[illegible] 3-01

ADMINISTRATIVE CONFIDENTIAL — [illegible] JUN 29 1956

Memorandum

To: Director of Inspection

From: Administrator, Defense Minerals Exploration Administration

Subject: FBI Report, dated June 15, 1956, at Denver, Colorado—J. A. Chapular; L. C. Chapular, Jr.—Fraud against the Government

Reference is made to your memorandum dated June 25, 1956, requesting my review and comment upon the subject report covering a complaint by Eldon Elbert Hubbard that funds obtained by Intermountain Mining, Inc., under Exploration Project Contract No. Ida-F710, Docket DMEA-3201 (Stanton), were expended for purposes other than the exploration.

My review of this report on the complaint, together with the DMEA docket covering the project, has not disclosed any manner of fraud against the Government. It appears that, if Mr. Hubbard's complaint of non-payment for drilling work performed under an independent contract with Intermountain Mining, Inc., is factual, his proper recourse is a civil action against the Corporation.

The exploration project contract, as executed on September 20, 1954, and amended on December 6, 1954, provides for the Government to pay Intermountain Mining, Inc., as the Operator, 75 percent of agreed and fixed unit costs of $4.95 for each foot of diamond drilling and $5.00 for each sample analysis actually performed in accordance with specifications and within the limitations set forth therein. Other pertinent provisions are that (a) the work may be performed by the Operator or by independent contractors, (b) the Government may make payments direct to the Operator's independent contractors, if any, for the account of the Operator, and (c) pending final settlement of the contract, the Government may withhold from the last voucher not in excess of 10 percent of the maximum amount payable under the contract.

Work under the contract commenced on October 26, 1954, and was completed some time prior to December 9, 1954, when a final

inspection was made by field representatives of DMEA. The final inspection verified the satisfactory completion in accordance with contract specifications of 1,661 feet of diamond drilling (763 feet by E. E. Hubbard and 898 feet by Minerals Engineering Co.). Certified assay certificates submitted by the Operator furnished the results of 4 sample analyses. Therefore, on December 27, 1954, the Government paid the Operator 75 percent of a vouchered amount of $7,577.16 (for 1,661 ft. of drilling @ $4.55/ft. and 4 analyses @ $5.00/ea.) less $200.00 withheld pending final check and audit, or the net amount of $5,683.16. The $200.00 withheld was paid to the Operator on February 2, 1955, after final check and review of the project. The total amount paid to the Operator by the Government was $5,683.16 (and not $5,483.16 as stated in the Synopsis of Facts portion of the FBI report).

Although the contract specifically permits the Government to make payments directly to an independent contractor for the account of the Operator, such procedure was not given consideration by the Government because the alleged non-payment by the Operator of Mr. Hubbard's claims for drilling work performed under an independent contract, to which the Government neither was a party nor had given its approval, first came to the attention of DMEA after final settlement of the exploration project contract. On March 28, 1955, and again on May 4, 1955, Mr. Hubbard telephoned from Moab, Utah, to W. N. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado, protesting the non-payment of his claims. Mr. Traver advised Mr. Hubbard that the Government had no legal responsibility for his claims against Intermountain Mining, Inc., under a drilling contract to which it was not a party.

On May 13, 1955, I received a telegram from Mr. Hubbard advising of his non-payment by Intermountain Mining, Inc., and his requests for Senate investigation of DMEA. By telegram dated May 16, 1955, I replied that DMEA records contained no evidence that the Government was a party to any contractual relationship between him and Intermountain Mining, Inc., and, further, that it appeared his claim was directly with Intermountain Mining, Inc.

On May 20, 1955, I received another telegram (which is not mentioned in the FBI report) from Mr. Hubbard reading as follows:

"You are advised that Intermountain Uranium Corporation has fraudulently used Government funds loaned by your office. Your failure or indifference to take action in face of such

conduct leaves you strictly in trouble. Do not advise me your position. I know that. Advise me your intentions of action. Do you intend to take action in face of such conduct. Immediately wire a direct answer."

In a telegraphic reply dated May 23, 1955, I stated:

"Reurtel May 20. We have no evidence of fraud against Intermountain Uranium. Should you possess such evidence you are urged to submit same promptly to W. M. Traver, Executive Officer, 224 New Customhouse, Denver, so appropriate action may be taken."

Neither the requested evidence nor a further communication has been received from Mr. Hubbard.

The last paragraph of the FBI report indicates that the U. S. Attorney in Denver, Colorado, is inclined to prosecute this matter of alleged fraud against the Government under Title 18, Section 1001, of the United States Code, which provides:

"Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and wilfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both."

Inasmuch as the Operator, Intermountain Mining, Inc., presented a claim and was paid by the Government at the contractual unit rates solely for work which was accepted by the Government as conforming to the contractual specifications, the grounds for such contemplated prosecution are not understood.

If, perchance, such action is contemplated on the basis of Mr. Hubbard's statement to the FBI that his charges for the drilling were at the rate of $2.75 per foot for 1,661 feet plus $72.38 for core boxes and $75.00 for standby time, or a total of $4,725.05 (the correct computation would be $4,715.05) whereas the Operator's claim was for 1,661 feet at the contract rate of $4.55 per foot, or $7,557.55, consideration must be given to a provision of the contract (which was omitted from the portions thereof quoted in the FBI report) which states:

"Cost of $4.55 per foot includes construction of access roads to the drill sites and all drill site preparation."

The Operator constructed 2,700 feet of access roads and prepared seven drill sites in connection with the drilling work.

Furthermore, consideration must be given to the fact that it is DMEA policy, in contracting for uranium exploration work at agreed or fixed unit costs for drilling, to include in such costs not only the estimated charges for independent contract drilling, but also incidental costs such as supervision, engineering and geological services, radiometric checking, and other necessary and direct costs of the work. In the application for aid in the exploration project the Operator furnished estimates of costs which averaged $4.42 per foot of drilling. After an examination of the property and the proposed project the DMEA Field Team recommended a revised and enlarged drilling program and estimated costs of $4.55 per foot, which amount was set forth as the agreed unit cost in the contract finally negotiated and executed.

The copy of the subject report submitted with your memorandum of June 25, 1956, is returned herewith.

G. O. Mittendorf

Administrator

Attachment

EDTalbert/ama
June 28, 1956

Available for reference in office of Director of Exploration

Copy to: Docket
Administrator
Admr. Reading File
Mr. Selfridge
Mr. Ellis
Mr. Dwyer
Mr. Chambers

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 6/26/56

REFERRED TO:

1. ~~[illegible]~~
2. ~~[illegible]~~
3. ~~[illegible]~~
4. Talbert

FOR:

..... Action	..... Recommendation
..... Approval	..... Record of .....
..... Comment	..... Referring to .....
..... Conference	..... Reply for signature of .....
..... Consideration	..... Rewriting
..... Filing	..... Signature
..... Instructions	..... Suggestions
..... Investigation	..... Your information
..... Initials	
..... Mailing	
..... Previous correspondence	

REMARKS: Dall –
FBI report does not show page 2 of Exhibit A.
Z.G.

Check (X) before the items needing attention.

R. 9. Mittendorf
Initials of sender.

GPO 16—63815-1

EDTalbert/ama
June 27, 1956
Rough Draft

Comm

Sounds good to me
LOD
JEF

ADMINISTRATIVE CONFIDENTIAL

Memorandum

To: Director of Inspection

From: Administrator, Defense Minerals Exploration

Subject: FBI Report, dated June 15, 1956, at Denver, Colorado---J. A. Chrysler; L. G. Chrysler, Jr.---fraud against the Government

Reference is made to your memorandum dated June 25, 1956, requesting my review and comment upon the subject report covering a complaint by Eldon Elbert Hubbard that funds obtained by Intermountain Mining, Inc., under Exploration Project Contract No. Idm-E710, Docket DMEA-3281 (Uranium), were expended for purposes other than the exploration.

My review of this report on the complaint, together with the DMEA docket covering the project, has not disclosed any manner of fraud against the Government. It appears that, if Mr. Hubbard's complaint of non-payment for drilling work performed under an independent contract with Intermountain Mining, Inc., is factual, his proper recourse is a civil action against the Corporation.

The exploration project contract, as executed on September 20, 1954, and amended on December 6, 1954, provides for the Government to pay Intermountain Mining, Inc., as the Operator, 75 percent of agreed and fixed unit costs of $4.55 for each foot of diamond drilling and $5.00 for each sample analysis actually

performed in accordance with specifications and within the limitations set forth therein. Other pertinent provisions are that (a) the work may be performed by the Operator or by independent contractors, (b) the Government may make payments direct to the Operator's independent contractors, if any, for the account of the Operator, and (c), pending final settlement of the contract, the Government may withhold from the last voucher not in excess of 10 percent of the maximum amount payable under the contract.

Work under the contract commenced on October 26, 1954, and was completed some time prior to December 9, 1954, when a final inspection was made by field representatives of DMEA. The final inspection verified the satisfactory completion in accordance with contract specifications of 1,661 feet of diamond drilling (763 feet by E. D. Hubbard and 898 feet by Minerals Engineering Co.). Certified assay certificates submitted by the Operator furnished the results of 4 sample analyses. Therefore, on December 27, 1954, the Government paid the Operator 75 percent of a vouchered amount of $7,577.25 (for 1,661 ft. of drilling @ $4.55 /ft. and 4 analyses @ $5.00/ea.) less $200.00 withheld pending final check and audit, or the net amount of $5,483.16. The $200.00 withheld was paid to the Operator on February 2, 1955, after final check and review of the project. The total amount paid to the Operator by the Government was $5,683.16 (and not $5,483.16 as

stated in the Synopsis of Facts portion of the FBI report.)

Although the contract specifically permits the Government to make payments directly to an independent contractor for the account of the Operator, such procedure was not given consideration by the Government because the alleged non-payment by the Operator of Mr. Hubbard's claims for drilling work performed under an independent contract, to which the Government neither was a party nor had given its approval, first came to the attention of DMEA after final settlement of the exploration project contract. On March 28, 1955, and again on May 4, 1955, Mr. Hubbard telephoned from Moab, Utah, to W. M. Traver, Executive Officer, DMEA Field Team, Region III, Denver, Colorado, protesting the non-payment of his claims. Mr. Traver advised Mr. Hubbard that the Government had no legal responsibility for his claims against Intermountain Mining, Inc., under a drilling contract to which it was not a party.

On May 13, 1955, I received a telegram from Mr. Hubbard advising of his non-payment by Intermountain Mines., Inc., and his requests for Senate investigation of DMEA. By telegram dated May 18, 1955, I replied that DMEA records contained no evidence that the Government was a party to any contractual relationship between him and Intermountain Mines., Inc., and, further, that it appeared his claim was directly with Intermountain Mines, Inc.

On May 20, 1955, I received another telegram (which is not mentioned in the FBI report) from Mr. Hubbard reading as follows:

> "You are advised that Intermountain Uranium Corporation has fraudulently used Government funds loaned by your office. Your failure or indifference to take action in face of such conduct leaves you strictly in trouble. Do not advise me your position. I know that. Advise me your intentions of action. Do you intend to take action in face of such conduct. Immediately wire a direct answer."

In a telegraphic reply dated May 23, 1955, I stated:

> "Reurtel May 20. We have no evidence of fraud against Intermountain Uranium. Should you possess such evidence you are urged to submit same promptly to W. M. Traver, Executive Officer, 224 New Customhouse, Denver, so appropriate action may be taken."

Neither the requested evidence nor a further communication has been received from Mr. Hubbard.

The last paragraph of the FBI report indicates that the U. S. Attorney in Denver, Colorado, is inclined to prosecute this matter of alleged fraud against the Government under Title 18, Section 1001, of the United States Code, which provides:

> "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and wilfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both."

Inasmuch as the Operator, Intermountain Mining, Inc., presented a claim and was paid by the Government at the contractual unit rates solely for work which was accepted by the Government, as conforming to the contractual specifications, the premises for such contemplated prosecution are not understood.

If, perchance, such action is contemplated on the basis of Mr.Hubbard's statement to the FBI that his charges for the drilling were at the rate of $2.75 per foot for 1,661 feet plus $72.30 for core boxes and $75.00 for standby time, or a total of $4,725.05 (the correct computation would be $4,715.05) whereas the Operator's claim was for 1,661 feet at the contract rate of $4.55 per foot, or $7,557.55, consideration must be given to a provision of the contract (which was omitted from the portions thereof quoted in the FBI report) which states:

> "Cost of $4.55 per foot includes construction of access roads to the drill sites and all drill site preparation."

The Operator constructed 2,700 feet of access roads and prepared seven drill sites in connection with the drilling work.

Furthermore, consideration must be given to the fact that it is DMEA policy, in contracting for uranium exploration work at agreed or fixed unit costs for drilling, to include in such costs not only the estimated charges for independent contract drilling, but also incidental costs such as supervision, engineering and

geological services, radiometric checking, and other necessary and direct costs of the work. In the application for aid in the exploration project the Operator furnished estimates of costs which averaged $4.42 per foot of drilling. After an examination of the property and the proposed project the DMEA Field Team recommended a revised and enlarged drilling program and estimated costs of $4.55 per foot, which amount was set forth as the agreed unit cost in the contract finally negotiated and executed.

Insert

EDTalbert/mpa
June 27, 1956
Rough Draft

ADMINISTRATIVE CONFIDENTIAL

Memorandum

To: Director of Inspection

From: Administrator, Defense Minerals Exploration

Subject: FBI Report, dated June 15, 1956, at Denver, Colorado---J. A. Chrysler; L. G. Chrysler, Jr.---fraud against the Government

Reference is made to your memorandum dated June 25, 1956, requesting my review and comment upon the subject report covering a complaint by Eldon Elbert Hubbard that funds obtained by Intermountain Mining, Inc., under Exploration Project Contract No. Idm-E710, Docket DMEA-3261 (Uranium), were expended for purposes other than the exploration.

My review of this report on the complaint, together with the DMEA docket covering the project, has not disclosed any manner of fraud against the Government. It appears that, if Mr. Hubbard's complaint of non-payment for drilling work performed under an independent contract with Intermountain Mining, Inc., is factual, his proper recourse is a civil action against the Corporation.

The exploration project contract, as executed on September 20, 1954, and amended on December 6, 1954, provides for the Government to pay Intermountain Mining, Inc., as the Operator, 75 percent of agreed and fixed unit costs of $4.55 for each foot of diamond drilling and $5.00 for each sample analysis actually

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Filed JLC

C. O. Mittendorf, Administrator

Defense Minerals Exploration
Administration
14X1401(01) Revolving
Fund, Defense Production Act, Interior
(Allocated Working Fund to the Office
of the Secretary)

MAY 23 1955

MR. E. F. [illegible]
[illegible] DRILLING COMPANY
[illegible], UTAH

DEAR SIR: MAY 20 WE HAVE NO EVIDENCE OF FRAUD AGAINST INTERMOUNTAIN DRANDRA. SHOULD YOU POSSESS SUCH EVIDENCE YOU ARE URGED TO TRANSMIT SAME PROMPTLY TO W. N. TRAVER, EXECUTIVE OFFICER, 224 NEW CUSTOMHOUSE, DENVER SO APPROPRIATE ACTION MAY BE TAKEN.

C. O. Mittendorf

C. O. MITTENDORF, ADMINISTRATOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

COMittendorf/fw
5/23/55

cc: Mails & Files
Admr. Reading File
Field Team, Reg. III (2)
Mr. Ellis
Mr. Chambers
Operating Committee
Mr. Crawford
Mr. Kiilsgaard

C
O
P
Y

TELEGRAM

[redacted]55

MOAB, UTAH, MAY 20, 1955

C. O. MITTENDORF
ADMINISTRATOR DEFENSE MINERALS EXPLORATION ADMINISTRATION

YOU ARE ADVISED THAT INTERMOUNTAIN URANIUM CORPORATION HAS FRAUDULENTLY USED GOVERNMENT FUNDS LOANED BY YOUR OFFICE. YOUR FAILURE OR INDIFFERENCE TO TAKE ACTION IN FACE OF SUCH CONDUCT LEAVES YOU STRICTLY IN TROUBLE. DO NOT ADVISE ME YOUR POSITION. I KNOW THAT. ADVISE ME YOUR INTENTIONS OF ACTION. DO YOU INTEND TO TAKE ACTION IN FACE OF SUCH CONDUCT IMMEDIATELY WIRE A DIRECT ANSWER.

E. E. HUBBARD
HUBBARD DRILLING
MOAB, UTAH

MAY 19 1955

Mr. W. P. Traver
Executive Officer
DMEA Field Team, Region III
221 Post Customhouse Building
Denver 2, Colorado

Re: Docket No. DMA-1251 (Uranium)
Intermountain Mining, Inc.
Last Chance and King Cole Claims
Grand County, Utah
Contract No. Ida-8710

Dear Mr. Traver:

Attached you will please find copies of a telegram dated May 13 received from E. F. Hubbard and of our telegraphic reply of this date. You will no doubt find the subject matter self-explanatory.

Because Mr. Hubbard clearly states his intention to discredit our handling of this particular contract, it is necessary that our docket contain all possible information which could relate to his charges. We are particularly interested in learning whether your office gave any formal or informal approval of a contract between Hubbard and the operator, and whether the matter of delinquent payments was brought to your attention prior to making final payment under the contract.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

Enclosures-4

CCMittendorf/fw
5/13/55
cc: Mails & Files
Admr. Reading File
Operating Committee
Mr. J.E.Crawford-BM-Rm.3641
Mr. Kiilsgaard-Rm.5225
Mr. Ellis
Mr. Chambers
Mr. Mittendorf

C. O. Mittendorf, Administrator

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

MAY 1 8 1955

MR. E. E. HUBBARD
HUBBARD DRILLING COMPANY
MOAB, UTAH

REURTEL MAY 13 INTERMOUNTAIN MINES EXPLORATION CONTRACT 710. OUR RECORDS INDICATE TOTAL 1661 FEET DRILLING APPROVED AND FINAL PAYMENT OF TOTAL GOVERNMENT CONTRIBUTION OF $5683.16 MADE FEBRUARY 2, 1955. OUR RECORDS DO NOT CONTAIN EVIDENCE THAT GOVERNMENT WAS A PARTY TO ANY CONTRACTUAL RELATIONSHIP BETWEEN YOU AND OPERATOR. SINCE SUBJECT CONTRACT PROCESSED BY DENVER OFFICE MATTER BEING REFERRED TO THAT OFFICE FOR POSSIBLE ADDITIONAL INFORMATION. APPEARS TO THIS OFFICE YOUR CLAIM DIRECTLY WITH OPERATOR BASED WHOLLY ON YOUR RIGHTS UNDER YOUR DRILLING CONTRACT WITH OPERATOR.

C. O. Mittendorf

C. O. MITTENDORF, ADMINISTRATOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

COMittendorf/fw
5/18/55

cc: Mails & Files
Admr. Reading File
Mr. Ellis
Mr. Chambers
F. T. Reg. III (2)
Operating Committee
Mr. Crawford
Mr. Kiilsgaard

TELEGRAM

C
O
P
Y

MOAB, UTAH
MAY 13, 1955

C. O. MITTENDORF, ADMINISTRATOR, DMEA
U. S. DEPT. OF INTERIOR BLDG.
WASHINGTON, D. C.

ADVISE YOU HUBBARD DRILLING CO. HAS NOT BEEN PAID BY INTERMOUNTAIN MINES, INC., OF CHICO, CALIFORNIA. CONTRACT FINISHED DEC. 2, 1954, DOCKET 3281, CONTRACT IDM-E710, FORM MF-200(A). ALSO ADVISE YOU AM ASKING FOUR DIFFERENT NATIONAL ASSOCIATIONS TO URGE SENATE INVESTIGATION OF YOUR OFFICE BASED UPON FACT YOUR OFFICE GRANTING LOANS WITH PUBLIC FUNDS TO PARTYS BEFORE COMPETENT INVESTIGATION HAS BEEN MADE. ADVISE ME BY WIRE WHAT EXCUSES RECOMMENDATIONS OR ACTION YOU MIGHT TAKE.

E. E. HUBBARD

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION
REPORT OF REVIEW

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 27 1955

I have reviewed the Monthly Reports of:

Intermountain Mining, Inc.
P. O. Box 635
Chico, California

pertaining to Exploration Project Contract No. Idm-1710, Docket No. DMEA 3281, including Amendment No. 1, for the month of November, 1954, covering a project for the exploration of uranium on property, known as Last Chance and King Cove claims, located in Grand County, Utah.

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 reasons:

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:	$7,577.55
Exceptions	0
Total Accepted Cost:	$7,577.55

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Five Thousand Six-Hundred-Eighty-Three and 16/100ths Dollars

-$5,683.16-

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.

F. H. Brading
Auditor

Dated: January 24, 1955

FHB:pw

RECEIVED

224 New Customhouse
Denver 2, Colorado

January 28, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-3281 (Uranium), Contract Idm-E710, Intermountain Mining, Inc., (Last Chance and Ring Cone claims), Grand County, Utah - FINAL PAYMENT.

Reference is made to our memorandum of December 22, 1954 whereby we transmitted the final Form MF-104, Operator's Monthly Progress Report and Voucher for the period of October and November, 1954, and instructed you to withhold the amount of $200.00 from reimbursement to the Operator pending release of the Report of Review by the Contract Administration and Audit Division.

We now recommend that final payment to the Operator be made on the following basis which is in conformance with the Report of Review of the Contract Administration and Audit Division dated January 24, 1955.

Basis for Final Payment

Total accepted cost as per Report of Review	$7,577.55
Government participation at 75%	5,683.16
Total prior payments	5,483.16
Balance due the Operator	$ 200.00

W. M. TRAVER

W. M. Traver

JWT:pw
cc: Subject
Chron
Sec.Op.Comm. (2)
Shaw
Townsend

Paid 200.00
Randel R. Cooper
Authorized Certifying Officer
2-2-55 DMA-55-60

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

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

JAN 10 1955

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

Month of November, 1954 Docket No. DMEA 3281 Contract No. Idm-E710
Operator's Name Intermountain Mining, Inc. Minerals Uranium
Address P.O. Box #483, Moab, Utah
Contract Amount, $ 9275.00 Government Participation: 75 % Amount, $ 6956.25

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contracts: ~~Short Form~~						
Drilling 1661 ft.	7557.55	none	7557.55			
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	20.00	none	20.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	7577.55	none	7577.55	7577.55		7577.55

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

Date Dec. 9, 54 *Payee Intermountain Mining, Inc.

Per J. A. Chrysler 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:

$ 5483.16

Signature Randell R Cooper
(Authorized Certifying Officer)

Date 12-27-54 Vou. No. DMA-D-44

(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. Idm-F103 in accordance with the terms of the contract.

Signature M. H. Salsbury $683.16 DMT Title Mining Engineer Date December 15, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Berk

Signature W. H. Ring Title Executive Officer Date DEC 22 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.

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
Received
JAN 10 1955

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

Month of November 195 4 Docket No. DMEA 3281 Contract No. Idn-5710
Operator's Name Intermountain Mining, Inc. Minerals Uranium
Address P.O.Box #483, Moab, Utah.

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	4.55 per foot	7557.55	1661	7557.55	1661	4.55	2000	4.55
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Chemical Analyses		20.00	4	20.00	4	5.00	35	5.00
TOTAL DISTRIBUTED COSTS		7577.55		7577.55				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		7577.55		7577.55				9275.00

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.

REMARKS:

Date Dec. 9, 1954 Operator Intermountain Mining, Inc.

Per J. A. Schuyler Title President

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

DEPARTMENT OF THE INTERIOR
Land Records Administration

Administrative Audit Difference Statement

DEC 1 0 1955

Date: Dec. 07, 1954
Payee's Reference: Oct. - Nov. 1954

Intermountain Mining, Inc.
P. O. Box 635
Chico, Calif.

Gentlemen:

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

Amount Claimed	$ 7,977.55
Difference	$
Amount Approved	$ *5,609.16

The reason for the difference was due to:

* $200.00 withheld pending release of Report of Review by Contract Administration and Audit Division.

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

Very sincerely yours,

N.E.Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

December 22, 1954

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3281 (Uranium), Contract Idm-E710, Intermountain Mining, Inc., (Last Chance and Ring Cone claims) Grand County, Utah. Operator's Monthly Progress Report for the period October - November 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 75 per cent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

An amount of $200.00 is to be withheld pending release of the Report of Review by the Contract Administration and Audit Division. This office will waive the requirement of a final report from the Operator.

Remarks:

Date of Report	December 9, 1954
Date Received in Field Office	December 13, 1954
Date Received in Region Office	December 21, 1954

W. H. King

W. H. King

Enclosures:

RDB:dm
cc: Sec. to Oper. Comm. (2)
Subject
WMTraver
JWTownsend
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
December 20, 1054

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3281, Contract Idm-E710 (Uranium) Intermountain Mining, Inc., (Last Chance and Ring Cone claims), Grand County, Utah--Progress report for October-November 1954

Enclosed are the original and four copies of the subject progress report, the initial and only one--forms MF-104 and MF-104A, with transmittal letter, narrative, sketch map, one copy only of drill logs and analyses invoice--and the original and six copies of M. H. Salsbury's memorandum covering his inspection of the surface core drilling progress and checking the reporting forms. The contract is unit cost on short form MF-200A and documentation is not required except for invoices to support the analyses charges.

Salsbury has visited the project site on three occasions and verifies the 1,661 feet of core and non-core drilling reported by the operator in his narrative and entered on the MF-104A forms. Other entries and extensions are correct on the MF-104 and MF-104A forms and the claim for assay reimbursement is properly documented.

The work performance was in accordance with the terms of the contract. The inspecting engineer describes the operation of the project in complete detail mentioning that it was rather poorly supervised.

Payment is approved and certified on the MF-104 forms of $5,683.16, or 75 percent of the total $7,577.55 claimed by the contractor.

The project is completed and so far as this office is concerned the narrative for the reporting period is acceptable also as a final report. We have splits of pulps of the samples analyzed. A short final report will be prepared recommending no Certification when the work load permits. You will probably deem it advisable to withhold a nominal sum from this voucher pending receipt of a Report of Review from the Regional Contract Administration and Audit Division.

W. M. Traver

W. M. Traver

Enclsoures
WMT/ici
cc: A E710 DMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
December 15, 1954

Memorandum

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

From: M. H. Salsbury

Subject: DMEA 3281, Contract Idm-E710 (Uranium) Intermountain Mining, Inc.,(Last Chance and Ring Cone claims), Grand County, Utah--Progress report for October-November, 1954

Progress under the subject contract was inspected by a Bureau of Mines representative on November 3 and December 9, 1954, and on November 17, 1954, in company with H. S. Johnson of the Geological Survey, during a trip made to another project.

Work had been started in October, consisting of access road and drill site preparation. At the time of the November 3 inspection, hole No. 1 had been abandoned without completion, and hole No. 3 was being drilled. The operator was therefore advised that a claim for payment for footage drilled in October could not be allowed before completion of a hole and no claim was presented. Prior to the inspection of December 9, the project had been completed and equipment removed.

For October and November 1954, the operator claims payment for 4 chemical analyses for U_3O_8, lime and copper at $5.00 each, or $ 20.00, and 1,661 feet of plug- and core-drilling at a unit cost price of $4.45 per foot, or $7,557.55. The claim for sample analyses is supported by certified assay certificates and that for drilling by drill logs of 6 completed holes, as follows:

Hole No.	Plug drilling feet	Core drilling feet	Total depth feet	Drilled by
1 and 1A	40	200	240	E. E. Hubbard
2	80	183	263	E. E. Hubbard
3	80	180	260	E. E. Hubbard
EH 1	70	270	340	Minerals Engineering Co.
EH 2	50	253	303	Minerals Engineering Co.
EH 3	40	215	255	Minerals Engineering Co.
Total Drilling			1,661	

Difficulty was experienced by both drilling contractors in the landslide debris and broken formations at surface. No core was recovered in the upper section of any hole but corresponding drill sludge samples were collected.

The first drilling contractor, E. E. Hubbard, had difficulty because of inexperienced personnel. The first hole drilled, No. 1, was not completed after a string of tools was broken off in the hole. Hole No. 1A was later drilled to replace this hole, and was cored in the section from 120 to 140 feet, where no core was obtained in hole No. 1, and below 205 feet, the depth reached in hole No. 1.

On the November 3 inspection of the project, it was found that the driller was not taking care of the core properly. No core boxes were available and core was being laid out on the ground. The operator's representative, J. A. Chrysler, had not been available to supervise the work, and the driller's employees did not take care of the core, or know how deep to drill the holes. A conference with Chrysler was held in Moab with H. S. Johnson of the Geological Survey present, during which the unsatisfactory operating procedures were discussed. Johnson showed Chrysler how to recognize the Moenkopi formation in which the holes were to be bottomed, and Chrysler agreed to give closer supervision and to see that core was stored properly.

On November 17, Minerals Engineering Company had taken over the work under a sub-contract from Hubbard.

The new driller was familiar with proper procedures for storing core, and had enough experience to recognize formations. Only 10 feet of core had been obtained at the time of the visit, and the core was again being placed on the ground, but the driller stated that this was a temporary measure, until the arrival of core boxes to be delivered later in the day. The drill core for the first three holes was examined in Moab at this time, but core box markings were so inadequate that an appraisal of results was impossible.

Johnson examined all the core later after the project was completed. All of the core had been straightened out by that time and he was able to make an evaluation. Johnson has submitted an interim report, finding that 1,718 feet of drilling, 57 feet more than claimed, was done. Actually 205 feet in excess of the footage claimed was done, according to drill logs, being the footage in hole No. 1, which was abandoned. Johnson probably included some footage from this hole to arrive at his total. Core recovery on the first three holes is estimated at 75 percent, and on the last three, as 95 percent or better.

Supervision on this project was less than satisfactory, and the fact that results had any value can be attributed partly to chance, and partly to the experience of the second contractor's personnel.

Five of the 6 holes claimed were completed to the proper depth and the sixth hole, No. 3 was probably drilled through the potential ore horizon, according to Johnson's examination of the core, and he recommends acceptance of the hole as completed. This is concurred in by the Bureau of Mines inspector.

No worthwhile mineralization was encountered. Slightly mineralized sandstone with a very small carbonaceous content was noted in logging the core and 4 samples of this material were analyzed on Johnson's recommendation with results as follows:

Hole No.	Depth of sample from collar-feet	Width of core sample (feet)	Analyses (percent) U_3O_8	$CaCO_3$	Cu
EH 2	269.0	0.5	0.037	56.90	0.02
EH 2	269.67	?	0.088	24.65	0.03
EH 2	270.5	?	0.035	59.10	0.01
EH 3	219.0 to 219.5	0.5	0.042	34.20	0.01

The operator probed holes Nos. 2, 3, EH 1, and EH 2, although it was not required in the contract. In view of the poor core recovery in the first three holes, it was advisable. The slight mineralization at 269-270 feet in hole No. EH 2 was verified by the probing results. No other radioactivity was reported.

The drilling completed, 1,661 feet in 6 holes, is within the contract maximum, 7 holes and 2,000 feet. A drill site for the seventh hole would have had to be so located in order to be at least 100 feet from any other hole, that the remaining 339 feet of drilling would probably not have reached the required depth, so it was not attempted. The operator considered it, with the intention of completing the hole at his own expense but decided against it in view of the negative results obtained already.

Drill core and sludges were stored at Chrysler's home in Moab. There being no further need for preserving them after logging, Chrysler was given permission to dispose of all but splits of the mineralized sections which were analyzed. The core was too soft to split successfully, and the rejects from the assayer's portions were saved instead. These were delivered to the Bureau of Mines inspector, and have been brought to Denver Federal Center for storage.

The operator has submitted a combined monthly and final report covering the completed project. This includes, in quintuplicate, forms MF-104 and MF-104A, a narrative report with map, and one copy each of two certified assay reports and six drill logs. All are satisfactory.

Payment of $5,683.16, or 75 percent of the amount claimed in November 1954, $7,577.55, is recommended.

M. E. Salsbury
Mining Engineer

MES/ici

cc: 6
E710
DMEA Chron.

P. O. BOX 635
CHICO, CALIF.

13 N. VIRGINIA ST.
SUITE 1
RENO, NEVADA

INTERMOUNTAIN MINING, INC.

P. O. BOX 483 MOAB, UTAH

Date Rec'd
BUREAU OF MINES
Denver, Colorado

Dec. 9, 1954

Mr. W. F. Traver, Jr.
U. S. Bureau of Mines,
Room 137, Bldg.20
Denver Federal Center,
Denver 14,,Colo.

re; DMEA 3281 (Uranium)
Contract # Idm-2710

RECEIVED
JAN 10 1955

Dear Mr. Traver;

We are enclosing herewith all necessary papers I beleive with our first and final Operator's Monthly Report and Voucher.

Enclosures include the following;

5 copies-- Narative and Final Report
5 copies-- Form MF 104
5 copies-- MF 104-A
5 copies-- Map indicating hole numbers
1 copy of certified drill log on each hole
1 copy of certified Chemical Analyses

If any further information is required please do not heaitate to let me know as soon as possible.

We are really quite dissapointed at the outcome of the drilling program because we were to sure that there was ore ther e eapecially after the Hunt Oil operation proved the existance of commercial ore where they are now operating.

We will appreciate anything you can do to expedite the processing of these reports and the issuance of the voucher.

It has been a pleasure to work with your personel on this contract. They have been both efficient and curteous at all times.

If Mr. H.S.Johnston arrives at a conclusion, after final study of the information derived from the cores, that would indicate the possibility of locating an ore body at some other point on the claims involved, we would be very happy to receive detailed information regarding same so that we might do some further exploration work along those lines.

Respectfully,
INTERMOUNTAIN MINING? INC.

J. A. Chrysler

by J. A. Chrysler, Pres.

P. O. BOX 635
CHICO, CALIF.

DEPARTMENT OF THE INTERIOR
Geological Survey
JAN 10 1955

13 N. VIRGINIA ST.
SUITE 1
RENO, NEVADA

INTERMOUNTAIN MINING, INC.

P. O. BOX 483 MOAB, UTAH

December 8, 54

Mr. W. E. Traver, Jr.
U. S Bureau of Mines,
Room 137, Bldg. 20,
Denver Federal Center,
Denver 14, Colorado.

re; Docket DMEA 3281 (Uranium)
Contract Idm-1710

Narative and Final Report

Dear Sir;

After final execution of Exploration Project Contract above refered to on 20 Sept. 1954 we proceeded to plan and schedule necessary work to carry out the terms of the contract. On approximately 6, Oct. work was started on 2000 ft. of acess road tothe Ring Cone and Last Chance claims and shortly thereafter on the 700 ft. of road necessary for the preparation of the drill sights. This work was completed on the 23rd of October 1954.

On the 26th of Oct. the Diamond Core drilling was started by the Hubbard Drilling Co on the hole designated on the accompanying map as #1. This hole was drilled to a depth of 205 ft. at which depth a tool was broken in the hole. Prior to this time 20ft. of core was lost between the depths of 120' and 140'. The drill was then moved to the #2 location and a hole was cored to a depth of 265' and bottomed in the Moenkopi formation. Hole #3 was cored to a depth of 260' and botomed in the Moenkopi formation. Then the Hubbard Drilling Co. moved back to a point approximately 3 ft. from hole #1 and plug drilled hole #1-A with the exception of the area between 120' and 140' which was cored, and from 205' to 240' which was cored and bottomed the hole in the Moenkopi.

The next three holes were drilled by Minerals Engineering Co. and were drilled in the following order. Hole #Ih-1 cored to a depth of 340' and bottomed in the Moenkopi. Hole #MH-2 cored to a depth of 303' and bottomed in the Moenkopi, and hole #MH3 cored to a depth of 255' and bottomed in the Moenkopi.

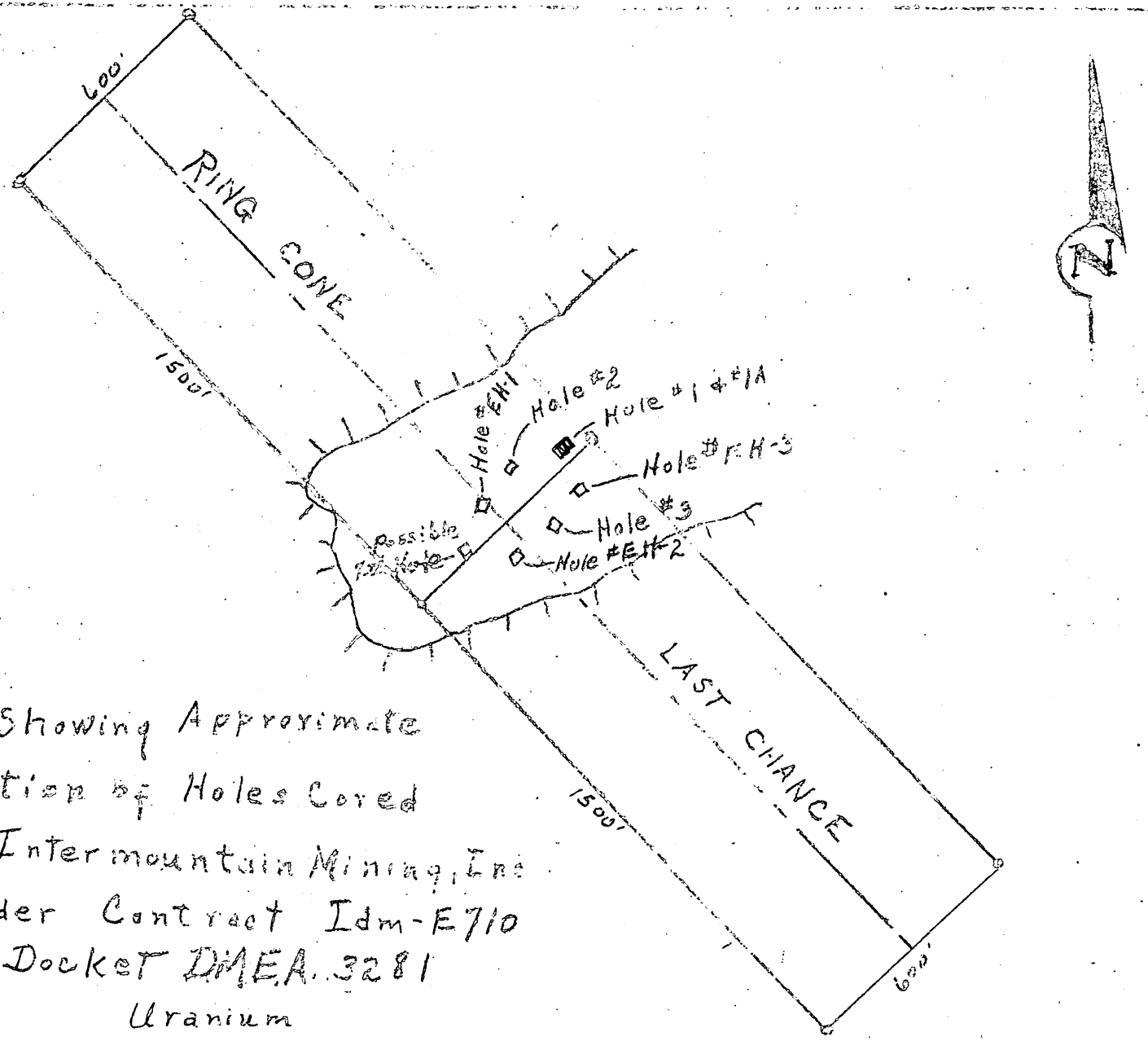
Holes # 2, 3, MH-1, & MH-2 were probed with a Pebble Counter and a 500' probe unit for our own satisfaction and only hole #MH-2 showed slight radiometric count at depths from 265' to 272'

All cores were kept in core boxes and in their respective order until checked by Mr. H. E. Johnston of your Grand Junction office and Mr. Salisbury. Three segments of core from hole #MH-2 and one segment of core from hole #MH-3 were chemically analized by Smith's Laboratory in Moab, at the suggestion of Mr. H. E. Johnston. The report on these analyses are attached.

Because of the necessary location of the seventh hole and due to the dip of the formation, it is anticipated that the remaining 339' authorized would not allow us to bottom the hole in the Moenkopi formation. We have therefore concluded all exploration work on this contract with a total footage of 1661 feet of drilling.

No Uranium ore of commercial value was located.

Respectfully,
Intermountain Mining, Inc.
J. A. Chrysler
by J. A. Chrysler, Pres.



Map Showing Approximate Location of Holes Cored By Intermountain Mining, Inc. Under Contract Idm-E710 Docket DMEA 3281 Uranium

700

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

AUG 15 1955

Mr. J. A. [illegible], President
Intermountain Minerals, Inc.
P. O. Box 635
Vidco, California

Re: Docket No. [illegible] (Uranium)
Contract No. [illegible]
Last Chance and [illegible] claims
Grand County, Utah

Dear Mr. [illegible]:

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

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

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

Sincerely yours,

C. O. Mittenderf

Administrator

cc: Vance Armbrust
Armbrust Mining Co.
120 East Main
Grand Junction, Colorado

E. Ellis gle
8-12-55

cc to: Admr.'s Reading File
Docket
Code 700
F. M. Johnson
DMEA Field Team, Region III (2)

Messrs. J. Fourteri, Rm. 3311
E. Killingsworth, Rm. 5221
J. Hoosted, Rm. 3713, TA
Contract Adm. and Audit Division

AMENDMENT OF CONTRACT: No. Idm-E710

Contract Docket No. DMEA 3281, dated September 20, 1954, between the United States of America and Intermountain Mining, Inc. is hereby amended as follows, effective as of the date of the contract:

> Referring to EXHIBIT "A" attached to Exploration Project Contract form MF-200(A) (February 1952), caption "Agreed Unit Costs", delete the following: "chemical analyses of samples for U_3O_8, V_2O_5 and lime to a maximum of $175.00 2/" and in lieu thereof substitute the following: "chemical analyses of samples for U_3O_8 and V_2O_5 as necessary, but not to exceed a maximum of 35 samples at $5.00 each." Delete footnote "2/" in its entirety. Delete item "(b)" in its entirety and in lieu thereof substitute the following: "(b) claim for reimbursement for analyses charges must be supported with a copy of the assay return, or returns, showing results"

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

Dated: DEC 6 1954

INTERMOUNTAIN MINING, INC.

By J. A. Chrysler
J. A. Chrysler, President

UNITED STATES OF AMERICA

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

Copy

Docket No. DMEA - 3281

Commodity Uranium

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 710

Date of Contract ~~or Amendment~~ Sept. 20, 1954

Name and Address of Operator:

Intermountain Mining , Inc.,
P. O. Box 635
Chico, California

Amount of Government participation ____ $6,956.25

Percent of Government participation 75 %

Region: 111 State: Utah

Note: Please release $ 1,273.09

(Name)
J. W. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington.

1/28/55

54458

Docket No. ~~DMEA - 3281~~

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J. M. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 9/20/54

54458

MF-200 (A)
(February 1952)

DOCKET NO. DEA 3281

COMMODITY Uranium

Idm-E710

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 20th day of September, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Intermountain Mining, Inc. (a Nevada corporation)
P.O. Box 635
Chico, California

hereinafter called the "Operator," as follows: and as set forth in Annex I attached hereto and made a part hereof.

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 Utah, County of Grand, described as follows:[3]

Last Chance claim	Entry 208693	Pg. 9K363	Grand County, Utah
Ring Cone claim	Entry 208694	Pg. 9K364	Grand County, Utah

Claims are located in Sections 28 and 33, T. 24 S., R. 20 E., SLPM, Seven Mile Area, as recorded in Grand County Recorder's Office, Grand County, Utah.

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 thirty (30) 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 four (4) 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 seventy-five (75) percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $6,956.25, which is 75 percent of $9,275.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator'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 monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[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 or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[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:

(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. See Annex I substituted for this article.

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* That part of the second sentence of Article 7, beginning with the word "Provided" is deleted.

Executed in sextuplicate the day and year first above written.

Intermountain Mining, Inc.
(Operator)

By J. A. Chrysler, Pres.

THE UNITED STATES OF AMERICA

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

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

P M Barceloux [CORPORATE SEAL]

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

Mining Division
Date Received
AUG 12 1954
BUREAU OF MINES
Denver, Colorado

MF-203
(Revised July 1, 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 Utah, County of Grand, described as follows:1/

Last Chance claim	Entry 208693	Pg. 9K363	Grand County, Utah
Ring Cone claim	Entry 208694	Pg. 9K364	Grand County, Utah

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/ Intermountain Mining, Inc. (a Nevada Corporation)
P. O. Box 635
Chico, California

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production 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.

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.

(OVER)

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 The undersigned agrees that the existing lease covering said property now held by Intermountain Mining, Inc. will not be cancelled prior to the completion of said contract, or during any extension thereof.

Dated this 10th day of August, 1955.

-dba- Thornburg Mining Co. [Seal]

Vance Thornburg [Seal]

[Seal]

ANNEX I

The following provisions are in lieu of Article 6 :

Repayment by Operator. --a. Certification. --If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after 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. Royalty on production. --The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, 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.

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

d. Unsold production. --If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is steckpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes

its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

e. Percentages of royalty. --The percentages of the Government's royalty shall be as follows:

> One and one-half (1½) percent of amounts (gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

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

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

h. No obligation to produce. --Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

i. Government not obligated to buy. --Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

58694

DMEA 3281

EXHIBIT "A"

Description of the Work

Drill seven (7) diamond core drill holes to an estimated depth of 250 feet, with a maximum of 2000 feet of drilling allowed, at the approximate locations shown on Figure 2 attached. Holes are not to be on an interval of less than 100 feet. The core drilling and related operations will be performed in accordance with the following specifications:

1. Holes are to be cored a minimum of AX size from bedrock to their bottoms.

2. The drilling and the obtaining and storage of core and sludge samples shall be performed in accordance with acceptable practices pertaining thereto which are subject to approval of the Defense Minerals Exploration Administration.

3. Core barrel equipment and drilling practices shall be such as to enable a maximum of core recovery.

4. All core shall be retained intact until inspected by a DMEA representative upon which the core will be split and one-half retained and properly stored for later use by the Government.

5. Separate sludge samples shall be obtained to correspond to each coring interval. At the completion of each coring run the hole shall be washed until clean and all cuttings added to the sludge for that run.

6. All drill core and sludge will be checked for the presence of radioactive material by radiometric instrument. Each sample of sludge indicating significant mineralization will be analyzed chemically for U_3O_8 and V_2O_5.

7. The 7th hole will not be drilled unless sufficient unexpended footage remains to assure completion of the hole to its objective within the total allowable footage.

Agreed Unit Cost

Diamond core drilling 2000 feet at $4.55 1/ per foot... $9,100.00

Chemical analyses of samples for U_3O_8, V_2O_5, and lime to a maximum of $175.00 2/ ..... 175.00 *

Agreed Total Cost..... $9,275.00

Government Participation at 75%. $6,956.25

Reimbursement under the terms of the contract for the cost of diamond drilling and analysis will be on the following basis:

(a) No reimbursement will be made on partially completed holes. Claim for reimbursement for completed holes must be supported by a certified drill log of the hole or holes involved.

(b) Claim for reimbursement for analysis charges must be supported by a copy of the assay return showing costs and results.

1/ Cost of $4.55 per foot includes construction of access roads to the drill sites and all drill site preparation.

2/ Assaying charges are based on actual cost and must be supported by copies of assay returns showing charges and results.

* Indicates allowable maximum.

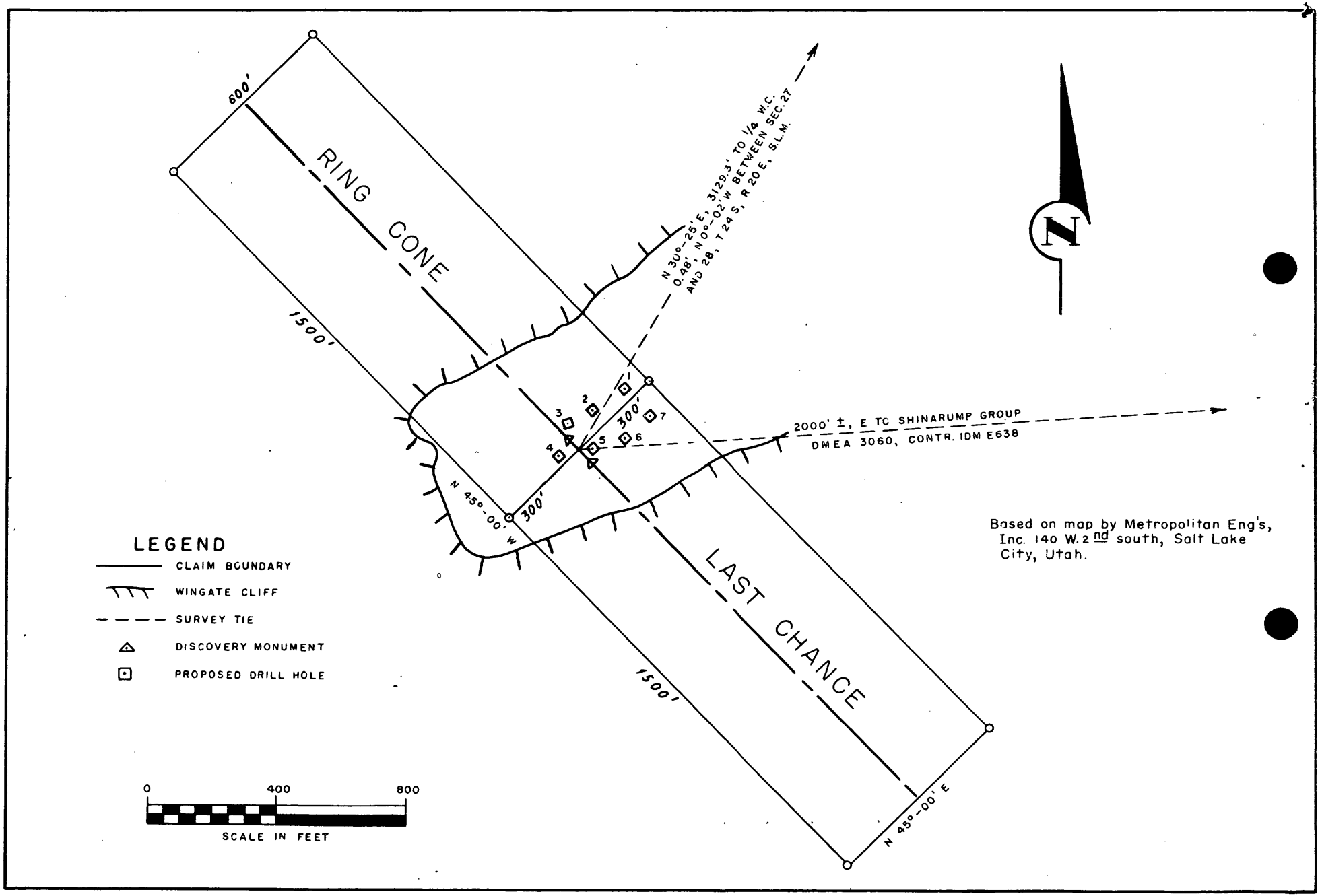

FIGURE 2-CLAIM MAP, LAST CHANCE AND RING CONE CLAIMS, INTERMOUNTAIN MINING, INC., GRAND COUNTY, UTAH (DMEA 3281)