. The operators are definitely opposed to undertaking the drilling program at this time and instead want to do an additional 200 feet of drifting along the vein. They have stated that until more drifting has been done and a few shipments made from the adit level to determine whether the vein can be mined profitably they would not enter into a drilling program.

It is now apparent that considerably less than 1000 feet of diamond drilling (the amount allowed under Part II of the contract) will be adequate to explore the vein below the adit level and a competent driller cannot be obtained for such a small contract. In addition, recommendations are being prepared for a comprehensive diamond drilling program to be carried out by government drillers on deposits containing anomalous radioactivity in the area; included are plans for drilling a few holes on the Lone Eagle. Therefore, it is believed that a more satisfactory arrangement would be to include the Lone Eagle drilling program in the comprehensive drilling program.

The rehabilitation and timbering provided for in this amendment in the drift and crosscut driven as part of Part I of the contract is necessary because although this work was adequate for the exploration as originally planned it will not be safe as a permanent installation. The mine has been shut down since October 1952 because of winter conditions, and, therefore, the exact amount of timbering and rehabilitation that will be necessary is not known. It is believed though that the $700.00 allowed under this amendment is adequate and it will be stressed to the operators that it is to their benefit to do the work as efficiently and cheaply as possible.

Analyses of chip samples across the vein where it is exposed in the drift and crosscut indicate a U_3O_8 content ranging from 0.22 percent to 0.66 percent. To determine whether the vein beyond the present workings contains enough rock of this grade, or better, to be mined profitably, additional drifting must be done. The additional 200 feet of drifting (150 feet in a southwesterly direction from the end of the crosscut and 50 feet in a northeasterly direction along the same vein about 125 feet from the portal) will be sufficient to determine whether the Lone Eagle can become a limited producer of uranium ore.

George E. Becraft, Geologist
U. S. Geological Survey

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Docket No. DMA-2419
(uranium)

(Amendment to Change Starting and/or Completion Dates)

AMENDMENT NO. 3

It is agreed this 17th day of October 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and David Nierenberg, A. H. Nicolaia, and Maurice Nelligan, partners.

each acting in consideration of the agreement to the other to the terms hereinafter set forth, that the Exploration Project Contract IC-1299 dated April 17 1952 between the parties hereto be modified and amended to change ~~the starting date from~~ _____ (No. of days) ~~to within~~ _____ (No. of days) ~~of the date of the contract~~ and the completion period from 6 (No. of months) to 18 (No. of months) from the date of the contract. The effective date of this amendment shall be October 17, 1952.

This amendment is made by authority granted the Executive Officer, DMEA Field Team, Region II, in Order No. 2684 by the Acting Secretary of the Interior.

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

Executed in sextuplicate the day and year first above written.

David Nierenberg, A. H. Nicolaia
and Maurice Nelligan, partners
(Operator)

A. H. Nicolaia
Maurice Nelligan
David Nierenberg

THE UNITED STATES OF AMERICA

By A. E. Weissenborn
A. E. Weissenborn
Executive Officer
DMEA Field Team, Region II

REMOVED FROM THE RECORD
Defense Health Administration
JAN 13 1993

[illegible] (Granada [illegible])
[illegible]
[illegible]
[illegible]
[illegible]
Contract [illegible]-277

[illegible] No. 3

[illegible] contract [illegible] shall be brought to completion within a period of [illegible] months. This date would be [illegible]. Part I of the contract was completed [illegible] and winter conditions prevent further work on the property until [illegible], therefore, Part II of the contract cannot be [illegible] until that time. [illegible] amendment to Part II to permit [illegible] 300 feet of [illegible]. The amount [illegible] allotted to the contract [illegible] would provide [illegible] specified [illegible] Part II as amended.

[illegible], Geologist
U. S. Geological Survey

AMENDMENT NO. 2

It is agreed this 15th day of Sept, 1952, between the the United States of America, acting through the Department of the Interior, Defense Minerals Administration and David Nieminen, A. H. Eiselein, and Maurice Nelligan, partners (Docket No. 2419 - uranium)

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E299 of Apr. 17 1952 between the parties hereto be modified and amended as described in Exhibit "B", attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be September 15 1952.

This amendment is made by authority granted the Executive Office, DMA Field Team, Region II in Order No. 2684 by the Acting Secretary of the Interior.

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

Executed in sextuplicate the day and year first above written.

DAVID NIEMINEN, A. H. EISELEIN
AND MAURICE NELLIGAN, PARTNERS
(Operator)

By David Nieminen

By A H Eiselein

By Maurice Nelligan

The United States of America

By A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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OCT 20 1952

DAVID NIEMINEN, A. H. KISELKIN & MAURICE MELLIGAN
(Partners)
Contract Idm-8299 - uranium Docket No. DMEA 2419

AMENDMENT NO. 2

Exhibit "F"

Changes and modifications

1. In Exhibit "A" under "Operating Equipment to be Rented," change the second item to read as follows:

"Bulldozer for road repair, 2 days at $120.00 per day (including Operator, supplies, repairs) $240.00"

and change the total shown for "Operating Equipment to be Rented" from $2860.00 to $2740.00.

2. In Exhibit "A" under "Rehabilitation and Repairs" add the following item:

"Additional labor and supplies necessary for road repair $120.00"

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

1201 N. Division St.
Spokane 2, Washington
October 6, 1952

MEMORANDUM

To: DMEA Field Team, Region II

From: W. S. Anderson, Mining Engineer, Bureau of Mines

Subject: Amendment No. 2, Lone Eagle Quartz Mine, Jefferson County, Montana, Docket No. 2419 (uranium) Contract Idm-E299

In addition to the bulldozer work for road repairs, labor and supplies are required to install drainage culverts and to grade roadside ditches. The additional work is necessary to put the road in proper condition for haulage of supplies and equipment to the property.

The amendment does not increase the total cost of the project, and it is to the benefit of the Government to have the access road in good condition.

W. S. Anderson

cc: DMEA, Wash.
USGS (2)

AMENDMENT NO. _____

It is agreed this _____ day of _____ 195_____, between the the United States of America, acting through the Department of the Interior, Defense Minerals Administration and _____

_____

_____

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract _____ of _____ 195____ between the parties hereto be modified and amended as described in Exhibit _____, attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be _____ 195____.

This amendment is made by authority granted the Executive Officer, DMA Field Team, Region II in Order No. 2684 by the Acting Secretary of the Interior.

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

Executed in sextuplicate the day and year first above written.

_____
(Operator)

_____

The United States of America

By _____
A. B. Weissenborn, Exec. Officer
DMA Field Team, Region II

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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C O P Y

David Nieminen, A. H. Eiseléin, and Maurice Nelligan, Partners
Exploration Project Contract Idm-E299, Docket No. 2419X (Uranium)

Amendment No. 1

EXHIBIT "F"

Exhibit "A", Estimated Costs of the Project, Part I, is amended as follows, in order that the work under the contract may proceed more efficiently.

1. Sec. 1, Independent Contracts
   Delete: "Drifting on uranium bearing vein 200 feet at $20.00 per foot - - - - - - - - - - - - - - - - $4,000.00
   Add : "Drifting on uranium bearing vein 185 feet at $20.00 per foot - - - - - - - - - - - - - - - - $3,700.00

If a satisfactory subcontract cannot be negotiated the operator may perform the work himself and the Government will contribute to the cost of drifting and crosscutting on the basis of $20.00 per foot of new drift and crosscut actually completed, in lieu of actual costs. The rest of the described work and those items of the cost of drifting and crosscutting which are excluded therefrom will be contributed to by the Government on the basis of the actual costs specified in Article 6 (a) of the contract form, schedules of which are set forth in Exhibit "A" and as amended below:

2. Sec. 4, Operating Equipment
   Delete: Under "To be rented":
   Compressor, including pipe and hose, drill steel and accessories -v- - - - - - - - - - - - $2,500.00

   Add : Compressor - $1,200.00

   Add : Under "To be purchased":
   Drill, pipe and hose, drill steel, and drilling accessories - - - - - - - - - - - - - - - $1,300.00

3. Sec. 5, Rehabilitation and Repairs
   Delete: "None"

   Add : Repairing adit portal, labor only - - - - - - - - $ 300.00

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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MF-200
(June 1951)
(Revised Feb. 1952)

Docket No. DMEA-2419
Commodity Uranium
Idm-E-299

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

EXPLORATION PROJECT CONTRACT 1/

It is agreed this 17th day of April, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and 2/ David Nieminen, Wickes, Montana; A. H. Eiselein, Boulder, Montana; and Maurice Kelligan, Boulder, Montana — Partners

hereinafter called the "Operator," as follows:

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

ARTICLE 2. Operator's property rights. With respect to that certain land situated in the State of Montana, County of Jefferson, described as follows:

1/ If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.

2/ State name, address, and nature of organization if any.

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MAY 12 1952
U. S. G. S.
SPO

3/ Lone Eagle Quartz Lode Mining Claim, located in Quartz Gulch, Section 25, Township 8 North, Range 5 West, M.P.M. Recorded in the Office of the County Clerk and Recorder on Page 372 Book 46, Records of Jefferson County, Montana.

the Operator represents and undertakes: 4/

(a) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:

None

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

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

ARTICLE 3. Exploration project. The Operator, within thirty (30) days from the date of this contract shall commence

3/ Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.

4/ Strike out the provision not applicable.

on a project of exploration for[5] Uranium

in or upon the described land; and shall bring the project to completion within a period of six (6) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

ARTICLE 4. Performance of the work. (a) Operator's responsibility. The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A", attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A", as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(b) Independent contracts. Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed

5/ Name of mineral or minerals.

under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(c) Government may inspect. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 5. Estimated costs of the project. A statement of the estimated cost of the project is set forth in Exhibit "A", attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or

elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. Allowable costs of the project. (a) The costs of the project in which the Government will participate are limited to the following:

(1) Independent contracts. Payments to independent contractors under independent contracts listed in Exhibit "A". The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) Labor, supervision, consultants. Labor, supervision and technical services (including engineering and geological consultants),

a schedule of which is included in the estimate of costs set forth in Exhibit "A". The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) Operating materials and supplies. Necessary materials and supplies including expendable items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A".

(4) Operating equipment. Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A". Any items listed for purchase or as owned and to be furnished by the Operator, and related purchase price and allowable depreciation, are allowable maximums.

(5) Rehabilitation and repairs. Any necessary rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A". These items are allowable maximums.

(6) New buildings, improvements, installations. Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A". All of these items are allowable maximums.

(7) Miscellaneous. Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmens' compensation and employers' liability insurance and payroll and sales taxes.

(8) Unforeseen. Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A", as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

(b) The Government's payments in all cases will be based on actual, necessary costs (including contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(c) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. Reports, accounts, audits. (a) Progress reports. The Operator shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator,

and shall constitute both the Operator's invoice of costs incurred on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

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

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

(d) Accounts and audits. The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account as provided in Article 12.

ARTICLE 8. Payments by the Government. (a) The Government will pay 90 per cent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $13,599.00, which is 90 per cent of $15,110.00, the agreed, estimated total cost of the project in which the Government will participate; Provided, that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) per cent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

(b) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. Repayment by Operator. (a) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within ten years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which

the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said ten years have elapsed, whichever occurs first, as follows:

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

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

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

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

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

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

ARTICLE 10. Assignment, transfer, or loss of Operator's interest. Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; Provided, that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of ten years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any

reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 11. Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. Termination and completion. The Government may, at any time, by written notice to the Operator, terminate this contract: (a) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (b) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (c) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its prorata share of any money remaining.

ARTICLE 13. Changes and added provisions. _____

_____

_____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

David Nieminen, A. H. Eiselein, Maurice Nelligan
Operator

By David Nieminen
Partner

By Alf Eiselein
Partner

By Maurice Nelligan
Partner

By C O Mitchenor
Acting Administrator, Defense
Minerals Exploration Administration
Hoffland (for)
Chandler

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

_____ [Corporate Seal]

16042

EXPLORATION PROJECT CONTRACT
DAVID MIRHINEN, A. F. EISELEIN, MAURICE MELLIGAN (PARTNERS)
LONE EAGLE QUARTZ MINE
DOCKET NO. DMEA-2419

EXHIBIT "A"

Statement of the Work

The purpose of this project is to explore for uranium in an old mine, as a result of the discovery of uranium by engineers of the Atomic Energy Commission, in the mine dump and in a 30-foot wide vein in the so-called Lower Tunnel. The work is divided into two parts.

Part I

Part I will be started first and may or may not be completed before starting Part II. It consists of exploring a uranium bearing vein 30 feet wide, situated about 125 feet from the portal in the so-called Lower Tunnel. This will be done by drifting on the vein a distance of 200 feet, also drilling lateral exploratory holes (with the standard rock drill) every 25 feet along the length of this drift, in order to sample the vein throughout its full width; also driving a total of 50 feet of short crosscuts across the vein at points revealed by this work to be promising. The drifts and crosscuts are to be approximately 5 feet by 7 feet in the cross section.

Part II

Part II shall not be started without the approval of the Government. It consists of excavating and preparing a small chamber to permit operation of a diamond drill at approximately 240 feet from the portal in the so-called Lower Tunnel. This work is to be done by the same crew that performs Part I. In addition, a contract is to be let subject to the approval of the Government for drilling a total of 1,000 feet of diamond drill holes to cut the uranium bearing vein, at depths from 80 feet to 175 feet below the Lower Tunnel level.

Estimated Costs of the Project

Part I

(1) Independent Contracts

Drifting on uranium bearing vein 200 feet @ $20.00 per foot 1/	$4,000.00

1/ Includes timbering, labor, materials, supplies, and all costs not otherwise specifically provided for.

Crosscutting uranium bearing vein total 50 feet @ $20.00 per foot 2/	$1,000.00	$5,000.00

(2) Labor, Supervision, Consultants

Engineering and geology		150.00

(3) Operating Materials and Supplies

The following will be contributed by the Operator without charge:

1 - Ton of mine rails with fish plates, bolts and spikes

1 - Turn sheet

All necessary small tools

(4) Operating Equipment

To be rented:
(Only for such time as needed)

Compressor, including pipe and hose, drill steel and accessories	2,500.00	
Bulldozer for road repair, 3 days @ $120.00 per day (including operator, supplies, repairs)	360.00	2,860.00

To be purchased:

None

To be furnished by the Operator

1 - Mine car, without cost

(5) Rehabilitation and Repairs

None

(6) New Buildings, Improvements, Installations

One compressor house to be constructed		350.00

2/ See footnote 1.

(7) Miscellaneous

Accounting and office expense		$ 100.00
Total Estimated Cost — Part I		$8,460.00

Part II

(1) Independent Contracts

Excavating and preparing diamond drill station 3/	$ 400.00	
Diamond drilling from prepared station 240 feet from portal in Lower Tunnel, total footage of holes 1,000 feet @ $6.00 per foot 3/	6,000.00	$6,400.00

(2) Labor, Supervision, Consultants

Engineering and geology	150.00

(3) Operating Materials and Supplies

None

(4) Operating Equipment

None

(5) Rehabilitation and Repairs

None

(6) New Buildings, Improvements, Installations

None

(7) Miscellaneous

Accounting and office expense	100.00
Total Estimated Cost — Part II	$6,650.00

3/ Includes timbering, labor, materials, supplies, and all costs not otherwise specifically provided for.

Summary and Total

Part I	$ 8,460.00
Part II	6,650.00
Total	$15,110.00

Form MF-103
(Revised June 1951)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.1.

MF-103 Should Be Filed With General Technical Data Form MF-100

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

Not To Be Filled in by Applicant

Docket No. DMEA-2419
Metal or Mineral
Date Received 3-10-52
Amount $
Participation (Government %)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 10 1952

David Nieminen, Wickes, Montana
A. H. Eiselein, Boulder, Montana
Maurice Nelligan, Boulder, Montana

Name and address of applicant

Date February 13, 1952

If you have already filed MF-100, give date filed 2-13-1952, type of assistance requested Exploratory,

DMA Docket Number (if available)

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four copies each, of the signed application form, General Technical Data Form MF-100, and answers to questions as specified, to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive office thereof, with your name and address on each sheet of the application and all accompanying papers. If you have previously filed MF-100, it is not necessary to file it again. However, you should indicate in space provided above the type of assistance previously applied for (loans, procurement contracts, etc.) and DMA Docket Number, if available. *When a question is inapplicable it should be so stated in the form.* Additional sheets should be attached in answering any questions or in supplying additional information. IF YOU CANNOT ANSWER A QUESTION, SO STATE.

1. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.

   (*b*) If you are not the owner of the property, submit a copy of the lease, purchase option, or other agreements under which you are authorized to operate the property with each copy of your application.

   (*c*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

   NOTE: (1) If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*c*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

   (2) If applicant is not the owner of the property or if there are any liens or encumbrances against the property, copy of agreements of claimants, lienors, encumbrances, and lessors subordinating their interests in the property to the interest of the Government under the Exploration Project Contract will be required for attachment to the Contract.

2. (*a*) What metals or minerals do you expect to find?

   (*b*) Furnish statement of the geologic features of your property, giving type of ore deposit and reasons for expecting to find commercial ore bodies. Illustrate with maps or sketches. If you have a geologic or engineering report, or assay maps showing width and grade, please send them with application, stating whether or not you wish to have them returned.

The information requested in questions 3, 4, 5, 6, 7, 8, and 9 below should be answered specifically and in detail, as this information will be attached to and incorporated as part of the Exploration Project Contract, if such contract is entered into with you by the Government.

ANSWER EACH QUESTION ON SEPARATE SHEETS OF PAPER AND SUBMIT A COPY OF EACH ANSWER FOR EACH COPY OF YOUR APPLICATION.

3. (*a*) Describe fully the proposed work and give the total cost of the project.

   (*b*) State the time required to start the project and to complete it.

4. Submit a map or sketch of the property involved showing a plan (and cross section, if needed) of the present mine workings and the *location of the proposed exploration work* as related to geologic features, such as contacts, veins, ore-bearing beds, etc.

5. Furnish an itemized list of existing facilities, buildings, installations, and fixtures with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition.

6. Furnish a detailed list of additional facilities, buildings, and fixtures to be purchased, installed, or erected by you, with the estimated cost of each item.

7. Furnish a detailed list of operating equipment, separated into items to be—

   (*a*) Rented

   (*b*) Purchased

   (*c*) Furnished by you

   with the rental, purchase price, or depreciation of each item, as the case may be, to be charged as a cost of the project.

8. Furnish an itemized schedule of labor, by numbers and classes (miners, muckers, etc.) and of supervisors by numbers and positions, with the maximum wages or salaries to be paid to each.

9. Furnish a detailed list with estimated cost of each item for materials, supplies, engineering, assaying, accounting, power, water, utilities, and any other items not provided for above.

10. (*a*) How much are you prepared to invest in the proposed project?

    (*b*) Is this amount sufficient to pay your part of the cost of the project, in accordance with the regulations on Government participation (Sec. 9 of MO–5)?

11. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

CERTIFICATION

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

(Name of company)

By A. H. Eiselein
(Signature of authorized official)
A. H. Eiselein, for himself and hereto authorized for Maurice Nelligan and David Nieminen.

February 13, 1952
(Date)

(Title)

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

U. S. GOVERNMENT PRINTING OFFICE 16—64067-2

Owners: (Applicants)

David Nieminen, Wickes, Montana
A. H. Eiselein, Boulder, Montana
Maurice Nelligan, Boulder, Montana

1. (a) Lone Eagle Quartz Lode Mining Claim.
   (b) Owners as above stated.
   (c) Located in Quartz Gulch, Township 8 North, Range 5 West, about 2 miles up from Clancy Creek and recorded in the office of the County Clerk and Recorder of Page 372, Book 46, records of Jefferson County, Montana.

2. (a) Uranium.
   (b) We attach photostatic cop y of a report made March 1951, by Ernest E. Thurlow and Millard L. Reyner, engineers for the New York Raw Materials Division, Spokane Exploration Division, Spokane, Washington.
   We also attach map made by the above engineers.

3. (a) STEP 1.

Drift 200 feet ~~southwest~~ on vein with long holes across vein zone at 25 foot intervals -- 200 feet at $18.00	$ 3600.00
Crosscut vein zone in 2 or 3 places depending on long hole drilling -- 50 feet @ $18.00	900.00
Timber shear zones -- 100 feet @ $5.00	500.00
Compressor, including pipe and hose, drill, steel and all necessary equipment, to be bought second hand or rented ..... (Note - We are now looking at second hand equipment and have made inquiry on equipment for rent, and do not care to delay our application until we have decided whether to buy or rent).	1500.00
Build Compressor house	200.00
Bulldozer ~~100~~ 1000 feet of road, 2 days at $120.00 per day	240.00
	$ 6940.00

STEP 11.

Cutting diamond drill station and cleaning out muke pile	200.00
1000 feet of drilling to be performed from the lower adit, south of the vein, the holes to down holes to intersect the vein at depth of approximately 80 feet and 175 feet below the adit level.	
1000 feet diamond drilling at $6.00 per foot	6000.00
	$ 6200.00

   (b) Work to start about May 1, 1952 and to be completed by October or November of 1952.

4. As stated above we are attaching map made by AEC office in Spokane, Washington.

5. One (1) partly furnished log cabin, suitable for living quarters for two men. No cost to rehabilitate.

6. No other buildings required except compressor house which is listed under item No. 3 -- to cost $200.00

7. (a) Purchase of compressor, drill, supplies for drill and pipe.

   (c) One (1) mine car, 1 ton of rails, turn sheet, fish plates, spikes which now are at hand at the mine.

8. We plan on giving a contract to David Nieminen for all the specified work except the diamond drilling. He has all the necessary small mining tools and expects to employ one man in addition to himself.

9. Not applicable.

10. (a) $3600.00
    (b) Yes.

11. The Lone Eagle mine was abandoned by the original owner, who operated it possibly 60 or 70 years ago. The adits are the work of the original owner. After his death David Nieminen re-located the claim on July 28, 1941 and has kept up the required assessment work. On the 4th day of March, 1950, A. H. Eiselein and Maurice Nelligan, each bought an undivided interest in the claim. Since then he opened both adits. The lower one required considerable timbering at the portal. We cleaned out the adit so that engineers could make an examination to the face of the crosscut. This required several weeks work. There is no debt against the property.

[redacted]

RAW MATERIALS OPERATIONS
U. S. ATOMIC ENERGY COMMISSION
P. O. BOX 30, ANSONIA STATION
NEW YORK 23, NEW YORK

[redacted]

UNITED STATES
ATOMIC ENERGY COMMISSION
RAW MATERIALS OPERATIONS
NEW YORK OFFICE
Spokane Exploration Branch
P.O.Box 1741
Spokane, Washington

July 2, 1951

Mr. A. E. Eiselein
c/o Boulder Monitor
Boulder, Montana

Subject: INFORMATION CONCERNING PROPERTY DESCRIBED AS FOLLOWS:

Lone Eagle Mining Claim situated in Quartz Gulch, Sec. 25, T. 8 N., R. 5 W., Jefferson County, Montana

Dear Mr. Eiselein:

We have received your ~~letter~~ request of May 9, 1951 asking for information about the above property and supported by the following documents:

Notarized affidavit and request for factual data dated May 9, 1951 (Form A)

Statement by Resident (Form C)

These documents constitute proof satisfactory to the Commission that you are the owner of the above property. In accordance with the Commission's policy, therefore, we are supplying you with the attached information concerning this property. The Commission makes no representation or warranty as to the accuracy or completeness of the information, and makes no recommendations concerning it.

Very truly yours,

Ernest E. Thurlow

Ernest E. Thurlow, Chief
Spokane Exploration Branch

Enclosure:
1. Cy of pages 33 - 38, Rep. No. RMO-644.
2. Fig. 2 - Geologic Map of Lone Eagle prospect

Excerpt a report entitled, "Preliminary Report on Uranium-Bearing Deposits of the Northern Boulder Batholith Region, Jefferson County, Montana", by Ernest E. Thurlow and Millard L. Reyner of the New York Raw Materials Division, Spokane Exploration Branch, U. S. Atomic Energy Commission, Spokane, Washington. March 1951. Pages 33 - 38.

* * * * * * *

NOTE: In accordance with the Atomic Energy Commission's policy, we are supplying the attached information concerning the Lone Eagle property. The Commission makes no representation or warranty as to the accuracy or completeness of the information, and makes no recommendations concerning it.

* * * * * * *

Lone Eagle property

Introduction

The presence of radioactive material on the dump of the adit at this mine was first brought to our attention by Mr. Dave Nieminen of Wickes, Montana, a part owner of the property. The first examination was made on June 20, 1950. At that time 200 feet of the adit were accessible, although partly caved, and the uranium-bearing vein was not seen. Later the adit was partly cleaned out exposing the more radioactive part of a vein in the bottom at 125 feet from the portal. From the appearance of the uraniferous material on the dump, it seems likely that there is another uranium-bearing vein in an inaccessible part of the mine. Private interests have indicated plans to explore the potentialities of the veins exposed in the adit.

Location and Ownership

The Lone Eagle mine is located on a tributary to Quartz creek in Sec. 25, T. 8 N., R. 5 W. and lies about 10 miles southwest of Clancy. It is situated in rugged mountainous country at an elevation of about 6,000 feet. The closest power line is about 2 miles distant. A small permanent stream runs within a hundred yards of the portal of the adit. The property is accessible over poor roads above the Clancy creek turnoff and a jeep is recommended as the best means of travel. Most of the workings were opened prior to 1900 and for several years annual assessment work was done. About three years ago Dave Nieminen, with Morris Nelligan and A. H. Eiselein of Boulder relocated the claim. There is no record that ore was ever shipped from the property.

General Geology and Mineralogy

This property lies in the north-central part of the Boulder batholith. The veins exposed in the adit consist of fracture fillings in altered quartz monzonite with associated aplitic bodies. Alteration of the feldspars in the granitic rocks

is typic[illegible]to greenish clay minerals and sericite. The wa[illegible]ck is highly silicified adjacent to vein zones. The surface area has not been mapped and it is not known whether other intrusives or extrusives exist in this general are

A vein zone is exposed in the adit at 100 to 130 feet from the portal (fig. 2) Some development was done near the center of the zone but the workings are no caved. The structures strike N. 40° E. with an average dip of 60° to the south east. The veins consist essentially of quartz and pyrite with some galena, sphalerite and chalcopyrite, and are usually accompanied by clays and fault gouge. Uraninite is confined to the hanging wall portion of the zone and occurs in a distinct vein that is 1 foot wide at 3 feet above the floor, though it widens to 3 feet at floor level. Five feet of silicified, pyritized quartz monzonite separates this vein from less altered wall rock in the hanging wall. At 95 feet beyond this zone, slight radioactivity was encountered in 3 or 4 inches of clay and gouge on the footwall of a silicified and pyritized zone about 10 feet wide. This structure has a strike direction of N. 60° E. and dips 75° to the southeast. Workings beyond this point are essentially inaccessible at present.

The vein exposed in the adit at 125 feet from the portal offers interesting possibilities for uranium, although no development work has been undertaken. A sample 1 foot wide assayed 0.17% U_3O_8. Lead and zinc are present and it is probable that the rock carries some gold and silver. In hand specimens most of the radioactivity appears to originate in black seams and fractures that are often closely associated with black slickensided surfaces that are likewise radio active.

Material from the dump revealed the primary uranium mineral to be largely altered to autunite(?) with lesser amounts of meta-torbernite (?).

Examination of some of the vein material by the New York Raw Materials Operations laboratory revealed information which may be summarized as follow

> The material consists of siliceous sulphide-rich vein matter and altered granitic rock with sericite replacing much of the feldspar. The vein is comprised chiefly of fine-grained dark quartz, commonly containing fragments of wall rock. The portion of the vein farthest from the wall rock tends to be darker, contains more of the sulphides, and exhibits slickensided surfaces.
>
> " * * * Abundant euhedral crystals of pyrite, a considerable amount of sphalerite and galena, and minor chalcopyrite occur throughout the vein. The wall rock contains a considerable amount of disseminated pyrite, and pyrite, sphalerite, and galena occur in the siliceous veinlets cutting the wall rock.
>
> "The radioactivity results from sparse amounts of an extremely fine-grained black uranium mineral, probably pitchblende, which occurs as thin unconsolidated coatings on the vein material. Almost all of these

coatings occur near the slickensided areas, so that the wall rock and the other portions of the vein exhibit only weak radioactivity. The slickensided surfaces themselves exhibit moderate radioactivity but not so much as the neighboring coated surfaces. Because of the small number and depth of these coatings, and their friable, superficial nature, considerable difficulty was encountered in thin and polished section work.

" * * * A study of polished surfaces shows that pyrite was the first of the sulphides to form. The sphalerite and galena occur as irregular blebs and occasionally cut the pyrite. A few grains of galena exhibiting suggestions of crystal form occur in larger blebs of sphalerite, but no conclusive evidence was found that galena is the older. The chalcopyrite occurs as minute grains in the sphalerite in a distribution suggestive of exsolution. The uraninite was observed coating surfaces of vein rock, which suggests that it was one of the last minerals to form."

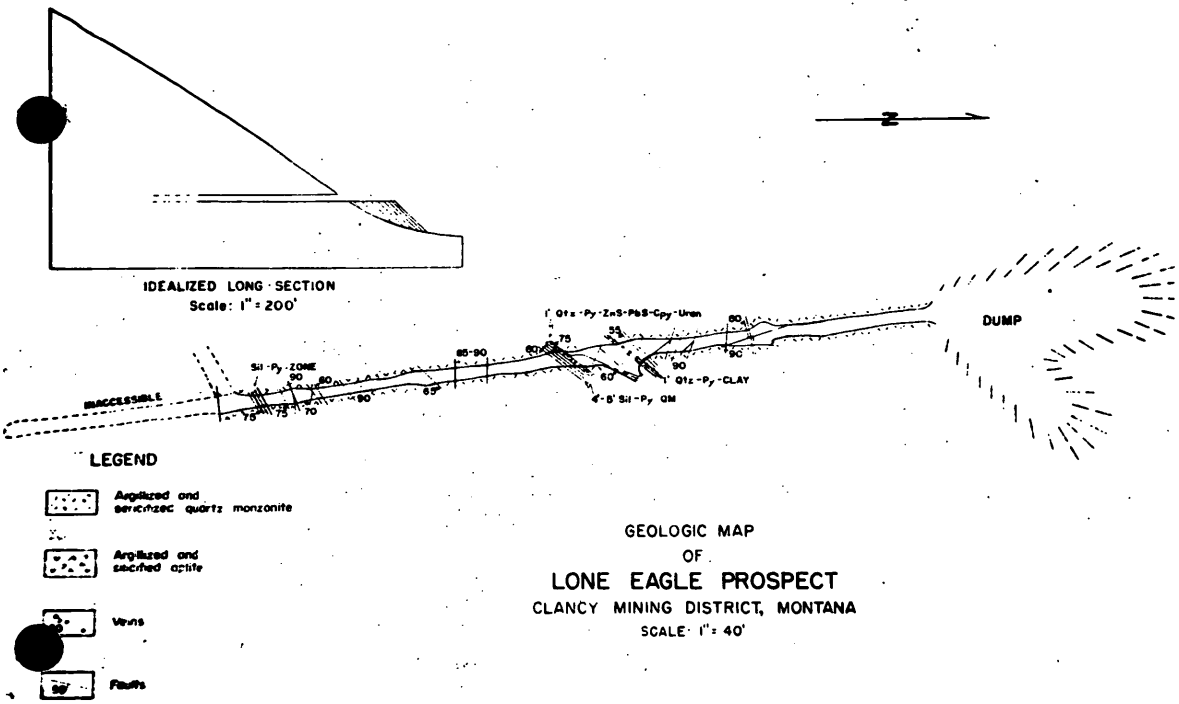

IDEALIZED LONG SECTION
Scale: 1" = 200'
N
DUMP
INACCESSIBLE
Sil-Py-ZONE
1' Qtz-Py-ZnS-PbS-Cpy-Uran
1' Qtz-Py-CLAY
4'-8' Sil-Py QM
LEGEND
Argillized and sericitized quartz monzonite
Argillized and sericitized aplite
Veins
Faults
GEOLOGIC MAP
OF
LONE EAGLE PROSPECT
CLANCY MINING DISTRICT, MONTANA
SCALE: 1" = 40'

FIG. 2

Form MF-100
(May 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

GENERAL TECHNICAL DATA
FOR USE UNDER THE
DEFENSE PRODUCTION ACT OF 1950

NOT TO BE FILLED IN BY APPLICANT

Docket No. DMEA-2419

Date received 3-10-52

MAR 10 1952

David Nieminen, Wickes, Mon tana
A. H. Eiselein, Boulder, Montana
Maurice Nelligan, Boulder, Montana

Name and address of applicant

Date February 13, 1952

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (5) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

Supply the following information on separate sheets, arranged, numbered, and lettered as indicated:

1. Materials produced:
   (*a*) What are the chief mine, mill, or smelter products?
   (*b*) What are the byproducts, if any?
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following:
   (*a*) Linear feet of shafts.
   (*b*) Linear feet of drifts and crosscuts.
   (*c*) Linear feet of tunnels or adits.
   (*d*) Linear feet of other mine openings (explain briefly).

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (*a*) Distance and direction from nearest town and shipping point.
   (*b*) Mining district.
   (*c*) Township, Section, Range.
   (*d*) County, State.
4. (*a*) State whether or not property is now in operation, and if in operation, by whom operated.
   (*b*) Are you operating this property as:
   - ☐ Owner.
   - ☐ Lessee.
   - ☐ Contractor.
5. Number of years in production _____

   If not in production or operation, estimated date when production will begin _____
6. Experience of operators:
   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project.
7. History:
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

8. Names and addresses of Officers, Directors, or Partners, and in addition thereto, the five largest stockholders if applicant is a corporation.

Name and Address (a)	Official Title (If officer is also director indicate by "D") (b)	Total of Annual Salary, Commissions, Bonuses, Etc., Received From Applicant and Affiliates During Last Fiscal Year (c)	Estimated Net Worth Outside of Interest in Applicant (d)	Number of Shares Held in Applicant Corporation		Life Insurance Carried for Benefit of Applicant	
				Common (e)	Preferred (f)	Amount (g)	Net Cash Surrender Value After Loans (h)
	Total		x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. Capital Stock Issues:

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par Value (c)	Number of Shares Outstanding (d)	Dividend Rate Last Paid* (e)
Common stock	$	$	$		
Preferred stock	$	$	$		

*Indicate period covered.

10. Production:

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)					
2. Quantity of product processed (specify unit of measure and type of process)					
3. Quantity and grade of product sold or shipped (specify units of measure)					

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change.

12. Ore or Mineral Reserves:

(a) Describe the ore or mineral deposit briefly. Accompany the application by any available report on the geology and ore reserves.

Applicants (owners):
David Nieminen, Wickes, Montana
A. H. Eiselein, Boulder, Montana
Maurice Nelligan, Boulder, Montana

1. (a) Uranium
(b) none

2. (a) None
(b) 50 foot drift
(c) 292 feet adit lower tunnel
(d) 100 feet adit upper tunnel.
Small amount of water drains from the adit - no pumping required.

3. (a) Clancy nearest shipping point (Gt. Northern Ry.) about 12 miles.
(b) Colorado Mining District.
(c) Township 8 North, Range 5 West, about 2 miles up from Clancy Creek.
(d) Jefferson County, State of Montana

4. (a) Not in operation
(b) We are the owners

5. No production records
About October or November, 1952

6. A. H. Eiselein is the owner, publisher and editor of The Boulder Monitor at Boulder, Montana since 1918. No actual mining experience. Maurice Nelligan is the safety appliance inspector for the Montana Railroad and Public Service Commission for the past 12 years, and prior to that was deputy sheriff of Jefferson County for many years. While he is interested in a number of mining properties in Jefferson county, he has no actual mining experience. David Nieminen is a practical miner, having been a prospector, contractor, leaser and miner for more than 30 years in this area. It is planned to have the work, other than the diamond drilling, done by Mr. Nieminen under contract. He has all the necessary small mining tools.

7. (a) Unknown -- mine was abandoned many years ago -- no records.
(b) No uranium production.
(c) We attach AEC engineer report.

8. A. H. Eiselein, 1/3 owner.
Maurice Nelligan, 1/3 owner.
David Neiminen, 1/3 owner.

9, 10, 11, 12. Not applicable.

13. Good decomposed granite road from Clancy up Clancy Creek (all-year Road) from there to mine, a distance of a little over two miles, the road has a few bad spots, which the county will repair in the spring. This road is also used by the Mountain States Tel. & Tel. Co. to maintain their main line.

14. Good water within 100 yards of adit -- year-around supply in Quartz creek -- a favorite trout stream.

15. Nearest power line about a mile. Montana Power Company.

16. Not applicable.

17. Partly furnished log cabin, ample for 2 men. Mine car, ton of rails, fish plates and spikes.

18. None that we know of.

(*b*) If deposit is other than placer:

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

(2) State the tonnage (indicate type of ton) and grade of each class of ore reserve, as above, and show how computed. Tabulated total ore reserve as follows:

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)					
Indicated (probable)					

(*c*) If placer:

(1) Give estimated total yardage and average marketable mineral content of each deposit.

(2) Submit map showing location of placer deposit and surrounding area, with all test holes or pits. Submit logs of each hole and test pit with depth and average value of each.

(3) Describe gravel, stating whether fine, medium or coarse; loose, tight, cemented, or frozen, and whether it contains stumps or boulders more than 1 foot in diameter; if so, how large, and in what proportion.

(4) Describe bedrock, giving type (granite, sandstone, shale, etc.) and state whether it is hard or soft, smooth, uneven or rough.

(5) Describe overburden, stating whether loose, tight, or cemented; fine or coarse textured; furnish estimate of average thickness and total amount.

(6) Tabulate the reserves using the form outlined above for ore or mineral reserves.

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads.

14. Water Supply:

State source and quantity of water available for operations and whether sufficient for all seasons of year.

15. Power:

State amount of power used, rate per hour, and source thereof.

16. Labor:

State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

17. Equipment and Facilities:

Describe present equipment on the property, including buildings. (State condition.) List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.

CERTIFICATION

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

(Name of company)

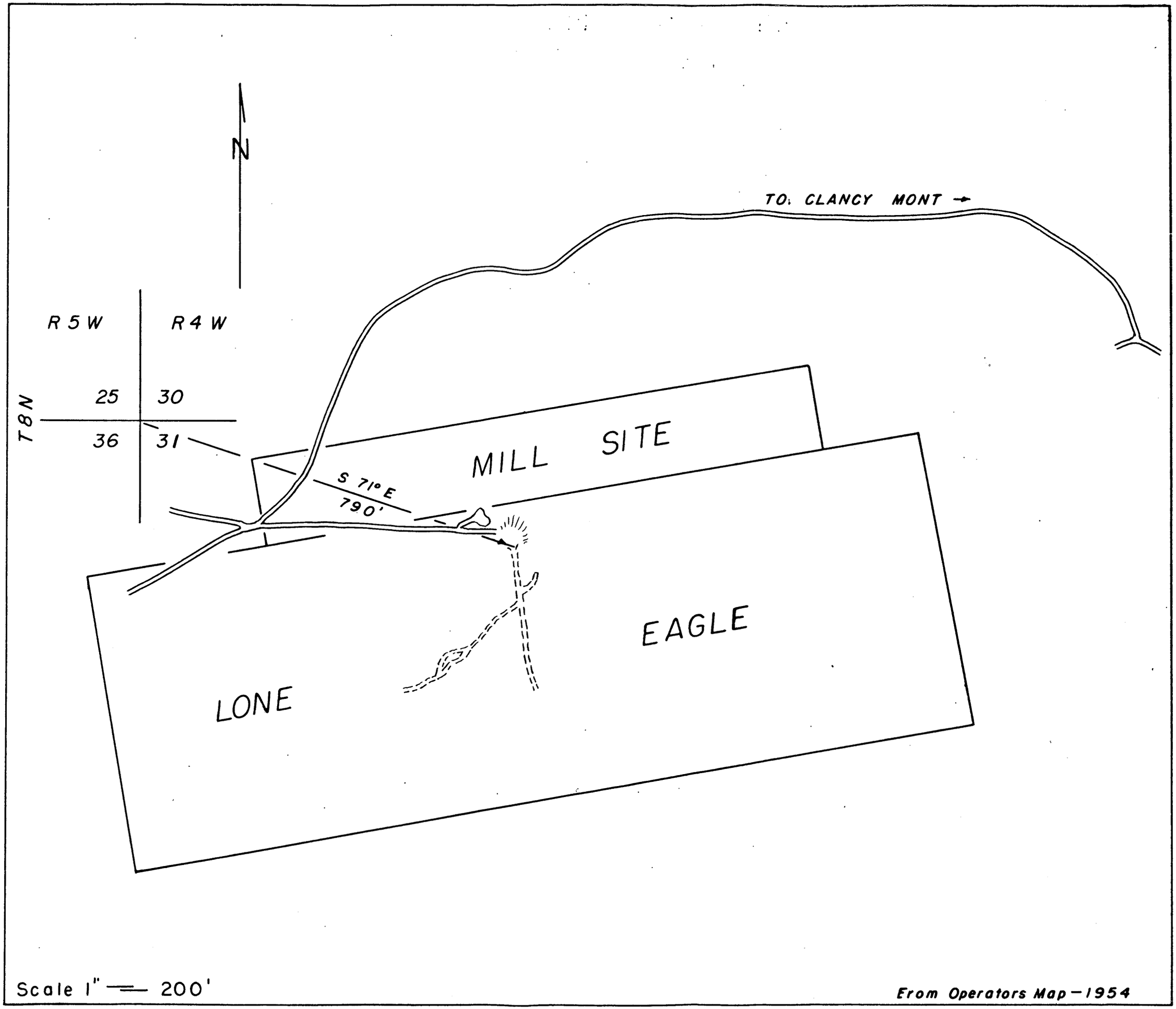
February 13, 1952
(Date)

By A. H. Eiselein
(Signature of authorized official)

A. H. Eiselein, for himself and hereto authorized for Maurice Nelligan and David Nieminen.
(Title)

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

U. S. GOVERNMENT PRINTING OFFICE 16—63792-1


N
TO CLANCY MONT →
R 5 W
R 4 W
T 8 N
25
30
36
31
MILL SITE
S 71° E
790'
EAGLE
LONE
Scale 1" = 200'
From Operators Map – 1954

Read
w/ FT minutes of
4-2-54

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS
EXPLORATION ADMINISTRATION
[redacted]

OFFICIAL BUSINESS

15 CENTS

Mr. George C. Selfridge, Chairman
Operating Committee - DMEA
Dept. of the Interior
Washington 25, D.C.

Ching
Ellis

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

Project Summary Report

By: Michael Ching December 22, 1954

1. Docket No. DMEA-2419 (Uranium)
Contract No. Idm-E299

Operator - David Nieminen, Wickes, Montana)
A. H. Eiselein, Boulder, Montana) Partners
Maurice Nelligan, Boulder, Montana)

Property - Lone Eagle Quartz Lode mining claim, Section 25, T. 8 N., R. 5 W., M.P.M., Jefferson County, Montana
Operator is the owner

2. Contract - dated April 17, 1952 (Long Form)

Work authorized (as amended)

Part I Agreed Unit Costs		
185 ft. drifting @ $20.00/ft.	$3,700.00	
50 ft. crosscutting @ $20.00/ft.	1,000.00	
Part I Actual Costs	3,760.00	$8,460.00
Part II Agreed Unit Costs		
220 ft. drifting & Crosscutting @ $25.00/ft.	$5,500.00	
140 ft. timbering @ $5.00/ft.	700.00	
Part II Actual Costs	450.00	6,650.00
Estimated total cost of project		$15,110.00
Government participation @ 90%		$13,599.00

Amendments -

No. 1, dated July 9, 1952. Applicable to Part I. Drifting footage decreased from 200 feet to 185 feet. Agreed unit costs may be substituted for independent contracts for drifting and crosscutting. Expenses for operating equipment to be rented reduced from $2500.00 to $1200.00, but equipment to be purchased increased from nothing to $1300.00. Rehabilitation and repairs increased from nothing to $300.00.

No. 2, dated September 15, 1952. Applicable to Part I. Bulldozer rental decreased from $360.00 to $240.00. Rehabilitation and repairs increased from $300.00 to $420.00.

Amendments (continued) -

No. 3, dated October 17, 1952. Completion period increased from 6 months to 18 months.

No. 4, dated February 17, 1953. Applicable to Part II. Actual cost diamond drilling eliminated and 200 feet of drifting and crosscutting and 100 feet of timbering, at agreed unit costs, substituted in lieu thereof. Estimated actual costs reduced to $1150.00.

No. 5, dated May 25, 1953. Applicable to Part II. Estimated actual costs reduced from $1150.00 to $450.00. Unit cost drifting and crosscutting increased from 200 feet to 220 feet. Timbering increased from 100 feet to 140 feet.

No. 6, dated October 12, 1953. Completion period increased from 18 months to 19 months.

Work completed -

The work completed consisted of 185 feet of drifting and 50 feet of crosscutting under Part I of the contract and 220 feet of drifting and crosscutting, and 120.5 feet of timbering under Part II. Costs were part agreed unit costs and part actual costs, distributed as follows:

235 ft. drifting and crosscutting @ $20.00/ft.	$4,700.00
220 ft. " " " @ $25.00/ft.	5,500.00
120.5 ft. timbering @ $5.00/ft.	602.50
Equipment rental & purchase, and other actual costs	3,465.30
Total cost before salvage proceeds	$14,267.80
Salvage proceeds	460.00
Total accepted cost of the project	$13,807.80

The project work was started in May, 1952, and completed on November 13, 1953. There was a recess from November 1, 1952, to May 11, 1953, on account of winter weather.

3. Auditor's Report of Review - dated July 27, 1954

Total cost as billed by contractor	$14,340.30
Lessproceeds from property disposition	460.00
Net cost as claimed by contractor	$13,880.30
Exceptions	72.50
Total accepted costs	$13,807.80
Government participation @ 90%	$12,427.02

4. Certification of Discovery, dated December 10, 1954.

5. Comments -

The work was conducted in a satisfactory manner by the Operator although some difficulty was experienced with him over disposal of the jointly-owned equipment at the end of the project. Operator's monthly progress reports were adequate and his final report was good.

A radioactive vein had been disclosed by AEC geologists in an old crosscut tunnel which had been driven about 300 feet into the hillside. The subject project was designed to explore this vein structure by drifting and crosscutting on the adit level. A total of 455 feet of drifting and crosscutting exposed a radioactive vein in quartz monzonite over a distance of approximately 220 feet. The vein ranges in width from one to five feet and is frequently offset by faulting, making it very difficult to follow. Uranium ore of economic grade was found in sections of the vein, but no continuous ore body of any length was found because of the frequent faulting. The vein material consists principally of quartz and chalcedony. The uranium is in the form of pitchblende and a sooty black material coating fractures in the vein.

No reliable estimate of ore reserves on the property was possible. All the DMEA work was done on one level. The AEC drilled three holes to intersect the vein below the level but the results were negative. During the term of the project the Operator was able to ship about 50 tons of 0.24% U_3O_8 ore, and only one other shipment of 15 tons, assaying 0.28% U_3O_8, is known to date. The field examiners estimated that between 1,000 and 2,000 tons of inferred ore may be found on the property having an average grade of 0.2 to 0.3% U_3O_8.

Further exploration on the property does not appear to be warranted at this time.

Michael Ching

Michael Ching

[X] Audited

[ ] Certified

K ANALYSIS SHEET – DMEA PROJEC

Analysis as of 12-3-54
Incl. Voucher for March, 1954

[X] Actual Cost

[ ] Agreed Unit Costs

Name David Nieminen, A.H. Eiselein & Maurice Nelligan

Docket No. 2419

State Montana

Commodity Uranium

Idn-E No. 299

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	455	11,600.00	455	11,480.57	11,480.57
Raising					
Shafts					
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails		240.00		240.00	240.00
Operating Equipment Purchased		2,500.00		1902.23	1452.23
Surface Rehabilitation & Repairs		420.00		300.00	300.00
Underground Rehabilitation					
New Building, Improvements, etc.		350.00		345.00	335.00
Other (Specify)					
Totals		15,110.00		14,267.80	13,807.80

Prepared by Michael Ching

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/5	Murphy	500
2/6	Talbot	800
	Selfridge	120
2/6	[illegible]	110
2/6	[illegible]	100
		220

REGISTERED MAIL
RETURN RECEIPT REQUESTED

FEB 6 1963

Mr. Maurice Nelligan

Boulder, Montana

Re: BMEA-2419 (Uranium)
Nieminen, Eiselein, and Nelligan
Lone Eagle Quartz Lode Mining Claim
Jefferson County, Montana
Contract Idm-E299

Dear Mr. Nelligan:

On June 8, 1962, we returned the MME Form 63 forwarded by Mr. A. H. Eiselein for his signature. Those forms were not returned to this office although in subsequent letters, the last by registered mail on November 13, 1962, he was requested to submit the forms as soon as possible.

The royalty period under the terms of the subject contract expired on April 17, 1962; however, the Government's lien on production from the subject claim cannot be released until we ascertain whether any royalty is due on possible production from December 8, 1961, to April 17, 1962.

Therefore, to expedite the winding up of the subject contract, will you kindly answer the questions on the attached forms and submit two copies to this office.

Sincerely yours,

W. R. Griswold
mm

W. R. Griswold, Chief
Division of Minerals

Enclosures

FMMurphy/mm
2/5/63
cc: Director's Reading File
Docket
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/13	Murphy	500
		~~500~~
11/13	Talbot	800
	Jelfrage	120
11/13	Thomas	110
11/13	Finch	100
		220

REGISTERED MAIL

NOV 13 1962

Mr. A. H. Eiselein
Boulder, Montana

Re: DMEA-2419 (Uranium)
Nieminen, Eiselein, and Nelligan
Lone Eagle Quartz Lode Mining Claim
Jefferson County, Montana
Contract Idm-K299

Dear Mr. Eiselein:

This is with reference to our letters of July 25 and August 21, 1962, relating to the copies of MME Form 63 sent to you.

Will you kindly submit the completed forms as soon as possible so that we can close this docket.

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

FMMurphy/mm
11-13-62
cc: Director's reading
Region I (2)
Docket
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
8/21	Murphy	500
		500
8/21	on leave	120
"	J James	110
8	Griswold	100
		220

AUG 21 1962

Mr. A. H. Kiselein

Boulder, Montana

Re: DMMA-2419 (Uranium)
Nieminen, Kiselein, and Nelligan
Lone Eagle Quartz Lode Mining Claim
Jefferson County, Montana
Contract Idm-K299

Dear Mr. Kiselein:

On July 25, 1962, we returned the two copies of MME Form 63, which you forwarded to us on June 4, for your signature.

The royalty period under the terms of the subject contract expired on April 17, 1962. However, the Government's lien on production from the subject claim cannot be released until we ascertain whether any royalty is due on production subsequent to December 8, 1961, the date of our last production report on the subject property.

Possibly you have not received the forms mentioned above; therefore, we are enclosing duplicate copies for you to complete and submit as soon as possible.

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

Enclosures

FMMurphy/gla
8-21-62
cc to: Director's Reading File
Region I (2)
Docket
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7/24	Murphy	500
	[illegible]	500
7/25	[illegible]	120
"	[illegible]	110
7-28	[illegible]	100
		220
		500

JUL 2 5 1962

Mr. A. H. Kiselein

Boulder, Montana

Re: DMEA-2419 (Uranium)
Nieminen, Kiselein, and Kelligan
Lone Eagle Quartz Lode Mining Claim
Jefferson County, Montana
Contract Idm-K299

Dear Mr. Kiselein:

On June 8, 1962, we returned MME Form 63, in duplicate, which you forwarded to us on June 4, for your signature. According to our records the forms have not been returned to us. We would appreciate receiving the signed forms at your earliest convenience.

Sincerely yours,

George Fumich, Jr.

Director

GLAult/a
7-24-62
cc to: Director's Reading File
Region I (2)
Docket

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/8	Murphy	500
	Mayfield	500
6/8	Talbot	800
6/8	Selfridge	120
"	On leave	110
6/8	[illegible]	100
6/8	Cole	220

Mr. A. H. Eiselein

Boulder, Montana

Re: DMEA-2419 (Uranium)
Nieminen, Eiselein, and Nelligan
Lone Eagle Quartz Lode Mining Claim
Jefferson County, Montana
Contract Idm-E299

Dear Mr. Eiselein:

It will be appreciated if you will sign and return the enclosed MME Form 63, in duplicate, which you forwarded to us on June 4, 1962.

Orig. 63 - sent May 23 or 24
No Copy in File. [illegible]

Sincerely yours,

George Fumich, Jr.

Director

Enclosures

GLAult/a
6-8-62
cc to: Director's Reading File
Region I (2)
Docket
Code 500

43683

Dme

So. 157 Howard Street
Spokane 4, Washington
January 25, 1962

Memorandum

To: Chief, Fiscal Section, Division of Administrative Services, Office of the Secretary, Washington, D. C.

From: Acting Field Officer, OME, Region I

Subject: DMEA-2419 (Uranium)
Nieminen, Eisenlein, and Halligan
Lone Eagle Quartz Lode Mining Claim
Jefferson County, Montana
Contract Idm-8299

There is enclosed a Report of Royalty Review dated December 29, 1961, for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Lone Eagle Quartz Lode Mining Claim and Lone Eagle Mine located in Jefferson County, Montana, during the period May 5, 1955, through December 8, 1961.

This Report of Royalty Review is for record purposes only and no copy has been provided for the Operator.

D. R. MacLaren

Enclosure

DRMacLaren:mls
cc: CA&A Div., OME
OME, CFF
Reading copies to:
Nolan
Robbs
Guild

C. M. E
RECEIVED JAN 29 1962
DATE | INITIALS
1/29 | gla | 500
220

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

JAN 16 1962

Memorandum

To: Acting Field Officer, Region I

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

Subject: DMEA-2419 (Uranium)
Nieminen, Eiselein, and Nelligan
Lone Eagle Quarts Lode Mining Claim
Jefferson County, Montana
Contract Idm-E299

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Your submission of the usual MME Form 22, Check Sheet of Examining Engineer, was not deemed necessary in this instance. The inactivity of the property since 1954 was confirmed by the Operator's reply on your December 6, 1961, MME Form 63, Request for Information.

Enclosures

EDTalbert/ama 1-15-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Rothrock

43683

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 1957

DATE	INITIALS	CODE
4/1	C	220
4/1		800
		225

Bo. 157 Howard Street
Spokane 4, Washington

March 25, 1957

Mr. Maurice Nelligan
One of the Owners
Lone Eagle Quartz Mine
Boulder, Montana

Re: Docket ~~Nos. DMEA-2419~~ (Uranium)
Riselain, Riemmen and Nelligan
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract No. Idm-E299 (Terminated)

Dear Mr. Nelligan:

This is in reply to your letter of March 11, 1957, in which you request a copy of your DMEA Contract Idm-E299.

We regret to advise you that there are no extra copies available and we are not equipped to reproduce the copy in our files, nor do we have authorization to pay for photostating. For your information, the contract including all amendments comprises 27 pages, 7 of which are printed on both sides.

The contract was dated April 17, 1952 and a Certificate of Discovery was issued December 10, 1954. The Administrator's letter to you dated December 13, 1954, with which he enclosed a "Certification by the United States of America of a Discovery or Development under an Exploration Project Contract" states in the second paragraph:

> "By the terms of the Exploration Project Contract, as amended, and of the certification, all uranium and other valuable minerals produced from the claims described in Article 2 of the contract, from April 17, 1952, the date of the contract, are subject to the Government's percentage royalty as set forth in the contract until the sum of $12,427.02 is paid, or until April 17, 1962, whichever occurs first."

Article 2 of the contract entitled "Operator's property rights" states:

> "With respect to that certain land situated in the State of Montana, County of Jefferson described as follows: Lone Eagle Quartz Lode Mining claim, located in Quartz Gulch, Section 25,

Township 8 North, Range 5 West, M.P.M. Recorded in the Office of County Clerk and Recorder on page 372, Book 46, Records of Jefferson County, Montana."

Article 9 of the contract, "Repayment by Operator" follows:

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

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

"(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent of such net amounts. (For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

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

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

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

To date, royalty amounting to $125.29 has been paid from production during the period of April 17, 1952 to May 4, 1955. Therefore, the balance of royalty due is now $12,301.73.

It would be to your advantage, in event you sell the Lone Eagle Quartz Mine, to have the buyer acknowledge that he accepts the obligation to pay any royalty due the Government, as outlined above, as otherwise it will be your responsibility to see that they are paid.

We hope that the above information is what you desire, but if it is not we will be glad to furnish any other excerpts from the contract. The only other alternative would be to have the contract duplicated at your expense.

By Field Team, Region I, NW Dist.

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Wing G. Agnew, Member
U. S. Bureau of Mines

cc: DMEA (3)
USBM (2)
USBM (AD)
CPF

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 1957

DATE	INITIALS	CODE

Boulder, Montana
March 11, 1957

U. S. Department of the Interior
Exploration Administration
South 157 Howard Street
Spokane, 4 Washington

Gentlemen:

There is a possibility that we may sell the Lone Eagle Quartz Mine, located in Jefferson County, Montana, and as our contract with you has been misplaced, we are wondering if it might be possible for us to get a copy of same.? The Docket No. DMEA is 2419 and the Contract No. Idm-E299 (uranium) .

May we please hear from you.

Yours very truly,

One of the Owners,
Lone Eagle Quartz Mine

MAURICE NELLIGAN

1957

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
JUL - 7 1955

June 29, 1955

David Nieminen, A. H. Eiselein
and Maurice Nelligan, Partners
c/o A. H. Eiselein
Boulder, Montana

Re: Docket No. DMEA-2419 (uranium)
Lone Eagle Quartz
Jefferson County, Montana
Contract No. Idm-E299

Gentlemen:

Thank you for so promptly responding to our request of June 14, 1955, by paying the balance of $58.34 to the Government in payment of royalties on production at the Lone Eagle mine from April 17, 1952 to May 4, 1955. This amount is being credited to your account.

Sincerely yours,

John S. Vhay
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

cc: DMEA(2)
USGS(2)
Turner(2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
~~So. 157 Howard Street~~
Spokane 4, Washington

RECEIVED
JUL 11 1955

June 29, 1955

Mrs. Myrtle Purdy, Certifying Officer
DMEA Field Team, Region I, NW District
1201 North Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2419 (uranium)
Eiselein, Nieminen, and Nelligan
Lone Eagle Quarts
Jefferson County, Montana
Contract Idm-E299

Dear Mrs. Purdy:

The enclosed check, No. 139, dated June 18, 1955, in the amount of $58.34 was paid by the Operator in response to our letter dated June 14, 1955, pointing out that according to C. E. Fisher's royalty audit dated May 9, 1955, royalty in this amount was still due the Government from production at the Lone Eagle mine from April 17, 1952, to May 4, 1955. Also enclosed is a copy of a letter dated June 18, 1955, which was received from the Operator.

Sincerely yours,

John S. Vhay
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

Enclosures(2)
cc: DMEA(2)
USBM(2)
Turner(2)

ATTACHMENTS REC'D 6/30/55 (DATE)
BY MP
ROYALTY PMTS TO DATE 125.29

RECEIVED
JUL 11 1955

Boulder, Montana
June 18, 1955

Mr. A. E. Weissenborn
Executive Officer, DMEA
So. 157 Howard Street
Spokane 4, Washington

Re: Docket No. DMEA-2419
(Uranium) Lone Eagle Quartz
Jeffersen County, Montana
Contract Idm-E299

Dear Mr. Weissenborn:

Your letter dated June 14th, has been received wherein you advised that there is a balance of $58.34 due the Government subject to the terms of the contract for production at the Lone Eagle mine from April 17, 1952 to May 4, 1955.

Enclosed you will find our check No. 139 for the above amount made payable to the Defense Minerals Exploration Administration.

Sincerely yours,

Grace H. Neelligan
Bookkeeper - Lone Eagle
Mine, Boulder, Jefferson
County, Montana.

Encl.
1-check

RECEIVED
JUN 20 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED
JUN 20 1955

June 14, 1955

David Nieminen, A. H. Eiselein,
and Maurice Nelligan, Partners
c/o A. H. Eiselein
Boulder, Montana

Re: Docket No. DMEA-2419 (uranium)
Lone Eagle Quartz
Jefferson County, Montana
Contract Idm-2299

Gentlemen:

I am enclosing a first royalty audit certificate and report covering all the payments made under the terms of the subject contract made from production at the Lone Eagle mine from April 17, 1952, to May 4, 1955.

You will note that according to C. E. Fisher's audit royalty due the Government from production at the Lone Eagle mine amounts to $125.29. A total of $66.95 has been paid, leaving a balance due the Government of $58.34.

Will you kindly make out a check to the Defense Minerals Exploration Administration in payment of this amount and send it to me at the above address.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region I
Northwest District

Enclosures
cc: DMEA(2)
[illegible](2)
Turner(2)

COPY

COPY

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

224 New Customhouse
Denver 2, Colorado

November 19, 1954

2419

Memorandum

To: A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II

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

Subject: Royalty payments, DMEA 2419 (Uranium), Contract Idm-E299
A. H. Eiselein, Morris Nelligan, and David Nieminen, Lone Eagle Quartz mine, Jefferson County, Montana

Reference is made to your letter dated November 15, 1954, in which you acknowledged receipt of settlement sheets and royalty payment in the amount of $15.59 for uranium production under the subject contract which was shipped to the Colorado Plateau Uranium Ore Project.

We agree that correct royalty on this shipment should be $16.19 as outlined in the fourth paragraph of your letter. We advise that you request the balance of royalty due on this shipment and subsequent shipments made to A. S. and R's Colorado Plateau Uranium Ore Project directly from the operator. This is our standard procedure for all shipments made to this uranium mill as we have been unable to obtain their cooperation in the calculation of DMEA royalty as outlined in DMEA Order 1 Amended.

Enclosed is a photostat from the Washington office regarding royalties, a photostat of a teletype to the Washington office requesting their assistance through the Atomic Energy Commission in regard to obtaining correct royalty from this ore-buyer, and a photostat of an answering letter signed by Chairman, Operating Committee. It is, therefore, useless to attempt to obtain correct royalty from A. S. and R. We are also enclosing your copy of the settlement sheet covering Lot 6158.

Also where the commodity is uranium, Atomic Energy Commission's Domestic Uranium Program Circular 6 provides for bonus payments for initial production of uranium ore from new domestic mines up to 10,000 pounds of contained U_3O_8. Payment of this bonus is made to the operator directly by the Atomic Energy Commission, and the operator should be instructed to make royalty payments to DMEA on any bonus payments received from the Commission.

/s/ JOHN F. SHAW
John F. Shaw
For W. H. King

Enclosures

COPY COPY

DM 235 BUREAU MINES 5--XXX 5-7-53 2-54 PM

C O MITTENDORF

REURTT MARCH 17, 1953, REGARDING ROYALTIES ON AEC HAULAGE AND DEVELOPMENT ALLOWANCES, WE HAVE RECEIVED THE FOLLOWING LETTER FROM THE COLORADO PLATEAU URANIUM ORE PROJECT, AMERICAN SMELTING AND REFINING COMPANY--

"THIS WILL ACKNOWLEDGE RECEIPT OF YOUR LETTER OF MAY 1ST IN WHICH YOU TAKE EXCEPTION TO THE FACT THAT WE HAVE EXCLUDED HAULAGE AND DEVELOPMENT ALLOWANCE PRIOR TO DETERMINATION OF SETTLEMENT VALUES UPON WHICH ROYALTY PAYMENT IS MADE TO YOU ON BEHALF OF THE MORENO-CRIPPLE CREEK CORPORATION.

"THIS IS TO ADVISE THAT WE HAVE NO OPTION IN THE MATTER AS THE U. S. ATOMIC ENERGY COMMISSION HAS DEFINITELY INSTRUCTED US THAT NO DEDUCTION IS TO BE MADE FROM THE DEVELOPMENT OR HAULAGE ALLOWANCE IN DETERMINING VALUE FOR BASIS OF ROYALTY DEDUCTION.

"IN VIEW OF THE ABOVE AND YOUR REQUIREMENT THAT ROYALTY IS TO BE PAID TO YOU ON VALUES IN XXX INCLUDING DEVELOPMENT AND/OR HAULAGE ALLOWANCE IT WOULD SEEM TO SUGGEST THAT ROYALTY PAYMENTS BE MADE TO YOU ON THE BASIS YOU REQUIRE BY THE MORENO CRIPPLE CREEK CORPORATION AND NOT FROM THIS OFFICE ON ORE SETTLEMENTS MADE TO SUCH COMPANY."

IT IS SUGGESTED THAT THE WASHINGTON OFFICE OF THE AEC INSTRUCT THEIR FIELD PERSONNEL REGARDING THE PAYMENT OF DMEA ROYALTIES

W H KING

END MSG BMH 2-59 PM

COPY OF A COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR

AGENCY DEFENSE MINERALS EXPLORATION ADMINISTRATION
Originator: C. O. Mittendorf
Ext.: 5371 Room: 4624

TELETYPE

Appro.: 14x3923, Working Fund, Interior, DMEA
Date: March 17, 1953
Time:
No.:
To: Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV, 224 New Customhouse Bldg., Denver, Colorado

Subject: Urtel March 12 subject royalties AEC haulage and development allowances.

Have discussed matter internally and with AEC. Familiar with policy that all bonuses and extra allowances are payable only to actual producer and AEC will not collect royalty for landowner. Notwithstanding this, our opinion all bonuses and allowances subject to royalty in accordance Articles 9(b) and 6(b) of our long and short-form contracts. Our opinion strengthened by fact that such royalty payments to DMEA not in nature of tax on returns which might impede production, but merely method of repayment of Government funds already advanced operator to enable him to have produced and fact that loan repayable on conditional basis without interest and administrative charges.

Authorized

Stamped: C. O. Mittendorf

C. O. Mittendorf, Administrator

COPY OF A COPY

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

Date stamped: FEB 15 1954

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

Re: Royalty Deductions on AEC Development and Haulage Allowances

Dear Mr. King:

Reference is made to your memorandum of February 1, 1954, with enclosures, regarding Docket No. DMEA-2888, Fred Schwartzwalder, in particular, and royalty deductions on development and haulage allowances in general.

In connection with the last paragraph of your memorandum we have again informally discussed the matter of royalty deductions on development and haulage allowances with the Washington office of the Atomic Energy Commission and find that the AEC remains firm on its policy of not making such deductions. The purpose, apparently, is to discourage deductions from incentive payments to individual producers. Under these circumstances there is no alternative but to look directly to the Operator for the payment of such royalties.

Sincerely yours,

/s/ GEORGE C. SELFRIDGE
Chairman, Operating Committee

APPROVED:

/s/ J. H. HEDGES
Member, Bureau of Mines

/s/ PHILIP W. GUILD
Member, Geological Survey

RDB
General Royalty File

COPY COPY

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

224 New Customhouse
Denver 2, Colorado

November 19, 1954

Memorandum

To: A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II

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

Subject: Royalty payments, DMEA 2419 (Uranium), Contract Idm-E299
A. H. Eiselein, Morris Nelligan, and David Nieminen, Lone Eagle Quartz mine, Jefferson County, Montana

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/s/ JOHN F. SHAW
John F. Shaw
For W. H. King

Enclosures

COPY COPY

DM 235 BUREAU MINES 5--XXX 5-7-53 2-54 PM

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W H KING

END MSG BMH 2-59 PM

COPY OF A COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR

AGENCY DEFENSE MINERALS EXPLORATION ADMINISTRATION
Originator: C. O. Mittendorf
Ext.: 5371 Room: 4624

TELETYPE

Appro.: 14x3923, Working Fund, Interior, DMEA
Date: March 17, 1953
Time:
No.:
To: Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV, 224 New Customhouse Bldg., Denver, Colorado

Subject: Urtel March 12 subject royalties AEC haulage and development allowances.

Have discussed matter internally and with AEC. Familiar with policy that all bonuses and extra allowances are payable only to actual producer and AEC will not collect royalty for landowner. Notwithstanding this, our opinion all bonuses and allowances subject to royalty in accordance Articles 9(b) and 6(b) of our long and short-form contracts. Our opinion strengthened by fact that such royalty payments to DMEA not in nature of tax on returns which might impede production, but merely method of repayment of Government funds already advanced operator to enable him to have produced and fact that loan repayable on conditional basis without interest and administrative charges.

Authorized

Stamped: C. O. Mittendorf

C. O. Mittendorf, Administrator

COPY OF A COPY

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

Date stamped: FEB 15 1954

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

Re: Royalty Deductions on AEC Development and Haulage Allowances

Dear Mr. King:

Reference is made to your memorandum of February 1, 1954, with enclosures, regarding Docket No. DMEA-2888, Fred Schwartzwalder, in particular, and royalty deductions on development and haulage allowances in general.

In connection with the last paragraph of your memorandum we have again informally discussed the matter of royalty deductions on development and haulage allowances with the Washington office of the Atomic Energy Commission and find that the AEC remains firm on its policy of not making such deductions. The purpose, apparently, is to discourage deductions from incentive payments to individual producers. Under these circumstances there is no alternative but to look directly to the Operator for the payment of such royalties.

Sincerely yours,

/s/ GEORGE C. SELFRIDGE
Chairman, Operating Committee

APPROVED:

/s/ J. H. HEDGES
Member, Bureau of Mines

/s/ PHILIP W. GUILD
Member, Geological Survey

RDB
General Royalty File

IN REPLY REFER TO:

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

December 27, 1954

Re: DMEA-2419
Lone Eagle Quartz Mine
Jefferson Co., Mont.
$13,807.80 - Uranium

Memorandum

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

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of Final Field Team report

The Field Team has recommended a certificate of discovery should be issued. No further exploration assistance is justified at the present time.

Sufficient work has been done to establish the strike length and width of the uranium-bearing Lone Eagle vein. About 66 tons of ore averaging 0.25% U_3O_8 have been shipped from the property. Although the grade of the uranium-quartz veins is extremely erratic, it is quite possible that some production can be obtained above and below the adit level.

I recommend this property be certified as a discovery.

E. L. Newcomb

E. L. Newcomb

Surname only 700

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

Ching
Ellis
Chandler
Johnson
Kilsgaard
Martin
Hoffman

DEC 13 1954

David Hiiminen,
Wickes, Montana;
A. H. Eiselein,
Boulder, Montana; and
Maurice Nelligan,
Boulder, Montana

Re: Docket No. DMEA-2419 (Uranium)
Contract No. Idm-E299
Lone Eagle Quartz Mine
Jefferson County, Montana

Gentlemen:

Enclosed is a "Certification by the United States of America of a Discovery or Development Under an Exploration Project Contract." This certification covers all the land described in Article 2 of the above described contract.

By the terms of the Exploration Project Contract, as amended, and of the certification, all uranium and other valuable minerals produced from the claims described in Article 2 of the contract, from April 17, 1952, the date of the contract, are subject to the Government's percentage royalty as set forth in the contract until the sum of $12,427.02 is paid, or until April 17, 1962, whichever occurs first.

Payments should be made to Mr. A. E. Weissenborn, Executive Officer, DMEA Field Team, Region II, South 157 Howard Street, Spokane 4, Washington. Checks should be payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward the check directly to the Executive Officer. Any bonus payments or allowances received by you from the sale of ore are considered to be a part of the purchase price to which the Government's royalty applies. Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify Mr. Weissenborn of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period, please notify Mr. Weissenborn at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

Copies to Messrs. Eiselein and
Nelligan, Boulder, Montana

Docket
DMEA Field Team, Region II (2)
F. E. Johnson, Rm. 4460
Code 700
Mr. Ching

...ning/gla 12-8-54
cc to: Admr.'s Reading File
Operating Committee
Mr. Hedges, Rm. 4604
Mr. Kiilsgaard, Rm. 5224

name copy 700

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

DEC 13 1954

Ching
Ellis
Chandler
Johnson
Kiilsgaard
Martin
Johnson

Mr. Irving Gumbel, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration Bldg., Rm. 5002
7th and D Streets, S. W.
Washington 25, D. C.

Re: Docket No. DMEA-2419 (Uranium)
Contract No. Idm-E299
David Nieminen, A. H. Eiselein,
and Maurice Nelligan (Partners)
Lone Eagle Quartz Mine
Jefferson County, Montana

Dear Mr. Gumbel:

Enclosed is a copy of a certification of discovery or development relating to the subject exploration contract.

The contract, dated April 17, 1952, covers a project estimated to cost $15,110.00, with Government participation to the extent of 90 percent, or $13,599.00. Work under the project was started in May, 1952, and completed on November 13, 1953. The auditor's Report of Review shows total expenditures during the life of the contract were $13,807.80, with Government participation amounting to 90 percent, or $12,427.02.

The contract, as amended, provides for 455 feet of drifting and crosscutting to explore a radioactive vein structure found on the property.

All the work authorized was completed. Ore of economic grade was found at intervals over a vein length of 220 feet, but continuity of the ore body was frequently interrupted by faulting. A reserve of 2,000 tons of 0.25 percent U_3O_8 ore was indicated at the close of the project.

Persistent faulting of the radioactive vein structure limited the size and continuity of the ore bodies found, but sufficient material of economic grade was exposed to warrant a certification of discovery or development.

Sincerely yours,

G. O. Willoughby

Administrator

Enclosure

Messrs. T. H. Kiilsgaard, Rm. 5224
J. H. Hedges, Rm. 4604
F. E. Johnson, Rm. 4460
Mr. Ching
Code 700

Admr.'s Reading File
Operating Committee
Docket
DMEA FT, Region II (2)

ing/gla
12-8-54
cc to:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

December 7, 1954

Air Mail

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-2419 (uranium)
David Nieminen, A. H. Eiselein,
and Maurice Nelligan, Partners
dba Lone Eagle Quartz Mine
Jefferson County, Montana
Contract Idm-E299 (Completed)

Dear Mr. Selfridge:

Attached is a final report on the Lone Eagle Quartz mine project by George E. Becraft, Geological Survey, and Margaret R. Lickes, Bureau of Mines.

Certification of Discovery or Development is recommended. A Certification of Discovery or Development was recommended in a brief memorandum sent to you on November 30, 1954.

By Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
(U. S. Geological Survey)

Wing G. Agnew

Wing G. Agnew, Member
(U. S. Bureau of Mines)

Attachment in quad.
cc: USBM(2)
E. P. Kaiser, USGS, Denver
E. E. Thurlow, AEC, Salt Lake (2)
Becraft

Reviewed by
DMEA OPERATING COMMITTEE
12-13-54
(date)

F.I. Final Report

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 10 1954

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION II

FINAL REPORT

Contract Idm-E299

by

Margaret R. Lickes
Mining Engineer
U. S. Bureau of Mines

George E. Becraft
Geologist
U. S. Geological Survey

DAVID NIEMINEN, A. H. EISELEIN, AND
MAURICE NELLIGAN, PARTNERS
D/B/A LONE EAGLE QUARTZ MINE
Boulder, Montana

Docket No.:	DMEA-2419
Commodity:	Uranium
Contract date:	April 17, 1952
Completion date:	June 18, 1954

LONE EAGLE QUARTZ MINE
Sec. 31, T. 8 N., R. 4 W., M.P.M.
Jefferson County, Montana

Spokane, Washington

December 1954

Reviewed by
DMEA OPERATING COMMITTEE
12-13-54
(date)

FINAL REPORT

DAVID NIEMINEN, A. H. EISELEIN, AND
MAURICE NELLIGAN, PARTNERS
D/B/A LONE EAGLE QUARTZ MINE
Sec. 31, T. 8 N., R. 4 W., M.P.M.
Jefferson County, Montana

Contract Idm-E299

* * * *

INTRODUCTION

This report describes a project conducted by David Nieminen, A. H. Eiselein, and Maurice Nelligan, a copartnership, under Defense Minerals Exploration Administration Project Contract Idm-E299 for the exploration of a uranium-bearing vein on the south fork of Quartz Creek in Jefferson County, Montana.

Summary

The purpose of the project was to explore a uranium-bearing vein exposed in a crosscut of a partly caved adit.

Work done under Contract Idm-E299 explored the vein on both sides of the known exposure in the main adit; although much of the drift was driven off the vein because of numerous faults, the work established a semicontinuous vein length of 230 feet having a width which varies from 1 to 5 feet. Along this length the grade varied greatly but is estimated to average between 0.2 and 0.3 percent U_3O_8.

Ore carload of ore containing 50.66 dry tons of ore assaying 0.24 percent U_3O_8 was shipped in October 1953 to Vitro Chemical Company, Salt Lake City, Utah, for account of the Atomic Energy Commission. A second shipment of 14.99 dry tons assaying 0.28 percent was made to the same company in August 1954. It is estimated that between 1,000 and 2,000 tons of ore of a similar grade remain in the mine.

Recommendations

In a letter to the Operating Committee dated November 30, 1954, the Field Team recommended certification of the project as a discovery. The recommendation that a Certification of Discovery or Development be issued for the Lone Eagle Quartz mine is hereby reaffirmed. Production from the mine in the future will determine whether further exploration or development is warranted, but at the present time no further Government participation in such exploration or development is warranted.

LOCATION AND ACCESSIBILITY

The Lone Eagle Quartz claim is in sec. 31, T. 8 N., R. 4 W., M.P.M., Jefferson County, Montana. It is situated on the south fork of Quartz Creek, approximately 11 miles southwest of Clancy, Montana, which is a small hamlet on U. S. Highway 91 and on the Great Northern Railroad about 12 miles south of Helena, Montana.

The region, although mountainous, is of moderate relief, and altitudes range from 5,000 to 7,500 feet. The altitude of the mine adit is 5,905 feet. The mountains are covered by a heavy growth of conifers.

The climate is semiarid, and annual precipitation is from 15 to 20 inches, the major portion being deposited as snow during the winter. The summers are mild, but during the winter sub-zero temperatures are common.

PROPERTY

The exploration was conducted on the Lone Eagle Quartz Lode Mining claim which is recorded in Book 46, page 372, in the records of the County Recorder, Jefferson County, Montana. The mining claim is owned jointly by David Nieminen of Wickes, Montana, and A. H. Eisolein and Maurice Nolligan of Boulder, Montana, who were the operators under the contract.

Prior to the inception of the project work, the underground development consisted of a lower 300-foot crosscut adit and another one 140 feet long, 50 feet higher. The lower adit had two caved drifts off the crosscut and was blocked by a cave 200 feet from the portal.

Most of the work was done prior to 1900 and in later years only annual assessment work was done to hold the claim. The present owners relocated the claim in 1951 and shortly thereafter the presence of radioactive material in the vein became known. There was no known production from the claim prior to the DMEA work.

GEOLOGY

The mine is situated entirely in biotite-hornblende quartz monzonite, the principal rock type of the Boulder batholith. The quartz monzonite is unaltered only near the portal and near the face of the long crosscut (see accompanying map). Typically the feldspars are altered to a light gray to greenish-gray mixture of clay and sericite. Silicification of the quartz monzonite is common adjacent to the quartz veins and veinlets; the silicified zones range from less than an inch adjacent to the small quartz veinlets near the portal to several feet adjacent to the radioactive vein about 110 feet from the portal. Faulting and shearing are common in parts of the mine.

The radioactive vein strikes about N. 45° E., dips from about 50° to 75° SE, and ranges from 1 to 5 feet wide. About 45 feet southwest from the junction of the crosscut and drift, the vein is faulted a short distance to the west by a vertical, northwest fault and is again faulted to the west by an east-west fault at about 55 feet. The drift continues through moderately altered quartz monzonite and again intersects the vein at about 110 feet. At this point the vein is from 2 to 3 feet wide and strongly radioactive. The original drift was continued to 185 feet and from the end of this drift a crosscut was driven intersecting the vein at 48 feet. This drift and crosscut are in intensely sheared and altered quartz monzonite. The only vein intersected was a small galena-bearing, quartz vein from 1 to 3 inches wide that had no anomalous radioactivity.

In 1953 a new drift was driven on the highly radioactive vein to the southwest from a point about 140 feet from the long crosscut. The vein was again faulted to the west by a nearly vertical east-west fault at 10 feet. The new drift again intersects the vein at about 30 feet and follows it for about 45 feet where it is offset by another vertical east-west fault. The radioactive vein is not intersected again by the drift although a narrow sulfide-bearing quartz vein is intersected near the face.

In 1953 a drift was driven about 50 feet to the northeast on the radioactive vein on the east side of the long crosscut. The large radioactive vein exposed in the long crosscut appears to split toward the northeast. There is no anomalous radioactivity in the drift except for very weak radioactivity restricted to a small area about 15 feet from the long crosscut.

The Lone Eagle vein consists principally of microcrystalline to cryptocrystalline quartz and chalcedony ranging from light gray to black in color. Pyrite is common in the vein and in the altered wall rock adjacent to the vein. Veinlets of fine-grained pyrite cutting large pyrite cubes indicate that at least two generations of pyrite are present in the vein. Sphalerite and galena are distributed sporadically along the vein. Uranium occurs in two forms: in small

irregular blebs of pitchblende in the vein and in a sooty black material coating irregular fractures in the vein and in the altered wall rock adjacent to the vein.

One carload of ore containing 50.66 dry tons of ore assaying 0.24 pecent U_3O_8 was shipped to Vitro Chemical Company, Salt Lake City, Utah. A second shipment of 14.99 dry tons assaying 0.28 percent was made to the same company in August 1954. Samples collected by geologists of the Geological Survey and the Atomic Energy Commission indicate a considerable range in grade along the strike of the vein. There is no information about the grade and width of the vein above or below the adit level except for the three diamond drill holes indicated on the accompanying map. It is reported that no radioactivity or vein material was detected in these holes. It should be noted that two of the holes probably failed to intersect the vein because of the offsets by the faults exposed in the drift. Computation of ore reserves is made difficult by this lack of information, but it is believed that enough ore is indicated to make up several shipments of similar size and grade to the one made in 1953; furthermore, there is a good geologic possibility that additional ore of similar grade may be found both above and below the adit level and southwest of the explored part of the vein.

THE PROJECT

The presence of radioactive material on the dump of the lower crosscut was discovered in 1951 and an examination by geologists of the AEC disclosed radioactivity in a vein about 110 feet beyond the portal of the adit. This evidence of radioactivity justified a modest exploration program as there was a possibility of making a significant discovery, in addition to which our knowledge of uranium deposits in the Boulder batholith would be broadened.

The program originally proposed was to cost $15,110. It was set up in two parts: Part I consisted of 200 feet of drifting in the Lower Tunnel with long holing at 25-foot intervals to test the walls of the drift and also 50 feet of crosscuts to test the vein at the most favorable locations. Part II, to be contingent upon the results of Part I, consisted of 1,000 feet of diamond drilling to test the uranium-bearing vein at depths from 80 to 175 feet below the Lower Tunnel level.

Part I of the project was completed essentially as originally proposed except that no long-hole drilling was done. Part II of the project was changed from diamond drilling the vein below the main level to drifting and crosscutting in the vein on the level. While this drifting was being done, the AEC drilled three holes to intersect the vein below the level as part of a comprehensive drilling program in the Boulder batholith. The drilling results were negative.

There were six amendments to the contract. Amendment No. 1 dated July 9, 1952, but effective May 1, 1952, reduced the drift footage from 200 to 185 feet and transferred funds amounting to $300 to tunnel rehabilitation. It also authorized the transfer of funds for equipment rental to purchasing equipment and supplies and made provision for the operator to pay by the day for work, which he had originally planned to do under contract.

Amendment No. 2 dated September 15, 1952, changed the amount of bulldozing for an access road from 3 to 2 days and transferred the $120 originally allotted for the third day's bulldozing to hand labor and supplies for the road.

Amendment No. 3 dated October 17, 1952, changed the time allowed for completion of the contract from 6 to 18 months. This allowed the operator to shut down during the winter months of 1952-53.

When work was resumed in the spring of 1953, it was decided to change the plan outlined in Part II of the original contract. Amendment No. 4 dated February 17, 1953, but effective February 1, 1953, deleted this portion of the original contract and substituted for it the proposal to timber and rehabilitate those portions of the drift and crosscut driven in 1952 which had caved during the winter recess; to continue to explore along the same horizon as the original adit by driving a 150-foot drift southwest from the end of the previous year's drift; and to drive a drift 50 feet in a northeasterly direction from a point 110 feet from the portal where the vein was exposed in the original adit. Amendment No. 4 also specified that all this work, exclusive of the office work connected therewith, was to be done on a unit cost basis.

Amendment No. 5 dated May 25, 1953, but effective May 1, 1953, amended Amendment No. 4 and changed the timbering and rehabilitation of the caved portion of the 1952 drift and the drift which was to have been driven from the end of it to a 170-foot drift to begin at a point 140 feet from the start of the 1952 drift. Under this new plan the 1953 work started at a point where the vein was exposed in the drift and drifted around the caved portion of the previous year's work. When this drift had been driven 75 feet, it intersected the southwest end of the 1952 crosscut. Forty feet of timbering was added to the allowance given in Amendment No. 4.

Amendment No. 6 dated October 12, 1953, but effective October 17, 1953, changed the total time allowed for completion of the project from 18 to 19 months and allowed the operator time to finish a carload of ore which was being prepared for delivery.

The effective date of the contract was April 17, 1952. The operator started project work in May 1952 and completed it on November 13, 1953, but the final date of settlement of the account was June 18, 1954, when items of equipment were disposed of. The project was recessed from November 1, 1952, until May 11, 1953, on account of winter weather.

Exploitation Possibilities

Under the terms of the contract 455 feet of drifting and crosscutting was completed and 120.5 linear feet of timbering was placed. Much of the drifting was off the vein because a series of E-W-trending faults displaced the vein. Drifting exposed a small ore shoot approximately 20 feet long and about 2 feet wide having an indicated grade of between 0.2 and 0.3 percent U_3O_8.

Although no reserves can be measured at the Lone Eagle Quartz mine, it can be inferred from samples and widths of the vein material, where exposed, and from the assays of the ore shipped that between 1,000 and 2,000 tons of ore having an average grade of 0.2 to 0.3 percent U_3O_8 can be mined from the area explored.

Summary of Factual Data

Under the exploration project a total of 356.9 feet of drifting and 101.3 feet of crosscutting and 97.5 feet of standard timbering and 23.0 feet of posts and pole lagging were completed. Drifting in 1952 totaled 185 feet at a unit cost of $20 per foot and in 1953 it amounted to 171.9 feet at $25 per foot. Crosscutting in 1952 totaled 50 feet at a unit cost of $20 per foot, and in 1953 it amounted to 51.3 feet at $25 per foot. No timbering was done in 1952, but the following year 97.5 feet of standard sets and 23 feet of posts and pole lagging were placed at $5 per foot.

The contract authorized $15,110, Government participation being at 90 percent, or $13,599. Total accepted costs of the project were $13,807.80 of which the Government's share was $12,427.02.

During the term of the project one carload of 50.66 dry tons of ore was sold for $1,037.20 on which 5 percent royalty in the amount of $51.36 was paid to the Government. In August 1954, a second shipment of 14.99 dry tons of ore was sold for $363.83 on which the royalty to the Government amounted to $15.59.

Equipment purchased for the project and sold upon its completion, in which the Government had a 90 percent equity is as follows:

	Item	Cost	Sale Price
1	Ingersoll-Rand Compressor, #PP91453, 100 cfm with Waukesha motor, Model G-U44E, #21-5926	$1,200.00	$250.00
1	Atlas Rock Drill, #447761, Stock #RH-656-2W, and all connections including pusher leg BMK-41A2	495.00	200.00
1	Frame Compressor House, 10'x16'	345.00	10.00
	Total	$2,040.00	$460.00

This equipment, which was sold to the partnership, netted $414 to the benefit of the Government.

Discussion of Conclusions

The exploration work done under Contract Idm-E299 at the Lone Eagle Quartz mine was performed in a satisfactory manner. The only recess in the work as planned was due to winter weather. Work was slowed for only a short period while a carload of ore was mined for shipment.

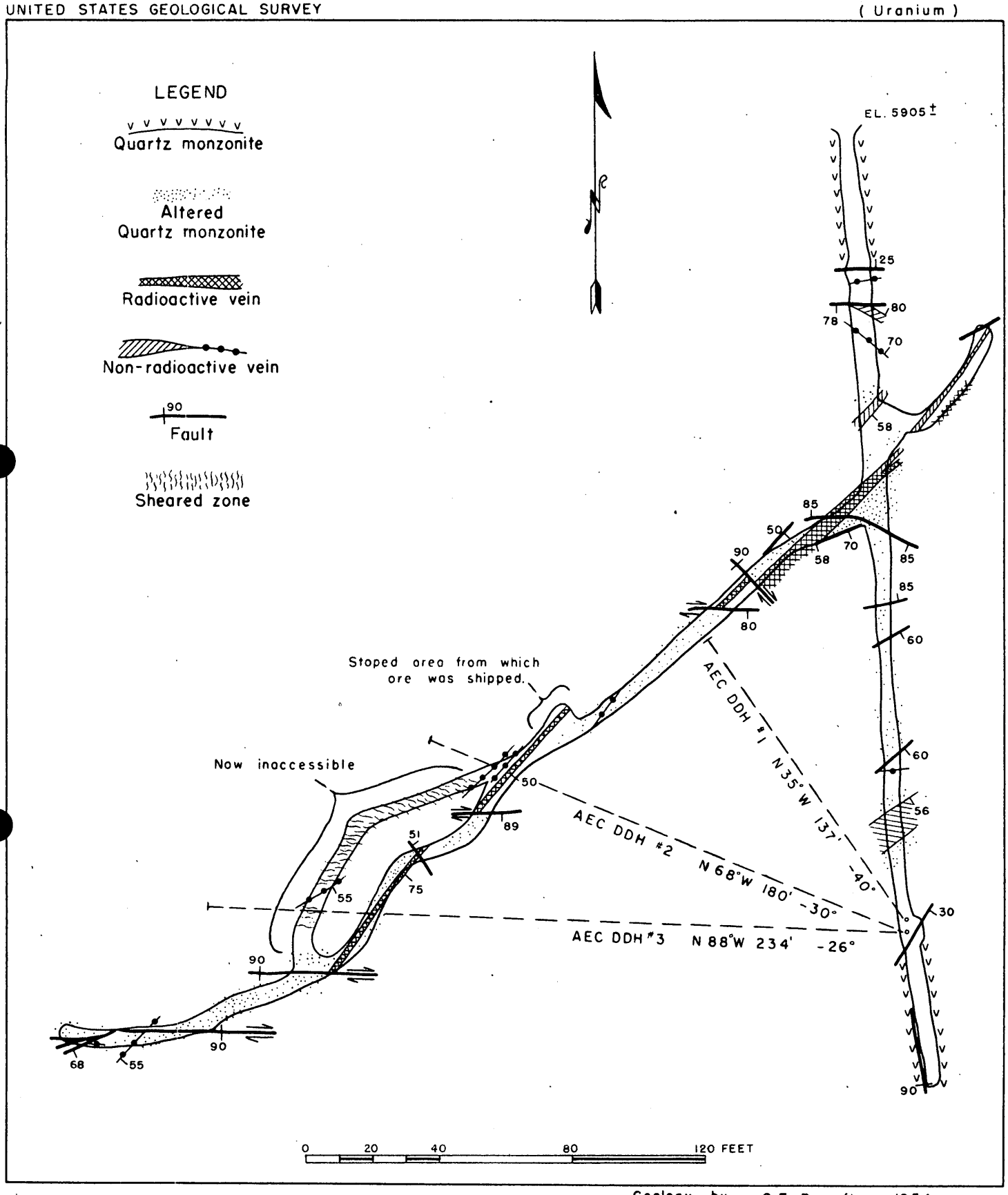
The drift was not always on the vein because portions of the vein were offset by a series of faults, but the structure is considered to be present over a distance of 230 feet. Uranium was found in small irregular blebs of pitchblende in the vein and in a sooty black material coating irregular fractures in the vein and in the altered wall rock adjacent to the vein. The irregularity of the deposition of the uranium adds to the difficulty of making a firm estimate of ore reserves and of planning any possible further exploration.

The project was in part successful although no ore at any level other than that of the original crosscut was located. A Certification of Discovery or Development is recommended.

Enclosure
Distribution:
DMEA(4)✓
USBM(5)
USGS(SRO)
Dockst
Becraft
AEC (Salt Lake City) (2)
Kaiser

DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

D.M.E.A Docket No. 2419
(Uranium)



Geology by G.E. Becraft, 1954.

LONE EAGLE MINE, JEFFERSON COUNTY, MONTANA

Surname 700

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

Ching
Ell.
Selfridge
Nettendorf

T E L E T Y P E NOV 30 1954

MChing

DMEA-Department of the Interior

[redacted]

14X4401(01)Revolving Fund,
Defense Production Act (Interior)
(Allocated Working Fund to the
Office of the Secretary)

A. E. WEISSENBURN, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION II
SOUTH 157 HOWARD STREET
SPOKANE 4 WASHINGTON

RE DOCKET 2419 DAVID NIEMINEN ET AL CONSIDER YOUR JUNE 18 ACCEPTANCE OF BID ON JOINTLY-OWNED EQUIPMENT AS OPERATOR'S FINAL ACCOUNT UNDER CONTRACT. THEREFORE, IF CERTIFICATION CONTEMPLATED NECESSARY FROM FIELD TEAM RECOMMENDATION AND FINAL REPORT TO CERTIFICATION CAN BE ISSUED PRIOR DECEMBER 18, 1954. OPERATOR'S FINAL REPORT RECEIVED OFFICIALLY MARCH 5.

George C. Selfridge

George C. Selfridge, Chairman (SHS)
Operating Committee

MChing:am
11-29-54
cc to: Admr. Reading File
Operating Committee
Docket
Messrs. J. E. Crawford, Rm. 3641
T. H. Kiilsgaard, Rm.5224
J. O. Hosted, Rm. 3210,GSA
Mr. Ching
Code 700
Confirmation DMEA Region, II(1)

R.C.S.

12/6/54 gh

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

November 30, 1954

Air Mail

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Certification of discovery
Docket No. DMEA-2419 (uranium)
David Nieminen, A. H. Eiselein,
and Maurice Nelligan, partners
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract No. Idm-E299

Dear Mr. Selfridge:

Enclosed is a justification for Certification of Discovery on the Lone Eagle property. As pointed out in your teletype of November 30, 1954, this certification should be issued before December 18, 1954.

Our Field Team final report is not yet completed but it is felt that the enclosed justification by J. S. Vhay is enough on which to issue the certification. We hope to complete the final report by the end of next week.

By Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew

Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosure
cc: USBM (2)
USBM(AD)
Becraft

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

November 30, 1954

Memorandum

To: DMEA Field Team, Region II

From: John S. Vhay, Geologist, U. S. Geological Survey

Subject: Certification of Discovery, Docket No. DMEA-2419 (uranium), David Nieminen, A. H. Eiselein, and Maurice Nelligan, partners, Lone Eagle Quartz Mine, Jefferson County, Montana, Contract No. Idm-E299.

Project work on the above-cited contract, signed on April 17, 1952, was completed on November 13, 1953. A certification based on this work is recommended for the reasons below:

A radioactive vein was discovered and explored over a distance of about 220 feet, as shown on the enclosed map by George E. Becraft. Mr. Becraft describes the vein as follows:

> "The radioactive vein strikes about N. 45° E., and dips from about 50° to 75° SE.; it ranges from 1 to 5 feet wide. About 45 feet southwest from the junction of the crosscut and drift, the vein is faulted a short distance to the west by a vertical, northwest fault, and is again faulted to the west by an east-west fault at about 55 feet. The drift continues through moderately altered quartz monzonite and again intersects the vein at about 110 feet. At this point the vein is from 2 to 3 feet wide and strongly radioactive. The original drift was continued to 189 feet and from the end of this drift a crosscut was driven intersecting at 48 feet a small galena-quartz vein with no radioactivity. This drift and crosscut are in intensely sheared and altered quartz monzonite. The only vein intersected was a small galena-bearing, quartz vein from 1 to 3 inches wide that had no anomalous radioactivity.
>
> "In 1953 a new drift was driven on the highly radioactive vein to the southwest from a point about 140 feet from the long crosscut. The vein was again faulted to the west by a nearly vertical east-west fault at 10 feet. The new drift again intersects the vein at about 30 feet and follows it for about 40 feet where it is offset by another vertical east-west fault. The radioactive vein is not intersected again by the drift although a narrow sulfide-bearing quartz vein is intersected near the face."

John S. McNabb, Bureau of Mines, in his final inspection report on the Lone Eagle Mine, December 1, 1953, states: "A reserve of 2000 tons of 0.25% U_3O_8 uranium ore is indicated at the present time in the Lone Eagle Mine."

The following two shipments have been made from the mine to the Vitro Chemical Company, Grand Junction, Colorado:

October 17, 1953, 50.6595 tons (SDT), average 0.24% U_3O_8

August 9, 1954, 14.9895 tons (SDT), average 0.28% U_3O_8

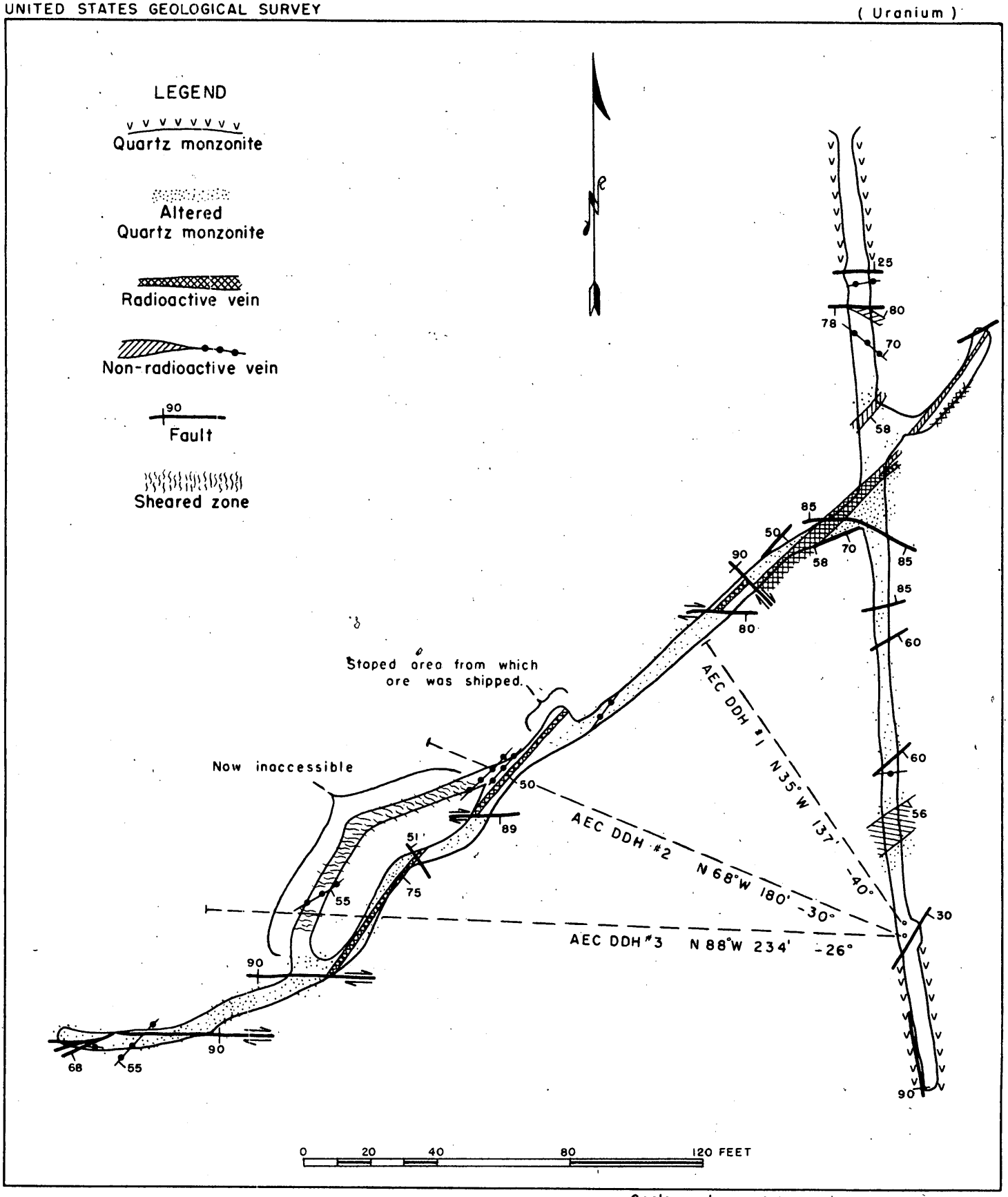
A final report on this project, which will give more details as to the geology of the ore deposit, is in preparation and should be ready by the end of next week.

Attachment

Distribution:
DMEA (orig. & 3)
USBM (2)
USBM(AD)
Docket
Becraft

DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

D.M.E.A Docket No. 2419
(Uranium)



Geology by G.E. Becroft, 1954.

LONE EAGLE MINE, JEFFERSON COUNTY, MONTANA

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

November 15, 1954

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

Re: Docket No. DMEA-2419 (uranium)
A. H. Eiselein, Morris Nelligan
and David Nieminen
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract No. Idm-E299

Dear Mr. King:

This will acknowledge your letter of October 28, 1954, enclosing copies of a settlement sheet on a shipment from Eiselein, Nelligan, and Nieminen from the Lone Eagle Quartz Mine, Jefferson County, Montana, together with a U. S. Treasury check in the sum of $15.59.

We plan to write the American Smelting and Refining Company asking that payments on future shipments from this mine and other properties in Montana on which DMEA royalty is due be made directly to this office; however, before doing this we would like to inquire into an apparent discrepancy in the settlement sheet, a copy of which I am enclosing. The settlement sheet shows the base payment of $293.79 plus a development allowance of $41.97, plus a premium for U_3O_8 content over 4 lb. minimum of $17.99, plus a haulage allowance of $10.08; or a total gross price of $363.83. It also shows a deduction of $40.12 for a sampling charge. The royalty has been taken as 5 percent of $311.78, which is the gross price of $363.83, minus the development allowance of $41.97 and the haulage allowance of $10.08. No deduction was made for the sampling charge of $40.12. Figured on this basis the royalty amounts to $15.59 which is the value of the check received.

Circular 32, Supplement 2, states that "The Government's royalty shall be a percentage of the sum of the individual payments made (including any bonuses, premiums, allowances, or other benefits) for the production sold . . . less the deductions and charges made by the buyer arising in the regular course of its business and shown on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold . . ."

Therefore, in figuring the royalty we would take the gross price of $363.83, which is the total amount received, subtract the sampling charge of $40.12 and figure the royalty as 5 percent of the balance of $323.71. This gives a royalty of $16.19 which we think is the correct amount. However, before taking this matter up with the American Smelting and Refining Company, we would like to check with you to find out if there is some special method of figuring the royalty payments on uranium ores of which we are not aware.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

cc: DMEA (2)
USBM (2)
USBM (AD)
Becraft

xxxxxxxxxxxxxxxxxx
So. 157 Howard Street
Spokane 4, Washington

November 2, 1954

Mrs. Myrtle Purdy, Certifying Officer
DMEA Field Team, Region II
1201 North Division Street
Spokane 2, Washington

Re: Docket No. DMEA-2419 (uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract No. Idm-3299

Dear Mrs. Purdy:

Attached is Check No. 17,835,421 dated October 27, 1954, in the amount of $15.59. This represents the Government's 5% royalty due on a shipment of ore by A. H. Eiselein, Morris Nelligan, and David Nieminen, operators of the cited mine, to the Colorado Plateau Uranium Ore Project under Liquidation Number 6158 as shown on the attached settlement sheet. Also attached is a copy of a letter received from Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Attachments as indicated

cc: Operator
DMEA w/encls.

Received attachments _____
DATE

Myrtle Purdy

Form No. O-4 8-54 25M

COLORADO PLATEAU URANIUM ORE PROJECT

American Smelting and Refining Company, Ore Purchasing Agent For
United States Atomic Energy Commission

(Process)

Receiving Station Off Plateau - Vitro Uranium Company, Salt Lake City, Utah Grand Junction, Colorado September 23, 19 54

Liquidation No. 5158 Lot No. OP-31 Shippers Lot No.

Bought of A. E. Fieslein, Morris Halligan & David Nineminen A.C. License No. F-1358

Address Boulder, Montana

Type of Ore Uranium Bearing Ore Contract No. Special 8/12/54 Date Received 8/2/54

Mining Claim Lone Eagle Mine Mining District Clancy Pile No. OP-VP

Car No. GN 76292 County: Jefferson State: Montana

Lot No.	Wet Weight Pounds	H_2O	Dry Weight Pounds	SETTLEMENT ASSAYS U_3O_8	V_2O_5	$CaCO_3$		CONTENTS POUNDS U_3O_8	V_2O_5	$CaCO_3$	
OP-31	30600	1.9	29979	0.28	-	-		83.94	-	-	

U_3O_8	Per Lb.	Per Ton	Short Tons	Total Value
0.28% equals 5.6# at	3.50	19.60	14.9895	$293.79
Development allowance 5.6# at	.50	2.80	"	41.97
Premium in excess of 4# per ton 5.6# - 4# equals 1.6# at	.75	1.20	"	17.99
TOTAL U_3O_8 PAYMENT		23.60	14.9895	$353.75
Haulage allowance 11 miles @ 6¢ per net ton mile			15.2800	10.08
TOTAL				$363.83

V_2O_6

No Pay - - -

TOTAL GROSS PRICE $363.83

Deductions:

Handling, sampling charge w/o less than minimum 45 tons
Car No. 76292 contained under minimum 29.72 tons @ $1.35 40.12
DMPA 2419 - 6% of 311.78 equals 18.59 - 58.71

NET PROCEEDS $305.12

Correct CPK Paid September 28, 1954
Checked DMR Vo. No. 9/167
Approved ECJ Check No. 13549

sp

I certify that I am the lawful owner or authorized Representative of the Lawful Owner, of the Ore described in this Settlement Sheet and have legal right to deliver the same to the Commission.

I certify that I hold the A. E. C. Source Material License numbered above.

I hereby transfer to the Commission, effective as of the date of delivery of the ore, all my right, title and interest in and to said ore.

I will accept the amount as shown above as "Total Gross Price" in full settlement, except for final quarterly adjustment for average V_2O_5—U_3O_8 ratio, for sums due to me on account of the ore deliveries described herein.

Fieslein, Halligan & Nineminen
By
Title
Seller or Agent

Buyers assays govern if Seller fails to submit his assays prior to acceptance of payment.
All rates paid are based on U. S. Atomic Energy Commission Published Schedules.

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

224 New Customhouse
Denver 2, Colorado

October 26, 1954

Memorandum

To: A. E. Weissenborn, Executive Officer, DMEA Field Team, Region 11

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

Subject: Royalty Payment
A. H. Eiselein, Morris Nelligan, & David Hinemiuen

Department of the INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 - 1954

Enclosed are four copies of settlement sheets covering ore shipped under Liquidation Number 6158 by A. H. Eiselein, Morris Nelligan, and David Hinemiuen to the Colorado Plateau Uranium Ore Project.

Also enclosed is Treasury Check, [illegible]7,835,421, in the amount of $15.59 in payment of royalty on this shipment.

These settlement sheets and a check covering royalty on Liquidation Number 6158, together with royalties due Region IV on other ores shipped, were sent to this office. The check was placed in a Suspense Account, and a separate check for transmission to Region 11 was prepared covering the royalty on Liquidation Number 6158.

W. H. King

Enclosure

RECEIVED
NOV 1 1954
U.S.G.S.
SPOKANE, WASH.

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

SEP 28 1954

Mrs. Myrtle Purdy
DMEA Certifying Officer
Region II
1201 N. Division Street
Spokane 2, Washington

Dear Mrs. Purdy:

In reviewing the records of this Division it appears that supplemental payments have been made on certain contracts on which amounts due had been withheld without two copies of the payment documents being forwarded to Washington. The contracts involved are listed as follows:

Contract	Docket	Operator	Amount Withheld
F-120	211	Snoose Mining Company	$ 787.48
318	2475	Jim Creek Mines, Inc.	785.64
329	2499	Montana Coal and Iron	1,120.00

In addition, we are missing copies of the October, 1953, MF-104 for Exploration Project Contract No. Idm-E299, Docket No. 2419, Lone Eagle Quarts Mine.

It will be appreciated if you will furnish the required copies of the missing payment vouchers or schedules (showing voucher numbers, dates of payment, and amounts paid) at your convenience.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

AMAlley/ama
September 28, 1954

Copy to: Docket - DMEA 2419
Admr. Reading File
Mr. Chambers

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

JUL 3 1954

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Idm-E299, DMEA-2419
Niemimen, Fiselein, and Nelligan
Lone Eagle Quarts Mine
Jefferson County, Montana

Dear Mr. Turner:

Receipt is acknowledged of your Report of Review covering the above-cited Exploration Project Contract, submitted by your letter of July 26, 1954.

The Report is acceptable and normal distribution may be effected.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
July 30, 1954

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.C.B.

XXXXXXXXXXXXXXXXXX
Spokane, Washington
June 18, 1954

Mr. Maurice Nelligan
Boulder, Montana

Re: Contract Idm-E299, Docket DMEA-2419
Lone Eagle Quartz Mine
Jefferson County, Montana

Dear Mr. Nelligan:

This is to inform you that the following bid, as submitted by you on June 15, 1954, for the jointly owned equipment is acceptable to the Government.

	Item	Bid Price
1	J R Compressor, 100 cfm with Waukesha motor, Model RH-656-2W, Ser. No. 447761	$250.00
1	Atlas Rock Drill, Model RH-656-2W, Serial No. 447761	
1	Pusher leg complete	200.00
1	Frame Compressor House- 10' x 16'	10.00
		$460.00
	Government's equity- 90%	$414.00

Our books show that the Lone Eagle Quartz Mine has due them approximately $1,110.00 (subject to final audit) on closing out the contract from which amount we are deducting $414.00, leaving a balance due you of approximately $696.00. We are releasing for payment to you the sum of $450.00, and the balance of around $246.00 will be released upon the completion of the final audit.

Enclosed is Form A, "Disposal of Government's Interest in Property" which transfers to your ownership all jointly owned equipment purchased under the referenced contract.

We wish to thank you for your cooperation in closing out this account and wish you success in your venture.

By Field Team, Region II

SWZ:WGA:mp
cc: Wash. 2
USGS 2
AD
DMEA
Mdf

Wing G. Agnew, Acting Exec. Officer
U. S. Bureau of Mines

Thor Kiilsgaard, Acting Member
U. S. Geological Survey

Docket Copy

Defense Minerals
JUN 25 1954

DISPOSAL OF GOVERNMENT'S INTEREST IN PROPERTY

(FORM A)

1/ To: David Nieminen, A. H. Eiselein, and

Maurice Nelligan, Partners

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, for a valuable consideration hereby sells, assigns, transfers and sets over to you all of its right, title and interest in all property acquired under Exploration Project Contract Idm-E 299, Docket No. DMEA 2419, dated April 17, 1952 (~~which is listed below~~: 2/

Dated June 16, 1954 THE UNITED STATES OF AMERICA

By Wing G. Agnew

~~Wing G. Agnew~~
Acting Executive Officer
DMEA Field Team, Region II
Title

1/ Insert name of purchaser.

2/ If the Government's interest in all property is being transferred at one time, strike the words "which is listed below." If the Government's interest in less than all property is being transferred, list the property being transferred, in the space provided, or if there is insufficient space provided, write in the space on the form the words "See Exhibit 1, attached hereto and made a part hereof," and attach list entitled "Exhibit 1" to form.

FILE COPY
SURNAME

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

MAY 12 1954

Honorable Mike Mansfield
United States Senate
Washington 25, D. C.

Re: Docket No. [illegible]-2419 (Uranium)
Contract No. Idm-E299
David Mieminen, A. H. Eiselein,
Maurice Nelligan, partners
Lone Eagle Quartz Mine
Jefferson County, Montana

My dear Senator Mansfield:

Receipt is acknowledged of your letter of May 5, 1954, with enclosed correspondence from Mrs. Maurice Nelligan of Boulder, Montana, relative to the captioned contract.

The contract, dated April 17, 1952, between the Defense Minerals Exploration Administration and a partnership composed of David Mieminen, A. H. Eiselein and Maurice Nelligan, covered an exploration project for uranium at the Lone Eagle Quartz Mine. The project work was completed on November 13, 1953, with total expenditures amounting to approximately $14,275.00 before credits for equipment held jointly by the Operator and the Government in proportion to their respective contributions to the project.

Under the contract the Government contributes 90 percent of the allowable costs of the project and the Operator 10 percent. To date the Government has contributed approximately $11,770.00 to the project. Final settlement is awaiting disposal of the jointly-owned equipment, valued at $1,030.00, in accordance with a scale established by the Associated General Contractors of America. The Operator, however, had offered $210.00, but has since withdrawn the offer. According to the contract, such disposal is the responsibility of the Operator and, since his own offer was too low to be acceptable, the DMEA has insisted that the Operator make every effort to dispose of the equipment to others. The DMEA, itself, is trying to interest others in the equipment and is willing to accept any reasonable offer so that final settlement may be made with the Operator and the project closed out.

Although the results obtained from the exploration project have not been finally evaluated, a report submitted by the Operator indicates the discovery of approximately 1700 tons of probable ore

R.C.S.

with an average assay of .25 percent U_3O_8. On receipt of our Field Team's final report, a Certification of Discovery or Development will probably be issued on the Lone Eagle Quartz Mine. In this event all production from this property will be subject to a maximum royalty payment of 5 percent until the amount contributed by the Government is repaid, or until the end of ten years from the date of the contract, whichever occurs first. Our contract with the Operator does not provide for the production or marketing of uranium ore. Sales are made through the Atomic Energy Commission or its agents and any problems in that connection should be taken up with that Agency.

I trust that the foregoing report gives you the information required. The enclosures contained in your letter are returned herewith.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures (5)

MChing/FEJohnson/gla/bih
5/11/54
cc to: Docket
Admr. Reading File
Region II (2)
Messrs. A.P.Butler, Jr. Room 3212 GSA
J.O.Hosted, Room 3210
H.D.Keiser, Room 3641
Code 700
MChing
FEJohnson

Surname
Docket copy

700

Ching
Ellis

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

Honorable Mike Mansfield
United States Senate
Washington, D. C.

Re: Docket No. DMEA-2419 (Uranium)
Contract No. Idm-E299
David Nieminen, A. H. Eiselein,
Maurice Nelligan, partners
Lone Eagle Quartz Mine
Jefferson County, Montana

My dear Senator Mansfield:

Receipt is acknowledged of your letter of May 5, 1954, with enclosed correspondence from Mrs. Maurice Nelligan of Boulder, Montana, relative to the captioned contract.

The contract, dated April 17, 1952, between the Defense Minerals Exploration Administration and a partnership composed of David Nieminen, A. H. Eiselein and Maurice Nelligan, covered an exploration project for uranium at the Lone Eagle Quartz Mine. The project work was completed on November 13, 1953, with total expenditures amounting to approximately $14,275.00 before credits for equipment held jointly by the Operator and the Government in proportion to their respective contributions to the project.

Under the contract the Government contributes 90 percent of the costs and the Operator 10 percent. To date the Government has contributed approximately $11,770.00 to the project. Final settlement is waiting disposal of the jointly-owned equipment, valued at $1030.00 in accordance with a scale established by the Associated General Contractors of America. The Operator, however, had offered $210.00, but has since withdrawn the offer. According to the contract, such disposal is the responsibility of the Operator and, since his own offer was too low to be acceptable, the DMEA has insisted that the Operator make every effort to dispose of the equipment to others. The DMEA, itself, is trying to interest others in the equipment and is willing to accept any reasonable offer so that the project may be closed out.

While the results obtained from the exploration project have not been finally evaluated by our Field Team, preliminary reports by the Operator and Government engineers indicate the discovery of approximately 1700 tons of probable ore with an average assay of .25 percent U_3O_8. Any production from this property is subject to a maximum royalty payment of 5 percent until the amount contributed by the Government is repaid, or until the end of ten years from the date

of the contract, whichever occurs first. Our contract with the Operator does not provide for the production or marketing of uranium ore. Sales are made through the Atomic Energy Commission or its agents and any problems in that connection should be taken up with that Agency.

I trust that the foregoing report gives you the information required. The enclosures contained in your letter are returned herewith.

Sincerely yours,

Administrator

Enclosures 5

5/5/54 gla

ALEXANDER WILEY, WIS., CHAIRMAN
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FRANCIS O. WILCOX, CHIEF OF STAFF
JULIUS N. CAHN, COUNSEL

United States Senate

COMMITTEE ON FOREIGN RELATIONS

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 6 - 1954

May 5, 1954

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

Dear Mr. Mittendorf:

I am enclosing herewith correspondence I have received from Mrs. Maurice Nelligan, of Boulder, Montana, relative to Contract No. Idm-E299 of the Lone Eagle Quartz Mine, Docket No. DMEA-2419.

I would appreciate your sending me a report on this matter, and please return the enclosures with your reply.

Thanking you and with best personal wishes, I am

Sincerely yours,

Mike Mansfield

Enclosures

Boulder, Montana
May 3, 1954

Honorable Mike Mansfield
United States Senate
Washington, D. C.

Dear Senator:

Mr. Eiselein and Maurice asked me to send you the enclosed copiesof correspondence we had with the DMEA and the AEC in hopes that you may be able in some way to help them get this settlement completed with the DMEA.

With best personal regards, I am

Yoursvery sincerely,

/s/ Mrs. Maurice Nelligan

Mrs. Maurice Nelligan

Encls.

c
o
p
y

Boulder, Montana
May 3, 1954

c
o
p
y

Honorable James E. Murray
United States Senate
Washington, D. C.

Dear Senator:

Thank you for your letter of April 15th and in reply we are sending you a copy of a telegram we received from Sheldon P. Wimpfen, manager Grand Junction AEC, and our reply. We finally received our bonus payment on car of ore shipped October 18, 1953, in March this year. The Lone Eagle now being certified, we should have no such delay in the future.

As to the American Smelting and Refining Company (buying agency) settlement on the car of ore we shipped, we feel that we were not paid for our own ore but for that of some other shipper. We can't see why the AEC should not have an engineer at the buying agency to protect the interests of the small miner. We feel that it should be an easy matter to protect the producer -- a matter of the number of pounds of unaium the buying agency buys and the number of pounds it sells. Surely the price the government allows the purchasing and processing agency is sufficient to allow them a fair profit, so that it should not be necessary for them to hook the shipper, and it is time we find out just where the small miner stands.

We do wish to make this observation. We believe that the matter of the government making loans for the development of uranium properties, should be handled entirely by the AEC. The AEC seems to take a greater interest and has a larger engineering staff than the DMEA which seems understaffed when it comes to engineers. We however, have no complaint to make as to George Beecraft who supervised the engineering at the Lone Eagle mine, except that he wasunable to give it as much time asthe AEC engineers are able to give. This, you understand isonly Mr. Nelligan's and my own observation.

For your own information I might add that according to the DMEA and AEC engineers the Lone Eagle has a small calculated commercial uranium ore reserve which the 5% royalty to the DMEA, should repay the loan.

You also will find enclosed a letter we wrote to the DMEA, The Lone Eagle mine was developed under a DMEA loan and we have completed our contract. However, the DMEA is withholding around $1200.00 on the final settlement, until a compressor and a Copco drill is sold. We advertised this equipment in the

He Govt NL Paid Grand Junction Colo 31

A H Eiselein
Boulder Montana.

This office has been informed that you have a complaint about the settlement which you received on the carload of ore shipped to Vitro Uranium Co. in Salt Lake City last October. We would appreciate a return telegram from you giving us the exact nature of your complaint in order that it may be investigated.

Sheldon P Wimpfen Mgr Grand Jction
Operations office U S A E C
Grand Junction Colo

- - -

Boulder, Montana
March 31, 1954

Sheldon P. Wimpfen, Mgr. Grand Junction
Operations Office U.S.A.E.C.
Grand Junction, Colo.

Our ore is a sulfite and the A. S. R. classified it as carnitite. Wide discrepancy between our assay and what they allowed. Their assay showed two-tenths vanadium, ours only trace. We question that we received payment on the ore that we shipped. Also complain length of time before receiving bonus payment. We are asking Montana U. S. Senators to investigate government buying agencies-- the amount of uranium they pay the producer for and the amount that the government buys from them. No buying agency should be allowed to accept any ore from mines that they operate or have an interest in.

A. H. Eiselein
C-Owner Lone Eagle Mine.

c
o
p
y

Boulder, Montana
February 16, 1954

Mr. A. E. Weissenborn
Executive Officer, U. S. Geological Survey
1201 N. Division Street
Spokane 2, Washington

Re: Docket #DMEA-2419
Lone Eagle Quartz Mine
Contract No. Idm-E299

Dear Sir:

Your letter of February 10th at hand, and we are immediately complying with your request that further advertising be placed for bids for the sale of the compressor and Copco drill at the Lone Eagle Quartz mine. Mr. Nelligan isleaving for Butte and Missoula thismorning and will place a 2 col. x 3 inch display ad in the Montana Standard and the Missoulian. A similar ad will be placed in the Montana Record-Independent at Helena. These ads to run once on Sunday, February 21st. If you think that more advertising is necessary we will see that it is placed.

Mr. Nelligan is taking these ads in person, so that he may also contact any dealers in second-hand mining machinery, in these towns.

We want you to understand that we advertised the equipment in the same manner as school, city, state and estate sales are handled in Montana, and that no attempt was made in any way to prevent the disposal of this property.

In order that there may be no further question in the future as to the sincerety or integrity of our bid, we ask that same be forthwith withdrawn. We have no further interest in buying thismachinery other than our equity in it.

From our experience, we have decided that we are no longer interested in carrying on any mining operations at the Lone Eagle mine thisyear, with the possible exception of applying for a patent. We find that dealing with any government agency makesit impossible for the small operator to keep in the business. We shipped a carload of commercial uranium ore to Vitro at Salt Lake City, Utah, on October 18th, 1953, and up to this time we have failed to receive the bonus payments. Fine chance to stay in business.

In talking with other operators who have had DMEA loans, we find that it takes many months before final settlement payment is made.

We think that the small operator, who is honestly trying to develope a mine, paying his help and bills promptly, hasn't got a chance under the present setup, and Mr. Nelligan and myself believe that a presentation of the matter we placed before the proper authorities, including the U. S. Senate Strategic Minerals Committee, and thisis what we intend to do openly and above-board in the hope that in the future other small operators may get a better break.

Sincerely,

A. H. Eiselein
One of the partners

Copies to U. S. Senators
James E.Murray
Mike Mansfield

copy

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

So. 157 Howard Street
Spokane 4, Washington

April 27, 1954

Mr. Leonard D. Jarrard
Chief, Butte Sub-Office
U. S. Atomic Energy Commission
P. O. Box 1984
Butte, Montana

Re: Docket No. DMEA-2419 (uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract No. Idm-8299

Dear Mr. Jarrard:

Reference is made to your letter of April 22, 1954, in which you inquire as to the Field Team's efforts toward disposal of equipment owned jointly by the cited operator and the Government. Upon termination of a DMEA contract, it is the operator's obligation to dispose of all remaining jointly-owned equipment and supplies to the best interests of the Government. In the present instance, the operator made an offer for certain equipment in which the Government has an equity, but this offer was so ridiculously low that we could not accept it. We informed the operator of this decision and suggested that he advertise the equipment and dispose of it to the highest bidder. We also informed him that we were withholding sufficient payments on monthly invoices to cover the Government's equity in this equipment. We realize that it is difficult for the operator to dispose of the machinery and we sympathize with him in this respect; nevertheless, there is nothing that we can do about it at this time but to withhold payment until the property is disposed of.

We might say that we have recently notified certain machinery dealers who have stated that they will look over the property and perhaps make a bid. In the event their bid is approved, we will be glad to accept their offer so as to close out the contract. In the meantime, if you should contact the operator, you might make mention to him that if he were to present an acceptable offer, we would be willing to discuss his offer and to dispose of the equipment to him rather than to an outside party. Any offer he makes must, however, be more than that previously submitted.

By Field Team, Region II

Wing G. Agnew, Acting Executive Officer
U. S. Bureau of Mines

cc: DMEA (2)
DMEA (2)

Thor H. Kiilsgaard, Acting Member

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

No. 157 Howard Street
Spokane 4, Washington

April 13, 1954

Mr. C. A. Turner
DMEA Auditor
1201 North Division
Spokane, Washington

Re: Contract No. DMEA-419 (Uranium)
Lone Eagle Mine
Jefferson County, Montana
Contract No. IAm-2259

Dear Mr. Turner:

Reference is made to the discrepancies between the captioned operator's progress measurements, as submitted in monthly invoices, and the measurements of John S. McNabb, Bureau of Mines, which were submitted in his final inspection report dated December 1, 1953.

In making the final audit of the operator's account, you are hereby instructed to use Mr. McNabb's measurements as presented in the above-mentioned report. However, I must advise you that I cannot accept Mr. McNabb's recommendation for 50% payment of the prescribed unit price for standard payment for these items of work marked in his report with an asterisk. According to instructions from Mr. Talbot of the Audit Division, DMEA must either participate in the full unit price of contract work or else it must completely reject that work as unacceptable. In the light of these instructions it is believed that it would be to the benefit of the Government to pay the operator for full units of work rather than to make no payment at all. The final audit should therefore credit the operator with the full unit price for all timbering as measured by McNabb.

Sincerely yours,

A. R. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
DMEM (2)
Hindman
Bearaft

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

April 2, 1954

Mr. George C. Selfridge
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA 2419 (uranium)
David Nieminen, A. H. Eiselein,
Maurice Nelligan, partners
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract Idm-E299 (Completed)

Dear Mr. Selfridge:

We are enclosing herewith a report on the Lone Eagle mine, Clancy, Jefferson County, Montana, made by the Hammond-Everly Engineering Company, Butte, Montana. It is acceptable to the Field Team. One copy of this report was first received in January 1954. We made ozalid copies of the report but had no way of duplicating the maps without excessive work. The operator was asked for additional copies of the map but these copies were not received until March 5 when Mr. Bardill of the Bureau of Mines stopped in Butte and picked them up himself. We are, therefore, considering that the report was received officially on March 5, rather than in January, as we considered it incomplete until we received the correct number of copies.

By Field Team, Region II

A. E. Weissenborn, T.H.K.
A. E. Weissenborn, Exec. Officer
U. S. Geological Survey

Thomas E Howard
for: Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosure

cc: USBM (2)
Becraft
Hindman

2 Maps in envelope

PHONE 2-1738

HAMMOND-EVERLY ENGINEERING CO.

CONSULTING MINING AND
GEOLOGICAL ENGINEERS

27 WEST GRANITE ST. • BUTTE, MONTANA

MINE MANAGEMENT
EXAMINATIONS
REPORTS
PLANT DESIGN
SURVEYS

OPS. FINAL REPORT

REPORT ON THE LONE EAGLE MINE
near
CLANCY, JEFFERSON COUNTY, MONTANA

INTRODUCTION

A brief examination of the Lone Eagle property, both surface and underground, was made at the request of Messrs. A. H. Eiselein, David Nieminen, and Maurice Nelligan, each one-third owners of the Lone Eagle Mine, a partnership. It was undertaken primarily to satisfy the demands of the Defense Minerals Exploration Administration in order to comply with all requirements of the DMEA Contract No. Idm-E299, Docket No. DMEA-2419. The loan was negotiated and subsequent work at the mine prosecuted in order to determine the existence of commercial grade uranium ores.

The examination was completed quickly by reason of all engineering and geological mapping as well as assays throughout the mine being readily available from the owners as submitted to them by the Butte, Montana, Sub-Office of the Atomic Energy Commission, that office having closely followed the progress of the work at the mine during the past two years.

LOCATION

The property is located approximately 11 miles west of Clancy, Montana, on the south fork of Quartz Creek in the northwest $\frac{1}{4}$ of Section 31, Township 8 north, Range 4 west, Montana Principal Meridian.

OWNERSHIP

Several unpatented mining claims as well as one mill site claim, though only one of which, the Lone Eagle, is concerned in this report, are owned by Messrs. Eiselein, Nelligan, and Nieminen, a partnership. The Lone Eagle claim was relocated on April 4, 1951, and is recorded as No. 67558 in the office of the Clerk and Recorder of Jefferson County, Montana. Slightly more than 300 feet of crosscut adit had been driven by the previous locators.

RECEIVED
MAR 5 1954
U. S. G. S.
SPOKANE, WASH

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 - 1954

February 26, 1954

Mr. A. H. Eiselein
Boulder
Montana

Re: Docket No. DMEA 2419 (uranium)
Contract Idm-R299
Lone Eagle Quartz Mine
Jefferson County, Montana

Dear Mr. Eiselein:

This will acknowledge your letter of February 16, 1954. We regret that you are dissatisfied because we have not made final settlement of your contract with the Defense Minerals Exploration Administration. Obviously final settlement cannot be made until the equipment is disposed of and we wish to emphasize that it is your responsibility, according to the terms of the contract, to arrange for such disposal. We also wish to make clear we realize that under present conditions the equipment will probably not bring in true value. On the other hand, we feel sure that you, as well as ourselves, would have been severely criticized had we accepted the extremely low bid you offered.

Although under the terms of the contract the DMEA is entitled to withhold 10 percent of the amount that the Government might pay under the contract until final settlement is made, after review of the case the Certifying Officer has agreed to reduce the amount we are withholding to $1,200. This is the most that we can do for you until you either obtain an acceptable bid for the equipment or make such a bid yourself.

We sincerely hope that your recent ads in the Butte, Helena, and other papers will result in acceptable offers for the equipment so that this matter can be closed.

By Field Team, Region II

cc: DMEA (2)
USBM (2)
Becraft
Hindman

A. E. Weissenborn, Executive Officer
(U. S. Geological Survey)

Wing G. Agnew, Member
(U. S. Bureau of Mines)

PHYSICAL FEATURES

A passable, though rough, road extends about 2 miles to the mine from the well graded and maintained dirt road following Clancy Creek from Clancy, Montana. Abundant timber for all general purposes may be cut off the Lone Eagle claim while Quartz Creek, flowing an estimated one-half cubic foot per second or 20 miners inches, passes within about 100 feet of the adit portal. The topography of the area is rugged and steep with fir and pine trees covering the mountain slopes. The mine portal is at an elevation of about 5900 feet above sea level.

GEOLOGY

The mine is located in the north central portion of the Boulder batholith, an igneous intrusive composed essentially of quartz monzonite. The adit from which the recent work has been done, as well as a shorter tunnel west and up slope, were evidently driven in order to intersect vein structure found at the surface.

Underground work has shown that the vein presently explored is included within a rather well defined zone although at times blobs of ore were found in the hanging or foot wall. When the vein was followed underground, it was consistently faulted with the hanging wall black offset to the right from one to 30 or more feet. These faults were frequently encountered, so the drift was in ore for only about 70 percent of its length. A major fault was cut at about 220 feet southwest of the adit crosscut. Drifting beyond this for a distance of about 80 feet has failed to recover the lost segment of vein. Two small stringers were encountered in this drift, but they do not resemble too closely the vein where faulted. The main radioactive vein followed has a strike of about S 45° W and a dip of from 60° to 85° to the southeast. The faulting trends generally east-west with dips varying from 75° south to 50° north.

DEVELOPMENT

Mine. When relocated by the present operators, a crosscut adit had already been driven 303 feet south with small though unknown amounts of work evidenced at points 100 feet and 230 feet from the portal.

During the 1952 season the operators drifted 185 feet southwest from the main adit (A-A' on the geologic map). At this point the workings were turned sharply (about 60°) to the left and a crosscut run 50 feet south (B-B' on geologic map). The vein and a prominent fault cutting the vein off were encountered at the 50-foot point in this crosscut. Operations were then suspnded for the season. The operators report that before they could begin work in 1953 it was necessary to expend some $350 for catching up caves which occurred during the winter season.

During the 1953 mining season the operators were advised that instead of rehabilitating the last 30 to 35 feet of drift and about 30 feet of the south crosscut it would be acceptable to the DMEA, under whose sponsorship the mine was being operated, to begin drifting on the ore at a point 141 feet southwest of the adit crosscut (C-C' on the geologic map) and to drift on the extension of the

radioactive structure lying to the northeast of the adit crosscut (D-D'). During this 1953 season a total of 170 feet of drift (C-C') was driven southwest and 50 feet of drift (D-D') was driven to the northeast.

Surface Plant. The surface plant now includes three log and frame cabins, one privy, and one frame building housing an air compressor and also a plank sorting platform.

Mine Equipment. Those parts of the mine which have been worked during the past two seasons are now completely equipped with mine track and air line. Equipment also includes the above-mentioned air compressor, one jack leg rock drill with steel, and one mine car. The operators report that the compressor, rock drill, and compressor house are the property of the U.S. Government and have been advertised for sale to the highest bidder.

RESULTS OBTAINED

Exploration work at the mine during the past two years indicates that the mine contains sufficient ore to constitute a profitable operation. Since all assays and width were not available at this time, it was impractical to attempt to calculate ore reserves in the mine. However, the operators report that the U.S. Atomic Energy Commission informed them that complete assays and widths indicate about 1650 tons of probable ore are still in the mine. This ore was reported as having an average assay of 0.40 percent U_3O_8 or a gross value before haulage allowances of $103,950.

SUMMARY AND CONCLUSIONS

From the material information here presented and assuming that the Atomic Energy Commission is correct in their figures reported to the owners and operators, it seems assured that the Lone Eagle Mine contains a well defined though probably semicontinuous deposit of uranium-bearing ores and further that the exploitation of this deposit would constitute a moderately profitable operation. The operators are aware of the costs that have been incurred in the exploration within the mine and those attributable to one railroad car of ore recently shipped. This car of ore contained 50.66 dry tons of ore assaying 0.24 percent U_3O_8. The costs so far borne by the operators in underground work along with the 10 days of bulldozing and hand road work required at the very start of the operations, also some $300 that was spent for initial rehabilitation of the property, must be included in the future costs to be incurred in recovering the gross value of ore now calculated to be in the mine.

Assuming that the owners have thus far spent about $1500 of their money (10 percent of $15,110) plus the value of their time and effort and that the ore now in the mine could be extracted for not more than $25 per ton, the total investment in dollars should not be greater than $42,750 in order to mine some $103,950 worth of ore.

Respectfully submitted,

Roy M. Hammond

Butte, Montana
January 25, 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 - 1954

February 26, 1954

Air Mail

Mr. George C. Selfridge, Chairman
DMEA Operating Committee
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA 2419 (uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract Idm-E299

Dear Mr. Selfridge:

We are enclosing for your information a copy of a letter dated February 16 from Mr. A. H. Eiselein complaining because we are withholding $1,980 (10 percent of the contract) pending disposal of equipment in which the Government has a 90 percent equity. You will note that Mr. Eiselein is referring the matter to Senators Murray and Mansfield. Also attached is a copy of a letter from Mr. Eiselein dated January 29 and our reply of February 10 discussing the disposal of the equipment. You have received copies of this latter correspondence.

The equipment involved consists of the following:

Item	Original Cost	Present Value*
1 IR Compressor, 110 cfm with Waukesha motor	$1,200.00	$ 750.00
1 Atlas Rock Drill	340.00	171.70
1 Pneumatic Pusher Leg (complete)	155.00	108.50
Total	$1,695.00	$1,030.20

* According to scale established by the Associated General Contractors of America.

There is also a compressor house which cost $345 and on which we have placed a nominal value of $10. Mr. Eiselein has bid $130 for the compressor and $80 for the drill and pusher leg. We are quite aware that at the present time used mining equipment is difficult to sell and that we are unlikely to realize the estimated value of the equipment, but we felt that we would be unable to justify our

action if we accepted a bid as ridiculously low as this. Also, we do not feel that advertising only in the Boulder, Montana paper indicated that a serious attempt had been made to obtain a bid. As you will note from Mr. Eiselein's letter, this has since been rectified. We would of course consider any reasonable bid even though it be lower than the present value of the equipment.

We cannot make final settlement of the contract until the equipment is disposed of, and this, under the terms of the contract, is the operator's responsibility. The contract also provides that the Government may withhold 10 percent of the total which the Government might pay under the contract. This, of course, is routine procedure and is the reason why we are withholding $1,980, pending disposal of the equipment and final audit of the account. On reviewing the case, the amount we are withholding appears more than required to protect the Government and the Certifying Officer has agreed to reduce the amount we are holding back to $1,200. This, however, is the most we can do at present. Our audit staff has been instructed to give this account immediate attention, but the account cannot be closed until the Government's equity in the equipment has been taken care of.

The above information is being sent so that you will be fully informed should you have any inquiries concerning the case.

By Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
(U. S. Geological Survey)

Wing G. Agnew

Wing G. Agnew, Member
(U. S. Bureau of Mines)

Enclosures (as above)

cc: USBM (2)
Hindman
Becraft
Hull

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

1201 N. Division St.
Spokane 2, Washington
February 10, 1954

Mr. A. H. Kiselein
Boulder, Montana

Re: Docket No. DMEA 2419 (uranium)
Contract Idm-K299
Lone Eagle Quartz Mine
Jefferson County, Montana

Dear Mr. Kiselein:

Reference is made to your letter of January 29, 1954 wherein you state that the jointly-owned equipment purchased under the subject contract has been advertised for sale in the Boulder Monitor for two successive weeks, or from November 28 to December 5, 1953. Since this is a weekly newspaper we assume that the advertisement you enclosed appeared twice.

We cannot consider this as adequate advertising, as no doubt the paper has a limited circulation and may not reach the type of people who would be interested in purchasing mining equipment. We therefore suggest that this equipment be advertised in daily newspapers in Butte, Helena, and Missoula, and that machinery dealers in these centers be contacted. There are funds remaining in the contract, and advertising costs are allowable under the terms of the contract.

For your information we have tabulated the present value of this equipment according to the scale established by the Associated General Contractors of America, and this equipment should bring a price near this valuation.

	Item	Original Cost	Depreciation	Present Value
1	IR compressor, 110 cfm, with Waukesha motor	$1200	37.5%	$750.00
1	Atlas rock drill	340	49.5%	171.70
1	Pneumatic pusher leg (complete)	155	30.0%	108.50
1	Compresser house 10'x16'	345		10.00
				$1040.20
	Government's equity - 90%			$ 936.18

You will note that we have depreciated the compressor house from $145 to $10, which is the amount of your bid, since we realize that an item like this has practically no resale value.

Your cooperation in this matter will greatly facilitate the payment of your final vouchers.

By Field Team, Region II

A. E. Weissenborn, Executive Officer
(U. S. Geological Survey)

Wing O. Agnew, Acting Member
(U. S. Bureau of Mines)

cc: DMEA, Wash. (2)
USGS (2)

COPY

Boulder, Montana
January 29, 1954

U. S. Department of the Interior
Defense Minerals Exploration Administration
Mr. A. E. Weissenborn, Executive Officer
U. S. Geological Survey
1201 N. Division Street
Spokane 2, Washington

Subject: Docket No. DMEA 2419 (uranium)
Contract Idm-E299
Lone Eagle Quartz Mine
Boulder, Jefferson County, Mont.

Dear Mr. Weissenborn:

I am herewith enclosing papers which I trust will enable you to get the above mentioned contract completed.

You will find enclosed the following:

(1) Final engineering and geological report, Narrative of work accomplished, maps, assays and results obtained from project work.

(2) A supplemental accounting on both forms MF-104 and MF-104A. This docketing includes only the cost of the report made by Hammond-Everly Engineering Company, Butte, Montana, in the sum of $50.00. As you will notice, we did not date these forms as we did not know if you would use them or just include the $50.00 on our November docketing. Receipted statement is also enclosed.

We have advertised for bids on this Lone Eagle equipment and received only one which is enclosed along with the bid which we are making. At the present time, second-hand mining machinery is just not bringing any money. An affidavit is also enclosed confirming our attempt to sell this property. These notices were also posted in three public places in Jefferson County.

All bills and accounts against the Lone Eagle Quartz mine have been paid by us and in order to do this, we had to borrow money from the bank. And as we have not received any money from our October and November docketing we are somewhat pressed for money and would like to have this contract cleared up as soon as possible.

Your personal attention to this matter will be greatly appreciated.

Yours very sincerely,

Lone Eagle Quartz Mine

By A. H. Eiselein /s/
One of the Partners

Encls.

Department of the Interior
Defense Minerals Administration
RECEIVED
JAN 7 1954

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

No. 157 Howard Street
Spokane 4, Washington

December 29, 1953

Mr. G. E. King
Executive Officer, DMEA
Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA-2419 (Uranium)
Niemimen, Eiselein, Nelligan
Lone Eagle Mine
Jefferson County, Montana
Contract Idn-2299

Dear Mr. King:

I have a copy of your letter of December 22 to Mr. H. C. Jackson, Office Manager, Colorado Plateau Uranium Ore Project, American Smelting and Refining Company, Grand Junction, Colorado with respect to the check and settlement sheets pertaining to Liquidation No. 4537 of ore shipped from Boulder, Montana by Eiselein, Nelligan, and Niemimen.

We have been trying to trace this check for some time as the operator had informed us that the royalty payment had been deducted from his settlement and we had written to several places trying to find out where the check was.

I certainly appreciate your writing to the Colorado Plateau Uranium Ore Project directing them to send the check to me.

Sincerely yours,

A. B. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
DMEA (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

December 28, 1953

Mr. R. J. Hindman, Certifying Officer
DMEA Field Team, Region II
1201 North Division
Spokane 2, Washington

Re: Docket No. DMEA-2419 (uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract No. Idm-1299

Dear Mr. Hindman:

Attached is Check No. 10811 dated December 24, 1953, received from Colorado Plateau Uranium Ore Project, in the amount of $51.36. This represents the Government's 5 percent royalty on the shipment of 50.6595 tons of uranium ore, lot No. 1, at $20.47 per ton for a net value of $1,037.20, as per the attached settlement sheet.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Attachments as indicated

cc: Operator
DMEA w/encl. ✓
AEC w/encl.

Received attachments _____
date

R. J. Hindman

n No. 4 12-52-10M

COLORADO PLATEAU URANIUM ORE PROJECT

American Smelting and Refining Company, Ore Purchasing Agent For
United States Atomic Energy Commission

Receiving Station: Vitro Chemical Company — Grand Junction, Colorado: November 2 19 53

Liquidation No.: 4537 — Lot No.: CP-12 — Shippers Lot No.: 5190 Lot 1

Bought of: Kieslein, Nelligan, & Nieminen — A.E.C. License No.: F-1358

Address: Boulder, Montana

Type of Ore: Carnotite - Contract No. 150-F — Date Received: 10/17/53

Mining Claim: Lone Eagle Mines — Mining District: Clancy — Pile No.: OPV

Car No. GN 76325

Lot No.	Wet Weight Pounds	H_2O	Dry Weight Pounds	SETTLEMENT ASSAYS U_3O_8	V_2O_5	$CaCO_3$	CONTENTS POUNDS U_3O_8	V_2O_5	$CaCO_3$
CP-12	103440	2.05	101319	.24			243.17		

U_3O_8	Per Lb.	Per Ton	Short Tons	Total Value
.24% = 4.8# at	$3.50	$16.80	50.6595	$851.08
Development allowance 4.8# at	.50	2.40	"	121.58
Premium in excess of 4# per ton .8# (4.8# - 4# = .8#) at	.75	.60	"	30.40
TOTAL U_3O_8 PAYMENT		$19.80	50.6595	$1,003.06
Haulage allowance 11 miles @ 6¢ per wet ton mile			51.7200	34.14
TOTAL GROSS PRICE				$1,037.20
Deductions:				
Royalty - US Government DMEA Docket 2419 (IDM-E299) 5% of (1037.20) =				- 51.36
NET PROCEEDS				$ 985.84

Correct WEC — Paid November 2, 1953
Checked LRJ — Vo. No. 11/1
Approved HCJ — Check No. 10405

cir

I certify that I am the lawful owner or authorized Representative of the Lawful Owner, of the Ore described in this Settlement Sheet and have legal right to deliver the same to the Commission.

I certify that I hold the A. E. C. Source Material License numbered above.

I hereby transfer to the Commission, effective as of the date of delivery of the ore, all my right, title and interest in and to said ore.

I will accept the amount as shown above as "Total Gross Price" in full settlement, except for final quarterly adjustment for average V_2O_5—U_3O_8 ratio, for sums due to me on account of the ore deliveries described herein.

Kieslein, Nelligan & Nieminen
By
Title
Seller or Agent.

Buyers assays govern if Seller fails to submit his assays prior to acceptance of payment.
All rates paid are based on U. S. Atomic Energy Commission Published Schedules.

COLORADO PLATEAU URANIUM ORE PROJECT

American Smelting and Refining Company, Ore Purchasing Agent For
United States Atomic Energy Commission

P. O. Box 986

GRAND JUNCTION, COLORADO

MARTIN N. GAINES
Manager

December 24, 1953

Defense Minerals Administration
RECEIVED
JAN 4 1954

Executive Officer
Defense Minerals Exploration Administration
Region II
South 157 Howard Street
Spokane 8, Washington

Gentlemen:

We attach hereto our Check No. 10811, in amount of $51.36, being royalty payment due you on account of DMEA Docket No. 2419. We also attach four (4) copies of ore settlement sheets supporting this royalty withholding from ore shipped by Eiselein, Nelligan, & Nieminen.

Yours very truly,

H. C. Jackson
Office Manager

HCJ/mit
Encl: Check No. 10811
Settlement Sheets (4)

12/31/53 gla

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

1201 N. Division St.
Spokane 2, Washington
December 21, 1953

Vitro Chemical Company
600 West 33d, South
Salt Lake City, Utah

Subject: Royalty payment
Docket No. DMEA 2419 (uranium)
Contract Idm-1299
Lone Eagle Quartz Mine
Boulder, Jefferson County, Mont.

Gentlemen:

Mr. Maurice Halligan, Operator of the subject property, informs us that a shipment of 51.5 tons of uranium ore was made from Clancy, Montana, on October 17, 1953 to your firm at Grand Junction, Colorado. The net value of this ore was $1027.20 from which was deducted a 5 percent royalty, or $51.36, which was due the Government under terms of the subject exploration contract. This check should be made out to the Treasurer of the United States and forwarded to Mr. A. E. Weisenborn, Executive Officer, DMEA Field Team, Region II, S. 157 Howard Street, Spokane, Wash. To date we have not received this check in the amount of $51.36 though Mr. Halligan informs us that this payment was made on November 2, 1953. Will you please let us know where this check was sent?

For your information the method of computing the Government's percentage royalty is as follows:

(1) Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: one and one-half (1-1/2) percent.

(2) Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1-1/2) percent, plus one-half (1/2) percent additional for each full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales.

By DMEA Field Team, Region II

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Thomas E. Howard, Acting Member
U. S. Bureau of Mines

cc: Vitro Chemical Co.
Grand Junction, Colo.

Ernest E. Thurlow, AEC
P. O. Box 2196
Salt Lake City, Utah

DMEA, Wash. (2)
USGS (2)

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

1201 N. Division St.
Spokane 2, Washington
December 21, 1953

Mr. Maurice Nelligan
Lone Eagle Quartz Mine
Boulder, Montana

Subject: Docket No. DMEA 2419 (uranium)
Contract Idm-E299
Lone Eagle Quartz Mine
Jefferson County, Montana

Dear Mr. Nelligan:

This will acknowledge your letter of November 30, 1953 to Mr. A. E. Weissenborn, Executive Officer, with reference to payment of your October voucher, disposal of jointly-owned equipment and royalty payment on ore shipped to the Vitro Chemical Company.

On completed contracts it is the policy to withhold a percentage of the total contract amount to insure the completion of all provisions of the contract and to protect the Government's equity in jointly-owned equipment. Consequently, we are withholding payment on your October-November 1953 vouchers until the jointly-owned equipment is disposed of and you submit an acceptable final engineering report on the results of the project.

We are informed by Mr. John D. Bardill, Bureau of Mines engineer, that you intend to have a consulting engineer write your final engineering report. Under Part I of the contract there is authorized $150.00 for engineering and geology. We believe this to be adequate to cover the cost of a report, and inasmuch as this has not been claimed before and there are still unexpended funds remaining in the contract this would be an allowable cost.

We wish to thank you for the information on the royalty deduction; however, this check has not yet arrived and we are writing the Vitro Chemical Company for information on this matter.

By DMEA Field Team, Region II

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

cc: DMEA, Wash. (2)
USGS (2)

Thomas E. Howard, Acting Member
U. S. Bureau of Mines

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

1201 N. Division St.
Spokane 2, Washington
December 3, 1953

Mr. Maurice Nelligan
Lone Eagle Quartz Mine
Boulder, Montana

Subject: Docket No. DMEA 2419 (uranium)
Contract No. Idm-8299
Lone Eagle Quartz Mine
Jefferson County, Montana

Dear Mr. Nelligan:

This will acknowledge your letter of November 30, 1953 to Mr. A. E. Weissenborn, Executive Officer, with reference to disposal of equipment at the subject property and your November accounts.

We shall be glad to hear what success you have in disposing of this jointly-owned equipment. It will not be necessary for you to first dispose of this equipment before submitting your November Operator's Monthly Report and Voucher; however, it will be necessary to dispose of this equipment before final settlement is made on the contract.

We wish to take this opportunity to remind you of the necessity of paying the Government's percentage royalty on Lone Eagle ore shipped to the Vitro Chemical Co. at Salt Lake City, Utah, for account of the A.E.C. We are informed that the A.E.C. will deduct this royalty; however, should they fail to do so it will become necessary for you to make this settlement.

By Field Team, Region II

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

N. E. Volin, Member
U. S. Bureau of Mines

cc: DMEA, Wash. (2)
USGS (2)

Boulder, Montana
November 30, 1953

U. S. Department of the Interior
Mr. A. E. Weissenborn, Exec. Officer
U. S. Geological Survey
1201 N. Division Street
Spokane 2, Washington

Re: Docket No. DMEA 2419
Contract Idm-E299

Dear Mr. Weissenborn:

The contract at the Lone Eagle Quartz Mine has been completed and we have started to try and sell the compressor, compressor house and drill.

The enclosed ad has been published in the Boulder Monitor for two weeks and notices of same have been posted in three of the most public places in Boulder. One has been posted at the Boulder postoffice, posting board at the court-house and Winsor Hotel.

We understand that this property has to be sold before we submit our November accounting and docketing? We will appreciate your advising us if this is inorder and satisfactory with you.

Yours very truly,

Maurice Halligan /s/

Encl.

One of the Partners

COPY

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

1201 N. Division St.
Spokane 2, Washington
December 1, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: John S. McNabb, Mining Engineer, Bureau of Mines

Subject: Final inspection of the Lone Eagle Mine,(Nieminen, Eiselein and Nelligan), Jefferson County, Montana, Contract Idm-E299, Docket No. DMEA 2419 (uranium)

The final inspection of the Lone Eagle mine was made on November 17, 1953 in the company of Mr. Maurice Nelligan, partner.

All work prescribed to be carried on under Contract Idm-E299 was completed by November 13, 1953. Prior to the November 17 inspection the property was last visited by Mr. John Bardill, DMEA field engineer, on October 24, 1953. Work completed since Mr. Bardill's inspection includes the following:

East crosscut
4 ft. of advance

New west drift
65.5 ft. of advance
40.5 ft. of timbering (9 sets)

Total work completed under DMEA contract Idm-E299 includes the following:

Completed in the year 1952

Bulldozing road and surface installation site	$240.00
Initial rehabilitation and repairs	300.00
Construction of compressor house (10'x16')	345.00
Drifting - 185 feet	
Crosscutting - 50 feet	

Completed in the year 1953

Drift cleanup		$350.00
Drifting (new drift west)	171.9 feet	
Timbering (new drift west) 62.5' - 15 standard sets	62.5 feet	
+ 1 post and 4' of pole lagging	4.0* "	
Timbering (old drift west) 25' - 6 standard sets	25.0 "	
Timbering (old drift west) 5 posts and 15' of pole lagging	15.0* "	
Crosscutting (east crosscut)	51.3 "	
Timbering (east crosscut) 10' - 3 standard sets	10.0 "	
+ 4 posts and 4' of pole lagging	4.0* "	

*Timbering less costly than standard sets. Recomend payment in the amount of 50% of the prescribed unit price for standard timbering.

Recapitulation of underground work completed under contract

Drifting	356.9 feet
Crosscutting	101.3 "
Timbering (standard sets)	97.5 "
Timbering (posts and pole lagging)	23.0 "

Disposal of jointly owned equipment and buildings was discussed with Messrs. Nelligan and Eiselein, partners. It was agreed that the subject equipment would be advertised for sale during the month of November in the weekly Boulder, Mont. newspaper. Jointly-owned equipment to be disposed of includes the following:

Item	Original cost to the project	Age
1 Ingersoll-Rand compressor 110 cfm with Waukesha motor	$1200.00	30 years (approx.)
1 Atlas rock drill	340.00	2 years
1 Pneumatic pusher (complete)	155.00	2 years
1 Compressor house 10'x16'	345.00	2 years

Work under the project contract was completed in a workmanlike manner. A final engineering report is being prepared at the present time and will be submitted to the DMEA in the near future.

To date 50 tons of primary uranium ore having an average grade of approximately .25% U_3O_8 has been mined and shipped as a result of the DMEA exploration project. A reserve of 2,000 tons of .25% U_3O_8 uranium ore is indicated at the present time in the Lone Eagle mine.

John S. McNabb

Orig. & 3 cys - Wash.
USGS (2)
DMEA
AEC
AD
JDB/he

DOCKET COPY

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

NOV 3 1953

David Nieminen, A. H. Eiselein
and Maurice Nelligan, partners
c/o Mr. A. H. Eiselein
Boulder, Montana

Re: Docket No. DMEA-2419 (Uranium)
Contract No. Idm-2299
Lone Eagle Quartz Mine
Jefferson County, Montana

Gentlemen:

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

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

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

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

Sincerely yours,

C. A. Mittendorf

Administrator

MChing/gla
10-30-53
cc to: Docket file
Reg. II (2)
Division contract file

50811

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 1 6 1953

1201 N. Division St.
Spokane 2, Washington
October 30, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: John D. Bardill, Bureau of Mines

Subject: Routine inspection, Lone Eagle Mine, Jefferson County, Mont. Contract No. Idm-E299, Docket No. DMEA 2419 (uranium)

The regular routine inspection of the subject mine was made October 24, 1953, accompanied by Mr. Maurice Nelligan, one of the partners.

Since the last routine inspection on September 19, 1953, the southwest drift had been advanced 30.8 feet, the northeast crosscut 7.4 feet, and 20 feet of timbering was done. An additional 30 feet advance in the southwest drift will complete the contract. The crosscut has been driven the prescribed 50 feet.

The southwest drift has been following a poorly mineralized narrow stringer which may or may not be the main vein. The face of the northeast crosscut has a mineralized zone of about 2 feet in width with stringers containing chalcopyrite. The showing as a whole is very disappointing.

The survey has been brought to date and several changes made because survey points had been blasted out or removed to timber, since the last trip. Survey points marked with an "A" denote stations placed by AEC and were used where convenient. The location of the three AEC diamond drill holes is also noted on the attached sketch map.

The bearings and distances from survey station to station as of October 24, 1953, are:

Portal A814 - A815	S. 8° E.	113.5 ft.
A814 - A819	S. 8° E.	87.5 ft.
<u>NE Crosscut</u>		
A819 - BM 241	S. 73° E.	11.3 ft.
BM241 - B	N. 85° E.	17.1
B - face	N. 20° E.	34.0

BM241 was starting point of crosscut under contract.

Stage II

Southwest Drift

A815 was starting point of crosscut under contract - Stage I

A815 - A816	S. 61° W.	37.8 ft.
A816 - A817	S. 46° W.	66.7 ft. (A817 missing now)
A817 - A826	S. 63° W.	32.5 ft.
A826 - A827	S. 32° W.	24.7 ft.
A827 - A828	S. 68° W.	24.6 ft.
A828 - A831	S. 30° W.	37.1 ft.
A831 - BM347	S. 73° W.	20.3 ft.
BM347 - face	S. 61° W.	33.1 ft.

A826 was starting point of drift under contract - Stage II

A815 to AEC diamond drill site	S. 8° E.	129.6 ft.

The work under the DMEA contract was suspended for approximately 2 weeks to stope about 30 tons of ore from the high-grade shoot near survey station A817. This ore plus stockpiled ore completed a carload which was shipped to Vitro Chemical Company at Salt Lake City. Dry weight of the ore was 51.7 tons with an unconfirmed reported assay of 0.24% U_3O_8. The Operator stated that AEC will make the necessary royalty payment to the Government as required by the contract.

The contract expiration date was extended 30 days to November 17, 1953, to allow time to make this shipment.

The Operator states that the last 30 feet of drift under the contract will be completed by November 10 unless unforeseen weather conditions prevent.

The Government has a 90 percent equity in the following equipment which was purchased under the contract.

	Purchase price
1 Ingersoll-Rand compressor, Waukesha Motor Model G-U44E, No. 215926, Rating 100 lbs. No. PP91453	$1,200.
1 Atlas rock drill, No. 447761, pneumatic pusher and accessories	513.

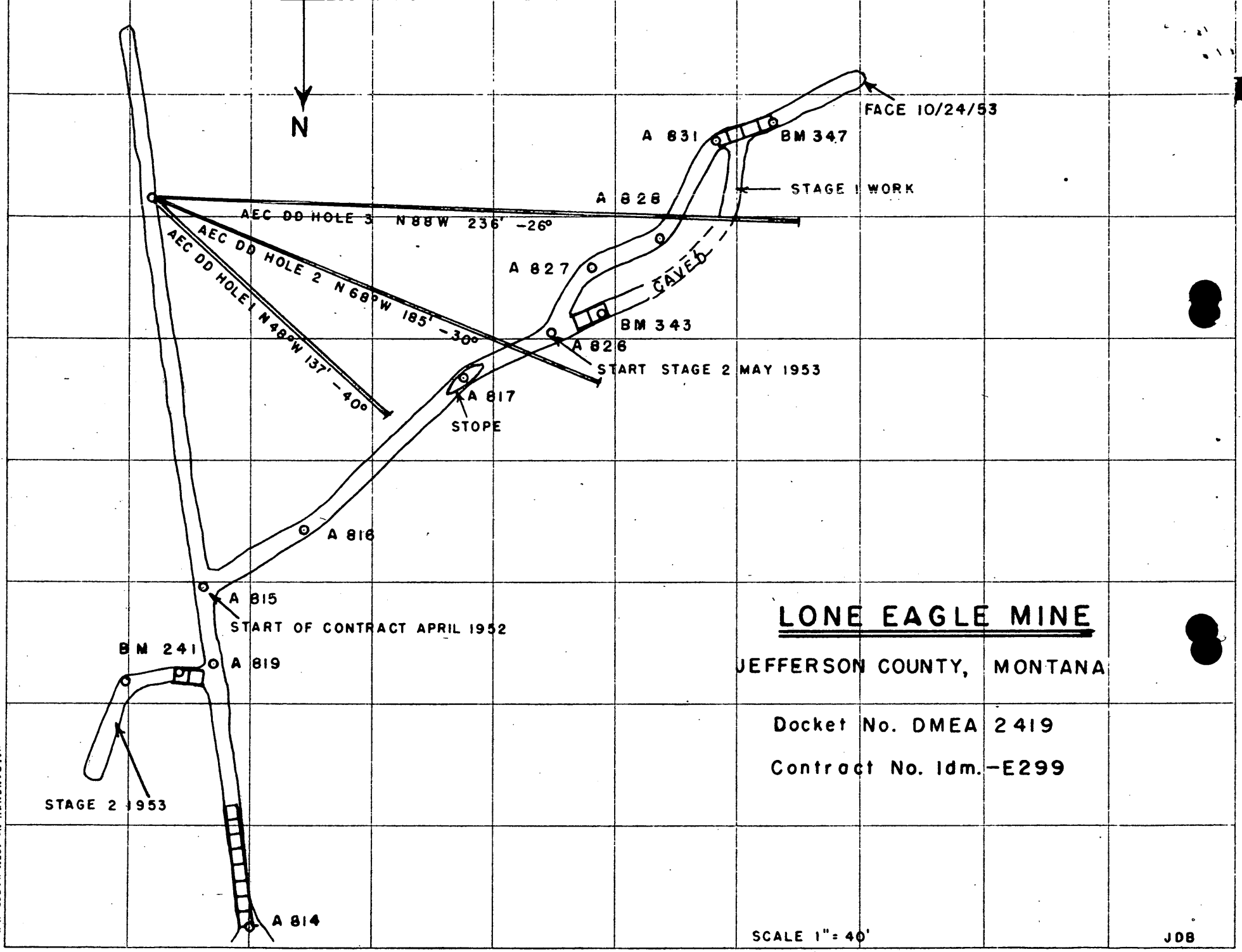
The Operator was advised of the proper procedure to dispose of this equipment. The cost of the compressor house should be written off because cost of salvage would exceed sale price. Purchase cost of pipe was less than $50 and the drill steel is broken. Both should be declared of no value.

The Operator was advised to employ a competent engineer to draft the final reports required under the contract which would be acceptable to DMEA. Past monthly progress reports have been entirely unsatisfactory in every respect.

John D. Bardill

John D. Bardill

Orig. & 3 cys - Wash.
USGS (2)
DMEA
AD
AEC
JDB/he


N
FACE 10/24/53
A 831
BM 347
STAGE I WORK
A 828
AEC DD HOLE 3 N88W 236' -26°
AEC DD HOLE 2 N68°W 185' -30°
AEC DD HOLE 1 N48°W 137' -40°
A 827
CAVED
BM 343
A 826
START STAGE 2 MAY 1953
A 817
STOPE
A 816
A 815
START OF CONTRACT APRIL 1952
BM 241
A 819
STAGE 2 1953
A 814
LONE EAGLE MINE
JEFFERSON COUNTY, MONTANA
Docket No. DMEA 2419
Contract No. Idm.-E299
SCALE 1" = 40'
JDB

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

October 26, 1953

Memorandum

To: Hazel Berry, Operating Committee

From: Grace L. Ault, Rare & Misc. Metals Division

Subject: Amendment No. 6 to Contract No. Idm-E299
Docket No. DMEA-2419
Nieminen, Eiselein & Nelligan

Mr. Ching reviewed and approved the subject amendment, dated October 12, 1953.

Grace L. Ault
Grace L. Ault

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

October 19, 1953

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-2419 (uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract No. Idm-E299

Dear Mr. Selfridge:

Enclosed are the original and two signed copies of Amendment No. 6 to the subject contract with attached justification.

Distribution of this amendment is being made in the usual manner.

Sincerely yours,

James J. Quinlan
James J. Quinlan
Acting Member, DMEA
Field Team, Region II

Enclosure

cc: Finance Office w/encl.
USBM (2)
Becraft

Col 10-22

RECEIVED
OCT 29 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

So. 157 Howard Street
Spokane 4, Washington

October 14, 1953

Mr. A. H. Eiselein
Boulder,
Montana

Re: Docket No. DMEA-241 (uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract No. Idm-E299

Dear Mr. Eiselein:

Enclosed herewith are several copies of Amendment No. 6 to your Exploration Project Contract.

If the terms and conditions of this proposed amendment meet with your approval, would you and your partners sign all copies, retain that copy marked for the "Operator", and return the remaining copies to this office.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures

cc: DMEA (2)
USBM (2)
Becraft

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

1201 N. Division St.
Spokane 2, Washington
October 14, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: John D. Bardill, Bureau of Mines

Subject: Routine inspection, Lone Eagle Mine, Jefferson County, Montana, Contract No. Idm-E299, Docket No. DMEA 2419(Uranium)

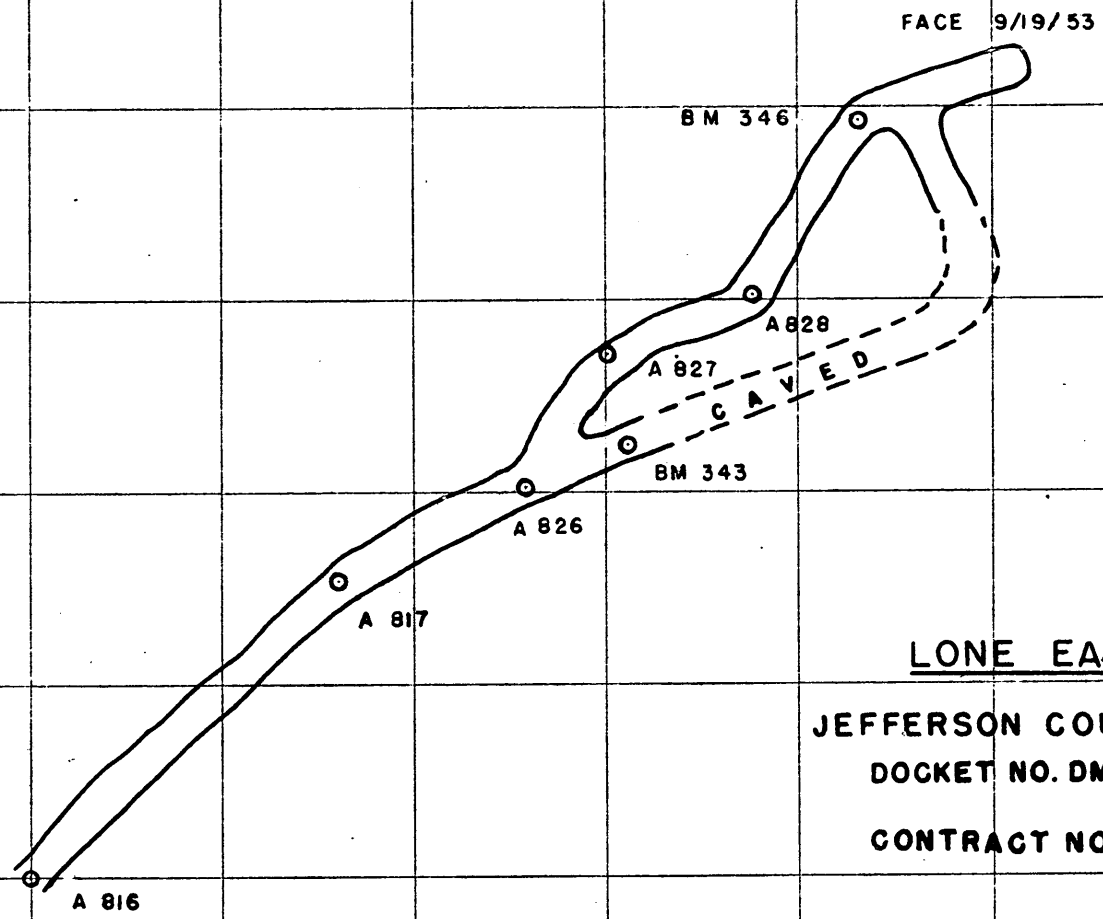
A routine inspection of the Lone Eagle mine was made September 19, 1953 accompanied by A. H. Eiselein, one of the partners.

The southwest drift was advanced 46 feet during the month on the vein structure, without encountering any appreciable quantity of ore. Drifting was recessed temporarily on September 25 to mine a 40-ton lot of ore from the small ore shoot that was encountered in the drift about 100 feet from the starting point. Reportedly, Mr. Thurlow of AEC requested this ore. Drifting will be resumed as soon as the shipment has been made. Operator states that the contract will be completed by the end of October.

According to Mr. Eiselein, one of the partners, the three AEC diamond drill holes did not intersect any ore.

John D. Bardill

Orig. & 3 cys - Wash.
USGS (2)
DMEA
AEC
AD
JDB/he



LONE EAGLE MINE

JEFFERSON COUNTY, MONTANA

DOCKET NO. DMEA 2419

CONTRACT NO. Idm.-E299

SCALE 1" = 30'

"ALBANENE" NO. 1893M KAC CO., N.Y.
REG. U.S. PAT. OFF.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

October 4, 1953

Memorandum

To: BMEA Field Team, Region II

From: George E. Becraft, Geologist, U. S. Geological Survey

Subject: Docket No. DMEA-2419 (uranium), routine inspection report, Lone Eagle mine, Jefferson County, Montana, Contract No. Idm-E299

The property was visited on September 30, 1953 as the result of a letter informing me that the work on the contract was recessed to mine out a carload of uranium partially developed by the work on the contract. Two miners were mining ore and stated that the last day work was done under the contract was Friday, September 25, 1953. A. H. Eiselein, partner, was contacted in Boulder, Montana also on September 30. He was uncertain as to when work would be resumed under the contract, but agreed to notify me Friday, October 2, as to the length of time needed to obtain the car of ore. On October 2, I was informed that an estimated 40 tons of ore was on the ore pile and that work would be resumed under the contract definitely within one week. One additional man has been hired to expedite the work.

The expiration date on the contract is October 17, 1953 and I was informed by the operators that if this was extended one month every effort would be made to complete the contract by November 17. There remains, as of this date, approximately 60 feet of drifting to be done. Because the mine will undoubtedly be a small producer of uranium ore and the last 60 feet of the drift will aid greatly in evaluating the mine, I recommend that the extension of one month be granted.

Agree

Distribution:
DMEA (Orig. & 3)
USBM (2)
AEC
Docket
Becraft

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
~~XXXXXXXXXXXXXXXX~~
So. 157 Howard Street
Spokane 4, Washington

September 29, 1953

Mr. A. H. Kiselein
Boulder,
Montana

Re: Docket No. DMEA-241, (Uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract Idm-E299

Dear Mr. Kiselein:

Mr. Jack Bardill, U. S. Bureau of Mines, who has recently examined your exploration project, advises that you wish to recess exploration operations. As reasons, Mr. Bardill states that you have been requested by Mr. Ernest Thurlow of the Atomic Energy Commission to make a shipment of ore and that you cannot make this shipment and do the exploration work at the same time.

Procurement of a recess on an exploration program must be adequately justified and, therefore, we would appreciate your submitting to us a copy of Mr. Thurlow's request for an ore shipment or a letter describing this request. With this information on hand, we will be able to give your request consideration and shall advise you as quickly as possible if the recess can be approved.

By DMEA Field Team, Region II

A. E. Weissenborn, Executive Officer
(U. S. Geological Survey)

M. E. Volin, Member
(U. S. Bureau of Mines)

cc: USBM (2)
DMEA (2)
Becraft

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

1201 N. Division St.
Spokane 2, Washington
August 31, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: John D. Bardill, Metallurgist, Bureau of Mines

Subject: Routine inspection, Lone Eagle Mine, Jefferson County, Montana, Contract No. Idm-E299, Docket No. DMEA 2419 (uranium)

A routine inspection of the mine was made August 8, 1953, accompanied by Maurice Nelligan, one of the partners.

The southwest drift had been driven a distance of 55 feet on the vein, of which 38 feet was completed during July. Approximately 27 feet was timbered and was chargeable to the contract. About 6 inches of vein material in the face of the drift was strongly radioactive.

Some of the higher grade rock is being stockpiled on a platform near the adit portal for sale to AEC when a shipment has been accumulated.

AEC engineers were making plans to diamond drill the radioactive vein from the southern extremity of the crosscut.

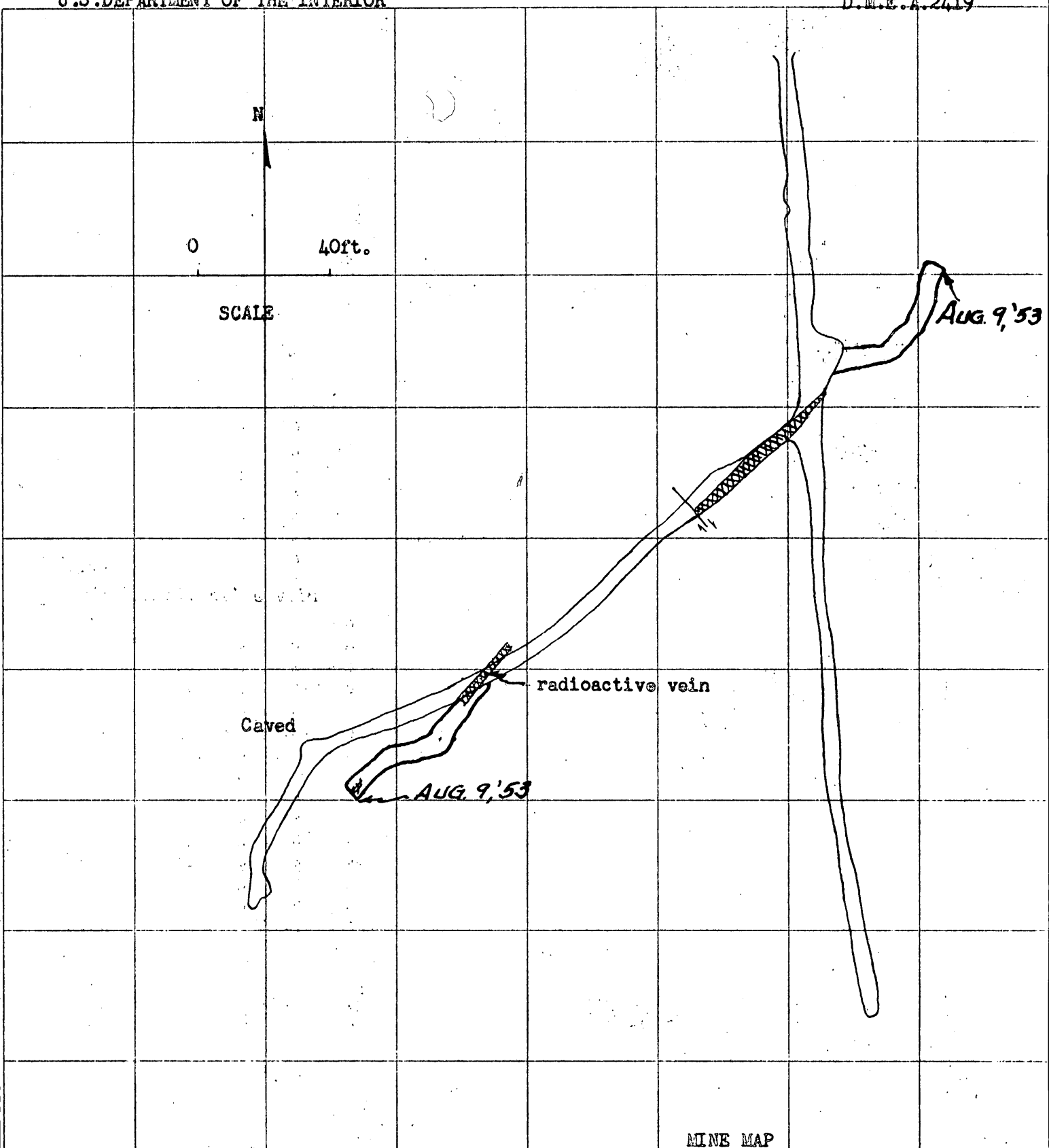
John D. Bardill

John D. Bardill

Orig. & 3 cys - Wash.
USGS (2)
DMEA
AEC
JDB/he

U.S.DEPARTMENT OF THE INTERIOR

D.M.E.A.2419



MINE MAP
of
LONE EAGLE MINE
JEFFERSON COUNTY, MONTANA

Modified tracing of Geologic Map
by G.E.Becraft,U.S.Geol.Survey

Contract Idm-E299

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

July 20, 1953

Memorandum

To: DMEA Field Team, Region II

From: George E. Becraft, Geologist, U. S. Geological Survey

Subject: Routine inspection, Docket No. DMEA-2419 (uranium), Lone Eagle Mine, Jefferson County, Montana, Contract No. Idm-E299.

A routine inspection was made of the Lone Eagle mine July 9, 1953. Nelligan, Nieminen, and Eiselein, Operators, were at the property. The northeast drift had been driven about 43 feet and had been stopped at this point. The Operators informed me that it had been stopped at this point to save footage for cutting a diamond drill station. This was the first information that I had about a drill station and told the Operators not to cut the station without permission from the Field Team. It has since been learned that this will not be done under the contract. The Operators stated that the final 7 feet of the northeast drift would be finished.

Work had just begun on the southwest drift and while I was on the property a short round was shot in the vein--about $2\frac{1}{2}$ feet wide at this point--in an attempt to break only ore, thus eliminating costly sorting of the rock if a complete round was shot. The break was quite successful and two mine cars of ore were taken out, which, without any sorting, was estimated to contain 0.25 to 0.35 percent U_3O_8.

An ore bin has been built and the Operators plan to continue to try to take out the ore in this manner while drifting 170 feet to the southwest as allowed under the contract.

It seems very probable that a carload of ore with a grade of 0.25 to 0.45 percent U_3O_8 will be shipped from the property later this summer.

Distribution:
DMEA (Orig. & 3)
USBM (2)
AEC
Docket
Becraft

June 25, 1953

Memorandum

To: Hazel Perry, Operating Committee

From: Grace L. Ault, Rare & Miscellaneous Metals Division

Subject: Amendments to contracts

Amendment No. 5, dated May 25, 1953
Docket No. DMEA-2119, Contract No. Idm-E299
David Kleminen, A. L. Eiselein, Maurice Kelligan

Mr. Ellis reviewed the above amendment and approves it.

Amendment No. 9, dated June 1, 1953
Docket No. DMEA-2328, Contract No. Idm-E320
Moreno-Cripple Creek Corporation

It has just come to my attention that the above amendment was received in the Division during my absence on leave, and that the routine memorandum to you regarding its review apparently was not prepared.

Mr. Knouse reviewed the amendment and approved it, suggesting that it be referred to the Legal Division for review.

- - -

I would suggest that if your records show other amendments for this Division on which a clearance should be given, that you bring them to my attention, for the usual check on this sort of thing, of necessity, was dispensed with.

Grace L. Ault

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

June 19, 1953

Memorandum

To: DMEA Field Team, Region II

From: George E. Becraft, Geologist, U. S. Geological Survey

Subject: Interim report, Docket No. DMEA-2419 (uranium), Lone Eagle Quartz Mine, Jefferson County, Montana, Contract No. Idm-E299.

The property was visited June 16, 1953, accompanied by D. M. Pinckney, geologist, U. S. Geological Survey, and David Nieminen, partner. Work had been started on the property on June 10, 1953, and about 10 feet of crosscut driven to intersect the vein to the northeast of the main adit. The vein was exposed in the face but was only weakly radioactive. A round had been drilled to cross the vein and a turn was being made to drift on the vein to the northeast.

Distribution:
DMEA (Orig. & 3)
USBM (2)
Docket
Becraft
AEC

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 North Division Street
Spokane 2, Washington

June 13, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: John S. McNabb, Mining Engineer, Bureau of Mines

Subject: Routine inspection of the Lone Eagle mine, Jefferson County, Montana, Contract No. Idm-E299, Docket No. DMEA 2419 (uranium)

A routine inspection of the Lone Eagle mine was made on June 12, 1953.

Operations at the Lone Eagle mine were suspended for the winter season in October 1952. On May 7, 1953, Mr. E. W. Buel inspected the mine and recommended that drifting should commence to the southwest and northeast on the uraninite bearing vein. An amendment of the DMEA contract was made to this effect. At the time of his inspection, it was found inadvisable to rehabilitate the caved portion of the drift since it would prove quite costly and had by-passed 80 feet of the vein.

On May 11, 1953, work recommenced under Contract Idm-E299. Ten days of initial clean-up and timbering were completed. Work was temporarily suspended from May 23 through June 9, 1953 pending approval of the proposed amendment to the contract, and also because heavy rains and the spring break-up made the road to the mine inaccessible. Drifting to the northeast on the vein was begun on June 10, 1953. The drift was advanced 8 feet from the starting point at the time of my inspection. The ground had not been timbered as yet, but the miners intend to put in the first set on June 15, 1953. USBM survey tag No. 241 was placed at the starting point of the northeast drift.

It is the Operator's intent to complete the 50 feet of drift to the Northeast and then begin drifting on the vein to the Southwest. Short holes will be drilled in an effort to avoid dilution of the ore. An ore bin and sorting platform will be installed at the Operator's expense and an attempt will be made to save exploration ore and ultimately sell it to the Government.

The Operator and miners were both advised of the importance of watching their ground and timbering when at all necessary. It appears that most of the drift work on the vein will require timbering. The ground is not unusually bad, but in most places requires some support.

The possibility of driving both directions on the vein concurrently was suggested to one of the partners for his consideration. However, because the work is being performed on a unit basis and because there is only 50 feet of Northeast drift provided in the contract, it was felt that the possibility of driving both headings concurrently be decided by the Operators.

It was also noted and brought to the attention of one of the partners that it may be necessary to install an air fan and vent tubing when work is begun on the Southwest heading.

Units of work completed under Contract Idm-E299 as of June 12, 1953, includes the following:

Drifting	193 feet
Crosscutting	50 feet
Spring rehabilitation and cleanup	10 days
Initial rehabilitation and repairs	$702.23
Bulldozing	$240.00

No samples or assays were taken during the period from May 7 to June 12, 1953. The first 8 feet completed in the Northeast drift is in the nature of a turn and has not cut the vein as yet. However, one or two more rounds should expose the uraninite bearing structure.

There are two men employed at the project on a 40-hour per week basis. All of the necessary supplies and materials are on hand and the work seems to be progressing in a satisfactory manner.

Engineers from the A.E.C. sub-office in Butte, Montana, visit the Lone Eagle mine approximately once a week and intend to watch the progress of the exploration program very closely.

John S. McNabb

Orig. & 3 - Wash.
USGS - 2
DMEA
M/D
JSM/vf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
1201 North Division Street
Spokane 2, Washington

May 20, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: E. W. Buel, Mining Engineer, Bureau of Mines

Subject: Interim report, Lone Eagle Mine, Jefferson County, Montana, Contract Idm-E299, Docket No. DMEA 2419 (uranium)

The subject property was examined May 7, 1953, in company with G. E. Becraft and L. D. Jarrad, Geologists, U. S. Geological Survey and Atomic Energy Commission, respectively. Messrs. M. Nelligan and D. Nieminen, copartners, also were present during the examination.

The purpose of the examination was to determine whether a caved drift/crosscut (see attached map) could be rehabilitated within the allowable cost of $700.00 stated in Amendment No. 4. The drift/crosscut if made accessible would allow drifting for 150 feet in a southwesterly direction from the drift/crosscut face. Inspection of the caved drift/crosscut showed that it could not be rehabilitated within the allowable cost. Furthermore, about 80 feet of the bypassed uranium-bearing vein would remain unexplored under the contract if drifting was done from the rehabilitated working face.

The Examining Team and Mr. Jarrad agreed that any drifting in a southwesterly direction should begin from a point 135 feet from the start of the drift. This would permit drifting on the 80 feet of bypassed vein and permit continuance of drifting beyond the caved drift/crosscut.

The Operator was preparing to begin work again under the DMEA contract, but withheld working until some decision could be reached for the future conduct of the exploration work.

An amendment has been prepared, with Washington's tentative approval, which provides for drifting for 170 feet in a southwesterly direction from the 135 foot point in the drift. No rehabilitation of the drift/crosscut will be attempted under the amended contract.

The Examining Team recommended to the Operator that 50 feet of drifting in a northeasterly direction should be started from the main adit while awaiting final approval of the new amendment.

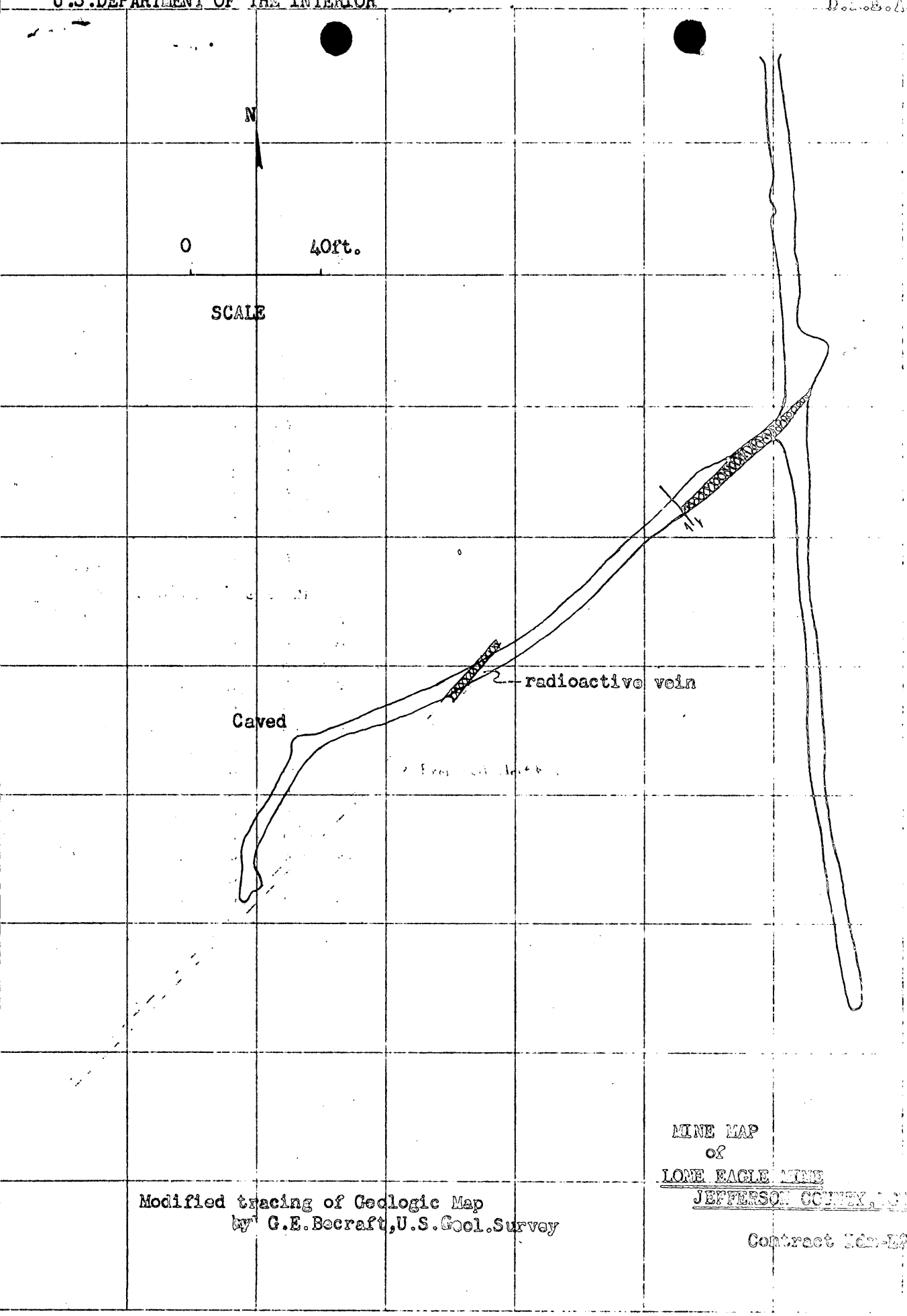
E. W. Buel

E. W. Buel

Orig. & 3 - Wash.
USGS - 2
DMEA M/D EWB/vf

U.S.DEPARTMENT OF THE INTERIOR

D.M.E.A.2429



MINE MAP
of
LONE EAGLE MINE
JEFFERSON COUNTY, MONTANA

Modified tracing of Geologic Map
by G.E.Becraft,U.S.Geol.Survey

Contract Ner-2299

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

RECEIVED

JUN 30 1953

GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

June 17, 1953

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-2419 (uranium)
Contract Idm-E299
David Nieminen, A. H. Eiselein,
Maurice Nelligan
Lone Eagle Quartz Mine
Jefferson County, Montana

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 5 to the subject contract, with attached justification.

Distribution of this amendment is being made in the usual manner.

Sincerely yours,

A. E. Weissenborn
A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Attachment

cc: Finance Officer w/encl.
USBM (2)
Becraft

6-22

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

June 4, 1953

Mr. David Nieminen
Boulder,
Montana

Re: Docket No. DMEA-241, (Uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract Ida-[illegible]

Dear Mr. Nieminen:

Enclosed please find several copies of Amendment No. 5 to your contract. If the terms and conditions of this amendment meet with your approval, would you please have all copies signed, retain that copy marked for the Operator and return the other copies to this office.

Sincerely yours,

Thor H. Kullsgaard
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

cc: USBM (2)
DMEA (2)
Becraft

FILE COPY
SURNAME:

Schmidt
Ellis
Selfridge
Dunham
Weissenborn

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

MAY 11 1953

Mr. A. R. Weissenborn
Executive Officer
DMA Field Team, Region 4
Suite 137 Newark Street
Spokane 9, Washington

Re: Docket No. DMA-419 (Uranium)
Contract ids-299
David Ingram, [illegible] Ludlow,
Maurice Williams
Home [illegible] Mine
Jefferson County, Montana

Dear Mr. Weissenborn:

This acknowledges receipt of your teletype of May 8 concerning another amendment to the subject contract.

The last amendment No. 4 proposed to extend the southwest drift an additional 150 feet and drift 50 feet northeast from the main tunnel. Since the southwest drift is cased at the 135 foot point, it is recommended by Mr. Warrard of the Atomic Energy Commission that the 150 feet of drifting provided for in amendment No. 4 start at the 135 foot point instead of the now inaccessible face and, it is presumed, should follow the ore.

It would seem that the ore indicated to the northeast of this 135 foot point for a length of 50 feet could also be exposed by a crosscut less than 10 feet long. Since this so-called drift has been driven alongside of the vein for a total distance of 150 feet, we naturally agree with Mr. Warrard's plan of spending any additional money by trying to follow the ore indicated on the map accompanying Amendment No. 4.

It is suggested that since your office is informed as to the status of this work and the expenditures to date that this proposed Amendment No. 5 be written in your office and forwarded in the usual way to Washington.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

(245)

Approved:

J. H. Hedges
Member, Bureau of Mines (245)

A. R. Kinkel, Jr.
Member, Geological Survey (245)

FS/Schmidt/eef 5/9/53

S.H. 5-11-53

cc to: Adm. Reading Files
Oper. Committee
Docket
Messrs. HDKeiser, Room 3641
APLutler Jr., Room 3206 GSA
Ellis-Mr. Schmidt

RECEIVED
MAY 5 7 38 AM '53
GENERAL SERVICES ADMIN.
PUBLIC BLDGS. SERVICE
BMD - COMMUNICATIONS

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 5 1953

351 WA SP /I-GS-G/

SPOKANE WASH 5-4-53 352

ERNEST F ELLIS THRU GEORGE SELFRIDE

CHM OF OPERATING COMMITTE DEFENSE

MINERAL EXPLORATION ADMIN DEPT OF INTERIOR WA

RE DOCKET NO DMEA-2419 LONE EAGLE JEFFERSON COUNTY, MONTANA CONTRACT E299

L. D. JARRARD, CHIEF, BUTTE SUB-OFFICE, SALT LAKE EXPLORATION BRANCH, U.S. ATOMIC ENERGY COMMISSION INFORMED THE FIELD TEAM THAT THE DRIFT IN THE LONE EAGLE MINE IN PART I OF THE CONTRACT IS CAVED TIGHT AT ABOUT 135 FEET FROM START OF DRIFT, A FEW FEET BEYOND VEIN. SEE THE MAP ACCOMPANYING AMENDMENT NUMBER 4. WORKINGS BEYOND THIS POINT ALSO BELIEVED TO BE CAVED. THIS PART OF THE WORKINGS WAS ABANDONED WHEN WORK WAS SHUT DOWN FOR WINTER BECAUSE THE ONLY WORK REMAINING TO BE DONE WAS DIAMOND DRILLING AND THERE WOULD BE NO FURTHER USE FOR THE ABANDONED PART OF THE DRIFT. NOW AMENDMENT NUMBER 4 PERMITS AN ADDITIONAL 150 FEET OF DRIFTING TO THE SOUTHWEST. JARRARD SUGGESTS THAT NO REHABILITATION OF CAVED WORK BE ATTEMPTED AND THAT DRIFTING BE DONE ON THE VEIN FROM WHERE IT CROSSES THE DRIFT JUST BEFORE CAVED AREA. EIGHTY FEET OF THIS WORK WOULD BE DUPLICATION OF WORK DONE IN PART I, BUT IS THE ONLY SOLUTION IF LEVEL IS TO BE ADVANCED TO THE SOUTHWEST. PROPERTY TO BE EXAMINED BY FIELD TEAM REPRESENTATIVE. IF HE AGREES WITH ARRARD CAN CONTRACT BE AMENDED TO PERMIT THE 150 FEET OF DRIFTING TO THE SOUTHWEST, TO FOLLOW THE VEIN FROM A POINT ABOUT 135 FEET FROM THE BEGINNING OF THE DRIFT PUT IN AS PART OF PART I/QM/

A E WEISSENBORN USGS SP

135 4 4 150 150 135

AC 355

MAY 5 9 42 AM '53

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 20 1953

April 14, 1953

Messrs. David Nieminen,
A. H. Eiselein, and Maurice Nelligan
Lone Eagle Quartz Mine
Boulder, Montana

Re: Docket DMEA-2419 (Uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract Idm-E299

Subject: Relation of AEC geologists to DMEA exploration contracts.

Gentlemen:

The Atomic Energy Commission has a direct and active interest in exploration for radioactive deposits including those being explored under DMEA contracts. Because of this interest, AEC geologists will probably keep in close contact with the exploration being done under your contract; and as it obviously will be to the advantage of both you and the DMEA to make full use of their experience and knowledge, we request that you extend to AEC geologists the same courtesies that you extend to engineers and geologists from the DMEA.

Geologists from the Butte Sub-Office of the Atomic Energy Commission are authorized to give general guidance to all DMEA exploration contracts involving radioactive minerals and to discuss your problems with you freely. AEC geologists, however, are not to authorize any changes in the objective of the exploration as put forth in the contract or in the manner of carrying out the work, or to approve any changes requiring an amendment to the DMEA contract. You are encouraged, however, to discuss such matters with AEC geologists; you should not put any changes into effect until your intent for such changes has been made known to the DMEA Field Team and you have been authorized in writing to make them.

By DMEA Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
(U. S. Geological Survey)

M. E. Volin

M. E. Volin, Member
(U. S. Bureau of Mines)

cc: DMEA (2)
USBM (2)
AEC (2)
Docket

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

1201 N. Division St.
Spokane 2, Washington
April 9, 1953

MEMORANDUM

To: DMEA Field Team, Region II

From: E. W. Buel, Mining Engineer, Bureau of Mines

Subject: Interim report, Lone Eagle Mine, Jefferson County, Mont., Contract Idm-E299, Docket No. DMEA 2419 (uranium)

Mrs. Grace Nelligan, bookkeeper, was contacted April 1, 1953. The purpose of the visit was to discuss with her any questions that she might have concerning invoicing procedures or the contract because of modifications to the contract under Amendment No. 4. The contract and invoicing were explained to her.

Mrs. Nelligan said that if present weather conditions continue, work under the contract can be expected to start sometime this month.

E. W. Buel

E. W. Buel

Orig. & 3 cys - Wash.
USGS (2)
DMEA
M/D
EWB/he

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

Spokane, Washington
March 19, 1953

Mrs. Grace M. Nelligan
Lone Eagle Quartz Mine
Boulder, Montana

Subject: Docket No. DMEA 2419 (uranium)
Contract Idm-2299

Dear Mrs. Nelligan:

This is to acknowledge receipt of your letter dated March 9, 1953, requesting information relating to items chargeable against the sum of $350.00 for Contingencies listed under "Estimated Actual Costs."

Reference is made to your Exploration Project Contract, form MF-200, Article 6, item (8), Contingencies, which states: "Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A" ..." The contingency fund, therefore, would include any additional costs incurred for timbering and rehabilitating the drift and crosscut, referred to in Part I listed under "Estimated Actual Costs," which are considered necessary for the efficiency of the work. These costs must meet the approval of the Field Team. The contingency fund, however, does not include any work listed under "Agreed Unit Costs."

Forms MF-104 and 104A are the proper forms to submit.

Mr. Buel, Bureau of Mines Engineer, expects to be in your vicinity in two to three weeks, at which time he can discuss with you any further questions you may have regarding the contract or invoicing procedures.

By Field Team, Region II

A. E. Weissenborn, Exec. Officer
U. S. Geological Survey
157 South Howard Street

M. E. Volin, Member
U. S. Bureau of Mines
1201 N. Division Street

cc: DMEA, Wash. (3)
USGS (2)
DMEA
AD

March 13, 1953

Memorandum

To: Hazel Berry, Operating Committee

From: Grace L. Ault, Rare & Misc. Metals Division

Subject: Amendments to contracts

Amendment #1 to Contract No. Idm-E468, DMA-2202X, Amerimex Mining Co., Presidio County, Texas, signed by the company representative on February 25, and by the Executive Officer of Region VI on February 27, 1953, has been reviewed by Mr. Ellis, and he approves it.

We have received the Division copy of Amendment No. 4 to Contract No. Idm-E299, David Nieminen, A. H. Eiselein, Maurice Kelligan (Partners), Docket DMEA-2419, which was written in Washington and signed by Mr. Wittendorf. The amendment has been dated February 17, 1953. Presumably no further clearance is required, since the amendment was written by our Legal Division.

Grace L. Ault

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

March 6, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 9 1953

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket DMEA-2419 (Uranium)
Lone Eagle
Jefferson County, Montana
Contract Idm-E299

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 4 to the subject contract.

Distribution of this amendment is being made in the usual manner.

Sincerely,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

cc: Finance Officer w/encl.
USBM (2)
Becraft

case 3-9

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
[illegible] Howard Street
[illegible] 4, Washington

February 24, [illegible]

Messrs. David Marlen,
A. H. Ziegelein, Maurice Galligan
Butte, Montana

Re: Docket No. MMA-241 (Amendment)
Lone Eagle
Jefferson County, Montana
Contract 1hr-2[illegible]

Gentlemen:

Enclosed is Amendment 4 to the subject contract which permits additional drifting, to be done under this contract in lieu of some of the diamond drilling, which has been planned. If you are in accord with the provisions of this amendment, please sign all copies, retain the Operator's copy for your file, and return the remainder to this office.

Could you please notify this office about two weeks prior to resuming work at your Lone Eagle property so that we can have someone there to assist you in determining the amount of rehabilitation necessary in accordance with the provisions of Amendment 4.

Sincerely yours

A. [illegible] Weisenburn
Executive Officer, [illegible]
Field Team, [illegible] II

Enclosure

cc: UMM (2)
MMA (2)
Bocraft

FILE COPY
SURNAME:

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

Schmidt
Ellis
Alexander
Leffingwell

BW.

Mr. A. . Weissenborn
Executive Officer, Region II
DMEA Field Term
South 157 Howard Street
Spokane 8, Washington

1953

Re: Docket No. [illegible]-2419 (Uranium) L.C. 2/17/53
Contract Ion-[illegible]2-9
Lone Eagle, Jefferson Co., Montana

Dear Mr. Weissenborn:

Enclosed are the original and five copies of Amendment No. 4 of the subject contract which have been signed by the Government. When the original and all copies have been signed by the Operator, all copies are to be disposed of according to the usual practice.

The amendment has been written in accordance with the request of the Field Term letter January 21, 1953, and uses the figures and costs in Exhibit "B" accompanying your proposed Amendment No. 4.

Sincerely yours,

George E. Savridge (JVB)

Chairman, Operating Committee

FESchmidt/jem 2/12/53
cc to: Adm. Reading File
Docket
Messrs. HDKeiser-3641
ARButler-3206 GSA
HHosted-3206 GSA
Ellis Schmidt Region II
Opr. Com.

Enclosures

Concurred:
G. H. Hedges (JVB)
Member, Bureau of Mines

S. M. Lemmon (JVB)
Director, Geological Survey

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

January 30, 1953

Memorandum

To: Hazel Berry, Operating Committee

From: Grace L. Ault
Rare and Misc. Metals Division

Subject: Amendment No. 3, dated October 17, 1953
Contract No. Idm-E299
Docket No. DMEA-2419
David Nieminen, A. H. Eiselein and
Maurice Nelligan, Partners

The above amendment, transmitted by Region II under date of January 23, 1953, has been reviewed by Mr. Schmidt and he approves it.

Grace L. Ault
Grace L. Ault

RECEIVED
FEB 10 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

Docket Copy

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
[redacted]
So. 157 Howard Street
Spokane 4, Washington

January 23, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JAN 26 1953

Mr. George Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket DMEA-2419 (uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract Idm-E299

Dear Mr. Selfridge:

Attached are the original and two signed copies of Amendment No. 3 to the subject contract, with attached justification.

Copies of the amendment have been retained by the Operator and the Field Team; by a carbon copy of this letter we are distributing the Finance Officer's copy.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Attachment

cc: Finance Officer w/ encl.
USBM (2)
Becraft

cae 1-26-53

2/2/53 jm

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
SPOKANE

JAN 2 5 1953

January 21, 1953

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Dept. of Interior
Washington 25, D. C.

Re: Docket No. DMEA-2419 (uranium)
David Nieminen, A. H. Eiselein
and Maurice Nelligan, Partners
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract Idm-E299

Dear Mr. Selfridge:

Part I of the subject contract has been essentially completed with encouraging results. In fact, AEC geologists who have watched the progress of the contract from time to time agree with our own inspection crew that more work should be done.

Part II of the contract provides for diamond drilling to test the extension of the deposit and depth. Total amount of Part II including diamond drilling, supervision, and miscellaneous amounts to $6,650.00. The Operator feels rather strongly that the remaining funds could be expended more effectively in further drifting on the vein rather than diamond drilling originally proposed as Stage II of the contract. The AEC Geologists are also strongly of this opinion and for reason explained in the attached justification by Mr. Becraft, we agree that further drifting could advantageously be substituted for the diamond drilling originally contemplated. Consequently, the proposed amendment has been prepared. This, you will observe, puts the remaining work to be done on a unit cost basis. These costs have been carefully reviewed by Bureau of Mines Engineers, and it is agreed that the prices are very reasonable.

Because the proposed amendment represents something of a change from the original objective of Part II of the contract and because it involves putting the contract on a unit cost basis, we are referring the amendment to you for the Administrator's approval rather than making it here.

By Field Team, Region II

A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
(Geological Survey)

M. E. Volin
M. E. Volin, Member
(Bureau of Mines)

cae 1-29-53

Enclosures
cc: USBM (2) Becraft E. E. Thurlow, AEC, Salt Lake L. J. Jarrard, AEC, Butte

1/21/53 gla

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

[redacted]
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 1 0 1953

January 12, 1952

Messrs. David Nieminen,
A. H. Eiselein, and Maurice Nelligan
Lone Eagle Quartz Mine
Boulder, Montana

Re: Docket DMEA-241
Lone Eagle Quartz Mine
Jefferson County, Montana
Contract Idm-E299 (Uranium)

Gentlemen:

Enclosed are several copies of Amendment No. 3 to your Exploration Project Contract Idm-E299. If the terms and conditions of this amendment meet with your approval, please sign all copies retain that copy marked for the Operator and return the remaining copies to this office.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure

cc: DMEA (2)
USBM (2)
Klepper

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

no. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 22 1952

December 16, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 22 1952

Mr. [illegible],
[illegible] and
[illegible], Partners
Lone Eagle Quartz Mine
Butte, Montana

Subject: Docket No. [illegible]-211) (Contract
Part II, Contract Ida-12))
Lone Eagle
Jefferson Co., Montana

Gentlemen:

On November 24, 1952, we requested that you inform us as to whether or not you plan to undertake Part II of the contract in order that the duration of the contract could be extended by amendment, or the contract terminated. As you know, the duration of the contract was for 6 months; this period was up October 17, 1952. The contract period could be extended but unless we hear from you within [illegible] days from the date of this letter, we shall find it necessary to consider the contract as terminated.

We believe that diamond drilling would be advisable at this [illegible]; however, if you do not agree, please send us your suggested alternatives so that some course of action may be outlined for the remainder of this contract.

To reiterate, unless we receive a reply from you within [illegible] days, we will be forced to prepare official termination [illegible] the contract.

Sincerely,

[illegible]
Executive Officer,
Field Team, Region [illegible]

cc: [illegible]A (2) ✓
GSA (2)
Decraft
Jarvard, AEC, Butte
Thurlow, AEC, Salt Lake

2419

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

1201 North Division St.
Spokane 2, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 23 1952

December 16, 1952

MEMORANDUM

To: DMEA Field Team, Region II

From: Edward W. Buel, Mining Engineer, U. S. Bureau of Mines

Subject: Interim report, Lone Eagle Mine, Jefferson County, Montana, Contract Idm-E299, Docket No. DMEA 2419 (Uranium)

Mr. A. H. Eiselein, one of the owners, was contacted December 8, 1952. He stated that the uranium samples submitted to the Vitro Chemical Company, Utah, showed favorable returns. About 30 pounds of a muck pile sample ran 0.16 percent U_3O_8 and that 150 pounds of selected uranium ore ran 0.91 percent U_3O_8. Vitro Chemical Company will take uranium ore averaging 0.25 percent U_3O_8. Because of the encouraging assay returns, Mr. Eiselein stated that additional exploration in the form of 200 feet of drifting and 100 feet of raising will probably be undertaken before any diamond drilling as proposed in Stage II.

The mine is currently inactive because of winter weather conditions.

E. W. Buel

E. W. Buel

Orig. & 3 - Wash.
USGS - 2
DMEA
M/D
EWB/vf

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

Hazel Berry, Operating Committee

From: Grace L. Ault, Rare and Misc. Metals Division

Subject: Clearance on Amendments

Docket No. DMEA-2335, Contract No. Idm-E362
Glacier Mining Company

Mr. Knouse has reviewed Amendment No. 2, dated November 29, 1952, submitted by Region II, and approves it.

David Nieminen, etc. Docket No. DMEA-2419,
Contract Idm-E299

Mr. Schmidt has reviewed and approved Amendment No. 1, dated in July of 1952, which was forwarded by Mr. Weissenborn with his letter to Mr. Johnson of December 3, 1952.

Grace L. Ault

Docket copy

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~

1201 N. Division St.
Spokane 2, Wash.
December 3, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 8 1952

Mr. Frank E. Johnson
Chairman, Operating Committee
Defense Minerals Exploration Admin.
Washington 25, D. C.

Re: David Nieminen, A. R. Eiselein,
and Maurice Nelligan, Partners
Docket No. DMEA 2419 (uranium)

Dear Mr. Johnson:

In compliance with your letter dated October 31, 1952, we are enclosing three copies of Amendment No. 1 to the above contract.

Sincerely yours,

Thomas E Howard

Thomas E. Howard
Chief, DMEA Section
Bureau of Mines, Region II

Enclosure

RECEIVED
DEC 15 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

12-8

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
1201 North Division St.
Spokane 2, Washington

November 26, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 5 1952

MEMORANDUM

To: DMEA Field Team, Region II

From: Edward W. Buel, Mining Engineer, U. S. Bureau of Mines

Subject: Interim report, Lone Eagle Mine, Jefferson County, Montana, Contract Idm-E299, Docket No. DMEA 2419 (Uranium)

Mr. A. H. Eiselein, one of the partners, was contacted October 28, 1952. I was informed that the Lone Eagle property had completed Part I of the contract and that the property has suspended operations for the winter.

Future exploratory work was discussed with Mr. Eiselein. He concurs with Mr. Jarrard, of the Atomic Energy Commission, that additional drifting should be undertaken before diamond drilling but would agree to the diamond drilling as set forth in the contract. Mr. Eiselein, however, stated that his partners might not agree to any further drifting unless the 200 pound uranium sample submitted to the Vitro Chemical Company, Utah, showed favorable returns.

Enclosed are photos taken by J. A. Bowsher, Mining Engineer, U. S. Bureau of Mines, of the Lone Eagle mine.

Edward W. Buel
Edward W. Buel

Orig. & 3 - Wash.
USGS - 2
DMEA
M/D
EWB/vf

Lone Eagle Mine
Contract Idm-E299
Docket No. DMEA 2419 (Uranium)
September 11, 1952

NEG. NO. B-161-5P

SUBJECT Lone Eagle

INVESTIGATION DMEA Postmo Inspection

COMMODITY Uranium

LOCATION

DATE Sept. 11, 1952

PEOPLE Klepper, Bocraft U.S.G.S.; Farr and AEC

WORKING IN CHARGE J.A. Bonsher, USBM

7421

LONE EAGLE MINE

Contract Idm-E299
Docket No. DMEA 2419 (Uranium)
September 11, 1952

FILE NO. B-63-ofr

SUBJECT Lone Eagle

INVESTIGATION DMEA Routine Inspection

COMMODITY Uranium

LOCATION

DATE Sept. 11, 1952

PERSONNEL Clepper USGS; Jerrard AEC; Becraft USGS

ENGINEER IN CHARGE J.A. Bowsher, USBM

742A

LONE EAGLE MINE

Contract Idm-E299
Docket No. DMEA 2419 (Uranium)
September 11, 1952

MISC. NO. B-63-24

SUBJECT Long Eagle

INVESTIGATOR ONEA Equine Inspection

COMMODITY Uranium

LOCATION

DATE Sept 11 1952

WHO DO, INCL. Bacarett USGS, Jarron & AEC

MEMORANDA IN CHARGE J.A. Bonshar, JSBM

42A

LONE EAGLE MINE

Contract Idm-E299
Docket No. DMEA 2419 (Uranium)
September 11, 1952

B-60-cf

Lone Eagle

DMEA Routine Inspection

Uranium

Sept. 11, 1952

Klepper
Beckett } U.S.G.S.; Jarnard AEC

J.A. Bowsher USBM.

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

South 157 Howard Street
Spokane 4, Washington

November 24, 1952

Messrs. David Hedlund
A. H. Hiselein
Maurice Sullivan, Partners
Lone Eagle Quartz Mine
Boulder, Montana

Subject: Docket No. DMA-241 (uranium)
Part II, Contract Idm-1277
Lone Eagle, Jefferson Co., Mont.

Gentlemen:

Enclosed is a copy of a map of the Lone Eagle Mine prepared by George T. Decraft on which are indicated the plans for Part II of the Lone Eagle contract.

It is necessary that this office be informed as to whether or not you plan to undertake Part II in order that the duration of the contract may be extended by amendment, or the contract terminated. We would appreciate an early reply.

Sincerely,

Thor A. Hillsgaard
For: H. S. Volin
Acting Executive Officer
DMA Field Team, Region II

Enclosure
cc: DMA (2)
USBM (2)
Decraft

FILE COPY
SURNAME:

140

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

Schmidt
AEKane

OCT 31 1952

Mr. A. E. Weissenborn, Executive Officer
DMEA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: David Nieminen, A. R. Eiselein,
and Maurice Nelligan, Partners
Docket No. DMEA-2419 (Uranium)

Dear Mr. Weissenborn:

Reference is made to your letter of October 7, enclosing Amendment No. 2 to the above contract.

In a letter in our file from John A. Bowsher to DMEA Field Team dated September 24, 1952, mention is made of an "Amended Contract" but we have no record of the same. I would appreciate your forwarding a copy of any amendment that may have been drawn.

Sincerely yours,

Frank E. Johnson (JHB)

Chairman, Operating Committee

AEKane/ema/10-29-52
cc: Mails & Files
Adm. R. File
Op. Comm.
Mr. Ellis
Mr. Thayer
Mr. Hedges
J. L. Hofflund
A. E. Kane
Chron.
Pending

10.31.52

Approved:

J. H. Hedges (JHB)

Member, Bureau of Mines

A. R. Tinkel, Jr. (JHB)

Member, Geological Survey

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
[redacted]
So. 157 Howard Street
Spokane 4, Washington

Defense Minerals Administration

October 27, 1952

Mr. Leonard D. Jarrard
Chief, Butte Sub-office
U. S. Atomic Energy Commission
P. O. Box 1984
Butte, Montana

DMEA - 2419
David MIEMINEN

Dear Mr. Jarrard:

I read the copy of your report covering activities of the Butte Sub-office for the period September 21 through October 20 with considerable interest. I note, however, that under the Lone Eagle Mine you state that the 48 feet of crosscut at the end of the present workings constitutes completion of the DMEA contract at this mine. This is in part a misunderstanding. The drifting done does, I believe, essentially constitute the completion of Part 1 of the contract. Part 2 of the contract which requires government approval and which, I understand from our field men, we would be prepared to approve, provides for 1,000 feet of diamond drilling to cut the vein and touch from 60 to 75 feet below the lower level. It is my understanding that the operators wish to recess this development work because of the coming bad winter weather. We would not attempt to force them to do the drilling during the winter weather if they thought the costs are going to be too high, but on the results to date we certainly will attempt to persuade them to complete the second stage of the contract. The work specified in Stage II of the contract could be changed, if desired, and we would be glad to receive any suggestions you may have.

I wish to thank you for your radiometric report and log on the diamond drill hole 3 at the Last Chance property. We are very appreciative of this. I note that the ratings are in millisphereres which, of course, gives only a relative idea of the intensity of the radioactivity. I would appreciate any comments you might care to make on what you think of these curves and what they may mean in terms of mineralization. I realize that you might hesitate to assign a eU grade to the curves, but in general, do the curves suggest that the deposit is worth more exploration?

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

cc: DMEA (2)
USBM (2)
Armstrong

cc: Ernie Thurlow
P. O. Box 2196
Salt Lake City, Utah

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

Posted 10/23

Memorandum

To: Hazel Berry

From: Grace Ault, Rare and Misc. Metals Division

Re: Docket No. DMEA-2419 (Uranium)
Contract Idm-E299
David Nieminen, A. R. Eiselein,
and Maurice Nelligan, Partners
Lone Eagle Quartz Mine
Jefferson County, Montana

Amendment No. 2, dated September 15, 1952, which was received with Mr. Weissenborn's memorandum to Mr. Johnson under date of October 7, 1952, has been reviewed by Mr. Schmidt of this Division, and approved.

It may be well to point out that there seems to be no "Amendment No. 1" on file, although reference was made in Bureau of Mines Engineer E. G. Erickson's memo of July 11, 1952, to Mr. M. E. Volin, to the effect that an amendment had been prepared to allow $300 labor for retimbering adit portal. A check with Mails and Files as well as the Contract Adm. and Audit Division confirms the fact that a previous amendment has not been received.

Grace L. Ault

Cal 10-30-52

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 27 1952

Oct. 7, 1952

Memorandum

To: DMEA Field Team, Region II

From: George E. Becraft, Geologist, U. S. Geological Survey

Subject: Docket No. DMEA 2419, Uranium,
Report on Part I and recommendation of Part II,
Contract No. Idm-E299, Lone Eagle, Jefferson County, Montana.

Part I of the Lone Eagle exploration contract was completed on October 6, 1952. The vein is at least 230 feet in length, ranges in width from about 1 foot to 6 feet, and contains radioactivity which ranges from weak to strong. It is therefore recommended that Part II be started. It is also recommended that the contract be extended another 10 months and that the diamond drill station be cut at the face of the so-called Lower Tunnel, about 285 feet from the portal, instead of at a point 240 feet from the portal as stated in Exhibit "A".

Part I of the contract was to drift 185 feet along the vein which was believed to be about 30 feet wide with long holes to cross the vein and 50 feet of crosscutting where necessary to properly explore the vein.

The vein is about 5 feet wide at the beginning of the drift in quartz monzonite which is intensely silicified on each side of the vein (see map). The vein is made up of dark gray, fine-grained quartz with pyrite, sparse disseminated sphalerite, and sparse galena in small veinlets, and radioactive material. The radioactive material is a very fine-grained black material deposited principally along fractures in the vein and appears to be confined to the vein. None was observed in the altered wall rock. It is possible, however, that some of the radioactive material may be disseminated throughout the vein.

At about 40 feet, the vein is slightly offset by a vertical fault (see map). On the west side of the fault the vein is intensely brecciated and has a maximum width of one foot. At 59 feet the vein is offset to the west by a steep dipping E-W fault. From this point to about 110 feet, the drift is in intensely silicified

quartz monzonite with a few small dark gray silica stringers at 100 feet which are less than 1 inch wide and are approximately parallel to the main vein. Where the vein is again intersected at 100 feet, it is about 3 feet wide and strongly radioactive. The radioactive material appears to be principally along fractures. The fractures are very irregular and quite abundant. A chip sample taken across the vein on the south wall has been submitted for analysis to determine if there is sufficient uranium to be mined profitably.

At about 5 feet beyond the radioactive vein, a vein ranging from 3 to 6 inches wide containing galena and pyrite and paralleling the main vein was intersected. From this point to 189 feet the drift cuts altered, but not silicified, quartz monzonite containing abundant disseminated pyrite.

The crosscut to the southwest from the end of the drift intersects at about 20 feet a veinlet about 1/2 to 2 inches wide of dark gray quartz with abundant disseminated pyrite. At about 50 feet the radioactive vein is intersected on the south wall of the crosscut. On the floor the vein is about 0.8 foot wide and strongly radioactive. Toward the back, the vein splits into several veinlets over a zone about 3 feet wide. A chip sample across the vein has been submitted for analysis. The vein is offset by another E-W, nearly vertical fault at about one foot beyond the point of intersection with the crosscut. Inclusions of vein material in the fault gouge suggest that the south block moved to the west.

The quartz monzonite wall rock is intensely sheared and faulted throughout the drift and crosscut.

Although cut by several faults, the vein appears to be continuous for a strike length of at least 230 feet. A Geiger counter survey of the vein where exposed indicates that the radioactivity ranges from weak to strong. Therefore it is the opinion of the field team representative that these results warrant the beginning of Part II -- diamond drilling to intersect the vein at a depth of 100 to 150 feet below the drift. The proposed drill holes are shown on the accompanying map.

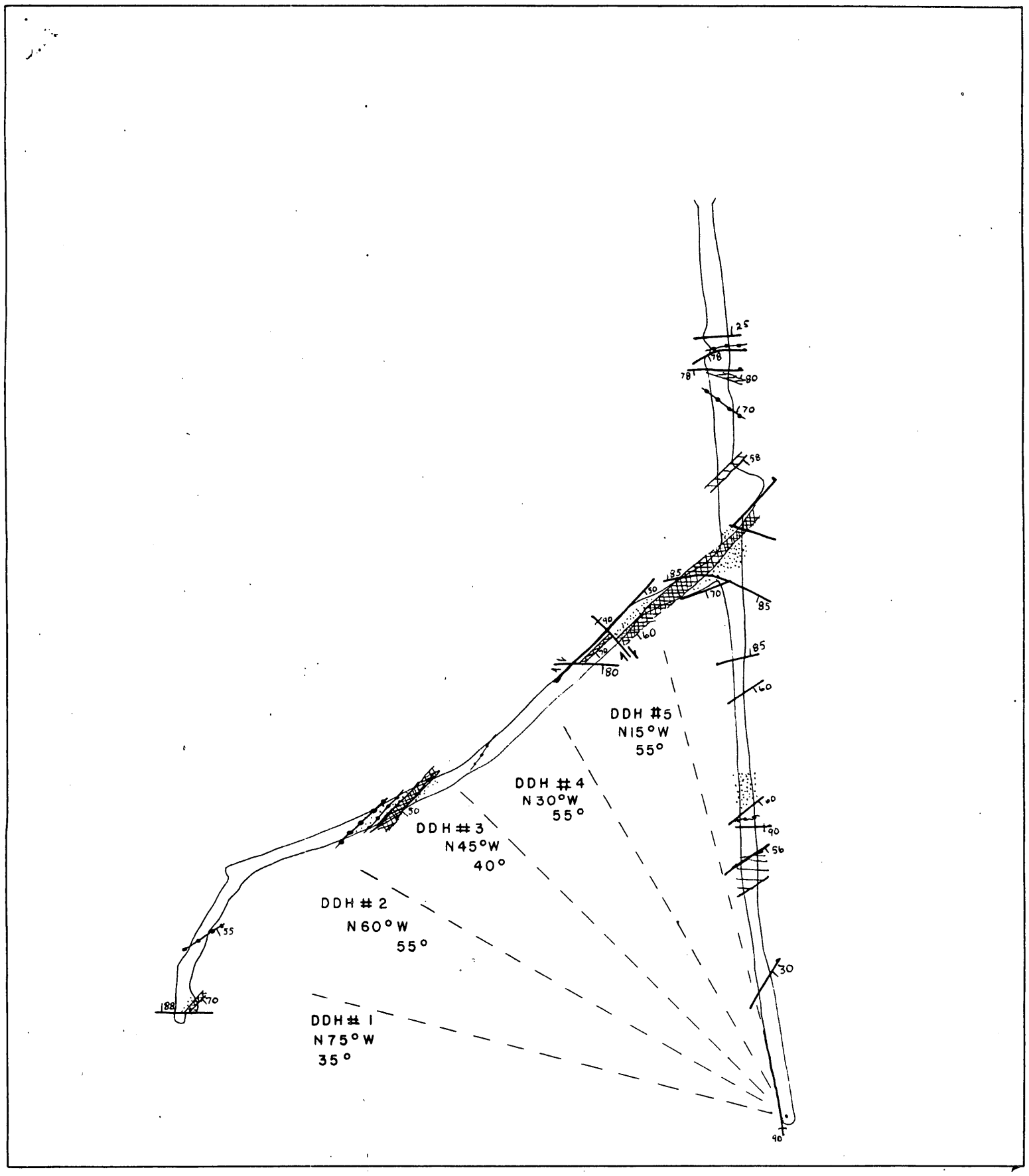
The Lower Tunnel has been cleaned out to the face, about 285 feet from the portal, therefore, it is recommended that the drill station be cut at this point rather than at a point 240 feet from the portal.

Winter conditions will prevent diamond drilling at a reasonable cost, therefore, it is suggested that the completion date of the contract be extended 10 months with the understanding that the drilling be started as soon as feasible in the spring.

George E. Becraft

Enclosure 1

Distribution: DMEA - Original and 3
USBM - 2
Becraft



Radioactive vein

Other veins

Silicified rock

Faults

N 15°W
55°

Proposed drill holes showing heading and dip

Country rock: quartz monzonite.

N

GEOLOGIC MAP, LONE EAGLE MINE

JEFFERSON COUNTY, MONTANA

showing proposed diamond drill holes

George E. Becraft

Scale 1" = 40'

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
[redacted]
So. 157 Howard Street
Spokane 4, Washington

October 7, 1952

Mr. Frank S. Johnson, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket DMEA-241 (Uranium)
Lone Eagle Quartz Mine
David Wiesinger, A. E. Eiselein,
and Maurice Halligan, Partners
Contract Idm-229
Jefferson County, Montana

Dear Mr. Johnson:

Attached are the original and two copies of Amendment No. 2 to the above subject contract. A justification of this amendment by W. S. Anderson, U. S. Bureau of Mines, is attached to each copy. By carbon of this letter, a copy of the amendment is being transmitted to the Fiscal Officer.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures

cc: AEBM (2)
Fiscal Officer
Clapper

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 20 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 27 1952

October 6, 1952

Memorandum

To: DMEA, Field Team, Region II

From: George E. Becraft, Geologist U. S. Geological Survey

Subject: Inspection, Docket No. DMEA 2419, Uranium, Contract No. Idm-E299, Lone Eagle, Jefferson County, Montana

The Lone Eagle mine was visited on Oct. 6, 1952 and mapping of the crosscut was completed. The operators had been instructed to crosscut from the end of the drift on a heading of S. 10° W. The crosscut was actually headed S. 30° W. for 35 feet and then turned S. 07° W. for 19 feet; a total of 54 feet. The vein was intersected on the south wall of the crosscut at about 50 feet from the drift. It should be pointed out that the crosscut is four feet longer than allowed for under the contract and that if the recommended heading of S. 10° W. had been followed the vein would have been intersected at about 35 feet as estimated.

The vein is faulted off, probably to the north, at about a foot beyond the intersection with the crosscut.

The operators stated that the vein will be explored to the southwest from a point about 130 feet from the start of the drift. The operators believe that by careful sorting they can take out ore. There is high grade ore present, but the field team representative questions whether it can be mined profitably at this time. However, chip samples across the vein have been submitted for analysis and the results should indicate whether there is enough ore to be mined profitably.

A report on Part I of the contract and recommendations concerning Part II are being prepared.

George E. Becraft

Distribution: DMEA - Original & 3
USBM - 2
Becraft

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

1201 N. Division St.
Spokane 2, Washington

September 24, 1952

MEMORANDUM

To: DMEA Field Team, Region II

From: John . Bowsher, Mining Engineer, Bureau of Mines

Subject: Interim Report, DMEA Docket No. 2419X (Uranium) Eiselein, Halligan, and Mossman, Partners, Boulder, Montana, Lone Eagle Quartz Mine, Jefferson County, Contract Ida-1299.

Routine inspection was made on September 11, 1952, accompanied by M. Klepper, and G. Becraft, USGS; Gerard, Butte Office, AEC, and Eiselein partner.

Part I of the amended contract had been completed, 189 feet of drifting, 4 feet beyond (185), the required distance, along the uranium bearing vein. The drift does not entirely contain the vein, evidences of faulting deflecting the vein into both walls. The drift face is in soft, light-colored material which is similar to fault gouge encountered. Radioactivity is evident apparently in only the darker parts along the strike of the vein.

The partners were awaiting further instructions as to beginning Part II or crosscutting and exploratory machine drilling. It was agreed upon by all parties present that Part II be held in abeyance until crosscutting as permitted under the amended contract and exploratory drilling be done. Location of a cross-cut site, at the drift face, bearing S 10° W was chosen and drill sites back some distance from the face as locations for long-hole (long as possible with obtainable drill steel and drift width) machine drilling in both drift walls.

G. Becraft, field geologist, USGS, has mapped in detail the drift progress.

John A. Bowsher

Cc: 3-Wash.
2-RCG
DMEA
JAB
WS

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

[illegible] Street
[illegible], [illegible]ton

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 1 1952

[illegible] 17, 19[illegible]

[illegible]

[illegible]

To: [illegible]

From: [illegible] Mining Engineer, U. S. Geological Survey

Subject: [illegible] Inspections, [illegible], Contract No. [illegible], [illegible], Jefferson County, Montana

The [illegible] was visited on September [illegible], 1952 [illegible] the [illegible] of the drift was brought up to date. The vein which was [illegible] at [illegible] feet from the start of the drift was intersected again at [illegible] feet after the small black [illegible] had been cut at 100 feet. [illegible] radioactivity was detected in the vein where it was intersected by the drift. After the intersection, the drift was not turned to follow the vein, but was actually turned slightly to the right away from the vein. Therefore, the last [illegible] feet of the drift is off the vein [illegible] in altered quartz monzonite.

The operators were drilling the last round to complete the [illegible] feet of drifting allowed under the contract. Another visit was scheduled for [illegible] to determine where the [illegible] feet of cross-cutting, provided for in the contract, should be done.

The property was revisited on September 11 accompanied by [illegible], [illegible] Geological Survey, John [illegible], [illegible] of [illegible], [illegible] of the [illegible]. Also present were [illegible] of the operators: [illegible], and [illegible]. It was decided to turn the drift, which was stopped at 1[illegible] feet, from [illegible] to [illegible] and use [illegible] of the [illegible] feet of crosscutting as necessary to intersect the vein again. It was estimated that about [illegible] feet would be necessary. [illegible] holes to attempt to intersect the vein where it was [illegible] off between [illegible] feet and 1[illegible] feet in the drift was discussed and the operators stated that they were having difficulty obtaining the [illegible] steel for the drilling. They stated that they would continue to try to obtain some.

When the vein is again intersected the field team representative will [illegible], and after an inspection a decision will be made on the [illegible] of [illegible] drilling.

cc: [illegible]

[illegible]

[illegible]

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 1 1952

No. 157 Howard Street
Spokane 4, Washington

September 12, 1952

Memorandum

To: DMEA Field Team, Region II

From: M. R. Klepper, Geologist, U. S. Geological Survey

Subject: Routine Inspection, Lone Eagle Mine, Jefferson County, Montana, Eiselein, Nelligan, and Neiminen, Docket No. DMEA-2419X (Uranium), Contract Idm-1299.

On September 11, 1952, George Becraft, Geological Survey, John Bowsher, Bureau of Mines, Mr. Jarrard, Atomic Energy Commission, and Messrs. Eiselein and Neiminen examined subject property. A drift has been driven for 189 feet along the principal radioactive structure in the Lone Eagle crosscut as authorized in Stage I of the contract. As a result of faulting, only about half of the total length of this drift has been in the vein zone, and the present face of the drift is estimated to be 25 or 30 off the vein. It was therefore recommended to the contractors that the drift be turned sharply to the left in order to intersect the vein, and that the remainder of footage allotted for crosscutting and drifting in Stage I be allotted to this crosscut and to drifting ahead on the vein after it has been intersected. It was also recommended that long holes be drilled into the drift walls as provided for in the contract.

The property will be examined again after Stage I has been completed. At that time the desirability of undertaking Stage II will be decided upon.

The work to date has disclosed only one short segment of vein that exhibits strong radioactivity. This segment is about 1 foot thick and may be as much as 10 feet long. Samples for analysis (by AEC) and mineralogic study (by USGS) were collected from this part of the vein. Pitchblende is almost certainly present in this part of the vein, for selected pieces of black siliceous vein material register above the middle of the 20 scale of an El-Tronics counter with standard probe.

M. R. Klepper
Geologist

cc: DMEA (4)
USBM (2)
Klepper

M. E. Volin, Member, DMEA, Field Team, Region II August 14, 1952

D. R. Irving, Mining Engineer, Mining Division, Region II

Interim Report, DMEA Docket No. 2419X (Uranium) Eisalein, Nelligan, and Neiminan, Partners, Boulder, Montana, Lone Eagle Quartz Mine, Jefferson County, Contract Idm-E299

Routine inspection was made on July 22, 1952, accompanied by Mr. Nelligan. The drift had been advanced an additional 42 feet since the inspection on June 27, making a total advance under the contract of 52 feet.

The operators stated that radioactivity, as measured by Geiger counter, was greatest 29 feet from the starting point of the drift. At this same locality a 2½-foot width of the vein contains pyrite, galena, and sphalerite. Results of a grab sample, as reported by the operators, were:

Pb	- 4.2 percent
Zn	- 5.2 "
Silver	— 4.0 ounces per ton
Gold	— 0.02 " " "

Good progress is being made, with an average daily advance of slightly more than 3 feet. The standard of the work is satisfactory.

An amendment was prepared to permit deviations from the original provisions of the contract. No change in basic objectives was involved, but prosecution and administration were facilitated.

The bookkeeper was given detailed instruction and assistance in preparing Operators' monthly reports.

D. R. Irving

CC: 2-Wash.
2-USGS
DRI

SD

M. E. Volin, Member, DMEA Field Team, Reg. II July 11, 1952

E. G. Erickson, Mining Engineer, Bureau of Mines

Inspection of Lone Eagle mine, Eiselein-Nelligan-Neiminen, Contract Idm-E299, Jefferson County, Mont., Docket No. DMEA 2419X

The project was inspected June 27, 1952, with M. R. Klepper, geologist for USGS.

A frame compressor shed has been erected, compressor installed, pipe lines run into drift start, small powder magazine built, and road to the property repaired. Heavy runoff caused by melting snow caused portal to cave, necessitating an unforeseen expense. An amendment has been prepared to allow $300 labor for retimbering adit portal.

The back had sloughed at the site of proposed diamond drill station and had to be caught.

The drift had been advanced 10 feet. The operator has been unable to rent or purchase a secondhand drill suitable for drift work, at a reasonable price; therefore he will purchase a new drill. There are ample funds in the operating equipment to cover this purchase and an amendment will be prepared to allow the purchase when and if it is made.

The necessity of an amendment to allow repairing adit and minor details lacking on operator's vendors invoices has caused delay in processing initial invoice.

Work is of a good standard and no unusual difficulties are anticipated.

E. G. Erickson

Orig. to files
cc: USGS (2)
Wash (2)
EGE

Note - Do we make an amendment to allow $300 to catch up on caved portal and another amendment to buy a drill when we have the money on hand? Apparently we did not allow ourselves enough latitude in writing this contract - 2 amendments & they are usually wanted

Schwartz

M. E. Volin, Member, DMEA Field Team, Reg. II June 17, 1952

R. G. Erickson, Mining Engineer, Bureau of Mines

Long Eagle exploration contract Idm-8299, Jefferson County, Mont., Docket No. DMEA 2419X (uranium)

Organization and preliminary work of acquiring equipment and materials have been essentially completed. Underground work should be started during June.

Spring runoff from melting snow took out portal sets which have to be replaced; other than that the work is progressing satisfactorily.

Initial invoice has been received and forwarded for vouchering.

R. G. Erickson

Orig. to files
cc: USGS (2)
Wash. (2)
EXE

Lone Eagle Quartz Mine
Boulder, Jefferson County,
Montana.

Docket No. DMEA-2419
Commodity: Uranium
Idm-E299

NARRATIVE

When the two men went to work at the Lone Eagle Quartz Mine during the later part of May 1952, they found several small cave-ins where old timbers had rotted out. They spent the entire ten days cleaning out the tunnel and retimbering and catching-up cave.

They fell the timber on the property and used that for retimbering. Their main object was to get the tunnel in readiness for the compressor and its attachments. This work was done in the main tunnel of the mine. It would now appear that the tunnel is in good condition and is judged very safe.

OFFICE OF THE ADMINISTRATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

WASHINGTON 25, D. C.

So. 157 Howard Street
Spokane 4, Washington

May 14, 1952

Chairman, Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Exploration Project Contract Idm-E299
Lone Eagle Claim, DMEA-2419
Jefferson County, Montana
Commodity: Uranium

Dear Sir:

Enclosed are four copies of the above-mentioned contract which have been signed by the Operator.

Sincerely yours,

Kathryn Gray

Kathryn Gray
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures
cc: USBM, Spokane

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 19 1952

700

FILE COPY
SURNAME:

Schmidt

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

AIR MAIL

Mr. A. L. Weissenborn
Executive Officer, Region II
DMEA Field Team
South 157 Howard Street
Spokane 8, Washington

Re: Docket No. DMEA-2419 (Uranium)
Lone Eagle Quartz Mine
Jefferson County, Montana

Dear Mr. Weissenborn:

Enclosed are the original and five copies of the above captioned contract all of which have been signed by the Government, together with attached Exhibit "A" (4 pages) and one map.

If the terms and conditions of this contract meet with the approval of the Operator, all six copies are to be signed by the three partners. Upon obtaining the signatures to the contract, the copy marked "Operators Copy" is to be given to the Operator. One copy marked "Field Team's Copy" is to be retained by your office and the original and three copies are to be returned to this office.

If any part of this contract does not meet with the approval of the Operator, the original and all copies of the contract are to be returned to this office, together with the proposed changes for consideration.

It will be noted that no change has been made in the amount of the contract or conditions recommended by the Field Team or in the application as presented.

Sincerely yours,

4/18

(signed) FRANK E. JOHNSON

Chairman, Operating Committee
Defense Minerals Exploration Administration

APPROVED: J. H. Hodges
Member, Bureau of Mines

D. M. Lemmon
Member, Geological Survey

FSSchmidt/jem
4/7/52

cc to: Adm. Reading File
Docket
Messrs. A.J.Kauffman,Jr.
A.P.Butler,Rm.3206 GSA
Ellis
Schmidt
Field Team, Region II (2)
Opr. Comm. Rm. 4624

4/4/52 gla

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

April 3, 1952

Memorandum

To: E. W. Ellis

From: Chief Counsel

Subject: David Nieminen, A. H. Eiselein, Maurice Nelligan (partners) — exploration project — Docket No. DMEA-2419

The attached seven copies of the subject contract are in satisfactory legal form subject to the attachment of the necessary maps.

The draft of the contract submitted to this office is returned herewith.

J. L. Hofflund
Chief Counsel

Attachments

Uranium DMEA 2419 Lone Eagle Quartz Mine Montana

Memo Schmuck

There is a report by Thurlow of the ~~xx~~ A.E.C. NY office who is familiar with the mine. They found ura nium ore 0.17 % ~~xxxx~~ U3 O8. This report is favorable . The application ha s not gone through the orthodox routine. Weissenborn and Volin 3/6/52, they do not consider further field examination necessary. Thurlow has reviewed the application and discussed the proposed exploration program with applicant. He considers the program feasible and recommends that it be given favorable consideration. The field team concurs with Thurlows recommendation but wants to revise the cost estimates which it does by increasing the applicants estimates and while they ma y still look low the fact is that Erickson Mining engineer Bureau of Mines in changing the costs has undoubtedly given the matter fullest consideration in ~~xxxxx~~ regard to local costz etc. Except for ~~xx~~ diamond drilling contract, the work is to be done by Nieminen, an old time miner a nd partner who together with only one other miner will contract to do all the work and since he is the one that cleaned out the tunnel should know wha t he is doing . These costs were discussed with operators and they insist that they can do the work for that price. so in making the contract appendix A I have not changed the cost estimates.

Kauffman the Urnaium Burea u commodity ma n recommends a field team examination. Butler the Survey commodity ma n agrees with the field team that further field study is not necessa ry and advises fa vorable consideration of the proposal.

Since the field team itself sa ys there is no sense in going over the ground further I think it is in order to write the contract herewith.

Sch

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Ernest M. Ellis, DMEA Member, Uranium Commodity Committee

DATE: March 21, 1952

FROM : Arthur P. Butler, Jr., USGS Member, Uranium Commodity Committee

SUBJECT: DMEA Docket 2419, Nierinen, Eiselein, Nelligan, Applicants, Lone Eagle Claim, T8N, R5W., Jefferson Co., Montana, Application for exploration loan and supporting memorandum to Chairman, Operating Committee, from Field Team Region II (Spokane, Wash.)

In view of the small amount that is known about the subsurface distribution of uranium in this area of newly-found uranium occurrences, the modest exploration proposed by the applicant, appears to be a reasonable means of determining the utility of this deposit. I concur with the field team's belief that additional field examination is not needed and with their recommendation that favorable consideration be given to the proposal in the total amount of $15,110.00.

Arthur P. Butler, Jr.

Arthur P. Butler, Jr.

Attachment

3/14/52 ngla

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

March 13, 1952

Memorandum

To: Rare and Miscellaneous Metals Division
Defense Minerals Exploration Administration
Ernest Ellis
Room 4070

From: A. J. Kauffman, Jr.
Rare and Precious Metals Branch

Subject: DMEA Docket 2419, Lone Eagle Quartz Lode Mining Claim, Quartz Gulch, Jefferson County, Montana

The occurrence of pitchblende, at least tentatively identified by the Atomic Energy Commission New York Raw Materials operations laboratory, seems to warrant a limited amount of field work. It is recommended that a field team examination be made after a satisfactory program is arranged.

A. J. KAUFFMAN, JR.

Attachment

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 13 1952

3/17/52 gla

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

1201 N. Division St.
Spokane 2, Wash.
March 6, 1952

-2419

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
MAR 10 1952

MEMORANDUM

To: Chairman, Operating Committee, DMEA, Washington, D. C.

From: Field Team, Region II

Subject: Application for DMEA exploration loan concerning the Lone Eagle claim, Jefferson County, Montana

Enclosed are four copies of Forms MF-100 and MF-103, application on the Lone Eagle claim, Jefferson County, Montana. Enclosed also are photograph copies of a report by Ernest E. Thurlow of the Atomic Energy Commission. Copies of Forms MF-100 and 103 are not being retained at this office inasmuch as further field examination is not considered necessary. Mr. Thurlow has reviewed the subject application and discussed the proposed exploration program with the applicant; he considers the program feasible and recommends that it be given favorable consideration.

The Field Team concurs with Mr. Thurlow's recommendation concerning the geologic aspects of the program, but certain cost revisions seem desirable. Revised costs are presented in the attached memorandum by Mr. Erickson, mining engineer, Bureau of Mines. The costs seem low, but the applicant feels sure that he can perform the work on this basis.

By Field Team, Region II

A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
(U. S. Geological Survey)

M. E. Volin
M. E. Volin, Member
(U. S. Bureau of Mines)

Enclosures

cc: USGS, Spokane

Reviewed by
DMEA OPERATING COMMITTEE

3-14-52
(date)

Dmea 2419

M. E. Velin, Member, DMEA Field Team, Reg. II March 5, 1952

E. G. Erickson, mining engineer, Bureau of Mines

Exploration loan application on Lone Eagle claim, Jefferson County, Montana, by David Nieminen, A. H. Eiselein, and Maurice Nelligan

The above application was reviewed and the following changes were discussed with Mr. Thurlow of the AEC who recommended the project. Recommended changes and additions follow:

Paragraph 3. (a) STEP I (Estimated cost of project)

Drift 200 feet on hanging wall vein in shear zone (located approximately 115 feet from portal of lower adit) with long holes across the vein zone at 25-foot intervals, 200 feet @ $18.00 per foot	$3,600.00
Crosscut vein zone in 2 or 3 places, depending on long hole drilling, 50 feet @ $18.00 . . .	900.00
Timber shear zones, 100 ft. (ea.) @ $5.00 . . .	500.00
Compressor, including pipe and hose, drill, steel and all necessary equipment, to be bought second-hand or rented	2,500.00
Build compressor house	350.00
Bulldozer rental (for road) 3 days @ $120/day.	360.00
Total	$8,210.00

STEP II

Cutting diamond drill station approximately 120 feet south of shear zone in lower adit, cleaning out crosscut and preparation for drilling	$ 400.00
Diamond drilling 1000 feet, to be performed from lower adit, south of vein approximately 120 feet, down holes to intersect the vein at depths of approximately 80 feet and 175 feet below adit level, 1000 feet @ $6.00/ft.	$6,000.00
Total	$ 6,400.00

Subject: Exploration loan application on Lone Eagle claim, Jefferson County, Montana.

Engineering and geology, etc.	$ 300.00
Bookkeeping and misc. office expense	200.00
	$ 500.00
Total estimated cost of project	$15,110.00

E. C. Erickson

cc: USGS, Spokane
4 cys to Wash.

3-11-52 Phoned Dockets re copy to Region.

Was advised that application forms were transmitted to Washington by Regional Office Field Team report, which report was forwarded to the Operating Committee. I did not check, but I doubt that copies of the Field Team report have been transmitted to the Commodity men.

gla

There is no field team Report

Schweiger
3/25/52

EXPLORATION

Subject: DMEA-2419
Re: Exploration Loan
March 11, 1952

Mr. David Nieminen
Wickes
Montana

My dear Mr. Nieminen:

This will acknowledge receipt of your application dated February 13, 1952 for a loan under the Defense Production Act of 1950.

Your application was assigned Docket Number DMEA-2419 and referred to the Rare and Miscellaneous Metals Division.

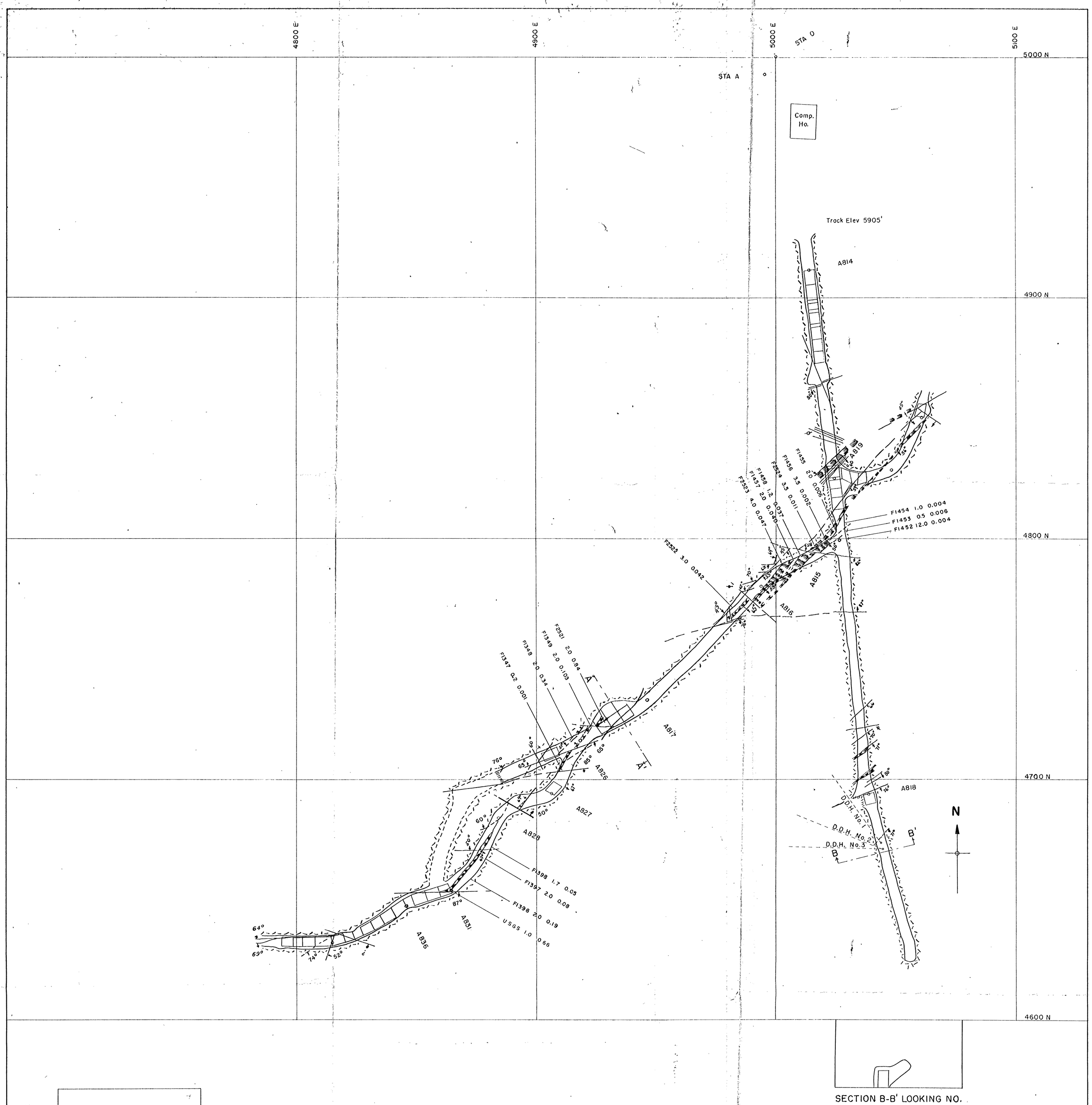
Kindly refer to DMEA-2419 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS

Robert E. Adams
Acting Administrative Officer

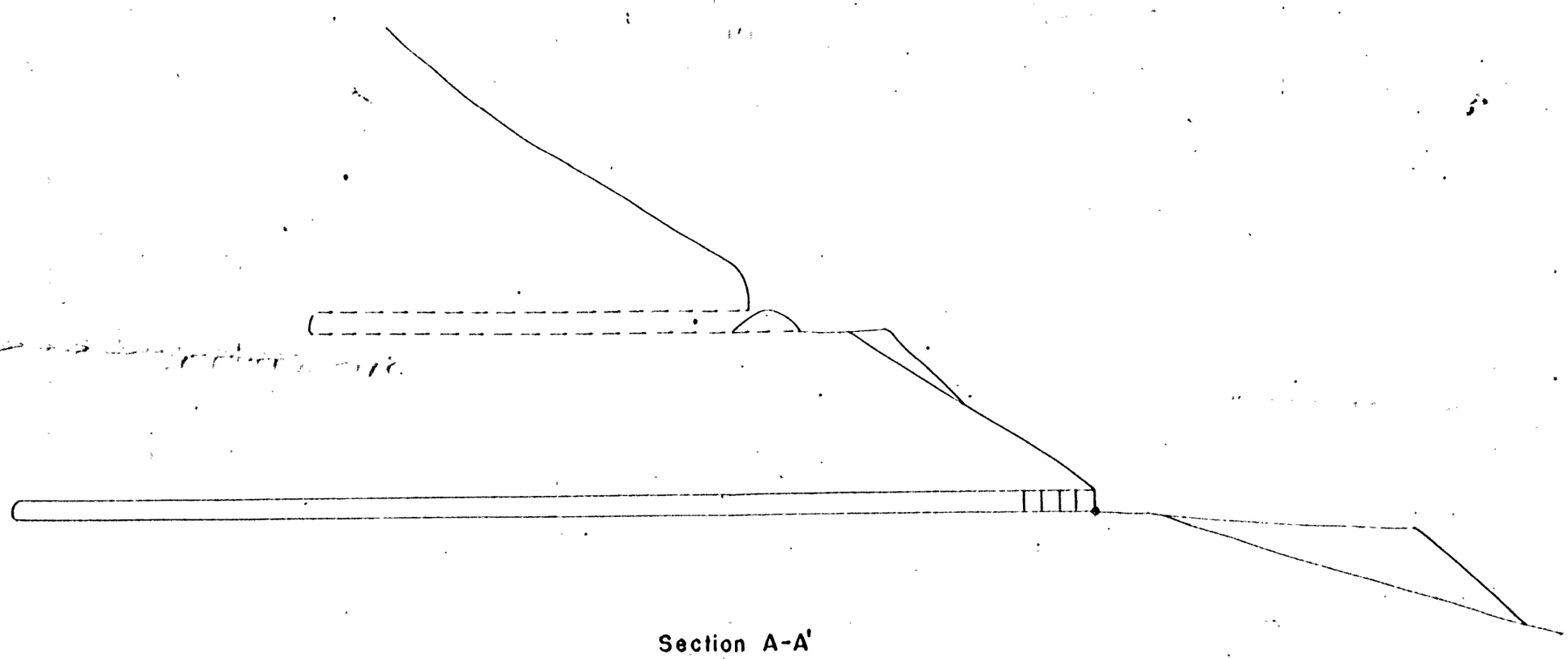
7862



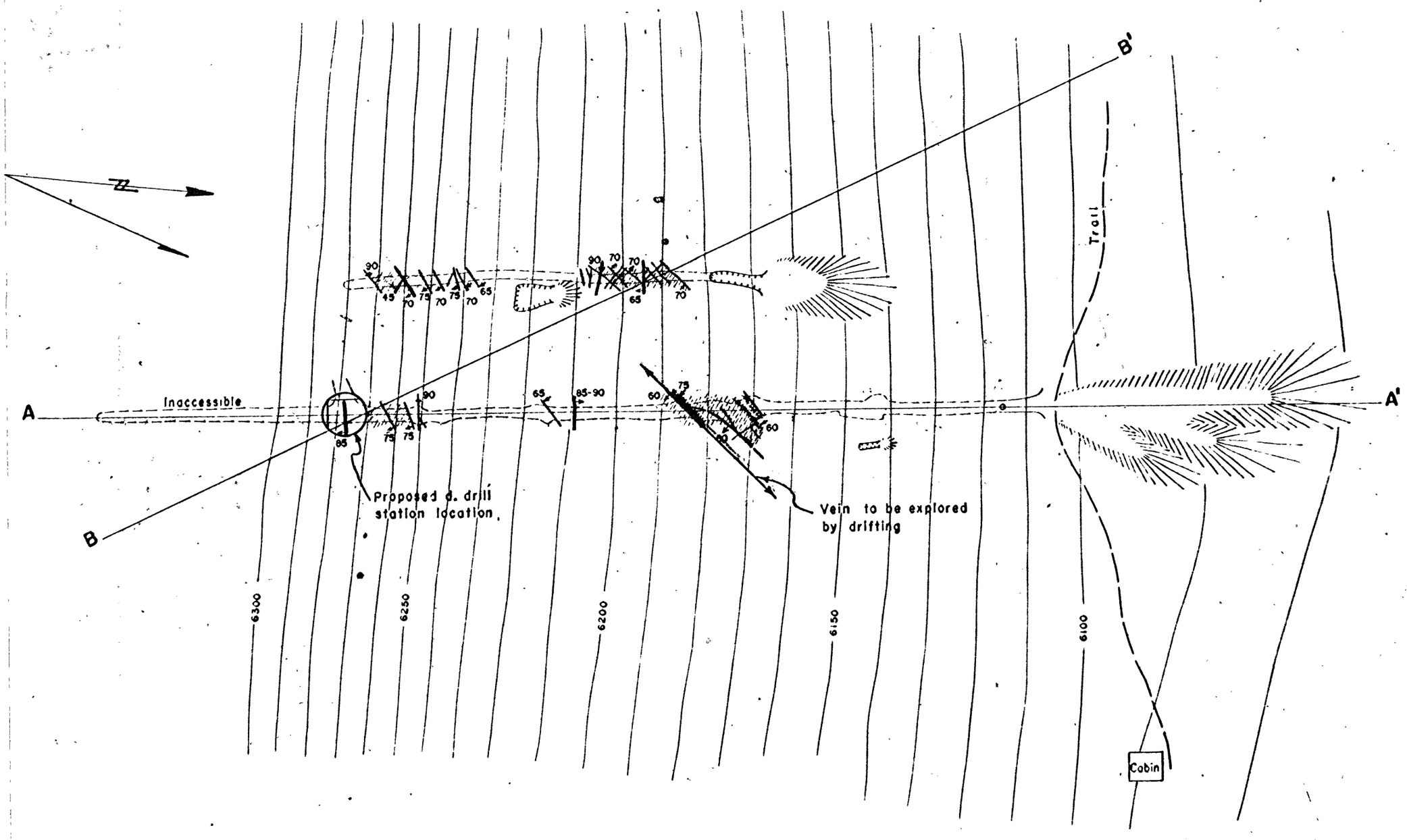
GEOLOGIC & ASSAY PLANS AND SECTIONS
LONE EAGLE MINE - CLANCY, MONT.

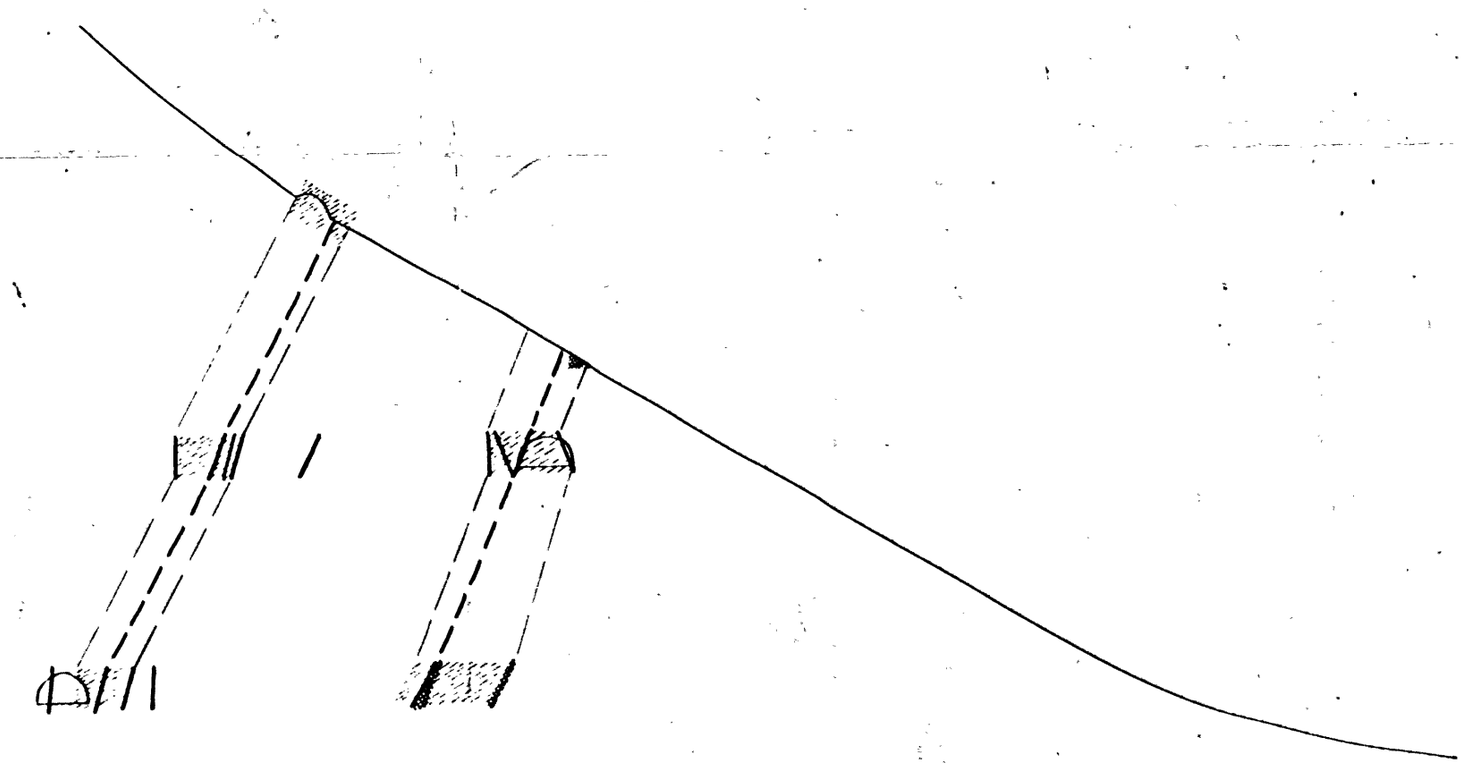
1" = 20' 10-16-53

Rec'd w/ FT Memo 4-2-54



Section A-A'





Section B-B'

GEOLOGIC PLAN AND SECTIONS, LONE EAGLE PROPERTY

Clancy Mining District, Montana

Datum assumed

Contour Interval 10 ft.

0 20 40 80 FEET