5/6/55 gla

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

224 New Customhouse
Denver 2, Colorado

May 3, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Report of Examination, Docket DMEA-3687 (Uranium), Baldwin Hills group, Blue Chip Uranium Corporation, San Juan County, Utah

Enclosed are the original and three copies of the report pertaining to the above application.

We concur in the recommendation of the field examiners that the application be denied.

W. M. Traver

Enclosures

E. N. Harshman

E. N. Harshman

DMEA
Date Rec'd.

APR 28 1955

BUREAU OF MINES
Denver, Colorado

Region III

TRANSMITTED
MAY 3 1955

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
April 27, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw, Supervising Mining Engineer

Subject: DMEA 3687 (Uranium), Baldwin Hills group, Blue Chip Uranium Corporation, San Juan County, Utah.

Enclosed are the original and ten copies of "Summary, Conclusions, and Recommendations" by Randall T. Chew III, geologist, and Carl Balser, mining engineer, and the original and ten copies of an engineering report by Carl Balser covering docket DMEA 3687.

The applicant applied for exploration assistance in the amount of $89,177.50, to explore the Baldwin Hills claims by 14,310 feet of rotary drilling. The field examination was made on April 5, 1955, by an examining team from the Geological Survey and the Bureau of Mines. Because of the absence of adequate exposures of uranium mineralization and because there is no evidence that would indicate a probability of discovering substantial ore bodies, the examining team concluded that the proposed work would be without prospecting rather than exploration.

It is recommended that the application be denied.

John F. Shaw

John F. Shaw

Enclosures

cc 10
DMEA 3687
Chron

JFS/cm

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
NUMBER LIX

[redacted]

[redacted]

[redacted]

[redacted]

Randall T. Chew III, Geologist
Geological Survey

Carl Malouf, Mining Engineer
Bureau of Mines

April 25, 1955

DNRA 3687

# BALDWIN HILLS GROUP
# BLUE GRIP URANIUM CORPORATION
# SAN JUAN COUNTY, UTAH

## Summary, Conclusions, and Recommendations

By Randall T. Chew III
Geologist
Geological Survey

Guri Balaur
Mining Engineer
Bureau of Mines

DMEA 3687

BALDWIN HILLS GROUP
BLUE CHIP URANIUM CORPORATION
SAN JUAN COUNTY, UTAH

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

By Randall T. Chew III and Earl Palmer

Blue Chip Uranium Corporation, Joseph P. Smith, president, Room 6, Equitable Building, Denver, Colorado, has applied for Defense Minerals Exploration Administration aid in a project estimated to cost $89,177.50 to explore the Baldwin Hills claims by 14,310 feet of rotary drilling.

A field examination was made on April 5, 1955, by an examining team from the Geological Survey and the Bureau of Mines. James Gorey, mining engineer, and L. G. Truett accompanied the team and represented the applicant.

The Baldwin Hills group is on the west side of Montezuma Canyon in secs. 3 and 10, T. 35 S., R. 24 E., Salt Lake meridian, Monticello Mining District, San Juan County, Utah.

The exposed rocks on the property consist mostly of the Brushy Basin member of the Morrison formation of the Upper Jurassic. At the extreme northeast corner of the claim group rocks of the underlying Salt Wash formation outcrop while in the southwest corner of the property, the exposed rocks are the Burro Canyon formation of the Lower Cretaceous. The only known ore horizon in the region is in the Salt Wash member of the Morrison formation. Sandstone forms about

50 percent of the Salt Wash member in the Montezuma Canyon area. In areas where minable ore deposits occur, the sandstone lenses thicken and may coalesce to from 70 to 90 percent of the Salt Wash. There are hundreds of vanadium-uranium occurrences known in the Montezuma Canyon area, but none appear to carry large tonnages of uranium ore or to be exceptionally high in grade. They occur scattered at random throughout the Salt Wash sandstone. The Salt Wash member on the Baldwin Hills claims appears to be about average for the area. It is directly across the canyon from the Wildcat-Cogalia claims (DMRA 3500). No ore shipments have been made from the property.

Because the history of the entire Montezuma Canyon area has been adverse to the discovery of substantial ore bodies and because of the absence of adequate exposures of uranium mineralization, work on these claims comes under the heading of prospecting rather than exploration. The examining team recommends that the application be denied.

DMRA 3687

BALDWIN KIRKS GROUP
BLUE CHIP URANIUM CORPORATION
SAN JUAN COUNTY, UTAH

# Engineering Report

By Carl Baker
Mining Engineer
Bureau of Mines

DMRA 3487

BALDWIN HILLS GROUP
BLUE CHIP URANIUM CORPORATION
SAN JUAN COUNTY, UTAH

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Figure — Follows page

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2. Claim map, showing proposed exploration, Baldwin Hills group, Blue Chip Uranium Corporation, San Juan County, Utah..... 2

DMEA 3687

BALDWIN HILLS GROUP
BLUE CHIP URANIUM CORPORATION
SAN JUAN COUNTY, UTAH

# ENGINEERING REPORT

By Carl Belser

## INTRODUCTION

Blue Chip Uranium Corporation, Room 6, Equitable Building, Denver, Colorado, on December 1, 1954, submitted an application for Defense Minerals Exploration Administration assistance on the Baldwin Hills group of claims in San Juan County, Utah. The application, DMEA 3687, requested aid in completing 14,310 feet of drilling at an estimated cost of $29,177.50. This proposed exploration was to test the Salt Wash member of the Morrison formation for uranium mineralization.

A joint field inspection was made by a Geological Survey and Bureau of Mines examining team on April 5, 1955. The examining team, as a result of their investigations, recommended that the application be denied.

## ACKNOWLEDGMENTS

James Corey, mining engineer, and L. G. Truitt accompanied the examining team and represented the applicant.

W. P. Williams, geologist, Colorado Plateau District, Geological Survey, Grand Junction, Colorado, assigned Randall T. Shaw III, geologist, to make the examination as the Geological Survey member of the team.

The Atomic Energy Commission was consulted regarding the area before the examination was made.

## LOCATION, TOPOGRAPHY AND CLIMATE

The Baldwin Hills group consists of 27 unpatented mining claims in secs. 3 and 10, T. 35 S., R. 24 E., Salt Lake meridian, San Juan County, Utah (figs. 1 and 2).

The claims are on a gentle sloping bench high upon the west side of Montezuma Canyon at an estimated average altitude of 6,300 feet.

Monticello, Utah, the nearest town, is connected with the property by an 11-mile road, 6 miles of which is unsurfaced dirt road and 5 miles of which is paved. Moab and Thompson, Utah, are, respectively, 58 and 94 miles north of Monticello over U. S. Highway 160.

Labor, supplies, and light equipment can be obtained at Monticello and Moab. The nearest railroad is the Denver and Rio Grande Western at Thompson. Pines grow on the property. Native timber and dimension lumber can be purchased at Moab and Monticello. Water for drilling purposes can be trucked from Verdure and water for domestic purposes can be obtained in Montezuma. Ore buying depots are at Monticello and Moab.

Rainfall is light and the country is classed as semi-arid. Mining can be carried on throughout the year, but traffic on unsurfaced dirt roads is interrupted by heavy rains and spring thaws.

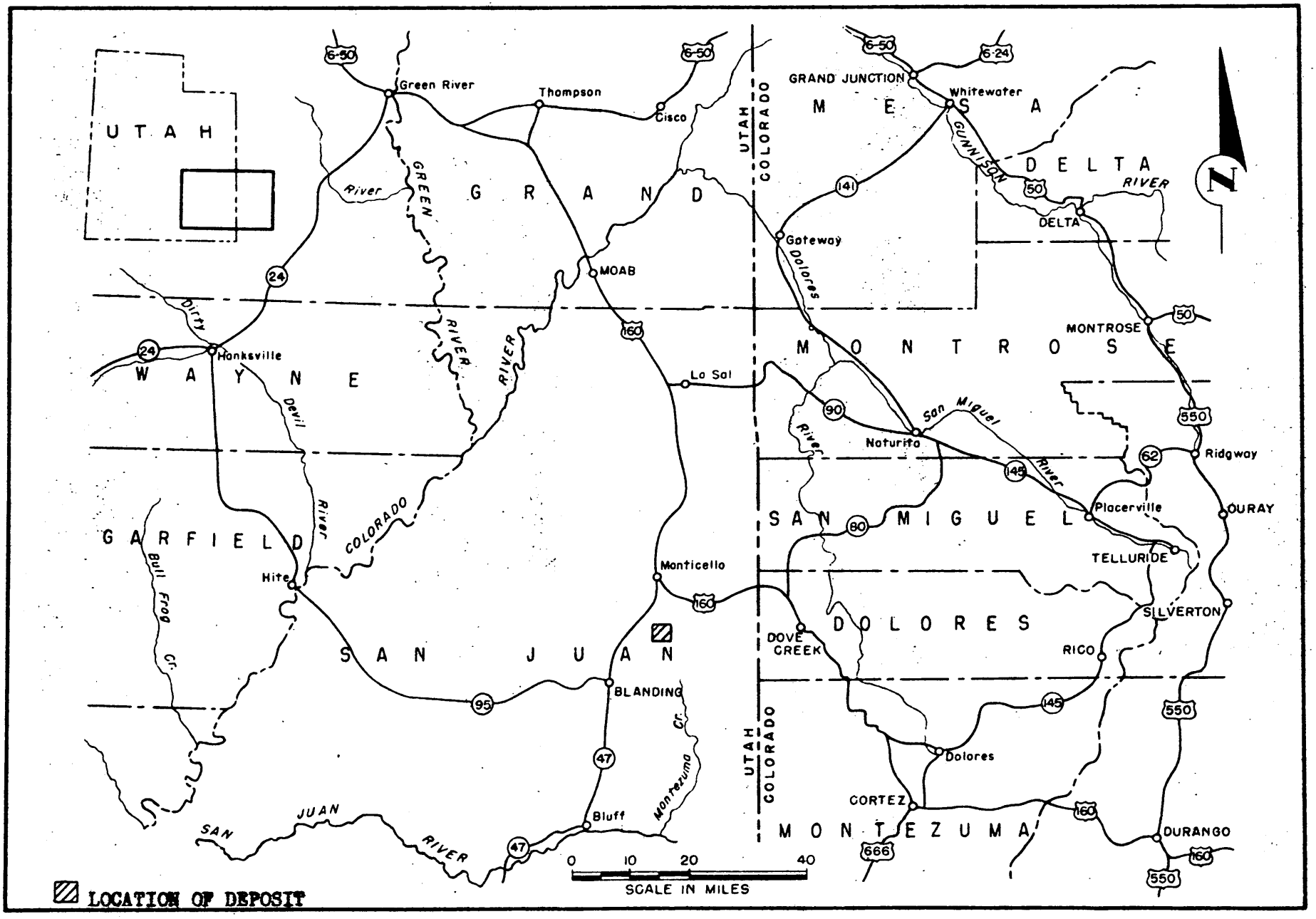



FIGURE 1 - LOCATION MAP, BALDWIN HILLS GROUP, BLUE CHIP URANIUM CORPORATION, SAN JUAN COUNTY, UTAH. DMEA 3687

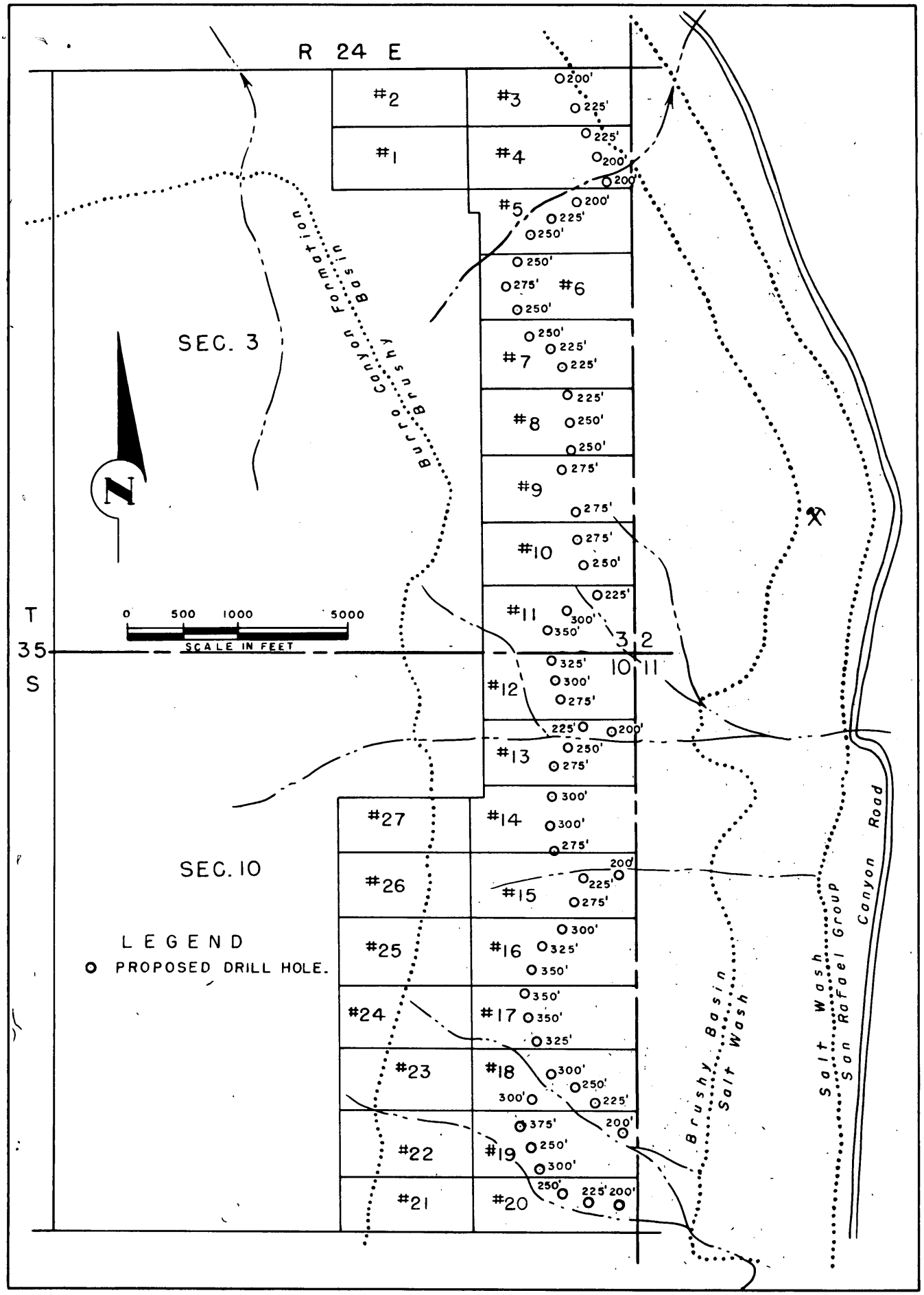



FIGURE 2 – CLAIM MAP, SHOWING PROPOSED EXPLORATION, BALDWIN HILLS GROUP, BLUE CHIP URANIUM CORPORATION, SAN JUAN COUNTY, UTAH. DMEA 3687

## HISTORY AND PRODUCTION

Prospecting for uranium ores became active following the building of the Montezuma Canyon road during World War II and became active again following the introduction of the Government buying schedules for uranium ores in 1948. The Baldwin Hill group was located in April 1954, leased on November 1, 1954, and reassigned to the Blue Chip Uranium Corporation on November 8, 1954. No development work has been done on the property and no production has been made.

A 4-foot adit was driven into a uranium-vanadium showing northeast of the Baldwin Hills No. 3 claim by a Mr. Thompson and then abandoned, and a small adit was driven into the cliff east of the Baldwin Hills No. 9 claim.

## OWNERSHIP AND MINING

The Baldwin Hills group was located by Joe E. Young in April 1944, and recorded in the office of the County Recorder of San Juan County, Utah, as follows:

| Claim | Book | Page | Date Recorded | Date Discovered | Locator |
|---|---|---|---|---|---|
| Baldwin Hills #1 | 91 | 449 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #2 | 91 | 449 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #3 | 91 | 450 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #4 | 91 | 450 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #5 | 91 | 451 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #6 | 91 | 451 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #7 | 91 | 452 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #8 | 91 | 452 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #9 | 91 | 453 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #10 | 91 | 453 | 5/11/54 | 4/16/54 | Joe E. Young |

| Claim | Book | Page | Date Recorded | Date Discovered | Locator |
|---|---|---|---|---|---|
| Baldwin Hills #11 | 91 | 453 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #12 | 91 | 454 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #13 | 91 | 455 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #14 | 91 | 455 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #15 | 91 | 456 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #16 | 91 | 456 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #17 | 91 | 457 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #18 | 91 | 457 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #19 | 91 | 458 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #20 | 91 | 458 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #21 | 91 | 459 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #22 | 91 | 459 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #23 | 91 | 460 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #24 | 91 | 460 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #25 | 91 | 461 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #26 | 91 | 461 | 5/11/54 | 4/16/54 | Joe H. Young |
| Baldwin Hills #27 | 91 | 462 | 5/11/54 | 4/16/54 | Joe H. Young |

The Baldwin Hills group is a portion of 69 unpatented claims which were leased on November 1, 1954, to Joseph F. Smith. The lease was for 5 years with the right of renewal for an additional 5 years. On November 8, 1954, this lease was assigned to the Blue Chip Uranium Corporation. The applicant has not complied with a drilling commitment, effective January 30, 1955, which is a part of the lease.

## DESCRIPTION OF DEPOSITS

The known uranium mineralization of the Montezuma Canyon area occurs at random in the flat-dipping sandstone lenses of the Salt Wash member of the Morrison formation. Most of the deposits are small and low grade. Only a portion of the Baldwin Hills No. 3 and No. 4 claims contain exposures of Salt Wash. No work has been done on the property.

## MINABLE ORE RESERVES

There are no known minable ore reserves on the property.

## PRESENT STATUS

### Exploration and Development

No exploration or development has been done on the property.

### Mining and Milling Equipment and Other Facilities

There is no mining or milling equipment on the property. Facilities consist of two old access roads.

## PROPOSED EXPLORATION

The applicant proposed to explore the Salt Wash member of the Morrison formation by 14,310 feet (54 holes) of rotary drilling.

The total overall cost was estimated at $29,177.50.

## ESTIMATED COST OF PROJECT

The application, as submitted, included the following estimated costs:

### Estimated Cost of Rotary Drilling

| | | |
|---|---|---|
| **Independent contracts** | | |
| 14,310 feet of rotary drilling at $1.50/foot | $21,465.00 | |
| Bulldozing roads and drill sites - 27 days at $100.00/day | 2,700.00 | |
| Total independent contracts | | $24,165.00 |
| **Labor and supervision** | | |
| Labor | | |
| None | | |
| Supervision | | |
| Engineers fee (lumped) | 1,000.00 | |
| Total labor and supervision | | 1,000.00 |
| **Operating materials and supplies** | | |
| Incidentals | 50.00 | |
| Total operating materials and supplies | | $0.00 |
| **Operating equipment** | | |
| None | | |

Rehabilitation and repairs

None

New buildings, improvements, etc.

None

Miscellaneous

| | | |
|---|---|---|
| Accounting (lumped) | $500.00 | |
| Analytical work - 162 assays at $5.00 each | $810.00 | |
| Total miscellaneous | | $ 1,310.00 |
| Contingencies - 10 percent | | 2,625.00 |
| Total estimated cost for 14,310 feet of rotary drilling | | $29,177.40 |
| Average cost per feet of drilling | | $ 2.04 |

Applicant's cost of $1.50 a feet to independent contractor is low.

SUMMARY COST OF PROJECT
(Applicant's estimate)

14,310 feet of rotary drilling at $2.04/ft. - $29,192.40
Government participation, 75 percent - 21,894.30

?

CONCLUSIONS

The history of uranium production from the Montezuma Canyon area is not favorable for the finding of substantial uranium deposits. The small amount of Salt Wash sandstone together with the meager exposures of uranium mineralization on the claims relegate any present drilling to prospecting rather than exploration.

RECOMMENDATIONS

It is recommended that the application be denied.

/em

IN REPLY REFER TO:
DMEA
Date Rec'd.
APR 28 1955
BUREAU OF MINES
Denver, Colorado

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

April 27, 1955

TRANSMITTED
MAY 3 1955

Memorandum

To: Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket 3687 (Uranium), Blue Chip Uranium Corp., Baldwin Hill claims, San Juan County, Utah

Enclosed are 10 copies of a geologic report by R. T. Chew, III, U. S. Geological Survey, covering his examination of the above subject property.

Although hundreds of uranium-vanadium deposits have been discovered in the Montezuma Canyon area, most of them have contained only a few tons of marginal or sub-marginal grade ore. Only one mineralized outcrop (6 to 8 inches thick) is known on the subject property, and it is probable that the proposed exploration program would not lead to the discovery of significant amounts of ore-grade material. Chew, therefore, recommends that the application for Government assistance to explore the Baldwin Hill claims be denied.

I concur with this recommendation.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (10)

ENHarshman:arh

MINERAL DEPOSITS
DMEA
RECEIVED
APR 26 1955
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

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

April 20, 1955

TRANSMITTED
MAY 3 1955

Memorandum

To: E. N. Harshman

From: W. P. Williams

Subject: DMEA 3687, Blue Chip Uranium Corporation, Baldwin Hills claims, Montezuma Canyon area, San Juan County, Utah

Transmitted herewith are 11 copies of a geologic report by R. T. Chew covering a field examination of the above referenced property.

Chew points out in his report that the Montezuma Canyon area is noted for the small size of the uranium occurrences. In addition the lithology of the Salt Wash sandstones in Montezuma Canyon is such that they do not appear favorable for the occurrence of large uranium deposits. Chew accordingly recommends that the application for DMEA assistance be denied. I concur with his recommendation.

This application was discussed with geologists of the Atomic Energy Commission, Grand Junctions Operations Office, for the purposes of evaluating the subject property.

We are returning herewith the brochure covering this application.

W P Williams

W. P. Williams
Geologist

Enclosures

DEPT. OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 6 - 1955

UNITED STATES DEPARTMENT OF THE INTERIOR

DOUGLAS McKAY, SECRETARY

# DEFENSE MINERALS EXPLORATION ADMINISTRATION
# REPORT OF EXAMINATION BY FIELD TEAM
# REGION III

## DMEA 3687, Blue Chip Uranium Corporation, Baldwin Hills claims, Montezuma Canyon area, San Juan County, Utah

## Uranium

Geologic Report

by

R. T. Chew III
U. S. Geological Survey

April 19, 1955

RECEIVED

DMEA 3687

## INTRODUCTION AND SUMMARY

Blue Chip Uranium Corporation, Room 6, Equitable Building, Denver, Colo., has requested DMEA aid in an exploration program on the Baldwin Hills group of claims, Nos. 1 to 27, (1-27) located in sections 3 and 10, T. 35 S., R. 24 E., San Juan County, Utah, about 12 miles south of Monticello, Utah (fig. 1). The proposed project consisted of about 14,310 feet of rotary drilling along with the necessary bulldozer work and other expenses. The project would cost $29,177.50 of which the Government's share would be $21,881.12.

The property was inspected on April 5, 1955, by R. T. Chew III and Carl Belser representing the U. S. Geological Survey and the U. S. Bureau of Mines respectively. L. O. Troutt and James Corey represented the applicant.

Literally hundreds of uranium-vanadium occurrences are known in the Montezuma Canyon area where the subject claims are located. Most of the occurrences contain a few tons of marginal or sub-ore grade material. Only one mineralized outcrop is known on the subject property and most of the proposed exploration program would consist of deep holes several hundred feet behind the outcrop of the ore horizon. Because of unfavorable lithologic conditions, discovery of a significant economic ore body does not appear probable and it is recommended that the application be denied.

## GEOLOGY AND ORE DEPOSITS

According to the Union Mines Development Company's Comb Ridge report, the Salt Wash is about 350 feet thick in the Upper Montezuma Canyon area where the subject claims are located. It consists of a series of sandstone lenses separated by reddish-brown siltstones. The sandstone lenses range from 30 to 50 feet thick and are more persistent in the Montezuma Canyon area than is typical on the Colorado Plateau as a whole. Sandstone forms about 50 percent of the Salt Wash member in most of the Montezuma Canyon area. In places where mineable ore deposits occur, the sandstone lenses thicken and may coalesce to form from 70 to 100 percent of the Salt Wash.

Hundreds of uranium-vanadium occurrences are known in the Montezuma Canyon area but none appear to contain large tonnages of uranium ore or to be of exceptionally high grade. They occur throughout the Salt Wash member but appear to be concentrated in the upper one-third of the unit, a condition typical of the Colorado Plateau in general. It has been postulated that the persistent sandstone beds of the Montezuma Canyon area with their relatively regular lithology have not been favorable for the deposition of large uranium deposits but rather have allowed the formation of many small ones.

The best uranium deposits known in Montezuma Canyon area are about five miles south of the Baldwin Hills claims. They all occur in the same sandstone lens which is about 125 feet thick and 4,000 to 5,000 feet long. According to Carlson (1954), the Cottonwood mine has produced 2,589 tons averaging 0.13 percent $U_3O_8$, the Rock, 1,907 tons averaging 0.17 percent $U_3O_8$, the Strawberry, 294 tons and the Rainbow 198 tons with the grade not reported. Vanadium content ranged from 1.75 to 2.23 percent.

The ore horizon crops out on only three claims in the northeast corner of the area covered by the group. The only known mineralized outcrop is on the Baldwin Hills No. 3 and is reported to be about 20 feet long and 6 to 8 inches thick. This outcrop was known and worked many years ago as the Verdure claim according to the Union Mines Development Company's Comb Ridge report. It was never developed except for the discovery pit and no ore is known to have been shipped from it. The applicants have done virtually no further development work on this outcrop. The ore horizon is exposed for 700 to 800 feet on the Baldwin Hills Nos. 4 and 5 but has not been explored. All the other claims in the group are behind the rim. A few small undeveloped ore occurrences are shown along the rim east of the Baldwin Hills group by the Union Mines report. None of the mineralized outcrops or rim exposures were visited because of heavy snow cover at the time of the field inspection.

The thickness of the Salt Wash sand lenses as exposed on the rim of Montezuma Canyon on and east of the subject property is not known because it can not be seen from the property or the floor of Montezuma Canyon. The general trend of sandstone lenses where they have been studied in the Montezuma Canyon area is about east-west. This is well shown on the Wildcat and Oogalla claims (DMEA 3500) about one-half mile to the north. Cursory examination of the rim east of the Baldwin Hills claims showed no evidence of lensing or anomalous thickening of the upper Salt Wash sands.

## PROPOSED EXPLORATION

The applicant proposed a project consisting of 14,310 feet of drilling, probably rotary, covering all the claims in the Baldwin Hills group. The 54 holes proposed would average about 250 feet deep and be spaced 200 to 300 feet apart forming a single north-south trending line through the eastern tier of claims (fig. 2). No holes were proposed on the western tier of claims. The proposed project included the necessary bulldozer work and other expenses. Estimated cost was $29,177.50 of which the Government's share would be $21,881.12.

## CONCLUSIONS AND RECOMMENDATIONS

Mineralized outcrops along the rim east of the Baldwin Hills group and also on them as described by the Union Mines Development Company report and the applicant do not appear to indicate more favorable possibilities for these claims than for most of the others in the Montezuma Canyon area. The exploration program suggested by the applicant, that of drilling a single line of holes spaced about 250 feet would not adequately test the ground under the claims. The largest known single ore body in the Montezuma Canyon area, the Cottonwood mine is about 200 feet across and is definitely extra large for this area. Drilling would have to be done on much closer spacing than that proposed, probably about 100 feet, to adequately test the ground under the subject claims. Cost of such a drilling program could not be expected to be repaid from any ore bodies that might be found. Therefore it is recommended that this application be denied.

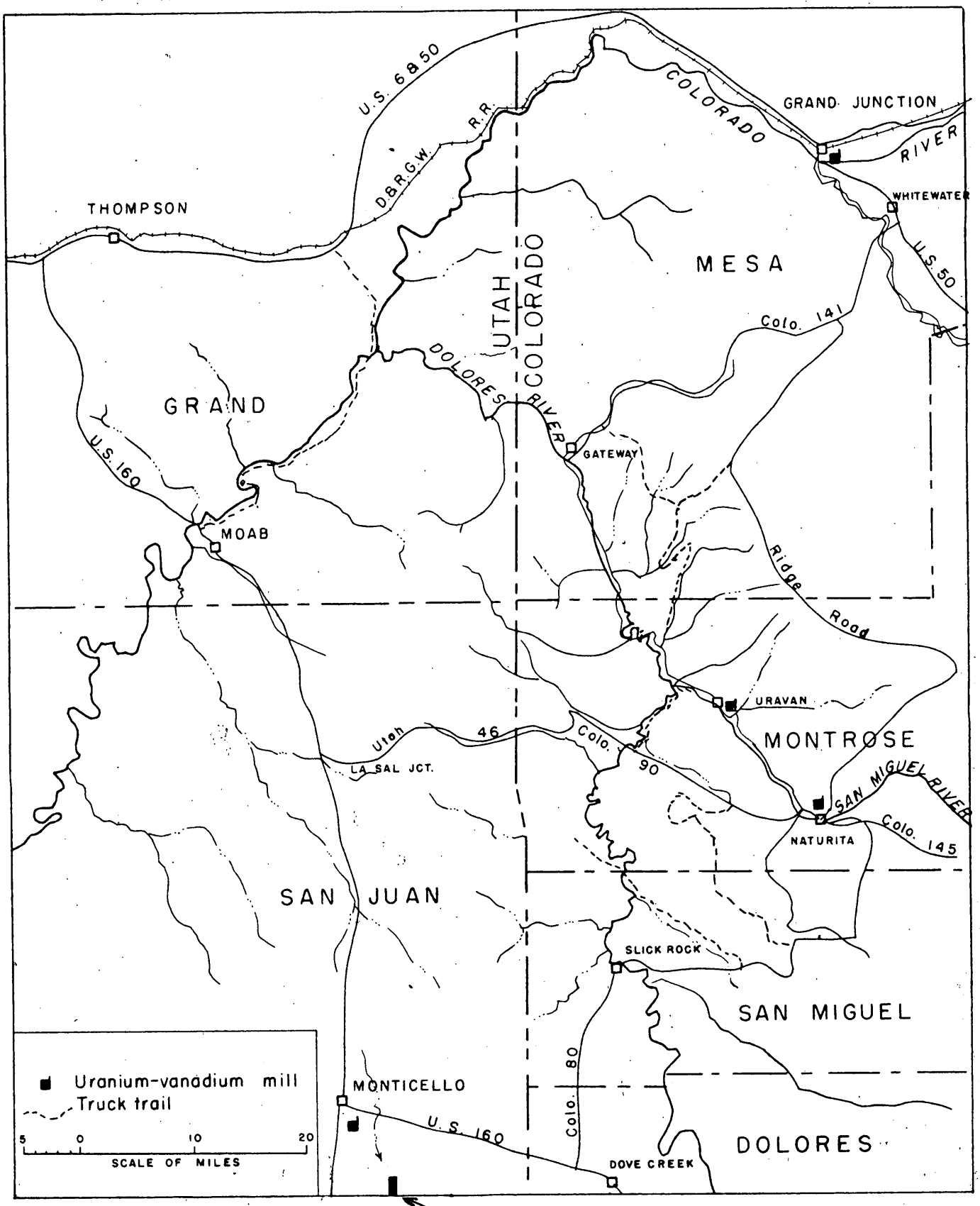
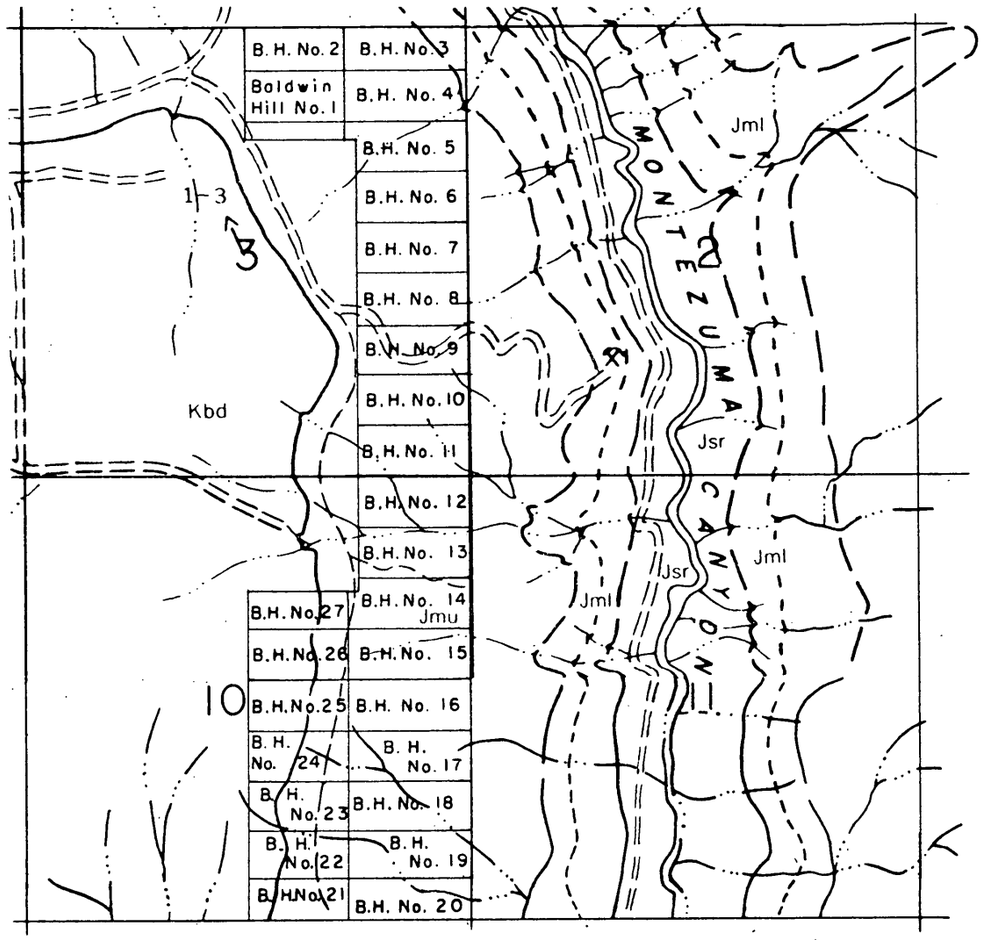



Figure 1. INDEX MAP OF PART OF COLORADO PLATEAU SHOWING LOCATION OF THE BALDWIN HILLS GROUP OF CLAIMS, BLUE CHIP URANIUM CORP., SAN JUAN COUNTY, UTAH

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 3687




N

EXPLANATION

CRETACEOUS

Kbd — BURRO CANYON FORMATION AND DAKOTA SANDSTONE, UNDIFFERENTIATED (IN PLACES MAY BE COVERED BY A THIN MANTLE OF MANCOS SHALE

JURASSIC

Jmu, Jml — MORRISON FORMATION, UPPER PART, Jmu, EQUIVALENT TO BRUSHY BASIN SHALE MEMBER, LOWER PART, Jml, EQUIVALENT TO SALT WASH SANDSTONE MEMBER. DASHED LINE IN Jml SHOWS POSITION OF BASE OF CARNOTITE-BEARING SANDSTONE

Js — SAN RAFAEL GROUP, , UNDIFFERENTIATED

FORMATION CONTACT, DASHED WHERE INFERRED

MINE OR QUARRY

1000 0 2000 FEET

T.35 S., R.24 E. S.L.M.

Note: THIS MAP TAKEN FROM U.S. GEOLOGIC SURVEY PHOTOGEOLOGIC MAPS VERDURE 6, 7, 10, AND 11

CLAIMS FROM APPLICANTS MAP

Figure 2. GEOLOGIC MAP SHOWING LOCATION OF BALDWIN HILLS GROUP OF CLAIMS BLUE CHIP URANIUM CORP., SAN JUAN COUNTY, UTAH

MF-103
(Revised April 1953)

ask for info on finances

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

Form Approved
Budget Bureau No. [illegible]

DMEA
FEB 7 1955

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 17 1955

# 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. 3687
Metal or Mineral Uranium
Date Received 2-17-55
Estimated Cost $29,177.50
Participation (Government %)

## INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name in the form in which you will sign the contract, and your mailing address: Blue Chip Uranium Corporation, a Colorado corporation
Room 6 - Equitable Building - Denver 2, Colorado
Joseph F. Smith, Pres. L.O. Troutt, Secretary-Treasurer
Joseph F. Smith, Jr., Vice-Pres. William R. Loeffler, Ass't. Sec'y.

(*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 See Legal Description, Par. 3. (a) attached

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

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Lessee

(*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. Lease attached.

(*e*) If you own the land, describe any liens or encumbrances on it None

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. Book 91, pages 447 to 462.

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 the interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes. See Schedule 4 attached.

(*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.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

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

16—66551-1

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. See John H. Eggers report attached.

(*c*) The work will start within 60 days and be completed within 12 months from the date of an exploration project contract.

(*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. See Schedule 5(d) attched.

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: See Sch. 6.

(*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.). See Schedule 6 (a)

(*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. See Schedule 6 (b)

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel. See Schedule 6 (c)

(*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. Furnished by the contractor.

(*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.

(*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.

(*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 December 1, 1954.

BLUE CHIP URANIUM CORPORATION
(Applicant)

By Joseph P. Smith, President

**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

LEGAL DESCRIPTION

Paragraph 3. (a)

Begin SE corner, Section 10, thence N to NE corner, Section 3, thence W along the N boundary line of Section 3 a distance of 300 ft. thence South at right angles to said N bounding line 600ft., thence E at right angles 1500 ft., thence S at right angles 7200 ft., thence W at right angles 1500 ft., thence S at right angles 4200 ft., thence E 3000 ft. to point of beginning.

San Juan County, State of Utah

JOHN H. EGGERS
Mining Engineer & Geologist
8121 West Boulevard
Inglewood 4, California

October 12, 1954

Mr. Joseph P. Smith, Pres.,
Blue Chip Uranium Corp.,
1029 Churchill Rd.,
Fort Worth, Texas

Dear Mr. Smith:

This letter is a report, confirming my statements made to you, following my examination of the Lady Ellen, Queen Martha, and Baldwin Hills groups of claims, totalling sixty-nine claims, near Monticello, San Juan County, Utah, on October 8, 1954, and after having spent the previous two days on these properties and the general area.

The Lady Ellen group of 27 claims is in Sec. 28, T34S, R24E, the Queen Martha group of 15 claims is in Sec. 27, T34S, R24E, and the Baldwin Hills group of 27 claims is in Sec. 3 and 10, T35S, R24E, Salt Lake Meridian.

In making this examination, full use was made of the geological maps of the United States Geologic Survey and of enlarged ("blown up") sections of these and similar maps by the Atomic Energy Commission. Three photographs, taken on these properties and attached hereto, although not as clear as expected, serve to show the geologic formations and their trend through these properties and the area.

Without going into a lot of geologic detail, it should be sufficient to point out that the uranium ores so far discovered and mined in this general and large area are in the "Salt Wash" beds of the Morrison formation. As will be noted in the attached photographs, this formation is exposed along the sides (rims) of Montezuma Canyon and on the surface of most of the immediate area and throughout most of these claims. It is quite possible that uranium ore may also be found in underlying formations here as elsewhere.

The presence of uranium and also vanadium ores in this Salt Wash formation in the immediate area has been proved by the discovery and mining of several small deposits of these ores along the sides of Montezuma canyon and also side canyons on these properties or close thereto. Although these particular deposits have so far not been proven to be extensive or to extend more than thirty or forty feet into the sides of the canyon, larger deposits have been developed some miles to the south and the ores therefrom are being trucked to the mill and stockpiles at Monticello about five miles from these properties.

It is not possible to state definitely whether more extensive and large deposits of uranium and vanadium ores are present in the favorable formations extending through these claims, but the discovery of these ores in the small deposits found along the rims of the Montezuma Canyon and side canyons shows the presence of these ores in this immediate area and appears to warrant exploration efforts in a search for other and large orebodies. As you well know, this is the general practice followed throughout the uranium-bearing areas, sometimes with marked success and sometimes with only a blank.

Such exploration work is carried on by preliminary airborne radioactivity surveying in the search for favorable indications, by drilling test holes in favorable areas, by extending tunnels in ore deposits found along the rims of the canyons, and by drilling test holes on the flat mesas back from such rim discoveries.

In an exploratory search for more extensive orebodies in these properties, it is suggested that an airborne survey be made first along the rims of the canyons and across the surface of the claims, particularly in the areas along and across faults and fault blocks, and that test holes be drilled in the areas of favorable indications and also back of the rims in the areas where discoveries have been made on the rims. The drill holes should be logged (probed) and photographic records should be kept of all such logging (or probing).

Sincerely yours,

s/ John H. Eggers

## SCHEDULE 4

### Physical Description

(a) Accessible by means of AEC gravel road through Montezuma Canyon.

Exploration operations to date consist of geologic survey of John H. Eggers attached and referred to under Paragraph (c) below, plus preliminary survey by applicant and minimum experimental blasting to reveal ore in place and to lay out plans for exploration operations and the establishment of mining camp and operation.

(b) No past or current production, ore reserves unknown, to be determined by exploration.

(c) Geologic features per John H. Eggers geologic survey, copy attached.

Reason for exploration: As operating mining corporation, following geologic report demonstrating probability of extensive uranium deposits, and following operational survey which revealed feasibility of economic mining operations, it is intended to develop the property for profit in accordance with the general purpose of the corporation.

(d) Accessibility of project:

(1)-A.E.C. gravel road adjacent to property and it will require only minimum construction of supplementary feed roads to site of operation.

(2)-The property is 8 miles hauling distance from mill at Monticello, Utah.

(e) Availability of manpower, materials, etc.

(1)-Manpower is available at Monticello, and supervisor now lives in trailer on site.

(2)-Materials, supplies and equipment have been arranged for, contracts to be executed on approval this application.

(3)-Diesel power is available and will be used.

(4)-Water for sanitary purposes, the only contemplated use, is available in stream through property.

## SCHEDULE 5 (d)

## Operating Experience and Background of Applicant and Others

Joseph P. Smith, President of the corporation, will personally supervise the work of the engineers and miners at all times. Mr. Smith is an experienced oil operator and general contractor with twenty years active participation in the development of business and industrial properties in an executive capacity.

References:

Fort Worth Exploration Company
Burk Burnett Building
Fort Worth, Texas

Scott Daly, Esq.
Burk Burnett Building
Fort Worth, Texas

Joseph P. Smith, Jr., Vice-President of the corporation and Assistant General Manager, is an engineer presently employed by the United States Department of the Army in supervising and inspecting construction works for the Air Force. He will join the company in January, 1955 to take active part in the exploration and mining operations, and reside at the site.

James Corey, Mining Engineer, with years of varied experience in mining in the area, will be employed by the applicant to carry out the exploration and mining operation. Mr. Corey resides at present on the property in his trailer.

## SCHEDULE 6.

## Estimate of Costs

(a) - Independent Contracts:

Independent contractors are available, and applicant will engage same. The costs will be:

Drilling, probing and logging, $1.50 per foot
Estimated 530 feet per claim
27 claims x $795.00 per claim - - - - - - - - - - - - $21,465.00

Earth moving, bulldozer, $12.50 per hour
8 hours per claim
27 claims x $100.00 per claim - - - - - - - - - - - - 2,700.00

(b) - Labor, supervision, consultants:

Engineer's fee for supervision - - - - - - - - - - - - 1,000.00
Labor furnished by contractor at rates under Par. (a)

(c) - Operating materials and supplies:

Incidentals - - - - - - - - - - - - - - - - - - - - - 50.00

(d) - Operating equipment:

Furnished by contractor

(e) - Rehabilitation and repairs

None.

(f) - New buildings, improvements, installations:

None.
Those required for permanent operations to be built by lessee after exploration.

(g) - Miscellaneous:

Analytical work estimated at (54 holes x 3 assays/hole x $5/ assay) 810.00

Accounting costs attributable to exploration - - - - - - - 500.00

(h) - Contingencies:

10% - - - - - - - - - - - - - - - - - - - - - - - - 2,652.50

TOTAL- - - - - - - - - - - - $29,177.50

# ASSIGNMENT OF MINING LEASE

JOSEPH P. SMITH, hereinafter called Assignor, lessee in one certain lease dated November 1, 1954, wherein J. E. Young is lessor, covering Sixty-nine (69) Mining Claims recorded in Book 91, pages 166 to 186, inclusive, and pages 449 to 462, inclusive, of the records of the County Recorder of San Juan County, State of Utah, which lease was filed in the Office of said County Recorder on November 8, 1954 at 9:25 o'clock A.M., for and in consideration of the sum of Ten Dollars ($10.00) and other valuable considerations, the receipt whereof is hereby acknowledged, does hereby assign, transfer and sell unto BLUE CHIP URANIUM CORPORATION, a Colorado corporation, hereinafter called Assignee, and to its successors and assigns, all right, title and interest as said lessee in and to the property described in said lease.

All provisions of said lease shall inure to the sole benefit of Assignee, provided however, that in the event that Assignee shall decide not to extend said lease period as therein provided, or to release the same in whole or in part, Assignee shall, at least sixty days prior to the next rental due date of the lease, notify Assignor of its intention so to do, and, upon demand by the Assignor, if made within thirty days of receipt of said notice, shall reassign to Assignor the lease or portion thereof which Assignee shall fail to extend or shall release; and provided further that, upon failure of the Assignee to adhere to the covenants of the said lease so that forfeiture impends, in whole or in part, assignor may, at his option, without notice to Assignee, enter upon said leasehold or any part thereof and comply with the terms of the lease or of any extension thereof, whereupon Assignee shall pay to Assignor all reasonable and necessary expenses incurred by reason of such entry and compliance within 30 days after written demand therefore, otherwise Assignee to reassign to Assignor the lease or the affected portion thereof.

Given under my hand and seal this 22nd day of November, 1954.

s/ Joseph P. Smith

STATE OF COLORADO )
CITY & COUNTY OF DENVER ) ss.

On the 22nd day of November, A.D. 1954 personally appeared before me Joseph P. Smith, the signor of the above instrument, who duly acknowledged to me that he executed the same.

My commission expires:

s/ William Pehr
Notary Public

# MINING LEASE

THIS INDENTURE made and entered into as of the first day of November, 1954, by and between

J. E. YOUNG,

hereinafter sometimes referred to as LESSORS, First Party, and

JOSEPH P. SMITH,

hereinafter sometimes referred to as LESSEE or as OPERATOR, Second Party,

WITNESSETH:

That for and in consideration of the sum of Ten Dollars ($10) lawful money of the United States of America in hand paid to the Lessors, receipt of which is hereby acknowledged, and of the covenants hereinafter set forth to be kept by each of the parties hereto, it is mutually understood and agreed by and between the parties as follows:

FIRST: J. E. YOUNG represents that he is the owner of sixty-nine (69) unpatented lode mining claims located in Sections 27 and 28, T 34 S, R 24 E, and Sections 3 and 10, T 35 S, R 24 E, Monticello Mining District, San Juan County, Utah, free and clear of any liens or encumbrances created by him; subject, however, to the paramount title of the United States of America. Location notices of said claims were recorded in the Office of the County Recorder of San Juan County, Utah, on May 10 or 11, 1954, in the respective books and pages set forth below:

| QUEEN MARTHA LODE MINING CLAIMS | BOOK | PAGE |
|---|---|---|
| 1 | 91 | 179 |
| 2 | 91 | 180 |
| 3 | 91 | 180 |
| 4 | 91 | 181 |
| 5 | 91 | 181 |
| 6 | 91 | 182 |
| 7 | 91 | 182 |
| 8 | 91 | 183 |
| 9 | 91 | 183 |
| 10 | 91 | 184 |
| 11 | 91 | 184 |
| 12 | 91 | 185 |
| 13 | 91 | 185 |
| 14 | 91 | 186 |
| 15 | 91 | 186 |

| LADY ELLEN LODE MINING CLAIMS | BOOK | PAGE |
|---|---|---|
| 1 | 91 | 166 |
| 2 | 91 | 166 |
| 3 | 91 | 167 |
| 4 | 91 | 167 |
| 5 | 91 | 168 |
| 6 | 91 | 168 |
| 7 | 91 | 169 |
| 8 | 91 | 169 |
| 9 | 91 | 170 |
| 10 | 91 | 170 |
| 11 | 91 | 171 |
| 12 | 91 | 171 |
| 13 | 91 | 172 |
| 14 | 91 | 172 |
| 15 | 91 | 173 |
| 16 | 91 | 173 |
| 17 | 91 | 174 |
| 18 | 91 | 174 |
| 19 | 91 | 175 |
| 20 | 91 | 175 |
| 21 | 91 | 176 |
| 22 | 91 | 176 |
| 23 | 91 | 177 |
| 24 | 91 | 177 |
| 25 | 91 | 178 |
| 26 | 91 | 178 |
| 27 | 91 | 179 |

| BALDWIN HILLS LODE MINING CLAIMS | BOOK | PAGE |
|---|---|---|
| 1 | 91 | 449 |
| 2 | 91 | 449 |
| 3 | 91 | 450 |
| 4 | 91 | 450 |
| 5 | 91 | 451 |
| 6 | 91 | 451 |
| 7 | 91 | 452 |
| 8 | 91 | 452 |
| 9 | 91 | 453 |
| 10 | 91 | 453 |
| 11 | 91 | 454 |
| 12 | 91 | 454 |
| 13 | 91 | 455 |
| 14 | 91 | 455 |
| 15 | 91 | 456 |
| 16 | 91 | 456 |
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| 18 | 91 | 457 |
| 19 | 91 | 458 |
| 20 | 91 | 458 |
| 21 | 91 | 459 |
| 22 | 91 | 459 |
| 23 | 91 | 460 |
| 24 | 91 | 460 |
| 25 | 91 | 461 |
| 26 | 91 | 461 |
| 27 | 91 | 462 |

Reference is made to the above records for a more particular description of each claim.

The property of the United States on which these claims are located is subject to a United States Oil and Gas Lease, and the property is therefore subject to the terms of Public Law 585 of the 83rd Congress which became effective August 13, 1954. The Lessors are now reposting the above described claims as required by said Public Law 585, and the recording data concerning said amended notices of location will be furnished to the Operator by the Lessors as soon as received by them.

Each of the above described claims has been identified by reference to known survey points, so that they can be identified on the ground. The Operator has been taken over the ground and shown the claims and the identifying markers, and accepts the claims as above described.

SECOND: Lessors do hereby lease and let unto the Lessee, and Lessee does hereby lease from Lessors, said mining claims together with all water rights, dips, spurs, and angles, and all and singular the rights, privileges, and appurtenances belonging or in any way appertaining to said claims, for a period of five (5) years commencing on November 1, 1954, and continuing until October 30, 1959; subject, however, to the right of Lessors, as hereinafter provided, to cancel and terminate this Lease for default on the part of Lessee.

Lessee is hereby given the exclusive option to extend the term of this Lease for additional successive five-year terms on the same basis as stated herein, provided that at the time of exercising such option the Lessee is not in default hereunder and is then operating on the demised premises. The Lessee shall notify the Lessors in writing of his election so to extend the term of this Lease or any extension thereof, at least six (6) months prior to the expiration of the then termination of the Lease.

THIRD: Operator may take possession of the demised premises immediately upon the execution of this Lease and thereupon shall proceed with operations hereunder.

FOURTH: Operator shall pay as rental to the Lessors a royalty of ten per cent (10%) of the gross mill pay and bonuses (except haulage and development allowances). The royalty shall be paid to the Lessors within ten (10) days after receipt of such proceeds by the Operator. Such payments shall be made in any event not less than once each month, on or before the 25th day of the month, for all shipments made during the preceding calendar month. At the request of Lessors Operator will arrange that royalties shall be paid direct to Lessors by the purchaser of the minerals.

All payments due hereunder shall be made to J. E. YOUNG, Pipe Line Contractor, 931 Rosecrans Avenue, Los Angeles 59, California. Such payment shall relieve Operator from any further liability therefor.

Operator shall keep full, true and accurate records concerning all ores and concentrates mined, milled, treated, shipped or otherwise disposed of, and of the place or places to which such ores or concentrates are shipped, and the returns therefrom, and shall make such records available for inspection and copying by the Lessors or their agent at all reasonable times.

The Operator shall also furnish, or cause to be furnished to J. E. YOUNG for the Lessors a duplicate copy of all mill, smelter, ore buyer or mint returns.

The Operator shall pay to J. E. Young, for Lessors, as advance royalties the following sums:

a) At the time of the execution of this lease the sum of Sixty-nine Hundred Dollars ($6,900.00), being $100 per claim on 69 claims.

b) At the time of discovery of commercial ore on any one of the three groups above described, the Operator will pay to Lessor Four Hundred Dollars ($400.00) per claim as advance royalty for each of the claims within that group.

c) Within forty-five days after discovery of commercial ore on one group, the Operator shall begin the exploration for commercial ore on a second group. If commercial ore is discovered thereon, the Operator shall pay to Lessor $400.00 per claim as advance royalty for each claim in that group.

d) Within forty-five days after discovery of commercial ore on the second group, the Operator shall begin exploratory work on the third group, and when commercial ore is discovered on the third group, the Operator shall pay to Lessor $400.00 per claim as advance royalty for each claim within that group.

Both said $100 and said $400 per claim is advance royalty on the ten per cent (10%) royalty retained as above provided. These sums shall be repaid to Operator out of one-half (1/2) of the current royalties due hereunder from production on the property. This amount may be deducted by the Operator from each payment, or the parties may instruct the purchaser of the product to deduct such one-half (1/2) from the amount of the royalties due the Lessors.

FIFTH: Operator hereby agrees:

a. To pay any and all taxes levied on the leased premises from and after the date hereof, and during the term hereof. Such taxes shall be paid before they become delinquent. If not so paid by Operator, such taxes may be paid by Lessors, and thereafter, if Operator fails to repay Lessors the amount of such taxes so paid by Lessors, Lessors shall have the right and option, thirty (30) days after demand for repayment thereof, to terminate this Lease.

b. To do all work on the property in a miner-like and efficient manner so as to produce the greatest amount and best grade of ore, and to comply with all laws, rules, and regulations, whether Federal, State, or local, applicable to the work on the demised premises.

c. To pay all debts of every character for labor, services, supplies, and materials furnished for and used upon or in connection with developments and operations under this Lease; to suffer no liens against the demised premises, or allow any claims to remain unpaid which might become liens against the property, or against the Lessors. To that end Operator shall post notices on said property, and record the same in the proper office, to protect said property and the Lessors against mechanic's Liens, and to see that such notices are so posted during the life of this Lease.

d. To save harmless the Lessors against any and all demands, claims, liens, or suits arising from injury to persons or damage to property, by accident or otherwise; and to carry the necessary Workmen's Compensation, and public liability, insurance for such purposes, the policy evidencing such insurance to be put in force prior to commencement of work upon the demised premises by Operator.

e. In all ways to carry on operations on the demised premises continuously and in good faith, unless excused as hereinafter provided, by causes beyond the reasonable control of Operator.

f. To do all the annual labor required by the laws of the United States of America, and the State of Utah, to maintain title to said claims during the life of this Lease; and to record the necessary affidavit thereof on or before the first day of May of each year, and furnish Lessors certified copies thereof.

g. To afford Lessors free access at all reasonable times to said property and the workings thereof.

h. To keep proper working plans, maps, and drawings showing the development work as the same progresses, all of which shall be open at all reasonable times to inspection by Lessors or their agent.

i. To maintain possession of the property at all times and to see that trespassers are ejected therefrom, so that upon the termination of this Lease, for any reason, the Operator can deliver undisputed possession, as well as clear title, to Lessors.

SIXTH: On or before January 30, 1955, weather permitting, Operator shall commence to drill test holes on the demised premises to determine whether the various mining claims contain uranium. Operator shall, before December 31, 1955, drill, probe, and log a minimum amount equal to six hundred (600) feet for each claim covered hereby, of such test holes. Operator shall make and furnish Lessors a copy of each report on such drilling, and of all assays made.

On or before January 1, 1956, and in any event not later than sixty (60) days after finding commercial ore on any claim, Operator shall begin actual mining on the demised premises, and shall thereafter work the aforesaid mining claims continuously, unless excused as provided in Paragraph Ninth hereof.

SEVENTH: All tools, machinery, and equipment placed upon the demised premises by Operator shall remain the property of Operator whether or not affixed to the realty; and upon termination of this Lease for whatever cause, Operator shall have ninety (90) days thereafter in which to remove all such tools, machinery, and equipment, provided he is not then in default hereunder.

All buildings erected by Operator upon the demised premises, and any timbering used therein, shall be and become a part of the demised premises, and shall be left thereon upon the termination of this Lease for whatever cause.

EIGHTH: Any mining claims or fractions thereof located by Operator, his agents or employees, adjoining or adjacent to the leased claims, shall be located in the name of Lessors only, and shall become a part of the leased property hereunder, and under the same terms and conditions.

NINTH: Operations on the demised premises under this Lease may be suspended in the event, and to the extent, that they are prevented by the elements, accidents, strikes, lock-outs, orders of governmental bodies, inability to secure materials or labor, the effects of war, or other causes beyond the control of Operator. In any such event, Operator shall carry on operations as far as possible, if this can be done profitably, and shall resume operations in full as soon as any such cause for delay be removed.

TENTH: Should Operator default in the payment of royalties hereunder provided, and fail to pay the amount actually due for ten (10) days after date of written notice, by registered mail, of such default, then Lessors shall have the option of terminating this Lease.

Should Operator default in the performance of any other provision of this Lease, and fail to remedy such default within sixty (60) days after date of written notice, by registered mail, specifying such default, Lessors may at their option terminate this Lease.

ELEVENTH: Upon termination of this Lease for any cause, Operator shall surrender possession of said mining property, free and clear of any and all liens and encumbrances of every kind made or suffered by Operator. In any such case, Operator shall deliver to Lessors a Quitclaim Deed to clear this Lease from the records.

TWELFTH: J. E. YOUNG is hereby appointed the agent of Lessors to give and receive all notices required hereunder and to receive all payments of rentals and royalties.

THIRTEENTH: Any notice, statement, or the exercise of any option, to be given hereunder, shall be given in writing, by registered mail, return receipt requested, postage prepaid, to the following:

LESSOR: J. E. YOUNG
931 East Rosecrans Avenue
Los Angeles 59, California

OPERATOR: Joseph P. Smith
Burk-Burnett Building
Fort Worth, Texas

FOURTEENTH: It is understood that Operator has a corporation organized for the purpose of operating this property. Operator may assign this lease as a whole to such corporation; but if the operator or such corporation desire otherwise to assign or sublet the demised premises, or any interest therein, Operator must first obtain the written consent of Lessors thereto.

FIFTEENTH: Time is of the essence hereof. Waiver by Lessors of full and timely performance of any term, covenant and condition herein contained shall not be deemed to constitute a waiver of full and timely performance of the same or any other term, covenant and condition upon other occasions.

SIXTEENTH: Should Operator hold over after the expiration of the term, or extended term, of this Lease, such holding over shall be deemed a tenancy from month to month only.

SEVENTEENTH: It is distinctly stipulated and agreed that nothing herein contained shall be so construed as to create any partnership relation, or the relation of joint venturers, between the parties hereto.

EIGHTEENTH: Operator shall pay and discherge all costs, expenses and reasonable attorney's fees which shall be incurred or expended by Lessor in enforcing the covenants or conditions of this Lease against Operator, whether by the institution of litigation, or otherwise.

NINETEENTH: This agreement of Lease shall be binding upon, and shall inure to the benefit of, the respective parties hereto, their heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, as of the day and year first above set forth.

J. E. Young

First Party and Lessor

Joseph P. Smith
Second Party,
Lessee and Operator

STATE OF CALIFORNIA )
) ss.
COUNTY OF LOS ANGELES )

On this 5th day of November, 1954, before me, Barbara W. Cooper, a Notary Public in and for said County and State, personally appeared J. E. YOUNG, to me known, and known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Notary Public in and for the County of Los Angeles, State of California.

(SEAL)

My commission expires May 10, 1955

Surname 700

Murphy
Ellis
Crawford
Hedges
Kiilsgaard
Selfridge
Johnson

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

MAY 24 1955

Mr. Joseph P. Smith, President
Blue Chip Uranium Corporation
Room 6, Equitable Building
Denver 2, Colorado

Re: Docket No. DMEA-3687 (Uranium)
Baldwin Hills claims
San Juan County, Utah

Dear Mr. Smith:

Your application for aid in an exploration project and other data available to us in Washington concerning your above-named property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgement, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

Careful study of all our information, although noting a small amount of mineralization on your property, indicates to us that the probability of disclosing mineable ore reserves by your proposed program is not sufficiently promising to justify Government participation. We regret to advise you, under these circumstances, that your application for exploration assistance is denied. Such denial, however, is made without prejudice. In the event that specific geologic data of a favorable nature are disclosed through limited drilling or other work on your part, we shall be pleased to consider a new application.

We wish to thank you for your interest in the Defense Minerals Program and for bringing your property to our attention.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

FMMurphy:am
5-20-55
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. Murphy
DMEA Field Team, Region III(2)

RCG

5/23/55 gle

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

May 20, 1955

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee, Room 4445

From: John E. Crawford, Bureau of Mines Member
Uranium Commodity Committee

Subject: Field Team Report of Examination, Docket DMEA ~~3678~~ 3687 (Uranium), Baldwin Hills group, Blue Chip Uranium Corporation, San Juan County, Utah

I have reviewed the Field Team report of examination, Blue Chip Uranium Corp., San Juan County, Utah, DMEA Docket 3687. Mr. Joseph O. Hosted, Washington representative of the Atomic Energy Commission, also studied the report, and we have discussed it together.

The Field Team's recommendation of denial substantiates the opinions which we expressed in our memorandum of March 1 to you regarding disposition of the subject application. Therefore we have no comment other than to agree with the Field Team's denial.

The report has been forwarded to the Chief, Division of Minerals, in accord with the routing slip attached thereto.

John E. Crawford

John E. Crawford

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

May 20, 1955

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

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The report has been forwarded to the Chief, Division of Minerals, in accord with the routing slip attached thereto.

John E. Crawford

(Docket Copy) 700

Murphy

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WASHINGTON 25, D. C.

May 20, 1955

## Summary of Proposed Project

| | |
|---|---|
| Object: | Denial of application for an exploration project. |
| Docket No.: | DMEA-3687 |
| Commodity: | Uranium |
| Applicant: | Blue Chip Uranium Corporation<br>Joseph P. Smith, President<br>Room 6, Equitable Building<br>Denver 2, Colorado |
| Property: | Lease dated November 1, 1954, assigned to Blue Chip Uranium Corporation, on November 22, 1954.<br><br>However, the Corporation has not complied with a drilling commitment, effective January 30, 1955 (first sentence, Article 6, of original lease).<br><br>Baldwin Hills claims Nos. 1 thru 27 in Secs. 3 and 10, T. 35 S., R. 24 E., S.L.B.&M., San Juan County, Utah |
| Date of Application: | December 1, 1954 |
| Copy of Application: | Received in Washington, February 17, 1955 |
| Referred to Field Team: | March 18, 1955 |
| Field Team Report: | Received in Washington, May 6, 1955 |
| Amount of Application: | $29,177.50 |

Work Proposed and Costs:

| | | |
|---|---|---|
| 14,310 feet rotary drilling (54 holes) @ $1.50/ft. | $21,465.00 | |
| Bulldozing roads and drill sites 27 days @ $100.00/day | 2,700.00 | $24,165.00 |
| Supervision (lumped) | | 1,000.00 |
| Materials and supplies | | 50.00 |
| Accounting (lumped) | | 500.00 |
| Analytical work - 162 assays @ $5.00/each | | 810.00 |
| Contingencies - 10 percent | | 2,652.50 |
| Total Estimated Cost or Project | | $29,177.50 |
| 75 percent Government participation | | $21,883.13 |

Field Team Report: (excerpts)

"The exposed rocks on the property consist mostly of the Brushy Basin member of the Morrison formation of the Upper Jurassic. At the extreme northeast corner of the claim group rocks of the underlying Salt Wash formation outcrop while in the southwest corner of the property, the exposed rocks are the Burro Canyon formation of the Lower Cretaccous. The only known ore horizon in the region is in the Salt Wash member of the Morrison formation. Sandstone forms about 50 percent of the Salt Wash member in the Montezuma Canyon area. In areas where mineable ore deposits occur, the sandstone lenses thicken and may coalesce to from 70 to 90 percent of the Salt Wash."

"Literally hundreds of uranium-vanadium occurrences are known in the Montezuma Canyon area where the subject claims are located. Most of the occurrences contain a few tons of marginal or sub-ore grade material. Only one mineralized outcrop is known on the subject property and most of the proposed exploration program would consist of deep holes (average depth 265 feet) several hundred feet behind the outcrop of the ore horizon. Because of unfavorable lithologic conditions, discovery of a significant economic ore body does not appear probable and it is recommended that the application be denied."

Commodity Committee Members' Comments:

U. S. Geological Survey - R. D. Trace, May 10, 1955

"I concur with the Field Team's recommendation

that the subject application be denied. The denial is based primarily upon 1) poor production record of area, i.e. ore bodies small and lowgrade, and 2) unfavorable lithology of the Salt Wash in the area."

U.S. Bureau of Mines -

Comments not received May 20, 1955.

Rare and Miscellaneous Metals Division - F. M. Murphy

The Field Team's Report indicate that only relatively small ore bodies have been found in the Montezuma Canyon area. To adequately drill the subject property would therefore require close spacing of the holes. Because of the depth to the potential ore horizon (approximately 265 feet), it does not appear that the ore deposits which might be found would justify the drilling costs.

It is therefore recommended that the subject application should be denied without prejudice. Reconnaissance drilling back from the rim of the Canyon might possibly disclose more favorable lithologic characteristics in the Salt Wash member than rim exposures show. In which case a new application might be considered.

Ernest Wm. Ellis

Ernest Wm. Ellis

5/12/55

IN REPLY REFER TO:

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

Department of the Interior
Defense Minerals Administration
RECEIVED
MAY 12 1955

May 10, 1955

Re: DMEA-3687
Blue Chip Uran. Corp.
Baldwin Hills Group
Montezuma Canyon Area
San Juan Co., Utah
$29,177.50 - Uranium

Memorandum

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

From: R. D. Trace, U. S. Geological Survey

Subject: Review of Field Team report

I concur with the Field Team's recommendation that the subject application be denied. The denial is based primarily upon 1) poor production record of the area, i.e. ore bodies small and low grade, and 2) unfavorable lithology of the Salt Wash in the area.

R. D. Trace

R. D. Trace

IN REPLY REFER TO:

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

May 10, 1955

Re: DMEA-3687
Blue Chip Uran. Corp.
Baldwin Hills Group
Montezuma Canyon Area
San Juan Co., Utah
$29,177.50 - Uranium

Memorandum

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From: R. D. Trace, U. S. Geological Survey

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R. D. Trace

RDTrace:hlm
G-5/10/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
J. E. Crawford, 3641 Interior
J. O. Hosted, 3210 GSA

IN REPLY REFER TO:

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

May 10, 1955

Re: DMEA-3687
Blue Chip Urem. Corp.
Baldwin Hills Group
Montezuma Canyon Area
San Juan Co., Utah
$29,177.50 - Uranium

Memorandum

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From: R. D. Trace, U. S. Geological Survey

Subject: Review of Field Team report

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R. D. Trace

RDTrace:hlm
G-5/10/55

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DMEA (3)
Docket file
J. E. Crawford, 3641 Interior
J. O. Nosted, 3210 GSA

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1955

May 10, 1955

Re: DMEA-3687
Blue Chip Uran. Corp.
Baldwin Hills Group
Montezuma Canyon Area
San Juan Co., Utah
$29,177.50 - Uranium

Memorandum

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

From: R. D. Trace, U. S. Geological Survey

Subject: Review of Field Team report

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R. D. Trace

RDTrace:hlm
G-5/10/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
J. E. Crawford, 3641 Interior
J. O. Hosted, 3210 GSA

5/11/55 gla

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

224 New Customhouse
Denver 2, Colorado

May 3, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Report of Examination, Docket DMEA-3687 (Uranium), Baldwin Hills group, Blue Chip Uranium Corporation, San Juan County, Utah

Enclosed are the original and three copies of the report pertaining to the above application.

We concur in the recommendation of the field examiners that the application be denied.

W. M. Traver

Enclosures

W. M. Traver

E. N. Harshman

E. N. Harshman

Reviewed by
DMEA OPERATING COMMITTEE
5-11-55
(date)

DMEA
Date Rec'd.

APR 23 1955

BUREAU OF MINES
Denver, Colorado

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
April 27, 1955

TRANSMITTED
MAY 3 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw, Supervising Mining Engineer

Subject: DMEA 3687 (Uranium), Baldwin Hills group, Blue Chip Uranium Corporation, San Juan County, Utah.

Enclosed are the original and ten copies of "Summary, Conclusions, and Recommendations" by Randall T. Chew III, geologist, and Earl Balser, mining engineer, and the original and ten copies of an engineering report by Earl Balser covering docket DMEA 3687.

The applicant applied for exploration assistance in the amount of $29,177.50, to explore the Baldwin Hills claims by 14,310 feet of rotary drilling. The field examination was made on April 5, 1955, by an examining team from the Geological Survey and the Bureau of Mines. Because of the absence of adequate exposures of uranium mineralization and because there is no evidence that would indicate a probability of discovering substantial ore bodies, the examining team concluded that the proposed work would be without prospecting rather than exploration.

It is recommended that the application be denied.

John F. Shaw
John F. Shaw

Enclosures

cc ID
DMEA 3687
Chron

JFS/em

Reviewed by
DMEA OPERATING COMMITTEE
5-11-55
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA 3687, Baldwin Hills Group

Blue Chip Uranium Corporation

San Juan County, Utah

Uranium

Randall T. Chew III, Geologist
Geological Survey

Carl Belser, Mining Engineer
Bureau of Mines

April 25, 1955

Reviewed by
DMEA OPERATING COMMITTEE
5-11-55

DMEA 3687

# BALDWIN HILLS GROUP
# BLUE CHIP URANIUM CORPORATION
# SAN JUAN COUNTY, UTAH

## Summary, Conclusions, and Recommendations

By Randall T. Chew III
Geologist
Geological Survey

Carl Belser
Mining Engineer
Bureau of Mines

Received by
DMEA [illegible]
5-11-55
[illegible]

DMEA 3687

# BALDWIN HILLS GROUP
# BLUE CHIP URANIUM CORPORATION
# SAN JUAN COUNTY, UTAH

## SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

By Randall T. Chew III and Carl Belser

Blue Chip Uranium Corporation, Joseph P. Smith, president, Room 6, Equitable Building, Denver, Colorado, has applied for Defense Minerals Exploration Administration aid in a project estimated to cost $29,177.50 to explore the Baldwin Hills claims by 14,310 feet of rotary drilling.

A field examination was made on April 5, 1955, by an examining team from the Geological Survey and the Bureau of Mines. James Corey, mining engineer, and L. O. Troutt accompanied the team and represented the applicant.

The Baldwin Hills group is on the west side of Montezuma Canyon in secs. 3 and 10, T. 35 S., R. 24 E., Salt Lake meridian, Monticello Mining District, San Juan County, Utah.

The exposed rocks on the property consist mostly of the Brushy Basin member of the Morrison formation of the Upper Jurassic. At the extreme northeast corner of the claim group rocks of the underlying Salt Wash formation outcrop while in the southwest corner of the property, the exposed rocks are the Burro Canyon formation of the Lower Cretaceous. The only known ore horizon in the region is in the Salt Wash member of the Morrison formation. Sandstone forms about

Reviewed by
DMEA OPERATING COMMITTEE

5-11-55
(date)

50 percent of the Salt Wash member in the Montezuma Canyon area. In areas where minable ore deposits occur, the sandstone lenses thicken and may coalesce to from 70 to 90 percent of the Salt Wash. There are hundreds of vanadium-uranium occurrences known in the Montezuma Canyon area, but none appear to carry large tonnages of uranium ore or to be exceptionally high in grade. They occur scattered at random throughout the Salt Wash sandstone. The Salt Wash member on the Baldwin Hills claims appears to be about average for the area. It is directly across the canyon from the Wildcat-Oogalla claims (DMEA 3500). No ore shipments have been made from the property.

Because the history of the entire Montezuma Canyon area has been adverse to the discovery of substantial ore bodies and because of the absence of adequate exposures of uranium mineralization, work on these claims comes under the heading of prospecting rather than exploration. The examining team recommends that the application be denied.

DMEA 3687

# BALDWIN HILLS GROUP
# BLUE CHIP URANIUM CORPORATION
# SAN JUAN COUNTY, UTAH

## Engineering Report

By Carl Belser
Mining Engineer
Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
5-11-55
(date)

DMEA 3687

# BALDWIN HILLS GROUP
# BLUE CHIP URANIUM CORPORATION
# SAN JUAN COUNTY, UTAH

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Conclusions..... 6
Recommendations..... 6


## ILLUSTRATIONS


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1. Location map, Baldwin Hills group, Blue Chip Uranium Corporation, San Juan County, Utah..... 2
2. Claim map, showing proposed exploration, Baldwin Hills group, Blue Chip Uranium Corporation, San Juan County, Utah..... 2

DMEA 3687

# BALDWIN HILLS GROUP
# BLUE CHIP URANIUM CORPORATION
# SAN JUAN COUNTY, UTAH

## ENGINEERING REPORT

By Carl Belser

## INTRODUCTION

Blue Chip Uranium Corporation, Room 6, Equitable Building, Denver, Colorado, on December 1, 1954, submitted an application for Defense Minerals Exploration Administration assistance on the Baldwin Hills group of claims in San Juan County, Utah. The application, DMEA 3687, requested aid in completing 14,310 feet of drilling at an estimated cost of $29,177.50. This proposed exploration was to test the Salt Wash member of the Morrison formation for uranium mineralization.

A joint field inspection was made by a Geological Survey and Bureau of Mines examining team on April 5, 1955. The examining team, as a result of their investigations, recommended that the application be denied.

## ACKNOWLEDGMENTS

James Corey, mining engineer, and L. O. Troutt accompanied the examining team and represented the applicant.

W. P. Williams, geologist, Colorado Plateau District, Geological Survey, Grand Junction, Colorado, assigned Randall T. Chew III, geologist, to make the examination as the Geological Survey member of the team.

Revised by
DMEA OPERATING COMMITTEE
5-11-55
(date)

The Atomic Energy Commission was consulted regarding the area before the examination was made.

## LOCATION, TOPOGRAPHY AND CLIMATE

The Baldwin Hills group consists of 27 unpatented mining claims in secs. 3 and 10, T. 35 S., R. 24 E., Salt Lake meridian, San Juan County, Utah (figs. 1 and 2).

The claims are on a gentle sloping bench high upon the west side of Montezuma Canyon at an estimated average altitude of 6,300 feet.

Monticello, Utah, the nearest town, is connected with the property by an 11-mile road, 6 miles of which is unsurfaced dirt road and 5 miles of which is paved. Moab and Thompson, Utah, are, respectively, 58 and 94 miles north of Monticello over U. S. Highway 160.

Labor, supplies, and light equipment can be obtained at Monticello and Moab. The nearest railroad is the Denver and Rio Grande Western at Thompson. Pinon grows on the property. Native timber and dimension lumber can be purchased at Moab and Monticello. Water for drilling purposes can be trucked from Verdure and water for domestic purposes can be obtained in Monticello. Ore buying depots are at Monticello and Moab.

Rainfall is light and the country is classed as semi-arid. Mining can be carried on throughout the year, but traffic on unsurfaced dirt roads is interrupted by heavy rains and spring thaws.

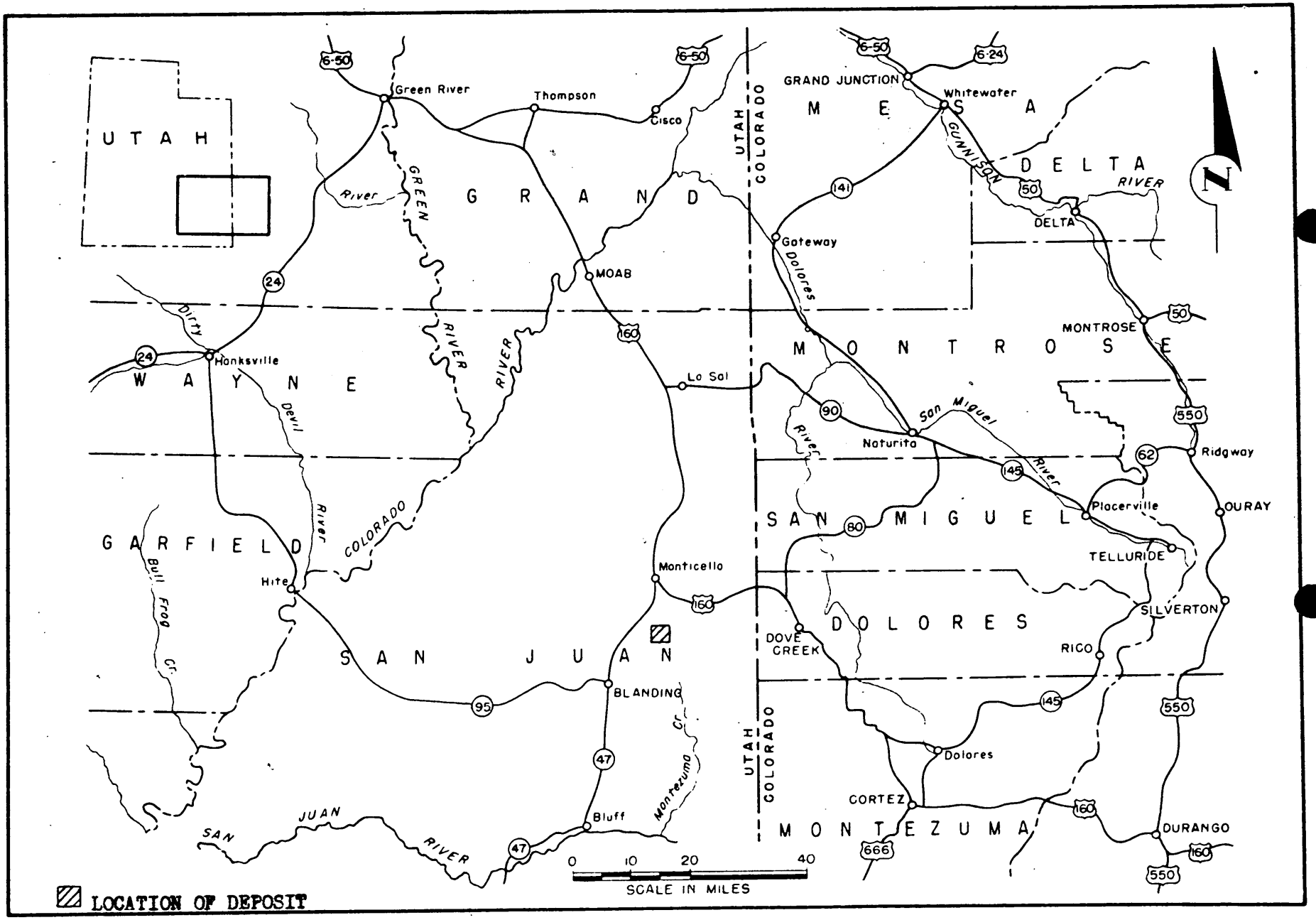



FIGURE 1 - LOCATION MAP, BALDWIN HILLS GROUP, BLUE CHIP URANIUM CORPORATION, SAN JUAN COUNTY, UTAH. DMEA 3687

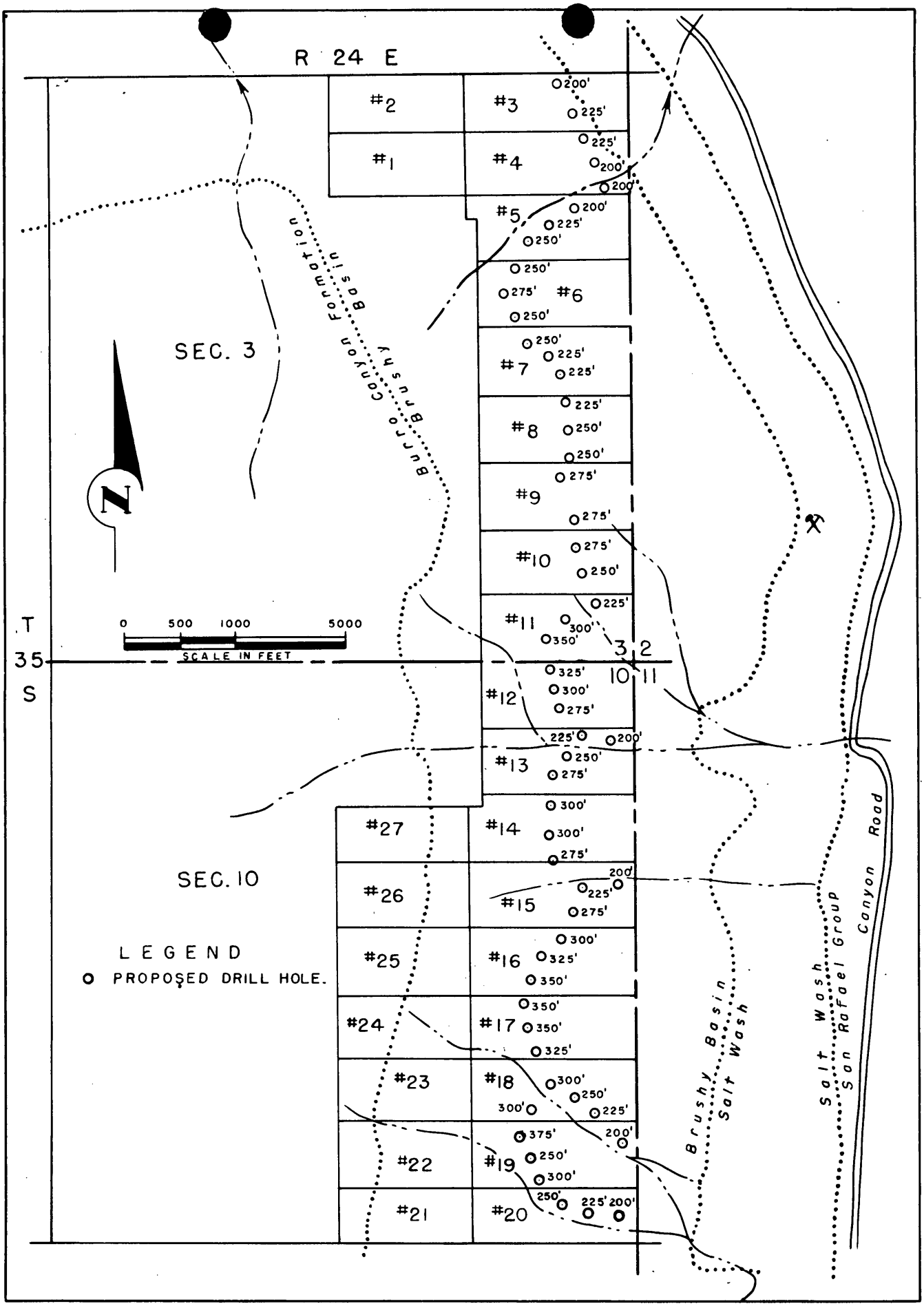



FIGURE 2 - CLAIM MAP, SHOWING PROPOSED EXPLORATION, BALDWIN HILLS GROUP, BLUE CHIP URANIUM CORPORATION, SAN JUAN COUNTY, UTAH. DMEA 3687

## HISTORY AND PRODUCTION

Prospecting for uranium ores became active following the building of the Montezuma Canyon road during World War II and became active again following the introduction of the Government buying schedules for uranium ores in 1948. The Baldwin Hill group was located in April 1954, leased on November 1, 1954, and reassigned to the Blue Chip Uranium Corporation on November 8, 1954. No development work has been done on the property and no production has been made.

A 4-foot adit was driven into a uranium-vanadium showing northeast of the Baldwin Hills No. 3 claim by a Mr. Thompson and then abandoned, and a small adit was driven into the cliff east of the Baldwin Hills No. 9 claim.

## OWNERSHIP AND EXTENT

The Baldwin Hills group was located by Joe E. Young in April 1944, and recorded in the office of the County Recorder of San Juan County, Utah, as follows:

| Claim | Book | Page | Date Recorded | Date Discovered | Locator |
|---|---|---|---|---|---|
| Baldwin Hills #1 | 91 | 449 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #2 | 91 | 449 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #3 | 91 | 450 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #4 | 91 | 450 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #5 | 91 | 451 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #6 | 91 | 451 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #7 | 91 | 452 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #8 | 91 | 452 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #9 | 91 | 453 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #10 | 91 | 453 | 5/11/54 | 4/16/54 | Joe E. Young |

| Claim | Book | Page | Date Recorded | Date Discovered | Locator |
|---|---|---|---|---|---|
| Baldwin Hills #11 | 91 | 454 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #12 | 91 | 454 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #13 | 91 | 455 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #14 | 91 | 455 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #15 | 91 | 456 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #16 | 91 | 456 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #17 | 91 | 457 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #18 | 91 | 457 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #19 | 91 | 458 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #20 | 91 | 458 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #21 | 91 | 459 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #22 | 91 | 459 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #23 | 91 | 460 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #24 | 91 | 460 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #25 | 91 | 461 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #26 | 91 | 461 | 5/11/54 | 4/16/54 | Joe E. Young |
| Baldwin Hills #27 | 91 | 462 | 5/11/54 | 4/16/54 | Joe E. Young |

The Baldwin Hills group is a portion of 69 unpatented claims which were leased on November 1, 1954, to Joseph P. Smith. The lease was for 5 years with the right of renewal for an additional 5 years. On November 8, 1954, this lease was assigned to the Blue Chip Uranium Corporation. The applicant has not complied with a drilling commitment, effective January 30, 1955, which is a part of the lease.

## DESCRIPTION OF DEPOSITS

The known uranium mineralization of the Montezuma Canyon area occurs at random in the flat-dipping sandstone lenses of the Salt Wash member of the Morrison formation. Most of the deposits are small and low grade. Only a portion of the Baldwin Hills No. 3 and No. 4 claims contain exposures of Salt Wash. No work has been done on the property.

## MINABLE ORE RESERVES

There are no known minable ore reserves on the property.

## PRESENT STATUS

### Exploration and Development

No exploration or development has been done on the property.

### Mining and Milling Equipment and Other Facilities

There is no mining or milling equipment on the property. Facilities consist of two old access roads.

## PROPOSED EXPLORATION

The applicant proposed to explore the Salt Wash member of the Morrison formation by 14,310 feet (54 holes) of rotary drilling.

The total overall cost was estimated at $29,177.50.

## ESTIMATED COST OF PROJECT

The application, as submitted, included the following estimated costs:

### Estimated Cost of Rotary Drilling

| | | |
|---|---|---|
| **Independent contracts** | | |
| 14,310 feet of rotary drilling at $1.50/foot | $21,465.00 | |
| Bulldozing roads and drill sites - 27 days at $100.00/day | 2,700.00 | |
| Total independent contracts | | $24,165.00 |
| **Labor and supervision** | | |
| Labor | | |
| None | | |
| Supervision | | |
| Engineers fee (lumped) | 1,000.00 | |
| Total labor and supervision | | 1,000.00 |
| **Operating materials and supplies** | | |
| Incidentals | 50.00 | |
| Total operating materials and supplies | | 50.00 |
| **Operating equipment** | | |
| None | | |

Rehabilitation and repairs

None

New buildings, improvements, etc.

None

Miscellaneous

| | | |
|---|---|---|
| Accounting (lumped) | $500.00 | |
| Analytical work - 162 assays at $5.00 each | 810.00 | |
| Total miscellaneous | | $ 1,310.00 |
| Contingencies - 10 percent | | 2,625.00 |
| Total estimated cost for 14,310 feet of rotary drilling | | $29,177.50 |
| Average cost per foot of drilling | | $ 2.04 |

Applicant's cost of $1.50 a foot to independent contractor is low.

SUMMARY COST OF PROJECT
(Applicant's estimate)

14,310 feet of rotary drilling at $2.04/ft. - $29,192.40
Government participation, 75 percent - 21,894.30

CONCLUSIONS

The history of uranium production from the Montezuma Canyon area is not favorable for the finding of substantial uranium deposits. The small amount of Salt Wash sandstone together with the meager exposures of uranium mineralization on the claims relegate any present drilling to prospecting rather than exploration.

RECOMMENDATIONS

It is recommended that the application be denied.

/cm

IN REPLY REFER TO:
DMEA
Date Rec'd.
APR 28 1955
BUREAU OF MINES
Denver, Colorado

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

April 27, 1955

TRANSMITTED
MAY 3 1955

Memorandum

To: Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket 3687 (Uranium), Blue Chip Uranium Corp., Baldwin Hill claims, San Juan County, Utah

Enclosed are 10 copies of a geologic report by R. T. Chew, III, U. S. Geological Survey, covering his examination of the above subject property.

Although hundreds of uranium-vanadium deposits have been discovered in the Montezuma Canyon area, most of them have contained only a few tons of marginal or sub-marginal grade ore. Only one mineralized outcrop (6 to 8 inches thick) is known on the subject property, and it is probable that the proposed exploration program would not lead to the discovery of significant amounts of ore-grade material. Chew, therefore, recommends that the application for Government assistance to explore the Baldwin Hill claims be denied.

I concur with this recommendation.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (10)

ENHarshman:arh

Reviewed by
DMEA OPERATING COMMITTEE
5-11-55
(date)

MINERAL DEPOSITS
DMEA
RECEIVED
APR 26 1955

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 6 - 1955

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

U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

April 20, 1955

Memorandum

TRANSMITTED
MAY 3 1955

To: E. N. Harshman

From: W. P. Williams

Subject: DMEA 3687, Blue Chip Uranium Corporation, Baldwin Hills claims, Montezuma Canyon area, San Juan County, Utah

Transmitted herewith are 11 copies of a geologic report by R. T. Chew covering a field examination of the above referenced property.

Chew points out in his report that the Montezuma Canyon area is noted for the small size of the uranium occurrences. In addition the lithology of the Salt Wash sandstones in Montezuma Canyon is such that they do not appear favorable for the occurrence of large uranium deposits. Chew accordingly recommends that the application for DMEA assistance be denied. I concur with his recommendation.

This application was discussed with geologists of the Atomic Energy Commission, Grand Junctions Operations Office, for the purposes of evaluating the subject property.

We are returning herewith the brochure covering this application.

W P Williams

W. P. Williams
Geologist

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE
5-11-55
(date)

UNITED STATES DEPARTMENT OF THE INTERIOR

DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
REPORT OF EXAMINATION BY FIELD TEAM
REGION III

# DMEA 3687, Blue Chip Uranium Corporation, Baldwin Hills claims, Montezuma Canyon area, San Juan County, Utah

## Uranium

Geologic Report

by

R. T. Chew III
U. S. Geological Survey

April 19, 1955

Reviewed by
DMEA OPERATING COMMITTEE
5-11-55
(date)

DMEA 3687

## INTRODUCTION AND SUMMARY

Blue Chip Uranium Corporation, Room 6, Equitable Building, Denver, Colo., has requested DMEA aid in an exploration program on the Baldwin Hills group of claims, Nos. 1 to 27, (1-27) located in sections 3 and 10, T. 35 S., R. 24 E., San Juan County, Utah, about 12 miles south of Monticello, Utah (fig. 1). The proposed project consisted of about 14,310 feet of rotary drilling along with the necessary bulldozer work and other expenses. The project would cost $29,177.50 of which the Government's share would be $21,881.12.

The property was inspected on April 5, 1955, by R. T. Chew III and Carl Belser representing the U. S. Geological Survey and the U. S. Bureau of Mines respectively. L. O. Troutt and James Corey represented the applicant.

Literally hundreds of uranium-vanadium occurrences are known in the Montezuma Canyon area where the subject claims are located. Most of the occurrences contain a few tons of marginal or sub-ore grade material. Only one mineralized outcrop is known on the subject property and most of the proposed exploration program would consist of deep holes several hundred feet behind the outcrop of the ore horizon. Because of unfavorable lithologic conditions, discovery of a significant economic ore body does not appear probable and it is recommended that the application be denied.

## GEOLOGY AND ORE DEPOSITS

According to the Union Mines Development Company's Comb Ridge report, the Salt Wash is about 350 feet thick in the Upper Montezuma Canyon area where the subject claims are located. It consists of a series of sandstone lenses separated by reddish-brown siltstones. The sandstone lenses range from 30 to 50 feet thick and are more persistent in the Montezuma Canyon area than is typical on the Colorado Plateau as a whole. Sandstone forms about 50 percent of the Salt Wash member in most of the Montezuma Canyon area. In places where mineable ore deposits occur, the sandstone lenses thicken and may coalesce to form from 70 to 100 percent of the Salt Wash.

Hundreds of uranium-vanadium occurrences are known in the Montezuma Canyon area but none appear to contain large tonnages of uranium ore or to be of exceptionally high grade. They occur throughout the Salt Wash member but appear to be concentrated in the upper one-third of the unit, a condition typical of the Colorado Plateau in general. It has been postulated that the persistent sandstone beds of the Montezuma Canyon area with their relatively regular lithology have not been favorable for the deposition of large uranium deposits but rather have allowed the formation of many small ones.

The best uranium deposits known in Montezuma Canyon area are about five miles south of the Baldwin Hills claims. They all occur in the same sandstone lens which is about 125 feet thick and 4,000 to 5,000 feet long. According to Carlson (1954), the Cottonwood mine has produced 2,589 tons averaging 0.13 percent $U_3O_8$, the Rock, 1,907 tons averaging 0.17 percent $U_3O_8$, the Strawberry, 294 tons and the Rainbow 198 tons with the grade not reported. Vanadium content ranged from 1.75 to 2.23 percent.

The ore horizon crops out on only three claims in the northeast corner of the area covered by the group. The only known mineralized outcrop is on the Baldwin Hills No. 3 and is reported to be about 20 feet long and 6 to 8 inches thick. This outcrop was known and worked many years ago as the Verdure claim according to the Union Mines Development Company's Comb Ridge report. It was never developed except for the discovery pit and no ore is known to have been shipped from it. The applicants have done virtually no further development work on this outcrop. The ore horizon is exposed for 700 to 800 feet on the Baldwin Hills Nos. 4 and 5 but has not been explored. All the other claims in the group are behind the rim. A few small undeveloped ore occurrences are shown along the rim east of the Baldwin Hills group by the Union Mines report. None of the mineralized outcrops or rim exposures were visited because of heavy snow cover at the time of the field inspection.

The thickness of the Salt Wash sand lenses as exposed on the rim of Montezuma Canyon on and east of the subject property is not known because it can not be seen from the property or the floor of Montezuma Canyon. The general trend of sandstone lenses where they have been studied in the Montezuma Canyon area is about east-west. This is well shown on the Wildcat and Oogalla claims (DMEA 3500) about one-half mile to the north. Cursory examination of the rim east of the Baldwin Hills claims showed no evidence of lensing or anomalous thickening of the upper Salt Wash sands.

## PROPOSED EXPLORATION

The applicant proposed a project consisting of 14,310 feet of drilling, probably rotary, covering all the claims in the Baldwin Hills group. The 54 holes proposed would average about 250 feet deep and be spaced 200 to 300 feet apart forming a single north-south trending line through the eastern tier of claims (fig. 2). No holes were proposed on the western tier of claims. The proposed project included the necessary bulldozer work and other expenses. Estimated cost was $29,177.50 of which the Government's share would be $21,881.12.

## CONCLUSIONS AND RECOMMENDATIONS

Mineralized outcrops along the rim east of the Baldwin Hills group and also on them as described by the Union Mines Development Company report and the applicant do not appear to indicate more favorable possibilities for these claims than for most of the others in the Montezuma Canyon area. The exploration program suggested by the applicant, that of drilling a single line of holes spaced about 250 feet would not adequately test the ground under the claims. The largest known single ore body in the Montezuma Canyon area, the Cottonwood mine is about 200 feet across and is definitely extra large for this area. Drilling would have to be done on much closer spacing than that proposed, probably about 100 feet, to adequately test the ground under the subject claims. Cost of such a drilling program could not be expected to be repaid from any ore bodies that might be found. Therefore it is recommended that this application be denied.

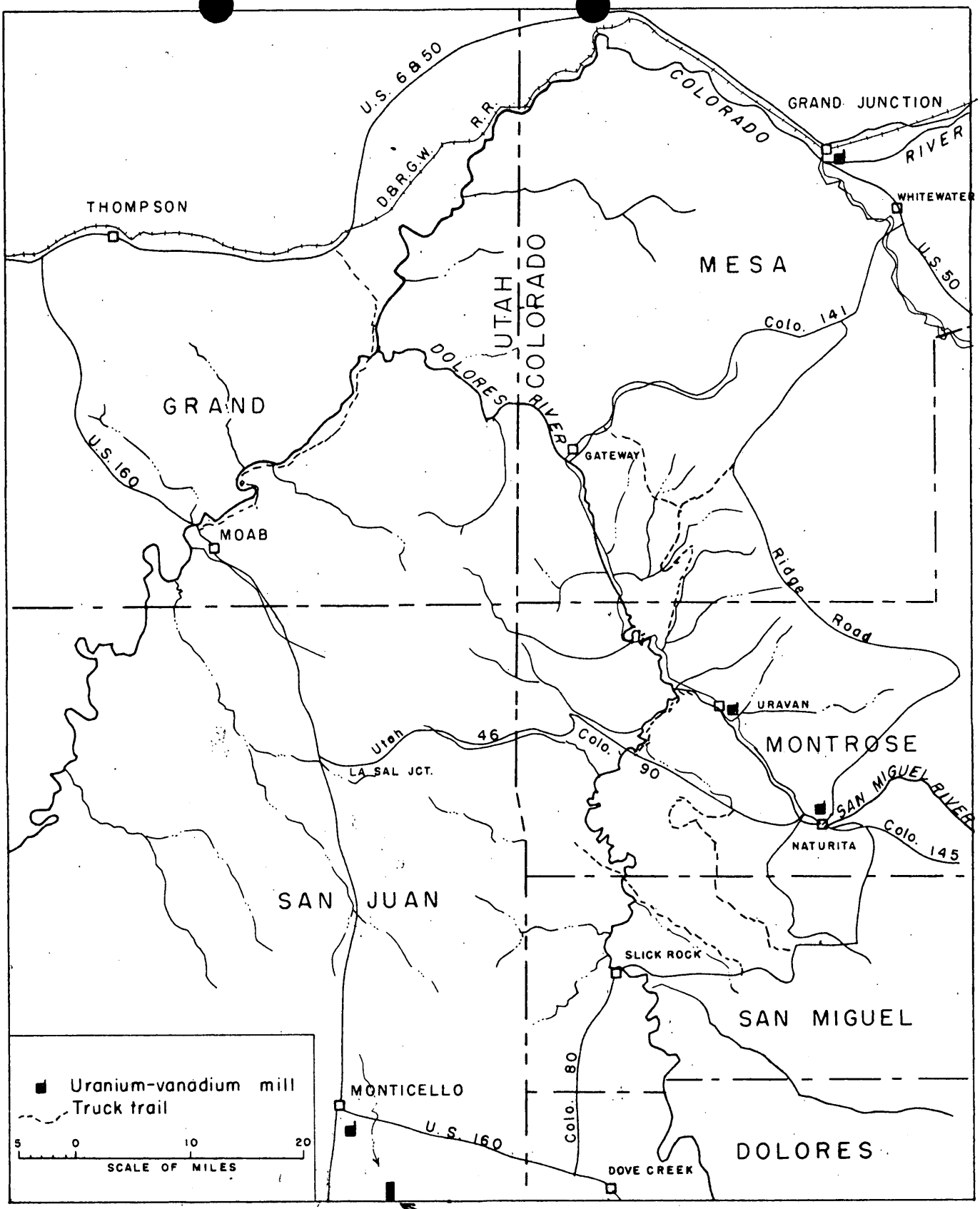
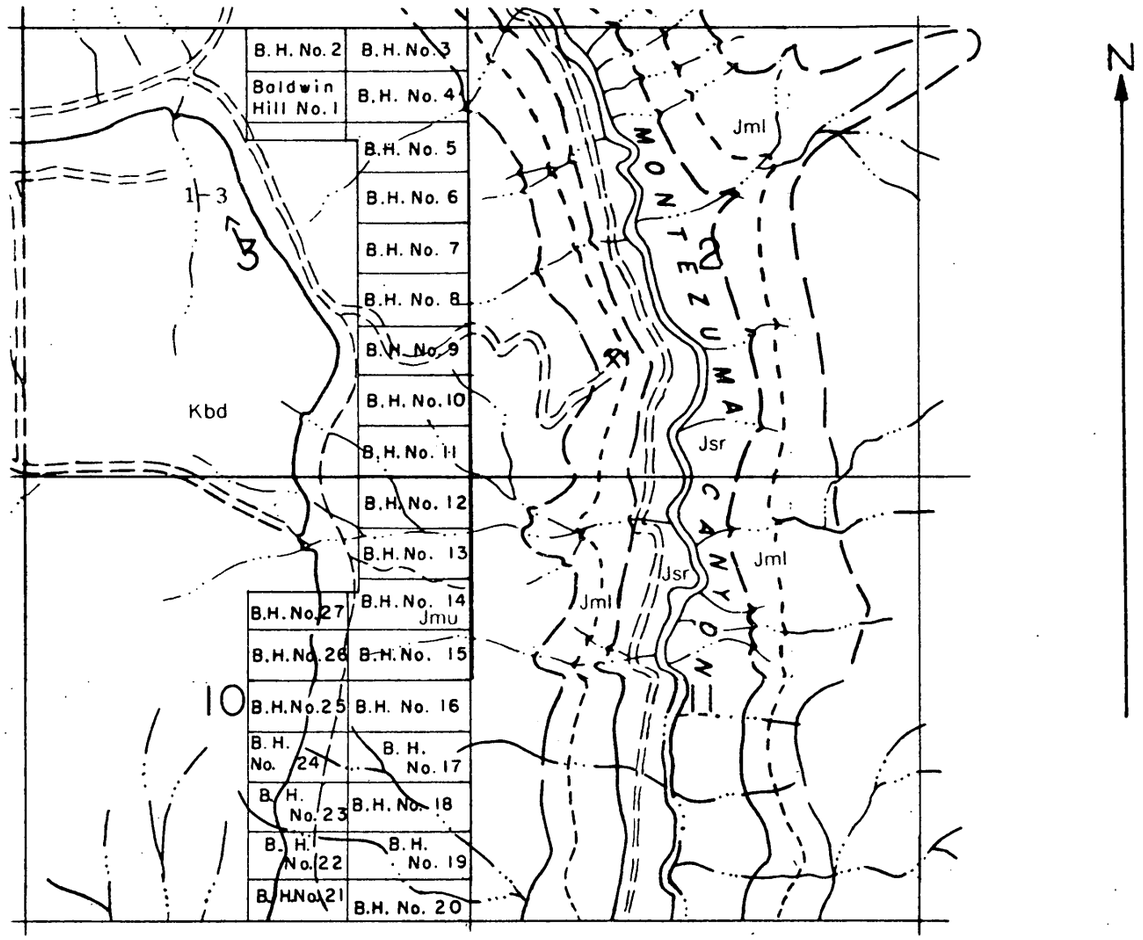



Figure 1. INDEX MAP OF PART OF COLORADO PLATEAU SHOWING LOCATION OF THE BALDWIN HILLS GROUP OF CLAIMS, BLUE CHIP URANIUM CORP., SAN JUAN COUNTY, UTAH




EXPLANATION

CRETACEOUS

Kbd — BURRO CANYON FORMATION AND DAKOTA SANDSTONE, UNDIFFERENTIATED (IN PLACES MAY BE COVERED BY A THIN MANTLE OF MANCOS SHALE

JURASSIC

Jmu, Jml — MORRISON FORMATION, UPPER PART, Jmu, EQUIVALENT TO BRUSHY BASIN SHALE MEMBER, LOWER PART, Jml, EQUIVALENT TO SALT WASH SANDSTONE MEMBER. DASHED LINE IN Jml SHOWS POSITION OF BASE OF CARNOTITE-BEARING SANDSTONE

Js — SAN RAFAEL GROUP, ,UNDIFFERENTIATED

FORMATION CONTACT, DASHED WHERE INFERRED

MINE OR QUARRY

1000 0 2000 FEET

T.35 S., R.24 E. S.L.M.

Note: THIS MAP TAKEN FROM U.S. GEOLOGIC SURVEY PHOTOGEOLOGIC MAPS VERDURE 6,7,10, AND 11

CLAIMS FROM APPLICANTS MAP

Figure 2. GEOLOGIC MAP SHOWING LOCATION OF BALDWIN HILLS GROUP OF CLAIMS BLUE CHIP URANIUM CORP., SAN JUAN COUNTY, UTAH

Surname 700

Murphy
Ellis
Newcomb
Hedges
Selbridge
J E Johnson

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

MAR 8 - 1955

Mr. Joseph P. Smith, President
Blue Chip Uranium Corporation
Room 6, Equitable Building
Denver 2, Colorado

Re: Docket No. DMEA-3687 (Uranium)
Baldwin Hills claims
San Juan County, Utah

Dear Mr. Smith:

The application for assistance in exploring your property in San Juan County, Utah, under the captioned docket number, has been reviewed by the Rare and Miscellaneous Metals Division of the Defense Minerals Exploration Administration. It has been referred to the Executive Officer of Region III at the following address:

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

The Regional Office will contact you in regard to your project if additional information is required.

Sincerely yours,

G. O. Mittendorf (fmm)

Administrator

FMMurphy:am
3-7-55
cc to: Admr. Reading File
Docket
Code 700
Mr. Murphy
DMEA Field Team, Region III(2)

R.C.H.

Surname 700

Murphy
Ellis
Hedges
Selfridge
Johnson

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

MAR 8 - 1955

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

Re: Docket No. DMEA-3687 (Uranium)
Blue Chip Uranium Corporation
Baldwin Hills claims
San Juan County, Utah

Code 700
Mr. Murphy

Messrs. J. E. Crawford, Rm. 3641
T. H. Kilsgaard, Rm. 5224
J. O. Hosted, Rm. 3120, GSA

Dear Mr. Traver:

The captioned application is referred to Region III Field Team for an investigation, a field examination if deemed advisable, and recommendations. A copy of the application was retained by your office.

Enclosed are copies of memoranda from John E. Crawford, dated March 1, and R. D. Jones, dated February 23, 1955, members of the Uranium Commodity Committee.

On the "Drill Hole Location Map" submitted with the application, we note that the depth of each proposed drill hole is given. Judging from this, the Applicant has more geologic data on his property than was given in the application. Also, the Applicant does not justify the proposed drill-hole pattern by presenting data in regard to specific targets or mineralization trends.

This office and the Commodity Members who have reviewed the subject application agree that the Applicant should submit additional information to justify his proposal. However, to expedite the processing of the application we are referring it to you with the thought that you may have additional information, or can obtain it from the Applicant's office in Denver.

The Applicant should be advised that we will require copies of "Owner's Consent to Lien" forms signed by Mr. J. E. Young in the event a contract is recommended.

Admr. Reading File
Operating Committee
Docket

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GLB)

FMMurphy:an
3-7-55
cc to:

Enclosures

APPROVED:

J. H. Hedges (GLB)
Member, Bureau of Mines

E. L. Newcomb (GLB)
Member, Geological Survey

3/2/55 glr

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

March 1, 1955

Defense Minerals Administration
RECEIVED
MAR 1 - 1955

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee, Room 4445

From: Bureau of Mines Member
Uranium Commodity Committee

Subject: DMEA Docket 3687, Blue Chip Uranium Corp.,
Baldwin Hills Lode, San Juan County, Utah

I have reviewed the application included in the subject docket and have discussed it with Joseph O. Hosted, representative of the Atomic Energy Commission.

We suggest that the attached application of the Blue Chip Uranium Corporation be denied. The company has not presented sufficient evidence of uranium mineralization, geologic favorability, or personal initiative to warrant our recommending its approval.

John E. Crawford
John E. Crawford

Attachment

Copy to: Branch of Rare and Precious Metals
Division of Minerals
J. O. Hosted (2)
J. E. Crawford (2)

2/25/55 gla

IN REPLY REFER TO:

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

February 23, 1955

Re: DMEA-3687
Blue Chip Uran. Corp.
Baldwin Hills claims
Montezuma Canyon
San Juan Co., Utah
$29,177.50 - Uranium

Memorandum

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

From: R. D. Trace, U. S. Geological Survey

Subject: Review of application

The area proposed for drilling does not include exposures of the Salt Wash. The surface formations are the Brushy Basin member and younger formations. According to Photogeologic map Verdure 6, some mining has been done where the Salt Wash crops out in Montezuma Canyon, about 2000 or so feet east of the claims.

Any project on the Baldwin Hills claims can be justified only on a geologic basis. None is given in the application and I doubt whether the operator can give such a justification.

Nevertheless, I recommend that you ask the operator for some information on the mine or mines near his claims. This data may not be available to him, in which case you may have to ask the Field Team to obtain it.

Bob Trace
R. D. Trace

IN REPLY REFER TO:

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

February 23, 1955

Re: DMEA-3687
Blue Chip Uran. Corp.
Baldwin Hills claims
Montezuma Canyon
San Juan Co., Utah
$89,177.50 - Uranium

Memorandum

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

From: R. D. Trace, U. S. Geological Survey

Subject: Review of application

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Nevertheless, I recommend that you ask the operator for some information on the mine or mines near his claims. This data may not be available to him, in which case you may have to ask the Field Team to obtain it.

R. D. Trace

RDTrace:hlm
G-2/23/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
J. E. Crawford, 3641 Interior

February 17, 1955
Subject: DMEA 3687
Re: Exploration Assistance
Baldwin Hills Lode

Blue Chip Uranium Corporation
Room 6, Equitable Building
Denver 2, Colorado

Gentlemen:

The receipt of your application dated December 1, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA 3687 and referred to the Rare and Miscellaneous Metals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

February 17, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region III.

DMEA - 3687 Blue Chip Uranium Corporation

Robert E. Adams,
Chief, Operation's Control
and Statistics Division

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 21 1955

224 New Customhouse
Denver 2, Colorado

February 21, 1955

Memorandum

To: Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docketing for Exploration Assistance

Enclosed herewith in triplicate is MF-103 and supporting data pertaining to the following applications for Government assistance in exploration work in accordance with telephone conversation of February 11, 1955 with Chairman of the Operating Committee:

| | |
|---|---|
| M. E. Newlove | Uranium |
| Blue Chip Uranium Corp. | Uranium |
| Gaddis Mining Co. | Uranium |

W. M. TRAVER

Enclosures

W. M. Traver

MME-103
(Revised April 1952)

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

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

DMEA
FEB 7 1955

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 17 1955

*Not to be filled in by applicant*

Docket No. 3687
Metal or Mineral Uranium
Date Received 2-17-55
Estimated Cost $29,177.50
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: Blue Chip Uranium Corporation, a Colorado corporation
Room 6 - Equitable Building - Denver 2, Colorado
Joseph P. Smith, Pres. L.O. Troutt, Secretary-Treasurer
Joseph P. Smith, Jr., Vice-Pres. William R. Loeffler, Ass't. Sec'y.

(*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 See Legal Description, Par. 3. (a) attached

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

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Lessee

(*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. Lease attached.

(*e*) If you own the land, describe any liens or encumbrances on it None

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. Book 91, pages 449 to 462.

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. See Schedule 4 attached.

(*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.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

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

5. *The exploration project.*—(*a*) State the mineral or minerals for which you will 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. See John H. Eggers report attached.

(*c*) The work will start within 60 days and be completed within 12 months from the date of an exploration project contract.

(*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. See Schedule 5(d) attched.

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: See Sch. 6.

(*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.). See Schedule 6 (a)

(*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. See Schedule 6 (b)

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel. See Schedule 6 (c)

(*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. Furnished by the contractor.

(*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.

(*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.

(*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 December 1, 1954.

BLUE CHIP URANIUM CORPORATION
(Applicant)

By Joseph P. Smith
Joseph P. Smith, President

**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

LEGAL DESCRIPTION

Paragraph 3. (a)

Begin SE corner, Section 10, thence N to NE corner, Section 3, thence W along the N boundary line of Section 3 a distance of 300 ft. thence South at right angles to said N bounding line 600ft., thence E at right angles 1500 ft., thence S at right angles 7200 ft., thence W at right angles 1500 ft., thence S at right angles 4200 ft., thence E 3000 ft. to point of beginning.

San Juan County, State of Utah

JOHN H. ROGERS
Mining Engineer & Geologist
8121 West Boulevard
Inglewood 4, California

October 12, 1954

Mr. Joseph P. Smith, Pres.,
Blue Chip Uranium Corp.,
1029 Churchill Rd.,
Fort Worth, Texas

Dear Mr. Smith:

This letter is a report, confirming my statements made to you, following my examination of the Lady Ellen, Queen Martha, and Baldwin Hills groups of claims, totalling sixty-nine claims, near Monticello, San Juan County, Utah, on October 8, 1954, and after having spent the previous two days on these properties and the general area.

The Lady Ellen group of 27 claims is in Sec. 28, T34S, R24E, the Queen Martha group of 15 claims is in Sec. 27, T34S, R24E, and the Baldwin Hills group of 27 claims is in Sec. 3 and 10, T35S, R24E, Salt Lake Meridian.

In making this examination, full use was made of the geological maps of the United States Geologic Survey and of enlarged ("blown up") sections of these and similar maps by the Atomic Energy Commission. Three photographs, taken on these properties and attached hereto, although not as clear as expected, serve to show the geologic formations and their trend through these properties and the area.

Without going into a lot of geologic detail, it should be sufficient to point out that the uranium ores so far discovered and mined in this general and large area are in the "Salt Wash" beds of the Morrison formation. As will be noted in the attached photographs, this formation is exposed along the sides (rims) of Montezuma Canyon and on the surface of most of the immediate area and throughout most of these claims. It is quite possible that uranium ore may also be found in underlying formations here as elsewhere.

The presence of uranium and also vanadium ores in this Salt Wash formation in the immediate area has been proved by the discovery and mining of several small deposits of these ores along the sides of Montezuma canyon and also side canyons on these properties or close thereto. Although these particular deposits have so far not been proven to be extensive or to extend more than thirty or forty feet into the sides of the canyon, larger deposits have been developed some miles to the south and the ores therefrom are being trucked to the mill and stockpiles at Monticello about five miles from these properties.

It is not possible to state definitely whether more extensive and large deposits of uranium and vanadium ores are present in the favorable formations extending through these claims, but the discovery of these ores in the small deposits found along the rims of the Montezuma Canyon and side canyons shows the presence of these ores in this immediate area and appears to warrant exploration efforts in a search for other and large orebodies. As you well know, this is the general practice followed throughout the uranium-bearing areas, sometimes with marked success and sometimes with only a blank.

Such exploration work is carried on by preliminary airborne radioactivity surveying in the search for favorable indications, by drilling test holes in favorable areas, by extending tunnels in ore deposits found along the rims of the canyons, and by drilling test holes on the flat mesas back from such rim discoveries.

In an exploratory search for more extensive orebodies in these properties, it is suggested that an airborne survey be made first along the rims of the canyons and across the surface of the claims, particularly in the areas along and across faults and fault blocks, and that test holes be drilled in the areas of favorable indications and also back of the rims in the areas where discoveries have been made on the rims. The drill holes should be logged (probed) and photographic records should be kept of all such logging (or probing).

Sincerely yours,

s/ John H. Eggers

# ASSIGNMENT OF MINING LEASE

JOSEPH P. SMITH, hereinafter called Assignor, lessee in one certain lease dated November 1, 1954, wherein J. E. Young is lessor, covering Sixty-nine (69) Mining Claims recorded in Book 91, pages 166 to 186, inclusive, and pages 449 to 462, inclusive, of the records of the County Recorder of San Juan County, State of Utah, which lease was filed in the Office of said County Recorder on November 8, 1954 at 9:25 o'clock A.M., for and in consideration of the sum of Ten Dollars ($10.00) and other valuable considerations, the receipt whereof is hereby acknowledged, does hereby assign, transfer and sell unto BLUE CHIP URANIUM CORPORATION, a Colorado corporation, hereinafter called Assignee, and to its successors and assigns, all right, title and interest as said lessee in and to the property described in said lease.

All provisions of said lease shall inure to the sole benefit of Assignee, provided however, that in the event that Assignee shall decide not to extend said lease period as therein provided, or to release the same in whole or in part, Assignee shall, at least sixty days prior to the next rental due date of the lease, notify Assignor of its intention so to do, and, upon demand by the Assignor, if made within thirty days of receipt of said notice, shall reassign to Assignor the lease or portion thereof which Assignee shall fail to extend or shall release; and provided further that, upon failure of the Assignee to adhere to the covenants of the said lease so that forfeiture impends, in whole or in part, assignor may, at his option, without notice to Assignee, enter upon said leasehold or any part thereof and comply with the terms of the lease or of any extension thereof, whereupon Assignee shall pay to Assignor all reasonable and necessary expenses incurred by reason of such entry and compliance within 30 days after written demand therefore, otherwise Assignee to reassign to Assignor the lease or the affected portion thereof.

Given under my hand and seal this 22nd day of November, 1954.

s/ Joseph P. Smith

STATE OF COLORADO )
CITY & COUNTY OF DENVER ) ss.

On the 22nd day of November, A.D. 1954 personally appeared before me Joseph P. Smith, the signor of the above instrument, who duly acknowledged to me that he executed the same.

My commission expires:

s/ William Pehr
Notary Public

# MINING LEASE

THIS INDENTURE made and entered into as of the first day of November, 1954, by and between

J. E. YOUNG,

hereinafter sometimes referred to as LESSORS, First Party, and

JOSEPH P. SMITH,

hereinafter sometimes referred to as LESSEE or as OPERATOR, Second Party,

WITNESSETH:

That for and in consideration of the sum of Ten Dollars ($10) lawful money of the United States of America in hand paid to the Lessors, receipt of which is hereby acknowledged, and of the covenants hereinafter set forth to be kept by each of the parties hereto, it is mutually understood and agreed by and between the parties as follows:

FIRST: J. E. YOUNG represents that he is the owner of sixty-nine (69) unpatented lode mining claims located in Sections 27 and 28, T 34 S, R 24 E, and Sections 3 and 10, T 35 S, R 24 E, Monticello Mining District, San Juan County, Utah, free and clear of any liens or encumbrances created by him; subject, however, to the paramount title of the United States of America. Location notices of said claims were recorded in the Office of the County Recorder of San Juan County, Utah, on May 10 or 11, 1954, in the respective books and pages set forth below:

| QUEEN MARTHA LODE MINING CLAIMS | BOOK | PAGE |
|---|---|---|
| 1 | 91 | 179 |
| 2 | 91 | 180 |
| 3 | 91 | 180 |
| 4 | 91 | 181 |
| 5 | 91 | 181 |
| 6 | 91 | 182 |
| 7 | 91 | 182 |
| 8 | 91 | 183 |
| 9 | 91 | 183 |
| 10 | 91 | 184 |
| 11 | 91 | 184 |
| 12 | 91 | 185 |
| 13 | 91 | 185 |
| 14 | 91 | 186 |
| 15 | 91 | 186 |

| LADY ELLEN LODE MINING CLAIMS | BOOK | PAGE |
|---|---|---|
| 1 | 91 | 166 |
| 2 | 91 | 166 |
| 3 | 91 | 167 |
| 4 | 91 | 167 |
| 5 | 91 | 168 |
| 6 | 91 | 168 |
| 7 | 91 | 169 |
| 8 | 91 | 169 |
| 9 | 91 | 170 |
| 10 | 91 | 170 |
| 11 | 91 | 171 |
| 12 | 91 | 171 |
| 13 | 91 | 172 |
| 14 | 91 | 172 |
| 15 | 91 | 173 |
| 16 | 91 | 173 |
| 17 | 91 | 174 |
| 18 | 91 | 174 |
| 19 | 91 | 175 |
| 20 | 91 | 175 |
| 21 | 91 | 176 |
| 22 | 91 | 176 |
| 23 | 91 | 177 |
| 24 | 91 | 177 |
| 25 | 91 | 178 |
| 26 | 91 | 178 |
| 27 | 91 | 179 |

| BALDWIN HILLS LODE MINING CLAIMS | BOOK | PAGE |
|---|---|---|
| 1 | 91 | 449 |
| 2 | 91 | 449 |
| 3 | 91 | 450 |
| 4 | 91 | 450 |
| 5 | 91 | 451 |
| 6 | 91 | 451 |
| 7 | 91 | 452 |
| 8 | 91 | 452 |
| 9 | 91 | 453 |
| 10 | 91 | 453 |
| 11 | 91 | 454 |
| 12 | 91 | 454 |
| 13 | 91 | 455 |
| 14 | 91 | 455 |
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| 19 | 91 | 458 |
| 20 | 91 | 458 |
| 21 | 91 | 459 |
| 22 | 91 | 459 |
| 23 | 91 | 460 |
| 24 | 91 | 460 |
| 25 | 91 | 461 |
| 26 | 91 | 461 |
| 27 | 91 | 462 |

Reference is made to the above records for a more particular description of each claim.

The property of the United States on which these claims are located is subject to a United States Oil and Gas Lease, and the property is therefore subject to the terms of Public Law 585 of the 83rd Congress which became effective August 13, 1954. The Lessors are now reposting the above described claims as required by said Public Law 585, and the recording data concerning said amended notices of location will be furnished to the Operator by the Lessors as soon as received by them.

Each of the above described claims has been identified by reference to known survey points, so that they can be identified on the ground. The Operator has been taken over the ground and shown the claims and the identifying markers, and accepts the claims as above described.

SECOND: Lessors do hereby lease and let unto the Lessee, and Lessee does hereby lease from Lessors, said mining claims together with all water rights, dips, spurs, and angles, and all and singular the rights, privileges, and appurtenances belonging or in any way appertaining to said claims, for a period of five (5) years commencing on November 1, 1954, and continuing until October 30, 1959; subject, however, to the right of Lessors, as hereinafter provided, to cancel and terminate this Lease for default on the part of Lessee.

Lessee is hereby given the exclusive option to extend the term of this Lease for additional successive five-year terms on the same basis as stated herein, provided that at the time of exercising such option the Lessee is not in default hereunder and is then operating on the demised premises. The Lessee shall notify the Lessors in writing of his election so to extend the term of this Lease or any extension thereof, at least six (6) months prior to the expiration of the then termination of the Lease.

THIRD: Operator may take possession of the demised premises immediately upon the execution of this Lease and thereupon shall proceed with operations hereunder.

FOURTH: Operator shall pay as rental to the Lessors a royalty of ten per cent (10%) of the gross mill pay and bonuses (except haulage and development allowances). The royalty shall be paid to the Lessors within ten (10) days after receipt of such proceeds by the Operator. Such payments shall be made in any event not less than once each month, on or before the 25th day of the month, for all shipments made during the preceding calendar month. At the request of Lessors Operator will arrange that royalties shall be paid direct to Lessors by the purchaser of the minerals.

All payments due hereunder shall be made to J. E. YOUNG, Pipe Line Contractor, 931 Rosecrans Avenue, Los Angeles 59, California. Such payment shall relieve Operator from any further liability therefor.

Operator shall keep full, true and accurate records concerning all ores and concentrates mined, milled, treated, shipped or otherwise disposed of, and of the place or places to which such ores or concentrates are shipped, and the returns therefrom, and shall make such records available for inspection and copying by the Lessors or their agent at all reasonable times.

The Operator shall also furnish, or cause to be furnished to J. E. YOUNG for the Lessors a duplicate copy of all mill, smelter, ore buyer or mint returns.

The Operator shall pay to J. E. Young, for Lessors, as advance royalties the following sums:

a) At the time of the execution of this lease the sum of Sixty-nine Hundred Dollars ($6,900.00), being $100 per claim on 69 claims.

b) At the time of discovery of commercial ore on any one of the three groups above described, the Operator will pay to Lessor Four Hundred Dollars ($400.00) per claim as advance royalty for each of the claims within that group.

c) Within forty-five days after discovery of commercial ore on one group, the Operator shall begin the exploration for commercial ore on a second group. If commercial ore is discovered thereon, the Operator shall pay to Lessor $400.00 per claim as advance royalty for each claim in that group.

d) Within forty-five days after discovery of commercial ore on the second group, the Operator shall begin exploratory work on the third group, and when commercial ore is discovered on the third group, the Operator shall pay to Lessor $400.00 per claim as advance royalty for each claim within that group.

Both said $100 and said $400 per claim is advance royalty on the ten per cent (10%) royalty retained as above provided. These sums shall be repaid to Operator out of one-half (1/2) of the current royalties due hereunder from production on the property. This amount may be deducted by the Operator from each payment, or the parties may instruct the purchaser of the product to deduct such one-half (1/2) from the amount of the royalties due the Lessors.

FIFTH: Operator hereby agrees:

a. To pay any and all taxes levied on the leased premises from and after the date hereof, and during the term hereof. Such taxes shall be paid before they become delinquent. If not so paid by Operator, such taxes may be paid by Lessors, and thereafter, if Operator fails to repay Lessors the amount of such taxes so paid by Lessors, Lessors shall have the right and option, thirty (30) days after demand for repayment thereof, to terminate this Lease.

b. To do all work on the property in a miner-like and efficient manner so as to produce the greatest amount and best grade of ore, and to comply with all laws, rules, and regulations, whether Federal, State, or local, applicable to the work on the demised premises.

c. To pay all debts of every character for labor, services, supplies, and materials furnished for and used upon or in connection with developments and operations under this Lease; to suffer no liens against the demised premises, or allow any claims to remain unpaid which might become liens against the property, or against the Lessors. To that end Operator shall post notices on said property, and record the same in the proper office, to protect said property and the Lessors against mechanic's Liens, and to see that such notices are so posted during the life of this Lease.

d. To save harmless the Lessors against any and all demands, claims, liens, or suits arising from injury to persons or damage to property, by accident or otherwise; and to carry the necessary Workmen's Compensation, and public liability, insurance for such purposes, the policy evidencing such insurance to be put in force prior to commencement of work upon the demised premises by Operator.

e. In all ways to carry on operations on the demised premises continuously and in good faith, unless excused as hereinafter provided, by causes beyond the reasonable control of Operator.

f. To do all the annual labor required by the laws of the United States of America, and the State of Utah, to maintain title to said claims during the life of this Lease; and to record the necessary affidavit thereof on or before the first day of May of each year, and furnish Lessors certified copies thereof.

g. To afford Lessors free access at all reasonable times to said property and the workings thereof.

h. To keep proper working plans, maps, and drawings showing the development work as the same progresses, all of which shall be open at all reasonable times to inspection by Lessors or their agent.

i. To maintain possession of the property at all times and to see that trespassers are ejected therefrom, so that upon the termination of this Lease, for any reason, the Operator can deliver undisputed possession, as well as clear title, to Lessors.

SIXTH: On or before January 30, 1955, weather permitting, Operator shall commence to drill test holes on the demised premises to determine whether the various mining claims contain uranium. Operator shall, before December 31, 1955, drill, probe, and log a minimum amount equal to six hundred (600) feet for each claim covered hereby, of such test holes. Operator shall make and furnish Lessors a copy of each report on such drilling, and of all assays made.

On or before January 1, 1956, and in any event not later than sixty (60) days after finding commercial ore on any claim, Operator shall begin actual mining on the demised premises, and shall thereafter work the aforesaid mining claims continuously, unless excused as provided in Paragraph Ninth hereof.

SEVENTH: All tools, machinery, and equipment placed upon the demised premises by Operator shall remain the property of Operator whether or not affixed to the realty; and upon termination of this Lease for whatever cause, Operator shall have ninety (90) days thereafter in which to remove all such tools, machinery, and equipment, provided he is not then in default hereunder.

All buildings erected by Operator upon the demised premises, and any timbering used therein, shall be and become a part of the demised premises, and shall be left thereon upon the termination of this Lease for whatever cause.

EIGHTH: Any mining claims or fractions thereof located by Operator, his agents or employees, adjoining or adjacent to the leased claims, shall be located in the name of Lessors only, and shall become a part of the leased property hereunder, and under the same terms and conditions.

NINTH: Operations on the demised premises under this Lease may be suspended in the event, and to the extent, that they are prevented by the elements, accidents, strikes, lock-outs, orders of governmental bodies, inability to secure materials or labor, the effects of war, or other causes beyond the control of Operator. In any such event, Operator shall carry on operations as far as possible, if this can be done profitably, and shall resume operations in full as soon as any such cause for delay be removed.

TENTH: Should Operator default in the payment of royalties hereunder provided, and fail to pay the amount actually due for ten (10) days after date of written notice, by registered mail, of such default, then Lessors shall have the option of terminating this Lease.

Should Operator default in the performance of any other provision of this Lease, and fail to remedy such default within sixty (60) days after date of written notice, by registered mail, specifying such default, Lessors may at their option terminate this Lease.

ELEVENTH: Upon termination of this Lease for any cause, Operator shall surrender possession of said mining property, free and clear of any and all liens and encumbrances of every kind made or suffered by Operator. In any such case, Operator shall deliver to Lessors a Quitclaim Deed to clear this Lease from the records.

TWELFTH: J. E. YOUNG is hereby appointed the agent of Lessors to give and receive all notices required hereunder and to receive all payments of rentals and royalties.

THIRTEENTH: Any notice, statement, or the exercise of any option, to be given hereunder, shall be given in writing, by registered mail, return receipt requested, postage prepaid, to the following:

LESSOR: J. E. YOUNG
931 East Rosecrans Avenue
Los Angeles 59, California

OPERATOR: Joseph P. Smith
Burk-Burnett Building
Fort Worth, Texas

FOURTEENTH: It is understood that Operator has a corporation organized for the purpose of operating this property. Operator may assign this lease as a whole to such corporation; but if the operator or such corporation desire otherwise to assign or sublet the demised premises, or any interest therein, Operator must first obtain the written consent of Lessors thereto.

FIFTEENTH: Time is of the essence hereof. Waiver by Lessors of full and timely performance of any term, covenant and condition herein contained shall not be deemed to constitute a waiver of full and timely performance of the same or any other term, covenant and condition upon other occasions.

SIXTEENTH: Should Operator hold over after the expiration of the term, or extended term, of this Lease, such holding over shall be deemed a tenancy from month to month only.

SEVENTEENTH: It is distinctly stipulated and agreed that nothing herein contained shall be so construed as to create any partnership relation, or the relation of joint venturers, between the parties hereto.

EIGHTEENTH: Operator shall pay and discharge all costs, expenses and reasonable attorney's fees which shall be incurred or expended by Lessor in enforcing the covenants or conditions of this Lease against Operator, whether by the institution of litigation, or otherwise.

NINETEENTH: This agreement of Lease shall be binding upon, and shall inure to the benefit of, the respective parties hereto, their heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, as of the day and year first above set forth.

J. E. Young

First Party and Lessor

Joseph P. Smith
Second Party,
Lessee and Operator

STATE OF CALIFORNIA )
) ss.
COUNTY OF LOS ANGELES )

On this 5th day of November, 1954, before me, Barbara W. Cooper, a Notary Public in and for said County and State, personally appeared J. E. YOUNG, to me known, and known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Notary Public in and for the County of Los Angeles, State of California.

(SEAL)

My commission expires May 10, 1955

## SCHEDULE 4

### Physical Description

(a) Accessible by means of AEC gravel road through Montezuma Canyon.

Exploration operations to date consist of geologic survey of John H. Eggers attached and referred to under Paragraph (c) below, plus preliminary survey by applicant and minimum experimental blasting to reveal ore in place and to lay out plans for exploration operations and the establishment of mining camp and operation.

(b) No past or current production, ore reserves unknown, to be determined by exploration.

(c) Geologic features per John H. Eggers geologic survey, copy attached.

Reason for exploration: As operating mining corporation, following geologic report demonstrating probability of extensive uranium deposits, and following operational survey which revealed feasibility of economic mining operations, it is intended to develop the property for profit in accordance with the general purpose of the corporation.

(d) Accessibility of project:

(1)-A.E.C. gravel road adjacent to property and it will require only minimum construction of supplementary feed roads to site of operation.

(2)-The property is 8 miles hauling distance from mill at Monticello, Utah.

(e) Availability of manpower, materials, etc.

(1)-Manpower is available at Monticello, and supervisor now lives in trailer on site.

(2)-Materials, supplies and equipment have been arranged for, contracts to be executed on approval this application.

(3)-Diesel power is available and will be used.

(4)-Water for sanitary purposes, the only contemplated use, is available in stream through property.

## SCHEDULE 5 (d)

## Operating Experience and Background of Applicant and Others

Joseph P. Smith, President of the corporation, will personally supervise the work of the engineers and miners at all times. Mr. Smith is an experienced oil operator and general contractor with twenty years active participation in the development of business and industrial properties in an executive capacity.

References:

Fort Worth Exploration Company
Burk Burnett Building
Fort Worth, Texas

Scott Daly, Esq.
Burk Burnett Building
Fort Worth, Texas

Joseph P. Smith, Jr., Vice-President of the corporation and Assistant General Manager, is an engineer presently employed by the United States Department of the Army in supervising and inspecting construction works for the Air Force. He will join the company in January, 1955 to take active part in the exploration and mining operations, and reside at the site.

James Corey, Mining Engineer, with years of varied experience in mining in the area, will be employed by the applicant to carry out the exploration and mining operation. Mr. Corey resides at present on the property in his trailer.

## SCHEDULE 6.

## Estimate of Costs

(a) - Independent Contracts:

Independent contractors are available, and applicant will engage same. The costs will be:

Drilling, probing and logging, $1.50 per foot
Estimated 530 feet per claim
27 claims x $795.00 per claim - - - - - - - - - - - - $21,465.00

Earth moving, bulldozer, $12.50 per hour
8 hours per claim
27 claims x $100.00 per claim - - - - - - - - - - - - 2,700.00

(b) - Labor, supervision, consultants:

Engineer's fee for supervision - - - - - - - - - - - - 1,000.00
Labor furnished by contractor at rates under Par. (a)

(c) - Operating materials and supplies:

Incidentals - - - - - - - - - - - - - - - - - - - - - 50.00

(d) - Operating equipment:

Furnished by contractor

(e) - Rehabilitation and repairs

None.

(f) - New buildings, improvements, installations:

None.
Those required for permanent operations to be built by lessee after exploration.

(g) - Miscellaneous:

Analytical work estimated at (54 holes x 3 assays/hole x $5/ assay) 810.00

Accounting costs attributable to exploration - - - - - - - 500.00

(h) - Contingencies:

10% - - - - - - - - - - - - - - - - - - - - - - - - 2,652.50

TOTAL- - - - - - - - - - - - $29,177.50

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

~~OFFICIAL BUSINESS~~

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

KNOXVILLE
SEP 21
5 PM
1955
TENN.

~~Mr. Jay L. Chambers, Chief~~
~~Contract Administration & Audit Division~~
~~D M E A - Dept. of the Interior~~
~~Washington 25, D. C.~~

Photo No. 1 - This was taken on one of the Lady Ellen claims, above the camp, (in the center foreground to left of the bend in the road), looking easterly across the Lady Ellen and Queen Martha claims that extend across the foreground to Montezuma Gulch (shown extending across the photo about the center line thereof). The photo shows the overlying Dakota sandstone (above the dashed line). It also shows the Morrison formation under the Dakota formation. The Morrison formation is exposed at the surface of practically all of these claims and to the right beyond the right side of the photo.

Photo No. 2 - This view was taken at the same place as photo No. 1, looking northeasterly across practically the same things.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 17 1955

COPY

Photo No. 1 - This was taken on one of the Lady Ellen claims, above the camp, (in the center foreground to left of the bend in the road), looking easterly across the Lady Ellen and Queen Martha claims that extend across the foreground to Montezuma Gulch (shown extending across the photo about the center line thereof). The photo shows the overlying Dakota sandstone (above the dashed line). It also shows the Morrison formation under the Dakota formation. The Morrison formation is exposed at the surface of practically all of these claims and to the right beyond the right side of the photo.

Photo No. 2 - This view was taken at the same place as photo No. 1, looking northeasterly across practically the same things.

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FEB 17 1955

COPY

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Defense Minerals Administration
RECEIVED
FEB 17 1955

Photo No. 3 - This view was taken on one of the Queen Martha claims looking south down Montezuma Canyon. It is regretted that this photo did not turn out better because it would clearly show the small remnants of the Dakota sandstone formation on top of certain of th hills, and also the Morrison formation extending across the canyon on both sides, as well as the underlying (slick rock) sandstone formations at the bottom of the canyon.

The Baldwin Hills group of claims extends along the right side of the canyon and photo and also into the area to the right of the photo.

.-.-.-.-.-.-.-.-.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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FEB 17 1956

COPY

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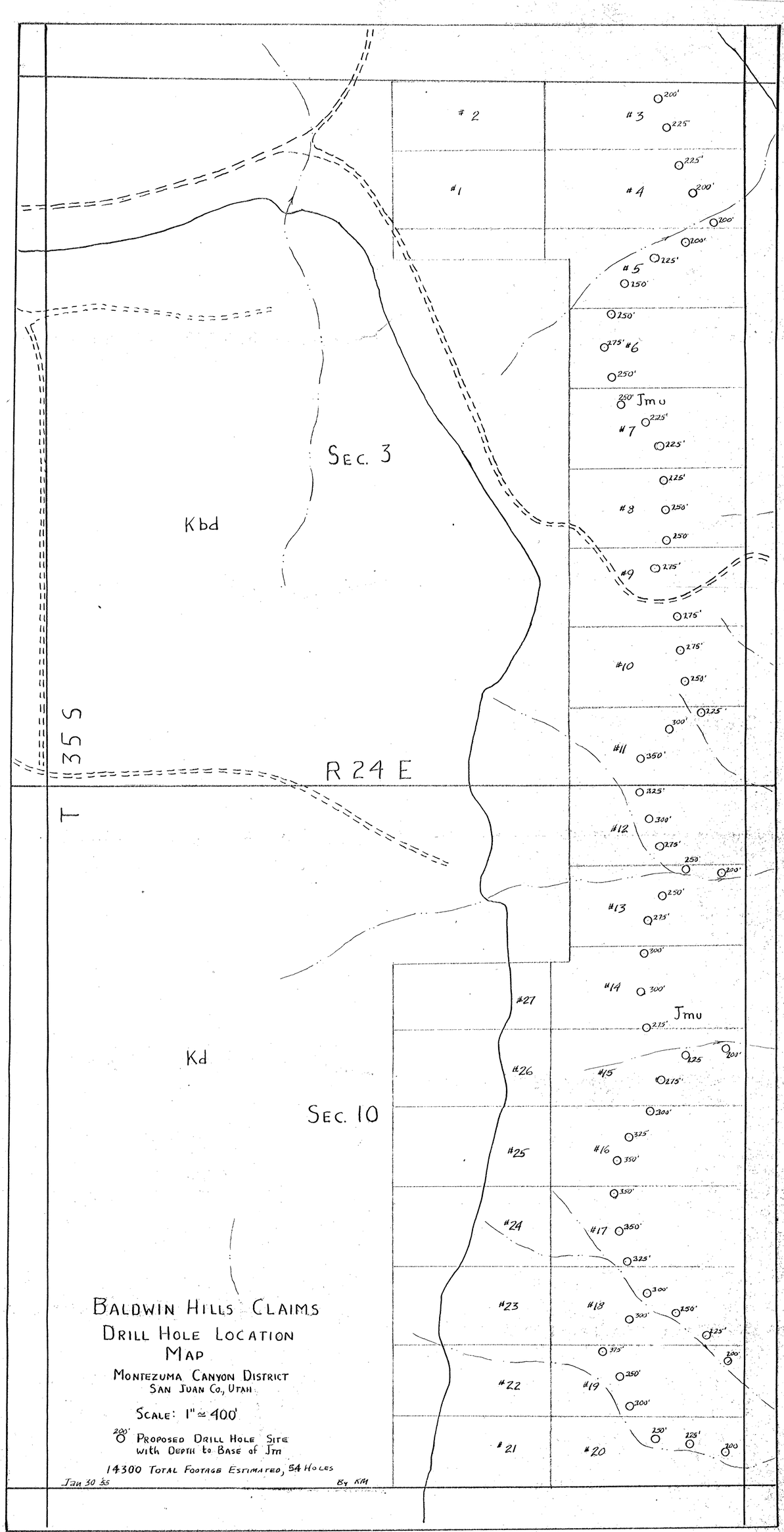


Prepared for
Blue Chip Uranium Corp.
Equitable Bldg
Denver, Colo.
By Ken McGriffin, Geologist
Monticello, Utah