DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Idm-E NO. 655

DMEA NO. 3044

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [x] Terminated - Certified (Psuedo)
- [ ] 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
- [x] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Psuedo

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [x] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab) See 104 for Feb. 54
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] 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

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-E655, Docket DMEA-3044 (uranium), dated January 8, 1954, with

Uranium Development Corporation
Box 387
Grants, New Mexico

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 U. D. C. Claims located in Valencia County, New Mexico, during the period June 16, 1959, through April 15, 1963.

In accordance with the Termination Agreement, Article 6, and Annex I 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 November 23, 1955, indicated accepted costs under the exploration contract amounting to $1,942.20 with the Government's contribution on a 90 percent basis being $1,747.98.

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

This review found no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through June 15, 1959. Accordingly, as of April 15, 1963, the royalty account of this project was found to be:

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

E. D. Talbert

E. D. Talbert, OME Auditor

April 18, 1963

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

The Termination Agreement dated September 7, 1955, but effective June 8, 1954, provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land under the contract. The land consists of the U. D. C. Nos. 1 through 4 unpatented claims in sec. 4, T. 12 N., R. 9 W., N.M.P.M., Mount Taylor section of the Grants Mining District. At the time the contract was executed the Operator was in possession of the mineral rights by virtue of a January 15, 1953, lease from William G. Coffey, the Operator's vice president and the locator of the claims. In consideration of the contract, Owner's Consents to Lien were executed by both Mr. Coffey and Henry C. and Bertha D. Elkins, owners of the surface rights under homestead regulations.

Exploration work to which the Government contributed was performed during the month of February 1954 only. Thereafter, some additional exploratory drilling for the Operator was performed by the Coffey Drilling Company and an AEC representative reported some operations by Holly Uranium Company in December 1954 and January 1955.

Examinations of the property and inquiries by DMEA and OME regional representatives disclosed no evidence of production through February 1, 1960, and resulted in information that the Operator had ceased to exist and the property was returned by court order to William G. Coffey. In an April 15, 1963, reply to a MME Form 63 inquiry, Mr. Coffey, whose present address is Box 84, Ramah, New Mexico, advised that neither production nor change in property status had occurred since February 1, 1960.

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

(1) The files indicate that no minerals have been produced from the property under the contract since the date thereof; and

(2) 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 royalty which might be disclosed.

JUN 19 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado pertaining to Contract Idm-M655, Docket No. DMRA 3044, dated January 8, 1954, with

Uranium Development Corporation
Box 387
Grants, New Mexico

for the purpose of determining the amount of royalties due the U. S. Government on the sales of Uranium, from property referred to as U.D.C. Claims, located in Valencia County, New Mexico, during the period January 8, 1954 to June 15, 1959.

Pseudo Certification was effected in Termination Agreement dated September 7, 1955, and accordingly royalty is payable on all the land described in Article 2 of the contract for a maximum period of 10 years. A Report of Review in lieu of Final Cost Audit dated November 23, 1955, indicated accepted costs under the exploration contract amounting to $1,942.20 with the Government's contribution on a 90 percent basis being $1,747.98.

No royalty has been paid to the Government to date in connection with this contract.

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

(a) According to the Field Team's Annual Report of certified project for the period July 1, 1955 to June 30, 1956, operation ceased about June 8, 1954; no ore has been shipped since January 8, 1954, (The date of the exploration contract). Subsequent semi-annual reports of Field Team during period July 1, 1956 to December 31, 1958, indicate the property inactive and no operations or ore shipments are anticipated in 1959.

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

June 15, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

12/9/55 gla

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

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Uranium Development Corporation
Incorporated in New Mexico
Box 327, Grants, New Mexico

pertaining to Exploration Project Contract No. Ida-8655, Docket No. DMEA-3044, for the month of February, 1954, and Termination Agreement dated September 7, 1955 covering a project for the exploration of Uranium on property known as U.D.C. Claims, located in Valencia County, New Mexico.

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

> All 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.

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

Total cost as billed by Contractor		$1,942.20
Exceptions:		
By DMEA Finance Officer	$0.00	
Herewith	0.00	0.00
Total Accepted Cost		$1,942.20

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 One thousand, seven hundred forty-seven, and 98/100ths Dollars

** $1,747.98 **

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.

November 23, 1955

T. H. Bradley, Auditor.

Audit report
recd.12/9/55

Docket copy

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OCT 7 1955

TERMINATION AGREEMENT

It is agreed this 7th day of September, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Uranium Development Corporation, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-8055, Docket No. DMEA-3044, dated January 8, 1954, hereinafter called the "Contract," that:

1. Effective June 8, 1954, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government the royalty on production provided for in the contract, in the same manner and amount as if certification of discovery or development had been made, such certification being hereby waived.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. D. Mutterdorf
Administrator, Defense Minerals
Exploration Administration

Appd. Sol.

UNANIUM DEVELOPMENT CORPORATION

By Jerry Greenacre President

Attest Cynda M Kouse Secretary

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 30Ub

COMMODITY Uranium

Idm-E655

JAN 18 1954

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 8th day of January, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Uranium Development Corporation, Incorporated in New Mexico
Box 387
Grants, New Mexico

hereinafter called the "Operator," as follows: [illegible]

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of New Mexico, County of Valencia, described as follows:[3]

Claim	Book	Page	
UDC No. 1	A-5	88	Four unpatented claims recorded in the County Recorders Office at Los Lunas, County seat of Valencia County
UDC No. 2	A-5	89	
UDC No. 3	A-5	86	
UDC No. 4	A-5	89	

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:~~

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

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

ARTICLE 3. *Exploration project.*—The Operator, within sixty (60) days from the date of this contract shall commence work on a project of exploration for[5] Uranium

in or upon the described land; and shall bring the project to completion within a period of five (5) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay ninety (90) percent of these agreed, estimated costs, as th accrue, for units of work actually performed that conform with the description or specifications for the work set forth in t contract, in an aggregate total amount not in excess of $10,476.65, which is ninety (90) percent of $11,640. the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Opera final report and final accounting have been rendered to the Government and any final check or auditing required by the Gov ment has been made, and a final settlement of the contract has been made, the Government may withhold from the last vou or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might h been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Op tor's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with mont reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Governm These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work formed on the project during the period covered by the report and his voucher for repayment by the Government, unl Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description enough to identify the property, particularly excluding any land or interest therein to which the Gov or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

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

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

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows: [illegible]

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

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

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

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

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

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided*, that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* .....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

URANIUM DEVELOPMENT CORP.
(Operator)

George Wolfenson (President)

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

[illegible] Rouse, certify that I am the secretary [illegible]oration named as Operator herein; that George Wolfenson, President, who signed [illegible]act on behalf of the Operator, was then of said corporation; [illegible]ontract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the [illegible]porate powers.

Cyrus M Rouse

[CORPORATE SEAL]

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

ANNEX I

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after a sufficient, complete, final report and final account referred to in the contract has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development. The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2, as follows: (1) Regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXHIBIT "A"

Description of the Work

The work consists of a maximum of 14,924 feet of drilling to be accomplished in four stages. At the end of each stage the results of the previous stage will be reviewed by the DMA representatives. The Field Team must give their written consent before the next succeeding stage of the work may be started.

The drilling will be done dry with a rotary rig with holes approximately four inches in diameter. No holes will be drilled closer than fifty-foot centers and no holes will be drilled less than one-hundred feet from the property boundaries. All holes are to be bottomed two feet below the bottom of the Todilto Limestone, which is the ore horizon, to permit probing the holes with the scintillometer.

The number of holes and the authorized footage in all stages is based on the estimate that the holes will average 82 feet in depth. If there is insufficient unexpended footage to permit completion of a hole to the stipulated depth, in any stage, the hole will not be drilled.

In the drilling of all holes, in each stage, samples will be collected, split and sacked in 2-foot runs through the complete thickness of the Todilite Limestone only. One-half to be retained for the use and disposal of the DMA representative.

Stage 1

Drill a maximum of 33 primary holes at locations shown on Figure 2, which is attached and made a part of exhibit "A".

Stage 2

This stage provides for drilling a maximum of 49 offset holes at 100-foot coordinates at locations to be determined at the end of Stage 1. The location and depth of all holes must have the prior written approval of the Field Team.

Stage 3

This stage provides for drilling a maximum of 60 additional primary holes in areas and at locations to be determined at the end of Stage 2. The location and depth of all holes must have the prior written approval of the Field Team.

Stage 4

This stage provides for drilling a maximum of 40 additional offset holes, the exact locations to be determined at the end of Stage 3. The location and depth of all holes must have the prior written approval of the Field Team.

Page 3044

Estimated Costs of the Project

Stage 1

33 primary holes - 2706 feet at 78¢ per foot	$ 2,110.68

Stage 2

49 offset holes - 4018 feet at 78¢ per foot	3,134.04

Stage 3

60 primary holes - 4920 feet at 78¢ per foot	3,837.60

Stage 4

40 offset holes - 3280 feet at 78¢ per foot	2,558.40
Total	$ 11,640.72
Government participation at 10%	$ 10,476.65

These costs include supervision, engineering, chemical assaying, and all miscellaneous expenses involved in the completion of the work.

MF-203
(Revised July 1, 1953)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JAN 18 1954

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of New Mexico, County of Valencia, described as follows:1/ Four unpatented claims recorded in the official records of said County.

Claim	Book	Page
U D C No. 1	A-5	88
U D C No. 2	A-5	89
U D C No. 3	A-5	86
U D C No. 4	A-5	89

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Uranium Development Corporation, Incorporated in New Mexico
Box 387
Grants, New Mexico

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

Dated this _____ day of _____, 195___.

H C Elkins [Seal]

Bertha D. Elkins [Seal]

_____ [Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

RELEVANT CONTRACT PROVISIONS

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

(b) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

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

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

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 18 1954

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of New Mexico, County of Valencia, described as follows:1/ Four unpatented claims recorded in the official records of said County.

Claim	Book	Page
U D C No. 1	A-5	88
U D C No. 2	A-5	89
U D C No. 3	A-5	86
U D C No. 4	A-5	89

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Uranium Development Corporation, Incorporated in New Mexico.
Box 387
Grants, New Mexico

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

Dated this 28 day of Oct 1953.

William G. Coffey [Seal]

_____ [Seal]

_____ [Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

RELEVANT CONTRACT PROVISIONS

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

(b) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

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

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

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

State of New Mexico
County of Valencia

Subscribed and sworn before me this 28 day of October, 1953.

Barbara Regan
Notary public

My commission expires Oct. 19, 1955

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

224 New Customhouse
Denver 2, Colorado

May 25, 1953.

Memorandum

To: Administrator, Defense Minerals Exploration Administration,
Attention: Code 200

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docketing for Exploration Assistance

Enclosed herewith in duplicate is DMA Form 3a and MF-103 and supporting data pertaining to the following application for Government assistance in exploration work:

Uranium Development Corporation
Box 387
Grants, New Mexico

dmea 3044

W. H. King
W. H. King

Enclosures

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Not to be filled in by applicant

Docket No. dmea 3044
Metal or Mineral
Date Received 5-25-53
Estimated Cost
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Uranium Development Corporation , a New Mexico Corporation Corp
Box 387,
Grants, New Mexico .----- Ewing Williams,Pres. Grants, N.M.
William G.Coffey , Vice-Pres. Grants,N.M.--Cyrus M.Rouse,Sec-Treas.Grants, N.M.

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract The unpatented claims staked by William G. Coffey, situated in the SW 1/4 of Sec. 4 T.12N, R.9W,Grants Mining District. Namely ; UDC 1, UDC 2, UDC 3, UDC 4. Recorded at Los Lunas , County of Valencia, New Mexico on the31 day of December 1952 in book A-5, Pages 86,86,A 89

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

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Claims leased to the Uranium Development Corp. from William G. Coffey

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

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

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

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

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

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

(*d*) State the facts with respect to the accessibility of the project. Access roads, distances to shipping, supply and residence points. Good roads,18 miles to mill, 13 miles to Grants

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

16—66551-1

At present we are conducting a mining operation on the adjoining claim ,the Gay Eagle.

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

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

(*c*) The work will start within 30 days and be completed within 4 months from the date of an exploration project contract. William O. Coffey will supervise the project in coordination with the Atomic Energy Comm.

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

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

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.) Drilling at $.50 per ft. Bulldozing at $12.50 per hr.

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants. Supervision only, at $200. per wk

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel. none

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use allowance based on present value, as the case may be. one D-7 Cat Dozer with operator, fuel, etc. furnished. $12.50 per hr.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project. none

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project. none

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes. none

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

NOTE.—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 the contract, should be included in the estimate of costs.

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

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated May 15, 1953

Uranium Development Corporation
(Applicant)

By William O. Coffey Vice-Pres.

William O. Coffey

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—66551-1

Uranium Development Corp.
Box 387,
Grants, N.M.
15 May 1953

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

Executave Officer ,DMEA 224 New Customhouse
Building, Denver, 2 , Colorado

Dear Sir;

We are now conducting a Uranium mining operation on the Gay Eagle Claim in Sec. 4,T 12N, R 9W, near Grants,N.M.This mine is producing 400 to 600 tons of ore per month with grade being .20% or better.

There are also two other producing mines in the immediate locality. The Last Chance mine in the NE corner of Sec.8 T 12N, R 9W.,and the Eakins and Mills Mine on the RED BLUFF 8 Claim. All three mines are producing from the sedimentary bed of Todilta Limestone.

We have four claims adjoining the Gay Eagle on the East which we plan to explore by drilling and logging.(see sketches)

Our application for a DMEA loan is herewith enclosed complete with maps and sketches showing the approx. drilling depths,

We plan to contract the drilling and hire a bulldozer by the hour to make drilling sites in the project.

Four inch holes willbe drilled with a small rotary drilling rig.

Project costs are estimated as follows:

200 hours Bulldozing at$12.50 per hr.----------	$ 2500.00
15,115 ft. of drilling at $.50 per ft.----------	$ 7557.50
8 weeks Supervision at $200.00 per wk.----------	$ 1600.00
TOTAL EST.COST	$ 11,657.50

Any further information you may wish , Iwill gladly supply.

THANKS.

Respectfully yours,

William G. Coffey

William G.Coffey Vice-Pres.
Uranium Development Corp.

Enclosures:
4 MF-103 Application forms.
1 copy Lease Coffey to UDC
1 A.E.C. Map
1 Contured work sketch.

wgc.

Ellis
JEJ

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

DOCKET COPY

Project Summary Report

By: Michael Ching December 20, 1956

1. Docket No. DMEA-3044 (Uranium)
Contract No. Idm-E655

Operator: Uranium Development Corporation, incorporated in New Mexico
Box 387
Grants, New Mexico

Property: Four unpatented lode mining claims, UDC Nos. 1, 2, 3, and 4, located in sec. 4, T. 12 N., R. 9 W., N.M.P.M., Valencia County, New Mexico

Operator's Property Rights:

Operator is a lessee. Owner's Consent to Lien, dated October 28, 1953, was signed by William G. Coffey, owner of the mineral rights. Owner's Consent to Lien (undated) was signed by H. C. Elkins and Bertha D. Elkins, owners of the surface rights.

2. Contract (Short Form), dated January 8, 1954
Contract completion date - June 8, 1954

Work Authorized

Explore the Todilto limestone by non-core rotary drilling a maximum of 182 holes, aggregating not more than 14,924 feet in four successive stages.

Stage I	
33 holes - 2,706 feet @ $0.78/ft.	$ 2,110.68
Stage II	
49 holes - 4,018 feet @ $0.78/ft.	3,134.04
Stage III	
60 holes - 4,920 feet @ $0.78/ft.	3,837.60
Stage IV	
40 holes - 3,280 feet @ $0.78/ft.	2,558.40
Estimated total cost	$11,640.72
Government participation @ 90%	$10,476.65

Amendments - None

Work Completed

Stage I - Started January 20, 1954

32 holes - 2,490 feet @ $0.78/ft.	$ 1,942.20
Government participation @ 90%	$ 1,747.98

Stage II

50 holes, totalling 4,203 feet were drilled in July, 1954, but the Government did not participate in the cost of the work because of poor performance by the Operator. The work was carelessly done, holes were not drilled at the proper locations and extended far past the objective. Drill logs, hole locations, collar elevations, chemical analyses, and other data were not supplied as required by the Government. The work in this stage was done while the Operator wasin default since the contract completion date of June 8, 1954, had passed and no request for an extension was made despite repeated urging by the Executive Officer that this be done.

3. Auditor's Report of Review - dated November 23, 1955

Total cost as billed by Contractor	$ 1,942.20
Exceptions	None
Total Accepted Cost	$ 1,942.20
Government participation @ 90%	$ 1,747.98

4. Certification of Discovery

No formal certification was made, but by Termination Agreement, dated September 7, 1955, effective June 8, 1954, a pseudo certification was made which provided that the Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government the royalty on production provided for in the contract, in the same manner and amount as if certification of discovery or development had been made, ~~and~~ such certification being waived.

5. Comments and Results:

The project was not carried out in a workmanlike manner and the data obtained by the drilling were incomplete. The contract was prepared by the ~~Field Team~~. Region III office ?

The 32 Stage I rotary holes were drilled on 200-foot centers. The Todilto limestoneon the claim is about 20 feet thick and is overlain by 40 to 80 feet of unconsolidated dune sand and, in places, strata of the Summerville formation. Cuttings from the limestone were checked for radioactivity but no mineralization was indicated by this test. Twenty-four Stage I holes, which were accessible, were probed by an AEC scintillator. About half of the 50 Stage II holes drilled were probed by a USGS Barnaby instrument.

Nearly all the holes were barren in the Todilto limestone. Several holes penetrated mineralized rock which might contain as much as 0.15% U_3O_8 in what is likely a gradational zone near the base of the Summerville formation. This zone combines limestone with sandstone and known ore bodies within it are usually small and uneconomical to mine. Although the data obtained was incomplete, it is unlikely that any significant ore deposits were missed in the area drilled. A zone approximately 300 feet wide along the western border of the subject claims was not drilled, but probably has greater potential than the ground actually drilled. This is because there are several mines within 1500 feet west, northwest and north of the claims which have produced over 41,000 tons of ore averaging 0.20% U_3O_8.

Michael Ching

Michael Ching

Audited 12/9/55 [redacted]RK ANALYSIS SHEET - DMEA PROJEC[redacted]

Certified

Analysis as of 12/23/54
Incl. Voucher for Feb. 1954 1/

Actual Cost

[X] Agreed Unit Costs

Name Uranium Development Corp.

Docket No. 3044

State New Mexico

Commodity Uranium

Idm-E No. 655

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting					
Raising					
Shafts					
Winzes					
Drilling (Specify) Porta	14,924'	$11,640.72	2,490'	$1,942.20	
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify)					
Totals		$11,640.72		$1,942.20	

1/ Terminated

Prepared by /s/ F. M. Murphy

71626

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1/20	[illegible]	500
1/20	Talbot	800
	[illegible]	120
1/20	[illegible]	110
	[illegible]	100
		220

JAN 21 1964

Mr. William G. Coffey
P. O. Box 84
Ramah, New Mexico

Re: DMEA-3044 (Uranium)
Uranium Development Corporation
U. D. C. Claims
Valencia County, New Mexico
Contract Idm-E655

Dear Mr. Coffey:

Thank you for returning the completed MME Form 63's mailed to you on January 9, 1964.

By the terms of the subject Exploration Project Contract and the royalty agreement in Item 4 of the Termination Agreement, dated September 7, 1955, all minerals mined or produced from January 8, 1954, to January 8, 1964, were subject to the Government's percentage 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.

Sincerely yours,

George Fumich, Jr.

Acting Director

MMerrithew/mm
1/20/64
cc: Director's Reading File
Region III w/cy of Form 63 dated 1/9/64
CA&A Division
Docket
Code 500

43683

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

January 9, 1964

Re: DMEA-3044 (Uranium)
Uranium Development Corp.
U.D.C. Claims
Valencia County, N. M.
Contract Idm-E655

Mr. William G. Coffey
P. O. Box 84
Ramah, New Mexico

Dear Sir:

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

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

Sincerely yours,

F. M. Murphy

F. M. Murphy, Acting Chief
Division of Minerals

Exp 1/8/64

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 17 1964

DATE	INITIALS	CODE
1/17		800
1/17		100
1/17		110
		500

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. ~~Since~~ From April 15, 1963, to January 8, 1964, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. ~~Since~~ From April 15, 1963, to January 8, 1964, has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name H. G. Coffey Title OWNER

Address Box 84 Ramah, NM Date 13 JAN 64

4511

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 25 1963

DATE		CODE
4/26	Murphy	500
April 23, 1963		
		220

Building 20 - Federal Center
Denver 25, Colorado

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: IMEA-3044 (Uranium)
Contract Idm-E655
Uranium Development Corporation
(U. D. C. Claims)
Valencia County, New Mexico

Attached is the original Report of Royalty Review dated April 18, 1963 on the subject property covering the period June 16, 1959, through April 15, 1963.

Original signed by

Hugh M. Connors

Attachments

cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E655
Chron
HMC/lm

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

APR 1 8 1963

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-3044 (Uranium)
Uranium Development Corporation
U. D. C. Claims
Valencia County, New Mexico
Contract Idm-E655

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, U. S. 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.

Enclosures

EDTalbert/ama 4-18-63

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

43683

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☐ Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

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

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

3044

DATE DELIVERED	ADDRESS WHERE DELIVERED *(only if requested in item #1)*
2-12-63	Ramah N.M.

C55—16—71548-4 GPO

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

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

POSTMARK OF DELIVERING OFFICE

FEB 13 1963

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO.	NAME OF SENDER
598492	DEPT OF INTR(MIN EXPL)
CERTIFIED NO.	STREET AND NO. OR P. O. BOX
	18 th and C.st N.W.
INSURED NO.	CITY, ZONE AND STATE
	WASH 25.D.C.

POD Form 3811 Jan. 1958

C55—16—71548-4

~~Amphog~~

520

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/5	Murphy	500
2/6	[illegible]	800
	Selfridge	120
2/6	[illegible]	110
	[illegible]	100
		620

REGISTERED MAIL
RETURN RECEIPT REQUESTED

FEB 6 1963

Mr. William G. Coffey
110 Central Street
Gallup, New Mexico

Re: DMEA-3044 (Uranium)
Uranium Development Corp.
U.D.C. Claims
Valencia County, New Mexico
Contract Idm-E655

Dear Mr. Coffey:

The information requested in the copies of the MME Form 63 which you received on November 27, 1962, is essential for the records of the Office of Minerals Exploration, the successor agency to Defense Minerals Exploration Administration. Therefore, will you kindly complete the forms and return two copies to this office.

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

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

43683

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☐ Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

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

Wm H Coffey

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Mrs W H Coffey

DATE DELIVERED	ADDRESS WHERE DELIVERED *(only if requested in item #1)*
11-27-62	

C55—16—71548·4 GPO

3044

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

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

R NOV 28 9 AM

POSTMARK OF DELIVERING OFFICE

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO.	NAME OF SENDER
598446	DEPT OF INTR (MIN EXPL)
CERTIFIED NO.	STREET AND NO. OR P. O. BOX
	18th AND C ST N.W.
INSURED NO.	CITY, ZONE AND STATE
	WASHINGTON 25.D.C.

POD Form 3811 Jan. 1958

C55—16—71548-4

~~Murphy~~

220

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

November 21, 1962

Re: DMEA-3044 (Uranium)
Uranium Development Corp.
U.D.C. Claims
Valencia County, N. M.
Contract Idm-E655

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. William G. Coffey
110 Central Street
Gallup, New Mexico

Dear Mr. Coffey:

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

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

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

OFFICIAL FILE COPY
O. M. E
RECEIVED APR 16 1963

DATE	INITIALS	CODE
4/16		800
4/16		100
4/16		~~110~~
		~~600~~
		220

MME Form 63
Revised 3-62

DMEA-3044
Idm-E655

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since February 1, 1960 , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since February 1, 1960 , has there been any production from the land subject to the contract? Yes ☐ No ☒

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

	Quantity	Value

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

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

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

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

Disposition of Material	Quantity	Value

Submitted by:

Name H. L. Coffey Title Owner

Address Box 84 Ramah NM Date 15 Apr 63

4511

OME, REGION III

Interim

Statement in Lieu of ~~XXXXXXXXX~~ Report

on Certified Project

Reporting Period **January 1, 1959 to February 1, 1960**
Docket and Contract Number **DMEA 3044, Idm-E655 (Uranium)**
Operator **Uranium Development Corporation (U.D.C. claims)**
Valencia County, New Mexico

The project has been inactive during the reporting period [X]

Pertinent data relative to the subject contract has remained unchanged since the last report [ ]

Remarks:

Mr. William G. Coffey, 110 Central Street, Gallup, New Mexico, reported 2/1/60 that:

1. **The Uranium Development Corp. no longer exists.**
2. **The U.D.C. claims were returned to him by a court order.**
3. **There was no production from the subordinated land during the reporting period.**

Signed T M Romslo
T. M. Romslo

Date **February 17, 1960**

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/22	G	220
		700

JUN 22 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-3044 (Uranium)
Uranium Development Corporation
Contract No. Idm-E655

Your Report of Royalty Review on the subject contract is acceptable and distribution of the regional copies is authorized.

EDTalbert/ama
June 19, 1959

Copies to: Docket
Director's Reading File
Code 800

43683

OME, REGION III

Statement in Lieu of Semiannual Report

Reporting Period July 1, 1958 - December 31, 1958
Docket and Contract Number DMEA 3044 - Idm-E655 (Uranium)
Operator Uranium Development Company

The project has been inactive during the reporting period [X]

Pertinent data relative to the subject contract has remained unchanged since the last report [X]

Remarks:

No DMEA ore stockpiled.

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 9 1959

DATE	INITIALS	CODE
4-9	C	220
4/16	EEF	~~110~~
"	Chm	800
4/22	MMD	700
		210
		225

Original signed by

Signed T. M. Romslo

Date April 2, 1959

September 19, 1958

Memorandum

To: W. N. Chamberlain
Records Branch

From: F. L. Knouse, Acting Director
Division of Rare and Miscellaneous Metals

Subject: Semiannual report for period
January 1, 1958 - June 30, 1958

Region III has advised that the following certified project has been inactive since the last report:

DMEA-3044 Idm-E655 Uranium Development Co. (Uranium)

/s/ F. L. Knouse

F. L. Knouse

GLAult/gla
cc to: Mr. Ching

700

rec'd 9-19-58

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Semiannual Report of Certified Project for the period

DMEA Docket
Contract Idm-E

Enclosed are the original and three copies of the subject report prepared in conformance with instructions contained in memorandum of January 6, 1956 from this office, Memorandum 29, and Special Notice in Minutes of Operating Committee Meeting No. 692.

Enclosures

cc: Semiannual Report File Idm-E33
Harshman
Everich
Rossio, DMEA, RIC
Chron.

DMEA, REGION III

Semi-annual Report on Certified Projects

Inactive Since Last Report

Reporting Period: January 1, 1958 - June 30 1958

Commodity	Docket	Contract	Name
Copper	2698	E 33	Banner Mining Co.
Copper	2314	E 254	American Expl. & Min. Co.
Cu-Zn	2746	E 522	Comanche Copper & Zinc Co.
Cu-Pb-Zn	2234	E 317	Sam Knight Min. Co.
Cu-Pb-Zn	1801	E 315	Rust and Reed
Pb-Zn	1303X	E 371	Yuma Metals, Inc.
Pb-Zn	1324X	E 237	U. S. Smelt., Ref. & Min. Co.
Pb-Zn	2603	E 428	Magma King Mariposa Co.
Pb-Zn-Cu	371X	E 67	Park Mining Co.
Zinc	27[illegible]	E [illegible]	Globe-Miami Copper-Zinc Corp.
Mercury	2445	E 460	Ord Mercury Mines
Tungsten	2356	E 370	Nikas Mining Co.
Tungsten	2957	E 632	Carl Hergard
Tungsten	3448	E 763	Hillside Min. & Milling Co.
Uranium	3044	E 555	Uranium Development Co. 70-0

September 12, 1958

T. M. Romslo

March 21, 1958

Memorandum

To: Mr. W. N. Chamberlain
Records Branch

From: Ernest Wm. Ellis, Director
Division of Rare and Miscellaneous Metals

Subject: Semiannual Reports on Certified Projects
July 1 to December 31, 1957

Reports have been received for the subject period on the following projects, indicating the property has been inactive during the reporting period and data remains unchanged since the last report:

Docket No.	Contract No.	Operator	Commodity
*842	Idm-E55	Zenda Gold Mining Company	Tin
3044	Idm-E655	Uranium Development Company	Uranium
3151	Idm-E671	Holly Uranium Corporation (Four Corners Exploration)	Uranium
3632	Idm-E797	Colamer Corporation	Uranium
3989	Idm-E933	Food Machinery & Chemical	Uranium

*Inactive except for claim assessment work.

Ernest Wm. Ellis

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

March 11, 1958

ORIGINAL FILE COPY
DMEA
RECEIVED MAR 17 1958

DATE	INITIALS	CODE
3/17	C	220
/17	Com	100
"	JH	110
3/18	[illegible]	800
"	[illegible]	700

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Semiannual Report of Certified Project for the period July 1 - December 31, 1957

DMEA Docket 3044
Contract Idm-E 655
Uranium Development Company, (U. D. C. claims)
Valencia County, N. M.

Enclosed are the original and three copies of the subject report prepared in conformance with instructions contained in memorandum of January 6, 1956 from this office, Memorandum 29, and Special Notice in Minutes of Operating Committee Meeting No. 692.

W H King
Executive Officer, DMEA
Field Team, Region III

Enclosures
MHM:dp

cc: Semiannual Report File E655
Harshman
Hasler
DMEA/DFC (2)
Chron.

WHK

DMEA

DEPARTMENT OF THE INTERIOR

FEB 24 1958

REGION III
DENVER, COLORADO

DMEA, REGION III

Statement in Lieu of Semiannual Report

Reporting Period	July 1 - December 31, 1957
Docket and Contract Number	Docket DMEA 3044 (Uranium) Contract Idm-E655
Operator	Uranium Development Company, U. D. C. claims, Valencia County, N. M.

The project has been inactive during the reporting period [X]

Pertinent data relative to the subject contract has remained unchanged since the last report [X]

Remarks:

Four Corners Exploration Company states that the operator still owes them money and that they have not seen him for two years. Mr. Gay of AEC states that the property has been quiet for over a year but that it was operated in December 1954 and January 1955 by Holly Uranium.

Signed Carl Belser
Carl Belser

Date 2/21/58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Rare & Misc. Metals Division Date 7-30-57

Semi-Annual Report - Certified Project (Pseudo) Date 1-1-to 6-30-57

DMEA No. 3044 Operator Uran. Dev. Co. Contract No. Idm-E 655

Ore Reserves

Ore Estimates	Tons	Analysis
Original (DMEA)	None	
Increase (Operator)	"	
Total	"	
Decrease (Production)	"	
Net Available	"	

Investment

Shafts			Winzes			Drifts & Crosscuts		
Size	Feet	Cost	Size	Feet	Cost	Size	Feet	Cost

Raises			Drilling			Rehabilitation	
Size	Feet	Cost	Type & Size	Feet	Cost	Description	Cost

Facilities

Mine Plant		Mill		Roads	
Description	Cost	Description	Cost	Description	Cost

Remarks

Property inactive.

Michael Ching

100338

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

July 23, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 25 1957

DATE	NAME	CODE
7/25	Cbm	100

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Semiannual Report of Certified Project for the period January 1, 1957 through June 30, 1957
DMEA Docket 3044 (Uranium)
Contract Idm-E 655, Uranium Development Corporation
(Claims UDC No. 1, 2, 3 and 4), Valencia County, New Mexico

Enclosed are the original and three copies of the subject report prepared in conformance with instructions contained in memorandum of January 6, 1956 from this office, Memorandum 29, and Special Notice in Minutes of Operating Committee Meeting No. 692.

W S King
~~Actg~~ Executive Officer
DMEA Field Team, Region III

Enclosures

MHM/vj

cc: Semiannual Report File E 655
Harshman
DMEA/DFC
DMEA/TUC
Emerick
Chron.

DMEA, REGION III

STATEMENT IN LIEU OF SEMIANNUAL REPORT

Reporting Period	1/1/57 - 6/30/57
Docket and Contract Number	DMEA 3044 - Contract Idm-E655
Operator	Uranium Development Company

The project has been inactive during the reporting period ☐

Pertinent data relative to the subject contract has remained unchanged since the last report ☒

Remarks:

Inspection failed to disclose any signs of operation or production.

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

Signed W. D. McMillan

Date 7/17/57

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Rare & Misc. Metals Division Date April 2, 1957

Semi-Annual Report - Certified Project Date June 30, 1956 thru Dec. 31, 1956

DMEA No. 3044 Operator Uranium Development Contract No. Idm-E 655

Ore Reserves

Ore Estimates	Tons	Analysis
Original (DMEA)	None	
Increase (Operator)	None	
Total	None	
Decrease (Production)	None	
Net Available	None.	

Investment

Shafts			Winzes			Drifts & Crosscuts		
Size	Feet	Cost	Size	Feet	Cost	Size	Feet	Cost

Raises			Drilling			Rehabilitation	
Size	Feet	Cost	Type & Size	Feet	Cost	Description	Cost

Facilities

Mine Plant		Mill		Roads	
Description	Cost	Description	Cost	Description	Cost

Remarks

Property inactive.

Michael Ching

100338

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

March 29, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED APR 1 1957

DATE	INITIALS	CODE
4/1	C	220
2	Com	100

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Semiannual Report of Certified Project for the period June 30, 1956 through December 31, 1956
DMEA Docket 3044 (Uranium)
Contract Idm-E 655, Uranium Development Corporation
(U.D.C. Nos. 1, 2, 3, 4), Valencia County, New Mexico

Enclosed are the original and three copies of the subject report prepared in conformance with instructions contained in memorandum of January 6, 1956 from this office, Memorandum 29, and Special Notice in Minutes of Operating Committee Meeting No. 692.

E. M. Harshman

for W. M. Traver
Executive Officer, DMEA
Field Team, Region III

Enclosures
MHM /vj

cc: Semiannual Report File E 655
J. F. Shaw (2)
Harshman
Chron.

Semi-Annual Report of Certified Projects

Reporting Period 6/30/56 - 12/31/56

Docket and Contract Number Docket 3044- Contract Idm-E655

DMEA
DEPARTMENT OF THE INTERIOR
MAR 20 1957
REGION III
DENVER, COLORADO

Operator Uranium Development Corporation

Commodity Uranium

Mine Name U.D.C. Nos. 1, 2, 3, 4

County and State Valencia, New Mexico

OFFICIAL FILE COPY
DMEA
RECEIVED APR 1 1957

DATE	INITIALS	CODE

Date of Contract 1/8 8/1/54

Date of Certification 9/7/55 (Pseudo)

Expiration Date of Royalty Payments 1/8/64

Date of Examination for this Report 2/26/57

Total Amount of Contract $11,640.72

Total Expenditures under Contract $1,942.20

Amount of Government Participation at 90 % $1,747.98

Royalty Payments this Period None

Previous Royalty Payments None

Total Royalty Payments to Date None

% Loan Repayment Completed ---

Amount of Royalty Due none

Royalty Remarks Inactive

	Tons	Analysis
Original Estimate of DMEA Reserves (Field Team Final Report) Mines [ ] Survey [ ] Joint [X]	None	0.13 to 0.17 U_3O_8
Revised Estimate of DMEA Reserves (Field Team) Mines [ ] Survey [ ] Joint [ ]		
Increase of Reserves by work performed subsequent to DMEA project work	No Estimate	
Production DMEA ore (This period)	None	----
(Previous)		
(To date	None	----
" Operator's ore (This period)		
found subsequent (Previous)	None	----
to DMEA work (To date)	None	----

Percent Revised Reserves Mines _____

(For Uranium Ores Only)

Initial Production Bonus:

Status of Operator: Ineligible [ ] Applied for [✓] Rec'ing pmt [ ] Paid up [ ]

Pounds U_3O_8 produced this period eligible for Bonus _____

Amount of Bonus paid to Operator this period $_____

Total pounds U_3O_8 produced to date eligible for Bonus _____

Total amount of Bonus paid to Operator to date $_____

Bonus Royalty Paid $_____

Bonus Royalty Due $_____

Investment Data *

Shafts			Winzes			Drifts & Crosscuts		
Size	Feet	Cost	Size	Feet	Cost	Size	Feet	Cost

Raises			Drilling			Rehabilitation	
Size	Feet	Cost	Type & Size	Feet	Cost	Description	Cost

Facilities

Mine Plant		Mill		Roads	
Description	Cost	Description	Cost	Description	Cost

Remarks

* No work done other than drilling.

Signed W. D. McMillan (Engineer)

W. D. McMillan

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Rare & Misc. Metals Division Date ~~Dec. 20, 1956~~

Semi-Annual Report - Certified Project Date ~~Dec. 13, 1956~~ July 1, 1955 to June 30, 1956.

DMEA No. 3044 Operator ~~Uranium Dev. Corp.~~ Contract No. Idm-E 655

Ore Reserves

Ore Estimates	Tons	Analysis
Original (DMEA)	None	
Increase (Operator)	None	
Total	None	
Decrease (Production)	None	
Net Available	None	

Investment

Shafts			Winzes			Drifts & Crosscuts		
Size	Feet	Cost	Size	Feet	Cost	Size	Feet	Cost

Raises			Drilling			Rehabilitation	
Size	Feet	Cost	Type & Size	Feet	Cost	Description	Cost

Facilities

Mine Plant		Mill		Roads	
Description	Cost	Description	Cost	Description	Cost

Remarks

Information for reporting period obtained from final engineering and geologic report, dated Nov. 9, 1956, and from correspondence in Field Team files.

Michael Ching

200338

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
Washington 25, D. C.

RECEIVED DEC 17 1956 D.M.E.A.

224 New Customhouse
Denver 2, Colorado

Date: December 13, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Semiannual Report of Certified Project for the period July 1, 1955 to June 30, 1956
DMEA Docket 3044 (Uranium)
Contract Idm-E 655, Uranium Development Corporation (U.D.C. Group), Valencia County, New Mexico

Enclosed are the original and three copies of the subject report prepared in conformance with instructions contained in memorandum of January 6, 1956 from this office and Memorandum 29.

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

MHM/vj
Enclosures

cc: Semiannual Report File E 655
J. F. Shaw (2)
E. N. Harshman
J. W. Hasler
Chron.

Semi-Annual Report of Certified Projects

DMEA
DEPARTMENT OF THE INTERIOR
DEC 12 1956
REGION III
DENVER, COLORADO

Reporting Period July 1, 1955 to June 30, 1956

Docket and Contract Number DMEA 3044 Idm-E655

Operator Uranium Development Corporation

Commodity Uranium

Mine Name U. D. C. Group

County and State Valencia County, New Mexico

Date of Contract Jan. 8, 1954

Date of Certification Sept. 7, 1955 (Pseudo)

Expiration Date of Royalty Payments Jan. 8, 1964

Date of Examination for this Report Data taken from Final Report written Nov. 9, 1956

Total Amount of Contract $11,640.72

Total Expenditures under Contract $1942.20

Amount of Government Participation at 90 % $1747.98

Royalty Payments this Period none

Previous Royalty Payments none

Total Royalty Payments to Date none

% Loan Repayment Completed none

Amount of Royalty Due none

Royalty Remarks

Original Estimate of Reserves
(from Final Engr.-Geol. Report): none

Increase of Reserves by work performed subsequent to expiration or termination of contract: none

Revised Estimate of Reserves: none

Production this Period (Ore or Concentrates) none

Amount of Previous Production (since date of contract) none

Total DMEA Production to date none

% of Revised Reserves Mined

Production Remarks:

Note: On Uranium projects check with AEC to assure that our records are in agreement with theirs.

Other Remarks:

Information contained in this report was obtained from Final Engineering and Geologic Report dated November 9, 1956 and from correspondence in files.

Signed A S Konselman (Engineer)
A. S. Konselman

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

RECEIVED DEC 6 1956 D.M.E.A.

Date December 5, 1956

DMEA Docket No. 3044
DMEA Contract No. Idm-E655
Commodity Uranium
Name of applicant Uranium Development Corp.
Name of property UDC group of claims
Location of property Valencia County, New Mexico
Estimated cost of project $1,942.20

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee
From: John E. Crawford, Bureau of Mines Member
Uranium Commodity Committee
Subject: Review of Final Report
(Application, Field Team Report, etc.)

1. Date of subject document: 11/23/56. 2. Date received by reviewer: 12.4/56.
3. Prior reports on this property known to reviewer: Yes ☐ No ☐
4. Prior reports on nearby properties known to reviewer: Yes ☐ No ☐
5. Information available on past production: Yes ☐ No ☐
6. Other pertinent factors known to reviewer: Yes ☐ No ☐
7. Explain items marked yes above:

8. Factors needing special consideration:
a. Location ☐
b. Ownership ☐
c. Evidence of mineralization ☐
d. Geology ☐
e. Proposed exploration method ☐
f. Alternate exploration method ☐
g. Costs ☐
h. _____ ☐

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

10. Remarks: (Use back of page if necessary) Mr. J. O. Hosted, Washington representative of the Atomic Energy Commission, assisted in the review.

URANIUM DEVELOPMENT CORPORATION
MILE HIGH CENTER
DENVER 2, COLORADO

12-10-56

November 30, 1956

DMEA 2618

RECEIVED
DEC 10 1956
DMEA

DMEA
DEPARTMENT OF THE INTERIOR
DEC 5 1956
REGION III
DENVER, COLORADO

Mr. William H. Traver
224 New Customs House
Denver, Colorado

Dear Mr. Traver:

This is to advise that all of the A. E. C. bonus on the Blackfoot Property, Contract IDM-E452 was exhausted in 1953 and all bonus payments to the D. M. E. A. have been made.

Yours very truly,

URANIUM DEVELOPMENT CORPORATION

Richard S. Hunt

Richard S. Hunt
Vice President and Treasurer

PPK/tjr

Photocopied & Tc...
Contract IDM E452
J.F. Shaw (2)
Sec Opr Cum (2)

Rm 3572

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

224 New Customhouse
Denver 2, Colorado

November 23, 1956

RECEIVED
NOV 29 1956
D.M.E.A.

Memorandum

To: Chairman, Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket No. DMEA 3044 (Uranium), Contract No. Idm-E655, Uranium Development Corporation (UDC group of claims), Valencia County, New Mexico - FINAL REPORT

Enclosed are the original and three copies of a joint final engineering and geologic report, dated November 9, 1956, from D. P. Elston, Geologist, Geological Survey, and Carl Belser, Mining Engineer, Bureau of Mines, and transmittal thereof, dated November 20, 1956, from John F. Shaw and E. N. Harshman.

The Operator's narrative report submitted with his accounting report for the month of February, 1954 was accepted as the Operator's final report.

The contract was terminated, effective June 28, 1954, by an Agreement executed September 7, 1955, with only Stage I work being completed.

Reimbursement to the Operator on the basis of costs reported on form MF-104, "Operator's Monthly Progress Report and Voucher," for the month of February, 1954, in effect constituted final payment under the terms of the contract, which was later verified by Report of Review of reported project costs, by the Contract Administration and Audit Division, dated November 23, 1955.

The exploration work completed, toward which the Government contributed part of the costs, consisted of 2,490 feet of dry rotary drilling, at a total accepted cost of $1,942.20, toward which the Government contributed 90%, or an amount of $1,747.98.

FINAL E.T. REPORT

Reviewed by
DMEA OPERATING COMMITTEE
12-3-56
(date)

The "TERMINATION AGREEMENT", executed September 7, 1955, provided for the repayment of the amount of the Government's contribution on a royalty basis, as provided for in the contract, Certification of discovery or development being waived.

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

Enclosures

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
NOV 21 1956
REGION III
DENVER, COLORADO

November 20, 1956

RECEIVED
NOV 29 1956
D.M.E.A.

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw
E. N. Harshman

Subject: DMEA Docket 3044 (Uranium), Contract Idm-E 655, Uranium Development Corporation (UDC group of claims), Valencia County, New Mexico

Enclosed are the original and nine copies of a joint final report by D. P. Elston, U. S. Geological Survey, and Carl Belser, U. S. Bureau of Mines, in which the results of exploration under contract Idm-E 655 are described.

The project was not carried out in a workmanlike manner and the data obtained by the drilling are not complete. In spite of the poor data it is believed that the subject property does not contain significant deposits of uranium ore.

The project was terminated after the completion of 2,490 feet of drilling under Stage I and 3,681 feet of drilling under Stage II of the contract. The Government did not participate in the cost of Stage II drilling.

A pseudo-certification of discovery was issued on September 7, 1955.

Additional exploration, with Government assistance, on the UDC group of claims is not recommended.

A. Kruschwitz for
John F. Shaw
Supervising Mining Engineer

E. N. Harshman
E. N. Harshman
Member, Field Team

Enclosures (10)

Reviewed by
DMEA OPERATING COMMITTEE
12-3-56
(date)

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA 3044

Contract Idm-E 655

Uranium Development Corporation

UDC Group of Claims

Valencia County, New Mexico

Uranium

Final Joint Engineering and Geological Report

by

D. P. Elston, Geologist
Geological Survey

Carl Belser, Mining Engineer
Bureau of Mines

November 9, 1956

Reviewed by
DMEA OPERATING COMMITTEE
12-3-56
(date)

CONTENTS

Page

Introduction and Summary..... 1

Recommendations..... 2

Location and Accessibility..... 2

Ownership and Extent..... 3

History and Production..... 3

General Geology..... 4

Stratigraphy..... 5

Structure..... 6

Ore Deposits..... 7

Ore Reserves..... 8

The Project..... 9

Original program and modifications..... 9

Description of work completed..... 10

Data obtained by exploration..... 10

Summary of factual data..... 12

Actual costs..... 13

Conclusions..... 14

ANNEX

Page

Annex I - Table showing holes drilled under the contract..... 15

Stage I..... 15

Stage II..... 16

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NOV 29 1956
D.M.E.A.

ILLUSTRATIONS

Figure — Follows page

1. UDC group of claims, sec. 4, T. 12 N., R. 9 W., NMPM, Valencia County, New Mexico. DMEA 3044..... 17

DMEA 3044

Contract Idm-E 655

URANIUM DEVELOPMENT CORPORATION
UDC GROUP OF CLAIMS
VALENCIA COUNTY, NEW MEXICO

INTRODUCTION AND SUMMARY

Uranium Development Corporation, Box 387, Grants, New Mexico, in early 1953, applied to the Defense Minerals Exploration Administration for aid in an exploration project on the UDC group of mining claims in Valencia County, New Mexico. The applicant estimated the cost of the project at $11,641.

A field examination was made on June 2, 1953, by M. J. Elsing and J. F. Haynes, mining engineers, Bureau of Mines, and J. D. Strobell, geologist, Geological Survey.

The property consists of four unpatented mining claims in an area of low, rolling hills, about 8 miles north of Grants, New Mexico. Uranium deposits occur in the Todilto limestone of Jurassic age. The UDC claims are underlain by the Todilto limestone which is covered by dune sand and alluvium 30 to 150 feet in thickness.

A modified four-stage project was recommended. It consisted of 14,924 feet of drilling at an estimated cost of $11,640.72. A contract, Idm-E 655, was signed on January 8, 1954. Drilling began on January 20, 1954, and the second stage of the project was finished

in July 1954. After trying repeatedly to obtain logs, collar elevations, and other data from the operator, and because the operator requested termination, the Government terminated the contract on September 7, 1955. Eighty-two holes, totaling 6,171 feet of drilling, had been completed at a total cost to the Government of $1,747.98. No known ore deposit was found by the exploratory drilling.

RECOMMENDATIONS

A certificate of discovery was issued on September 7, 1955. No additional exploration with Government assistance is recommended.

LOCATION AND ACCESSIBILITY

The UDC claims are in the Mount Taylor section of the Grants mining district, sec. 4, T. 12 N., R. 9 W., N. M. P. M., Valencia County, New Mexico (fig. 1). The property is approximately 15 miles northwest of Grants and is reached by traveling west from Grants on U. S. Highway 66 for 3.2 miles, thence north on the San Mateo road for 7.7 miles to a gate, thence east for 4.2 miles to the Gay Eagle and UDC claim groups. The property is in an area of low rolling hills just west of a sandstone escarpment. The surface is covered by sand and alluvium. The climate is semi-arid and vegetation is sparce.

OWNERSHIP AND EXTENT

The property comprises four unpatented lode mining claims. The claims are recorded in the County Clerk's Office at Las Lunas as follows:

Claim	Book	Page
UDC No. 1	A-5	88
UDC No. 2	A-5	89
UDC No. 3	A-5	86
UDC No. 4	A-5	87

The claims are owned by William G. Coffey and were leased on January 13, 1953, to Uranium Development Corporation. Surface rights belong to Henry Elkins. An agreement exists by which Coffey will compensate Elkins for all surface damage.

HISTORY AND PRODUCTION

Mining activity in this section of the Grants district commenced at the time of the establishment of a Government uranium-ore buying program. No ore production has been made from the UDC claims, and the only work done on the claims prior to DMEA participation was the drilling of three churn-drill holes. There are several producing mines 200 to 1,500 feet west, northwest, and north of the UDC claims. These are the Gay Eagle, Black Hawk, Bunny, UDC-5, Red Bluff group, and Christmas Day group of mines. Production from these mines to June 1, 1956, totals 41,399 tons of ore averaging 0.20 percent U_3O_8.

GENERAL GEOLOGY

The Grants mining district is on the north flank of the Zuni uplift. This uplift, which is possibly of early Tertiary age, is a broad, elongate northwesterly-trending asymmetrical dome about 65 miles long and 40 miles wide. The Zuni uplift apparently has been instrumental in the gentle structural deformation of the Grants area and may have produced conditions which led to the localization of uranium ore bodies.1/

The strata in the Grants area dip gently to the northeast from the Zuni uplift. On and near the subject claims the dip is about 2 degrees northeast. Erosion has carved the strata in the area into a series of step-like cliffs and intervening benches. The Todilto limestone of late Jurassic age is resistant in the semi-arid climate of northwestern New Mexico and forms a broad bench where the less resistant overlying strata have been stripped from it. This bench is commonly covered by a veneer of dune sand and alluvium which conceals bed rock except along the brink of the cliffs.

1/ Rapaport, Irving, Hadfield, J. P., and Olson, Richard M., Jurassic Rocks of the Zuni Uplift, N. M.: U. S. Atomic Energy Commission, RMO-642, March 1952.

STRATIGRAPHY

The generalized stratigraphic section 2/ for the Grants area is given below:

Age	Group	Formation	Gen. Lithology	Thickness
Upper and Middle Jurassic	San Rafael	(Bluff sandstone	Sandstone	220-250
		(Summerville formation	Sandstone, siltstone, shale, limestone	0-190
		Todilto limestone	Limestone	0-30
		Entrada sandstone	Sandstone	130-280
		Carmel formation	Siltstone, sandstone	55-260

The Todilto limestone, which is the principal uranium-bearing unit in the area, is not exposed on the subject claims but is exposed just west of the claims. On the claims, it is overlain by about 40 to 80 feet of unconsolidated dune sand, alluvium and, in places, remnants of the Summerville formation. Thicknesses of the Todilto limestone penetrated by the drill commonly were about 20 feet. Possible maximum thickness encountered was about 28 feet. Erosion which preceded deposition of alluvium and dune sand apparently did not remove parts of the Todilto limestone on the property.

2/ Rapaport, Irving, op. cit.

The upper 2 to 10 feet of the Entrada sandstone was penetrated by the drill.

The Todilto limestone can be divided into two and locally three units: 3/ (1) a lower dark gray to black, fine-grained, medium-bedded limestone called the "platy"; (2) an intermediate light gray, coarsely-crystalline, thin-bedded limestone called the "crinkly"; and (3) locally an upper, gray, dense, beddingless, contorted limestone called the "massive" which interfingers with the Summerville formation.

STRUCTURE

There are no known faults on the subject property, but minor east-west jointing, like that exposed on the Gay Eagle claim to the west, may be present.

The structure contours on the applicant's map are from early generalized contours constructed by the AEC. In the northern part of the property, depths to the base of the Todilto limestone were found by drilling to be shallower than indicated by the map. No corrections and no structure contour map based on the drill hole information has been attempted because of the lack of collar elevations

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3/ Rapaport, Irving, Interim report on the ore deposits of the Grants district, N. M.; U. S. Atomic Energy Commission, RMO-1031, November 1952.

Rapaport, Irving; unpublished report, Four Corners Exploration Co., July 1954.

for the holes. In addition, there is no accurate map of hole locations.

Geologic mapping of the Gay Eagle mine about 1,200 feet west of the claims shows that there are several small northerly-trending anticlinal flexures coincident with the ore in the Todilto limestone. 4/ As uranium deposits in the Todilto limestone commonly occur and are aligned with somewhat larger but yet areally restricted folds, the presence of the northerly-trending Gay Eagle-Black Hawk mineralized trend suggests that a fold is present in the general area.

ORE DEPOSITS

There are no known ore deposits on the subject claims. The ground was tested rather thoroughly and results were negative. Only the western and northwestern parts of the claims remain relatively unexplored. Although there is space for one or more ore bodies the size of the Gay Eagle, 30 by 200 to 300 feet, it is unlikely that one is present (L. S. Hilpert, personal communication). The ore bodies in the general area are localized mainly on the west

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4/ Gabelman, John W., U. S. Atomic Energy Commission, 1956, Uranium Deposits in Limestone: U. S. Geol. Survey prof. paper no. 300, p. 397-399.

side of northerly-trending anticlinal folds. Although the exact structural location of the Gay Eagle ore body is not known, the northerly-striking mineralized trend on the Gay Eagle and Black Hawk claims is about 1,200 feet west of the UDC claims, and it is not likely to extend to the subject property. Because of the narrowness of the structures, any ore bodies on the claims probably would be localized in a structure independent of the Gay Eagle-Black Hawk trend. As the geologic and engineering data derived from drilling are essentially non-existent, the presence or absence of a structure favorable for the localization of ore minerals is unknown. The negative results based on radiometric inspection of cuttings during drilling and on the probing of the uncaved holes by Government hole-probing instruments suggests that no ore-localizing structure is present.

ORE RESERVES

There are no known ore reserves on the property but several holes penetrated mineralized rock which might contain as much as 0.13 to 0.17 percent U_3O_8. J. H. Soule, Bureau of Mines engineer, believes that holes 35, 35-4, and 35-7 contain appreciable radioactivity. This radioactivity furnished the basis for a certification of discovery which was issued September 7, 1955.

THE PROJECT

The object of drilling was to explore for uranium ore in the Todilto limestone of Jurassic age, which is overlain on the subject claims by about 40 to 80 feet of unconsolidated dune sand and, in places, strata of the Summerville formation of Jurassic age. The Todilto limestone on the claims is about 20 feet thick but locally may be as much as 30 feet thick.

Original program and modifications

The original program recommended consisted of four stages of exploratory drilling. Stage I consisted of a maximum of 33 primary holes (2,706 feet), Stage II, 49 offset holes (4,018 feet), Stage III, 60 primary holes (4,920 feet), and Stage IV, 40 offset holes (3,280 feet). The locations and depths of Stage II, III, and IV holes were to have had prior approval by the Field Team. The total estimated cost was $11,640.72.

The contract was signed on January 8, 1954. Drilling commenced on January 20, 1954, and the second stage was finished in July 1954. After trying repeatedly to obtain logs, collar elevations, and other data from the operator, and because of the operator's request for termination brought on by impending sale of the property, the Government terminated the contract on September 7, 1955.

Description of work completed

Thirty-two Stage I holes, totaling 2,490 feet of drilling, and 50 Stage II holes, totaling 4,203 feet of drilling, were completed. The Stage I drilling was done on 200-foot centers and approximately in the proper locations (fig. 1). The Stage II drilling of offsets around Stage I holes Nos. 1, 12, 16, 18, 22, 28, and 35 were carelessly done. Logs, elevations, and other data were not obtainable. Holes were not drilled at the proper locations and were drilled too far past the limestone host rock. Of the 50 holes and 4,203 feet of drilling in Stage II, 49 holes and 3,681 feet of drilling were allowed by the inspecting engineer. Sampling, logging, and other data were unreliable.

Data obtained by exploration

During drilling of the limestone the coarser cuttings were collected every two feet and were sacked. The finer cuttings were not collected because of contamination from the overlying alluvial and eolian sand. The holes were plug-bit drilled by rotary air methods, and the cuttings were scanned radiometrically with a Geiger counter by the driller as drilling progressed. Twenty-four of the 32 first-stage holes which had not caved and which could be reached by the logging vehicle were probed by a U. S. Atomic Energy Commission

scintillator. After completion of Stage II drilling, a Geological Survey Barnaby instrument was able to probe about one-half of the 50 holes drilled.

Nearly all of the holes were barren in the Todilto limestone. Only a few very weak anomalies were detected. Several holes penetrated mineralized rock which might contain as much as 0.13 to 0.17 percent U_3O_8 in what is likely a gradational zone near the base of the Summerville formation. This zone contains lenses of limestone intercalated with sandstone, and known ore bodies localized within it are small and commonly are uneconomical to mine, except where they are near the surface or where they overlie ore in the Todilto limestone.

Geological data obtained from this drilling program are very poor. There is no accurate map, no collar elevations of holes, and stratigraphic descriptions of the rocks penetrated are restricted to some driller's logs. As indicated previously, not all of the holes were probed; of those which were probed, some were probed by an AEC scintillator, the control on which is not known, and some were probed by a Geological Survey Geiger instrument which had been calibrated for sandstone ore. Mr. Irving Rapaport, formerly with the AEC, also probed some of the holes with a Babbel instrument which had been calibrated with the AEC instrument. Although the data are incomplete and are varied in reliability, it is unlikely

that any significant ore deposits were missed in the area drilled. However, as pointed out by L. S. Hilpert, U. S. Geological Survey (August 1954), the unexplored 300-foot-wide strip of ground in the western part of the claims is potentially favorable for ore. It is close to the northerly-trending ore and mineralized ground on the Gay Eagle, Black Hawk, and Bunny claims to the west and northwest. Some workings are about 200 feet west of the claims. Expected ore bodies 15 by 300 feet that are found on the Gay Eagle are narrow and elongate, and could well be hidden on the unexplored strip. However, Mr. Hilpert now is of the opinion that chance of finding ore on this strip of ground is poor (personal communication).

Summary of factual data

The contract called for a maximum of 14,924 feet of non-core drilling to be done in four stages at the following stipulated costs:

Stage I

33 primary holes - 2,706 feet of drilling at $0.78/ft.	$ 2,110.68

Stage II

49 offset holes - 4,018 feet of drilling at $0.78/ft.	$ 3,134.04

Stage III

60 primary holes - 4,920 feet of drilling at $0.78/ft.	$ 3,837.60

Stage IV

40 offset holes - 3,280 feet of drilling at $0.78/ft.	$ 2,558.40	
Total estimated cost of project		$11,640.72
Government participation 90 percent, or		$10,474.65

Actual costs

Because of the unsuitable quality of the work, the contract was terminated following the completion of the second stage. Only Stage I work was paid for, and a pseudo-certification of discovery made to partially protect the Government against loss of the expenditures incurred. Actual costs follow:

Stage I

2,490 feet of non-core drilling at $0.78/ft.	$ 1,942.20	

Stage II (not allowable)

3,681 feet of non-core drilling at $0.78/ft.	$ 2,871.18	
Total cost of project		$ 1,942.20
Government participation at 90 percent, or		$ 1,747.98

Drilling equipment was furnished by the contractor, Coffey Drilling Company, and the holes were logged in part by the AEC.

CONCLUSIONS

Very little geologic information was obtained from this exploration program. There was an over-all lack of descriptive geological data, a complete absence of vertical control on collar elevations and naught but an "eyeball" map of hole locations. Economically, there apparently is no ore on the property. The interrelationships of structure to the few mineralized holes on the claims are unknown.

The contract was terminated and a certificate of discovery was issued on September 7, 1955. Additional exploration on the U.D.C. group of claims is not recommended.

ANNEX I

STAGE I

Table showing holes drilled under the contract

Hole No.	Peak count per second	Depth of peak count	Depth of limestone (ft.)	Peak count above L. S.	Total depth
1	309	58 ft.	71-91	13 feet	92
2		unfavorable	64-82		82
3	201	58 ft.	54-66		
4	165	50 ft.	42-60		
5		not logged	40-58		
6		unfavorable	43-55		
7		caved	53-65		
8		unfavorable	60-76		
9		unfavorable	40-56		
12	282	58 ft.	43-58		
13		unfavorable	68-94		
14		unfavorable	57-73		
15		unfavorable	51-71		
16	276	48 ft.	39-55		
17		unfavorable	47-73		
18	279	78 ft.	67-85		
19	225	74 ft.	83-103	9 feet	
20	240	58 ft.	66-86	8 feet	
21		not logged	66-88		
22	570	37 feet	50-66	13 feet	
23		not logged	41-61		
24	240	47 feet	69-85	22 feet	
25		not logged	67-89		
26		partly caved	55-81		
27		not logged	38-52		
28	360	65 ft.	71-77	6 feet	
29		not logged	88-106		
31		not logged	71-91		
32		unfavorable	57-70		
33		not logged	78-108		
34	267	94 feet	82-100		
35	1,920	68 feet	80-100	12 feet	

The above holes were spaced 200 feet apart (fig. 1).

ANNEX I

STAGE II

Table showing holes drilled under the contract

Hole No.	Depth of Limestone (feet)	Total Depth
1-1	78-94	100
1-2	67-83	90
1-3	68-84	90
1-4	75-93	100
12-1	53-69	75
12-2	49-63	67
12-3	39-59	60
12-4	40-56	58
12-5	38-54	60
12-6	47-61	85
12-7	74-90	95
12-8	62-72	75
16-1	47-65	70
16-2	42-58	60
16-3	31-49	50
16-4	25-47	50
16-5	29-53	60
16-6	43-57	60
16-7	39-67	75
16-8	62-72	75
18-1	66-84	90
18-2	60-80	90
18-3	56-76	85
18-4	56-72	75
18-5	43-71	75
18-6	62-86	90
18-7	75-95	100
18-7A		34 not completed
18-8	80-94	100
22-1	57-73	75

Hole No.	Depth of Limestone (feet)	Total Depth
22-2	52-72	75
22-3	47-63	65
22-4	51-69	75
22-5	38-62	65
28-1	68-86	90
28-2	63-79	85
28-3	63-79	85 not completed
28-4	87-94	94 not completed
28-4A	86-104	105
28-5	56-76	80
28-6	44-72	75
28-7	87-107	110
28-8	59-86	90
35-1	82-100	105
35-2	82-102	105
35-3	82-102	105
35-4	93-113	120
35-5	88-108	115
35-6	74-90	95
35-7	77-93	100
35-8	79-99	105

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
AUGUST 1956 Idm-E 655 DOCKET 3044

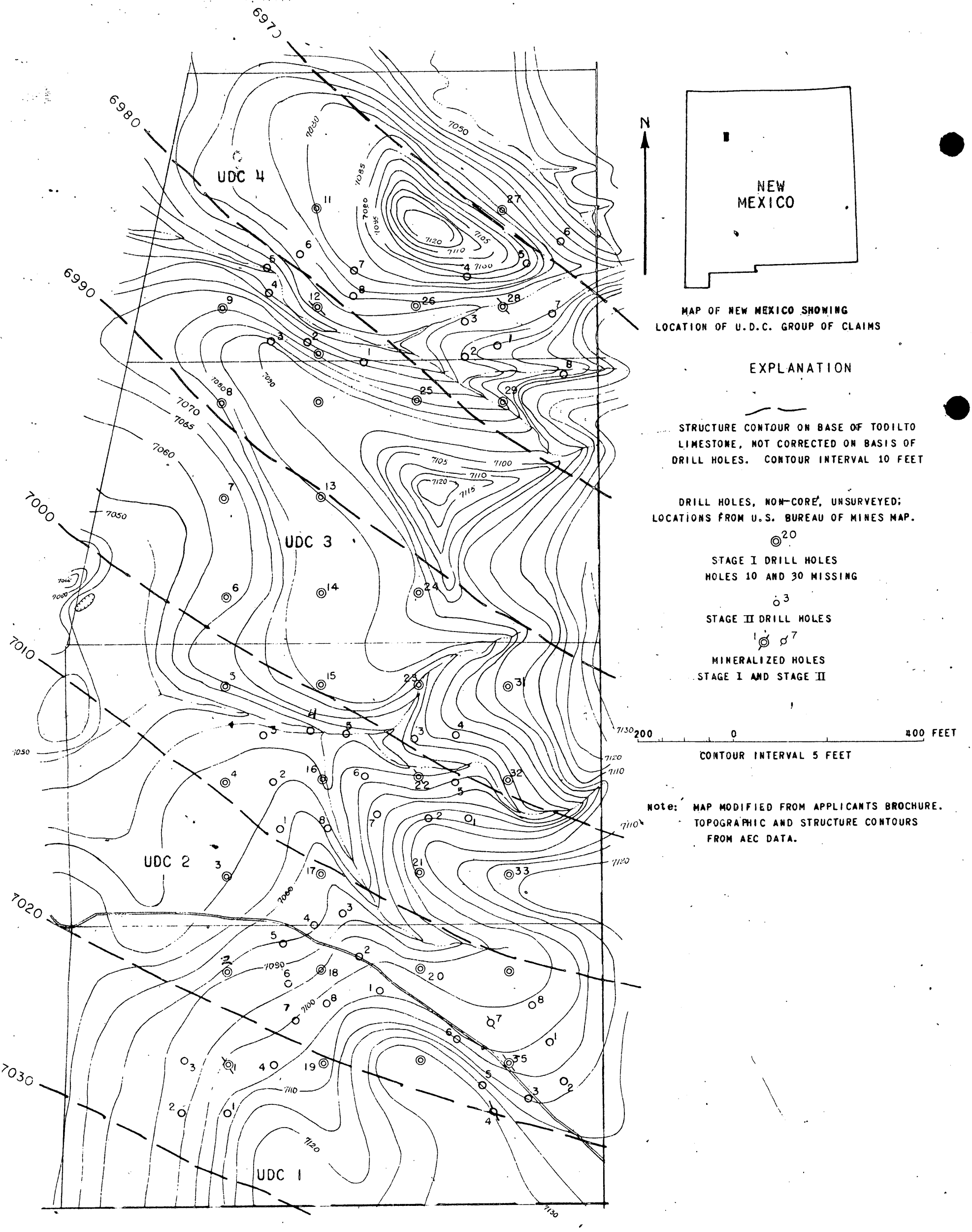

FIGURE 1.--U.D.C. GROUP OF CLAIMS, SECTION 4, T.12 N., R.9 W., N.M.P.M., VALENCIA COUNTY, NEW MEXICO.

5/31/56

U. S. DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

RECEIVED
MAY 31 1956

224 New Customhouse
Denver 2, Colorado

Date: May 25, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Royalty payments, Docket DMEA 3044 (Uranium), Contract Idm-E655, Uranium Development Corporation (UDC claims), Valencia County, New Mexico

Period: March, 1956

During the above month the following royalty payments were received for ore or concentrates shipped from the subject property:

Date	Lot No.	Dry Tons	Royalty Due	Royalty Paid	Bonus Roy. Due	Bonus Roy. Pd.
			(NONE)			

Totals:

Past Due Royalties Collected	None
Total Dry Tons (Ore or Cons.) Shipped to Date	None
Expiration Date of Royalty Repayment	January 8, 1964
Amount of Government Participation	$1,747.98
Total Royalty Payments to Date	None
Percent of Loan Repayment	----

for W. M. Traver

vj
cc Royalty File E 655 w/Settlement Sheets
Monthly Royalty Payment File
J. F. Shaw (2)
Chron.

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

RECEIVED
DEC - 1 1955

224 New Customhouse
Denver 2, Colorado

November 28, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-3044, Contract Idm-E655, Uranium Development Corporation, U. D. C. Claims, Valencia County, New Mexico

Reference is made to Report of Review dated November 23, 1955 covering the subject contract expenditures.

Payment on the Operator's February 1954 MF-104 Voucher which was processed by this office March 17, 1954 constitutes final payment under the terms of the contract, and is in conformance with the Report of Review.

The Operator's Narrative Report for February 1954 has been accepted as the Operator's Final Report.

W. M. Traver

By J. W. Townsend
J. W. Townsend

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

RECEIVED
OCT 1 7 1955

224 New Customhouse
Denver 2, Colorado

October 17, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3044 (Uranium), Contract Idm-E655, Uranium Development Corporation, U.D.C. Claims, Valencia County, New Mexico

Enclosed are the Government's, Division, and Docket copies of the Termination Agreement you sent to us on September 8, 1955, that have been signed by the Operator. Other copies have been distributed in the usual manner.

W. M. Traver

Enclosures

Surname 700

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Selfridge

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

Mr. W. N. Traver
Executive Officer
DMEA Field Team, Region III
22h New Customhouse Building
Denver 2, Colorado

SEP - 8 1955

Re: Docket No. DMEA-30hh (Uranium)
Contract No. Idm-E655
Uranium Development Corporation
U.D.C. Claims
Valencia County, New Mexico

Dear Mr. Traver:

Reference is made to our letter of May 27, your memorandum of June 1, and the telephone conversation between us on August 19, regarding final settlement and termination of the subject contract.

As you know, final settlement and termination of the contract have been held in abeyance for many months pending anticipated action by the Operator. We have delayed taking action with the hope that the Operator would succeed in selling his property and repay the Government's contribution as he proposed.

It is evident that such a settlement is now unlikely. Therefore, in accordance with your telephonic suggestion, we are enclosing the original and five copies of a proposed Termination Agreement between the Government and Uranium Development Corporation, signed by the Administrator.

If the Agreement is satisfactory to the Operator please have an authorized officer sign all six copies, and make the usual distribution thereafter.

You will note that item h of the Agreement provides for royalty payments on production in the same manner and amount as if certification of discovery or development had been made.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (SHB)

Enclosures

APPROVAL:

P. F. Yopes (SHB)
Member, Bureau of Mines

/s/ N. E. Nelson (SHB)
Member, Geological Survey

Code 700
Mr. Ching

Messrs. J. E. Crawford, Rm. 3641
T. H. Kiilsgaard, Rm. 5222
J. O. Hosted, Rm. 3210, GSA

Admr. Reading File
Operating Committee
Docket

MChing:am
9-2-55
cc to:

R.C.S.

Surname 700

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

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-3044 (Uranium)
Contract No. Idm-E655
Uranium Development Corporation
U.D.C. Claims
Valencia County, New Mexico

Dear Mr. Traver:

Reference is made to our letter of May 27, and your memorandum of June 1, 1955, regarding final settlement and termination of the subject contract.

You requested that we advise you as to what action to take to bring greater pressure to bear on the Operator in an effort to settle the account. While the Government could rescind the contract and require the repayment of all money previously contributed, this course of action does not appear to be warranted by the facts of the case. Accordingly, we have delayed further action hoping that the Operator would succeed in selling his property and repay the Government's contribution as he proposed.

It is evident that such a settlement is now unlikely. Therefore, we are enclosing the original and two copies of a Notice of Termination signed by the Administrator. If you are in agreement with this action please forward the original to the Operator.

You will note that the Operator is still obligated to provide the Government with an adequate geological and engineering report and that the Government may still certify a discovery if that is warranted. It is suggested that the Field Team submit its final report on the project as soon as possible so that a decision may be made regarding certification.

Sincerely yours,

Chairman, Operating Committee

Enclosures

MChing:am
8-15-55
cc to: Admr. Reading File
Operating Committee

APPROVED:

Member, Bureau of Mines

Member, Geological Survey

Docket
Code 700
Mr. Ching

Messrs. J.E.Crawford,Rm.3641
T.H.Kiilsgaard,Rm.5222
J.O.Hosted,Rm.3210,GSA

Docket Copy

NOTICE OF TERMINATION

To: Uranium Development Corporation
P. O. Box 387
Grants, New Mexico

Operator under Exploration
Project Contract Idm-8055
Docket No. DMEA-3044
Dated January 8, 1954

1. The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereby terminates the subject contract under the termination provisions thereof on the following ground:

In the opinion of the Government you have failed to prosecute operations pursuant to the terms of the contract in that:

You did not bring the project to completion within the period provided by the contract, June 8, 1954, and have not requested and justified an amendment extending the completion period; and

You did not submit adequate progress reports on the work done, including maps showing drill hole locations and elevations, geologic and radiometric logs of the drill holes, and results of chemical analyses of drill cuttings.

2. Upon receipt of this notice you are required by the contract to provide the Government with an adequate geological and engineering report (five copies), including an estimate of ore reserves, if any, resulting from the exploration work.

3. All rights of the Government provided for in the contract with respect to a certification of discovery or development and a percentage royalty and lien for its payment are preserved.

Dated this _____ day of _____, 1955.

THE UNITED STATES OF AMERICA

by _____
Administrator, Defense Minerals
Exploration Administration

Author
Hoffhud
Ching
~~Talbot~~ El

Docket Cop

NOTICE OF TERMINATION

To: Uranium Development Corporation
P. O. Box 38
Grants, New Mexico

Operator under Exploration
Project Contract Idm-E655
Docket No. DMEA-3044
Dated January 8, 1954

1. The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereby terminates the subject contract under the termination provisions thereof on the following ground:

In the opinion of the Government you have failed to prosecute operations pursuant to the terms of the contract in that:

You did not bring the project to completion within the period provided by the contract, June 8, 1954, and have not requested and justified an amendment extending the completion period; and

You did not submit adequate progress reports on the work done, including maps showing drill hole locations and elevations, geologic and radiometric logs of the drill holes, and results of chemical analyses of drill cuttings.

2. Upon receipt of this notice you are required by the contract to provide the Government with an adequate geological and engineering report (five copies), including an estimate of ore reserves, if any, resulting from the exploration work.

Dated this _____ day of _____ 1954.

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals
exploration Administration

Author
Chamberlin
Ching
Ellis
Kilgoard
Hedges

Surname copy

Ching
Ellis

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

August 22, 1955

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Michael Ching, Mining Engineer
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-304h (Uranium)
Contract No. Idm-E655
Uranium Development Corporation
UDC Claims
Valencia County, New Mexico

Sometime ago you prepared a Notice of Termination to be sent the subject Operator. The document was held in abeyance while the Field Team negotiated with the Operator with the view of arranging a termination of the contract upon repayment of the amount of Government participation.

These negotiations have been unsuccessful. In the meantime conditions have changed so that the original grounds for termination no longer appear to be applicable. Under these circumstances, a termination by agreement now appears to be appropriate.

Therefore, will you kindly prepare a Termination Agreement with the subject Operator in accordance with DMEA Circular 33. It is suggested that the effective date be June 8, 1954, and that Article 5' of the form be used with respect to repayment.

/s/ Michael Ching

Michael Ching

Attachment

MChing/gla
cc to: Docket
Code 700
Mr. Ching

August 19, 1955

Noted
OOM

Memorandum

To: The Files

From: George C. Selfridge
Special Assistant

Subject: Docket DMEA-3044, Contract Idm-E655 (Uranium), Uranium Development Corporation, UDC Group of Claims, Valencia County, New Mexico.

The subject docket, which had been submitted to the Operating Committee for transmittal of a unilateral termination agreement, was discussed with Mr. Traver over the telephone. He was asked if the Region had a copy of the operator's March 11, 1955, letter and if anything had been done regarding the letter. The answer was "no".

Mr. Traver was asked what kind of a person the operator was and did he think it would be possible to get the operator to sign a mutual termination agreement containing a psuedo certification clause. Mr. Traver suggested that a mutual termination agreement be drawn up and sent to him for forwarding to the operator personally by one of the field engineers. He thought the operator might sign the agreement.

George C. Selfridge
George C. Selfridge

GCSelfridge/hb (8/19/55)

Copy to: Docket File
Admr. R. File
C. O. Mittendorf
F. E. Johnson
Mr. Selfridge
Mr. Ellis

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

RECEIVED
JUN - 6 1955

224 New Customhouse
Denver 2, Colorado

June 1, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3044 (Uranium), Contract Idm-E655, Uranium Development Corp., UDC claims, Valencia County, New Mexico

Reference is made to your letter of May 27, 1955 wherein you request advice as to the status of the proposed settlement of the subject contract.

The president of the corporation, Mr. Ewing Williams, was contacted in person by a Bureau of Mines examining engineer on May 18 in an effort to obtain a commitment relative to the settlement of the account. However, promises of immediate action in the matter were very vague.

We would appreciate advice from you as to what action we should take to bring greater pressure to bear on the operator in an effort to settle the account.

W. M. Traver

W. M. Traver

Surname 700

Ching
Ely
Selfridge
Eldman
McKendry

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

MAY 27 1955

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

Re: Docket No. DMEA-3044 (Uranium)
Contract No. Idm-1655
Uranium Development Corporation
U.D.C. Claims
Valencia County, New Mexico

Dear Mr. Traver:

Reference is made to your letter of March 23, 1955, to Mr. Ewing Williams, President of the subject Corporation, regarding repayment of the Government's participation and termination of the contract.

Since two months have now passed, will you kindly advise us of the status of the proposed settlement.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (24B)

APPROVED:

J. H. Hedges (24B)
Member, Bureau of Mines

Thor H. Kiilsgaard (24B)
Member, Geological Survey

MChing:am
5-26-55

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
Code 700
Mr. Ching

R.G.B.

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

224 New Customhouse
Denver 2, Colorado

March 23, 1955

Mr. Ewing Williams, President
Uranium Development Corporation
Box 387
Grants, New Mexico

Re: Docket DMEA 3044 (Uranium)
Contract Idm-E655
Uranium Development Corporation
U.D.C. Claims 1 to 4
Valencia County, New Mexico

Dear Mr. Williams:

Reference is made to your letter of March 17, 1955, wherein you request written confirmation of verbal advice given you in this office that the Government would consent to the termination of the contract upon receipt of repayment in full of the amount of Government participation to date in the costs of work performed.

This letter can be considered as a confirmation of the above advice.

Records in this office indicate that reimbursements to you to date amount to $1,747.98. Upon receipt of your check in full for that amount made payable to the Defense Minerals Exploration Administration the matter will be forwarded to the Washington office, DMEA, for their preparation of the termination document.

Very truly yours,

W. M. TRAVER

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

JWT:jp
cc Subject
Chron
Harshman) with
Shaw) copy
Williams) opr's
Townsend) ltr
Chairman, Op. Comm. (2) 3/17/55

Docket (Surname) 700

Ching
Ellis
Chamberlin
Hodges
Kilsgaard
Selfridge
Kohlmann
Wetherill

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

MAR 23 1955

DEPARTMENT OF THE INTERIOR
DMEA
14X4401(01)Revolving Fund, Defense Production Act (Interior) (Allocated Working Fund to the Office of the Secretary)

TELETYPE

W. H. TRAVER
EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION III
224 NEW CUSTOMHOUSE BUILDING
DENVER 2, COLORADO

REURTT MARCH 21 URANIUM DEVELOPMENT CORPORATION DOCKET 3044

ADVISE OPERATOR GOVERNMENT WILLING TERMINATE CONTRACT UPON REPAYMENT AMOUNT OF GOVERNMENT PARTICIPATION TO DATE.

George C. Selfridge

George C. Selfridge, Chairman (2/B)
Operating Committee

MChing:am
3-22-55
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
Code 700
Mr. Ching
DMEA Field Team, Region III

SENT
MAR 23 1955
Clerical Service Section

R.C.S.

Chairman, Operating Comm., D.M.E.A.
3-21-55
6:17 P.M.

DN 235 BUR MINES 3-21-55 4-17 PM

CHAIRMAN, OPERATING COMMITTEE, DMEA

REFERENCE DOCKET DMEA 3044, CONTRACT IDM E655, URANIUM DEVELOPMENT CORP. OPERATOR ADVISES HE IS NEGOTIATING SALE OF PROPRTY XX PROPERTY AND PROPOSES, IF SALE IS CONSUMMATED, TO REQUEST TERMINATION OF THE CONTRACT AND REPAY TOTAL AMOUNT OF GOVERNMENT PARTICIPATION TO DATE. PLEASE TELETYPE ADVICE IF HIS PROPOSAL IS ACCEPTABLE AND AUTHORIZE US TO SO ADVISE HIM AS HE HAS REQUESTED.

W M TRAVER

Denver, Colo.

MAR 22 8 11 AM '55

BUREAU OF MINE
MAIL ROOM
WASHINGTON D.C.

3044

Grants, New Mexico
March 17th, 1955

Mr. W. M. Traver
U. S. Bureau of Mines
224 New Customhouse
Denver 2, Colorado

Dear Mr. Traver,

With reference to my letter dated April 12th, which I handed you in your office Monday, the 14th, with reference to cancelling the drilling as explained in my letter, you advised me that this could be done by my repaying the amount of money which has been advanced on the contract. My prospective purchaser has asked me to have this confirmed by letter from someone with authority in your agency and I will appreciate it very much if you will give this information to me in writing. Thanks.

Yours very truly

URANIUM DEVELOPMENT CORPORATION

By Ewing Williams
Ewing Williams, President

EW:jf

3/17/55 gla

Grants, New Mexico
March 11, 1955

Defense Minerals Exploration Administration
U.S. Dept. Interior
224 New Customhouse
Denver 2, Colorado

Attention: W. H. King, Executive Officer

Re: Docket DMEA 3044-Contract IDM-E655 UDC

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 9 1955

Dear Mr. King,

Referring to your letter September 20th, 1954 and Mr. Mithendorf's letter January 24th, 1954 from Washington above subject.

Not Received

We gave the geologic logs and radiometric logs to your Mr. G. Walker, Mining Engineer here last month and now enclose maps showing drill hole locations, elevations and have shown percentage of ore that samples from each hole showed.

Pending our submission of the latter wish to ask you to consider the following request for an extension of time to complete the exploration of the UDC claims as the first 5 months allotted for completion of the work expired June 8th, 1954. It is therefore necessary to ask an extension to August 15th, 1954 to allow for the completion of Stage 2 of the work as described in Exhibit A.

In addition to the above extension a request for recess during the period from August 15th, 1954 to May 15th, 1955 is hereby made. The recess period will allow time for the evaluation of the DMEA of the results to date as provided in the geologic report submitted and the location of holes provided for in Stage 3 if this additional drilling appears to be warranted.

In addition we ask for an extension to August 15, 1955 so as to complete Stages 3 and 4 of the drilling if they are authorized.

With regard to our proposal to Holly Uranium Corporation to sell the corporate stock, referred to in our letter of November 10th, to Mr. King, Holly did not exercise what was in effect an option and the deal was called off.

Am now negotiating with other parties on an option to sell the assets of the corporation which will include the claims we own. No papers have been signed but if they accept my proposition the purchasers will, under the terms, have to complete the drilling contract with your agency and if we agree on a deal, I will submit a request for your approval of the deal.

See Selfridge memo of Aug. 19, 1955 to the Files. mc.

I regret that we have delayed in getting these reports to you but it is due to my having given another party the map of our holdings and have had trouble in getting it back.

Trust this will enable you to consider the reports and our request for an extension.

Yours very truly

URANIUM DEVELOPMENT CORPORATION

By Benny Williams
President

cc: Mr. C. D. Mithendorf, Administrator
Washington, 25, D. C.

Surname copy

Ching
Ellis

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

February 28, 1955

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Michael Ching, Mining Engineer
Rare and Miscellaneous Metals Division

Subject: Notice of Termination
Docket No. DMEA-304h (Uranium)
Contract No. Idm-E655
Uranium Development Corporation
UDC Claims
Valencia County, New Mexico

Will you kindly prepare a Notice of Termination of Exploration Project Contract in accordance with the attached draft. Latter was prepared in accordance with DMEA Circular 33.

It is believed that this proposed action is the most practical that can be taken under the circumstances. Stage I results were not encouraging. While the Field Team authorized Stage II, and the work was completed by the Operator, latter made no attempt to have the contract amended to cover such work. No certification of discovery is warranted by the information secured from Stage I work.

/s/ Michael Ching

Michael Ching

MChing/gla
cc to: Docket
Code 700 contract file
Mr. Ching

Draft
2/28/55
MChing/gla

NOTICE OF TERMINATION
OF
EXPLORATION PROJECT CONTRACT

To: Uranium Development Corporation
Box 387
Grants, New Mexico

Operator under Exploration
Project Contract Idm-E655
Docket No. DMEA-3044,
dated January 8, 1954.

1. The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereby terminates the subject contract, effective June 8, 1954, under the termination provisions thereof on the following grounds:

In the opinion of the Government you have failed to prosecute operations pursuant to the terms of the contract in the following respects:

You did not bring the project to completion within the period provided by the contract, nor did you request and justify an amendment extending such completion period beyond June 8, 1954. Furthermore, you did not submit adequate progress reports on the work done, including maps showing drill hole locations and elevations, geologic and radiometric logs of the drill holes, and results of chemical analyses of drill cuttings.

2. Upon receipt of this notice you are required by the contract, to provide the Government with an adequate geological and engineering report (five copies), including an estimate of ore reserves, if any resulting from the exploration work.

Surname copy

700

Ching
Ellis
Fehlmann
Selfridge

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

JAN 24 1955

Mr. Ewing Williams, President
Uranium Development Corporation
Box 387
Grants, New Mexico

Re: Docket No. DMEA-304h (Uranium)
Contract No. Idm-E655
UDC Claims
Valencia County, New Mexico

Dear Mr. Williams:

The completion date of the subject contract was June 8, 1954. You completed Stage I drilling in February and were authorized to proceed with Stage II drilling on June 23. Unfortunately you neglected to request an extension of the completion period through an amendment to the contract, and Stage II drilling was completed in July while you were in default.

Nevertheless, our Executive Officer, Mr. W. H. King, in letters dated September 20, November 8, and November 15, 1954, urged that you request and justify an amendment extending the completion period of the contract so that you could receive credit for the work completed. No such request and justification has ever been received. Furthermore, you have not submitted adequate progress reports on the work done, including maps showing drill hole locations and elevations, geologic and radiometric logs of the drill holes, and results of any chemical analyses of drill cuttings.

It was reported last November that you had taken steps to sell your interest in the property covered by the subject contract, but we have not been advised as to the final outcome of this move. As you must know, the contract provides that the Operator shall not transfer his 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.

In order that we may determine the proper procedure in connection with this project, it is requested that you submit an engineering and geological report of the work completed under Stages I and II, including geologic and radiometric logs of the drill holes, results of chemical analyses, and maps showing drill hole locations and elevations.

RCH

If we do not receive the information requested within 30 days we will be required to take appropriate action to protect the Government's interest.

Sincerely yours,

C. O. Mittendorf

Administrator

MChing/gla
1/20/55
cc to: Admr.'s Reading File
Docket
Messrs. J. E. Crawford, Rm. 3641
T. H. Kiilsgaard, Rm. 5224
J. O. Hosted, Rm. 3210, GSA
Code 700
Mr. Ching
DMEA Field Team, Region III (2)

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

JAN 17 1955.

Memorandum

To: The Administrator, DMEA
Attention: E. W. Ellis

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3044 (Uranium), Contract No. Idm-E655, Uranium Development Corporation, UDC Claims 1 to 4, Valencia County, New Mexico

Reference is made to a memorandum from Mr. Ellis to me dated January 11 referring to a memorandum from the Executive Officer, Region IV, to the Operating Committee, all relating to the action to be taken in view of the Operator's default under the Contract.

In Mr. King's memorandum to the Operating Committee he says:

> ". . .we recommend that the Contract be rescinded as though it never existed."

I do not know whether Mr. King means by this that the Government should attempt to recover the money previously contributed in the sum of $1,747.98.

As I understand the facts, they are:

The Operator is in default in the performance of the work, the work is in suspension, the time for completion has passed, and the Operator fails to make the required reports or to present suitable vouchers for contribution by the Government.

The Government's remedies and choices of courses of action are fully described in Circular 33, to which reference should be made. In brief, the Government may choose between the following courses of action:

1. The Government may terminate the contract under

the provisions thereof, for the default of the Operator, in which case the Government will not recover the money previously contributed.

2. The Government may rescind the Contract and require the repayment of all money previously contributed.

3. The Government may demand performance by the Operator and completion of the work provided for in the contract. This would necessitate an extension of time for performance. This course has in effect already been resorted to, but the Operator up to this point seems to have ignored the proposal.

The letter of the Operator to Mr. King dated November 10, 1954, indicates that the Operator is endeavoring to dispose of all of its interests involved in this exploration contract by selling all of its stock to the Holly Uranium Corporation. Although the Operator may do this without the consent of the Government, yet the transaction cannot have the effect of transferring the exploration contract unless the Government gives its consent. In this respect, the Executive Officer's letter to the Operator dated September 20, 1954, is erroneous. In the opening paragraph of that letter the Executive Officer states that the Operator cannot sell the property without the written consent of the Government. The contract form does not so provide; it provides that the Operator cannot sell his interest in the land without preserving the Government's rights under the contract, nor assign the contract without the consent of the Government.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

JLHofflund:gjb 1/14/55

Copy to: DMEA Docket
Solicitor's Docket
J. L. Hofflund
E. W. Ellis
Chron. File

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

January 11, 1955

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Ernest Wm. Ellis, Chief
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-304 (Uranium)
Contract No. Idm-E655
Uranium Development Corporation
UDC Claims 1 to 4
Valencia County, New Mexico

Reference is made to W. H. King's (Executive Officer Region IV) letter of January 4, 1955. Evidently the Operator has failed to comply with the provisions of the captioned contract. The Executive Officer recommends "that the contract be rescinded as though it never existed."

Under the contract we fail to see how this is possible. On the other hand, there seem to be at least two courses of action which might be taken, namely:

1. Rescind the authorization for Stage 2 of the contract which authorization was given on June 23, 1954, and thus automatically terminate the contract; or, perhaps, issue a written termination notice.

2. Look to the Operator to complete the contract or refund the Government's contribution which, according to the only MF-104 received (Feb. 1954), amounted to $1,747.98.

Since the recent correspondence is self-explanatory, it is thought best not to attempt to brief same in this memorandum. At best, the drilling under Stage I, according to what information is available, did not result in more than an indication of slight mineralization, it is doubtful whether the authority to drill Stage II should have been given.

Kindly make your recommendation of the best course of action and, if such is necessary and you deem it advisable, prepare the papers for said action.

Ernest Wm. Ellis

Ernest Wm. Ellis

EWEllis/gla
cc to: Docket
Division contract file

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

224 New Customhouse
Denver 2, Colorado

January 4, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3044 (Uranium), Contract Idm-E655, Uranium Development Corp., Valencia County, New Mexico

Reference is made to our letters to the operator of September 20, November 8, and November 15, 1954, relative to nonperformance of work under the subject contract, copies of which were forwarded to you.

Inasmuch as we have been unable to obtain a satisfactory resolution of the matters concerned we will appreciate it if you will review your files and initiate such action as is indicated.

If the operator will not supply a corrected cost report for the work performed during the month of July 1954 and will not take immediate steps to continue with the work to a satisfactory completion, we recommend that the contract be rescinded as though it never existed.

W. H. King

11/17/54 gla

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 17 1954

224 New Customhouse
Denver 2, Colorado

November 15, 1954

Mr. Cyrus M. Rouse, Secretary-Treasurer
Uranium Development Corporation
Box 387
Grants, New Mexico

Re: Docket DMEA 3044 (Uranium)
Contract Idm-E655, Uranium
Development Corporation
UDC Claims 1 to 4
Vanencia County, New Mexico

Dear Mr. Rouse:

Receipt is acknowledged of your letter of November 10, 1954, which was in reply to our letter of November 8 relative to work and reports thereon under the caption contract.

If you are desirous of maintaining the contract in force and obtaining reimbursement under the terms of the contract for the cost of work performed subsequent to June 8, 1954, it is necessary, as explained in our letter of September 20, that the period for completion of the project work be extended.

Therefore, the important matter for early attention by you is a request for an extension of the period for completion of the project work for such time as you deem will be necessary. In addition, you should request authorization of a recess of operations for such a period as you contemplate it will be necessary to resolve matters relative to the assignment of the contract in the event the property is sold and the new operating company desires to continue work under the contract.

Your request for authorization of a recess of operations should state the date operations under the contract were suspended, and the date on or before which you expect they will be resumed.

Please furnish this office with the original and five copies of such a request for extension of the period for completion of the work and the recess of operations.

Very truly yours,

W. H. KING

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

JWT:dm

cc: Subject
AHKoschmann (w/encl)
WMTraver (w/encl)
ALBrokaw (w/encl)
Chairman, Oper. Comm. (w/encl)

DEPT. OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 17 1954

Mining Division
Date Rec'd.
NOV 15 1954
BUREAU OF MINES
Denver, Colorado

Grants, New Mexico
November 10, 1954

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

Re: Docket DMEA 3044 (Uranium)
Contract Idm-E655, Uranium
Development Corporation
UDC Claims 1 to 4
Valencia County, New Mexico

Attention: John F. Shaw.

Dear Mr. Shaw:-

Acknowledging yours of the ~~18th~~ 8, I have checked with the president of the UDC and find that due to permitting other parties to take both copies of Mr. Rappaport's report and so far failing to have them returned, the corrected drilling reports have not been sent in nor was your letter answered.

We are wiring the parties again hoping one of them will return the drilling report and maps both of which were prepared by Mr. Rappaport.

As to sale. The stockholders propose to sell all the stock of the corporation to the Holly Uranium Corporation a newly organized subsidiary of the Holly Corporation of 60 E 42nd Street, New York City. I will add that this is one of the parties who have a copy of Rappaports report.

The stock of the Uranium Development Corporation has not been transferred, however, and is still owned by Ewing Williams, President who has 214 shares, William G. Coffey Vice president 14 shares and the writer with only 2 shares who is secretary, and not active except to sign papers. The par value of the stock is $100.00 per share making a paid in capital of $23000.00.

The sale, so far, is what we might say a tentative deal which practically amounts to an option, and until at ~~least~~ least $60,000.00 is paid in addition to transfer to the present stockholders of $50,000.00 in Holly Uranium Corporation stock, the sale will not be effective. A simple agreement was made by letter to C. G. Wray of New York City representing

Holly Corporation, is as far as we have gone. This letter signed by Mr. Williams as president and the writer stated terms of sale which called for an earnest money payment on or before September 1st, 1954 which was made.

As to obtaining approval under the terms of contract with your agency, will appreciate your advising if we should apply to your office and if not where as we wish to handle this sale in accordance with the rules, this being our obligation to see there are no defects in title whatever.

I hope to get the corrected reports mailed you later this week but thought it better to hold them until I could enclose the Rappaport reports.

Thanking you, we are

Very truly yours,
URANIUM DEVELOPMENT CORPORATION

By Cyrus M Rowe
Secretary-

CMR ~~UDC~~;cb

11/15/54 gla

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

224 New Customhouse
Denver 2, Colorado

REGISTERED

November 8, 1954

Mr. Cyrus M. Rouse, Secretary-Treasurer
Uranium Development Corporation
Box 387
Grants, New Mexico

Re: Docket DMEA 3044 (Uranium)
Contract Idm-E655, Uranium
Development Corporation
UDC Claims 1 to 4
Valencia County, New Mexico

Dear Mr. Rouse:

Reference is made to our letter of September 20, 1954, to Mr. William G. Coffey, copy of which is attached, relative to work and reports thereon on Contract Idm-E655.

As of this date, we have not received a reply from Mr. Coffey; therefore, we are referring the matter to you for your attention. Unless the matters discussed in our letter of September 20, 1954, are resolved at an early date, it will be necessary for us to refer the entire matter to the Washington Office, DMEA for appropriate action.

In addition to the matters discussed in our letter of September 20, 1954, please advise the current status of work on the property described under Article 2 of the Contract, and give us the names of the present officers of the corporation if there has been any change since the Contract was executed.

Yours very truly,

John F. Shaw

John F. Shaw
For W. H. King
Executive Officer, DMEA
Field Team, Region IV

JWT:mn

cc: Subject
A.H.Koschmann w/enc.
W.M.Traver w/enc.
A.Brokaw w/enc.
Chairman, Oper. Comm. w/enc.
J.W.Townsend
Chron.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 24 1954

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

224 New Customhouse
Denver 2, Colorado

September 20, 1954

Mr. William G. Coffey, Vice President
Uranium Development Corporation
Box 387
Grants, New Mexico

Re: Docket DMEA 3044 (Uranium),
Contract Idm-E655, Uranium Development Corp., (UDC Claims 1 to 4)
Valencia County, New Mexico.

Dear Mr. Coffey:

We have been informed that the property included under DMEA Contract Idm-E655 has been sold by the Uranium Development Corporation. This is not authorized without the written consent of the Government. You are referred to Article 7 of Contract Form MF-200A. We are awaiting a statement from your company as to present ownership status and future plans of the Uranium Development Corporation regarding the sale of this property.

Contract Idm-E655 expired on June 8, 1954. In order that any costs for work performed under Stage II may be allowable, it will be necessary for you to submit a request - 6 copies - that an amendment be prepared to extend the completion date of the contract. Your request should state the amount of additional time required and also your reasons why additional time is required.

We are returning your Monthly Report Forms MF-104 and MF-104A for July 1954 for corrections and additions as indicated below. Your attention is directed to Article 5 of your contract and also to the reverse side of Form MF-104 for directions in the preparation of Monthly Reports.

1. Forms MF-104 and MF-104A must be accompanied by a Narrative Report with maps showing the accurate locations of drill holes completed under Stage I and Stage II with collar elevations.

2. It is our understanding that all drill holes have been radiometrically logged by I. Rapaport, a private consultant. We request that you submit a copy of the report prepared by Mr. Rapaport. We should also be furnished any assay information you may have regarding holes drilled under DMEA Contract Idm-E655.

Your monthly report Forms MF-104 should only make claim for drilling as allowed by contract. Under Stage II drilling only 49 holes are allowed whereas our inspecting engineer reports 51 holes were drilled. Any drilling performed at a depth greater than two feet below the Todilto limestone must be borne wholly at Uranium Development Corporation expense. Also any holes drilled within 100 feet of your claim boundary lines and other holes not within a reasonable nearness to the hole locations as specified in the Stage II Authorization with the attached map are not allowable.

We are enclosing additional forms for your use in the preparation of your revised report.

Yours very truly,

W H King

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

Enclosures

RDB:mb
cc: Corres. File E655
Contract File E655
Sec. to Oper. Comm. (2)
WMTraver
TAChristensen
Chron.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver 2, Colorado

June 24, 1954

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 3044, Contract Idm-E655 (uranium), Uranium Development Corporation, Valencia County, New Mexico

Transmitted herewith are 11 copies of a memorandum report by J. D. Strobell Jr., U. S. Geological Survey, recommending exploration to be pursued under the second stage of the subject contract.

Mr. Strobell explains the difficulty of outlining the second stage exploration when he has been furnished little or no information on the results of the first stage exploration. He recommends 49 offset drill holes to explore possible ore-bearing limestone in the area of completed drill holes 35, 22, 28, 12, 18, 16, and 1.

In the last 2 paragraphs of the memorandum Strobell outlines the data required for a geologic interpretation of the exploration program. The operator should be required to furnish these data immediately for all holes drilled under the contract and to include similar information in his monthly progress report as required under Paragraph 5 of his exploration contract.

E. N. Hausman
for A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Enclosures (11)

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P.O. Box 360
GRAND JUNCTION, COLO.

June 21, 1954

Memorandum

To: A. H. Koschmann, Field Team, Region IV

From: W. P. Williams, Colorado Plateau District

Subject: DMEA 3044, contract Idm E-655, (uranium), Uranium Development Corp., (UDC claims 1-4), Valencia County, N. Mex.

Transmitted herewith are nine copies of a memorandum report prepared by J. D. Strobell, Jr., on the subject project. Strobell's report contains recommendations concerning Stage II of contract Idm E-655, of the contract in general; and the attached map shows the proposed locations of offset holes to be drilled in Stage II of the project.

WPWilliams

W. P. Williams
Geologist

Enclosures

WPW/mlr

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P.O. BOX 360
GRAND JUNCTION, COLO.

June 21, 1954

MEMORANDUM

To: W. H. King and A. H. Koschmann, Field Team, Region IV

Through: R. P. Fischer RPF
District Supervisor

From: J. D. Strobell, Jr. JDS

Subject: DMEA 3044, contract Idm E-655, (uranium), Uranium Development Corp., (UDC claims 1-4), Valencia County, N. Mex.

Stage I exploration under the above contract has completed 32 drill-holes, spaced 200 feet apart. A map showing the locations of the holes that were to be drilled in the first stage of the work is attached (fig. 1). We are requested orally by the Field Team to recommend sites for Stage II offset holes. Under the terms of the contract, a maximum of 49 Stage II holes at 100-foot coordinate intersections are permitted with the prior written approval of the Field Team.

Logically, location of Stage II holes should depend upon the results of Stage I drilling. To date we have received in the way of results radiometric logs made by the Atomic Energy Commission, of 24 of the 32 holes drilled. In addition, R. R. McLellan, USBM, in his memo of May 21, 1954, reports the depths between which limestone cuttings were collected in each of the 32 holes drilled. We have no map showing the actual location of the holes drilled, no collar elevations of the holes drilled, neither lithologic nor driller's logs of the holes drilled, and no chemical or radiometric assays of limestone cuttings from the holes drilled.

Lacking this engineering and geologic information, recommendations for Stage II drilling must necessarily be based solely upon the AEC's interpretation of their radiometric logging, and no comparison can be made between that interpretation and a geologic interpretation, in an attempt to evaluate the results of the radiometric logging.

In interpreting radiometric logs of holes spaced 200 feet apart, as in this project, AEC uses the maximum radioactivity recorded in each hole as a basis for comparing the holes with each other. Radioactivity of about 1500 counts per second on their instrument is considered by AEC to represent material of about 0.10 per cent U_3O_8 in the limestone of the Grants district. AEC has ranked the holes as follows, according to the peak radioactivity encountered.

Hole No.	Peak Counts per second	Logged Depth of Peak	Total Depth Logged	Depth of Limestone Sampled
35	1920	67'	100'	80-100'
22	570	36	66	50- 66
28	360	66	76½	71- 77
12	282	57½	58	43- 58
18	279	77	85½	67- 85
16	276	47½	55	39- 55
1	275	57	91	71- 91
34	267	94	99	82-100
24	240	46	86	69- 85
20	240	57½	85	66- 86
19	225	74½	103	83-103
3	201	57½	66	54- 66
4	165	50	62	42- 60
17	120	65½	73	47- 73
8	partly caved		68	60- 76
26	partly caved		58	55- 81
7	partly caved		35	53- 65
2	barren		83	64- 82
6	barren		58½	43- 55
9	barren		53½	40- 56
13	barren		86	68- 94
14	barren		72½	57- 73
15	barren		71½	51- 71
32	barren		70	54- 70

Holes 5, 20, 21, 23, 27, 31, and 33 were not accessible to the logging vehicle. Starting with offset holes around the "hottest" primary hole and proceeding down the list, 8 offsets on 100-foot grid intersections should be drilled as permitted by the limit of 49 holes placed upon Stage II drilling:

Hole 35	8	offsets
22	8	
28	8	
12	8	
18	8	
16	5	(3 in common with hole 22)
1	4	(1 in common with hole 18)
	49	

The location of these Stage II offset holes is shown in figure 1.

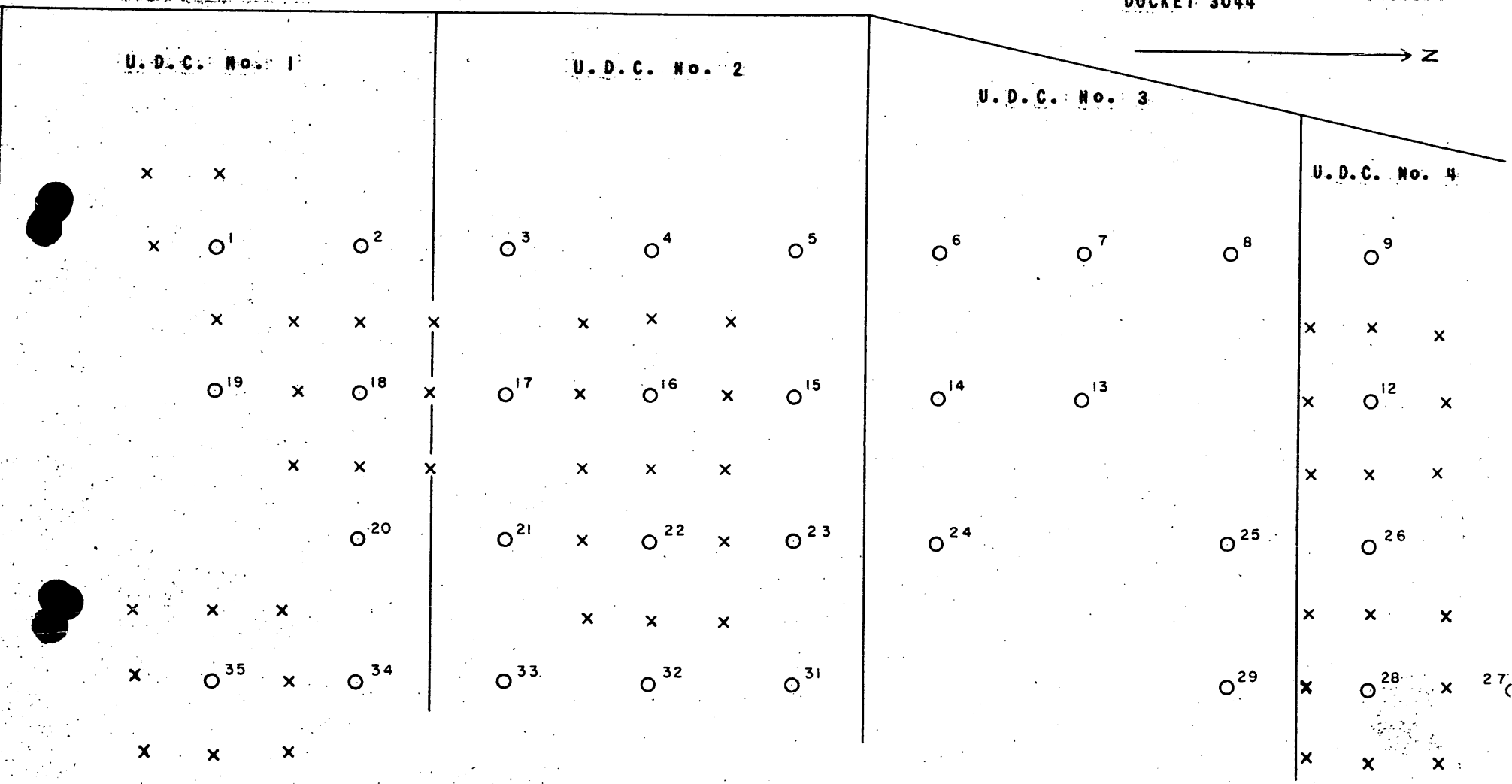
With respect to holes 28 and 12, the north tier of offsets would appear to be quite deep judging from the structure contour map submitted originally by the applicant. Inasmuch as hole 28 proved to be 19 feet shallower than predicted, hole 12, 26-feet shallower, and hole 27, 49-feet shallower, it seems feasible to drill these northern offsets and thus more adequately test the ground adjacent to primary holes 28 and 12.

In view of the performance obtained so far on this contract, it seems desirable explicitly to require the operator to: (1) survey accurately the actual hole locations and elevations and provide a map showing them in his monthly report of progress; (2) furnish drillers and lithologic logs of the holes drilled in his monthly report; (3) report assay returns in his monthly report; (4) do sufficient work on drill-site roads to permit access to every hole by AEC's radiometric logging unit. Copies of the reports should be furnished us if we are to be responsible for geologic interpretation and recommendations.

I believe the operator should be required to complete the survey of Stage I holes and arrange to have AEC complete the radiometric logging of them while the initial Stage II drilling is done. It might be entirely justified under Article 5 of the contract to withhold approval of Stage II drilling until the survey, driller's logs, assay returns, and radiometric logging are completed. The objective of the drilling is to gain information; that information is at present largely lacking.

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 3044



EXPLANATION

O4 Stage I hole drilled

× Recommended Stage II offset hole

200 0 400 FEET

PLAN FOR STAGE II DRILLING ON URANIUM DEVELOPMENT CORPORATION CLAIMS
VALENCIA COUNTY, NEW MEXICO

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
May 25, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 3044, contract Idm-E655 (Uranium) Uranium Development Corporation (U.D.C. Nos. 1-4 claims), Valencia County, New Mexico

Enclosed are the original and seven copies of Russell R. McLellan's memorandum recommending 49 holes for Stage II drilling on the subject contract.

The recommendation is made after consultation with Geological Survey personnel in Grand Junction and we are including two copies of W. P. Williams' memorandum of which you already have a copy. We have a copy of Atomic Energy Commission radiometric logs if you have need for them in making up your amendment.

W. M. Traver

W. M. Traver

enclosures

cc
WPWilliams
E655
DMEA Chron.

WMT/pam

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
May 21, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: Russell R. McLellan

Subject: DMEA 3044, contract Idm-E655 (Uranium), Uranium Development Corporation (U.D.C. Nos. 1-4 claims), Valencia County, New Mexico

Upon receipt of the radiometric logs and the iso-rad map prepared by W. P. Williams of the Geological Survey, in connection with Stage I drilling on the subject contract, all splits obtained from samples of limestone cuttings from Stage I holes were checked with a scintillator. No trace of radioactivity was noted in any of the samples; therefore, it is doubtful that chemical or radiometric assays of the splits would be of any value in determining the true merit of the holes. Although W. P. Williams has pointed out in his letter of May 17, 1954, that the gamma-ray logs provided by the Atomic Energy Commission may be misleading due to a lack of information concerning the conditions under which the logging was done, it may be necessary, nevertheless, to set up the Stage II drilling entirely on the results of the logging.

In plotting the limestone on each gamma-ray log, it becomes obvious that the position of the highest peak in counts per minute in many of the holes is above the limestone. The depth and thickness of the limestone encountered in each hole was obtained by checking in the field each sample of the cuttings collected at intervals of 2 feet throughout the ore horizon. Drillers' logs have been requested from the company but as yet have not been received. The drillers' logs will be of value in checking the sample depths as well as the thickness and depth of the limestone. As shown by Williams on the iso-rad map, a "high" apparently exists in the east portion of the U.D.C. claim No. 1 and possibly extending into the east-central portion of U.D.C. claim No. 2. Five of the eight more favorable holes in this area have a peak count in a zone above the limestone. This may or may not be indicative of an upper radioactive horizon. The highest peak count of 1,920 was obtained about 12 feet above the limestone in hole 35.

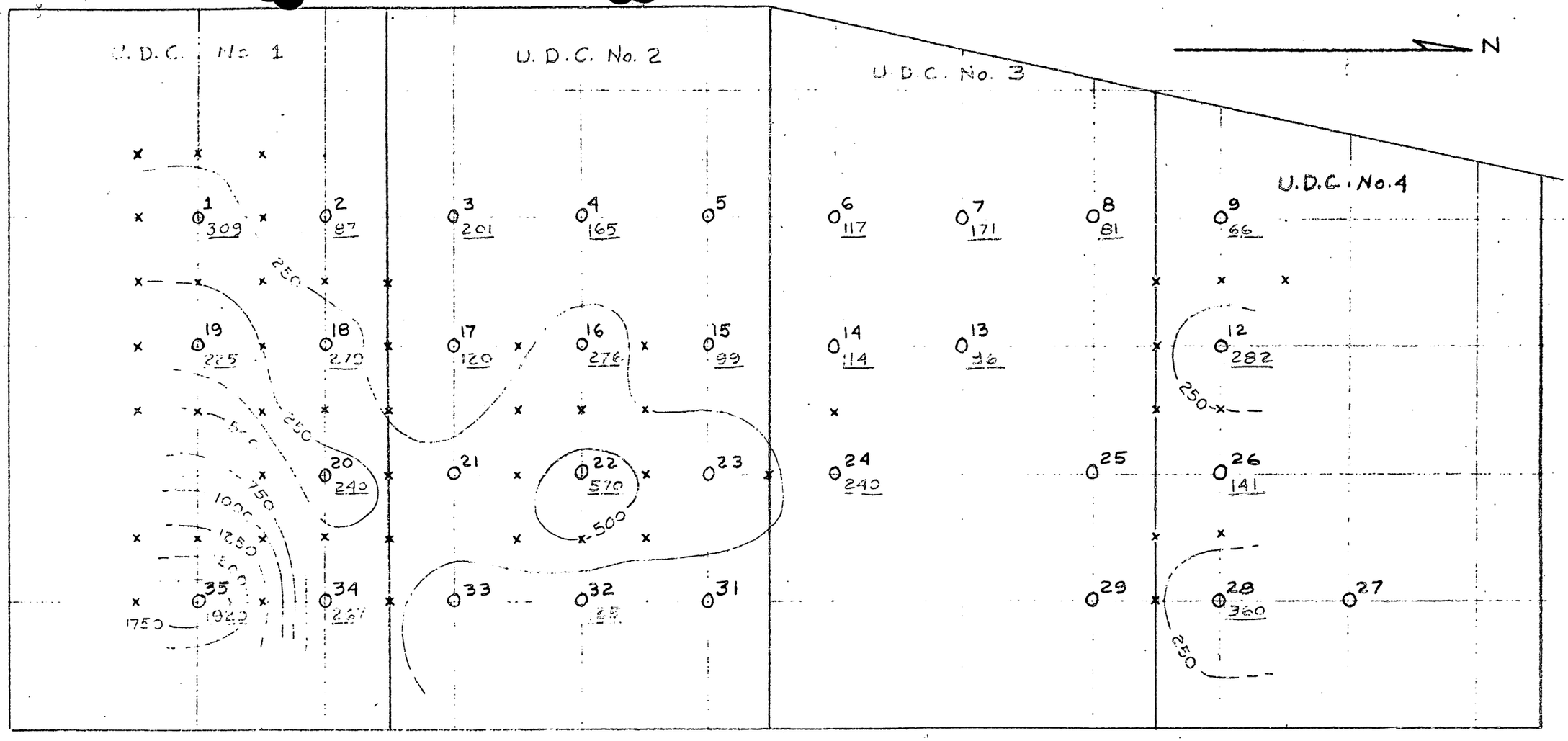
Following is a comparison of the depth of the highest peak in counts per second obtained on the gamma-ray logs of the more favorable holes

as compared with the depth and thickness of the limestone encountered during actual drilling:

Hole No.	Peak count per second	Depth of peak count	Depth of limestone	Distance of peak count above limestone
*1	309	58 feet	71 to 91 feet	13 feet
2	Unfavorable		64 to 82 feet	
3	201	58 feet	54 to 66 feet	
4	165	50 feet	42 to 60 feet	
5	Not logged		40 to 58 feet	
6	Unfavorable		43 to 55 feet	
7	Caved		53 to 65 feet	
8	Unfavorable		60 to 76 feet	
9	Unfavorable		40 to 56 feet	
12	282	58 feet	43 to 58 feet	
13	Unfavorable		68 to 94 feet	
14	Unfavorable		57 to 73 feet	
15	Unfavorable		51 to 71 feet	
16	276	48 feet	39 to 55 feet	
17	Unfavorable		47 to 73 feet	
18	279	78 feet	67 to 85 feet	
*19	225	74 feet	83 to 103 feet	9 feet
*20	240	58 feet	66 to 86 feet	8 feet
21	Not logged		66 to 88 feet	
*22	570	37 feet	50 to 66 feet	13 feet
23	Not logged		41 to 61 feet	
*24	240	47 feet	69 to 85 feet	22 feet
25	Not logged		67 to 89 feet	
26	Partially caved		55 to 81 feet	
27	Not logged		38 to 52 feet	
*28	360	65 feet	71 to 77 feet	6 feet
29	Not logged		88 to 106 feet	
31	Not logged		71 to 91 feet	
32	Unfavorable		54 to 70 feet	
33	Not logged		78 to 108 feet	
34	267	94 feet	82 to 100 feet	
*35	1,920	68 feet	80 to 100 feet	12 feet

The above holes which are asterisked show peak counts at positions above the upper contact of the limestone. It should be noted that of the 13 more favorable holes the highest peak count occurs above the limestone in 7 of the holes, including hole 35 which possibly contains ore grade material. Since a scintillator check of splits of the limestone cuttings from these holes showed no indication of radioactivity, the possibility of an upper ore horizon should be considered.

Since the samples of cuttings apparently will be of little or no value in determining the U_3O_8 content of the holes, the writer is



LEGEND

O² DRILL HOLE COMPLETED - STAGE I

× DRILL HOLE PROPOSED - STAGE II

135 COUNTS PER SECOND

ISORAD CONTOUR

CONTOUR INTERVAL - 250 C.P.S.

SCALE - 1 IN. = 200 FT.

BASE MAP BY U.D.C. CORP.

RADIOMETRIC READINGS BY A.E.C.

ISORAD CONTOURING BY U.S.G.S.

MINERAL RESOURCES BRANCH
MINING DIVISION - REGION IV
BUREAU OF MINES

Iso-rad map showing proposed holes for Stage II drilling, Uranium Development Corp., U.D.C. Claims, Valencia County, N.M., DMEA 3044, Contract Idm-E655

submitting tentative locations of 49 holes to be drilled under Stage II based upon the somewhat indefinite results of the gamma-ray logging. The locations are indicated on the attached iso-rad map prepared by Williams. Assuming an average depth of 82 feet per hole, the maximum allowable footage will be utilized. It should be noted that the ground north of holes 12 and 28 is covered by excessive depths of dune sand thus eliminating the possibility of offset drilling in that direction.

It is believed by the writer that Stage I of the program has accomplished little more than to establish the presence of the limestone and the presence of one or two possibly favorable areas. Therefore, considering the type of deposit in this area, as much footage as possible should be utilized to more adequately explore the claims particularly in the slightly more favorable areas as indicated by the iso-rad map.

Unless a major change is made in the contract to allow for the cost of preventing dilution of samples, the use of gamma-ray logging again will be vitally important to more fully establish the value of each hole drilled in Stage II.

R. L. Bolmer
for Russell R. McLellan
Mining Engineer

Attachment

cc /7
WPWilliams
DMEA Chron.
E655

RRM/pam

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

224 New Customhouse
Denver 2, Colorado

June 23, 1954

Uranium Development Corporation
P. O. Box 387
Grants, New Mexico

Re: Docket DMEA 3044 (Uranium)
Contract Idm-E655

Gentlemen:

Consistent with the stipulations contained in Exhibit "A" attached to Exploration Project Contract Form MF-200(A) (February 1952), caption "Description of the work", subheading "Stage II", you are hereby authorized to drill 49 offset holes on the U.D.C. No. 1, No. 2 and No. 4 claims, as shown on the attached map titled "Plan for Stage II Drilling on Uranium Development Corporation Claims, Valencia County, New Mexico".

All holes are to be drilled in conformance with specifications contained in Exhibit "A" pertaining thereto.

Nothing in this drilling authority shall 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".

Very truly yours,

W H King
W. H. King

for E. N. Hanchman
A. H. Koschmann

DMEA Field Team, Region IV

JWT:jp
cc Contract
Amdt
Chron
COMittendorf (3)
WMTraver
WPWilliams
AHKoschmann
TAChristensen
JWTownsend

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

224 New Customhouse
Denver 2, Colorado

March 25, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3044 (Uranium), Contract Idm-E655, Uranium Development Corporation (UDC Nos. 1 - 4 claims), Valencia County, New Mexico.

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data pertaining to work under the subject contract for the month of February 1954.

John F. Shaw
John F. Shaw
For W. H. King

Enclosures

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

224 New Customhouse
Denver 2, Colorado

March 17, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3044 (Uranium), Contract Idm-E655, Uranium Development Corporation (UDC Nos. 1 - 4 claims), Valencia County, New Mexico. Operator's Monthly Progress Report for the period February 1954.

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

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 90 per cent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks:

Date of Report	February 16, 1954.
Date Received in Field Office	March 5, 1954.
Date Received in Region Office	March 16, 1954.

W. H. King

W. H. King

Enclosures

RDB:cwm

cc: Contract
Secretary to the Oper. Comm. (2)
WMTraver
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 15, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 3044, Contract Idm-E655 (Uranium), Uranium Development Corporation (UDC Nos. 1-4 claims), Valencia County, New Mexico--Progress report for February 1954

Transmitted herewith are the original and four copies of the subject progress report, the initial one--forms MF-104 and MF-104A, with narrative--and the original and six copies of Russell R. McLellan's memorandum covering his inspection of the rotary drilling and checking of the reporting forms. The contract is unit cost on short form MF-200(A) and documentation is not required.

McLellan confirms completion of Stage I by the drilling of 30 holes with one hole No. C-11 abandoned at 75 feet, and 2 holes, Nos. C-9 and E-7, omitted because of inaccessibility. This evidently is not contrary to the terms of the contract. There is no map with the contract that can be reproduced to submit with the engineer's memorandum, and the contractor failed to submit maps with his report. Consequently, both are incomplete. Subcontractor drill logs are not a requirement of the contract. Samples have been taken and are available when it is determined which, if any, should be assayed. Stage II cannot be authorized until radiometric logging is completed by the operator and checked by the Atomic Energy Commission. The entries and extensions on the reporting forms are correct, showing 2,490 feet of Stage I drilling completed out of a possible total of 2,706 feet at a charge of 78¢ a foot.

Payment is approved and certified on the MF-104 forms of $1,747.98, or 90 percent of the total $1,942.20 claimed by the contractor.

W. M. Traver

W. M. Traver

enclosures

WMT/kp

cc 4
E655
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 12, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: Russell R. McLellan

Subject: DMEA 3044, Contract Idm-R655 (Uranium), Uranium Development Corporation (UDC Nos. 1-4 claims), Valencia County, New Mexico--Progress report for February 1954

The project was inspected on March 2, 1954, shortly after drilling had been completed on Stage I of the contract. Complete drilling information had not been compiled at that date nor had radiometric logging commenced. The company has obtained equipment for radiometric logging of the Stage I holes, the results of which will be checked with an Atomic Energy Commission logging unit. Recommendations for Stage II drilling will be withheld pending receipt of the results of the radiometric logging from the company and from the Atomic Energy Commission. W. A. Carlson of the Commission informed the writer that the Grants' logging unit was undergoing repairs during the first week of March and that there would be an additional several days' delay until about 7,000 feet of accumulated logging can be completed.

The Uranium Development Corporation completed 30 holes on 200-foot centers through the Todilto limestone. Hole No. C-11 was abandoned due to an excessive cover of dune sand, and map locations for hole Nos. C-9 and E-7 were found to be inaccessible in the field.

Mineralization was noted in the cuttings from hole Nos. D-5 and E-5, and previous drilling indicated mineralization in the vicinity of hole No. A-3. Radiometric logging will provide considerable additional information in determining the merit of individual holes.

Ewing Williams, president of the company, informed the writer that he would submit progress maps with the monthly report, but apparently he neglected to do so. It also is noted that driller's logs were not included with the report; however, since the usual requirements concerning driller's logs are not mentioned in this contract, it is assumed that receipt of the logs will not be necessary prior to approval of the work accomplished. The two sets of radiometric logs will verify the drillings completed under Stage I. Assay information from mineralized cuttings is not yet available.

Payment is recommended of $1,747.98, or 90 percent of the $1,942.20 claimed.

Russell R. McLellan

Russell R. McLellan
Mining Engineer

RRM/kp

cc 6
E655
Chron

NARRATIVE REPORT ON DRILLING BEING DONE ON URAANIUM DEVELOPMNT
COROPATION NUMBER 1- 2-3-4

PRELIMINARY EXAMINATION SHOWING VERY GODD IN HOLE D-5 ALSO SHOWING IN E-5 . LOGGING WILL BE DONE DRILLING CONTRACTOR HOW HAS OWN LOGGING UNIT.

HOLE C-11 ABANDONED DUE TO ABOUT 75 FT. BLOWSAND. HOLE B--8 DRILLED CUTTINGS CAUGHT FOR TOTAL DEPTH OF TRADELTA LIMESTONE,BUT A STRING OF DRILL STEM WAS LOST WHEN THE BIT BECAME STUCK WHILE PULLING THE HOLE ALSO SOME DRILL STEM LOST AND ABANDED IN LOCATION C-11.

CONTOUR LINES ON MAP NOT IN CORRECT LOCASION THEREFORE SOME OF THE LOCATIONS THAT WERE ELIMINATED BECAUSE OF TERRIN ARE REALLY ON ACCESSIBLE LOCATIONS THESE ARE C-9 AND E--7. WE ALSO FEEL THAT THE BEST PART OF THE PROPERTY WAS ELIMINATED IN THE 300 FT. ALONG THE WEST SIDE OF CLAIMS.

WE HAVE DRILLED PREVIOUSLY IN THE APPROX. LOCATION OF A-3 AND HAVE SUBSTANTIAL SHOWING THERE.

TREND IS IN PARALLEL ROLLS LXYING IN A NORTH SOUTH DIRECTIONL THE GAY EAGLE MINE CUTS RUN FOR A KNOWN DISTANCE OF 900 FT. AND IS NEVER WIDER THAN 30 FT.

WE HAVE BOME RECOMMENDATIONS THAT LOOK WORKABLE, BUT WILL TAKE THEM UP WITH YOUR ENGINEER WHILE HE IS ON THE GROUND.

WE BELIEVE THAT WITH THE GOOD SHOWINGS WE HAVE THAT WE ARE CLOSE TO SOME GOOD ORE.

URANIUM DEVELOPMENT CORPORATION

By Ewing Williams

EWING WILLIAMS (PRESIDENT)

OPR'S FINAL REPORT

Form DMEA-F-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Defense Minerals Administration
RECEIVED
FEB 20 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of FEB, 195 4 Docket No. DMEA 3044 Contract No. 10M-2655
Operator's Name URANIUM DEVELOPMENT CORP. Minerals URANIUM
Address BOX 387 GRANTS N. MEX.
Contract Amount, $ 6,540.72 Government Participation: 90 % Amount, $ 10,476.05

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent ~~Short Form~~ Contracts:						
Drilling 2400 FT.	$1,942.20	NONE	$1942.20			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
NONE						
TOTALS	$1,942.20		$1942.20	1942.20		1942.20

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

Date FEB. 16, 1954 *Payee URANIUM DEVELOPMENT CORP.

Per [signature] Title (PRESIDENT)

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$1747.98

Signature [signature] (Authorized Certifying Officer)

Date 3/19/54 Vou. No. DMA 54-91

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E655 in accordance with the terms of the contract.

Signature R. R. McLellan 1,747.98 Title Mining Engineer Date 3/12/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R.D.B.

Signature W. H. Rung Title Executive Officer Date MAR 17 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED FEB 29 1954

Month of FEB. 1954 Docket No. DMEA 3044 Contract No. IDM-E655

Operator's Name URANIUM DEVELOPMENT CORP. Minerals URANIUM

Address BOX 387 GRANTS N. MEX.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger	FOOT	$1942.20	2490	$1942.20	2490	.78	2706	$2134.04
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$11,640.00						TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								$11,640.72
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1942.20		$1942.20				$11,640.72

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

Date FEB. 26, 1954 Operator URANIUM DEVELOPMENT CORP.

Per Ewing Williams Title PRESIDENT
EWING WILLIAMS

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

REMARKS: ON THE FIRST STAGE OF THIS CONTRACT THERE WAS A TOTAL OF 2490 FT. DRILLED AT A COST OF $.78 OR A TOTAL OF $1942.20.

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

STANDARD FORM NO. 64

2/18/54 gla

Office Memorandum • UNITED STATES GOVERNMENT

TO : E. Wm. Ellis, DMEA Member, Uranium Commodity Committee

DATE: February 15, 1954

FEB 17 1954

FROM : Arthur P. Butler, Jr., USGS Member, Uranium Commodity Committee

SUBJECT: Field Team Report, DMEA Docket 3044 (Uranium), Uranium Development Corporation, Grants, New Mexico, applicant; UDC group of claims, Southeast quarter of Sec. 4, T. 12 N., R. 9 W., Valencia County, New Mexico

The Company identified in the subject above applied for assistance to explore the UDC claims and they were examined by the Field Team of Region IV. A contract has been signed and is in effect. The report on the results of that examination has been reviewed.

Comment

As a result of the inspection of the property and conferences with the Chief, Grants Sub-Office, Atomic Energy Commission, the Field Team has recommended a maximum of 14,924 feet of rotary drilling to explore for uranium ore bodies in the Todilto formation. The work will be carried on in 4 stages, each stage after the first to be contingent upon favorable results in the prior stage and with consent of the appropriate DMEA representative. The maximum estimated cost is $11,641.

The area of the claims is almost entirely covered by windblown sand and the possibility of finding ore can be judged only on the basis of known deposits in the surrounding areas. On this basis the examining members of the Field Team concluded that the chances of finding one or more ore bodies appear to be good. Whether or not the ore bodies would be minable would depend on their size, because cost of mining small bodies from underneath deep unconsolidated over-burden would be prohibitive. Nevertheless, in view of the favorable possibility for ore, the Field Team concluded that exploration according to the plan set forth in detail in the report would be a justifiable risk.

Conclusion

I concur with the conclusions of the Field Team and the action of Region IV in entering into a contract for exploration of the property.

Arthur P. Butler, Jr.

Copies to: E. Wm. Ellis (2)

January 20, 1954

Memorandum

To: Hazel Berry, Operating Committee

From: Grace L. Ault, Rare & Misc. Metals Division

Subject: Contract finalized in Region IV

Mr. Ching has reviewed and approved Contract No. Idm-R655, dated January 8, 1954, Docket No. DMRA-3044, Uranium Development Corporation (Uranium), which was signed by the Operator and the Executive Officer, Region IV.

Grace L. Ault

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

Defense Minerals Administration
JAN 18 1954

224 New Customhouse
Denver 2, Colorado

January 12, 1954

REGISTERED

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 3044 (Uranium), Contract Idm-E655, Uranium Development Corporation, Valencia County, New Mexico

Enclosed are the original and two copies of Contract Idm-E655. Copies of this contract have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King

Enclosures

RECEIVED
JAN 27 1954
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

JAN 13 1954

224 New Customhouse
Denver 2, Colorado

January 13, 1954

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 3044 (Uranium), Contract Idm-E655, Uranium Development Corp., Valencia County, New Mexico

Enclosed are four copies of the report of examination on the subject property. The contract has been signed and is in effect.

W. H. King

Enclosures

ON-SITE EXAM. REPORT

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

July 21, 1953.

Memorandum

To: Field Team, Region IV

From: Chief, Mining Division, Region IV

Subject: Final Report, DMEA Docket 3044 (Uranium), Uranium Development Corporation, Valencia County, New Mexico.

Enclosed are eleven copies of the final engineering report on the subject docket.

The engineer examiner recommends more drilling than the Survey member of the examining team but the examiners concur that drilling be done in stages and both agree on the first stage of drilling. Following each stage the results of the work will be reviewed by the representatives of the Field Team and their concurrence obtained before the next stage is started.

We recommend that exploration aid in the amount of $11,640.72 be approved.

W. H. King
W. H. King

Enclosures

MINING DIVISION
REGION IV

June 26, 1953

Memorandum

To : W. H. King, Chief, Mining Division, Region IV

From : Chief, Mining Methods Br., Mining Div., Region IV

Subject : Report on Docket DMEA-3044, UDC Uranium Claims, Grants Mining District, Valencia County, N. Mex.

Enclosed are original and 10 copies of the section on Summary, Conclusions and Recommendations by Morris J. Klasing and John F. Haynes of the Bureau of Mines and J. D. Strobell of the Geological Survey. As Strobell is in Grant Junction, Colorado, he has not seen this report although I understand he agrees with these recommendations. A separate report on the Geology will be submitted by the Geological Survey.

Although this project seems to be somewhat speculative as the examiners doubt that ore having a grade of 0.2 percent U_3O_8, which is the average for adjoining open pit mines, can be mined profitably under from 30 to 80 feet of overburden, they recommend that a loan be given this company because of the current need for uranium. I concur with their recommendations.

Brochure will be submitted by the Geological Survey.

Walter R. Storms

Walter R. Storms

CC W. H. King (10)

R. F. Fischer
U. S. Geological Survey
P.o. Box 360
Grand Junction, Colo.

DMEA-3044
DF

WRSterms:frj

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
200 New Customhouse
Denver 2, Colo.

June 11, 1953

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 3044 (Uranium), Uranium Development Corporation, UDC group of claims, Valencia County, New Mexico.

Enclosed are 11 copies of the geologic report by J. D. Strobell, Jr., of the U. S. Geological Survey, covering the above docket.

It has been recommended that the loan be approved.

A. H. Koschmann
A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Enclosures (11)

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. BOX 360
GRAND JUNCTION, COLORADO

June 10, 1953

Memorandum

To: A. H. Koschmann
Field Team, Region IV

From: R. P. Fischer
Colorado Plateau District

Subject: DMEA 3044 (Uranium), Uranium Development Corporation, UDC group of claims, Valencia County, New Mexico

Transmitted herewith are eleven copies of a geologic report on the UDC group of claims which is situated in sec. 4, T. 12 N., R. 9 W., northwest of Grants, N. Mex. The Uranium Development Corporation, which leases these claims from W. G. Coffey, has applied for assistance in exploring for uranium by rotary drilling on these claims. The applicant proposes to spend $11,657.50 for 15,115 feet of drilling, but makes no provision for necessary surveying, sampling, and assaying.

The attached report, by J. D. Strobell, Jr., is based upon his field examination, made jointly with M. J. Elsing and J. F. Haynes of the Bureau of Mines. During the field examination, Paul Melancon district geologist of the Atomic Energy Commission, contributed information and advice which have been incorporated in the report. Mr. Melancon stated he would be willing and able to undertake radiometric logging of the proposed drill holes and help guide the drilling. He also approved of the plan of exploration as recommended.

Uranium deposits occur in the Todilto limestone, which is completely covered in the area of the UDC claims. Judging from known deposits in the district, the chances of finding one or more ore bodies in this area appear to be good, and a total of 7,939 feet of rotary drilling is recommended. The ore bodies are likely to be small elongated masses on the order of 15 feet wide and 200 to 300 feet long, but are surrounded by a halo of increased radioactivity which extends about 100 feet beyond the ore. The recommended primary drilling on 200-foot centers is designed to locate this halo of increased radioactivity, which could then be further outlined and tested by closer-spaced drilling. The holes would average 82 feet in depth. All of the 50 primary holes, totaling 4,100 feet, should be drilled out. The two or three most favorable, as indicated by radiometric logging by AEC should then be offset by additional holes. It is recommended that 3,893 feet be allowed for these offset holes, for a total of 7,939 feet.

I concur with these recommendations.

Since Strobell's report was written, it was learned that Mr. Elsing may recommend a considerably larger amount of drilling. If that seems desirable, it is our suggestion that drilling much in excess of Strobell's recommendations be allowed for only at the option of the Government, to be undertaken if the results of the smaller program should warrant it.

R. P. Fischer

R. P. Fischer
Acting District Supervisor

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

DMEA-3044, UDC Uranium Claims

Grants Mining District, Valencia County, New Mexico

M. J. Elsing, Consulting Mining Engineer
U. S. Bureau of Mines

J. F. Haynes, Mining Engineer
U. S. Bureau of Mines

J. D. Strobell, Geologist
U. S. Geological Survey

June 1953

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

M. J. Elsing[1], J. F. Haynes[2], and J. D. Strobell[3]

On May 19, 1953, the Field Team, Region IV, of the Defense Mineral Exploration Administration requested that an examination and report be made on the application of the Uranium Development Corporation for the exploration of the UDC group of claims, Grants Mining District, Valencia County, N. Mex. The project is for the exploration of uranium ore and involves the expenditure of $11,641. The application has been given the number DMEA-3044 and is signed by William G. Coffey as Vice President. Coffey is also owner of these claims. On June 1, 1953, M. J. Elsing and J. F. Haynes went to Grants where they met J. D. Strobell. On June 2, together with Paul E. Melancon of the Atomic Energy Commission at Grants, they examined the property.

On June 3, Elsing and Haynes met Coffey and reviewed with him in detail a modified plan of drilling which had been agreed upon by them and Strobell.

The revised plan provides that:

(1) Drilling the initial holes on 200-foot coordinates instead of 100-foot coordinates;

(2) Drilling 4 offset holes surrounding each primary hole which encounters ore;

(3) Drilling the holes with the least amount of overburden at the start of the project;

(4) The cost of the project will be approximately the same as in the original application.

1/ Consulting Mining Engineer, U. S. Bureau of Mines
2/ Mining Engineer, U. S. Bureau of Mines
3/ Geologist, U. S. Geological Survey

Coffey admitted that his application was hastily drawn and that it omitted offset drilling which he considered very important to the success of the project. In short, he accepted the project as it now stands as his own and approved each part of it.

The property is 15 miles northwest of Grants and is easily accessible over 3 miles of paved highway, 8 miles of gravel road and 4 miles of good desert road.

In the Grants District, uranium deposits occur in the Todilto limestone and in overlying formations. The UDC group of claims covers an area underlain at depth by the Todilto limestone which the applicant proposes to test by drilling through the overburden. The overburden consists of from 40 feet up to 140 feet of windblown sand, alluvium and silty sandstone. The Todilto limestone is about 20 feet thick. Available information is that the deposits in this vicinity may be of sufficient size and grade to warrant mining. The adjoining Gay Eagle mine has produced more than 1,000 tons of ore averaging 0.2 percent U_3O_8 from shallow open pits where the Todilto is covered by 4 to 6 feet of overburden. The main ore body is roughly tabular in shape and is about 250 feet long, up to 15 feet wide, and up to 5 feet in thickness with an extension to the south of at least 100 feet as indicated by a recent drill hole.

There are no surface indications of areas that might be more favorable than others on UDC ground, and therefore sites for the first drilling must be arbitrarily selected. Judging by the size of all of the ore bodies in the Grants District the target is small and the drill holes must be spaced relatively closely.

The general practice in the district where the Todilto is known to lie close to the surface has been to space primary drill holes on 100-foot coordinate centers. As the Todilto limestone in the area proposed to be drilled is covered by 40 to 140 feet of overburden it is suggested that the initial primary holes be drilled on 200-foot centers, rather than on 100-foot centers as originally requested by the applicant.

It is suggested that drilling on 200-foot centers be started on the west edge of the property where the overburden is thinnest, but that the exact order of drilling in this area be left to the discretion of the applicant.

Certain sections of the property are covered with recent sand dunes. Because of the added expense for drill casing it is believed that the drilling of such dunes should be deferred until the existence of minable deposits has been proven. The primary holes in the proposed grid pattern total 57, from which 7 holes are deducted for sand dunes, leaving 50 holes to be drilled, averaging 82 feet in depth. This average depth includes 60 feet of overburden, 20 feet of Todilto limestone, and 2 feet of the underlying sandstone. The extension of each hole into the sandstone is necessary in order to permit probing of the hole with the scintillometer used by the Atomic Energy Commission at Grants. The drilling of 50 holes discussed above is called Stage 1 of the project.

Experience in the district indicates one hole in 6 will be sufficiently high grade to warrant drilling 4 offset holes around the original discovery hole. This means 32 offset holes with an average depth of 82 feet. The offset holes are designated as Stage 2. If Stages 1 and 2 show encouraging results, then Stage 3 provides for 60 primary holes on 100-foot coordinates the location of which should depend upon the results obtained by drilling the holes provided for in Stages 1 and 2. Stage 4 provides for 40 additional offset holes, the exact location of which is to be determined by the drilling done in Stages 1, 2 and 3, but no offset hole is to be closer to another hole than 20 feet.

The drilling will be done dry with a rotary rig. Holes are slightly more than 4 inches in diameter. The cuttings are blown from the hole without the removal of rods. When the Todilto limestone is encountered, 2-foot samples will be collected for testing with a Geiger counter and if found of interest they will be chemically assayed. With holes less than 100 feet deep the cost of drilling is $0.50 per foot. When samples are collected the cost is double, or $1.00 per foot.

The actual contract cost of drilling has been estimated at $0.63 per foot. This includes drilling at $0.50 per foot, drilling at $1.00 per foot when samples are taken, $1.00 per foot when holes are 100 to 200 feet deep, and $1.50 per foot when samples are taken from holes 100 to 200 feet deep. Other costs, including supervision,

assaying, engineering and miscellaneous expense, have been estimated at$0.15 per foot. The total cost of the drilling, therefore, will be $0.78 per foot. The project has been set up in 4 stages as follows:

Stage	Holes	Feet	Total Cost
1	50 Primary	4,100	$3,198
2	32 Offset	2,624	2,047
3	60 Primary	4,920	3,838
4	40 Offset	3,280	2,558
	182 holes	14,924	$11,641

In spite of the fact that: (1) The project is proposed by an operating company producing uranium ore from adjoining ground; (2) It has the endorsement of the Grants representative of the Atomic Energy Commission; and (3) The approval of the representative of the U. S. Geological Survey, it is believed that this project is highly speculative because unless higher grade ore is found, mining will be so costly that the present average grade of ore cannot be mined profitably.

In spite of this possibility it is believed that Stage 1 of the project, costing $3,198, should be completed because valuable information will be contributed by this work. If the results of Stage 1 are unfavorable, the project should be stopped. If the results are favorable, Stage 2 should be completed, and similarly Stages 3 and 4.

The completion of Stage 1 might show higher grade ore under the deep overburden. If average grade ore were found the applicant might attempt underground mining which could contribute valuable information. Negative results would eliminate a substantial area which must be considered a potential source of production until proven otherwise.

Because of the great need for uranium for the defense effort and the possibility that the UDC claims might contribute production of this metal, it is recommended that the project of the Uranium Development Corporation, costing $11,641, be approved subject to doing the work in 4 stages with discontinuance of the work at the end of any stage.

The Governments share of the cost of this project will be $10,478. If Stage 1 only is completed the cost will be $3,198 and the Government's share will be $2,878.

UNITED STATES DEPARTMENT OF THE INTERIOR

DOUGLAS MCKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM

REGION IV

DMEA 3044 (Uranium)

Uranium Development Corporation

UDC group of claims, Grants district,

Valencia County, New Mexico

J. D. Strobell, Jr., Geologist
U. S. Geological Survey

June 1953

DMEA 3044 (Uranium)

URANIUM DEVELOPMENT CORPORATION, UDC GROUP OF CLAIMS, GRANTS DISTRICT, VALENCIA COUNTY, NEW MEXICO

INTRODUCTION AND SUMMARY

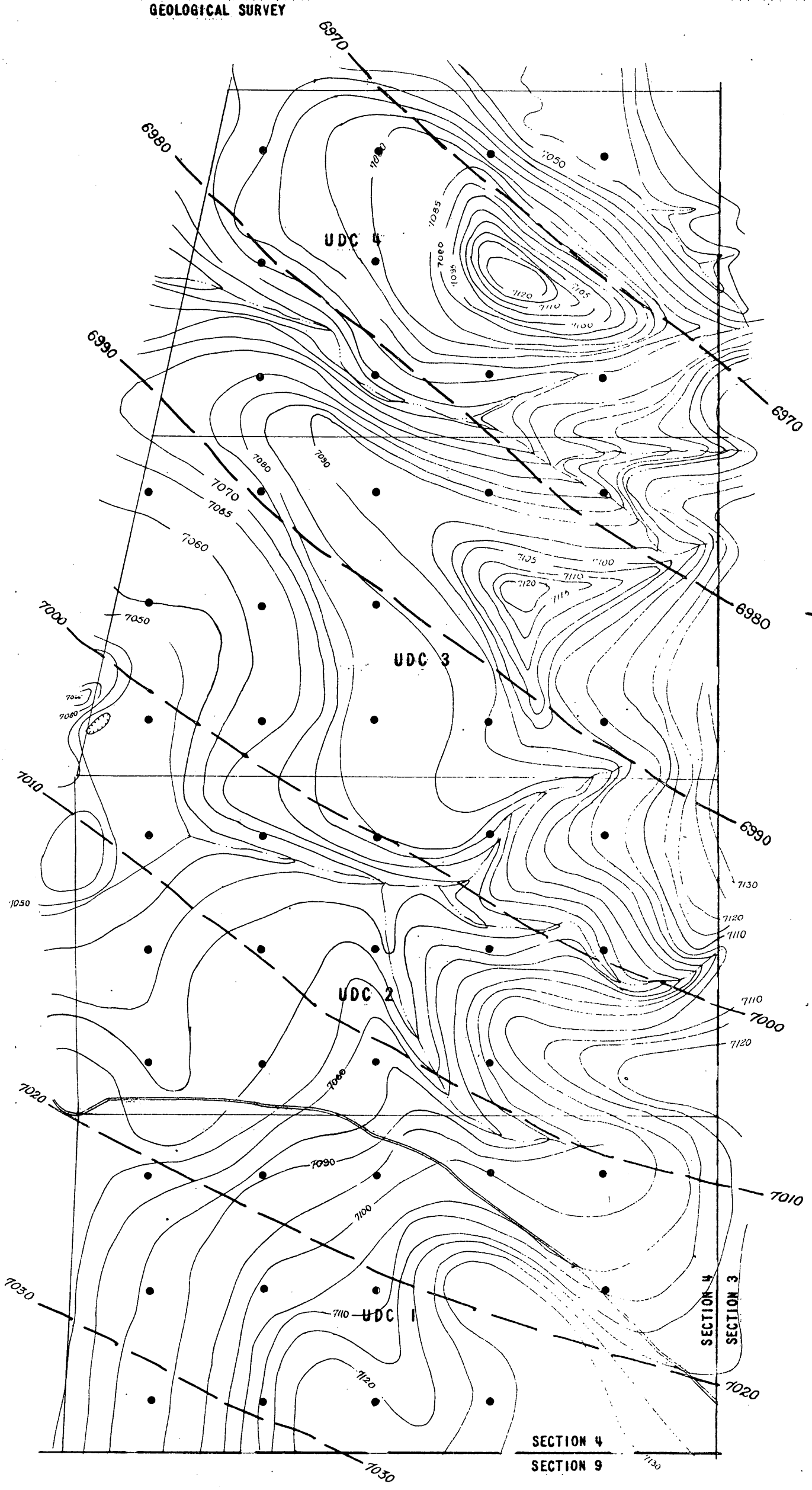
The UDC group of claims was examined on June 2, 1953, by M. J. Elsing and J. F. Haynes of the Bureau of Mines, Tucson, Ariz., and J. D. Strobell, Jr., of the Geological Survey, Grand Junction, Colo., accompanied by Paul Melancon, district geologist of the Atomic Energy Commission, Grants, N. Mex. Application has been made by the Uranium Development Corp., Box 387, Grants, New Mexico, for Government assistance in exploration for uranium on these claims.

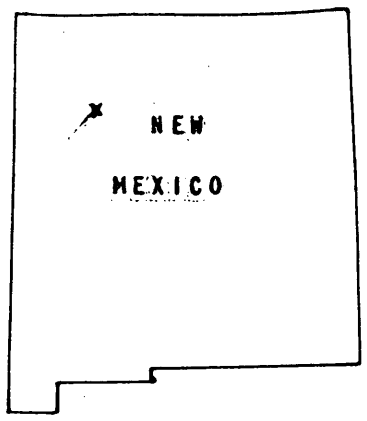
The UDC group comprises four contiguous claims in the SE¼ of section 4, T. 12 N., R. 9 W., Valencia County, N. Mex. (fig. 1). These claims lie about 13 miles northwest of the town of Grants, east of the road to San Mateo. Access to the claims is gained from this road through the Ekins ranch. Surface rights under the homestead regulations are vested in the ranch, but the mineral rights were reserved by the Government and have been claimed by W. G. Coffey, of Grants, who has leased the claims to the Uranium Development Corp. for 10 percent of the mine value of ore shipped. The lease is for one year and is renewable for successive one-year periods.

Exploration for uranium deposits on these claims with Government assistance is recommended essentially as proposed by the applicant. The engineering aspects of the recommendation are covered in a separate report prepared by M. J. Elsing, which discusses modifications of the applicant's proposal necessary to provide adequate testing and sampling. Estimates of the number and average depth of recommended drill holes contained herein are subject to correction by the detailed figures presented in Mr. Elsing's report.

U.S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 3044





MAP OF NEW MEXICO SHOWING
LOCATION OF UDC GROUP OF CLAIMS

EXPLANATION

STRUCTURE CONTOUR ON BASE OF TODILTO LIMESTONE

● LOCATION OF PRIMARY DRILL-HOLES RECOMMENDED IN IN ACCOMPANYING REPORT

SCALE:
1 INCH = 200 FEET

N

MAP MODIFIED FROM APPLICANTS BROCHURE

TOPOGRAPHIC AND STRUCTURE CONTOURS BY A.E.C.

Figure 1. UDC GROUP OF CLAIMS, SECTION 4, T. 12 N., R. 9 W., VALENCIA COUNTY, NEW MEXICO

GEOLOGY

In the Grants district, uranium deposits occur in the Todilto limestone and Morrison formation of Jurassic age, and in the Dakota sandstone of Cretaceous age. The UDC group of claims covers an area underlain by the Todilto limestone, which the applicant proposes to test by drilling through the overburden. The Todilto caps cliffs of the underlying Entrada sandstone and forms a broad bench where the overlying Summerville formation has been removed by erosion. On this topographic bench, the Todilto is covered by a veneer of dune sand and alluvium which may also locally conceal remnants of the Summerville formation. The UDC group of claims is situated on this bench in an area where the Todilto limestone is entirely covered. From exposures in the cliffs a few hundred feet to the west of the claims and from three drill holes on the claims, the Todilto limestone is inferred to extend throughout the area of the claims and is estimated to average 20 feet in thickness.

The overburden which will have to be penetrated to test the limestone ranges from 30 to 150 feet in thickness. It is thin near the western edge of the claims and thickens progressively eastward across the claims. It consists predominantly of fine- to medium-grained sand, only slightly indurated, but may also include some thin remnants of calcareous silty sandstone of the Summerville formation. Much of it is water-washed, but the topographic highs on each of the four claims (fig. 1) consist of only recently stabilized dune sand that is likely to be difficult and expensive to drill.

ORE DEPOSITS

Uranium deposits in the Todilto limestone in the district have been explored and exploited for more than 2 years. Uraniferous minerals locally coat bedding planes and joint surfaces of the limestone, are disseminated in blebs and crystals in the matrix, and are associated with coarsely crystalline barite in veinlets. Controls of their localization are not well understood. There is evidence of localization along the axial portion of minor folds, and the influence of dominant joint directions is in places apparent. Such structural relations can be useful in exploring for extensions of known ore. The size of the deposits ranges from small tabular masses of a few square feet, to large bodies several hundred feet across. The average ore body in the district is about 100 by 100 feet, or 10,000 square feet in size _/. The thickness

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_/ Paul Melancon, oral communication.

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ranges from 1 foot or less up to 5 feet and (rarely) more. Tonnage of ore contained ranges up to several hundred thousand tons, the average being on the order of 2,000 to 5,000 tons. About 30,000 tons of ore has been produced from the district. The average grade of the ore shipped is nearly 0.21 percent U_3O_8. There has been a progressive increase in the grade of the shipments, probably owing to improved mining practices with greater experience. Most ore is hand sorted.

Some of the smaller deposits exhibit a marked elongation, being 10 to 20 times as long as they are wide. This affords a poor target for primary drilling. The deposits, however, are surrounded by a halo or zone in which the radioactivity is considerably higher than the background of the limestone.

Such zones of increased radioactivity extend as much as 100 feet _/ beyond

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_/ Paul Melancon, oral communication.

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the limits of ore. It is this zone which is the target for primary drilling. The size of this target is confirmed by the results of the Geological Survey's geobotanical prospecting in the district. Anomalously high uranium content in samples of juniper and pinyon trees growing on the Todilto bench over known ore bodies extend a considerable distance beyond the limits of ore. The zone of increased radioactivity can be considered as favorable ground, and once intersected by primary holes, can be explored by offset drilling.

The applicant is mining a deposit on the adjacent Gay Eagle claim to the west of the area of proposed exploration. This deposit has produced more than 1,500 tons of ore averaging about 0.21 percent U_3O_8. It is an elongate body up to 15 feet wide and more than 200 feet long. A recently completed drill hole indicates a southward extension of at least 100 feet. Expectations are that one, and possibly more, deposits of this size and grade might be found in the area of proposed exploration. The recommended drilling is planned to discover any deposits of comparable or larger size.

PROPOSED EXPLORATION

Owing to the overburden on the UDC group of claims, there are no surface indications of areas that might be more favorable for ore than others. The sites for the first drill holes must therefore be arbitrarily selected. It is recommended that the initial or primary holes be drilled on 200-foot grid-coordinate intersections (fig. 1). Drilling of the topographic highs underlain by dune sand on each claim should be deferred, at least until the existence of mineable deposits is indicated near

their margins. The 200-foot grid pattern requires 57 holes, 7 of which would be eliminated as they fall within the dune-sand areas. Thus a total of 50 primary holes is recommended. The drilling should start at the west edge of the property where the overburden is thinnest. These 50 holes should be drilled to a depth 1 to 2 feet below the base of the limestone, and will average about 82 feet in depth. Total footage in these holes is thus about 4,100 feet. In order to explore the property adequately, all of these holes should be drilled.

Mr. Melancon of the Atomic Energy Commission agreed to log the holes radiometrically to determine the presence of favorable amounts of radioactivity and to make recommendations to DMEA regarding additional drill sites.

Because the ore bodies in the area of proposed exploration are likely to be narrow elongated masses like the Gay Eagle ore body, which is about 15 x 300 feet, this primary drilling on 200-foot centers is unlikely to intersect ore-grade material. It should, however, intersect the halo of high radioactivity surrounding an ore body. Subsequent drilling is planned to further outline and test any such favorably radioactive ground intersected in the primary holes and to locate ore-grade material within it.

It is recommended that two or three of the most favorable primary holes, as indicated by the radiometric logging, be selected for further testing by offset drilling. It is suggested that the first group of four offset holes be drilled at the centers of the 200-foot grid squares adjacent to the favorable primary hole. These holes should then be followed up by drilling half-way between favorable holes to narrow down on the target, no holes being spaced closer than 20 feet. About 2,624 feet (32 holes) should be available for the offset drilling. Ore intersections obtained in the course of this drilling or the primary drilling may be tested by offset holes spaced at 20 feet.

All of this drilling, totaling 6,724 feet, may be completed. At this stage, favorable ground would expectably be reasonably well located, but ore-grade material may not have been intersected, or some intersections of ore may not have been offset. An additional 15 holes totaling 1,215 feet should be allowed to locate ore and offset ore holes.

Termination of the exploration after this amount of drilling, which totals 7,939 feet, is recommended.

Since this report was prepared, it has been leared that Mr. Elsing recommends that a larger total footage be allowed. Money formerly budgeted for bulldozing and other engineering operations might be available for increasing the total amount of allowable drilling. It may be desirable to permit at the Government's option additional drilling beyond the 7,939 feet here recommended, and contingent upon the results of that drilling.

As it is proposed to use rotary drilling, the cuttings as blown out of the hole will have to be collected and split into samples of suitable size for chemical assaying. No provision for sampling and assaying was made in the applicant's proposal. Samples should be collected and sacked in 2-foot runs through the complete thickness of the Todilto limestone only. Radiometric logging of the drill holes by Atomic Energy Commission personnel and equipment will be used as a guide in selecting the samples for assay, thereby reducing the cost of assaying.

CONCLUSIONS AND RECOMMENDATIONS

Exploration of the UDC group of claims by rotary drilling appears to have a good chance of finding one or more ore bodies, and it is recommended that the Government enter into a contract for 7,939 feet of exploratory drilling. About 4,100 feet of primary drilling is recommended in 50 holes averaging 82 feet deep and spaced 200 feet apart on a rectangular coordinate grid system covering most of the mining property. All these holes are to be drilled. Offset drilling totaling 2,624 feet in about 32 holes to offset favorable primary holes and explore favorable ground is recommended. Ore intersections obtained in the course of these two stages of drilling may be tested by offset holes spaced at 20 feet. An additional 1,215 feet in about 15 holes should be allowed to locate ore and offset ore holes. This recommended exploration totals 7,939 feet, after which drilling with Government assistance should stop. It may be desirable, however, in accordance with Mr. Elsing's recommendations to allow additional drilling to be done at the Government's option, as he indicates more drilling might be possible with the funds requested.

DMEA-3044, UDC URANIUM CLAIMS
GRANTS MINING DISTRICT, VALENCIA COUNTY, NEW MEXICO

Engineering Report

By M. J. Elsing, Consulting Mining Engineer
U. S. Bureau of Mines

J. F. Haynes, Mining Engineer
U. S. Bureau of Mines

June 1953

DMEA-3044, UDC URANIUM CLAIMS
GRANTS MINING DISTRICT, VALENCIA COUNTY, NEW MEXICO

CONTENTS

Engineering report	Page
Introduction	1
Acknowledgments	2
Location, topography and physical features	2
History and production	3
Ownership and extent	4
Description of the deposit	5
Project proposals	6
Production plan	14
Summary: Costs of project	16
Proposed financing	17
Conclusions	17
Recommendations	20

ILLUSTRATIONS

Figure		Following page
1	Location map	2
2	Plan of proposed drilling	6

INTRODUCTION

On May 19, 1953, the Field Team of Region IV of the Defense Minerals Exploration Administration requested that an examination and report be made on the application of the Uranium Development Corporation for the exploration of the UDC group, Grants Mining District, Valencia County, N. Mex. The project is for the exploration of uranium ore and involves the expenditure of $11,641. The application has been given the number DMEA-3044 and is signed by William G. Coffey as vice president of the corporation. Coffey is owner of the UDC group which he has leased to the corporation on the basis of a 10 percent royalty of the net returns.

On June 1, 1953, M. J. Elsing and J. F. Haynes of the Bureau of Mines went to Grants where they met J. D. Strobell of the Geological Survey. On June 2, with Paul E. Melancon of the Atomic Energy Commission at Grants, they examined the property.

On June 3, Elsing and Haynes met Coffey and discussed with him certain modifications of his original program as agreed upon by them and Strobell.

The revised plan provides:

(1) Drilling the initial holes on 200-foot coordinates instead of 100-foot coordinates;

(2) Drilling 4 offset holes surrounding each primary hole which encounters ore;

(3) Drilling the holes with the least amount of overburden at the start of the project;

(4) The cost of the project will be approximately the same as in the original application.

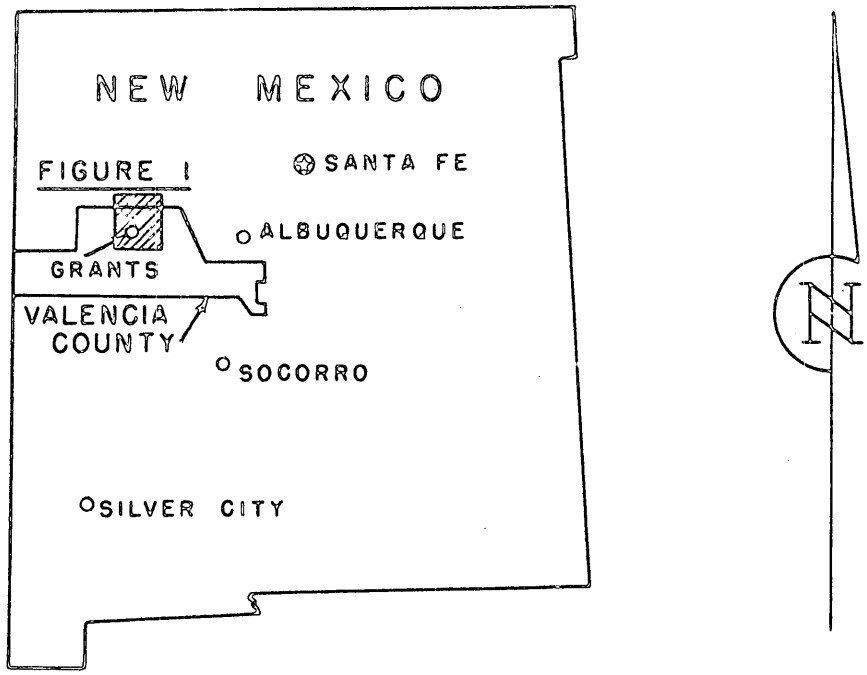
Coffey admitted his application was hastily drawn and that it omitted offset drilling which he considered very important to the success of the project. In short, he accepted as it now stands as his own and approved each part of it.

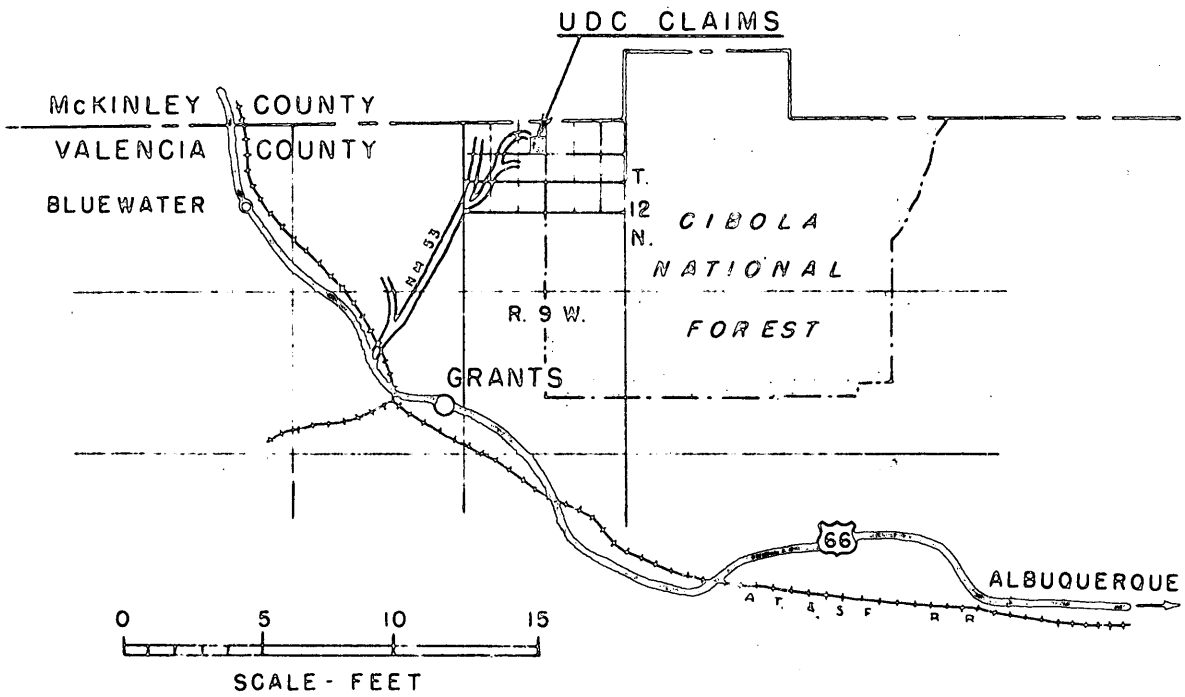
ACKNOWLEDGMENT

Special acknowledgments are due to Paul E. Melancon of the Atomic Energy Commission at Grants, N. Mex. Melancon spent the day with the examiners and was very cooperative in supplying information relative to the UDC property. He advised that in all probability he would be able to have his crew make a scintillometer survey of drilling on these claims within 3 days after the completion of any hole.

LOCATION, TOPOGRAPHY AND PHYSICAL FEATURES

The UDC claims are situated in the Mount Taylor section of the Grants Mining District, Valencia County, N. Mex. in the SW$\frac{1}{4}$, Sec. 4, T. 12 N., R. 9 W., (see figure 1). The property is approximately 15 miles northwest of Grants and is reached by travelling west from Grants on U. S. Highway 66 for 3.2 miles where a turn to the north is made and the San Mateo road is followed for 7.7 miles to a gate. Here a turn is made to the east and the road is followed for 4.2 miles to the Gay Eagle mine which adjoins the UDC group. The UDC property is approximately 18 miles from the Anaconda mill at Bluewater.





DMEA 3044 JUNE 1953

FIGURE 1.- LOCATION MAP, UDC GROUP, URANIUM PROJECT
GRANTS MINING DISTRICT VALENCIA COUNTY, NEW MEXICO

The property is situated in some low rolling hills immediately west of a sandstone escarpment. The surface consists of sand and alluvium. In places there are some recent wind-blown sand dunes. There are no outcrops of rock in place. The area is semi-arid and the vegetation is sparse, consisting of bushes and a few juniper trees.

HISTORY AND PRODUCTION

Activity in this section of the Grants District dates back to the discovery of uranium and the aid program established by the Atomic Energy Commission for its production. The UDC claims have had no production and other than 3 churn drill holes have had no exploration. There are three producing mines immediately to the west of the UDC claims. The most important of these is the Gay Eagle which has produced approximately 1,000 tons of ore averaging 0.2 percent U_3O_8. Coffey has an interest in the Gay Eagle which he assigned to the Uranium Development Corporation. He apparently located the UDC group and has given a lease on these claims to the corporation on the basis of 10 percent royalty on the net returns.

A lesser production has been made from the Red Bluff claimswhich are located to the west of the UDC group and south of the Gay Eagle. Both of these mines are producing from open pits.

At the time of the examination the Atomic Energy Commission had a crew testing holes recently drilled on the Red Bluff claim. One hole in line with the south end of the open pit on the Gay Eagle and approximately 150 feet from it showed exceptionally high readings on the Scintillometer.

OWNERSHIP AND EXTENT

The property comprises 4 unpatented lode mining claims located in sec. 4, T. 12 N., R. 9 W. in the Mount Taylor section of the Grants Mining District. They were recorded on December 31, 1952, at Los Lunas, County seat of Valencia County, N. Mex., in the book and at the page shown below:

Claim	Book	Page
UDC No. 1	A-5	88
UDC No. 2	A-5	89
UDC No. 3	A-5	86
UDC No. 4	A-5	89

These claims are owned by William G. Coffey who has given a lease to the Uranium Development Corporation, Box 387, Grants, N. Mex. The officers of the company are as follows: Ewing Williams, President; William G. Coffey, Vice President; and Cyrus M. Rouse, Secretary-Treasurer; all of Grants, New Mexico.

Coffey owns the mineral rights only and Henry Elkins in the owner of the surface rights. Mining on the UDC claims will be destructive to a part of the surface on these claims. Coffey and Elkins have no agreement relative to compensation for damages. At present Coffey is paying Elkins 2 percent of the net returns on production from the Gay Eagle claims which adjoin the UDC claims. This is an exorbitant charge when it is considered that the value of the land is only some $10.00 per acre. Coffey could fill all the excavations at a figure much less than it is costing under his present royalty agreement. No agreement for compensation for surface damages from mining on the

UDC claims has been made because Elkins is planning on getting a royalty settlement which Coffey will not give. Coffey has the right to mine ore from this ground and Elkins is entitled to actual damages. It may be necessary for the court to settle the amount of the damages but the validity of a contract between the Government and the Uranium Development Corporation and Coffee is not involved. However, it will be necessary for Coffey to sign Owner's Consent of Lien Form MF-203. He has agreed to do this as soon as he has received these forms.

Coffey's lease to the Uranium Development Corporation is dated January 15, 1953 and was recorded on February 20, 1953 as No. 861 with the County Clerk of Valencia County in Volume 9 at page 243. Among other things the lease provides that Coffey is to receive a royalty of 10 percent of the net value of the ore shipped.

DESCRIPTION OF THE DEPOSIT

Ore in the area in which the UDC claims are located occurs in the Todilto limestone which averages about 20 feet in thickness. Ore may occur in any horizon in the limestone and usually does not attain a thickness of more than 5 feet. There may be two or more mineralized bands separated by waste. The uranium minerals include the canary yellow, tyuyamunite, the black montraseite, and other uranium minerals.

Ore is found at the crest of very gentle anticlines where fracturing has occurred. The ore bodies are seldom more than 10 to 15 feet wide but they may be as much as 200 feet in length. At the Manol property, ore occurs at right angles to the general strike of an

anticline in which case it appears that there is some transverse distortion of the limestone bedding which has influenced the disposition of the ore minerals. In the productive areas the Todilto limestone either outcrops or is covered by sand and alluvium a few feet in thickness. The Todilto limestone is underlain by a series of sandstone beds.

Mining has been by the open-pit method, and mechanization has been adopted as far as possible. It is seldom possible to break a face of ore and mechanically load it into trucks. Sorting usually is required and often is done with the aid of a Geiger counter. An attempt is made to maintain a grade of 0.2 percent U_3O_8 which is worth $30 per ton.

The UDC claims are covered by 25 to 140 feet of overburden consisting of sand and alluvium, and possibly some sandstone. The average thickness of the overburden covering the Todilto limestone is approximately 60 feet.

PROJECT PROPOSALS

The applicant originally proposed to drill 15,115 feet of hole on a grid pattern with most holes at 100-foot coordinates. Costs as estimated by him are as follows:

Bulldozing, 200 hours @ $12.50 per hour	$2,500.00
Drilling, 15,115 feet @ $0.50 per foot	7,557.50
Supervision, 8 weeks @ $200 per week	1,600.00
Total	$11,657.50

After an inspection of the property a modified program was discussed with Strobell, Melancon and Coffey (see figure 2). This program provides for a total of 14,924 feet of drilling, the cost of which is based on a drilling schedule provided by Myers of the Myers Drilling Co.

The cost of the project is estimated to be $11,641. The project has been set up in 4 stages. The end of each stage would be a logical stopping point if results of drilling are unsatisfactory.

Stage 1

Stage 1 provides for drilling 50 primary holes on a grid pattern with holes at 200-foot coordinate intervals. Actually 57 holes are required to complete the pattern. A total of 7 holes has been eliminated because of the fact that either they are excessively deep or their location places them in a recent windblown sand dune. The actual position of the holes is shown in figure 2. Holes C-9, C-12, D-2, D-8, D-11, E7, and E-8 are not to be drilled at present.

The average depth of the 50 holes to be drilled is 82 feet which includes 60 feet of sand, alluvium and sandstone, 20 feet of the Todilto limestone and 2 feet of the sandstone underlying the Todilto. The object of drilling the latter 2 feet of sandstone is to permit the probing of the hole with the scintillometer.

The cost of the drilling by contract will be as follows:

3,060	feet Class 1 drilling @ $0.50 per ft. ----	$1,530.00
58	feet Class 1 drilling @ $1.00 per ft. ----	58.00
941	feet Class 2 drilling @ $1.00 per ft.-----	941.00
41	feet Class 2 drilling @ $1.50 per ft. ----	61.50
4,100	feet @ $0.6318 per ft. equals ----------	$2,590.50

In the following calculation of costs it has been estimated that the cost of drilling will be $0.63 per foot.

A list of holes to be drilled is shown herewith. It is possible that in addition to the 7 holes not to be drilled, there may be 2 or 3 others. The reason for not drilling them would be their location in

recent sand dunes, or if they are close to the 3 holes already drilled. After all holes have been surveyed and staked the exact number to be drilled can be determined by the supervising engineer, It should be as near to 50 as possible but in order to make it 50 a hole should not be started in a sand dune the drilling of which would require casing.

Table of Primary Holes to be Drilled in Stage 1 of Project Arranged in the Approximate Order of Drilling.

Hole No.	Elev. hole	Elev. Bottom Todilto	Elev. top. Todilto	Total depth of hole plus 2 ft. S.S.
A-1	7,088'	7,032'	7,052'	58'
A-2	7,086	7,026	7,046	62
A-3	7,073	7,020	7,040	55
A-4	7,063	7,016	7,036	59
A-5	7,058	7,012	7,032	48
A-6	7,052	7,008	7,028	46
A-7	7,052	7,001	7,021	53
A-8	7,057	6,997	7,017	62
A-9	7,065	6,993	7,013	74
B-1	7,113	7,028	7,048	87
B-2	7,100	7,023	7,043	79
B-3	7,085	7,018	7,038	69
B-4	7,069	7,013	7,033	58
B-5	7,066	7,009	7,029	59
B-6	7,066	7,003	7,023	65
B-7	7,063	6,998	7,018	67
B-8	7,064	6,993	7,013	73
B-9	7,081	6,989	7,009	94
B-10	7,070	6,985	7,005	87
B-11	7,066	6,980	7,000	88
B-12	7,065	6,976	6,996	91
C-1	7,118	7,027	7,047	93
C-2	7,108	7,021	7,041	89
C-3	7,095	7,016	7,036	81
C-4	7,082	7,010	7,030	74
C5	7,065	7,005	7,025	62
C-6	7,082	6,999	7,019	85
C-7	7,082	6,995	7,015	89
C-8	7,085	6,990	7,010	97
C-9*	7,091	6,986	7,006	107
C-10	7,065	6,981	7,001	86
C-11	7,081	6,977	6,997	106
C-12*	7,080	6,972	6,992	110

Hole No.	Elev. Hole	Elev. Bottom Todilto	Elev. top. Todilto	Total depth of hole plus 2 ft. S.S.
D-1	7,128	7,024	7,044	106
D-2*	7,133	7,018	7,038	117
D-3	7,095	7,013	7,033	84
D-4	7,101	7,008	7,028	95
D5	7,067	7,002	7,022	67
D-6	7,077	6,997	7,017	82
D-7	7,093	6,992	7,012	103
D-8*	7,117	6,987	7,007	130
D-9	7,073	6,982	7,002	93
D-10	7,075	6,977	6,997	100
D-11*	7,114	6,972	6,992	142
D-12	7,054	6,967	6,987	89
E-1	7,128	7,022	7,042	108
E-2	7,105	7,016	7,036	91
E-3	7,097	7,011	7,031	88
E-4	7,115	7,005	7,025	112
E-5	7,080	6,999	7,019	83
E-6	7,102	6,994	7,014	110
E-7*	7,107	6,988	7,008	121
E-8*	7,111	6,983	7,003	130
E-9	7,088	6,978	6,998	110
E-10	7,072	6,973	6,993	101
E-11	7,068	6,968	6,988	102
E-12	7,045	6,963	6,983	84
			Total	4,100

*Not to be drilled in Stage 1

Stage 2

Stage 2 provides for 32 offset holes. Experience in the district has indicated that every 6th hole should show sufficient uranium to warrant drilling 4 offset holes around it. It was the consensus of opinion that no offset hole should be drilled closer to the primary hole than 20 feet. The number of offset holes has been determined by assuming that 8 of the 50 primary holes will warrant 4 offset holes each, therefore 32 offset holes are provided for.

Stage 3

If the results of drilling to this point are encouraging it is proposed that 60 additional primary holes be drilled at 100-foot coordinates in the areas which have shown the most promising results.

Stage 4

This stage provides for 40 additional offset holes, the exact position to be determined by the results of the drilling of the three previous stages.

If the project is approved it is believed that Stage 1 should be completed in spite of disappointing results. In completing the next three stages, if they are worth completing, some flexibility should be allowed in the order of drilling. The drilling of the offset holes in Stage 2 should be more or less dependent upon the results obtained by Stage 1. It is conceivable that instead of the anticipated 8 good holes which may be found in drilling Stage 1, there might be 4 good holes. If 16 offset holes then are drilled and these holes are good, it would be advisable to drill additional offset holes around the 16 good offset holes.

The position of the primary holes on 100-foot coordinates of Stage 3 should be determined on the basis of the results of Stages 1 and 2, and the position of holes in Stage 4 should be determined on the basis of the previous 3 stages.

A tabulation of the drilling in the various stages, the footage, and the costs are shown herewith:

Proposed Drilling

Stage	Holes	Feet	Cost
1	50 primary	4,100	$2,583
2	32 Offset	2,624	1,654
3	60 Primary	4,920	3,099
4	40 Offset	3,280	2,066
	182	14,924	$9,402

The average depth of holes is estimated at 82 feet and the contract cost at $0.63 per foot.

The above program has in mind the following objectives:

(1) To either find ore on the UDC claims or to eliminate them from further consideration as a possible source of uranium;

(2) To make it possible for the applicant to determine whether or not ore in the Todilto limestone when it is covered by appreciable amounts of sand and alluvium can be profitably mined by deep open cuts or underground mining methods;

(3) To map a program which after the drilling of Stage 1 permits enough flexibility to continue exploration by following and expanding any encouraging ore areas found;

(4) To permit a logical cutoff by stages for the discontinuance of the program at the time when results are discouraging;

(5) To provide for enough drilling to permit the discovery of sufficient ore to repay the loan.

Miscellaneous Expenses

In Coffey's application he requested 200 hours of bulldozing at $12.50 per hour. With the elimination of drilling on the sand dunes the examiners were unable to justify bulldozing. After discussion of the matter with Coffey he agreed that all bulldozing could be eliminated. He stated that he had a tractor and that if the driller had any difficulty in reaching a drill site he would assist him with the tractor.

Coffey has proposed a salary for himself of $200 per week. It is reported that he already is receiving $650 per month from the Uranium Development Corporation of which he is vice president. He owns the UDC claims and will collect a royalty of 10 percent from

the corporation on any ore produced. The question of salary was purposely not discussed with Coffey. It is believed that $500 per month should be the maximum under the circumstances. This should include his transportation to and from the property, and require that he devote full time to the project. He is devoting very little time to this company's present operations adjoining the UDC claims.

It is estimated that the drilling will be at the rate of 300 feet per shift, and therefore the actual drilling time is estimated at 1.9 months. A salary for 2.5 months at $500 per month has been allowed for supervision, including his payroll taxes, insurance, and travelling espense.

The miscellaneous expenses are listed below:

Supervision (Coffey) 2.5 months @ $500 including transportation and other expenses	$1,250
Engineering (surveyor & rodman), 7 days @ $32	224
Chemical assaying, 70 samples @ $7.50	525
Miscellaneous	250
Miscellaneous expense	$2,249

On the basis of drilling 14,924 feet of hole, the cost per foot will be $0.15. The total cost of drilling will be $0.15 plus $0.63, or $0.78 per foot. The total cost of the project is $11,641 on the basis of 14,924 feet at $0.78 per foot.

Myers drilling contracts provide that cementing, casing, and other extra incidental expenses be paid for by the applicant. No allowance has been made for drilling extras because Myers stated that in doing over 20,000 feet of drilling in the district none of these extra charges had been necessary.

On this basis it is believed that the short form contract could be used and that the applicant be paid $0.78 per foot for all drilling done on the contract. Costs in excess of this amount should be paid by the applicant.

In order to get the most out of the expenditures of the money set up for this project, it is of great importance that the supervisor keep the Tucson examining engineer fully informed regarding developments. This can be done by air mail, telephone calls, and telegrams. Any discovery of sufficient intensity to warrant offset drilling should be reported to Tucson at the earliest possible moment. The actual drilling may be completed in 2 months. Stage 1 could be completed with 14 days drilling. If these first 50 holes showed nothing, the project should be stopped. The examining engineer will be able to visit the property only once a month and unless provision is made to keep the Tucson office in close touch with the project, money will be lost. A suggested plan would be that 2 days before Stage 1 is completed, Coffey telephone the Tucson office and report the footage and the latest development. This would give time to stop the project at the end of Stage 1 if it appeared advisable. Likewise he should telephone 2 days before stages Nos. 3 and 4 are started and get permission to start these stages. It would be much better for the Tucson office to keep in even closer contact by more frequent telephone calls, solely with the object of getting the best possible job done, and also if the results are unfavorable to save money by stopping the drilling as quickly as possible. After the first 2 weeks 2 calls per week would not be out of line. Expenditures will be $250 to $300 per day and therefore, quick decisions are necessary if the project is to be

stopped before completion and money is to be saved. In allowing $250 for miscellaneous expenses an ample sum has been provided for keeping in contact with the Tucson office by telephone and telegraph.

The project as outlined above provides for a certain number of holes to be drilled in each stage with an estimated footage at an estimated cost for each stage. It is believed that the total cost of the project should be limited to $11,641 which is equivalent to the cost of drilling 14,924 feet at $0.78 per foot.

The most important part of project is Stage 1 which provides for drilling 50 primary holes on 200-foot coordinates. It is believed that if the cost of Stage 1 exceeds the cost estimate by 10 or 15 percent it would not be important. The main objective is to explore the Todilto limestone at 50 points. The money expended in completing Stages 2, 3, and 4 should control the amount of drilling and not the footage. If Stage 1 costs more than estimated the excess should be deducted from the amount set up for Stage 2.

PRODUCTION PLAN

Time Schedule

The applicant originally estimated that work could be started in 30 days and be completed in 4 months. The drilling contractor presently has drilling crews in Grants and could start drilling very shortly.

Myers, the drilling contractor, stated that drilling would be at the rate of 300 feet per day. At this rate the drilling would require 1.9 months. Drilling could start after one day for surveying and staking the initial holes. The whole program should be completed in 2.5 months. Stage 1 can be completed in less than 3 weeks.

Mining Method and Costs

The question of the method of mining ore with a waste overburden averaging 60 feet was discussed with Coffey. He is not a miner and had formulated no definite plans as to how to approach the problem except that he would sink a vertical or incline shaft to reach the ore bed. He agreed that timber support would be needed in mining ore. He also stated that he would contract the removal of the sand overburden at 22 cents per yard. This seems a high figure particularly because no blasting would be required and the distance that the material would be transported would be short.

Coffey stated that the mining costs at the Gay Eagle were $10 to $12 per ton.

Without further information regarding the size of ore bodies and the frequency of their occurrence, it is impossible to select a method of mining and estimate an accurate mining cost. A rough calculation indicates that it would be necessary to block out 50,000 to 60,000 tons of ore on a standard size claim in order to warrant the removal of 60 feet of overburden so that mining could be by open pit rather than by an underground method.

Underground mining costs will be high. It is almost certain that they will be twice as high as the present costs and much more likely to be 3 times as high. This means that the cost would average $22 per ton as a minimum and would more likely be $33 per ton, including exploration and development.

Milling Methods and Costs

Milling methods and costs do not have an immediate bearing on the project because the ore is purchased at the property. Ore containing 0.2 percent U_3O_8 is worth $30.00 per ton. Transportation to the Anaconda mill at Bluewater, N. Mex. is paid for by the Government at 6 cents per ton-mile. Any additional amount over 6 cents is for the account of the producer. The Anaconda mill is not yet operating but the ore is run through a mechanical sampler and paid for on the basis of the assay results.

SUMMARY: COSTS OF PROJECT

Capital Requirements

The project requires no capital investments. Exploration will be done by contract drilling. Other costs include supervision, assaying, and surveying.

Operating Costs

It has been estimated that the average cost of drilling by contract will be $0.63 per foot. Other costs amount go $0.15 per foot, or a total of $0.78 per foot. On the basis of drilling 14,924 feet the total cost of the project will be $11,641.

Indicated Profit or Loss

It seems reasonable to anticipate that uranium ore will be found by the proposed exploration on the UDC claims. The grade of the ore and the size of the ore bodies is speculative. It is reasonable to assume that they will be more or less similar to those found on the two properties immediately to the west. To date these ore bodies have been small and the grade averages 0.2 percent U_3O_8. If ore

bodies of similar size and grade are found on the UDC claims they cannot be profitably mined because of the necessity of using an underground mining method. Therefore, the proposed program must develop ore of substantially higher grade than on the adjoining Gay Eagle to warrant profitable operation by open pit or underground methods. Operations probably could be successful with a grade of 0.3 to 0.35 percent U_3O_8.

PROPOSED FINANCING

The applicant requests that the Government provide 90 percent of the cost of this project as a loan with the remaining 10 percent to be furnished by the Uranium Development Corporation. The applicant agrees to repay this loan on the basis of 5 percent of the returns from shipments made during a 10-year period from the date of the execution of this contract.

CONCLUSIONS

In the Grants district uranium ore containing 0.2 percent of U_3O_8 is being profitably mined from the Todilto limestone where it outcrops or is covered by 2 to 10 feet of overburden.

The UDC claims, comprising an area 1,000 feet by 2,400 feet, adjoins one of these productive areas. The difference between the UDC area and the productive areas mentioned is that the UDC claims have an overburden of sand and alluvium, and possibly sandstone which averages 60 feet in thickness. The Todilto limestone along the A-line of drill holes on the westerly edge of the property is covered by from

30 to 40 feet of overburden. In general each line of holes to the east has a greater average overburden. The average for the E-line is approximately 80 feet.

There are two possible methods of mining: (1) open cut; and (2) an underground method. Various calculations have been made, none of which are satisfactory because of the lack of basic data upon which to actually estimate costs. The conclusions drawn are as follows:

(1) The ground to be mined will be fractured broken limestone covered by unconsolidated sands and alluvium, and much of it might be spilling ground. A timber method is essential and probably a modified square-set method would be most efficient, safest, and cheapest in the long run.

(2) With the open pit method it is believed that the ratio of stripping to ore could be 15 to 1, and that even with this ratio the method would be cheaper and recover more ore than any underground method.

(3) On the basis of all information presently available regarding the size of ore bodies on the ground adjoining the UDC claims, the frequency of their occurrence, and their grade, it is certain that they could not be profitably mined if that area were covered by 60 feet of oberburden.

(4) There is a possibility that the grade of the ore under a heavy overburden might be higher than where the ore outcrops, and there is the remote possibility that ore deposits might be larger and more frequent.

(5) The applicant has drilled 3 holes through the Todilto in the area to be explored and has found nothing.

(6) It will cost $3,198 to drill 50 primary holes totalling 4,100 feet or $0.78 per foot as shown in Stage 1.

In spite of the fact that:

(1) The project is proposed by an operating company producing uranium ore from adjoining ground;

(2) That it has the endorsement of the Grants representative of the Atomic Energy Commission;

(3) And the approval of the representative of the U. S. Geological Survey;

it is believed that this project is highly speculative, because unless higher grade ore is found, mining will be so costly that the present average grade of ore cannot be mined profitably.

The final conclusion is that Stage 1 of this project should be completed. The cost will be $3,198 and whether any additional work is done should depend upon the results obtained by drilling the 50 primary holes included in this part of the program. If ore averaging 0.2 percent U_3O_8 or more is found, then 4 offset holes should be drilled surrounding each hole containing ore. The schedule calls for a maximum of 32 holes in this stage of the work with each offset hole not closer to the primary hole than 20 feet.

If the project is approved on this basis it should be the duty of the examining engineer to:

(1) Determine the number of feet of drilling Class I and Class II per month;

(2) See that the project is getting the supervision provided for;

(3) See that the sampling method is adequate and that a sufficient number of samples are chemically assayed;

(4) Arrange with the supervisor to keep the Tucson office advised by telephone or telegraph of the results of drilling 2 days before starting Stages 2, 3, and 4;

(5) Familiarize himself with the significance of the scintillometer readings which will be taken by the Atomic Energy Commission at Grants so that he will be in a position to stop the project as soon as all reasonable expectation of a significant discovery has been disproven;

(6) Arrange with the supervisor of the project to have chemical assays made as quickly as possible.

RECOMMENDATIONS

Because of the great need for uranium in the defense effort, and the possibility that the UDC claims might contribute production of this metal, it is recommended that the project of the Uranium Development Corporation costing a maximum of $11,641 be approved subject to doing the work in 4 stages with discontinuance of the work at the end of any stage.

The Government's share of the cost of this project will be $10,478. If Stage 1 only is drilled the cost will be $3,198 and the Government's share will be $2,878.

This recommendation is made on the basis that Stage 1 of this project will cost the Government less than $3,000 and that this expenditure will give some valuable information regarding this section of the Grants District.

SURNAME COPY

Defense Minerals Exploration Administration
Robert E. Adams Ext. 2017

14:3923.970, Working Fund, Interior, DMEA
January 12 1954
2:45 p.m.
To: W. H. King, Executive Officer, Region IV, 224 New Customhouse Bldg., Denver 2, Colorado

SUBJECT: Assignment of Contract Number

MESSAGE:

ASSIGNED 1-8-54, TOKEN NO. DMEA-3044, UNDER D.V. SUPPLE CONTRACTION, PROPERTY LOCATED IN VALENCIA COUNTY, NEW MEXICO, CONTAINING URANIUM. CONTRACT NUMBER DMA-655 ASSIGNED THIS CONTRACT.

C. O. Mittendorf (fw)

AUTHORIZED: ADMINISTRATOR

REAdams/mel
cc to: Adm. Reading File
Mails & Files Br.
Bu. of Mines, Audits Div., Rm. 2509
Miss Curtin

SENT
JAN 12 1954
Clerical Service Section

R.C.G. 1-13-54

E 655

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 11 1954

Mr. C. O. Mittendorf
Jan. 8, 1954
4:23 P.M.

BUR MIES DN 235 1-8-54 2-21 PM

C O MITTENDORF

PLEASE ASSIGN A NUMBER TO CONTRACT COVERING DOCKET NO. DMEA-3044, URANIUM
URANIUM DEVEKIO MEXXXX DEVELOPMENT CORPORATION, BOX 387, GRANTS, NEW MEXICO, COMMODITY URANIUM. PROPERTY IN VALENCIA COUNTY, NEW MEXICO, CONTRACT DATED JANUARY 8,1954. AMOUNT OF CONTRACT $11,640.72, GOVERNMENT S PARTICIPATION $10,476.5 XXXXX $10,476.65.

JOHN F SHAW FOR W H KING

9040

Denver, Colo.

JAN 11 8 52 AM
BUREAU OF MINE
MAIL ROOM
WASHINGTON D.C.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 3 1953

224 New Customhouse
Denver 2, Colorado

December 1, 1953.

Uranium Development Corporation
Box 387
Grants, New Mexico

Attention: Mr. William G. Coffey

Re: Docket No. DMEA-3044

Dear Mr. Coffey:

Returned herewith is the Lease Extension Agreement forwarded us with your letter of November 28, 1953.

Our attorney objects to Ewing Williams' signature as Lessee. However, it would be acceptable if "Uranium Development Corporation" was typed above Mr. Williams' signature and the Agreement was signed by Ewing Williams as President.

Will you please make the aforementioned corrections and return the Lease Extension Agreement to this office so that we may continue to process the contract.

Very truly yours,

W H King

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

Enclosure

HMC:cwm

cc: Docket
WRStorms
Secretary of the Oper. Comm.
Chron.
HMConnors
AHKoschmann (2)

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

224 New Customhouse
Denver 2, Colorado

November 17, 1953

Uranium Development Corporation
Box 387
Grants, New Mexico
Attention: Mr. William G. Coffey

Re: Docket No. DMEA 3044

Dear Mr. Coffey:

This will acknowledge receipt of your letter of November 16, 1953 in which you enclosed six (6) copies of Form MF-203, Owner's Consent to Lien signed by H. C. Elkins and Bertha D. Elkins.

We have not as yet received the extension of the lease which expires on January 15, 1954. As mentioned in our letter of October 30, 1953it will be necessary to have the lease extended for at least another year.

When we have received the signed copy or a photostat of the signed copy of the extension of the lease, we will be pleased to continue to process the contract.

Very truly yours,

J. W. Townsend, for
W. H. King
Executive Officer, DMEA
Field Team, Region IV

HMC:fwo

cc Sec.Oper.Comm.
WRStorms
Connors
Subject
Chron
Koschmann (2)

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

224 New Customhouse
Denver 2, Colorado

October 30, 1953

Uranium Development Corp.
Box 387
Grants, New Mexico

Re: Docket No. DMEA 3044

Attention: Mr. William G. Coffey

Dear Mr. Coffey:

This will acknowledge receipt of your letter of October 28 in which you enclosed six copies of Form MF-203, Owner's Consent to Lien, signed by you.

Your agreement with H. C. Elkins and Bertha D. Elkins dated June 22, 1953, gives them an interest in the net profits from the sale of ore. It will be necessary for H. C. and Bertha D. Elkins to sign and return the enclosed six copies of Form MF-203, before we can proceed with the contract.

It is also noted that the extension of the lease, which expires on January 15, 1954, is contingent upon production, and not exploration. It will be necessary, therefore, to have the lease extended for at least another year.

When we receive a signed copy or a photostat of a signed copy of the extension of the lease, and the enclosed copies of Form MF-203, properly signed by H. C. Elkins and Bertha D. Elkins, we will be pleased to continue to process the contract.

Very truly yours,

W. H. King
Executive Officer
DMEA Field Team
Region IV

Enclosures

HMC:es

cc: Docket
Chron.
Mittendorf
Storms
Shride
Connors
Kirchmann

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1953

224 New Customhouse
Denver 2, Colorado

October 26, 1953.

Mr. William G. Coffey
Box 387
Grants, New Mexico

Re: Docket No. DMEA-3044

Dear Mr. Coffey:

In accordance with our telephone conversation today enclosed are six copies of Form MF-203, Owner's Consent to Lien. Will you please have the owners of the claims sign all six copies and return them to this office.

Our records show that this is the third set of Forms MF-203 which have been sent to you. The first were sent July 17, 1953 and the second set were sent to you on October 23, 1953.

As stated in our letter of October 23, 1953 if we do not receive the Owner's Consent to Lien before November 25, 1953, we will presume that you are no longer interested in this exploration project and we will close the docket.

Very truly yours,

W. H. King

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

Enclosures

HMC:cwm

cc: Docket
Administrator, DMEA
WRStorms
AHKoschmann (2)
Chron.

IV

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

224 New Customhouse
Denver 2, Colorado

October 23, 1953

Mr. William G. Coffey, Vice President
Uranium Development Corporation
P. O. Box 387
Grants, New Mexico

Re: Docket No. DMEA 3044

Dear Mr. Coffey:

On September 14, 1953 we forwarded you six copies of Form MF-203, Owner's Consent to Lien. To date these forms have not been returned to this office.

If we do not receive the Owner's Consent to Lien before November 25, 1953, we will presume that you are no longer interested in this exploration project and we will close the docket.

Very truly yours,

John F. Shaw

John F. Shaw, for
W. H. King
Executive Officer, DMEA
Field Team, Region IV

HMC:fwo

cc COMittendorf
WRStorms
Connors
Subject
Chron
Koschmann (2)

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

224 New Customhouse
Denver 2, Colorado

September 4, 1953

Mr. William G. Ceffey, Vice President
Uranium Development Corporation
P. O. Box 387
Grants, New Mexico

Re: Docket No. DMEA-3044

Dear Mr. Ceffey:

On July 17 we forwarded you six copies of Form MF-203, Owner's Consent to Lien, for the signatures of the claim owners. If these forms are not returned to us within 30 days we will presume that you are no longer interested in this exploration program and will close the docket.

Very truly yours,

W. H. King

W. H. King

A. H. Koschmann

A. H. Koschmann

HMC:jp
cc Subject
Chron
WRStorms
AHKoschmann
COMittendorf

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

Department of the Interior
Defense Minerals Administration
RECEIVED
JUL 24 1953

224 New Customhouse
Denver 2, Colorado

July 21, 1953.

Memorandum

To: Administrator, Defense Minerals Exploration Administration
Attention: 200

From: Field Team, Region IV

Subject: Final Report, DMEA Docket 3044 (Uranium), Uranium Development Corporation, UDC group of claims, Valencia County, New Mexico.

The application for Government assistance in exploration work estimated to cost $11,640.72 has been approved by us and a contract will be prepared by this office.

Government participation will be 90 percent or $10,476.65.

Four copies of the Final Report will be forwarded when the contract is executed. Two copies of Form 3b are attached.

W. H. King
W. H. King

A. H. Koschmann
A. H. Koschmann

Enclosures

DMEA Form 3b
(Revised)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 24 1953

DEFENSE MINERALS EXPLORATION ADMINISTRATION

CONTROLLED DOCUMENT
Revised Abstract

DMEA Docket No. 3044

Name of Applicant Uranium Development Corporation

Change:	From		To	
	III 1	☐	III 1	☒ 7-20-53
	III 2	☐	III 2	☐
	III 3	☐	III 3	☐
	III 4	☒	III 4	☐
	III 5	☐	III 5	☐
			III 6	☐
			III 7	☐

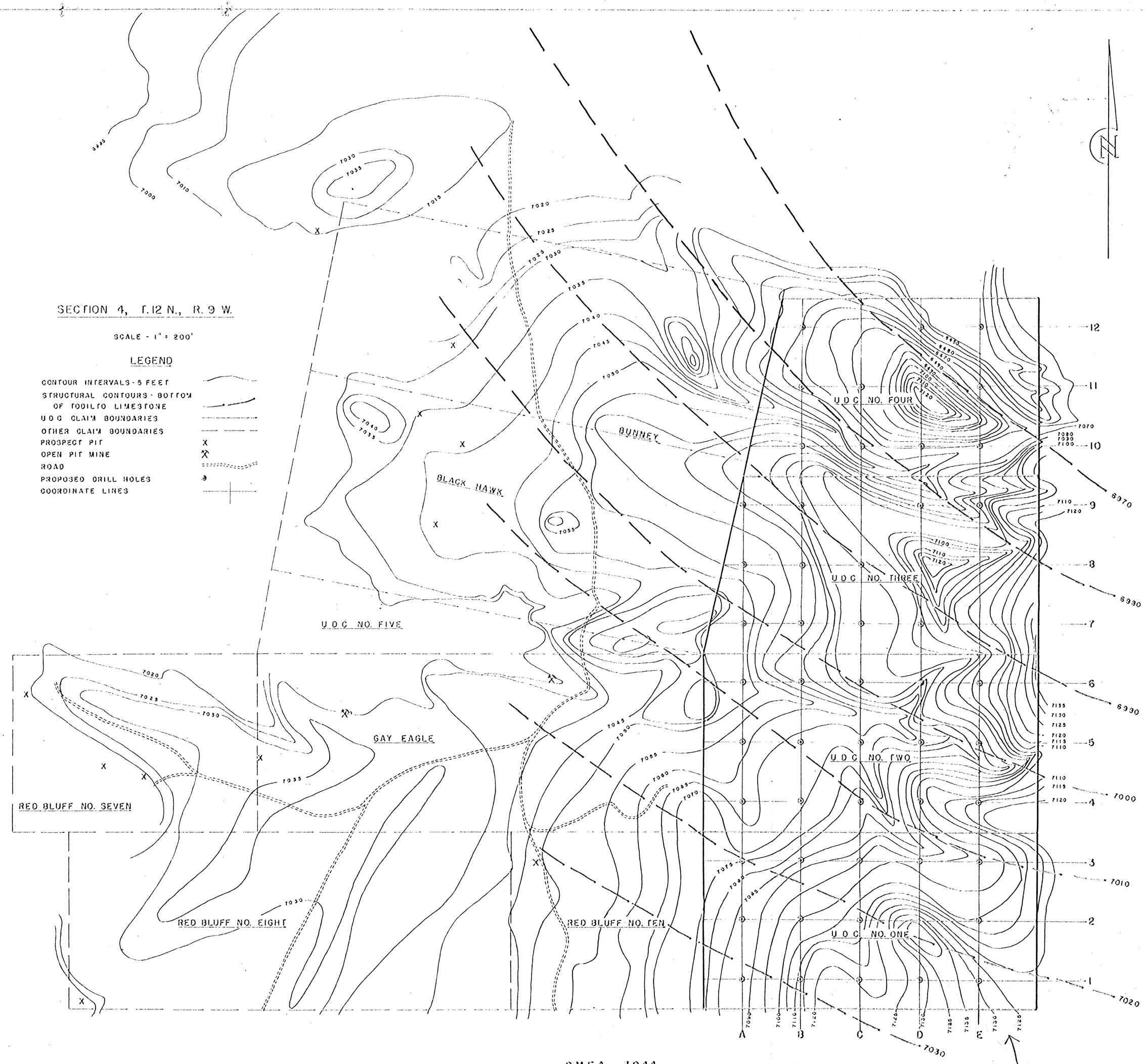
Add:		
	II 7	$ 11,657.50
	II 8	$ 11,640.72
	II 8a	% 90
	II 9	$

Remarks:

Initials of person preparing sheet H.M.C.

Date sheet prepared 7-20-53

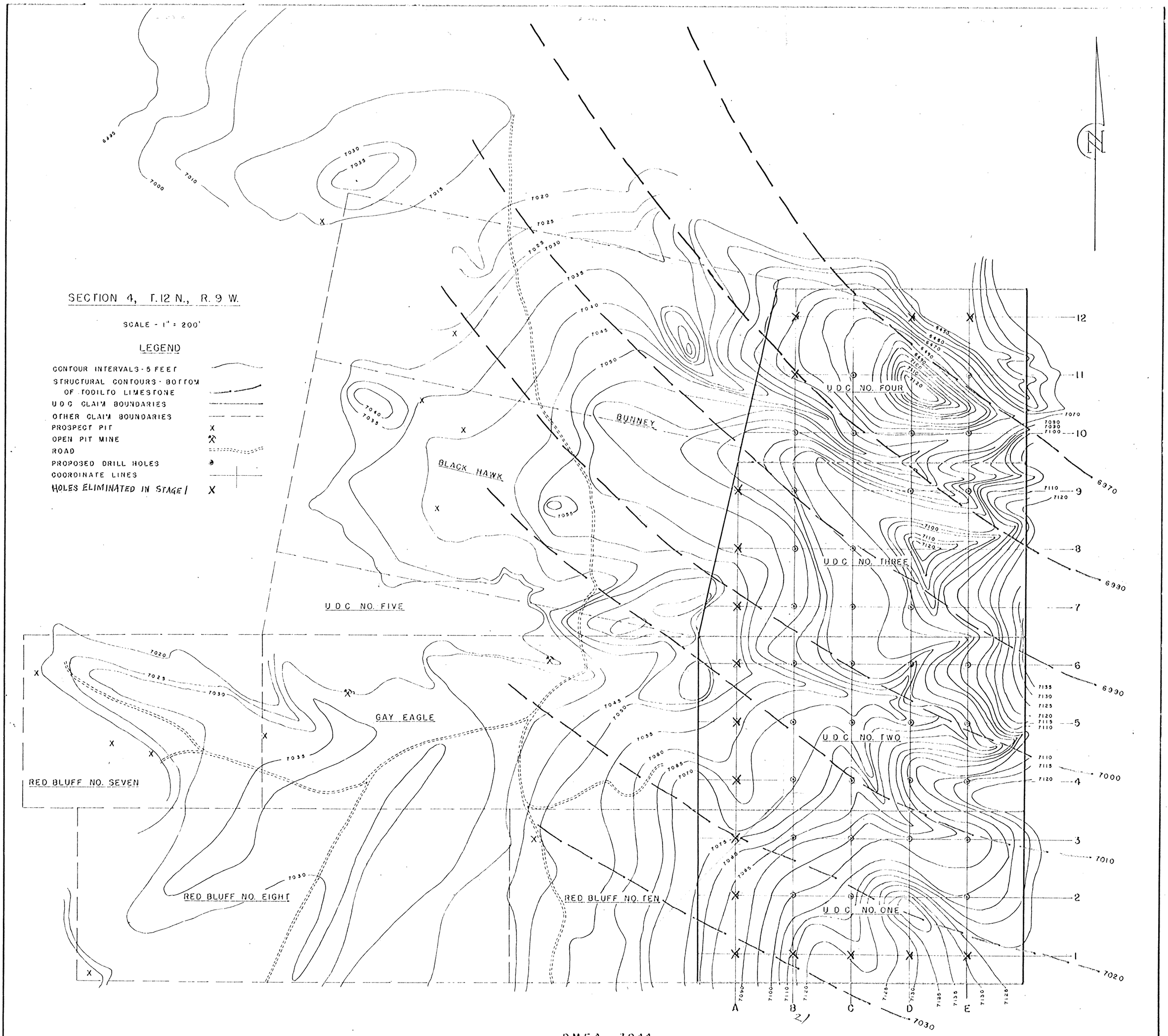
33978



DMEA 3044

FIGURE 2. - PLAN OF PROPOSED DRILLING - U D C CLAIMS - URANIUM DEVELOPMENT CORPORATION
GRANTS MINING DISTRICT VALENCIA COUNTY, NEW MEXICO

Modified



DMEA 3044

FIGURE 2. - PLAN OF PROPOSED DRILLING - U D C CLAIMS - URANIUM DEVELOPMENT CORPORATION
GRANTS MINING DISTRICT VALENCIA COUNTY, NEW MEXICO