DMEA _____

DOCKET INDEX

ACTION DOCUMENTS

1. APPLICATION DATE RECEIVED 3-18-55

2. CONTRACT DATE 9-6-55

3. TERMINATION AGREEMENT: DATE

   a. Mutual (with/without repayment provision).
   b. Unilateral.
   c. Amendment with automatic termination clause and with/without repayment provision.

4. CERTIFICATION DATE

5. AUDIT REPORT DATE

6. AMENDMENTS - NUMBERS 1 DATE 11-7-55

EXPLORATION PROJECT CONTRACT
VAUGHEY AND VAUGHEY
REPORT NO. DMEA-3730
CONTRACT NO. IDM-2068 AMENDMENT NO. 1

It is agreed this 7th day of November, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Vaughey and Vaughey, a partnership consisting of E. A. Vaughey, V. E. Vaughey and V. F. Blackburn, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. IDM-2068, Project No. DMEA-3730, dated September 6, 1955, hereinafter called the "Contract," that:

In lieu of drilling 25 holes as stipulated in Exhibit "A" under Stage I of the work only 22 holes will be drilled. Hole No. 2 on the "Mike No. 7" claim, as shown on the map, "Figure 2" attached to the contract, will not be drilled because of difficult terrain conditions.

It is further agreed that: Instead of drilling holes Nos. 3 and 4 at the locations shown on the map, "Figure 2" attached to the contract, the holes will be drilled at the locations as shown on the map entitled "Map of Part of the Gertrude and Mike Claims Vaughey and Vaughey Property Emery Co. Utah Showing Proposed Changes in Drill Hole Locations" which is attached hereto and made a part of this amendment.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the fixed or agreed unit cost of any item of work, nor any item of allowable cost which is expressly designated "allowable maximum."

Executed in counterpart the day and year first above written.

VAUGHEY AND VAUGHEY, a partnership

By _____
E. A. Vaughey, partner

By _____
V. E. Vaughey, partner

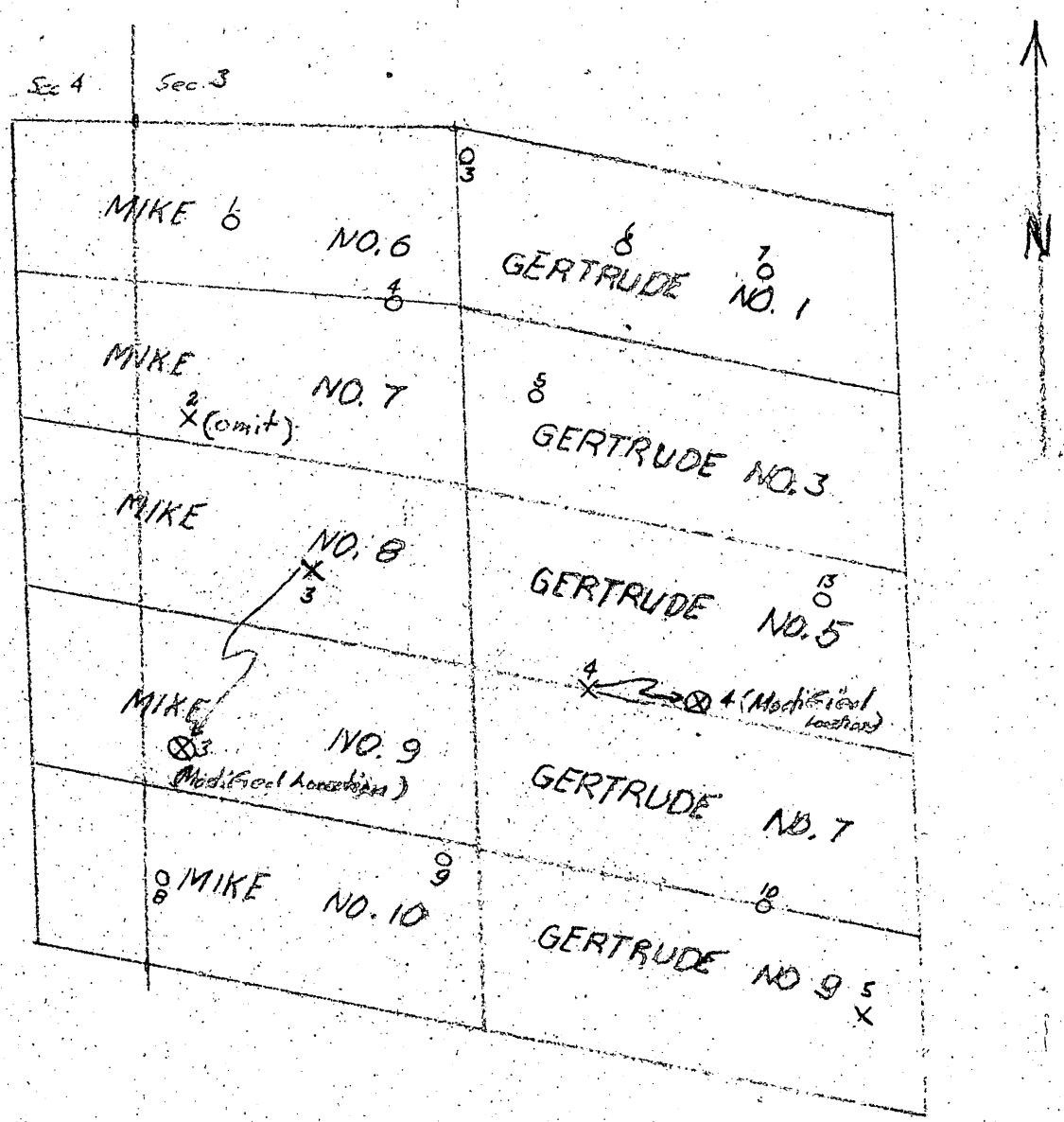
By _____
V. F. Blackburn, partner

UNITED STATES OF AMERICA

By _____
V. M. Weaver
Executive Officer, DMEA
Field Team, Region III

Industry 2/13/56
Alvager

DMEA Docket No 3730
Contract No IDM-E868



Map of Part of Mrs Gertrude & Mike Elkins Vaubey & Vaubey Property Emery Co, Utah
Showing Proposed Changes in Drill Hole locations

0 — 600 Ft. — 1200 Ft.
Scale

6 Hole Already Drilled
4 X Proposed drill hole.

⊗ Modified position of Proposed drill hole (arrow shows change in location)

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

RECEIVED JAN 3 1956

224 New Customhouse
Denver 2, Colorado

December 8, 1955

Vaughey and Vaughey
1690 Denver Club Building
Denver 2, Colorado

Attention: Mr. W. T. Blackburn

Re: Docket DMEA 3730 (Uranium)
Contract Ida-2868

Gentlemen:

In reference to your letter of October 18, 1955, regarding the relocation of holes Nos. 2, 3, and 4, and approval for the transfer of core drilling footage from Stage II to Stage I, you are advised as follows:

An Amendment will be prepared to authorize that hole No. 2 be deleted from Stage I drilling and establish a new location for the drilling of holes Nos. 3 and 4.

Consistent with the provisions in Exhibit "A" attached to Contract Ida-2868, regarding the possible deficiency in footage for Stage I drilling, this constitutes confirmation of the Government's verbal approval of November 7, 1955, for you to transfer 386 feet of core drilling and 349 feet of plug drilling footage from Stage II to Stage I to complete the twenty-two (22) holes to be drilled under Stage I.

Nothing in this letter shall be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute under the terms of the Contract, nor the fixed unit cost of any item of work.

Very truly yours,

E. M. Harbaugh

E. M. Harbaugh
Acting Executive Officer
DMEA Field Team, Region III

JMK:pel
cc: Chairman, Oper. Comm. (4)
Finance Office, Region III
Harbaugh
Shear (2)
Bailey
Townsend
Assoc. file
Corres. file
Chron.

Indexed 2/13/56

VAUGHEY AND VAUGHEY
OIL PRODUCERS

1650 DENVER CLUB BUILDING
DENVER 2, COLORADO

DECEMBER 27, 1955

DMEA
Date Rec'd.

DEC 27 1955

BUREAU OF MINES
Denver, Colorado

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

ATTENTION: MR. E. N. HARSHMAN
ACTING EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION III

RE: DOCKET DMEA 3730 (URANIUM)
CONTRACT IDM-E868

GENTLEMEN:

ENCLOSED PLEASE FIND ORIGINAL AND FIVE COPIES OF AMENDMENT NO. 1 TO SUBJECT CONTRACT, EXECUTED FOR VAUGHEY AND VAUGHEY BY W. T. BLACKBURN, PARTNER. ACCORDING TO YOUR LETTER OF DECEMBER 12, 1955, ONE COPY OF THE AMENDMENT WILL BE RETURNED TO US UPON SIGNATURE BY AN AUTHORIZED OFFICIAL FOR THE GOVERNMENT.

INASMUCH AS MR. W.M.VAUGHEY AND MR. E.A.VAUGHEY MAINTAIN THEIR OFFICES IN JACKSON, MISSISSIPPI, AND THE FORWARDING OF EACH OF THESE DOCUMENTS TO THEM ENTAILS BOTH DELAY AND RISK OF LOSS IN TRANSIT, WE ENCLOSE HEREWITH PHOTOSTATIC COPY OF AFFIDAVIT WHICH HAS BEEN FULLY EXECUTED BY THE THREE PARTNERS, STATING THAT EACH IS FULLY AUTHORIZED TO SIGN ANY INSTRUMENTS BINDING THIS PARTNERSHIP. THIS HAS BEEN RECORDED AS SHOWN.

WE WOULD APPRECIATE YOUR CONSIDERATION IN KEEPING THIS AFFIDAVIT ON FILE IN CONNECTION WITH THE EXECUTION OF THIS AND FUTURE DOCUMENTS. IF ADDITIONAL COPIES ARE NECESSARY, WE SHALL BE GLAD TO SUPPLY YOU WITH THEM.

VERY TRULY YOURS,

VAUGHEY AND VAUGHEY

BY: W. T. BLACKBURN

WTB
N
ENCL: 7

07-20538-01

BOOK 411 PAGE 442

Recorded at 10:20 o'clock A.M. Dec. 7, 1954

Reception No. 615948 CECIL S. FOREE, Recorder

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared W. M. Vaughey, E. A. Vaughey and W. T. Blackburn, copartners doing business as VAUGHEY AND VAUGHEY.

AFFIANTS state that they are partners in the firm of VAUGHEY AND VAUGHEY. THAT each of them is authorized to sign any instruments binding this partnership, including, but not limited to, oil and gas leases and assignments thereof, contracts of all kinds, and any bonds necessary therewith.

W. M. Vaughey

E. A. Vaughey

W. T. Blackburn

STATE OF MISSISSIPPI)
) SS
COUNTY OF HINDS)

SWORN TO AND SUBSCRIBED by W. M. Vaughey before me this 9th day of February, 1953.

My commission expires:
6-25-56

Notary Public

STATE OF MISSISSIPPI)
) SS
COUNTY OF HINDS)

On this 9th day of February, 1953, before me personally appeared W. M. Vaughey, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

Given under my hand and seal this 9th day of February, 1953.

My commission expires:
6-25-56

Notary Public

STATE OF Minnesota
COUNTY OF Ramsey } SS

SWORN TO AND SUBSCRIBED BY E. A. Vaughey before me this 9th day of February, 1953.

My commission expires:
6-25-56

Notary Public

STATE OF Minnesota
COUNTY OF Ramsey } SS

On this 9th day of February, 1953, before me personally appeared E. A. Vaughey, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

Given under my hand and seal this 9th day of February, 1953.

My commission expires:
6-25-56

Notary Public

STATE OF COLORADO)
) SS
CITY & COUNTY OF DENVER)

SWORN TO AND SUBSCRIBED BY W. T. Blackburn before me this 14th day of February, 1953.

My commission expires:
Jan. 9, 1954

Rose A. Metzger
Notary Public

STATE OF COLORADO)
) SS
CITY & COUNTY OF DENVER)

On this 14th day of February, 1953, before me personally appeared W. T. Blackburn, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

Given under my hand and seal this 14th day of February, 1953

My commission expires:
Jan. 9, 1954

Rose A. Metzger
Notary Public

MINERAL DEPOSITS
DMEA
RECEIVED
DEC 5 1955
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey
Colorado Plateau District
P. O. Box 360
Grand Junction, Colorado

Memorandum

December 1, 1955

To: Executive Officer DMEA Field Team Region III

From: M. H. Salsbury
J. William Hasler

Through: E. N. Harshman
John F. Shaw

Subject: DMEA 3730 (Uranium) Contract Idm E868 Vaughey and Vaughey, Emery County, Utah - Recommendations on operators request for amendment to contract.

The operator has requested an amendment to the subject contract to move the location of proposed drill holes Nos. 2, 3 and 4, and to convert certain Stage II drilling footage to Stage I. The request was dated October 18, 1955.

Field inspections were made by DMEA inspecting teams on November 3 and November 15-16, 1955.

The proposed relocation of drill holes was considered during the November 3 inspection. The operator's representative in the field, Philip Payne, requested relocation of holes Nos. 3 and 4, and that the footage assigned to hole No. 2 be used for other Stage I holes. New locations were made in the field by Payne and the DMEA inspectors. They are shown on the accompanying figure.

Contract terms provide that an average of thirty feet per hole be cored. It has been found in drilling done to date that the ore bearing sandstone is up to 80 feet in thickness. It is the opinion of the operator, concurred in by the DMEA representatives, that the full thickness of the ore bearing sandstone should be cored. As of November 1, 1955 a total of 230 feet had been used in coring 5 holes, not counting holes 11 and 22 which were cored throughout. A total of 1180 feet of the 1230 feet of coring permitted in Stage I had been used at the time of the November 3 inspection.

These facts were verified by the inspecting team, and it is recommended that footage from Stage II be transferred to Stage I, as provided in the contract, so as to permit coring the full thickness of the ore bearing sandstone. The amount of coring footage required to finish Stage I is not known. It appears that non-core footage in Stage I will be sufficient. If the transfer of footage from Stage II to Stage I can be made without designating a definite amount, it is believed that no amendment is required.

It has been recommended that approval be given for relocation of proposed holes Nos. 3 and 4, as requested by the operator on October 18, 1955, but that hole No. 2 be deleted. It is believed that an amendment to the contract may be required.

Verbal approval for the relocations of holes was given by the Field Team Region III on November 4, 1955 by phone, and the Denver office was requested by teletpye on November 7, 1955 to so notify the operator in Denver.

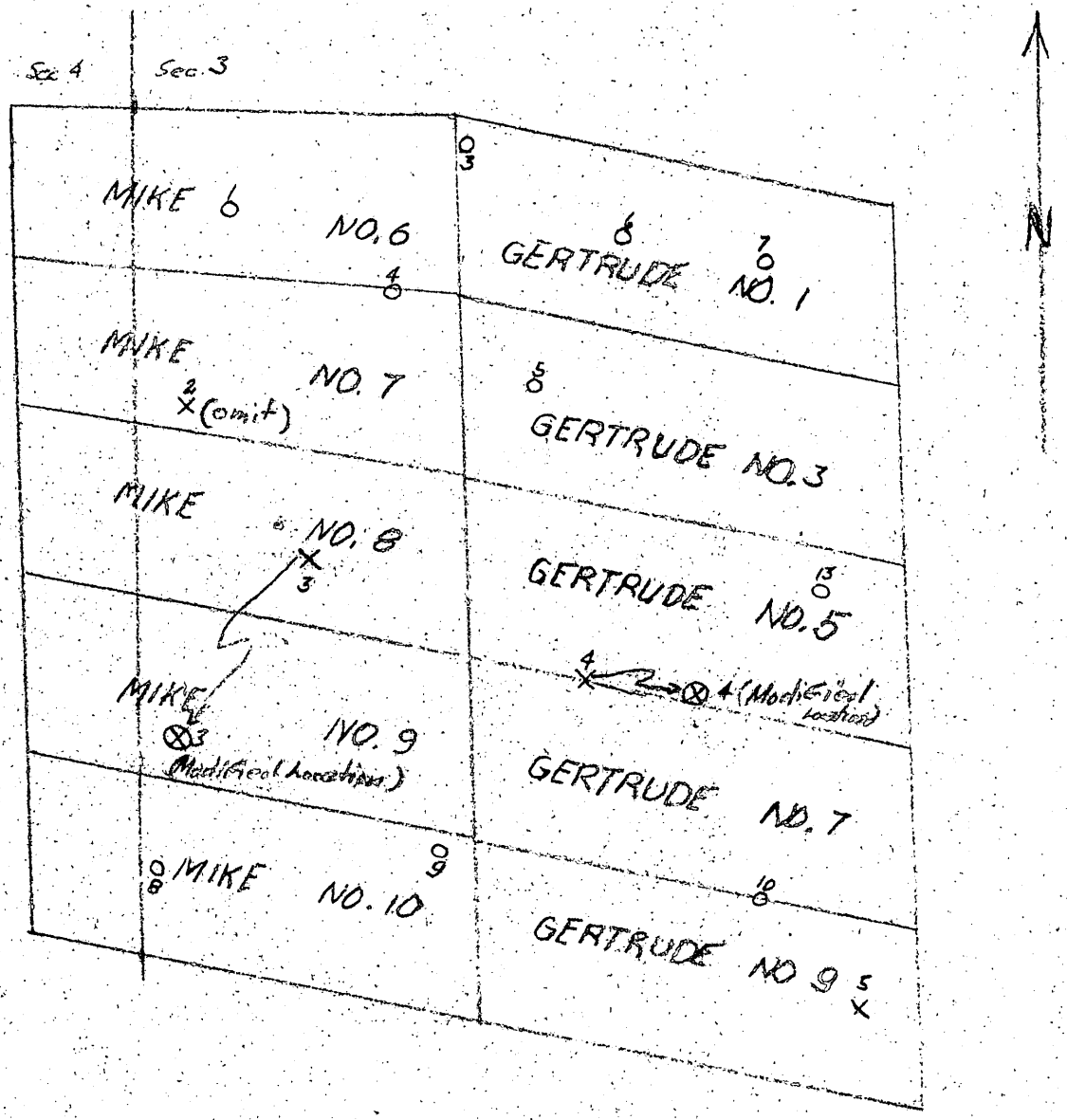
M. H. Salsbury by JWH

M. H. Salsbury
Mining Engineer

J. William Hasler

J. William Hasler
Geologist

DMEA Docket No 3730
Contract No IDM-E868



Map of Part of the Gertrude & Mike Claims
Vackey & Vackey Property Emery Co, Utah
Showing Proposed Changes in Drill Hole Locations

0 — 600 Ft. — 1200 Ft.
Scale

o Hole Already Drilled
4 × Proposed drill hole

⊗ Modified position of Proposed drill hole (arrow shows change in location)

IN REPLY REFER TO:

DMEA
Date Rec'd
OCT 31 1955
BUREAU OF MINES
Denver, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

[redacted]

Colorado Plateau District
P. O. Box 360
Grand Junction, Colorado

October 28, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: J. William Hasler and M. H. Salsbury

Subject: DMEA 3730 (Uranium), Vaughey and Vaughey, Emery County, Utah contract Idm-E 868.

In answer to your request of October 20 for recommendations concerning the Operator's request to move the location of certain stage I drill holes, this matter has been discussed between Mr. Salsbury and myself, and it is our opinion that the request for the relocation of the drill holes in the above-mentioned contract should be denied; and that the problem be studied further after an examination in the field by either a representative of the Bureau of Mines or the Geological Survey. This examination will be done at the time of the regular monthly inspection of the contract Idm-E 868.

J. M. Ryers, Jr.
For J. William Hasler,
Geologist, USGS

noted
E. N. H.

Gwalker
For M. H. Salsbury,
Engineer, USBM

JWH/mlr

cc: E. N. Harshman

VAUGHEY AND VAUGHEY
OIL PRODUCERS

1650 DENVER CLUB BUILDING
DENVER 2, COLORADO

DMEA
Date Rec'd.
OCT 19 1955
BUREAU OF MINES
Denver, Colorado

OCTOBER 18, 1955

RECEIVED
JAN 3 1956

MR. W. M. TRAVER
UNITED STATES BUREAU OF MINES
NEW CUSTOMSHOUSE
DENVER, COLORADO

DEAR MR. TRAVER:

REGARDING THE DMEA CONTRACT NUMBER IDM E-868 (URANIUM), APPLICATION NUMBER 3730, AS OF MONDAY MORNING, OCTOBER 17, 1955, WE HAVE, IN ACCORDANCE WITH THE CONTRACT, COMPLETED PLUG HOLE NUMBER 23 TO A TOTAL DEPTH OF 485'. THIS HOLE WAS CORED BETWEEN THE DEPTHS OF 455' AND 485'. SLIGHT MINERALIZATION NOTED FROM LOGGING BETWEEN THE DEPTHS OF 455' AND 475'.

CORE HOLE NUMBER 22 IS CORING AT 400' AND HAS AN INDICATED TOTAL DEPTH OF 500'.

CORE HOLE NUMBER 11 WILL BE THE NEXT HOLE CORED, AND HAS AN INDICATED DEPTH OF 460'.

PLUG HOLE NUMBER 21 WILL BE THE NEXT PLUG HOLE DRILLED, AND HAS AN INDICATED DEPTH OF AROUND 320'.

IN VIEW OF THE FACT THAT OUR CONTRACT CALLS FOR AN AVERAGE DEPTH OF 300' FOR ALL DRILLING, AND THAT WE MAY REQUEST THAT SOME SECOND PHASE DRILLING BE INCORPORATED AND ADDED TO FIRST PHASE DRILLING, WE DEEM IT ADVISABLE TO ASK FOR THIS CONVERSION AT THIS TIME. WE EXPECT TO HAVE 3 DRILLS IN OPERATION ON THE PROPERTY BY WEDNESDAY, OCTOBER 19, 1955, SO THAT THE PROJECT MAY BE BROUGHT TO COMPLETION AS SOON AS POSSIBLE.

PROPOSED DRILL HOLES NUMBER 2, 3, AND 4 FALL ON THE TOP OF A BLUFF, WHICH IS FOR ALL PRACTICAL PURPOSES INACCESSIBLE. WE WOULD ALSO LIKE TO HAVE PERMISSION TO MOVE THESE HOLES TO ACCESSIBLE AREAS ON THE LAND COVERED BY OUR CONTRACT SO LONG AS THESE HOLES ARE NOT LOCATED WITHIN 500' OF ANY OTHER HOLE, OR WITHIN 100' OF THE OUTER BOUNDARIES OF THE PROPERTY.

THANK YOU FOR YOUR CONSIDERATION IN THIS MATTER.

VERY TRULY YOURS,

VAUGHEY AND VAUGHEY

BY: W. T. BLACKBURN

DVW:N
CC: MR. J. F. SHAW
MR. M. H. SALSBURY
MR. S. R. WILCOX

Docket copy

RECEIVED
SEP 16 1955

MF-200
(Revised June 1954)

Docket No. DMEA - 3730

Commodity Uranium

Contract No. Idm-E868

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this SEP 6 1955 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Vaughey and Vaughey, a partnership, consisting of E. A. Vaughey, W. M. Vaughey, and W. T. Blackburn, whose mailing address is 1650 Denver Club Building Denver 2, Colorado, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200), the attached Exhibit "A," Annex I, and map, Fig. 2.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Utah, County of Emery, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] lease, [7] recorded in Book See Annex I, page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien of Lessor.

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of uranium. The work to be performed is described in Exhibit "A." The Operator on or before October 15, 1955 shall commence the work, and on or before February 1, 1956 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A" except as otherwise provided in Exhibit "A" with respect to stages of work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $31,824.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $23,868.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9.

And see Article 13.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

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

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

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mittendorf
Administrator, Defense Minerals
Exploration Administration

VAUGHEY AND VAUGHEY
(Operator)

By E. A. Vaughey (partner)
E. A. Vaughey

By W. M. Vaughey (partner)
W. M. Vaughey

By W. T. Blackburn (partner)
W. T. Blackburn

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

To the extent that costs are set forth in Exhibit "A" as "Fixed Unit Costs" they are in lieu of the actual costs that otherwise would be estimated and allowable under the provisions of Article 6 of this contract.

EXPLORATION PROJECT CONTRACT
VAUGHEY AND VAUGHEY
DOCKET NO. DMRA-3730

ANNEX I

The land referred to in Article 2 of the Contract form consists of 37 unpatented mining claims recorded in the office of the County Recorder, Emery County, Utah, as follows:

Name of Claim		Location Notice Recorded Book	Page
Mike No. 1		J 74	443
Mike No. 2		"	444
Mike No. 3		"	445
Mike No. 4		"	446
Mike No. 5		"	447
Mike No. 11		"	448
Mike No. 12		"	449
Mike No. 13		"	450
Gertrude No. 11		"	451
Gertrude No. 12		"	452
Gertrude No. 13		"	453
Gertrude No. 14		"	454
Mike No. 6	Amended	"	455
Mike No. 7	"	"	456
Mike No. 8	"	"	457
Mike No. 9	"	"	458
Mike No. 10	"	"	459
Hilda No. 1	"	"	460
Hilda No. 2	"	"	461
Hilda No. 3	"	"	462
Hilda No. 4	"	"	463
Hilda No. 5	"	"	464
Hilda No. 6	"	"	465
Hilda No. 7	"	"	466
Hilda No. 8	"	"	467
Hilda No. 9	"	"	468
Hilda No. 10	"	"	469
Gertrude No. 1	"	"	470
Gertrude No. 2	"	"	471
Gertrude No. 3	"	"	472

Name of Claim (Cont'd.)		Location Notice Recorded Book	Page
Gertrude No. 4	Amended	J 74	473
Gertrude No. 5	"	"	474
Gertrude No. 6	"	"	475
Gertrude No. 7	"	"	476
Gertrude No. 8	"	"	477
Gertrude No. 9	"	"	478
Gertrude No. 10	"	"	479

The above claims are situated in Secs. 34 and 35, T. 21 S., R. 14E., and in Secs. 3, 4, and 10, T. 22 S., R. 14 E., S.L.B. & M., and are shown on the attached claim map, Fig. 2.

The Operator holds the land under a lease recorded in Book J 78, page 53, an amendment to the lease recorded in Book J 79, Page 480, and an amendment and supplement to the lease dated June 27, 1955.

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator [redacted]
Docket No. DMEA-[redacted]
Contract No. Idm-E_____
Contract Date_____

CONSENT TO LIEN

RECEIVED
SEP 16 1955

To the United States of America:

Referring to that certain land in the County of [redacted], State of [redacted], described as follows:1/

[redacted]

_____,

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

[redacted]

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this _____ day of SEP 6 1955, 195_.

Paul Alt [Seal]

Fred Barnett [Seal]

Dean Halelemay [Seal]

Angela Barnett [Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
VAUGHEY AND VAUGHEY
DOCKET NO. DMEA-3730

EXHIBIT "A"

Description of the Work

The object of this project is to discover uranium ore deposits that might occur in the Salt Wash member of the Morrison formation. In the region where this project is located, the uranium mineralization is generally confined to an irregular lenticular sand bed about 175 feet above the base of the Morrison formation. Within this 30-foot thick sand bed the ore may occur in 3 or more zones. It is estimated that drill holes averaging 300 feet in depth will be required to penetrate the ore-bearing horizon.

The work shall be performed in three successive stages as indicated below. The Operator shall perform all the work under Stage I, and shall perform so much of each succeeding stage as is approved in advance in writing by the Government, based upon the results of the completed stage or stages of work.

Stage I

Stage I consists of bulldozing access roads and preparing twenty-three (23) drill sites. The approximate locations of the drill sites are shown, marked X, on the attached map, Fig. 2, entitled "Claim Map Showing Proposed Drill Holes, Vaughey and Vaughey Property ... June 22, 1955." One (1) vertical hole shall be drilled from each drill site. The spacing of holes is expected to range from approximately 500 to 1,500 feet.

It is estimated that 5,670 feet of noncore and 1,230 feet of core drilling will be required to complete the twenty-three drill holes authorized for Stage I. However, if the footages estimated for Stage I drilling are not sufficient to complete the twenty-three (23) holes then, with prior written Government approval, part of the footages authorized for Stage II drilling may be used to complete the Stage I drilling.

Not in excess of 8 hours of bulldozing shall be performed, and not in excess of 18 samples shall be

chemically analyzed to determine the U_3O_8 and V_2O_5 content, under this stage of the contract.

Stage II

Stage II consists of bulldozing access roads and preparing twenty-five (25) sites for drilling to delineate ore-bearing structures discovered in Stage I. Not more than one (1) vertical hole shall be drilled from each site. Holes drilled from these sites shall not be closer than 300 feet to any other drill hole.

Not in excess of twenty-five (25) holes, totaling not in excess of 6,750 feet of nonscore and 750 feet of core drilling, shall be performed in this stage.

Not in excess of 9 hours of bulldozing shall be performed, and not in excess of 17 samples shall be chemically analyzed to determine the U_3O_8 and V_2O_5 content, under this Stage II.

Stage III

Stage III consists of bulldozing access roads and preparing ten (10) sites for drilling to further delineate ore-bearing structures discovered in the preceding stages. Holes drilled from these sites shall not be closer than 50 feet to any other hole. Not more than one (1) vertical hole shall be drilled from each of these sites, and not more than a total of 2,700 feet of nonscore and 300 feet of core drilling, shall be performed in this Stage III.

Not in excess of 3 hours of bulldozing shall be performed, and not in excess of 7 samples shall be chemically analyzed to determine the U_3O_8 and V_2O_5 content, under this Stage III.

General Provisions

1. A supervisor and at least one helper shall be employed full time under this contract.

2. Hole No. 11 and Hole No. 22 in Stage I shall be cored from the surface to the bottom; and all other holes in Stages I, II, and III shall be core drilled through the inferred 30-foot thick ore-bearing sandstone bed in the Salt Wash member. All other drilling shall be noncore drilling.

3. All holes shall be logged and probed for radioactivity. Records of such logging and probing, together with assay certificates, shall be submitted with the Operator's monthly progress report.

4. The Government shall not contribute to the cost of any uncompleted hole, to the cost of any hole that bottoms less than AX core size, or to the cost of any hole which cannot be probed with radiometric logging equipment.

5. No hole under this contract shall be drilled closer than 100 feet to the outer boundaries of the land described in Annex I.

6. Mineralized portions of the core shall be split, the Operator using one-half for assay purposes; the other one-half shall be stored for Government use with the rest of the core in boxes properly labeled as to drill hole number. Markers shall be placed in the sections of the core to indicate the depth represented.

7. The supervision, the extent and method of sampling, the location of drill sites and drill holes, the direction and extent of drilling, and the drilling method, are all subject to Government approval.

8. Bulldozing shall be performed with a D-6 bulldozer, or equivalent unit.

Estimated Costs of the Project

Actual Costs

(Categories 2 through 7 of the contract form do not apply to this contract.)

Category (1) Independent Contracts

Stage I

Access roads and drill sites, 8 hours of bulldozing @ $12.00/hr.	$ 96.00	
Noncore drilling 5,670 feet @ $1.45/ft.	8,221.50	
Core drilling 1,230 feet @ $3.00/ft.	3,690.00	$12,007.50

Stage II

Access roads and drill sites, 9 hours of bulldozing @ $12.00/hr.	108.00	
Noncore drilling 6,750 feet @ $1.45/ft.	9,787.50	
Core drilling 750 feet @ $3.00/ft.	2,250.00	12,145.50

Stage III

Access roads and drill sites, 3 hours of bulldozing @ $12.00/hr.	36.00	
Noncore drilling 2,700 feet @ $1.45/ft.	3,915.00	
Core drilling 300 feet @ $3.00/ft.	900.00	4,851.00

Fixed Unit Costs

The Government will contribute to the costs of "Incidental allowance" and "Chemical analyses" on the basis of the fixed unit costs set forth below, as they accrue, in lieu of actual costs. The fixed unit cost for "Incidental allowance" includes all costs whatsoever that are not included in the estimates for Independent Contracts

and analyses of samples, and covers such items as supervision, technical services, labor, materials and supplies, equipment, etc., which would otherwise be allowable under Categories (2) through (7) of the contract form.

Stage I		
Incidental allowance for each feet of drilling completed, 6,900 feet @ $0.15/ft.	$ 1,035.00	
Chemical analyses for U_3O_8 and V_2O_5, 18 samples @ $5.00 each sample	90.00	$ 1,125.00
Stage II		
Incidental allowance for each feet of drilling completed, 7,500 feet @ $0.15/ft.	1,125.00	
Chemical analyses for U_3O_8 and V_2O_5, 17 samples @ $5.00 each sample	85.00	1,210.00
Stage III		
Incidental allowance for each foot of drilling completed, 3,000 feet @ $0.15/ft.	450.00	
Chemical analyses for U_3O_8 and V_2O_5, 7 samples @ $5.00 each sample	35.00	485.00
Estimated Total Cost of Project		$31,824.00
Government Participation @ 75%		$23,868.00

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

10/31/56

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

Dear Mr. Trever:

Reference is made to our letter of October 25, 1956, transmitting four Memoranda of Exploration on the following projects: Docket DMEA-3397, Contract No. Idm-8722, Ray Ryan; Docket DMEA-3579, Contract No. Idm-8796, Pula Pelle Uranium, Inc.; Docket DMEA-3695, Contract No. Idm-8842, Yankee Uranium Co.; and Docket DMEA-3730, Contract No. Idm-8868, Vaughey and Vaughey.

It has been noted that this office inadvertently omitted to date the Memoranda. Will you please have them dated as of October 25, 1956.

Sincerely yours,

George C. Selfridge
esf
Chairman, Operating Committee

APPROVED:

Frank D. [illegible]
esf
Member, Bureau of Mines

Thor H. Kiilsgaard
esf
Member, Geological Survey

JLChambers/wb
October 30, 1956

Copy to: Docket (4) DMEA-3397
DMEA-3579
DMEA-3695
DMEA-3730
Admr. Reading File
Operating Committee
Mr. Crawford, USBM
Mr. Kiilsgaard, USGS
Mr. Ellis
Mr. Chambers

A.C.S.

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

224 New Customhouse
Denver 2, Colorado

October 31, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3730, Contract Ldm-E868, Vaughey and Vaughey - MEMORANDUM OF EXPLANATION

Enclosed is one copy of MEMORANDUM OF EXPLANATION for the above contract which clarifies the intent of the parties relative to payment for drilling on an average unit cost basis for each type of drilling within each stage of work.

Also enclosed is one copy of a relative letter dated October 25, 1956 from the Chairman, Operating Committee, to the Executive Officer, Region III.

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures

JDC:jy
cc: Chm. Op. Comm. (2)
Corresp. E868)
Contract E868) w/copy memo and
Harshman) Chm's. letter
Hasler)
Shaw (2)) w/two copies of memo
Townsend) and Chm's. letter
Chron.

Docket Copy

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

Surnamed by: Rubin
Dwyer
Chambers
FLKnouse
Ellis
Ching
Murphy
Selfridge
(JLB) 10/24

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

OCT 2 1956

3730

Dear Mr. Traver:

Please refer to our letter to you under date of October 22, 1956, in regard to Exploration Project Contract No. Idm-E939, Docket No. DMEA-4070, San Jacinto Petroleum Corporation, with which we enclosed an amendment to express the real intent of the parties concerning the amount of money to be paid to the Operator for drilling work completed. That procedure was informally approved by the General Accounting Office and will be used in all appropriate cases where project work is still in operation.

The General Accounting Office has also approved a procedure, for cases where the projects are completed. In such cases a statement of the Administrator ("Memorandum of Explanation") will be entered in an appropriate docket explaining the intent of the parties concerning payment for the drilling costs. In going through our files we have foundfour such uranium projects which have been completed and the work paid for in accordance with the intentions of the parties concerning averaging the costs, but the contracts in question do not spell out the averaging provisions. These contracts are: Docket DMEA-3397, Contract No. Idm-E722, Ray Ryan; Docket DMEA-3579, Contract No. Idm-E794, Eula Belle Uranium, Inc.; Docket DMEA-3695, Contract No. Idm-E842, Yankee Uranium Co.; and Docket DMEA-3730, Contract No. Idm-E868, Vaughey and Vaughey.

We are sending sufficient copies of the Administrator's Memorandum of Explanation to be filed with and become a part of the copies of the contracts located with the Finance Officer, the Executive Officer, and other offices of the Region.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JLB)

APPROVED:

Frank D. Lamb (JLB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JLB)
Member, Geological Survey

Enclosure

JLChambers/HCRubin/wb
October 23, 1956

Copy to: Docket (4) DMEA-3397
DMEA-3579
DMEA-3695
DMEA-3730
Admr. Reading File
Operating Committee
Mr. Crawford, USBM
Mr. Kiilsgaard, USGS
Mr. Dwyer
Mr. Ellis
Mr. Chambers

R.C.S.

Docket Copy

Chandler
Murphy
Ellis
Rubin
Sawyer
Richard
Selfridge

EXPLORATION PROJECT CONTRACT
VAUGHEY AND VAUGHEY
DOCKET NO. DMEA-3730

MEMORANDUM OF EXPLANATION

Washington, D. C.

The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Vaughey and Vaughey are parties to Exploration Project Contract Idm-E868 (Docket No. DMEA-3730), dated September 6, 1955.

The contract provides that the Government will contribute to the unit costs of drilling performed under independent contracts that do not exceed the estimated costs for each unit (per foot of drilling) set forth in Exhibit "A". The contract provides further that the Government's contribution to costs will be made as they are incurred, based upon monthly vouchers. However, it was the intent of the parties at the time the exploration project contract was negotiated and executed that the unit costs set forth under Category (1) under any stage prescribed in Exhibit "A" represent the maximum average cost per foot for each classification of drilling performed and accepted rather than the maximum cost per foot of each classification of drilling performed, as evidenced by the Operator's application and the DMEA Field Team's report of examination filed in the contract docket.

The Operator incurred costs on the basis of this understanding and the Government has made payment on the basis of this understanding.

C. O. Mittendorf

Administrator, Defense Minerals
Exploration Administration

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

RECEIVED
AUG - 6 1956

August 3, 1956

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

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

Subject: Final Report, DMEA Docket 3730 (Uranium), Vaughey and Vaughey (Ouray Ventures Property) Emery County, Utah

I have reviewed the final report, DMEA Docket 3730, Vaughey and Vaughey (Ouray Ventures Property) Emery County, Utah, dated July 11 and received in this office July 27, 1956. I have also discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

The Field Team recommend that no certification of the subject property be made, inasmuch as 6,219 feet of plug bit and 1,616 feet of core drilling did not result in the discovery of uranium ore.

We concur in the recommendation of the Field Team.

The report is being forwarded to the Chief, Division of Minerals, in accordance with the routing slip attached thereto.

John E Crawford
John E. Crawford

700

FILE COPY

Surname:
Chambers
Hefman

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

Messrs. Paul Alex,
Devel Halderman,
Angelo Zanett, and Fred Zanett
d/b/a Ouray Ventures
Ouray, Colorado

AUG - 2 1956

Re: Docket No. DMEA-3730 (Uranium)
Contract No. Idm-E868
Vaughey and Vaughey
Ouray Ventures Property
Emery County, Utah

Gentlemen:

Reference is made to the Owners' Consent to Lien which you executed on September 6, 1955, in connection with the DMEA contract for an exploration project on your property in Emery County, Colorado.

For your information, there is enclosed a copy of our letter of this date to Vaughey and Vaughey, advising that the Government retains no claim or lien against the property described in the contract or on any future production therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure
FMMurphy/izm 8-1-56
cc to: Docket
Code 700
Mr. Murphy
Admr.'s Reading File
DMEA Field Team, Reg. III (2)
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

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

700
FILE COPY
Surname:

AUG - 2 1956

Vaughey and Vaughey
1650 Denver Club Building
Denver 2, Colorado

Re: Docket No. DMEA-3730 (Uranium)
Contract No. Idm-E868
Ouray Ventures Property
Emery County, Utah

Gentlemen:

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

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

FMMurphy/izm 8;1;56
cc to: Messrs. Paul Alex, Devel Halderman, Angelo Zanett, & Fred Zanett d/b/a Ouray Ventures, Ouray, Colorado
Docket
Code 700
Mr. Murphy
Admr.'s Reading File
Mr. Johnson
DMEA Field Team, Reg. III (2)
Contract Admr. & Audit Div.
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

Docket Copy

Project Summary Report

By: F. M. Murphy Date: August 1, 1956

1. Docket No. DMEA-3730 (Uranium)
   Contract No. Idm-E868

   Operator: Vaughey and Vaughey, a Partnership which consists of E. A. Vaughey, W. M. Vaughey, and W. T. Blackburn
   1650 Denver Club Building
   Denver 2, Colorado

   Operator's Property Rights: Lease on 37 unpatented mining claims, the "Mike," "Gertrude," and "Hilda" groups, situated in secs. 34 and 35, T. 21 S., R. 14 E., and in secs. 3, 4, and 10, T. 22 S., R. 14 E., S.L.B.&M., Emery County, Utah

2. Contract dated: September 6, 1955

   Amendment No. 1 - dated November 7, 1955, permits drilling 22 holes instead of 23 in Stage I, also, changes location of drill holes Nos. 3 and 4.

   Work Authorized - Stage I (23 holes) Stage II (25 holes) Stage III (10 holes)

	Units	Cost	Units	Cost	Units	Cost
Access roads and drill sites						
Bulldozer @ $12/hr.	8	$96.00	9	$108.00	3	$36.00
Non-core drilling @ $1.45/ft.	5670	8221.50	6750	9787.50	2700	3915.00
Core drilling @ $3/ft.	1230'	3690.00	750	2250.00	300	900.00
Incidental allowance @ $0.15/ft.						
Chemical analyses @ $5/sample	6900'	1035.00	7500	1125.00	3000	450.00
	18	90.00	17	85.00	7	35.00
Stage Total Cost		$13132.50		$13355.50		$5336.00

Estimated Total Cost of the Project $31,824.00
Government Participation @ 75% $23,868.00

Work Completed - 22 holes under Stage I

1616 ft. core drilling @ $3/ft.	$4,848.00	
1742 ft. non-core drilling @ $1.298/ft.	2,262.15	
4477 ft. " " " @ $1.235/ft.	5,529.15	
7835 ft. incidental allowance @ $0.15/ft.	1,175.25	
8 hrs. bulldozing @ $12/hr.	96.00	
Adjustment for core drilling	398.00	
Total Cost Stage I		$14,308.55
Government Participation @ 75%		$10,731.41

3. Audit Report of Review: February 8, 1956

Total cost as billed by contractor.....	$14,308.55	
Exceptions by Finance Office $398.00		
Herewith 0.00 ...	398.00	
Total Accepted Cost	$13,910.55	
Government Participation @ 75%	$10,432.92	

4. Excerpts from Field Team Report, dated July 11, 1956:

Sedimentary rocks exposed on the property consist of shale, conglomerate, and sandstone of the lower Cretaceous Burro Canyon formation, and the Upper Jurassic Brushy Basin shale member of the Morrison formation. In the immediate project area, the beds generally strike north and dip gently to the east. Several minor, steep-dipping, normal faults with northwesterly strikes were observed in the area.

Previous to the contract, the Applicant drilled 19 holes on the property and mineralization was reported to have been found in the Salt Wash member of the Morrison formation in seven of the holes.

The Field Team terminated the contract after Stage I because:

1. Of the 22 holes drilled, none penetrated mineralized material (i.e. 0.02% eU_3O_8).

2. Evaluation of all data obtained from logging the drill core and cuttings indicated that 21 holes penetrated a type of sandstone which is considered unfavorable for the occurrence of ore deposits. Hole 1 may have penetrated a favorable type sandstone, but this is not certain because the coring started in the sand unit and the total thickness of the sand unit is not known.

3. Studies of the adjacent outcrops and mines reveal that the area is not favorable for the occurrence of significant ore deposits. Only small pods of ore grade material, not constituting minable ore, are likely to be found on the subject property.

The exploration work did not result in a discovery or development of a significant quantity of Uranium ore. No certification is recommended by the Field Team.

F. M. Murphy

F. M. Murphy

4-cc

RECEIVED

JUL 23 1956

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

224 New Customhouse
Denver 2, Colorado

July 18, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket DMEA 3730 (Uranium), Contract Idm-E868, Vaughey and Vaughey (Ouray Ventures Property), Emery County, Utah - FINAL REPORT

Enclosed are the original and three copies of a joint engineering and geologic report, dated July 11, 1956, pertaining to work completed under the subject contract, and transmittal of the report, dated July 17, 1956, from John F. Shaw and E. N. Harshman.

The original and one copy of the Operator's final report were forwarded to your office by memorandum of March 15, 1956.

The contract was considered to be completed upon completion of the work authorized under Stage I.

Final payment to the Operator was processed by this office March 15, 1956, in conformance with the Report of Review of contract expenditures by the Contract Administration and Audit Division, dated February 8, 1956, which was released to this office February 17, 1956.

The exploration work completed consisted of eight hours of bulldozing time preparing access roads and drill sites and the drilling of twenty-two holes involving 6,219 feet of plug drilling and 1,616 feet of core drilling, at a total accepted cost of $13,910.55, toward which the Government contributed to the extent of 75%, or an amount of $10,432.92.

The exploration work did not result in a discovery or development of a significant quantity of uranium ore. Therefore no certification of such is to be recommended.

W. M. Traver
W. M. Traver

E. N. Harshman
E. N. Harshman

Reviewed by
DMEA OPERATING COMMITTEE
7/27/56
(date)

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION III

BUILDING 20
DENVER FEDERAL CENTER
DENVER 2, COLORADO

RECEIVED
JUL 23 1956

July 17, 1956

DMEA
Date Rec'd.
JUL 18 1956
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw
E. N. Harshman

Subject: Docket DMEA 3730 (Uranium), Contract Idm-E868, Vaughey and Vaughey, Ouray Ventures Property, Emery County, Utah

Enclosed are the original and 9 copies of a final engineering and geologic report by Carl Belser, Mining Engineer, Bureau of Mines, and Carl H. Roach, Geologist, Geological Survey, covering the work performed under contract Idm-E868.

Vaughey and Vaughey applied for exploration assistance to explore their Ouray Ventures Property in Emery County, Utah, by 17,100 feet of drilling at a total estimated cost of $32,965.00. A modified three-stage contract consisting of 17,400 feet of drilling at an estimated cost of $31,824.00 was prepared. Twenty-two stage I holes were drilled under the contract at a total cost of $14,308.55. Government participation was $10,731.41. Stage I drilling did not disclose any ore and the contract was terminated at the completion of stage I.

It is recommended that no additional DMEA funds be expended on this property and that no certification of discovery be issued.

John F. Shaw
John F. Shaw
Supervising Mining Engineer

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

Reviewed by
DMEA OPERATING COMMITTEE
7/27/56
(date)

Enclosure

cc: 9
ENHarshman
Idm-E868
Chron.

JFS:ph

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON
SECRETARY

RECEIVED
JUL 23 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT
REGION III

DMEA 3730

Contract Idm-E868

OURAY VENTURES PROPERTY

Vaughey and Vaughey

Emery County, Utah

Uranium

Reviewed by
DMEA OPERATING COMMITTEE
7/27/56
(date)

Joint Engineering and Geologic Final Report

By

Carl H. Roach, Geologist
Geological Survey

Carl Belser, Mining Engineer
Bureau of Mines

July 11, 1956

DMEA 3730
Contract Idm E-868

OURAY VENTURES PROPERTY
VAUGHEY AND VAUGHEY
EMERY COUNTY, UTAH

CONTENTS

Engineering and Geologic Report — Page

Introduction and summary 1
Recommendations 2
Location and accessibility 2
Property 3
History 4
Geology 4
Ore deposits 5
Geologic interpretation of the drilling 7
The project 7
Factual data 9
Conclusions and recommendations 9

ILLUSTRATIONS

Figure — Follows page

1. Location map, Ouray Ventures Property, Vaughey and Vaughey, Emery County, Utah (DMEA 3730) 2
2. Claim map showing drill holes, Vaughey and Vaughey, Ouray Ventures Property, Emery County, Utah (DMEA 3730) 11

ANNEX

Table No. — Page

1. Stage I holes 10

DMEA 3730

RECEIVED
JUL 23 1956

OURAY VENTURES PROPERTY
Vaughey and Vaughey
Emery County, Utah

INTRODUCTION AND SUMMARY

Vaughey and Vaughey a partnership composed of E. A. Vaughey and W. M. Vaughey and W. T. Blackburn, 1650 Denver Club Building, Denver 2, Colorado, on March 8, 1955, made application for aid in an exploration project on their Ouray Ventures Property in Emery County, Utah. The applicant's project called for drilling 17,100 feet in 57 holes at a total estimated cost of $32,965.00. A field examination was made on April 26, 1955, by R. W. Osterstock of the Geological Survey and M. H. Howes of the Bureau of Mines.

A modified three-stage contract, including 17,400 feet of drilling at a total estimated cost of $31,824.00, was signed September 6, 1955. Drilling started on October 6, 1955, and stage I drilling was completed on November 14, 1955. Drilling of stage II and stage III holes was not approved by the field team.

Sedimentary rocks are exposed on the property. These consist principally of shale, conglomerate, and sandstone of the Burro Canyon formation of Lower Cretaceous age and the Brushy Basin shale member of the Morrison formation of Upper Jurassic age. In the immediate project area, the beds generally strike north and dip gently to the east. Several minor, steep-dipping, normal faults with northwesterly strikes have been observed in the area. Previous to issuing of the contract, Vaughey and Vaughey drilled 19 holes on the Ouray Ventures property and uranium mineralization is reported to have been found in the Salt Wash sandstone member of the Morrison formation in seven of the holes.

Twenty-two stage I holes were drilled under the contract as a total cost of $14,308.55. The Government participation was 75 percent, or $10,731.41. No ore was penetrated by the 22 holes and no chemical assays were made. The Field Team terminated the contract after completion of stage I drilling.

RECOMMENDATIONS

Because no ore was found by stage I drilling, the examining team recommends that no discovery be certified.

Further drilling is not recommended.

LOCATION AND ACCESSIBILITY

The property consists of 37 unpatented claims in secs. 34 and 35, T. 21 S., R. 14 E., Salt Lake meridian, Emery County, Utah (figs. 1 and 2). The San Rafael River is less than 1 mile to the west. Erosion of the original flat terrain has formed wide, shallow, winding arroyos and low mesas. Vegetation is scarce and is comprised for the most part of desert plants. The climate is arid. Altitudes range from 4,400 to 4,600 feet and work can be carried on throughout the year. A fair dirt road, 3 miles in length, connects the property with State Highway 24 from whence it is 12 miles to the Denver and Rio Grande Western Railroad at Green River, Utah.

PROPERTY

The 37 unpatented claims are recorded in the records of the County Recorder of Emery County, Utah, as follows:

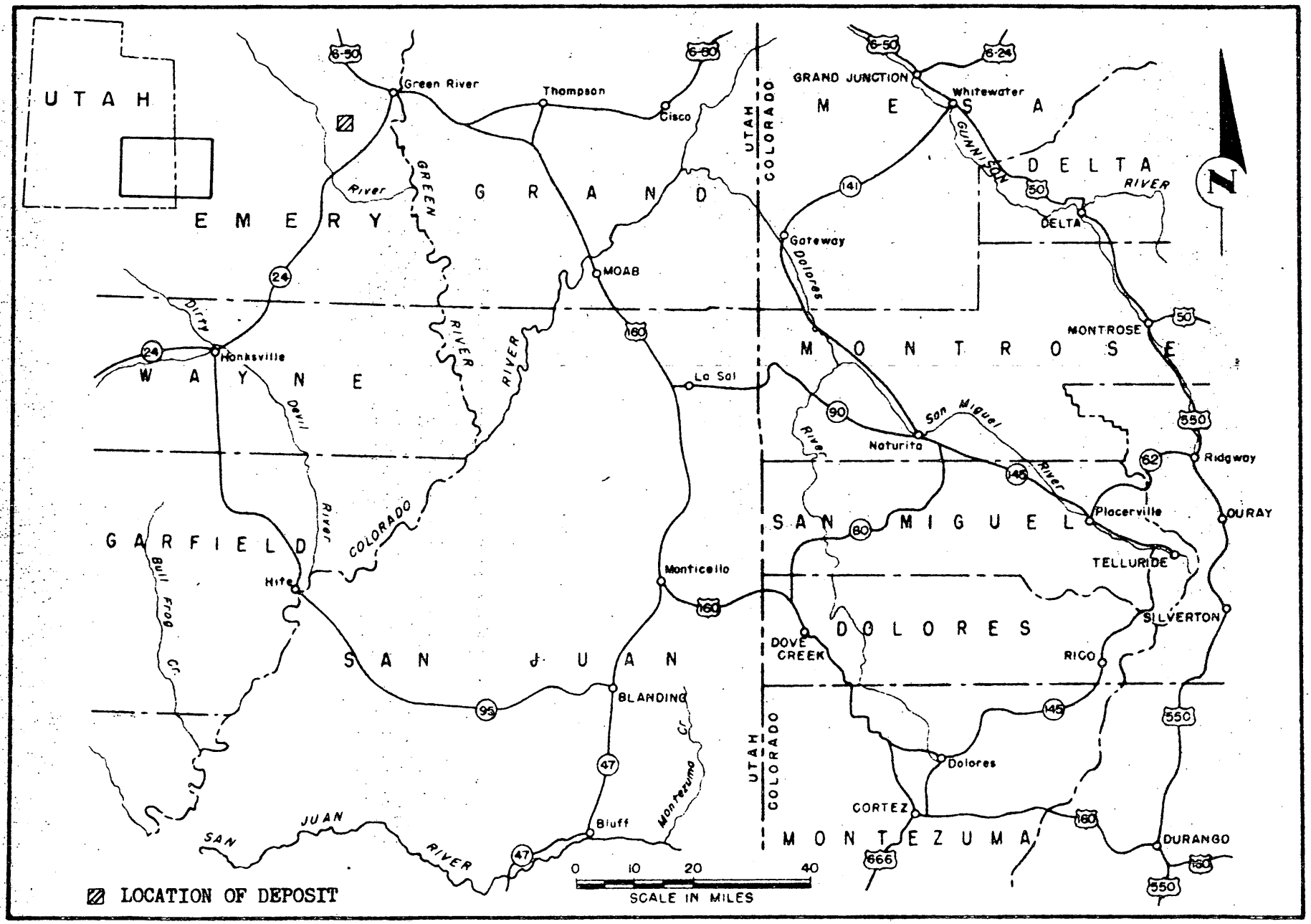


FIGURE 1 - LOCATION MAP, OURAY VENTURES PROPERTY, VAUGHEY AND VAUGHEY, EMERY COUNTY, UTAH. DMEA 3730, CONTRACT Idm-E868

Claim	Book	Page	Type of Filing
Mike No. 1	374	443	Location Notice
Mike No. 2	374	444	Do.
Mike No. 3	374	445	Do.
Mike No. 4	374	446	Do.
Mike No. 5	374	447	Do.
Mike No. 11	374	448	Do.
Mike No. 12	374	449	Do.
Mike No. 13	374	450	Do.
Gertrude No. 11	374	451	Do.
Gertrude No. 12	374	452	Do.
Gertrude No. 13	374	453	Do.
Gertrude No. 14	374	454	Do.
Mike No. 6	374	455	Amended Location Notice
Mike No. 7	374	456	Do.
Mike No. 8	374	457	Do.
Mike No. 9	374	458	Do.
Mike No. 10	374	459	Do.
Hilda No. 1	374	460	Do.
Hilda No. 2	374	461	Do.
Hilda No. 3	374	462	Do.
Hilda No. 4	374	463	Do.
Hilda No. 5	374	464	Do.
Hilda No. 6	374	465	Do.
Hilda No. 7	374	466	Do.
Hilda No. 8	374	467	Do.
Hilda No. 9	374	468	Do.
Hilda No. 10	374	469	Do.
Gertrude No. 1	374	470	Do.
Gertrude No. 2	374	471	Do.
Gertrude No. 3	374	472	Do.
Gertrude No. 4	374	473	Do.
Gertrude No. 5	374	474	Do.
Gertrude No. 6	374	475	Do.
Gertrude No. 7	374	476	Do.
Gertrude No. 8	374	477	Do.
Gertrude No. 9	374	478	Do.
Gertrude No. 10	374	479	Do.

The above claims were leased by Paul Alex, Deval Walderman, Angelo Zanett, and Fred Zanett to Vaughey and Vaughey on October 16, 1954. The lease is recorded in book J-78, page 53. An amendment and supplement to the lease, dated June 27, 1955, is recorded in book J-79, page 480.

HISTORY

An exploratory program consisting of drilling 19 holes was completed early in 1955 and a DMEA exploratory project of drilling 22 holes was completed on November 14, 1955. No production has been made.

GEOLOGY

The property is on the east flank of the San Rafael Swell, a large northerly trending anticline in Emery County, Utah. Rock strata cropping out on the property are sedimentary in origin and dip gently to the east. Numerous normal faults with small vertical displacement occur in the general area, however, they apparently are not related to the distribution of uranium-vanadium ore deposits.

The formations exposed on, or near, the property, in ascending order, are: the Jurassic Summerville formation, the Jurassic Morrison formation, the Lower Cretaceous Burro Canyon formation, the Upper Cretaceous Dakota (?) sandstone, and the Upper Cretaceous Mancos shale. The Jurassic Morrison formation contains all of the known ore deposits in the area, and is the only formation which will be discussed in detail.

The Jurassic Morrison formation on the Vaughey and Vaughey property is composed of two members, the upper is the Brushy Basin member and the lower is the Salt Wash member. The Brushy Basin member is about 300 feet thick and consists mainly of varicolored mudstone and siltstone interbedded with minor amounts of conglomerate, fine-grained sandstone, and a few thin beds of limestone. Rocks of the Brushy Basin member form most of the rock outcrops on the property.

The Salt Wash member underlies the Brushy Basin member with a gradational contact which is very difficult to determine accurately. It is not exposed on the property but crops out about one mile to the west where it is about 200 feet thick and consists mainly of ledges of sandstone separated by relatively thin layers of mudstone. Although the ledges of sandstone are traceable for considerable distances, they are actually composed of a series of coalescing lenses of sandstone, each lens being partly surrounded by mudstone. Some of the lenses of sandstone contain minor layers, or "splits" of mudstone, and in places much carbonaceous material is with the sandstone.

Most of the known uranium-vanadium ore deposits in the area occur in the upper series of sandstone lenses of the Salt Wash member of the Jurassic Morrison formation. This series of coalescing sandstone lenses has been named the "ore-bearing sandstone", and it is this unit that was being tested by the DMEA drilling program. The ore-bearing sandstone in the vicinity of the Vaughey and Vaughey property is characterized by an abundance of "trough and fill", or festoon type of bedding. The saucer shape and relatively impermeable nature of the festoon surfaces has caused the presence of perched water tables, in an area where the ore-bearing sandstone is usually dry and occurs several hundred feet above the local ground water table.

ORE DEPOSITS

The Vaughey and Vaughey property is near the western edge of the Greenriver mining district, near an area where several small uranium deposits occur. In many respects, the Salt Wash ore deposits in this area are similar in manner of occurrence to those of the Uravan Mineral Belt in southwestern Colorado. However, they differ in that no moderately

large-size deposits have been found. The area is characterized by the occurrence of many small sized pods of ore-grade material, many of which should not be classified as ore deposits. Many of the pods of ore are saturated in perched water tables. Underground observations in several of the nearby mines reveal that the pods of ore-grade material have been localized by festoon bedding structures. These structures are small and have a high frequency of occurrence which accounts for the many small ore pods, and their great density of occurrence. The water associated with these deposits was probably retained by the saucer shaped, relatively impermeable festoon surfaces, and was drained from the ore-bearing sandstone of surrounding areas which are characterized by a more open type of bedding structure. The grade of the ore is good, but it is likely that all of the deposits in this area are very small and occur in clusters.

The small ore bodies tend to occur near the thicker parts (greater than 40 feet) of the sandstone lenses in the ore-bearing sandstone. The mudstone below the ore-bearing sandstone is normally red, however, in the vicinity of ore deposits the mudstone has been altered to gray-green. No ore deposits are associated with the ore-bearing sandstone where it is red; they are found in a gray or brown sandstone depending upon the degree to which the sandstone has been oxidized.

The ore bodies in this area have been localized by intersecting festoon surfaces. The long axis of the ore bodies coincides with the line of intersection of the two festoon surfaces forming the localizing structure. Since the festoon scours have a dominant northerly trend, it follows that the individual ore bodies have a northerly trend. This trend of ore bodies can be seen both on the outcrop to the west of the subject property and in the nearby mines.

GEOLOGIC INTERPRETATION OF THE DRILLING

The contract authorized the drilling of 23 holes in the stage I. Twenty-two of these holes were drilled. Geologic data obtained from this drilling indicate that the chances of finding commercial ore deposits are not good, and in a memorandum dated December 12, 1955, it was recommended that the DMEA Field Team, Region III, terminate the contract immediately. The following observations were pertinent in reaching the decision to recommend termination of the contract:

(1) Of the 22 holes drilled, none penetrated mineralized material by U. S. Geological Survey standards (ie. >0.02 percent eU_3O_8).

(2) An evaluation of all data obtained from logging the drill core and cuttings reveals that of the 22 holes drilled, 21 penetrated a type of sandstone which is considered as unfavorable for the occurrence of ore deposits because of the thinness of the sandstone units and the abundance of red mudstone associated with the sandstone. Hole 1 may have penetrated a favorable type sand, but this is unknown because the coring started in the sand unit and the total thickness of the sand unit is unknown.

(3) Studies of the adjacent outcrops and mines reveal that the area is not favorable for the occurrence of significant ore deposits. Only very small pods of ore grade material, not constituting minable ore, are likely to be found on the subject property.

THE PROJECT

The applicant proposed to explore the area in a three-stage program consisting of 17,100 feet of drilling 57 holes an estimated cost of $32,965.00. A slightly modified three-stage project containing 17,400 feet

of drilling 58 holes an estimated cost of $31,824.00 was recommended and approved.

Stage I consisted of 23 holes to be drilled on 500-to 1,500-foot spacings. Two holes, 11 and 22, were to be cored for their entire length; the other 21 holes were to be cored only in the ore zone. Stage II provided for 25 additional holes each spaced at least 300 feet from any other hole, to delineate ore found in stage I drilling, and stage III provided for 10 holes to be drilled at least 50 feet from any other hole to further delineate ore found in the previous two stages. Stage II and stage III were dependent upon the results obtained by the previous drilling.

The contract was signed on September 6, 1955, and drilling started on October 6, 1955, and stage I drilling was completed on November 14, 1955.

The first drilling contractor proved unsatisfactory, and the Denver Exploration Company, using two Mayhew model 1000 rigs with chain pulldowns completed the stage I drilling.

Because of being located upon a small mesa surrounded by cliffs, hole 2 was eliminated, hole 3 was moved 500 feet to the west, and hole 4 was moved 600 feet to the east. The Field Team terminated the contract after the completion of the stage I drilling. The contract failed to consider the amount of coring required for holes 11 and 22 (982 feet) and the footage cored in stage I was 386 feet more than the contract allowed. The locations of the holes drilled are shown on figure 2. Core recovery through the zone of uranium mineralization was 88 percent (table 1 in the Annex).

Factual Data

The following work and cost data for stage I drilling follow:

1,616 feet of core drilling at $3.00/ft.	$4,848.00
1,742 feet of non-core drilling at $1.298/ft.	2,262.15
4,477 feet of non-core drilling at $1.235/ft.	5,529.15
7,835 feet incidental allowance at $0.15/ft.	1,175.25
8 hours bulldozing at $12.00/hr.	96.00
Adjustment for core drilling	398.00
Total cost of stage I drilling	$14,308.55
Government participation 75, percent, or	$10,731.41

No ore has been produced from the property and no ore was discovered by the drilling.

All equipment was furnished by individual contractors.

CONCLUSIONS AND RECOMMENDATIONS

The ore-bearing sandstone underlying the Vaughey and Vaughey property is considered unfavorable for the occurrence of significant uranium ore deposits. It is recommended that no additional DMEA funds be expended for exploration on the property, and that no certification of discovery be issued.

/ph

ANNEX

Table No. 1

Stage I Holes

Hole	Footage plug-bit	Footage cored	Total footage	Description of cored section	Mineralization
1	350	20	370	19 ft. white sandstone, 1-ft. red mudstone	Barren
2	Not drilled				
3	160	26	186	11 ft. white sandstone, 4 ft. red-green sandstone, 3 ft. red mudstone	Barren
4	240	20	260	3 ft. white sandstone, 1 ft. red mudstone, 4-1/2 ft. white sandstone	Barren
5	305	20	325	3 ft. mixed sandstone, 7 ft. green-red mudstone	Barren
6	270	10	280	Mixed sandstone and mudstone	Barren
7	265	30	295	White sandstone, 4 ft. red-green mudstone	Barren
8	317	52	369	10 ft. white sandstone, 25 ft. green-red mudstone, 22 ft. white sandstone	Barren
9	272	28	300	19 ft. green sandstone, 5 ft. white sandstone, 4 ft. red mudstone	Barren
10	350	30	380	15 ft. white sandstone, 2 ft. red mudstone, 8 ft. white sandstone, 5 ft. red mudstone	Barren
11	0	432	432	10 ft. white sandstone, 9 ft. red-green mudstone, 11 ft. white sandstone, 40 ft. sandstone and mudstone	Barren
12	335	74	409	55 ft. white sandstone, 3 ft. red mudstone, 7 ft. sandstone	Barren
13	295	35	330	7 ft. white sandstone, 3 ft. green mudstone, 19 ft. white sandstone, 7 ft. carbonaceous mud	Barren

Table No. 1 (Cont.)

	Hole	Footage plug-bit	Footage cored	Total footage	Description of cored section	Mineralization
	14	285	20	305	6 ft. white sandstone, 14 ft. green-red mudstone	Barren
	15	363	20	383	19 ft. white sandstone, 1 ft. red mudstone	Barren
	16	345	41	386	5 ft. white sandstone, 13 ft. red mudstone, 19 ft. white sandstone, 4 ft. red mudstone	Barren
	17	355	38	393	19 ft. white sandstone, 19 ft. red-green mudstone	Barren
	18	347	20	367	15 ft. white sandstone, 5 ft. red mud	Barren
	19	378	27	405	22 ft. white sandstone, 5 ft. red mud	Barren
	20	252	63	315	7 ft. white sandstone, 25 ft. red mudstone, 5 ft. white sandstone, 26 ft. red mudstone	Barren
	21	280	30	310	8 ft. grey mudstone, 2 ft. white sandstone, 20 ft. red mudstone	Barren
	22	0	550	550	45 ft. white sandstone, 2 ft. red mudstone, 29 ft. white sandstone, 28 ft. red mudstone	Barren
	23	455	30	485	28 ft. white sandstone some carbon, 2 ft. green mudstone	Barren
Total	22	6,219	1,616	7,835		

(Ore recovery through the Salt Wash portion cored was 88 percent)

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

RECEIVED
MAR 19 1956

224 New Customhouse
Denver 2, Colorado

March 15, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3730 (Uranium), Contract Idm-E868, Vaughey and Vaughey, a Partnership Consisting of E. A. Vaughey, W. M. Vaughey, and W. T. Blackburn, Emery County, Utah.

In compliance with Special Notice Instructions in the "Minutes Operating Committee" No. 622, dated January 27, 1956, we are enclosing the original and one copy of the Operator's final report.

The report is somewhat deficient. However, the report, in conjunction with data submitted with the 104 reports for the months of October and November, 1955, provides all the information that appears to be necessary. Therefore we recommend that the report be accepted as the final report required by the Contract.

W. M. Traver

W. M. Traver

Enclosures

VAUGHEY AND VAUGHEY
OIL PRODUCERS

1650 DENVER CLUB BUILDING
DENVER 2, COLORADO

RECEIVED
MAR 19 1956

March 9, 1956

RECEIVED
MAR 13 1956
Div. of Mineral Technology
BUREAU OF MINES
Denver Experiment Station
Denver, Colorado

DMEA
Date Rec...
MAR 15 1...
BUREAU O... ...S
Denver, Colorado

Mr. John F. Shaw
Defense Minerals Exploration Administration
United States Department of the Interior
Room 137, Building 20
Denver Federal Center
Denver 2, Colorado

Re: Final Engineering and Geologic Report
Project Contract No. Idm E-868
Docket DMEA 3730
Ouray Ventures, Emery County, Utah

Dear Sir:

During October and November, 1955, Vaughey and Vaughey completed Phase One drilling under the subject contract. 1616' of core drilling was completed, 6219' of plug drilling was completed, and 8 hours of bulldozing time was used constructing roads to drill sites.

No chemical assays were obtained, as Phase one drilling did not encounter sufficient mineralization to warrant chemical assaying. All cores were boxed and labeled and stored for future reference. Also, all holes were probed by used of a Babel counter and probe attachment.

The drilling showed that the supposed ore-bearing sands of the Saltwash member of the Morrison formation were variable in thickness and position. The average thickness of these beds was disappointedly thin. No anomalies of ore grade were found in any of the holes drilled; however, we felt that the sand thickness and the slight mineralization encountered in holes number 1, 7, 9, and 10 merited further attention, and a second phase drilling project was requested to offset these holes. This request was denied, and therefore we consider the project at an end.

Very truly yours,

VAUGHEY AND VAUGHEY

By: Douglas V. Watrous
Douglas V. Watrous

DVW:n
cc:Mr. W. M. Traver
Mr. M. H. Salsbury
United States Uranium Company
Mr. James P. Sloss
Jackson Office, Vaughey and Vaughey

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

RECEIVED
MAR - 8 1956

224 New Customhouse
Denver 2, Colorado

March 5, 1956

Messrs. Vaughey and Vaughey
1650 Denver Club Building
Denver 2, Colorado

Attention: Mr. W. T. Blackburn

Re: Docket DMEA 3730 (Uranium),
Contract I6m-E868,
Vaughey and Vaughey, a Partnership Consisting of E. A. Vaughey, W. M. Vaughey, and W. T. Blackburn,
Emery County, Utah

Gentlemen:

We will appreciate advice by return mail as to the date on or before which we can expect to receive your final engineering and geologic report under the provisions of Article 7(c) of the Contract, as requested in our letter to you of December 23, 1955.

Very truly yours,

W. M. TRAVER

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

JWT:prl
cc: Chairman, Oper. Comm. (2)
Harshman
Shaw (2)
Hasler
Townsend
Corres. file
Chron.

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

FEB 1 5 1956

Mr. Thomas H. Breding
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Report of Review
Idm-X866, DMEA-3730
Vaughey and Vaughey

Dear Mr. Breding:

Receipt is acknowledged of your Report of Review covering the above-cited project.

The report is acceptable and normal distribution may be effected.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

WBorovies/wb
February 15, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

P.G.4.

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

February 14, 1956

Memorandum

To: Miss Curtin, Statistics and Control Division, DMEA

From: Hazel Berry, Operating Committee, DMEA

Subject: Amendment to Contract

Attached is the following docket copy of an amendment to a contract which has been reviewed and approved by the Commodity Division, Contract Administration and Audit Division, and the Legal Division. The official docket is also attached.

Vaughey and Vaughey, DMEA-3730, Idm-E868, Amendment No. 1.

Attachment-1

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

RECEIVED JAN 3 1956

224 New Customhouse
Denver 2, Colorado

December 28, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3730 (Uranium), Contract Idm-E868
Vaughey and Vaughey, Emery County, Utah

Enclosed are the following instruments pertaining to the subject contract:

1. Four copies of letter from this office dated December 8, 1955, which in the main part confirms verbal approval by the DMEA Field Team, Region III, to transfer drilling footages from Stage II to Stage I, consistent with the provisions in Exhibit A attached to the contract.

2. Original and two copies of Amendment No. 1 to Contract Idm-E868 which has been executed to delete one hole from drilling to be performed under Stage I, and to change the location for the drilling of holes Nos. 3 and 4.

3. One copy of an affidavit executed by the three partners, which permits any one of the partners to obligate the partnership by executing documents pertaining to it.

4. Four copies of data in support of the instruments under Items 1 and 2.

W. M. Traver

W. M. Traver

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

RECEIVED
DEC 27 1955

224 New Customhouse
Denver 2, Colorado

December 23, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3730 (Uranium), Contract Idm-E868, Vaughey and Vaughey, Emery County, Utah

Enclosed are four copies of denial by this office for the Operator to perform work under Stage II of the Contract and notice that the Government's obligation to contribute to the cost of the work under the terms of the Contract ceased upon completion of Stage I.

Also enclosed are two copies of the Operator's letter of November 29, 1955, requesting the Government's approval for the work, and four copies of a memorandum from J. W. Hasler, dated December 12, 1955, recommending that the Operator's request be denied.

E. N. Harshman

E. N. Harshman

Enclosures

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

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

December 23, 1955

Vaughey and Vaughey,
A Partnership which consists
of E. A. Vaughey, W. M. Vaughey,
and W. T. Blackburn,
1650 Denver Club Building,
Denver 2, Colorado

Re: Docket DMEA 3730 (Uranium)
Contract Idm-E868,
Vaughey and Vaughey,
Emery County, Utah

Gentlemen:

Reference is made to your letter of November 29, 1955, wherein you request the Government's approval of drilling to be performed under Stage II of Contract Idm-E868.

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

Study of the results of the work performed under Stage I indicates that the probability of disclosing a significant quantity of uranium ore of acceptable grade is not sufficiently promising to justify Government participation in the costs of work you propose for Stage II. Therefore your request is denied.

Inasmuch as all approved work has been completed and as the Government's approval of additional work will not be forthcoming, this constitutes notice that the contract is terminated and all obligations of the Government to participate in the costs of the work under the terms of the Contract ceased upon completion of the work authorized under Stage I.

In conjunction with the foregoing, your attention is directed to the provisions of Article 7(c) of the Contract relative to your rendering a final engineering and geologic report relative to the work performed under Stage I.

Very truly yours,

JWT:prl
cc: Chairman, Spec. Comm. (4)
Finance Office, Region III
Amendment file
Harshman
Wilson
Bailer
Townsend

DMEA Field Team, Region III

By E. N. Harshman
E. N. Harshman
Acting Executive Officer

Corres. file Chron.

MINERAL DEPOSITS
DMEA
RECEIVED
DEC 16 1955
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

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

December 12, 1955

Memorandum

To: E. N. Harshman, DMEA Field Team, Region III

From: J. William Hasler

Subject: DMEA 3730, Vaughey and Vaughey,
Recommendation for termination of contract Idm-E 868

DMEA
Date Rec'd.
DEC 19 1955
BUREAU OF MINES
Denver, Colorado

On September 6, 1955, a contract was granted between the Government (DMEA) and the partnership of Vaughey and Vaughey. This contract provides for three stages of exploratory drilling. The contract provides for a total maximum footage of 17,400 feet.

Stage I drilling was completed recently, and a request was made on November 29, 1955, to start second stage drilling. The applicant requested a total of 4,860 feet of drilling around holes Nos. 1, 7, 9, and 10, which were drilled on stage I.

We have evaluated the results of stage I drilling and have come to the conclusion that further exploration on the subject property cannot be justified geologically. The following observations were pertinent in reaching this decision:

1. Of the 23 holes drilled, none encountered mineralized material by USGS cutoffs (i.e. ~~>0.20%~~ >0.020% eU_3O_8).

2. The data obtained from logging the drill core and cuttings are not complete in all cases, but an evaluation of all data obtained reveals that of the 23 holes drilled, 22 are considered unfavorable because of the thinness of the sandstone units and the abundance of red mudstone associated

with the sandstone. The other, hole No. 1, may have penetrated a favorable type sand, but this is unknown because the coring started in the sand unit.

3. Outcrop data and data obtained from adjacent properties indicate that the area is not considered to be favorable for the occurrence of significant ore deposits.

In summary, it is concluded that sufficient drilling has already been done to indicate that areas of favorable ground which may contain significant ore deposits do not occur on the subject property. It is recommended that the contract be terminated immediately.

J. William Hasler

J. William Hasler,
Geologist

JWH/mlr

NOVEMBER 29, 1955

MR. W. M. TRAVER
DEFENSE MINERALS EXPLORATION ADMINISTRATION
UNITED STATES BUREAU OF MINES
NEW CUSTOMSHOUSE
DENVER, COLORADO

RE: DOCKET DMEA 3730 (URANIUM)
PROJECT CONTRACT NO. IDM E 868
OURAY VENTURES PROPERTY
EMERY COUNTY, UTAH

DEAR SIR:

REQUEST IS HEREBY MADE TO ENTER INTO SECOND PHASE DRILLING UNDER SUBJECT CONTRACT.

IT IS REQUESTED THAT DRILL HOLES NUMBER 1, NUMBER 7, NUMBER 9, AND NUMBER 10 (AS NUMBERED UNDER CONTRACT IDM E 868) BE OFFSET WITH THREE HOLES EACH FOR A TOTAL OF 12 HOLES HAVING AN AVERAGE DEPTH OF 340 FEET. IT IS ALSO REQUESTED THAT DRILL HOLE NUMBER 1, WHICH WAS DRILLED BY VAUGHEY AND VAUGHEY BEFORE THE SIGNING OF THE CONTRACT, BE OFFSET WITH THREE HOLES HAVING AN AVERAGE DEPTH OF 260 FEET.

TOTAL FOOTAGE REQUESTED IS 4860 FEET, OF WHICH 600 FEET SHOULD BE CORE HOLE DRILLING.

THIS REQUEST IS MADE FOR THE FOLLOWING REASONS:

1. EACH OF THE ABOVE HOLES SHOWED A FAIR THICKNESS OF SAND AT A HORIZON WHERE MINERALIZATION COULD BE EXPECTED.

2. EACH OF THE HOLES EVIDENCED SOME RADIOACTIVITY IN THE SAND.

3. BLEACHING OF THE SANDS WAS NOTED IN ALL OF THE ABOVE HOLES.

4. OVERALL, WE BELIEVE THAT PHASE ONE DRILLING ACCOMPLISHED ITS PURPOSE BY ELIMINATING SOME OF THE LAND AND LOCALIZING A PORTION THAT WE BELIEVE WARRANTS FURTHER DRILLING.

5. WISHFULLY THINKING AN ORE BODY OF CONSIDERABLE SIZE COULD BE ENCOUNTERED BETWEEN HOLES COMPLETED UNDER PHASE ONE DRILLING.

ENCLOSED PLEASE FIND LOGS OF HOLES WE ARE REQUESTING OFFSETS FOR, ALONG WITH MAP SHOWING APPROXIMATE POSITION OF PROPOSED OFFSET HOLES.

VERY TRULY YOURS,

VAUGHEY AND VAUGHEY

BY: _____
DOUGLAS V. WATROUS

DVW:N
ENCL
CC: MR. J. W. HASLER
A.E.C. COMPOUND
GRAND JUNCTION, COLORADO
U. S. URANIUM COMPANY
MR. JAMES SLOSS
JACKSON OFFICE, VAUGHEY AND VAUGHEY

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

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

December 23, 1955

Vaughey and Vaughey,
A Partnership which consists
of E. A. Vaughey, V. M. Vaughey,
and W. F. Blackburn,
1630 Denver Club Building,
Denver 2, Colorado

Re: Docket DMEA 3750 (Uranium)
Contract IAm-2868,
Vaughey and Vaughey,
Emery County, Utah

Gentlemen:

Reference is made to your letter of November 29, 1955, wherein you request the Government's approval of drilling to be performed under Stage II of Contract IAm-2868.

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

Study of the results of the work performed under Stage I indicates that the probability of disclosing a significant quantity of uranium ore of acceptable grade is not sufficiently promising to justify Government participation in the costs of work you propose for Stage II. Therefore your request is denied.

Inasmuch as all approved work has been completed and as the Government's approval of additional work will not be forthcoming, this constitutes notice that the contract is terminated and all obligations of the Government to participate in the costs of the work under the terms of the Contract ceased upon completion of the work authorized under Stage I.

In conjunction with the foregoing, your attention is directed to the provisions of Article 7(c) of the Contract relative to your rendering a final engineering and geologic report relative to the work performed under Stage I.

Very truly yours,

DMEA Field Team, Region III

By E. M. Kreiman
E. M. Kreiman
Acting Executive Officer

JMFrpel
cc: Shoemaker, Oper. Comm. (4)
Finance Office, Region III
Amendment file
Kreiman
Wilson
Butler
Townsend Corres. file Chron.

MINERAL DEPOSITS
DMEA
RECEIVED
DEC 16 1955
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

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

December 12, 1955

Memorandum

To: E. N. Harshman, DMEA Field Team, Region III

From: J. William Hasler

Subject: DMEA 3730, Vaughey and Vaughey,
Recommendation for termination of contract Idm-E 6868

DMEA
Date Rec'd.
DEC 19 1955
BUREAU OF MINES
Denver, Colorado

On September 6, 1955, a contract was granted between the Government (DMEA) and the partnership of Vaughey and Vaughey. This contract provides for three stages of exploratory drilling. The contract provides for a total maximum footage of 17,400 feet.

Stage I drilling was completed recently, and a request was made on November 29, 1955, to start second stage drilling. The applicant requested a total of 4,860 feet of drilling around holes Nos. 1, 7, 9, and 10, which were drilled on stage I.

We have evaluated the results of stage I drilling and have come to the conclusion that further exploration on the subject property cannot be justified geologically. The following observations were pertinent in reaching this decision:

1. Of the 23 holes drilled, none encountered mineralized material by USGS cutoffs (i.e. >0.020% eU_3O_8).

2. The data obtained from logging the drill core and cuttings are not complete in all cases, but an evaluation of all data obtained reveals that of the 23 holes drilled, 22 are considered unfavorable because of the thinness of the sandstone units and the abundance of red mudstone associated

with the sandstone. The other, hole No. 1, may have penetrated a favorable type sand, but this is unknown because the coring started in the sand unit.

3. Outcrop data and data obtained from adjacent properties indicate that the area is not considered to be favorable for the occurrence of significant ore deposits.

In summary, it is concluded that sufficient drilling has already been done to indicate that areas of favorable ground which may contain significant ore deposits do not occur on the subject property. It is recommended that the contract be terminated immediately.

J. William Hasler

J. William Hasler,
Geologist

JWH/mlr

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

[illegible] New Customhouse
Denver 2, Colorado

December 8, 1955

Vaughey and Vaughey
1698 Denver Club Building
Denver 2, Colorado

Attention: Mr. V. T. Blackburn

Re: Docket DMEA 3750 (Uranium)
Contract DMe-[illegible]

Gentlemen:

In reference to your letter of October 18, 1955, regarding the relocation of holes Nos. 2, 3, and 4, and approval for the transfer of core drilling footage from Stage II to Stage I, you are advised as follows:

An Amendment will be prepared to authorize that hole No. 2 be deleted from Stage I drilling and establish a new location for the drilling of holes Nos. 3 and 4.

Consistent with the provisions in Exhibit "A" attached to Contract DMe-[illegible], regarding the possible deficiency in footage for Stage I drilling, this constitutes confirmation of the Government's verbal approval of November 7, 1955, for you to transfer 356 feet of core drilling and 369 feet of plug drilling footage from Stage II to Stage I to complete the twenty-two (22) holes to be drilled under Stage I.

Nothing in this letter shall be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute under the terms of the Contract, nor the fixed unit cost of any item of work.

Very truly yours,

E. M. Hawkinson

E. M. Hawkinson
Acting Executive Officer
DMEA Field Team, Region III

JVDgml
cc: Chairman, Spec. Comm. (4)
Finance Office, Region III
Hawkinson
Shaw (2)
Butler
Contract
Accnt. File
Survey. File
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey
Colorado Plateau District
P. O. Box 360
Grand Junction, Colorado

MINERAL DEPOSITS
DMEA
RECEIVED
DEC 5 1955
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

Memorandum

December 1, 1955

To: Executive Officer DMEA Field Team Region III

From: M. H. Salsbury
J. William Hasler

Through: E. N. Harshman
John F. Shaw

Subject: DMEA 3730 (Uranium) Contract Idm E868 Vaughey and Vaughey, Emery County, Utah - Recommendations on operators request for amendment to contract.

The operator has requested an amendment to the subject contract to move the location of proposed drill holes Nos. 2, 3 and 4, and to convert certain Stage II drilling footage to Stage I. The request was dated October 18, 1955.

Field inspections were made by DMEA inspecting teams on November 3 and November 15-16, 1955.

The proposed relocation of drill holes was considered during the November 3 inspection. The operator's representative in the field, Philip Payne, requested relocation of holes Nos. 3 and 4, and that the footage assigned to hole No. 2 be used for other Stage I holes. New locations were made in the field by Payne and the DMEA inspectors. They are shown on the accompanying figure.

Contract terms provide that an average of thirty feet per hole be cored. It has been found in drilling done to date that the ore bearing sandstone is up to 80 feet in thickness. It is the opinion of the operator, concurred in by the DMEA representatives, that the full thickness of the ore bearing sandstone should be cored. As of November 1, 1955 a total of 230 feet had been used in coring 5 holes, not counting holes 11 and 22 which were cored throughout. A total of 1180 feet of the 1230 feet of coring permitted in Stage I had been used at the time of the November 3 inspection.

These facts were verified by the inspecting team, and it is recommended that footage from Stage II be transferred to Stage I, as provided in the contract, so as to permit coring the full thickness of the ore bearing sandstone. The amount of coring footage required to finish Stage I is not known. It appears that non-core footage in Stage I will be sufficient. If the transfer of footage from Stage II to Stage I can be made without designating a definite amount, it is believed that no amendment is required.

It has been recommended that approval be given for relocation of proposed holes Nos. 3 and 4, as requested by the operator on October 18, 1955, but that hole No. 2 be deleted. It is believed that an amendment to the contract may be required.

Verbal approval for the relocations of holes was given by the Field Team Region III on November 4, 1955 by phone, and the Denver office was requested by teletpye on November 7, 1955 to so notify the operator in Denver.

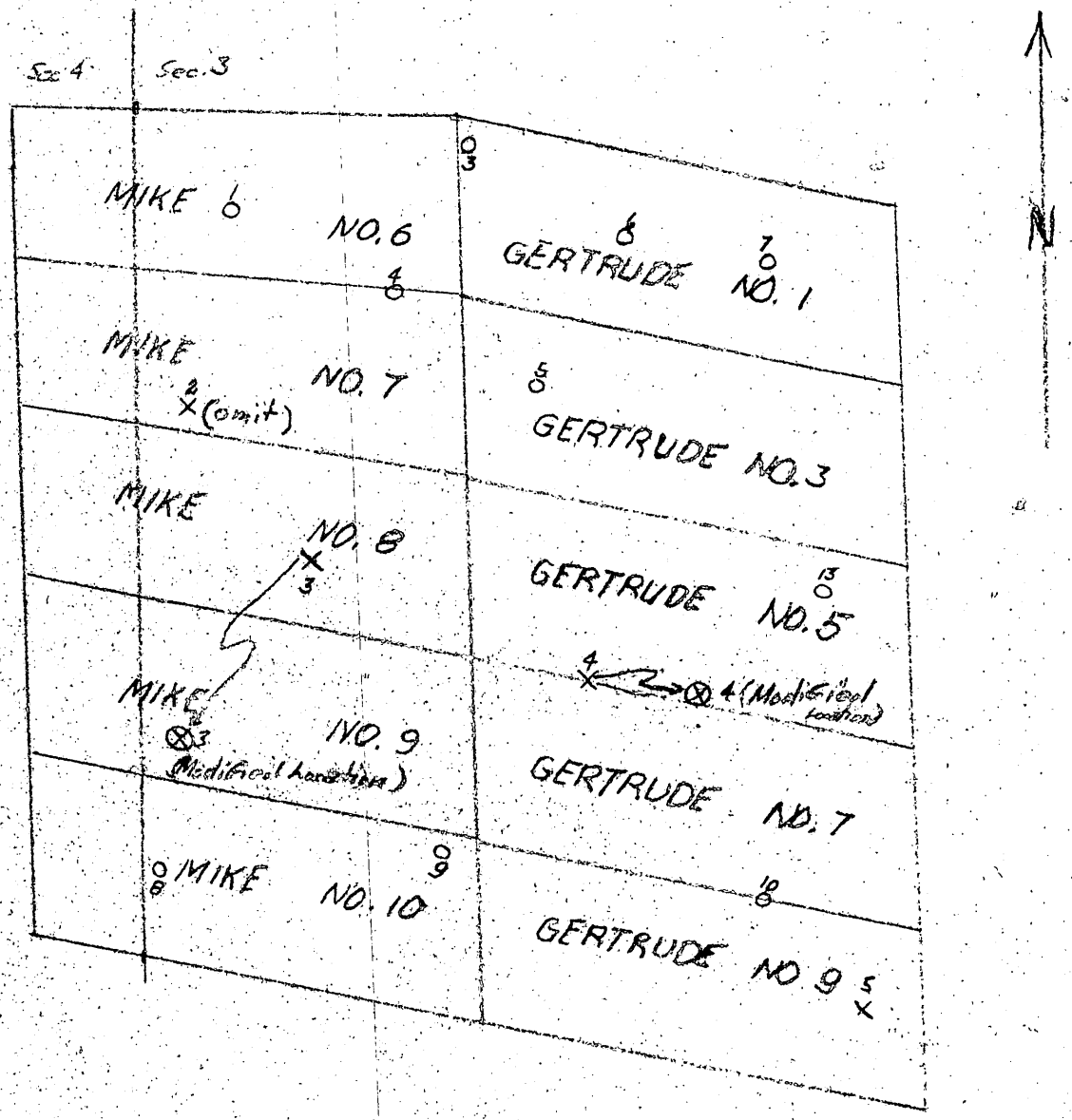
M. H. Salsbury by JWH

M. H. Salsbury
Mining Engineer

J. William Hasler

J. William Hasler
Geologist

DMEA Docket No 3730
Contract No IDM-E868



Map of Part of the Gertrude & Mike Claims
Vaubey & Vaubey Property Emery Co, Utah
Showing Proposed Changes in Drill Hole Locations

0 — 600 Ft. — 1200 Ft.
Scale

6 Hole Already Drilled
4 X Proposed drill hole

⊗ Modified position of Proposed drill hole (arrow shows change in location)

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

October 23, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: J. William Hasler and M. H. Salsbury

Subject: DMEA 3730 (Uranium), Vaughey and Vaughey, Emery County, Utah
contract Idm-E 660

In answer to your request of October 20 for recommendations concerning the Operator's request to move the location of certain stage I drill holes, this matter has been discussed between Mr. Salsbury and myself, and it is our opinion that the request for the relocation of the drill holes in the above-mentioned contract should be denied and that the problem be studied further after an examination in the field by either a representative of the Bureau of Mines or the Geological Survey. This examination will be done at the time of the regular monthly inspection of the contract Idm-E 660.

F M Byers, Jr.
For J. William Hasler,
Geologist, USGS

G H Walker
For M. H. Salsbury,
Engineer, USBM

JWH/mlr

cc: E. N. Harsman

VAUGHEY AND VAUGHEY
OIL PRODUCERS
650 DENVER CLUB BUILDING
DENVER 2, COLORADO

DMEA
Date Rec'd.
OCT 1 1955
BUREAU
Denver, Colorado

OCTOBER 18, 1955

MR. W. M. TRAVER
UNITED STATES BUREAU OF MINES
NEW CUSTOMSHOUSE
DENVER, COLORADO

DEAR MR. TRAVER:

REGARDING THE DMEA CONTRACT NUMBER IDM E-868 (URANIUM), APPLICATION NUMBER 3730, AS OF MONDAY MORNING, OCTOBER 17, 1955, WE HAVE, IN ACCORDANCE WITH THE CONTRACT, COMPLETED PLUG HOLE NUMBER 23 TO A TOTAL DEPTH OF 485'. THIS HOLE WAS CORED BETWEEN THE DEPTHS OF 455' AND 485'. SLIGHT MINERALIZATION NOTED FROM LOGGING BETWEEN THE DEPTHS OF 455' AND 475'.

CORE HOLE NUMBER 22 IS CORING AT 400' AND HAS AN INDICATED TOTAL DEPTH OF 500'.

CORE HOLE NUMBER 11 WILL BE THE NEXT HOLE CORED, AND HAS AN INDICATED DEPTH OF 460'.

PLUG HOLE NUMBER 21 WILL BE THE NEXT PLUG HOLE DRILLED, AND HAS AN INDICATED DEPTH OF AROUND 320'.

IN VIEW OF THE FACT THAT OUR CONTRACT CALLS FOR AN AVERAGE DEPTH OF 300' FOR ALL DRILLING, AND THAT WE MAY REQUEST THAT SOME SECOND PHASE DRILLING BE INCORPORATED AND ADDED TO FIRST PHASE DRILLING, WE DEEM IT ADVISABLE TO ASK FOR THIS CONVERSION AT THIS TIME. WE EXPECT TO HAVE 3 DRILLS IN OPERATION ON THE PROPERTY BY WEDNESDAY, OCTOBER 19, 1955, SO THAT THE PROJECT MAY BE BROUGHT TO COMPLETION AS SOON AS POSSIBLE.

PROPOSED DRILL HOLES NUMBER 2, 3, AND 4 FALL ON THE TOP OF A BLUFF, WHICH IS FOR ALL PRACTICAL PURPOSES INACCESSIBLE. WE WOULD ALSO LIKE TO HAVE PERMISSION TO MOVE THESE HOLES TO ACCESSIBLE AREAS ON THE LAND COVERED BY OUR CONTRACT SO LONG AS THESE HOLES ARE NOT LOCATED WITHIN 500' OF ANY OTHER HOLE, OR WITHIN 100' OF THE OUTER BOUNDARIES OF THE PROPERTY.

THANK YOU FOR YOUR CONSIDERATION IN THIS MATTER.

VERY TRULY YOURS,

VAUGHEY AND VAUGHEY

BY: W. T. BLACKBURN

DVW:N
CC: MR. J. F. SHAW
MR. M. H. SALSBURY

Surname Copy

700

Murphy
Ellis
Talbert
Selfridge, noted.
Johnson
Weatherdon

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

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

NOV 1 1955

Re: Docket No. DMEA-3730 (Uranium)
Contract No. Idm-E868
Vaughey and Vaughey
Curay Ventures Property
Emery County, Utah

Dear Mr. Traver:

This is to acknowledge your memorandum, dated November 9, and the attached letter, dated November 3, 1955, from the Operator, concerning the payment of drilling costs under the subject contract.

We have had a number of actual cost contracts where the unit cost varied from month to month. For example, in Docket No. DMEA-2028, Contract No. Idm-E360, U. S. Smelting, Refining, and Mining Company, the same problem existed.

In a letter dated May 24, 1954, to Mr. King, Executive Officer, Region IV, concerning Contract No. Idm-E360, this office stated in part --

> "We should point out that the costs submitted by the Operator which are in excess of the contract's allowable maxima are not being disallowed since this may only be done at completion of each class of work. Rather, such excess sums will be considered as potential credits in suspense, so that in the event of future underruns on unit costs, such units may be paid at the allowed maximum rate, utilizing the potential suspense credits, of course, only to the extent that they are available."

The above procedure should be followed in respect to all actual cost contracts wherein maximum unit costs are provided. However, it must be kept in mind that in contracts having more than one

R.C.B.

stage of work, the total estimated cost of each class of work in each stage may be an allowable maximum.

Sincerely yours,

noted
by ESY

Chairman, Operating Committee

APPROVED:

by ESY

Member, Bureau of Mines

by ESY

Member, Geological Survey

FMMmurphy/izm
11-16-55
cc to: Admr.'s Reading File
Operating Committee
Docket
Code 700
Mr. Murphy
Messrs. JECrawford, Rm. 3641
THKiilsagaard, Rm. 5224
JOHosted, Rm. 3210, GSA

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

224 New Customhouse
Denver 2, Colorado

November 9, 1955

RECEIVED
NOV 14 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3730 (Uranium), Contract Idm-E868, Vaughey and Vaughey, Emery County, Utah

Enclosed are the original and three copies of a letter from Douglas V. Watrous, the Operator's representative, dated November 3, 1955.

Mr. Watrous requests that final reimbursement be on the basis of an over-all average unit cost rather than the incurred unit cost on a month by month basis. It is believed that in all probability some months the costs will be lower and other months higher than the allowable maximum unit cost established in the contract.

We will appreciate prompt advice from you in the matter, as the question has been raised by other operators holding similar DMEA contracts.

W. M. Traver

By J. W. Townsend

Enclosures

VAUGHEY AND VAUGHEY
OIL PRODUCERS

1650 DENVER CLUB BUILDING
DENVER 2, COLORADO

November 3, 1955

DMEA
Date Rec'd
NOV 8 1955
BUREAU OF MINES
Denver, Colorado

RECEIVED
NOV 14 1955
BUREAU OF MINES
Denver, Colorado

Mr. W. M. Traver
United States Bureau of Mines
New Customs House
Denver, Colorado

Re: Project Contract
No. IDM - 868
Docket DMEA 3730
Our Ouray Ventures Property
Emery County, Utah

Dear Mr. Traver:

As you know, the footage price under subject contract is $3.00 per foot for core hole drilling, and $1.45 per foot for plug hole drilling, regardless of the depth of hole.

The contract we have with our driller calls for a gradual increase in the per foot price according to the depth of hole. This is the same contract on which our contract price with you was derived, and should average out at the end of the contract very close to the per foot prices granted under IDM 868.

Because of the above, we have a problem when the per foot costs are figured on a monthly basis. During the first months, our average per foot price will be higher because of deeper drilling. Later months will show a lower average price per foot because of shallow drilling.

Therefore, permission is hereby requested to carry forward these variances in average figures either as a debit or a credit to our account so that upon completion of the work we may participate in this contract according to the overall average price of core and plug hole drilling.

Thanking you for your consideration, we remain

Very truly yours,

VAUGHEY AND VAUGHEY

By Douglas V. Watrous

Douglas V. Watrous

DVW:ng

RECEIVED
OCT 7 - 1955

224 New Customhouse
Denver 2, Colorado

October 5, 1955

Mr. W. T. Blackburn, Partner
Vaughey and Vaughey
1650 Denver Club Building
Denver 2, Colorado

Re: Docket DMEA 3730 (Uranium),
Contract Idm-2668

Dear Mr. Blackburn:

To expedite handling in the field of the referenced contract, the files concerned with it have been transferred from the Salt Lake City office to the office at the Denver Federal Center.

Refer to our letter of September 15, 1955, transmitting your copy of the contract with instruction regarding work performance and reporting procedures. Wherever, in that letter, mention is made of A. R. Wilson, substitute the name John F. Shaw. Otherwise, procedures remain the same.

Mr. Shaw's address is Room 137, Building 20, Denver Federal Center, Denver 2, Colorado.

Your co-operation in the matter will be appreciated.

Very truly yours,

W. M. Traver

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

WMT:prl
cc: Secretary, Oper. Comm. (2)
Shaw (2)
Wilson
King
Bailer
Corres. 2668
Barnhart
Townsend
Chron.

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

RECEIVED
SEP 19 1955

224 New Customhouse
Denver 2, Colorado

September 15, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3730 (Uranium), Contract Idm-E868, Vaughey & Vaughey (Mike, Hilda, and Gertrude Claim group), Emery County, Utah.

Attached is a copy of Power of Attorney authorizing any one of the partners to act for the other two in matters concerned with the partnership.

W. M. Traver

W. M. Traver

Attachment

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 9-19

REFERRED TO:

1. Yao
2. Mt f
3.
4.

FOR:

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

REMARKS: ret power atty to Mt f only I cy rec'd

Check (X) before the items needing attention.

ROBERT E. ADAMS

Initials of sender.

GPO 16—63815-1

BOOK 411 PAGE 442

Recorded at 10:20 o'clock A.M. Dec. 7, 1954

Reception No. 615948 CECIL S. FOREE, Recorder

AFFIDAVIT

[illegible], the undersigned authority, personally appeared [illegible] Vaughey, [illegible] A. Vaughey and [illegible] F. Blackburn, copartners doing business as [illegible].

[illegible] state that they are partners in the firm of [illegible] OIL COMPANY. [illegible] is authorized to sign any instruments binding this partnership, including, but not limited to, oil and gas leases and assignments thereof, contracts of all kinds, and any bonds necessary therefor.

[illegible] Vaughey

[illegible] A. Vaughey

[illegible] Blackburn

STATE OF [illegible])
)
COUNTY OF [illegible])

[illegible] before me this [illegible] day of February, 1953.

My commission expires:

[illegible]

Notary Public

STATE OF OKLAHOMA)
)
[illegible])

On this [illegible] day of February, 1953, before me personally appeared [illegible] Vaughey, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

Given under my hand and seal this [illegible] day of February, 1953.

My commission expires:

[illegible]

Notary Public

STATE OF [illegible])
) SS
COUNTY OF [illegible])

SWORN TO AND SUBSCRIBED BY E. A. Vaughey before me this [illegible] day of February, 1953.

My commission expires:

[illegible] 6 - 5 - 56

Notary Public

STATE OF [illegible])
) S
COUNTY OF [illegible])

On this [illegible] day of February, 1953, before me personally appeared E. A. Vaughey, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

Given under my hand and seal this [illegible] day of February, 1953.

My commission expires:

[illegible] 6 - 5 - 56

Notary Public

STATE OF COLORADO)
) S
CITY & COUNTY OF DENVER)

SWORN TO AND SUBSCRIBED BY W. T. Blackburn before me this [illegible] day of February, 1953.

My commission expires:

Jan. 7, 1954

Notary Public

STATE OF COLORADO)
) S
CITY & COUNTY OF DENVER)

On this [illegible] day of February, 1953, before me personally appeared W. T. Blackburn, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

Given under my hand and seal this [illegible] day of February, 1953

My commission expires:

Jan. 7, 1954

Notary Public

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

RECEIVED
SEP 1 3 1955

September 13, 1955

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman of the Operating Committee, Washington

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3730, Contract Idm-E868 (Uranium), Vaughey and Vaughey, Emery County, Utah

Enclosed are the Government, Division and Docket copies of Contract Idm-E868 which have been properly executed by the Operator. The contract was received in this office September 8, 1955 from you.

Copies have been transmitted to the Operator, the Finance Officer Region III, the field offices concerned and a copy retained for our files

W. M. Traver

W. M. Traver

Enclosures

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

RECEIVED
SEP 16 1955

September 13, 1955

CERTIFIED MAIL

224 New Customhouse
Denver 2, Colorado

Mr. W. T. Blackburn, Partner
Vaughey and Vaughey
1650 Denver Club Building
Denver 2, Colorado

Re: Docket DMEA 3730, Contract Idm-E868, (Uranium), Vaughey and Vaughey, Emery County, Utah

Dear Mr. Blackburn:

Enclosed herewith is the "Operator's Copy" of a Long-Form Exploration Project Contract No. Idm-E868, Docket DMEA 3730.

Also enclosed are six copies of Form MF-104, "Operator's Unit Cost and Progress Report." At the completion of the first calendar month of operation and monthly thereafter you are required to submit five copies of the forms to Mr. S. R. Wilson, U. S. Bureau of Mines, 1600 East First South Street, Salt Lake City, Utah. The sixth form is for your records.

Please note that the monthly report requires a narrative report which should be accompanied by maps or sketches. The narrative report must be signed by the operator. The monthly report will not be processed for payment unless accompanied by a narrative report. Additional copies of Forms MF-104 and MF-104A will be forwarded to you as required.

For your information and in reply to many questions that have been asked, after Forms MF-104 and MF-104A are received, an engineer will check progress and approve your accounts, after which it will be sent to the Regional Office, Region III, U. S. Bureau of Mines, 224 New Customhouse, Denver 2, Colorado, for auditing and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the costs. If you have any difficulty in completing these forms and the reports, please call on Mr. Wilson or this office for assistance.

In the matter of your claim for reimbursement of drilling costs, reimbursement to you under the terms of the contract will be on the basis of a hole or holes completed to the objective, therefore your monthly report should include only such holes that are completed.

Under the provisions of the contract the unit cost established for each item of work under Category (1) for all stages are allowable maximum unit costs which cannot be exceeded. The actual cost of each item of work under Category (1) must be documented in conformance with the instructions in the next to the last paragraph on the reverse side of Form NF-104. The actual cost up to the allowable maximum unit cost established, and as supported by the documentation, will be the basis for reimbursement to you under the terms of the contract.

When Stage I has been completed you should request approval from this office of the work you propose to perform under the next stage. Your request for the work approval must be in sextuplicate, complete with a map showing the location of the holes drilled under Stage I, the proposed location of holes to be drilled under Stage II and the results of the work performed under Stage I, including assay returns and any other pertinent data which will be of value to the Government in evaluating the work performed under Stage I. The same applies to Stage III after completion of Stage II should the work continue to those successive stages. You should anticipate a suspension of operations between stages of work to enable the Government geologist and engineer to evaluate the results of the work performed and make their recommendations to this office relative to the additional work you propose.

To eliminate as much delay as possible, if that is of serious consideration, you should expedite forwarding of the results of the work completed and your request for the Government's approval of the additional work you propose.

Field representatives of the Government are not authorized to approve any changes in the work program or contract provisions. Such approval can only be given by the Washington Office, DMEA, or the DMEA Field Team, Region III, which is comprised of E. N. Harshman, U. S. Geological Survey member, and W. M. Traver, U. S. Bureau of Mines member.

No oral statement of any person shall modify or otherwise affect the terms or conditions of this contract.

It is a regulation that reimbursement for the cost of the work accomplished prior to the date of the contract will not be allowed. It is also a requirement and <u>imperative</u> that you notify this office in writing the date work actually commences under the contract, with a copy of your letter to Mr. Wilson. In this instance, October 15, 1955 has been entered as the date on or before which operations shall commence in accordance with your request.

Very truly yours,

W. M. Traver

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

WMT:ab
cc: Chair. Oper. Comm. (2)
Harshman
Wilson
Hasler
Townsend
Corresp. E868
Enclosures
Amend. E868
Chron.

Memorandum September 8, 1955

To: Administrator

From: George C. Selfridge
Special Assistant

Subject: Proposed Contract
Docket No. DMEA-3767 (Uranium)
Uranium Prospectors Company, Ltd.
Jack Rabbit claims
Emery County, Utah

The writer has not surrenned the proposed contract because he believes that the incidental allowance of 75 cents a foot is too high.

The writer surrenned with reluctance Contract No. Idm-E792--DMEA-3620, Uranium Prospectors Company, Ltd.--only after pointing out that he believed a similar incidental allowance of 75 cents a foot was too high. Work under Contract No. Idm-E792 has now been finished. The drilling time set up in the field report was set at four months. Twenty-three of the proposed 25 holes were drilled in two and one-half months, at which time it was decided that the work under the contract was finished. Review of Docket No. DMEA-3620 shows that drilling rates exceeded 200 feet a shift on some days. Drilling during the month of July amounted to 5,121 feet, of which only 237 feet of hole was cored.

The presently proposed contract is for a project on ground adjacent to that of Contract No. Idm-E792, Docket No. DMEA-3620. In addition, the field report on Docket No. DMEA-3767 discussed two modes of exploration--one underground and the other surface drilling. The company has sunk a shaft on the subject property and plans to mine as soon as possible. The field report suggested if the underground exploration were approved that three faces be driven under the DMEA contract and that only one-third of the supervisory, technical, and material overhead costs be charged against the contract. This was not taken into consideration when allowing the incidental drill hole cost.

On September 6 the Committee cleared a contract also in the San Rafael Swell area--Vaughey and Vaughey, Docket No. DMEA-3730--in which an incidental cost of only 15 cents was allowed. Some services

or materials were not charged to the contract. Also the writer recently noticed a reference to a Shiro Uranium request of either 20 or 25 cents a foot. The writer believes that the incidental allowance should be radically revised downward or the contract put on an actual-cost basis with services and materials being proportionately charged to the contract and to whatever other activities the company may have in the immediate area.

The proposed contract has not been returned as yet to the Division for corrections.

George C. Selfridge

GCSelfridge/ef/fw
9/8/55

cc: Docket DMEA-3767
" DMEA-3620
" DMEA-3730
Admr, Reading File
Messrs, Ellis
Mittendorf
Johnson
Selfridge
Chron.

Surname 700

Murphy
Ellis
Talpert
Selfridge

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

SEP - 6 1955

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

Re: Docket No. DMEA-3730 (Uranium)
Vaughey and Vaughey
Ouray Ventures Property
Emery County, Utah

Dear Mr. Traver:

Enclosed are the original and five copies of a proposed long-form contract between the Government and Vaughey and Vaughey, a partnership.

The Administrator has signed this contract subject to the execution and attachment of the Owners' Consent to Lien forms which are enclosed. The original executed forms submitted by the Applicant did not cover all the claims to be explored, as noted in Mr. Ellis' letter, dated August 6, copies of which were forwarded to you.

After this has been completed, if you and the Operator find the proposed contract in order, please insert in Article 3 of the contract form the date work shall commence. Then have the Operator sign the original and all copies; thereafter kindly make the usual distribution.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

Enclosures

APPROVED:

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

(S) N. E. Nelson
Member, Geological Survey (GCS)

FMurphy:am
8-30-55
cc to: Admr. Reading File
Operating Committee
Docket
Messrs. J.E.Crawford, Rm.3651
T.H.Kiilsgaard, Rm.5222
J.O. Hosted, Rm.3210, GSA
Code 700
Mr. Murphy

R.C.S.

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

AUG 29 1955

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3730, Vaughey and Vaughey (uranium)

Pursuant to Mr. Murphy's memorandum dated August 17, we have prepared the attached contract in satisfactory legal form for execution subject to attachment of Consent to Lien covering all claims in Annex I, on attached form.

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments

Rubin

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

AUG 29 1955

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3730, Vaughey and Vaughey (uranium)

Pursuant to Mr. Murphy's memorandum dated August 17, we have prepared the attached contract in satisfactory legal form for execution subject to attachment of Consent to Lien covering all claims in Annex I, on attached form.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments

HCRubin/emd
Copy to: DMEA Docket
Solicitor's Docket
E. W. Ellis (2)
J. L. Hofflund
H. C. Rubin
chron.

8/29/55-gla

TOM CONNALLY
MASTIN G. WHITE

CONNALLY & WHITE

ATTORNEYS AT LAW
427 UNION TRUST BUILDING
WASHINGTON 5, D. C.

REPUBLIC 7-0146

August 26, 1955.

RECEIVED
AUG 29 1955

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

Re: DMEA-3720

Gentlemen:

I hereby enter my appearance as attorney for Vaughey & Vaughey in connection with that firm's application DMEA-~~3720~~ 3730 for a contract to explore for uranium and vanadium.

I am a member of the State Bar of Texas and of the District of Columbia Bar. My name and address are as follows:

Mastin G. White
427 Union Trust Building
Washington 5, D. C.

The name and address of my client are given below:

Vaughey & Vaughey
1650 Denver Club Building
Denver 2, Colorado

It is requested that documents and communications be sent to my client in my care.

Very truly yours,

Mastin G. White

Mastin G. White.

8/30/55
Mr. Murphy spoke to Mr. White on the telephone, explaining the status at this time. Copies of this letter are not to be sent to DMEA Region III since contract is going out and the contract is to be signed by company representative in Denver.

Murphy

Surname

Murphy

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

August 17, 1955

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Fred M. Murphy, Mining Engineer
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-3730 (Uranium)
Vaughey and Vaughey
Ouray Ventures Property
Emery County, Utah

Please refer to your memorandum, dated August 5, addressed to the Administrator, DMEA, regarding the subject applicant's interest in certain claims.

Attached you will find copies of an amendment and supplement to the Mining Lease mentioned in your memorandum, and also, a letter from the applicant in regard to an additional Consent to Lien. If this additional Consent to Lien is required, will you kindly prepare a contract subject to attachment of this Consent to Lien before execution.

F. M. Murphy

FMMurphy:ai
8/17/55
cc to: Docket
Code 700
Mr. Murphy

VAUGHEY AND VAUGHEY
OIL PRODUCERS

1650 DENVER CLUB BUILDING
DENVER 2, COLORADO

August 12, 1955

Re: Docket No. DMEA-3730(Uranium)
Ouray Ventures Property
Emery County, Utah

Mr. Ernest Wm. Ellis, Chief
Rare and Miscellaneous Metals Division
Department of the Interior
Washington 25, D. C.

RECEIVED
AUG 15 1955

Dear Mr. Ellis:

Enclosed please find Amendment to Mining Lease covering the Mike Nos. 1 through 5 and 11 through 13, and the Gertrude Nos. 11 through 14 lode claims. This is submitted to you as evidence that these claims are covered under our original DMEA application. It is hoped that in view of this Lease Amendment, dated June 27, 1955, that the original Owners' Consent to Lien, which we submitted to you, will also cover these claims.

However, in the event that the Consent does not cover the above mentioned claims, we are having new ones executed as requested by you. This will take some time as the lessors are located in different parts of the area and are hard to find. Therefore, if it is possible to expedite this application before we have these additional Consent to Lien forms executed, we would appreciate it very much. We will in any event send the executed forms to you when they are obtained.

Very truly yours,

VAUGHEY AND VAUGHEY

By: W. T. Blackburn

WTB:ng
Encls.

AMENDMENT AND SUPPLEMENT TO MINING LEASE

THIS AGREEMENT, made and entered into this 27th day of June, 1955, by and between PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT, of Ouray, Colorado, formerly mining partners doing business under the name of OURAY VENTURES, hereinafter called "Lessors", and VAUGHEY AND VAUGHEY, a copartnership, composed of E. A. VAUGHEY, W. M. VAUGHEY and W. T. BLACKBURN, with offices in Denver, Colorado, hereinafter called "Lessee",

WITNESSETH:

WHEREAS, under date of October 16, 1954, a Mining Lease was made and entered into by and between Lessors and Lessee, relating to certain Mining Claims known and referred to as the "Hilda # 1" to "Hilda # 10", inclusive, the "Gertrude # 1" to "Gertrude # 10", inclusive, and the "Mike # 6" to the "Mike # 10", inclusive, embracing lands situated in Section Thirty-four (34), Township Twenty-one (21) South, Range Fourteen (14) East, and in Sections Three (3) and Four (4), Township Twenty-two (22) South, Range Fourteen (14) East, in the Green River Mining District of Emery County, Utah, said Mining Lease being recorded in Book J78 at Page 53 of the records of said county, and

WHEREAS, said Mining Lease was amended by an Agreement of the parties dated January 13, 1955, which Amendment is recorded in Book J79 at Page 480 of the records of Emery County, Utah, and

WHEREAS, said Mining Lease, as amended, provides, among other things, that if additional claims are located by either of the parties to said Mining Lease on areas contiguous to the claims covered by and included in said Mining Lease, all such additional claims are to be considered as being subject to the terms and provisions of said Mining Lease, and

WHEREAS, certain additional claims upon lands contiguous to the lands described in said Mining Lease have been located by Lessors and it is

the desire of Lessors and Lessee to amend and supplement the above described Mining Lease, as amended, to specifically describe the additional claims to be included therein,

NOW, THEREFORE, for and in consideration of the premises and of the sum of Ten Dollars ($10.00) in hand paid by Lessee to Lessors, the receipt and sufficiency of which is hereby confessed and acknowledged, it is agreed by and between the parties hereto, as follows:

I

The above described Mining Lease shall be and the same is hereby amended and supplemented to cover and include all of those lands embraced in each and all of the Mining Claims covering lands in the Green River Mining District of Emery County, Utah, described and referred to as follows:

Location Notice Number:	Name:	Records of Emery County, Utah:
443	Mike #1	Book J74, Page 443
444	Mike #2	Book J74, Page 444
445	Mike #3	Book J74, Page 445
446	Mike #4	Book J74, Page 446
447	Mike #5	Book J74, Page 447
448	Mike #11	Book J74, Page 448
449	Mike #12	Book J74, Page 449
450	Mike #13	Book J74, Page 450
451	Gertrude #11	Book J74, Page 451
452	Gertrude #12	Book J74, Page 452
453	Gertrude #13	Book J74, Page 453
454	Gertrude #14	Book J74, Page 454

with the same force and effect and as though each and all of said claims had been described in and referred to in said Mining Lease, as amended, in the first instance.

II

For the same consideration, Lessors do hereby grant, demise, lease and let all lands embraced in the claims hereinabove described and referred to upon and subject to all of the terms and provisions of the above described Mining Lease, as amended, and with the same force and effect as though each and all of said claims had been included in said Lease, as amended, in the first instance.

III

The provisions hereof shall extend to and be binding upon the heirs, [illegible] ives, [illegible] sors and [illegible] of the parties hereto.

[illegible] the pa[illegible]

27th day of June

Paul Alex

Angelo Zanett

Fred Zanett

- Lessors -

VAUGHEY AND VAUGHEY

By

One of the Partners

- Lessee -

STATE OF COLORADO)
) SS.
COUNTY OF MESA)

On the 27th day of June, 1955, personally appeared before me PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT, the signers of the above instrument, who duly acknowledged to me that they executed the same.

My commission expires: April 21, 1956

Notary Public

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

On the 6th day of July, 1955, personally appeared before me W. T. BLACKBURN, one of the partners of VAUGHEY AND VAUGHEY, a copartnership, the signer of the above instrument, who duly acknowledged to me that he executed the same.

My commission expires:
March 7, 1959

Notary Public

AMENDMENT AND SUPPLEMENT TO MINING LEASE

THIS AGREEMENT, made and entered into this 27th day of June, 1955, by and between PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT, of Ouray, Colorado, formerly mining partners doing business under the name of OURAY VENTURES, hereinafter called "Lessors", and VAUGHEY AND VAUGHEY, a copartnership, composed of E. A. VAUGHEY, W. M. VAUGHEY and W. T. BLACKBURN, with offices in Denver, Colorado, hereinafter called "Lessee",

WITNESSETH:

WHEREAS, under date of October 16, 1954, a Mining Lease was made and entered into by and between Lessors and Lessee, relating to certain Mining Claims known and referred to as the "Hilda # 1" to "Hilda # 10", inclusive, the "Gertrude # 1" to "Gertrude # 10", inclusive, and the "Mike # 6" to the "Mike # 10", inclusive, embracing lands situated in Section Thirty-four (34), Township Twenty-one (21) South, Range Fourteen (14) East, and in Sections Three (3) and Four (4), Township Twenty-two (22) South, Range Fourteen (14) East, in the Green River Mining District of Emery County, Utah, said Mining Lease being recorded in Book J78 at Page 53 of the records of said county, and

WHEREAS, said Mining Lease was amended by an Agreement of the parties dated January 13, 1955, which Amendment is recorded in Book J79 at Page 480 of the records of Emery County, Utah, and

WHEREAS, said Mining Lease, as amended, provides, among other things, that if additional claims are located by either of the parties to said Mining Lease on areas contiguous to the claims covered by and included in said Mining Lease, all such additional claims are to be considered as being subject to the terms and provisions of said Mining Lease, and

WHEREAS, certain additional claims upon lands contiguous to the lands described in said Mining Lease have been located by Lessors and it is

the desire of Lessors and Lessee to amend and supplement the above described Mining Lease, as amended, to specifically describe the additional claims to be included therein,

NOW, THEREFORE, for and in consideration of the premises and of the sum of Ten Dollars ($10.00) in hand paid by Lessee to Lessors, the receipt and sufficiency of which is hereby confessed and acknowledged, it is agreed by and between the parties hereto, as follows:

I

The above described Mining Lease shall be and the same is hereby amended and supplemented to cover and include all of those lands embraced in each and all of the Mining Claims covering lands in the Green River Mining District of Emery County, Utah, described and referred to as follows:

Location Notice Number:	Name:	Records of Emery County, Utah:
443	Mike #1	Book J74, Page 443
444	Mike #2	Book J74, Page 444
445	Mike #3	Book J74, Page 445
446	Mike #4	Book J74, Page 446
447	Mike #5	Book J74, Page 447
448	Mike #11	Book J74, Page 448
449	Mike #12	Book J74, Page 449
450	Mike #13	Book J74, Page 450
451	Gertrude #11	Book J74, Page 451
452	Gertrude #12	Book J74, Page 452
453	Gertrude #13	Book J74, Page 453
454	Gertrude #14	Book J74, Page 454

with the same force and effect and as though each and all of said claims had been described in and referred to in said Mining Lease, as amended, in the first instance.

II

For the same consideration, Lessors do hereby grant, demise, lease and let all lands embraced in the claims hereinabove described and referred to upon and subject to all of the terms and provisions of the above described Mining Lease, as amended, and with the same force and effect as though each and all of said claims had been included in said Lease, as amended, in the first instance.

III

The provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this 27th day of June, 1955.

Paul Alex

Devel Halderman

Angelo Zanett

Fred Zanett

- Lessors -

VAUGHEY AND VAUGHEY

By _____
One of the Partners
- Lessee -

STATE OF COLORADO)
) SS.
COUNTY OF MESA)

On the 27th day of June, 1955, personally appeared before me PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT, the signers of the above instrument, who duly acknowledged to me that they executed the same.

My commission expires: April 21, 1956

Notary Public

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

On the 6th day of July, 1955, personally appeared before me W. T. BLACKBURN, one of the partners of VAUGHEY AND VAUGHEY, a copartnership, the signer of the above instrument, who duly acknowledged to me that he executed the same.

My commission expires:
March 7, 1959

Notary Public

do not use
these CLs

MF-203
Revised March 24, 1955

RECEIVED
JUL 18 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Vaughey & Vaughey
Docket No. DMEA-3730
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Emery, State of Utah, described ~~as follows:~~ 1/

in a lease dated October 16, 1954 and recorded in Book J-78, Pages 53-58 inclusive, official records of said county

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

Dated this 15TH day of JUNE, 1955.

OURAY VENTURES

By: Angelo Zanetti [Seal]

[illegible] [Seal]

Dewey Holeman [Seal]

Paul H. Ahlf (SEAL)

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

[Corporate Seal]

RECEIVED
JUL 18 1955

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Vaughey & Vaughey
Docket No. DMEA-3730
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1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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

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3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

Dated this 15TH day of JUNE, 1955.

OURAY VENTURES

By: Angelo Jarrett [Seal]

Ed Jarrett [Seal]

Dewey Haldeman [Seal]

Paul H. Alif. (SEAL)

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

MF-203
Revised March 24, 1955

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EXPLORATION PROJECT CONTRACT
Operator Vaughey & Vaughey
Docket No. DMEA-3730
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CONSENT TO LIEN

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in a lease dated October 16, 1954 and recorded in Book J-78, Pages 53-58 inclusive, official records of said county

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1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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

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3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this 15TH day of JUNE, 1955.

OURAY VENTURES

By: Angelo Fasolo [Seal]

Fred Zanetti [Seal]

Dewey Haldeman [Seal]

Paul H. Alif (SEAL)

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

RECEIVED

JUL 18 1955

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Vaughey & Vaughey
Docket No. DMEA-3730
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Emery, State of Utah, described ~~as follows:~~1/

in a lease dated October 16, 1954 and recorded in Book J-78, Pages 53-58 inclusive, official records of said county

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

Dated this 15TH day of JUNE, 1955.

QURAY VENTURES

By: Angelo Zanetti [Seal]

[illegible] [Seal]

Dave Haldeman [Seal]

Paul H. Alif. (SEAL)

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Vanadium & Vanadium
Docket No. DMEA-[illegible]
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Emery, State of Utah, described ~~as follows:~~ 1/

in a lease dated October 16, 1955 and recorded in Book J-73, Pages 93-95 inclusive, official records of said county

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract; 2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following: 3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this 15TH day of JUNE, 1955.

QURAY VENTURES

By: Angelo Jarrett [Seal]

[illegible] [Seal]

Dean Haldeman [Seal]

Paul H. Alif (SEAL)

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator [illegible]
Docket No. DMEA-[illegible]
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of [illegible], State of [illegible], described ~~as follows:~~ 1/

[illegible]

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

[illegible]

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this 15TH day of JUNE, 1959.

OWNER VENTURES

Owner _____ [Seal]

_____ [Seal]

_____ [Seal]

_____ (SEAL)

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

Surname Copy

Ellis
Mitchell

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

AUG - 8 1955

Mr. W. T. Blackburn, Partner
Vaughey and Vaughey
1650 Denver Club Building
Denver 2, Colorado

Re: Docket No. DMEA-3730 (Uranium)
Ouray Ventures Property
Emery County, Utah

Dear Mr. Blackburn:

In processing the above-docketed application we note that your interest in the Ouray Ventures Property depends on a lease dated October 16, 1954.

This lease covers the claims Hilda Nos. 1 through 10, Gertrude Nos. 1 through 10, and Mike Nos. 6 through 10. However, the proposed work will also explore or benefit Mike Nos. 1 through 5 and 11 through 13, and the Gertrude Nos. 11 through 14.

Will you kindly submit evidence that you have an interest in the claims not mentioned in the above lease.

The Owners' Consent to Lien submitted, covers only the claims mentioned in the October 16, 1954 lease. Therefore, in addition to evidence that you have an interest in the other claims to be explored, we will require six executed copies of the Owners' Consent to Lien on these additional claims. We are enclosing seven forms for this purpose.

When the above-requested documents are received, we shall promptly continue to process the subject application.

Sincerely yours,

Ernest M. Ellis, Chief
Rare and Miscellaneous Metals
Division

Enclosures

FMMurphy:ai
8/5/55
cc to: Admr. Reading File
Docket
Messrs. J. O. Hosted, Rm. 3210, GSA
J. E. Crawford, Rm. 3641
T. H. Kiilsgaard, Rm. 5224
Code 700
Mr. Murphy
DMEA Field Team, Region III (2)

R.C.S.

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

AUG 5 1955

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3730, Vaughey and Vaughey (Uranium)

Pursuant to Mr. Murphy's memorandum dated July 21, we have reviewed the interest in land held by the applicant in the claims which he proposes to explore.

The applicant's interest in the land is dependent upon a lease dated October 16, 1954, which leases the claims Hilda Nos. 1 through 10, Gertrude Nos. 1 through 10, and Mike Nos. 6 through 10. On the other hand, the applicant proposes to explore, in addition to the above-listed claims, the Mike Nos. 1 through 5 and 11 through 13, and the Gertrude Nos. 11 through 14. As these additional claims are not listed in the lease we require evidence as to the applicant's interest therein. In this regard, there is a provision in the lease that in the event survey of the leased mining claims discloses fractions or areas contiguous to said claims or if lessor locates any claims within 1500 feet of the end or sidelines of any of the claims described in the lease, all such additional locations shall become a part of the lease. There is no evidence before us that the applicant has located any of the additional claims and from a glance at the map it is unlikely that some of the Mike claims in the northwest corner of the claim map, Figure 2, could be located pursuant to the cited provision of the lease.

The Consent to Lien covers such claims as are referred to in the lease, by reference. Therefore, if the lease does not cover all of the claims listed in the application, similarly the Consent to Lien would not cover the additional claims.

It seems preferable to have the applicant's interest in the land clarified before preparing a draft of a contract and, therefore, the docket is returned herewith.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment

Rubin

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

5 1955

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3730, Vaughey and Vaughey (Uranium)

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It seems preferable to have the applicant's interest in the land clarified before preparing a draft of a contract and, therefore, the docket is returned herewith.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

HCRubin/emd
Copy to: DMEA Docket
Solicitor's Docket
E. W. Ellis (2)
J. L. Hofflund
chron. H. C. Rubin
Attachment

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

AUG 5 1955

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3730, Vaughey and Vaughey (Uranium)

Pursuant to Mr. Murphy's memorandum dated July 21, we have reviewed the interest in land held by the applicant in the claims which he proposes to explore.

The applicant's interest in the land is dependent upon a lease dated October 16, 1954, which leases the claims Hilda Nos. 1 through 10, Gertrude Nos. 1 through 10, and Mike Nos. 6 through 10. On the other hand, the applicant proposes to explore, in addition to the above-listed claims, the Mike Nos. 1 through 5 and 11 through 13, and the Gertrude Nos. 11 through 14. As these additional claims are not listed in the lease we require evidence as to the applicant's interest therein. In this regard, there is a provision in the lease that in the event survey of the leased mining claims discloses fractions or areas contiguous to said claims or if lessor locates any claims within 1500 feet of the end or sidelines of any of the claims described in the lease, all such additional locations shall become a part of the lease. There is no evidence before us that the applicant has located any of the additional claims and from a glance at the map it is unlikely that some of the Mike claims in the northwest corner of the claim map, Figure 2, could be located pursuant to the cited provision of the lease.

The Consent to Lien covers such claims as are referred to in the lease, by reference. Therefore, if the lease does not cover all of the claims listed in the application, similarly the Consent to Lien would not cover the additional claims.

It seems preferable to have the applicant's interest in the land clarified before preparing a draft of a contract and, therefore, the docket is returned herewith.

HCRubin/emd
Copy to: DMEA Docket
Solicitor's Docket
E. W. Ellis (2)
J. L. Hofflund
chron. H. C. Rubin
Attachment

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

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

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It seems preferable to have the applicant's interest in the land clarified before preparing a draft of a contract and, therefore, the docket is returned herewith.

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Defense Minerals

HCRubin/emd
Copy to: DMEA Docket
Solicitor's Docket
E. W. Ellis (2)
J. L. Hofflund
chron. H. C. Rubin
Attachment

8/2/55 gla

IN REPLY REFER TO:

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

RECEIVED
AUG - 1 1955

July 29, 1955

Memorandum

To: E. W. Ellis, DMEA

From: T. H. Kiilsgaard, U. S. Geological Survey

Subject: Review of Field Team Report, Ouray Ventures Property, Emery Co., Utah, DMEA 3730 (Uranium).

I have reviewed the Field Team report which states that an examination has been made of the applicant's property, and which recommends that a contract be approved.

The report proposes an exploration program somewhat modified from that requested in the application, the change resulting from drilling information obtained since the original application was submitted. After carefully reading both the application and the Field Team report I agree with the field examiners and recommend approval of the project they have recommended.

T H Kiilsgaard

T. H. Kiilsgaard

July 29, 1955

Memorandum:

To: E. W. Ellis, DMEA

From: T. H. Kiilsgaard, U. S. Geological Survey

Subject: Review of Field Team Report, Gurney Venturos Property, Emery Co., Utah, DMEA 3730 (Uranium).

I have reviewed the Field Team report which states that an examination has been made of the applicant's property, and which recommends that a contract be approval.

The report proposes an exploration program somewhat modified from that requested in the application, the change resulting from drilling information obtained since the original application was submitted. After carefully reading both the application and the Field Team report I agree with the field examiners and recommend approval of the project they have recommended.

T. H. Kiilsgaard

THKiilsgaard:ef
G-7/29/55

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

July 29, 1955

Memorandum

To: E. W. Ellis, DMEA

From: T. H. Kiilsgaard, U. S. Geological Survey

Subject: Review of Field Team Report, Ouray Ventures Property, Emery Co., Utah, DMEA 3730 (Uranium).

I have reviewed the Field Team report which states that no examination has been made of the applicant's property, and which recommends that a contract be approved.

The report proposes an exploration program somewhat modified from that requested in the application, the change resulting from drilling information obtained since the original application was submitted. After carefully reading both the application and the Field Team report I agree with the field examiners and recommend approval of the project they have recommended.

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G-7/29/55

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

July 29, 1955

Memorandum

To: E. W. Ellis, DMEA

From: T. E. Killegsard, U. S. Geological Survey

Subject: Review of Field Team Report, Gurey Ventures Property, Emery Co., Utah, DMEA 3730 (Uranium).

I have reviewed the Field Team report which states that an examination has been made of the applicant's property, and which recommends that a contract be approved.

The report proposes an exploration program somewhat modified from that requested in the application, the change resulting from drilling information obtained since the original application was submitted. After carefully reading both the application and the Field Team report I agree with the field examiners and recommend approval of the project they have recommended.

T. E. Killegsard

TEKillegsard:ef
G-7/29/55

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

7/29/55 glr

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

RECEIVED
JUL 29 1955

July 29, 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: Report of Examination, DMEA Docket 3730, Vaughey & Vaughey, Ouray Ventures property, Emery County, Utah

I have reviewed the Field Team report of examination, Vaughey & Vaughey, DMEA Docket 3730; and I have discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

We concur with the Field Team that a three-stage drilling project be recommended.

The report is being forwarded to the Chief, Division of Minerals, in accordance 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.

RECEIVED
JUL 29 1955

July 29, 1955

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Uranium Commodity Committee, Room 4445

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

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John E. Crawford

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

RECEIVED
JUL 29 1955

July 29, 1955

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From: John E. Crawford, Bureau of Mines Member
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The report is being forwarded to the Chief, Division of Minerals, in accordance with the routing slip attached thereto.

John E. Crawford

Ellis

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

July 21, 1955

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Fred M. Murphy, Mining Engineer
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-3730 (Uranium)
Vaughey and Vaughey
Ouray Ventures Property
Emery County, Utah

Will you kindly prepare a long-form contract with the subject Applicant in accordance with the attached draft.

You will note the Applicant has submitted the Owner's Consent to Lien requested in our letter, dated May 11, 1955, drafted by your office, a copy of which is marked in the docket.

F. M. Murphy

F. M. Murphy

Attachment

RECEIVED
JUL 25 1955
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

July 21, 1955

Memorandum

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Rare and Miscellaneous Metals Division

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Ouray Ventures Property
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F. M. Murphy

Attachment

7/25/55 gla

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

RECEIVED
JUL 13 1955

224 New Customhouse
Denver 2, Colorado

July 12, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Report of Examination, DMEA Docket 3730 (Uranium), Vaughey & Vaughey, Ouray Ventures property, Emery 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 for a three-stage drilling project as outlined in the report.

Nine extra copies of Figure 2 are attached for possible use in the contract.

Six signed copies of Owner's Consent to Lien are also attached and have been executed in accordance with instructions in your letter of May 11, 1955.

DMEA Field Team, Region III

W. M. Traver

E. N. Harshman

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

DMEA
Date Rec'd.
JUL 8 1955
BUREAU OF MINES
Denver, Colorado

July 6, 1955

TRANSMITTED
JUL 12 1955

Memorandum

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

From: Stephen R. Wilson

Subject: Docket No. DMEA-3730 (Uranium), Vaughey and Vaughey, Ouray Ventures property, Emery County, Utah

Enclosed are the original and 10 copies of an engineering report covering examination of the subject property for DMEA loan appraisal. Also included are copies of a separate section, Summary, Conclusions and Recommendations. The brochure was transmitted to W. F. Williams as requested by you June 13, 1955. The engineering report was prepared by M. H. Howes.

The applicant has requested DMEA funds to explore for uranium ores in the Salt Wash member of the Morrison formation. The applicant's estimate of the cost of the proposed work is $32,965. The applicant's proposals for exploration were made after completion of seven drill holes on the property. At the time of the field examination, a total of 18 holes had been drilled by the applicant. Information gained from the drilling indicated that the original proposal should be altered slightly. The examining engineer has therefore recommended a three-stage project costing approximately $31,804. I concur in the recommendations of the examining engineer.

The examining personnel discussed the proposed project work with a representative of the AEC during the period of the examination.

Stephen R. Wilson
Stephen R. Wilson

Enclosures

cc: J. B. Clemmer

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

TRANSMITTED
JUL 12 1955

DMEA
Date Rec'd.
JUL 8 1955
BUREAU OF MINES
Denver, Colorado

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

By R. W. Osterstock and M. H. Howes

An application, dated March 8, 1955, for Government aid in exploration under Docket No. DMEA 3730 has been submitted by Vaughey and Vaughey. The applicant's proposed project consists of 57 diamond drill holes to be located on the Ouray Ventures property, to explore for uranium ores in the Salt Wash member of the Morrison formation. The estimated cost of the project is $32,965. A field examination was made April 26, 1955, by R. W. Osterstock, Geological Survey, and M. H. Howes, Bureau of Mines.

The applicant is a copartnership, consisting of E. A. Vaughey, W. M. Vaughey, and W. T. Blackburn. The Ouray Ventures property, containing 37 unpatented lode mining claims, is owned by Paul Alex, Devel Walderman, Angelo Zanett, and Fred Zanett, and is leased to Vaughey and Vaughey. The claims are situated in Emery County, Utah, about 12 airline miles southwesterly from Green River, Utah, on the east edge of the San Rafael Swell.

Only sedimentary rocks are exposed on the property. These consist principally of the shale, conglomerate and sandstone of the Burro Canyon formation of Lower Cretaceous age and the Brushy Basin shale member of the Morrison formation of Upper Jurassic age. In the immediate project area, the beds strike generally north and dip

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

gently to the east. Several minor, steep-dipping, normal faults with northwesterly strikes have been observed in the area.

Uranium mineralization has been encountered in the Salt Wash sandstone member of the Morrison formation in 7 of the 19 holes drilled on the property by the applicant. A chemical analysis of core, from a 1-foot interval of Hole No. 1, resulted in 0.217 percent U_3O_8 and 0.24 percent V_2O_5. The mineralization in the Salt Wash member is generally confined to an irregular lenticular sand bed, from 0 to 40 feet in thickness, and about 175 feet above the base of the Morrison formation. The relative abundance of carbonaceous material in the more porous sediments is believed to be the principal ore control.

The applicant proposes to explore the property by drilling 57 holes in 3 stages. In Stage 1, 22 holes are planned at random locations over the 37 claims, to establish the lithology of the Salt Wash member, and to indicate favorable areas for drilling holes in succeeding stages. Stages 2 and 3 are planned to drill 25 holes at 400-foot intervals and 10 holes at 50-foot intervals respectively, to delineate and delimit ore found in preceding stages.

Alternate proposals which differ from the original principally in the order of drilling, have been submitted by the field examiners, (fig. 2). A cost estimate for the alternate proposals is $31,804, of which the Government's share at 75 percent participation is $23,853.

It is concluded that the proposed program is feasible and desirable, and recommendation is made that it be approved by the Government.

VAUGHEY AND VAUGHEY
EMERY COUNTY, UTAH
DMEA-3730
Uranium

Engineering Report

By M. H. Howes
Mining Engineer
Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

VAUGHEY AND VAUGHEY
EMERY COUNTY, UTAH

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ILLUSTRATIONS

Fig. 1 Location map, Vaughey and Vaughey (Ouray Ventures property) Emery County, Utah

Fig. 2 Claim map with proposed drill holes

INTRODUCTION

Vaughey and Vaughey submitted an application, dated March 8, 1955, for Government aid in an exploratory project under docket No. DMEA-3730. The proposed program consists of 57 drill holes planned, at locations as indicated on application map, to explore for uranium ores in the Salt Wash member of the Morrison formation. The total estimated cost of the program is $32,965.

A field examination of the property was made April 26, 1955, by R. W. Osterstock, Geological Survey, and M. H. Howes, Bureau of Mines, for the purpose of determining the feasibility of the proposed exploration and the appraisal of the estimated costs and engineering aspects of the job. The field examiners were accompanied to the property by D. V. Watrous and R. M. Conrad, representatives of Vaughey and Vaughey. Isidor Million, Atomic Energy Commission geologist, was visited and interviewed at his camp near the property regarding the possibilities for uranium deposits in this area.

LOCATION, TOPOGRAPHY AND PHYSICAL FEATURES

The property is located on the east edge of the San Rafael Swell, in Emery County, Utah, about 12 airline miles southwesterly from Green River, Utah, in Secs. 34 and 35, T. 21 S., R. 14 E., and Secs. 3, 4, and 10, T. 22 S., R. 14 E., S.L.B. and M. (fig. 1). The San Rafael River is less than one airline mile to the west. Erosion of the original flat terrain has formed wide, shallow, winding arroyos and

low mesas. Vegetation is scarce and is comprised for the most part of desert plants. The climate is arid. In summer the days are hot and nights chilly; winters are cold.

HISTORY AND PRODUCTION

The mining claims that comprise the property have been recently located. An exploratory drilling program was started early in 1955 by the applicant. At the time of the field examination, April 26, 1955, 19 holes had been drilled, several of which were reported to show uranium mineralization. No production has been made from the property.

OWNERSHIP AND EXTENT

Vaughey and Vaughey is a copartnership consisting of E. A. Vaughey, W. M. Vaughey, and W. T. Blackburn, with mailing address:

1650 Denver Club Building
Denver 2, Colorado

The Ouray Ventures property, consisting of 37 unpatented lode mining claims (fig. 2), is owned by Paul Alex, Devel Walderman, Angelo Zanett, and Fred Zanett, and is held under lease, dated October 16, 1954, by Vaughey and Vaughey. Location notices for the following claims have been recorded in the office of the County Recorder, Emery County, Utah:

Name of Claim		Book	Page
Mike No. 1	Location Notice	J74	443
" " 2	" "	"	444
" " 3	" "	"	445
" " 4	" "	"	446
" " 5	" "	"	447
" " 11	" "	"	448
" " 12	" "	"	449
" " 13	" "	"	450
Gertrude No. 11	" "	"	451
" " 12	" "	"	452
" " 13	" "	"	453
" " 14	" "	"	454
Mike No. 6	Amended Location Notice	"	455
" " 7	" " "	"	456
" " 8	" " "	"	457
" " 9	" " "	"	458
" " 10	" " "	"	459
Hilda No. 1	" " "	"	460
" " 2	" " "	"	461
" " 3	" " "	"	462
" " 4	" " "	"	463
" " 5	" " "	"	464
" " 6	" " "	"	465
" " 7	" " "	"	466
" " 8	" " "	"	467
" " 9	" " "	"	468
" " 10	" " "	"	469
Gertrude No. 1	" " "	"	470
" " 2	" " "	"	471
" " 3	" " "	"	472
" " 4	" " "	"	473
" " 5	" " "	"	474
" " 6	" " "	"	475
" " 7	" " "	"	476
" " 8	" " "	"	477
" " 9	" " "	"	478
" " 10	" " "	"	479

DESCRIPTION OF THE DEPOSITS

Rock outcrops on the Ouray Ventures property consist chiefly of variegated shale and light-colored sandstone and conglomerate of the

Brushy Basin member of the Morrison formation. Much of the surface, and especially the lower ground, is covered by alluvium. Just west of the property, the contact between the Brushy Basin member and the Salt Wash member of the Morrison formation is exposed. The strike of the contact and of the beds throughout the area of the claims is generally north-south and the dip about 3 degrees easterly.

A gritty-sandstone bed of variable thickness from 0 to 40 feet, occurs about 175 feet above the base of the Morrison formation in the Salt Wash member, and appears to be the most favorable horizon for uranium mineralization. This bed is exposed about a mile west of the property at the Nixon mines and at the Blue Goose workings, where uranium ores are being produced at present. Ores occur in irregular, lens-shaped pods in a fairly coarse-grained sandstone, and usually in the presence of carbonaceous material. Uranium mineralization has been encountered in the favorable horizon in several holes drilled by the applicant on the Ouray Ventures property (fig. 2). Radiometric logs of the holes were made by the Atomic Energy Commission. Hole No. 1 was cored. Chemical analysis of core from a 1-foot interval, from 245 to 246 feet in Hole No. 1, was reported to have resulted in 0.217 percent U_3O_8 and 0.24 V_2O_5.

MINABLE ORE RESERVES

No known ore reserves occur on the property.

PRESENT STATUS

About 3 miles of access road has been constructed westerly from the Utah State Highway No. 24 (Green River-Hanksville road) to serve the property. No buildings exist on the claims at present. Some 18 holes, averaging about 300 feet in depth, have been drilled on the property.

Mine labor is available at Green River and Price, Utah.

Most of the materials, supplies and equipment necessary for mine operations may be obtained at Moab or Price, Utah.

Ample water may be had from the San Rafael River, about 3 miles by road from the property.

Power can be supplied by gasoline or Diesel engines.

PROJECT PROPOSALS

The applicant proposes to explore the 37 claims by drilling 57 holes to an average depth of 300 feet, for a total of 17,100 feet, as follows:

Stage 1

Twenty-two holes are to be distributed over the project area to establish the lithology of the Salt Wash member and to indicate favorable areas for drilling holes in Stage 2.

Stage 2

Twenty-five holes are to be drilled at intervals of about 400 feet to delineate uranium mineralization encountered in Stage 1.

Stage 3

Ten holes are to be drilled at intervals of about 50 feet to delimit ore found in Stage 2.

It is planned that 4 holes, at widely spaced intervals, will be cored from the surface to determine the stratigraphy of the beds. All other holes will be non-cored, except that in the ore-bearing horizon core drilling will be employed.

The above proposals were planned after the applicant had completed only 7 drill holes. At the time of field examination, some 18 holes had been completed. Additional information resulting from the new holes has made a slight alteration desirable in the original proposals (fig. 2). Alternate proposals are described as follows:

The purpose of this project is to explore for uranium ore in a favorable ore-bearing horizon in the Salt Wash member of the Morrison formation, estimated to average 30 feet in thickness at an average depth of 300 feet.

The work shall be performed in 3 successive stages. Stage 1 is designated to explore outward from known uranium mineralization in an attempt to develop and expand ore deposition trends. Stage 2 is planned to delineate ore deposition discovered in Stage 1; and Stage 3 is aimed at a closer delineation of ore found in Stages 1 and 2. The operator shall complete all of the work under Stage 1 and shall perform so much of the work of each succeeding stage as is approved in advance,

in writing, by the Government, based upon the results of the completed work under preceding stages.

Stage 1

Twenty-three vertical holes shall be drilled from the surface, in numerical order, at approximate locations indicated on figure 2. Hole No. 11 and Hole No. 22 shall be core drilled from the surface to the bottom. All other holes shall be noncore drilled except through the ore-bearing horizon, which shall be core drilled.

Approximately 5,670 feet of noncore and 1,230 feet of core drilling shall be completed under Stage 1.

Stage 2

Twenty-five vertical holes shall be drilled at 300-foot intervals, to delineate ore discovered in Stage 1. These holes shall be noncore drilled except through the ore-bearing horizon, which shall be core drilled.

Approximately 6,750 feet of noncore and 750 feet of core drilling shall be completed under Stage 2.

Stage 3

Ten vertical holes shall be drilled at 50-foot intervals, to further delineate ore discovered in Stages 1 and 2. These holes shall be noncore drilled except through the ore-bearing horizon, which shall be core drilled.

Approximately 2,700 feet of noncore and 300 feet of core drilling shall be completed under Stage 3.

General Provisions

The operator shall provide for the examination and logging, splitting, and storage in a suitable place for Government inspection and disposal of drill hole cuttings and cores, hole probing, determination of drilling depths, necessary surveying and mapping of drill hole locations, sampling, and all other duties necessary to the satisfactory technical progress of the proposed program.

The Government shall not contribute to the cost of any hole drilled smaller than AX size, nor to the cost of any hole which cannot be probed with radiometric logging equipment.

The operator's monthly report shall contain certified drill and geologic logs, and certified copies of chemical analyses.

The supervision, the extent and method of sampling and logging holes, the manner of storing and splitting drill hole cuttings and cores, the laboratory making the chemical analyses, the location of drill sites, and the drilling method used are to be subject to Government approval.

ESTIMATED COSTS OF PROJECT PROPOSALS

Independent Contracts

Stage 1

Drilling	
Noncore, 5,670 feet at $1.45 per foot	$ 8,221.50
Core, 1,230 feet at $3.00 per foot	3,690.00
Bulldozing, 8 hrs. at $12 per hr.	96.00
Total independent contracts, Stage 1	$12,007.50

Stage 2

Drilling		
Noncore, 6,750 feet at $1.45 per foot	$9,787.50	
Core, 750 feet at $3.00 per foot	2,250.00	
Bulldozing, 9 hrs. at $12 per hr.	108.00	
Total independent contracts, Stage 2		$12,145.50

Stage 3

Drilling		
Noncore, 2,700 feet at $1.45 per foot	$3,915.00	
Core, 300 feet at $3.00 per foot	900.00	
Bulldozing, 3 hrs. at $12 per hr.	36.00	
Total independent contracts, Stage 3		$ 4,851.00
Total estimated costs of independent contracts for project		$29,004.00

Other Items of Costs

Stage 1

Supervision	$ 800.00	
Technical services	160.00	
Chemical analyses, 16 at $5.00 each	80.00	
Accounting	40.00	
Core boxes, handling, etc.	40.00	
Total		$ 1,120.00

Stage 2

Supervision	$ 850.00	
Technical services	170.00	
Chemical analyses, 17 at $5.00 each	85.00	
Accounting	42.50	
Core boxes, handling, etc.	42.50	
Total		$ 1,190.00

Stage 3

Supervision	$ 350.00	
Technical services	70.00	
Chemical analyses, 7 at $5.00 each	35.00	
Accounting	17.50	
Core boxes, handling, etc.	17.50	
Total		$ 490.00

Total estimated cost of other items for project ——— $ 2,800.00

Estimated Cost Summary

Stage 1	$13,127.50
Stage 2	13,335.50
Stage 3	5,341.00
Total estimated cost of project	$31,804.00
Government participation at 75 percent	$23,853.00

PROPOSED FINANCING

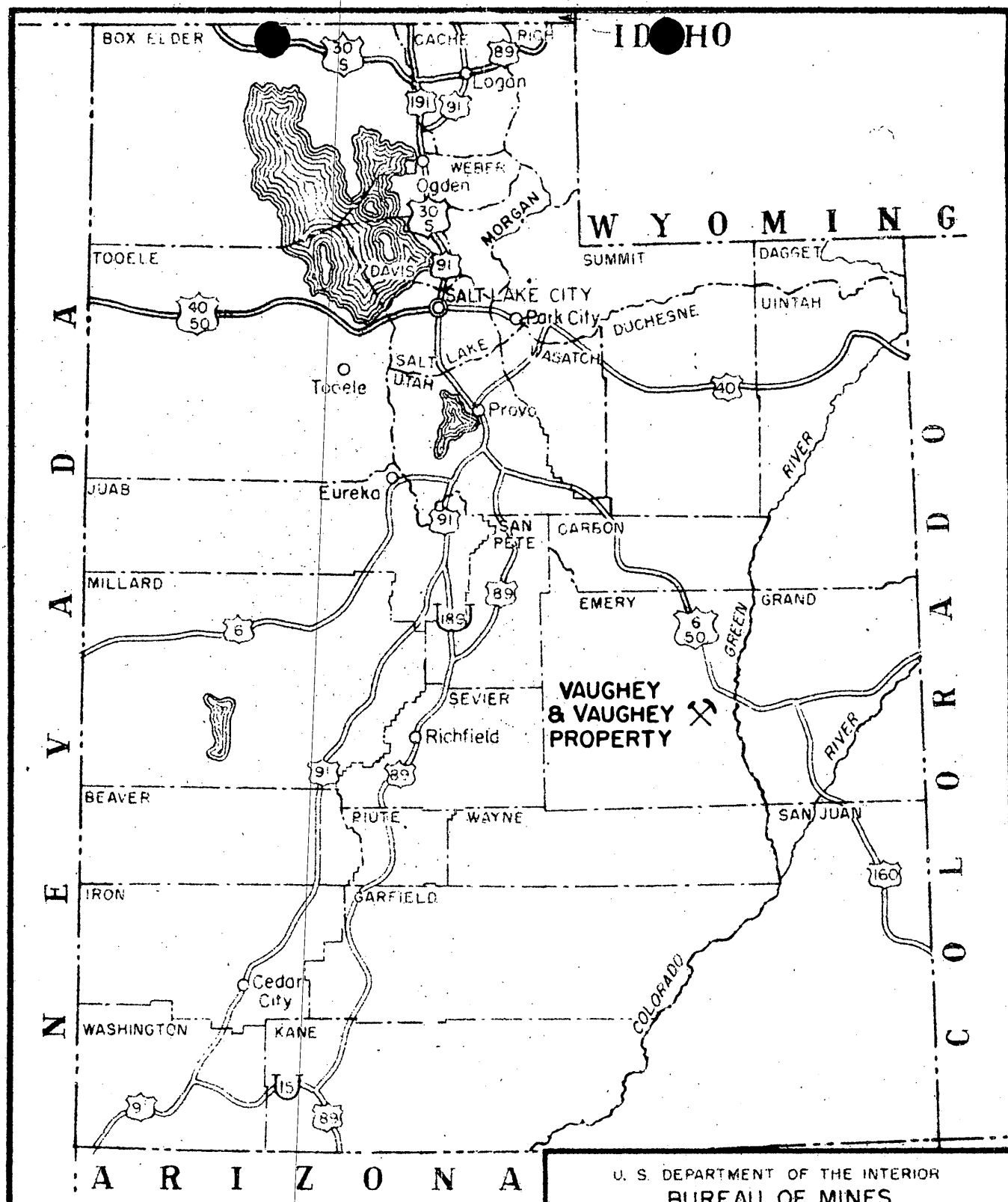
The applicant reports that he is prepared to invest $7,951 in the proposed exploratory project, which is 25 percent of the estimated cost of $31,804, in accordance with the regulations on Government participation, as stated in Section 7, DMEA Order No. 1 Amended.

CONCLUSIONS AND RECOMMENDATIONS

A total of 19 holes were drilled on the property by the applicant, prior to the field examination in April 1955. Seven holes showed uranium mineralization. Chemical analyses of core from a 1-foot interval in Hole No. 1 resulted in 0.217 percent U_3O_8 and 0.24 V_2O_5. Uranium ore is being produced at present from several properties in the vicinity of the Ouray Ventures claims. Ore occurs in a gritty-sandstone bed in the Salt Wash member of the Morrison formation. Under favorable conditions, usually in the presence of carbonaceous material, ore deposits of commercial size have been formed. Inasmuch as many favorable conditions for ore deposition exist on the Ouray Ventures property, it is concluded that an exploratory program is

feasible and desirable. The property is considered to be of ample size to contain ore bodies sufficient to more than repay the Government for the requested loan.

It is recommended that the Government approve the alternate exploratory program described in this report.



U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 1 DMEA Docket No. 3730

Location Map
VAUGHEY & VAUGHEY
(OURAY VENTURES PROPERTY)

EMERY COUNTY, UTAH

ENGINEER *M. H. Howes*	DATE JUNE 23, 1955
TRACED JUNE, 1955; A.P.T.S.	1900 - 336 - E
CHECKED	

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

BUREAU OF MINES
Denver, Colorado
RECEIVED
JUL 18 1955

Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

July 1, 1955

TRANSMITTED
JUL 12 1955

Memorandum

To: DMEA Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket 3730 (Uranium), Vaughey and Vaughey, Ouray Ventures property, Emery County, Utah

Enclosed are the original and nine copies of a geologic report by R. W. Ostarstock, U. S. Geological Survey, covering his examination of the subject property.

The exploration program recommended by Osterstock has my approval.

Since the property is on the Colorado Plateau, I had Hasler review the proposed exploration program. The original and nine copies of his letter of concurrence, dated June 29, 1955, are enclosed also.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (20)

ENHarshman:arh

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Colorado Plateau District
P. O. Box 360
Grand Junction, Colorado

TRANSMITTED
JUL 12 1955

June 29, 1955

Memorandum

To: E. N. Harshman, DMEA Field Team, Region III

From: J. William Hasler

Subject: DMEA docket 3730 (Uranium) Vaughey and Vaughey, Ouray Ventures Property, Emery County, Utah

Enclosed is one copy of an examination report by R. W. Osterstock on DMEA docket 3730 and one copy of the brochure covering the subject property as submitted to this office by Stephen R. Wilson.

The examination report of the subject property by R. W. Osterstock is a well prepared report and I believe the exploration program submitted in this report will test the subject property adequately insofar as the DMEA application is concerned.

I have no further recommendations or comments to make at this time.

Best regards.

JWH

J. William Hasler
Geologist

JWH/mlr

Enclosure

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

TRANSMITTED
JUL 12 1955

Room 208, 222 So. West Temple
Salt Lake City 1, Utah
June 8, 1955

Memorandum

To: E. N. Harshman, DMEA Field Team, Region III

From: R. W. Osterstock

Subject: DMEA Docket 3730 (Uranium), Vaughey and Vaughey, Ouray Ventures property, Emery County, Utah.

Enclosed are eleven copies of a geologic report on the Ouray Ventures property, DMEA Docket 3730, by R. W. Osterstock (USGS).

The applicants, Vaughey and Vaughey, applied for government assistance to explore for uranium ores on their Ouray Ventures property in Emery County, Utah.

Uranium mineralization on the subject property has been penetrated in diamond drill holes put down at the applicant's expense. The ore minerals occur in a zone of irregular thickness in the upper portion of the Salt Wash member of the Jurassic Morrison formation. There is indicated a NW-SE trending zone of uraniferous material which measures in excess of 12,000 feet along strike from the Blue Goose Workings on the NW to the Sharples No. 11 hole on the SE. It is doubtful that mineralization within this zone is continuous however.

It is recommended that a revised diamond drilling program as outlined in the body of the report be approved for government assistance.

R. W. Osterstock

RWO:dmc

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

OURAY VENTURES PROPERTY — VAUGHEY AND VAUGHEY

EMERY COUNTY, UTAH

DMEA Docket 3730
(Uranium)

Initial Geologic Report

By R. W. Osterstock
U. S. Geological Survey

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

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ILLUSTRATIONS

Figure 1. Index map of Utah.

Figure 2. Claim Map and proposed drill hole locations on Ouray Ventures property.

Figure 3. Geologic map of Ouray Ventures property, Emery County, Utah.

Introduction

On March 8, 1955, E. A. Vaughey, W. M. Vaughey and W. T. Blackburn, a copartnership, applied for a DMEA loan, Docket No. 3730, to aid in exploration for uranium on the leased Ouray Ventures property in Emery County, Utah. At the request of the DMEA Field Team, Region III the property was examined on April 26, 1955 by R. W. Osterstock (USGS) and M. H. Howes (USBM). The examiners were accompanied in the field by Douglas Watrous and R. M. Conrad, representatives of Vaughey and Vaughey.

Location and Accessibility

The thirty seven claims comprising the Ouray Ventures property are situate in Sections 3, 4, 10, T. 22 S., R. 14 E., and Section 34, T. 21 S., R. 14 E., Salt Lake Base and Meridian. The area, although termed by the applicants the Green River Mining District, is properly assigned to the San Rafael Mining District. The property may be reached by traveling west from the town of Green River about 5 miles on paved U. S. Highway 50, thence left (south) for 9.6 miles on Utah Highway 24, a graded dirt road, thence right (west) 2.9 miles on an unmarked twisting primitive road to the Mike No. 10 claim.

History and Production

The applicants hold the Ouray Ventures property by lease and have expanded the claim area by the addition of several claims on the periphery of the original block which has itself been substantially relocated in order to cover unclaimed fractions (see fig. 2). Portions of the eastern parts of Hilda Nos. 2, 4, 6, 8, and 10 are not valid as they fall within a school section.

The property has no production history. The applicants have to date drilled 17 holes. Results of this drilling program are discussed in detail in the section on Ore Deposits.

Geology

Only sedimentary rocks are exposed on the Ouray Ventures property; they consist mainly of shale, siltstone, mudstone, sandstone, conglomerate and limestone ranging in age from upper Jurassic through upper Cretaceous. The property lies on the east flank of the San Rafael Swell east of the steep hogbacks forming the main boundary of this major structural feature.

The formations comprising the exposed section are from top to bottom as follows:

Mancos shale — upper Cretaceous — slate gray marine shale with a few lenses of yellow gray sandstone and light gray marl, covers broad area mostly to north and east of property.

Dakota (?) sandstone — upper Cretaceous — yellow and gray conglomeratic sandstone and gray shale resting in depressions in the Morrison. This unit is mapped by Baker (1946, plate 1) as thin, lenticular, intermittent outcrops between the Morrison and the Mancos only at the extreme eastern edge of the property.

Burro Canyon formation — lower Cretaceous — variegated terrestrial sediments including shale, chert, limestone, conglomerate and sandstone, often shows lower conglomeratic member, contact with underlying Morrison obscure where basal conglomerate is absent. C. H. Marshall (1954) has interpreted on a photogeologic map all material lying between the Morrison and the Mancos as Burro Canyon with no Dakota sandstone present (see fig. 3).

Morrison formation — upper Jurassic — Brushy Basin shale member — varicolored mudstone and siltstone with ledges of sandstone and conglomerate and some limestone and quartzite. This unit, where not obscured by alluvium, covers most of the project area.

Salt Wash sandstone member -- interbedded gray, medium grained sandstone and red to gray sandy mudstone. A fluvial deposit, locally has basal gypsiferous unit at base. Lenticularity of beds is characteristic within this member. Silicified wood is common in the sandstone lenses. The top of the Salt Wash member is placed at the top of the upper most ledge that marks a conspicuous change in lithology from abundant sandstone to dominantly shale. This member is not exposed in the project area, however, less than 500 feet west of the project area the Brushy Basin-Salt Wash contact is exposed in a small topographic depression. About 1 mile west of the project area the Salt Wash member is well exposed in the cliffs of a minor canyon which drains into the San Rafael River.

Summerville formation -- upper Jurassic -- consists mainly of interbedded shale, mudstone and subordinate platy sandstone. Usually calcareous, locally contains large chert concretions and gypsum beds. This formation is not exposed in the project area, however, it does outcrop about 1 mile to the west in the walls of small canyon draining into the San Rafael River.

Baker (1946, p. 94) describes the region as being structurally composed of broad anticlinal upwarps and synclinal basins cut by numerous normal faults. East of the San Rafael Swell, one of the large upwarps, the rocks have low dips to the north into the Uinta basin. In the immediate project area the rocks strike generally north and dip gently to the east (see figs. 2 and 3).

Baker (1946, p. 103) has noted that the dominant trend of normal faulting in the region is N. 40° - 55° W., this is borne out by faults mapped by company geologists (see fig. 2) which trend about N. 55° - 60° W. All of the faults mapped in the project area have only very small displacement, they can be traced across changes in lithology in cliffs and ledges but are generally obscured on the flat tablelands which are most characteristic of the area. Isadore Million, field representative of the Atomic Energy Commission in the Green River area states that some of the northwest trending faults may be post-mineral but that most of the faulting and parallel fracturing appears to be pre-mineral.

Ore Deposits

Uranium mineralization in the project area is apparently confined to the Salt Wash sandstone member of the Jurassic Morrison formation. Although little is known of the character of the Salt Wash member on the Ouray Ventures property it has been penetrated by 17 diamond drill holes put down at the applicant's expense, as well as by 4 additional nearby holes put down on adjacent properties.

Uranium mineralization has been encountered in Ouray Ventures holes Nos: 1, 2, 4, 11, 13, and 14, and in Climax hole No. 2 and Sharples hole No. 11. The Atomic Energy Commission has made radiometric logs of all of the open holes, these logs have been studied and while no precise radiometric assay data may be gained, the zones of radiometric highs are sufficiently distinct to establish their relative elevation in the Salt Wash member. Wet chemical assays are available for Ouray Ventures hole No. 1 (245-246) in which a one-foot interval assayed 0.217 percent U_3O_8 and 0.24 percent V_2O_5, and from Sharples hole No. 11 in which a three-foot interval of unknown depth assayed 0.42 percent U_3O_8.

Uranium mineralization in the Salt Wash member of the Morrison formation is generally confined to an irregular lensatic sand bed about 175 feet above the base of the Morrison. Within this 40 foot sand bed the ore may exist in 3 or more zones. Isadore Million (AEC) (oral communication) has described the favorable 40 feet as a "grit-like" unit, a generally coarser clastic than the beds above or below. Stokes (1954, p. 48) notes that the general trend of the rivers which deposited the Salt Wash member wasabout 20-30 degrees east of north but that a second well marked trend occuring chiefly in the vicinity of the best mineralization trends about 45 degrees east of south. Million has suggested that sedimentary structural features on the east flank of the San Rafael Swell indicate most of the channels trend in a NE-SW direction but he emphasizes that this is a regional feature not necessarily applicable on a local scale.

It is believed by AEC geologists that the principle ore control is the relative abundance of carbonaceous material with its attendant precipitating qualities in the more porous sediments. Thus any abrupt change in the course of a channel may have provided an increased amount of carbonaceous debris. The 40 feet of coarse sands about 175 feet above the base of the Morrison is known to have a high degree of porousity. Million has also suggested that while some of the northwest trending faults may be post-mineral they may owe their origin to parallel pre-mineral fractures and that these features may have provided some degree of ore locallization.

Several producing uranium properties about 1 mile west and northwest of the Ouray Ventures property have not yet developed their ore bodies to the stage where distinct ore trends can be established. One noteworthy

feature of these properties (Nixon workings, Blue Goose workings and the Four Corners workings) is the tendency of the ore bodies to have sufficient areal size to permit efficient prospecting by surface diamond drilling, this has been especially true at the Four Corners holdings.

It may be noted on figure 2 that the company and non-company drill holes which have intersected zones of abnormally high radioactivity do suggest a northwest trending zone which points toward the Blue Goose workings.

The elevations of mineralization encountered in the listed holes is as follows:

		Elevation
Ouray DDH	14	4,258
" "	4	4,183
Climax DDH	2	4,138
Ouray DDH	11	4,119
" "	1	4,078
" "	13	4,025
" "	2	3,891

It might be expected that the mineralization in the easternmost holes would be somewhat lower in elevation than that in the westernmost holes because of the regional 3 degree eastward dip. No such regularity appears, the mineralization ranges from 3,891 to 4,253 with little regard for positions of the holes. It may be presumed therefore, that one of two possibilities obtain, there is extreme irregularity of the thickness and attitude of the ore zone or the ore zone is not so well defined as is suggested by AEC.

Although there has as yet been no exposure of the mineralized Salt Wash other than diamond drill core which has been shipped for assaying purposes, it is presumed that the mineralogy of the deposit will closely parallel that of nearby producing properties. Carnotite and tyuyamunite will probably be the major uraniferous minerals. "Roscoelite", vanoxite, and corvusite will probably be the major vanidiferous minerals.

Ore Reserves

The Ouray Ventures property has no ore reserves of any class. Although ore grade mineralization has been encountered by diamond drilling the extent of the mineralization is as yet unknown.

Proposed Exploration

When the applicants submitted their request for government assistance they had, at their own expense, completed seven diamond drill holes in the project area. On the basis of information then available, the applicants proposed an exploration program consisting of three stages. Stage 1 included 22 holes randomly distributed over the project area, Stage 2 consisted of 25 holes on about 400 foot centers to delineate mineralization encountered during Stage 1, Stage 3 consisted of 10 holes on 50 foot centers for more detailed delineation of mineralization encountered in the previous two stages. Of the total of 57 holes proposed it was planned to drill 4 holes cored from the surface, the remainder of the holes would have cored only in the ore bearing horizon. The applicants had determined that the average depth of hole would be 300 feet.

Prior to examination of the property by DMEA personnel the applicants had drilled 10 more holes, bringing the total to 17 on the Ouray Ventures property. Four additional holes on the perimeter of the project area had been put down as joint ventures with adjacent property owners.

With additional information resulting from the greater number of drill holes completed it has been possible to revise the originally proposed exploration program. The following revised program has been discussed with and approved by the applicants.

Stage I — 21 non-core holes) as spotted on fig. 2.
2 core holes)

Having indicated by diamond drilling an irregular NW-SE trend of uraniferous mineralization on the Ouray Ventures property it seems judicious to attempt to prove this trend by surrounding the mineralized area with an additional set of widely spaced drill holes as indicated on fig. 2. Thirteen holes will be utilized for this purpose, one of this set of holes will be cored all the way for stratigraphic information as well as aiding in delimiting the mineralized trend. The remaining 10 holes of stage I will be utilized for exploration of the northern portion of the project area in which other parallel unmineralized trends may exist. The holes will be drilled as numbered on fig. 2. Hole No. 14 will be a cored hole from the surface to aid in stratigraphic correlation as well as searching for mineralized trends.

Stage II — 25 non-core holes on 300 foot centers.

Consisting of 25 non-core holes on no more than 300 foot centers will be utilized to further delimit and confirm the trend of the mineralized zone now indicated. An unnumbered hole from this stage will be cored from the surface. Spotting of these holes will depend entirely on the drilling results obtained from Stage I. It is therefore mandatory that the results of Stage I be studied in detail prior to the inception of Stage II.

Stage III — 10 non-core holes on 50 foot centers.

Consisting of 10 holes to be drilled on no more than 50 foot centers, this final stage will provide information leading to tonnage and grade estimates. Although this latter phase of drilling may suggest development rather than exploration it should be borne in mind that so little is known of the

character of the ore occurrence on the Ouray Ventures property that the blocking out of at least one ore body is a requisite factor preceding a planned mining program. As in Stage II these holes cannot be spotted until information from the earlier stages is compiled and studied. On the Four Corners property to the north of the project area the owners have found it necessary to conduct final drilling operations on 30 foot centers, however it does not appear that such closely spaced holes will be required in the project area.

Conclusions and Recommendations

It is concluded that the Ouray Ventures property contains uranium mineralization within an ill defined zone in the upper part of the Salt Wash member of the Jurassic Morrison formation. Drilling completed by the applicants and adjacent property holders has indicated an irregular NW-SE trend of the uranium mineralization. The potential of the project area is sufficiently large to provide a significant contribution to the nation's uranium reserves.

It is recommended that DMEA enter into a contract with the applicants to explore the Ouray Ventures property by the revised diamond drilling program as outlined. It is further recommended that authorization for Stages II and III be individually withheld pending review by DMEA representatives at which time the operators must receive written government approval before proceeding with the exploration project.

The proposals and recommendations contained herein have been discussed with Isadore Million, AEC field representative in the Green River area.

Bibliography

Baker, A. A., Geology of the Green River Desert — Cataract Canyon Region, Emery, Wayne and Garfield Counties, Utah, U. S. Geol. Survey Bull. 951, 1946.

Marshall, C. H., Photogeology of the Tidwell No. 3 Quadrangle, Emery County, Utah. U. S. Geol. Survey Trace Elements Memorandum Report No. 759, 1954.

Stokes, W. C., Some Stratigraphic, Sedimentary, and Structural Relations of Uranium Deposits in the Salt Wash Sandstone. U. S. Atomic Energy Commission, Raw Materials Exploration 3102, 1954.

U.S. DEPARTMENT OF THE INERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET

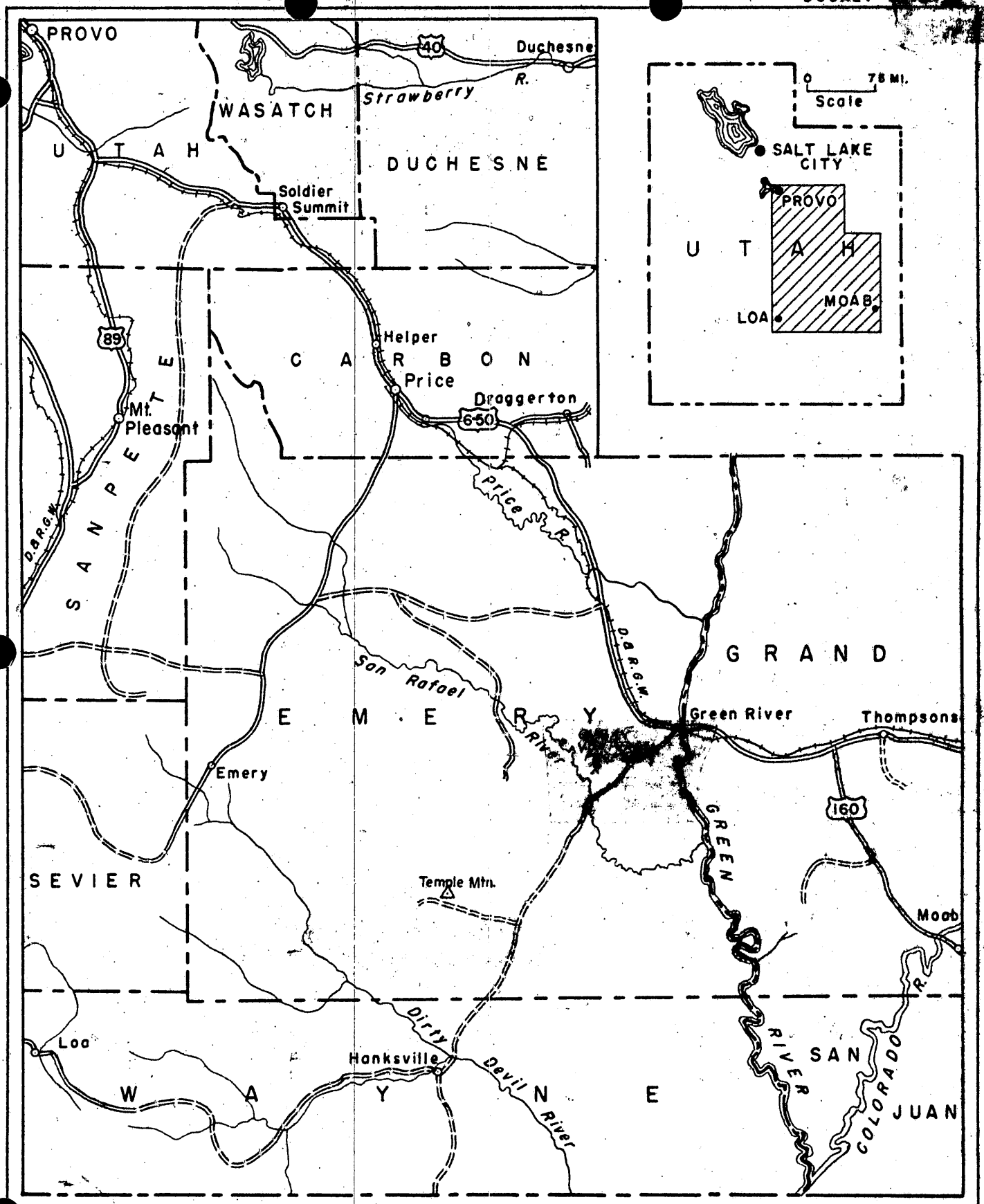
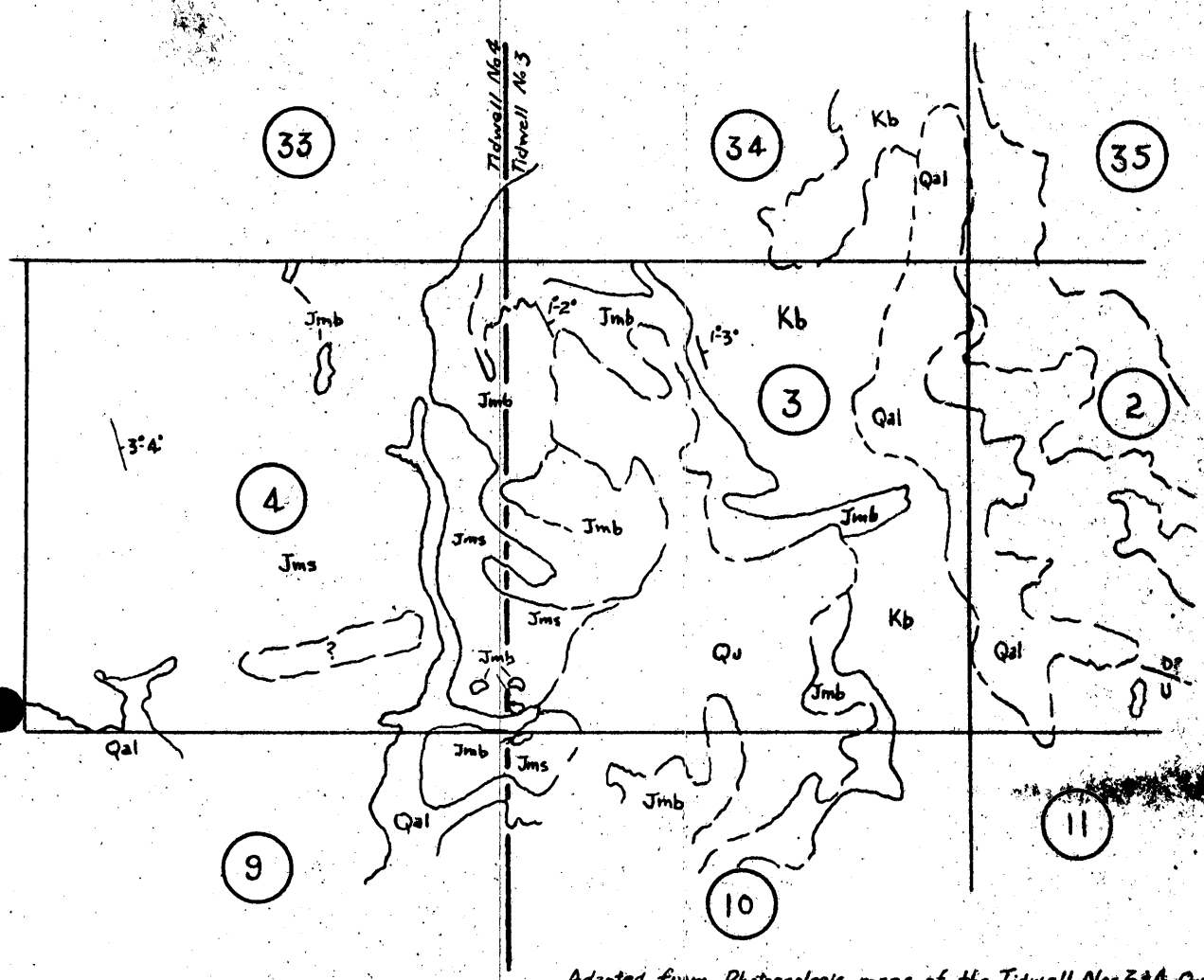


FIG. 1 INDEX MAP OF UTAH

0 5 10 15 20 MILES
Scale



Adapted from Photogeologic maps of the Tidwell Nos 3 & 4 Quads.
Tidwell #3 - TEMR 759 by C.H. Marshall
Tidwell #4 TEMR 655 by P.P. Orkild

Fig. 3

GEOLOGIC MAP OF OURAY VENTURES PROPERTY
EMERY COUNTY, UTAH

0 500 1000 2000 4000 ft.

Surname 700

Murphy

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

July 21, 1955

Memorandum

To: Acting Assistant Solicitor, DMEA

From: Fred M. Murphy, Mining Engineer
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-3730 (Uranium)
Vaughey and Vaughey
Ouray Ventures Property
Emery County, Utah

Will you kindly prepare a long-form contract with the subject Applicant in accordance with the attached draft.

You will note the Applicant has submitted the Owner's Consent to Lien requested in our letter, dated May 11, 1955, drafted by your office, a copy of which is marked in the docket.

F. M. Murphy

Attachment

FMMurphy:am
cc to: Docket
Code 700
Mr. Murphy

MF-200
(Revised June 1954)

Docket No. DMEA 3730

Commodity Uranium

Contract No. Idm-E

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Vaughey and Vaughey - A partnership consisting of E. A. Vaughey, W. M. Vaughey, and W. T. Blackburn, whose mailing address is 1650 Denver Club Building Denver 2, Colorado, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and Figure 2.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Utah, County of Emery, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee of [5] Mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] see Annex I, [7] recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Owner's Consent to Lien

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium The work to be performed is described in Exhibit "A." The Operator on or before shall commence the work, and on or before February 1, 1956 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $31,824.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $23,868.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

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

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

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By .....

.....
(Operator)

By .....

.....

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

Draft
FMurphy:am
7-21-55

EXPLORATION PROJECT CONTRACT

VAUGHEY AND VAUGHEY

Docket No. DMEA-3730

ANNEX I

The land referred to in Article 2 of the contract consists of 37 unpatented mining claims recorded in the office of the County Recorder, Emery County, Utah, as follows:

Name of claim						Book	Page
Mike	No.	1		Location	Notice	J 74	443
"	"	2		"	"	"	444
"	"	3		"	"	"	445
"	"	4		"	"	"	446
"	"	5		"	"	"	447
"	"	11		"	"	"	448
"	"	12		"	"	"	449
"	"	13		"	"	"	450
Gertrude	"	11		"	"	"	451
"	"	12		"	"	"	452
"	"	13		"	"	"	453
"	"	14		"	"	"	454
Mike	"	6	Amended	"	"	"	455
"	"	7	"	"	"	"	456
"	"	8	"	"	"	"	457
"	"	9	"	"	"	"	458
"	"	10	"	"	"	"	459
Hilda	"	1	"	"	"	"	460
"	"	2	"	"	"	"	461
"	"	3	"	"	"	"	462
"	"	4	"	"	"	"	463
"	"	5	"	"	"	"	464
"	"	6	"	"	"	"	465
"	"	7	"	"	"	"	466
"	"	8	"	"	"	"	467
"	"	9	"	"	"	"	468
"	"	10	"	"	"	"	469
Gertrude	"	1	"	"	"	"	470
"	"	2	"	"	"	"	471
"	"	3	"	"	"	"	472
"	"	4	"	"	"	"	473
"	"	5-	"	"	"	"	474
"	"	6	"	"	"	"	475
"	"	7	"	"	"	"	476
"	"	8	"	"	"	"	477
"	"	9	"	"	"	"	478
"	"	10	"	"	"	"	479

ANNEX I Cont'd

The above claims are situated in secs. 34 and 35, T. 21S., R. 14E., and secs. 3, 4, and 10, T. 22S., R. 14E., S.L.B. & M. and are shown on attached map entitled "Figure 2. - DMEA Docket No. 3730, Claim Map ... ."

DRAFT
FMurphy:am
7-21-55

EXPLORATION PROJECT CONTRACT

VAUGHEY AND VAUGHEY

Docket No. DMEA-3730

EXHIBIT "A"

Description of the Work

The object of this project is to discover uranium ore deposits that might occur in the Salt Wash member of the Morrison formation on the land mentioned in Annex I of this contract. In this region the uranium mineralization is generally confined to an irregular lensatic sand bed about 175 feet above the base of the Morrison formation. Within this 30 feet sand bed the ore may occur in 3 or more zones. It is estimated that drill holes averaging 300 feet in depth will be required to penetrate the ore-bearing horizon.

The work shall be performed in three successive stages. The Operator shall perform all the work under Stage I and shall perform so much of each succeeding stage as is approved in advance in writing by the Government, based upon the results of the completed stage or stages of work.

STAGE I

Stage I shall consist of bulldozing access roads and preparing twenty-three (23) drill sites. The approximate locations of the drill sites are shown on the attached map entitled "Figure 2 ... Claim Map Showing Proposed Drill Holes, Vaughey and Vaughey Property ... ." From each of these sites one (1) vertical hole shall be drilled. Spacing of holes may range from 500 to 1,500 feet.

It is estimated that 5,670 feet of non-core and 1,230 feet of core drilling will be required to complete the twenty-three drill holes authorized for Stage I. However, if the drill footage estimated for

Stage I drilling is not sufficient to complete the twenty three (23) holes, then with previous written Government approval, a part of the footage authorized for Stage II may be used to complete the Stage I drilling.

Chemical analyses shall be made to determine the U_3O_8 and V_2O_5 content of samples procured during Stage I drilling.

STAGE II

Stage II shall consist of bulldozing access roads and preparing twenty-five sites for drilling to delineate ore-bearing structures discovered in Stage I. Holes drilled from these sites shall not be closer than 300 feet to any other drill hole. From each of these drill sites one (1) vertical hole shall be drilled.

Not in excess of twenty-five (25) holes, totaling 6,750 feet of non-core and 750 of core drilling, shall be performed in this stage. Also, no hole shall be started unless sufficient footage remains in this contract stage to complete the hole through the ore-bearing horizon, unless the Operators agree in writing that the remainder of the hole shall be completed at their expense.

Not in excess of 9 hours of bulldozing shall be performed, and not in excess of 17 samples shall be chemically analyzed to determine the U_3O_8 and V_2O_5 content under this Stage II of the contract.

Stage III

Stage III shall consist of bulldozing access roads and preparing ten (10) sites for drilling to further deliniate ore-bearing structures discovered in the preceeding stages. Holes drilled from these sites shall not be closer than 50 feet to any other hole. From each of these sites one (1) vertical hole shall be drilled.

Not in excess of ten (10) holes, totaling 2,700 feet of non-core and 300 feet of core drilling, shall be performed in this Stage III. Also, no hole shall be started unless sufficient footage remains in this contract stage to complete the hole through the ore-bearing horizon, unless the Operators agree in writing that the remainder of the hole shall be complete at their expense.

Not in excess of 3 hours of bulldozing shall be performed, and not in excess of 7 samples shall be analyzed to determine the U_3O_8 and V_2O_5 content, under this Stage III of the contract.

General Provisions

1) A supervisor and one helper shall be employed full time under this contract. The Operator shall also provide any additional aid necessary to the satisfactory technical progress of this contract.

2) Hole No. 11 and Hole No. 22 in Stage I shall be cored from the surface to the bottom, all other holes in Stages I, II, and III shall be non-core drilled, except through the inferred 30 foot thick ore-bearing sandstone bed in the Salt Wash member, which shall be core-drilled.

3) All holes shall be logged and probed for radioactivity. Records of such logging and probing, together with assay certificates shall be submitted with the Operators' monthly progress report.

4) The Government shall not contribute to the cost of any uncompleted hole or any hole that bottoms less than Ax core size, nor to the cost of any hole which cannot be probed with radiometric logging equipment.

5) No hole under this contract shall be drilled closer than 100 feet to the outer boundaries of the land described in Annex I.

6) Mineralized portions of the core shall be split, the Operator using one-half for assay purposes. The other half shall be stored for Government use with the rest of the core in boxes properly labeled as to drill hole number. Markers shall be placed in the sections of the core to indicate the depth represented. All drill cuttings shall be properly identified and retained for Government inspection and disposal, unless otherwise notified verbally or in writing by the Government's representatives.

7) The supervision, the extent and method of sampling, the manner of storing drill hole cuttings, the manner of splitting and storing drill hole cores, the laboratory making the chemical analyses, the location of drill sites and drill holes, and the drilling method used are all subject to Government approval.

Estimated Costs of the Project

ACTUAL COSTS

Category (1) Independent Contracts

Stage I

1)	Access roads and drill sites, D-6 bulldozer or equivalent 8 hours @ $12.00/hr.	$96.00	
2)	Non-core drilling 5,670 feet @ $1.45/ft.	8,221.50	
3)	Core-drilling, AX size or larger 1,230 feet @ $3.00/ft.	3,690.00	$12,007.50

Stage II

1)	Access roads and drill sites D-6 bulldozer or equivalent 9 hours @ $12.00/hr.	$108.00	
2)	Non-core drilling 6,750 feet @ $1.45/ft.	9,787.50	
3)	Core drilling 750 ft. @$3.00/ft.	2,250.00	$12,145.50

Stage III

1)	Access roads and drill sites D-6 bulldozer or equivalent 3 hours @ $12.00/hr.	$36.00	
2)	Non-core drilling 2,700 feet @ $1.45/ft.	3,915.00	
3)	Core drilling 300 feet @ $3.00/ft.	900.00	$4,851.00

FIXED UNIT COSTS 1/

Stage I

1)	Incidental allowance 2/ for each foot of drilling completed, 6,900 feet @ $0.15/ft.	$1,035.00	
2)	Chemical analyses for U_3O_8 and V_2O_5, 18 samples @ $5.00 each	90.00	$1,125.00

Stage II

1)	Incidental allowance 2/ for each foot of drilling completed, 7,500 feet @ $0.15/ft.	$1,125.00	
2)	Chemical analyses for U_3O_8 and V_2O_5 17 samples @ $5.00 each	85.00	$1,210.00

Stage III

1)	Incidental allowance for each foot of drilling completed 3000 feet @ $0.15/ft.	$450.00	
2)	Chemical analyses for U_3O_8 and V_2O_5, 7 samples @ $5.00 each	35.00	$485.00

Total Estimated Cost of the Project	$31,824.00
Government participation at 75 percent	$23,868.00

1/ Categories (2) through (7) of the contract form do not apply to this contract.

2/ Includes all costs whatsoever that are not included in the estimates for "Independent Contracts" and Analyses of samples, and includes such items as supervision, technical services, labor, materials and supplies, etc.

7/15/55 gla

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

RECEIVED
JUL 15 1955

224 New Customhouse
Denver 2, Colorado

July 12, 1955

Memorandum

To: Chairman of the Operating Committee

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3730 (Uranium), Vaughey & Vaughey, Ouray Ventures Property, Emery County, Utah

Attached are the following documents to be included with the application covering the subject property:

1. Affidavit of authorization for D. V. Watrous to sign and enter into mining lease for Vaughey & Vaughey.

2. Photostat copy of amendment to mining lease duly executed and recorded.

W. M. Traver

Enclosures

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DEPARTMENT OF THE INTERIOR
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WASHINGTON 25, D. C.

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W. M. TRAVER,

W. M. Traver

Enclosures

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

W. T. BLACKBURN, of lawful age, being first duly sworn, on oath states: That he is one of the partners in the copartnership of VAUGHEY AND VAUGHEY, a copartnership composed of E. A. Vaughey, W. M. Vaughey and W. T. Blackburn, having offices in Denver, Colorado; that under date of October 16, 1954, a certain Mining Lease was made and entered into by and between PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT, as Lessors, and Vaughey and Vaughey, as Lessee, relating to certain Mining Claims covering lands in Townships Twenty-one (21) and Twenty-two (22) South, Range Fourteen (14) East, Emery County, Utah, which Mining Lease was executed on behalf of Vaughey and Vaughey by D. V. WATROUS.

I hereby certify that D. V. Watrous was duly authorized by Vaughey and Vaughey to enter into said Mining Lease on behalf of Vaughey and Vaughey and that all terms and provisions of said Mining Lease have been accepted by Vaughey and Vaughey.

Dated this 29TH day of APRIL, 1955.

W. T. Blackburn

Subscribed and sworn to before me, the undersigned authority, this 29TH day of APRIL, 1955.

Witness my hand and official seal.

My commission expires:

MARCH 7, 1959

Alice A. Nelson
Notary Public

RECEIVED
JUL 15 1955

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

W. T. BLACKBURN, of lawful age, being first duly sworn, on oath states: That he is one of the partners in the copartnership of VAUGHEY AND VAUGHEY, a copartnership composed of E. A. Vaughey, W. M. Vaughey and W. T. Blackburn, having offices in Denver, Colorado; that under date of October 16, 1954, a certain Mining Lease was made and entered into by and between PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT, as Lessors, and Vaughey and Vaughey, as Lessee, relating to certain Mining Claims covering lands in Townships Twenty-one (21) and Twenty-two (22) South, Range Fourteen (14) East, Emery County, Utah, which Mining Lease was executed on behalf of Vaughey and Vaughey by D. V. WATROUS.

I hereby certify that D. V. Watrous was duly authorized by Vaughey and Vaughey to enter into said Mining Lease on behalf of Vaughey and Vaughey and that all terms and provisions of said Mining Lease have been accepted by Vaughey and Vaughey.

Dated this 29TH day of APRIL, 1955.

W. T. Blackburn

Subscribed and sworn to before me, the undersigned authority, this 29TH day of APRIL, 1955.

Witness my hand and official seal.

My commission expires:

MARCH 7, 1959

Alice A. Nelson
Notary Public

RECEIVED
JUL 1 5 1955

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

W. T. BLACKBURN, of lawful age, being first duly sworn, on oath states: That he is one of the partners in the copartnership of VAUGHEY AND VAUGHEY, a copartnership composed of E. A. Vaughey, W. M. Vaughey and W. T. Blackburn, having offices in Denver, Colorado; that under date of October 16, 1954, a certain Mining Lease was made and entered into by and between PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT, as Lessors, and Vaughey and Vaughey, as Lessee, relating to certain Mining Claims covering lands in Townships Twenty-one (21) and Twenty-two (22) South, Range Fourteen (14) East, Emery County, Utah, which Mining Lease was executed on behalf of Vaughey and Vaughey by D. V. WATROUS.

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Dated this 29TH day of APRIL, 1955.

W. T. Blackburn

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Witness my hand and official seal.

My commission expires:

MARCH 7, 1959

Alice G. Nelson
Notary Public

RECEIVED
JUL 15 1955

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

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I hereby certify that D. V. Watrous was duly authorized by Vaughey and Vaughey to enter into said Mining Lease on behalf of Vaughey and Vaughey and that all terms and provisions of said Mining Lease have been accepted by Vaughey and Vaughey.

Dated this 29TH day of APRIL, 1955.

W. T. Blackburn

Subscribed and sworn to before me, the undersigned authority, this 29TH day of APRIL, 1955.

Witness my hand and official seal.

My commission expires:

MARCH 7, 1959

Alice C. Nelson
Notary Public

RECEIVED
JUL 1 5 1955

121935
Fee 1.90
Book 179 Page 480-482
MAR 30 10 34 AM '55
[illegible] RECORDING
[illegible] EMERY COUNTY
BY

AMENDMENT TO MINING LEASE

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, a Mining Lease was made and entered into as of October 16, 1954, between PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT, of Ouray, Colorado, mining partners doing business under the name of OURAY VENTURES, as Lessors, and VAUGHEY AND VAUGHEY, a copartnership, composed of E. A. Vaughey, W. M. Vaughey and W. T. Blackburn, with offices in Denver, Colorado, as Lessee, relating to certain mining claims in Section Thirty-four (34), Township Twenty-one (21) South, Range Fourteen (14) East and in Sections Three (3) and Four (4), Township Twenty-two (22) South, Range Fourteen (14) East, all in the Green River Mining District, County of Emery, State of Utah, as more particularly described and referred to in said Mining Lease, and

WHEREAS, under date of December 4, 1954, the partnership between said Lessors was dissolved by mutual agreement of said partners and all rights, property and assets of the partnership distributed in kind to said partners in the proportions of an undivided one-fourth (1/4) to each, and

WHEREAS, it is the desire of Lessee in said Mining Lease to obtain an extension of time for the completion of the work provided for in Section 1 of said Mining Lease and a corresponding extension of time for the performance of all other provisions of said lease,

NOW, THEREFORE, Paul Alex, Devel Halderman, Angelo Zanett and Fred Zanett, individually and as successors in interest to the mining partnership doing business under the name of Ouray Ventures, hereinafter called "Lessors", for and in consideration of the sum of Ten Dollars ($10.00) in hand paid by Vaughey and Vaughey, hereinafter called "Lessees", the receipt and sufficiency of which is hereby confessed and acknowledged, have agreed and do hereby agree that the aforementioned Mining Lease, and in particular Section 1 thereof, shall be and

the same is hereby amended by deleting from Section 1 the term "Ninety (90) days" and inserting in lieu thereof the term "One Hundred Fifty (150) days". All time elements elsewhere appearing in said Mining Lease shall be and the same are hereby extended for a corresponding period.

As herein amended, said Mining Lease shall be and remain in full force and effect according to its terms and provisions.

The provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this THIRTEENTH day of JANUARY, 1955.

Paul Alex

Devel Halderman

Angelo Zanett

Fred Zanett

_ Lessors _

VAUGHEY AND VAUGHEY

By _____
One of the Partners

_ Lessee _

STATE OF COLORADO)
) SS.
COUNTY OF MESA)

On the 13th day of January, 1955, personally appeared before me PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT, the signers of the above instrument, who duly acknowledged to me that they executed the same.

My commission expires:
April 21, 1956

Scott W. Heckman
Notary Public

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

On the 13th day of January, 1955, personally appeared before me W. T. BLACKBURN, one of the partners of VAUGHEY AND VAUGHEY, a copartnership, the signer of the above instrument, who duly acknowledged to me that he executed the same.

My commission expires:
March 10, 1958

Elnora [illegible]
Notary Public

Murphy
Ellis

Rewritten by

Hoffland
Murphy
Ellis
Selfridge
Johnson
Wittenberg

UNITED STATES
DEPARTMENT OF THE INTERIOR 140
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

MAY 11 1955

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

Re: Docket No. DMEA-3730 (Uranium)
Vaughey and Vaughey
Ouray Ventures Property
Emery County, Utah

Dear Mr. Traver:

Reference is made to your memorandum of April 27 to the Chairman of the Operating Committee, with respect to the lease upon which the Operator relies and the requirement of a Consent to Lien.

The lessors in the lease in question are: Paul Alex, Devel Halderman, Angelo Zanett, and Fred Zanett, mining partners doing business under the name of Ouray Ventures. Therefore, the Consent to Lien should be signed in that form: Ouray Ventures, by the four named partners.

The lease itself is signed only by one of the partners, Fred Zanett, and if only his signature can be obtained upon the Consent to Lien, it should be in this form: Ouray Ventures, by Fred Zanett, a partner, for himself and for his co-partners, Angelo Zanett, Devel Halderman, and Paul Alex.

Inasmuch as the application states that there are no liens or encumbrances upon the Operator's interest in the property, no subordination agreement (form 201) is required. However, the blank in Article 2 of the Consent-to-Lien form should be completed (as indicated in footnote 3/) by writing in the word "None."

R.C.B.

A Consent to Lien is ordinarily required in any case where the Operator relies upon a lease, regardless of whether the lease provides for royalty payments or rentals.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GLB)

APPROVED:

/s/ C. H. Johnson (GLB)
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey (GLB)

FMMurphy/JLHofflund:gjb 5/6/55

Copy to: DMEA Docket
Sol. Docket
Adm. R. File
Operating Committee
T. H. Kiilsgaard, GS
J. E. Crawford, BM
E. W. Ellis
J. L. Hofflund
Chron. File
Pending File

5/2/55 gla

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

224 New Customhouse
Denver 2, Colorado

April 27, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3730 (Uranium), Vaughey and Vaughey (Ouray Ventures property), Emery County, Utah

Reference is made to your letter of April 1, 1955 on the subject docket requesting forms MF-201 to subordinate the over-riding royalty.

Our copy of the lease together with the complete application is with the field examiners at the present time and a recommendation for approval is indicated.

The applicant is anxious to acquire the signatures on the forms MF-203 and MF-201 if necessary. The copy of the lease the applicant submitted to this office makes no mention of an over-riding royalty. This lease was dated October 16, 1954 and was recorded in Book J-78, pages 53-58 inclusive in the official records of Emery County, Utah.

Enclosed is a copy of the form MF-203, a set of which will be forwarded the applicant to obtain the owners' signatures. Will you please review your copy of the lease which was submitted with the application and advise if the attached form MF-203 is satisfactory; and if form MF-201 is required, who will sign it?

W. M. Traver

W. M. Traver

don't believe required if partners d/b/a/ Ouray Ventures are original owners

Enclosures

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

224 New Customhouse
Denver 2, Colorado

April 27, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3730 (Uranium), Vaughey and Vaughey (Ouray Ventures property), Emery County, Utah

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W. M. Traver

W. M. Traver

Enclosures

Surname
Murphy
Ellis
Hedges
Traver
Selfridge
Jeffrson

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

Mr. W. T. Blackburn, Partner
Vaughey and Vaughey
1650 Denver Club Building
Denver 2, Colorado

APR - 1 1955

Re: Docket No. DMEA-3730 (Uranium)
Ouray Ventures Property
Emery County, Utah

Dear Mr. Blackburn:

The application for assistance in exploring the subject property in Emery 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 for a field examination 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,

C. O. Mittendorf (for)

Administrator

FMMurphy:am
3-30-55
cc to: Admr. Reading File
Docket
Code 700
Mr. Murphy
DMEA Field Team, Region III(2)

R.S.B.

Surname 700
Murphy
Ellis
Selfridge
RJ Nelson

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

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

APR - 1 1955

Re: Docket No. DMEA-3730 (Uranium)
Vaughey and Vaughey
Ouray Ventures Property
Emery County, Utah

Dear Mr. Traver:

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

Enclosed are copies of memoranda from J. E. Crawford, dated March 24, and R. D. Trace, dated March 25, 1955, members of the Uranium Commodity Committee.

You will note that the Applicant has completed a number of drill holes on the subject property. We have not requested the logs of these holes because we believe the Field Team can obtain this data during their examination. Also, as Mr. Trace notes in his memorandum, an exact interpretation of the radioactivity logs can best be made by men familiar with this work in the subject region.

If the Field Team believes a project is warranted on the subject property, we suggest you advise the Applicant of our requirements in regard to the Owners' Consent to Lien forms. Also, because there is an over-riding royalty mentioned in the lease, we will require six executed copies of the Subordination Agreement (form MF-201). Not required

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GHB)

Enclosures

APPROVED:

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

/S/R. D. Trace (GHB)
Member, Geological Survey

FMMurphy:am
3-30-55
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

R.C.G

3/29/55 gla

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 28 1955

March 25, 1955

Re: DMEA-3730
Vaughey & Vaughey
Green River district
Emery County, Utah
$32,965 - Uranium

Memorandum

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

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

Subject: Review of application

The applicant proposes to drill in three stages 57 holes, averaging 300 feet in depth, to explore for uranium deposits in the Salt Wash member of the Morrison formation. The applicant has drilled 7 holes in the area, 2 of which cut radioactive material.

Because of the known radioactivity in the 2 drill holes and the fact that small(?) deposits are known to occur about a mile west of the applicant's claims, I recommend that the application be referred to the Field Team.

We have very little information in Washington on the Salt Wash deposits in the Green River district. U.S.G.S. Map MF 16 shows several small deposits just to the west. A photogeologic map, Tidwell 3, includes the applicant's claims.

A few miscellaneous thoughts follow: (1) The applicant's geologic map and the photogeologic map appear to differ somewhat in detail. (2) I suggest that the Barnaby boys in Grand Junction interpret the two radioactivity logs in the application. Also I note that one of the logs shows three zones of radioactivity. (3) The narative part of the application lists 22 holes in stage 1, 25 holes in stage 2, and 10 holes in stage 3. The applicant's map shows 31 holes.

R.D. Trace

R. D. Trace

IN REPLY REFER TO:

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

March 25, 1955

Re: DMEA-3730
Vaughey & Vaughey
Green River District
Emery County, Utah
$32,905 - Uranium

Memorandum

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

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

Subject: Review of application

The applicant proposes to drill in three stages 57 holes, averaging 500 feet in depth, to explore for uranium deposits in the Salt Wash member of the Morrison formation. The applicant has drilled 7 holes in the area, 2 of which cut radioactive material.

Because of the known radioactivity in the 7 drill holes and the fact that small(?) deposits are known to occur about a mile west of the applicant's claims, I recommend that the application be referred to the Field Team.

We have very little information in Washington on the Salt Wash deposits in the Green River district. U.S.G.S. Map MF 16 shows several small deposits just to the west. A photogeologic map, Tidwell 3, includes the applicant's claims.

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RDTrace:hlm
G-3/25/55

R. D. Trace

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

3/25/55 gla

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

Bureau of Mines Administration
RECEIVED
MAR 25 1955

March 24, 1955

Memorandum

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

From: Bureau of Mines Member
Uranium Commodity Committee

Subject: DMEA Docket 3730, Messrs. Vaughey, Vaughey and Blackburn; Hilda, Mike and Gertrude claims, Emery County, Utah

I have reviewed the application of Messrs. Vaughey, Vaughey and Blackburn, DMEA Docket 3730. Joseph O. Hosted, Washington representative of the Atomic Energy Commission, also reviewed the application and we have discussed it together.

We suggest that the applicants be requested to submit the full results of their drilling program, in order that we may better evaluate the potentialities of the claims. The two AEC logs attached offer insufficient evidence for granting assistance.

John E. Crawford
John E. Crawford

Attachments

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

March 21, 1955
Subject: DMEA 3730
Re: Exploration Assistance
Ouray Ventures, Ltd.

Vaughey and Vaughey
1650 Denver Club Building
Denver 2, Colorado

Gentlemen:

The receipt of your application dated March 8, 1955 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA 3730 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

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- 3730 Vaughey and Vaughey

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

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

224 New Customhouse
Denver 2, Colorado

March 15, 1955

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA assistance (Uranium), Vaughey & Vaughey, Partnership, Ouray Ventures, Ltd. Property, Emery County, Utah

Enclosed is the original and three copies of the subject application for Government assistance to explore for uranium at an estimated cost of $32,965.00. One copy of the application is being retained in this office.

W. M. Traver

Enclosures

W. M. Traver

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

224 New Customhouse
Denver 2, Colorado

March 15, 1955

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA assistance (Uranium), Vaughey & Vaughey, Partnership, Ouray Ventures, Ltd. Property, Emery County, Utah

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W. M. Traver

Enclosures

W. M. Traver

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DMEA
Date Rec'd
MAR 14 1955

BUREAU OF MINES
Denver, Colorado

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. 3730
Metal or Mineral Uranium, Vanadium
Date Received 3-18-55
Estimated Cost $32,965
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: VAUGHEY AND VAUGHEY
1650 DENVER CLUB BUILDING
DENVER 2, COLORADO
A COPARTNERSHIP CONSISTING OF E. A. VAUGHEY, W. M. VAUGHEY, AND W. T. BLACKBURN.

(*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.
SEE ATTACHMENT.

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 UNPATENTED MINERAL LOCATIONS: HILDA #1 - #10 INCLUSIVE; GERTRUDE #1 - #14 INCLUSIVE; MIKE #1 - #13 INCLUSIVE. SITUATED IN THE GREEN RIVER MINING DISTRICT IN SECTIONS 3, 4, 10, T. 22S., R. 14E., AND SECTION 34, T. 21S., R. 14E., S.L.M., EMERY COUNTY, UTAH.

(*b*) State any mine name by which the property is known. OURAY VENTURES, LTD. Property

(*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. 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. ATTACHED.

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 ATTACHMENT.

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

(*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. SEE ATTACHMENT.

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

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

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

(*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 ATTACHMENT.

(*c*) The work will start within 60 days and be completed within SIX 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 ATTACHMENT.

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: ATTACHED.

(*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.). ATTACHED.

(*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. ATTACHED.

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

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be. NONE

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

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

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*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? APPLICANT WILL SUPPLY ITS SHARE IN THE FORM OF MONEY.

[XX] 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 MARCH 8, 1955, 195__

VAUGHEY AND VAUGHEY
(Applicant)

By [signature]

W. T. BLACKBURN
PARTNER

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

VAUGHEY AND VAUGHEY
OIL PRODUCERS

1650 DENVER CLUB BUILDING
DENVER 2, COLORADO

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 18 1955

TO: DEFENSE MINERALS EXPLORATION ADMINISTRATION
UNITED STATES DEPARTMENT OF THE INTERIOR

FORM MF-103 ATTACHMENT
PAGE ONE
MARCH 8, 1955

1. (A) VAUGHEY AND VAUGHEY, 1650 DENVER CLUB BUILDING, DENVER 2, COLORADO.
(B) A COPARTNERSHIP
(C) DOES NOT APPLY
(D) E. A. VAUGHEY, POST OFFICE BOX 4268, JACKSON, MISSISSIPPI;
W. M. VAUGHEY, POST OFFICE BOX 4268, JACKSON, MISSISSIPPI; AND
W. T. BLACKBURN, 1650 DENVER CLUB BUILDING, DENVER, 2, COLORADO.

2.

3. (A) UNPATENTED MINERAL LOCATIONS: HILDA #1 THROUGH #10 INCLUSIVE; GERTRUDE #1 THROUGH #14 INCLUSIVE; MIKE #1 THROUGH #13 INCLUSIVE. SITUATED IN THE GREEN RIVER MINING DISTRICT IN SECTIONS 3, 4, 10, TOWNSHIP 22 SOUTH, RANGE 14 EAST, AND SECTION 34, TOWNSHIP 21 SOUTH, RANGE 14 EAST, S.L.M., EMERY COUNTY, UTAH.
(B) OURAY VENTURES, LTD.
(C) LESSEE
(D) ATTACHED
(E) NONE
(F)

LOCATION:		LOCATION NOTICE RECORDED IN BOOK AT PAGE:	
MIKE #1		J74	443
MIKE #2		J74	444
MIKE #3		J74	445
MIKE #4		J74	446
MIKE #5		J74	447
MIKE #11		J74	448
MIKE #12		J74	449
MIKE #13		J74	450
GERTRUDE #11		J74	451
GERTRUDE #12		J74	452
GERTRUDE #13		J74	453
GERTRUDE #14		J74	454
MIKE #6	AMENDED LOCATION NOTICE RECORDED:	J74	455
MIKE #7		J74	456
MIKE #8		J74	457
MIKE #9		J74	458
MIKE #10		J74	459
HILDA #1		J74	460
HILDA #2		J74	461
HILDA #3		J74	462
HILDA #4		J74	463
HILDA #5		J74	464
HILDA #6		J74	465

To: Defense Minerals Exploration Administration
United States Department of the Interior

Form MF-103 Attachment
Page Two
March 8, 1955

3. (F) (Continued)

Location:	Amended Location Notice Recorded in Book:	at Page:
Hilda #7	J74	466
Hilda #8	J74	467
Hilda #9	J74	468
Hilda #10	J74	469
Gertrude #1	J74	470
Gertrude #2	J74	471
Gertrude #3	J74	472
Gertrude #4	J74	473
Gertrude #5	J74	474
Gertrude #6	J74	475
Gertrude #7	J74	476
Gertrude #8	J74	477
Gertrude #9	J74	478
Gertrude #10	J74	479

In the office of the County Recorder of Emery County, Utah.

4. (A) There is a drilling program in progress at this time. Drill holes #1 through #7 have now been completed through the Salt Wash member of the Morrison Formation, as shown on the attached map. Drill holes #1 and #4 showed Uranium mineralization as evidenced by the attached Scintillator Logs.
(B) There has been no production of ore from the property.
(C) The property is located for the most part on the central portion of the Brushy Basin member of the Morrison Formation. Uranium and Vanadium mineralization is visible on the rim outcrops about one mile west of the property. Four minor faults cross the property, trending NW-SE. The type of deposit is bedded. We feel the property has merit due to the mineralization shown on the outcrops, the large ore bodies found 1 1/2 miles and 2 1/2 miles north of the property, the faulting crossing the property, and the iron mineralization found along some of the faults. See attached map.
(D) The property is located 17 miles SW of Green River, Utah. A three-mile access road has been constructed to the property from Utah State Highway No. 24.
(E) Manpower is available at Green River, Utah. Water must be hauled from the San Rafael River, a distance of about 3 miles. Power would be furnished from gasoline or diesel engines. Most materials, supplies, and equipment must be purchased from Moab, Utah, a distance of 67 miles; or from Price, Utah, a distance of 50 miles.

5. (A) Uranium and Vanadium
(B) The work will comprise exploration of 37 claims by a combination of non-core and core drilling. The drilling will be done from surface, and the average depth of hole will be 300'.
It is planned to drill 57 holes within the area of the claims. This will aggregate 17,100 lineal feet of drilling, to be done in the following manner.
Stage 1 will comprise the drilling of 22 holes as indicated on the attached drawing. It is planned that this drilling will establish the character of the Salt Wash member lithologically, and indicate favorable

To: Defense Minerals Exploration Administration
United States Department of the Interior

Form MF-103 Attachment
Page Three
March 8, 1955

5. (b) (Continued)
areas for the drilling of holes in Stage 2. In this stage, it is planned to drill 25 holes at intervals of about 400' to determine if significant uranium mineralization is present. Stage 3 will comprise 10 exploration holes which will delimit ore found in the previous stages. It is planned to drill these holes on about 50' centers.

(c) The work will start within 60 days, and be completed within 6 months of the effective date of an exploration contract.

(d) Vaughey and Vaughey, through its personnel, is fully qualified to satisfactorily carry out the proposed program.
Mr. Douglas V. Watrous, who will plan and supervise the work, is a graduate Mining Engineer, with broad experience in the various phases of the industry.
Mr. Ralph Conrad, who will be directly in charge of the actual drilling, and devote full time to it, is a graduate Mining Engineer who has had many years' experience in mining and exploration both here and abroad. He is directing the exploration drilling for the company at the present time.

6. (a) The exploration work will be done under contract with an experienced drilling organization.
A drilling contract with the Ray Drilling Company of Salt Lake City, Utah, is now in effect. They were low bidder among the drilling companies which bid on the work. Other companies who submitted bids were: Braithwaite and Caldwell, Leon Watley, B. H. Mott and Sons, Primary Minerals, and Minerals Engineering.
The terms of the Ray Drilling Company contract are as follows:

Depth	4 3/4 Non-Core Hole	Core Hole
0' to 100'	$1.00 per foot	$1.75 per foot
100' to 200'	1.20 per foot	2.25 per foot
200' to 300'	1.45 per foot	3.00 per foot
300' to 400'	1.70 per foot	3.75 per foot
400' to 500'	1.95 per foot	4.50 per foot

Standby time at $12.50 per hour
Plug or open hole guaranteed to remain open 12 hours.

It is planned to drill 4 holes at widely spaced intervals, which will be cored from the surface to determine the stratigraphy. Other holes will be drilled as non-core holes with a provision for coring 10 per cent of their depth in the ore-bearing horizon. All holes will be logged radiometrically, and cores showing significant amounts of mineralization will be assayed chemically.
The cost of drilling holes on a non-core, core basis as outlined above will average about $1.50 per foot for holes 300' deep. Where the lower 100' of a typical 300' hole might comprise the potentially productive Salt Wash member, the average price per foot would be about $1.75.
Taking the higher figure for estimating purposes:

17,100 at $1.75 per foot	$ 29,925.00
Bulldozer operation - 20 hours at $12.00	240.00

To: DEFENSE MINERALS EXPLORATION ADMINISTRATION
UNITED STATES DEPARTMENT OF THE INTERIOR

FORM MF-103 ATTACHMENT
PAGE FOUR
MARCH 8, 1955

6.	(B)	LABOR, SUPERVISION, CONSULTANTS:	
		SUPERVISION OF DRILLING	$ 2,000.00
		CONSULTING AND SURVEYING	400.00
	(C)	NONE	
	(D)	NONE	
	(E)	NONE	
	(F)	NONE	
	(G)	ASSAYING, CHEMICAL - 40 AT $5.00	200.00
		ACCOUNTING	100.00
		CORE BOXES, HANDLING, ETC.	100.00
	(H)	CONTINGENCIES	
		TOTAL	$ 32,965.00

7. (A) YES
(B) APPLICANT WILL SUPPLY ITS SHARE IN THE FORM OF MONEY.

DATED MARCH 8, 1955

VAUGHEY AND VAUGHEY

BY: W. T. BLACKBURN
PARTNER

MINING LEASE

THIS AGREEMENT Made and entered into in duplicate as of October 16, 1954, between PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT of Ouray, Colorado, mining partners doing business under the name of OURAY VENTURES, hereinafter called Lessors, and VAUGHEY and VAUGHEY of 312 C. A. Johnson Building, Denver, Colorado, a co-partnership composed of E. A. Vaughey, W. M. Vaughey and W. T. Blackburn, hereinafter called Lessee:

WITNESSETH:

That in consideration of the royalties to be paid by Lessee to Lessor and the covenants to be kept and performed by Lessee as hereinafter set forth, Lessor does hereby lease unto Lessee the following described mining claims situate in Section 34, T. 21 S. R 14 E and in Sections 3 and 4, T. 22 S, R. 14 E. in Green River Mining District, County of Emery, State of Utah, and known as the Hilda No. 1 to the Hilda No. 10 inclusive, the Gertrude No. 1 to the Gertrude No. 10 inclusive, and the Mike No. 6 to the Mike No. 10 inclusive, the location notices thereof being duly of record in the office of the County Recorder of said County to which records reference is hereby made for a more particular description thereof.

TO HAVE AND TO HOLD unto Lessee so long as uranium ores may be mined and sold at a profit and so long as Lessee shall keep and perform the covenants required to be kept and performed by it as hereinafter set forth unless sooner forfeited through the violation of any such covenants herein required to be performed by Lessee with the right to surrender this lease as hereinafter set forth, Lessor hereby warranting unto Lessee that it has a good possessory title to each of said mining claims except as against the United States.

IN CONSIDERATION OF SUCH LEASE Lessee covenants and agrees with Lessor as follows:

1. Within Ninety (90) days from date hereof to have all of said claims surveyed by a competent surveyor and on or before 90 days from date hereof to commence drilling operations and thereafter to drill not less than Fifty (50) test holes at such points and places on said mining claims as Lessee may determine.

2. To prosecute and carry on such drilling operations with all due and reasonable diligence except when prevented by causes entirely beyond Lessee's control as hereinafter set forth, it being understood and agreed that in the event Lessee finds commercial ores prior to drilling said minimum 50 test holes, it shall not be required to complete said minimum number of drill or test holes.

3. Lessee shall keep and maintain true and accurate records of all of its drilling or mining operations open to the inspection of Lessor or its agent at all reasonable times. Lessor or its agent shall have the right to go upon said mining claims at all reasonable times for the purpose of inspection all at the risk of such inspector.

4. In the event Lessee finds commercial ores that may be mined and sold at a profit, Lessee shall commence mining operations for the development of any such ore body so discovered and shall mine the same with due and reasonable diligence so as to take out the greatest amount of ore possible, except when prevented by casualties beyond its control as hereinafter set forth.

5. Lessee shall carry on all drilling or mining operations in strict conformity with all laws and regulations pertaining to such operations, shall carry Workmen's Compensation Insurance, and shall pay all State and Federal taxes and exactions under operations hereunder, including any production taxes, and to save and keep

harmless Lessor of and from any and all liability of every kind and character arising out of its drilling or mining operations hereunder.

6. Lessee shall post notices at or near its workings upon said premises reciting in substance that all work is being conducted and carried on by Lessee, and that Lessor will not be liable for any claims or acts of any kind or character arising out of Lessee's work hereunder.

7. Lessee shall cause to be paid Lessor by any ore buyer Twelve and one-half (12½%) percent of the net proceeds in accordance with the schedule of prices fixed by the Atomic Energy Commission, less haulage and development allowances, and Twelve and one-half (12½%) percent of any bonus or other premium paid for such ores by said commission and such ore buyer shall furnish Lessor with true copies of all settlement sheets.

MUTUAL COVENANTS

IT IS MUTUALLY AGREED BETWEEN THE PARTIES HERETO:

1. That in the event the survey of said mining claims shall disclose fractions or areas contiguous to said claims or if Lessor or Lessee shall locate any claims within Fifteen (1500) Hundred feet of the end or side line of any of the claims heretofore described, all such locations shall be considered taken and considered as being a part of the leased premises herein.

2. In the event said survey and further inspection of said leased premises shall disclose that previous drilling has been done upon any of said claims, Lessee shall have the right to forthwith terminate this lease and surrender said premises to Lessor without any further liability hereunder.

3. If the exploration and development of said claims

by Lessee does not in its sole opinion result in the disclosure of marketable ores which may be mined by Lessee at a profit, it shall give written notice to Lessor of its intention to surrender this lease and in the event of such surrender or upon its forfeiture as hereinafter provided, Lessee shall have a reasonable time thereafter to remove from said premises all mining equipment, materials, supplies, buildings and other structures placed thereon by Lessee, provided, however, that such right to surrender may only be exercised after Lessee has performed the drilling operations required of it as here ofor set forth.

4. All ores mined during the term of this lease, which in the opinion of Lessee are too low a grade for shipment or milling, or ores not amenable to treatment or processing, during the term of this lease, shall remain the property of and be subject to the control and disposition of Lessor after the expiration or termination of this lease; provided, however, that Lessee shall, within thirty days after the termination or expiration of this lease, remove said ores, and if same are sold, then the provisions of this lease, including royalty payments, shall apply thereto. Should Lessee fail to remove such ores from said claims within the time above stated, in that event the title and property right in such ore forthwith vests in the Lessor.

5. Should the United States of America or its duly authorized buyers suspend the buying of uranium, thorium, or any other fissionable material for a period of time, and there is no other market where ores can be sold at a reasonable profit, this lease shall not expire during said period of suspended buying, and shall not be subject to cancellation by the Lessor during such period. The breach or failure to perform any of the covenants or conditions hereof on the part of the Lessee, shall not be a ground for cancellation or

termination or forfeiture hereof, if such breach or failure to perform is caused, or compliance is prevented by, severe winter weather, explosion, unusual mining casualty, fire, flood, civil or military authority, insurrection, riots, strikes, acts of God, or any other circumstance or condition beyond the control of Lessee, whether or not the same as herein enumerated, while any such conditions shall continue to exist, and the time covered by the pendency of any of the above contingencies shall not be counted against Lessee as affecting the term of this lease.

6. Upon violation by Lessee of any of the covenants herein to be kept and performed by it, this lease may be terminated by Lessor by giving Lessee notice in writing by registered mail at its above address of such failure to perform and setting out therein the substantial facts as to any such default or breach and upon failure or refusal by Lessee to cure and correct such default within Thirty (30) days from the receipt of such notice, Lessee shall surrender and deliver up the possession of said claims, and its rights under this lease shall thereupon cease and determine.

IT IS FINALLY AGREED that all of the covenants and agreements herein shall attend to and be binding upon the heirs, personal representatives and lawful assigns of the parties hereto.

WITNESS Their names.

OURAY VENTURES

By Fred S. Faust
Thereunto duly authorized
LESSOR

VAUGHEY and VAUGHEY

By A. V. Vaughey
Thereunto duly authorized
LESSEE

STATE OF COLORADO)
) ss.
COUNTY OF M E S A)

On the 18th day of October, 1954, personally appeared

FRED ZANETT a signer of the above instrument, who duly acknowledged to me that he executed the same upon the part of himself and for said Angelo Zanett, Devel Halderman, and Paul Alex.

My commission expires
July 9, 1958

Wm. M. Ela
Notary Public

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Rec'd
MAR 14 1955
BUREAU OF MINES
Denver, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 18

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. 3730
Metal or Mineral Uranium, Vanadium
Date Received 3-18-55
Estimated Cost $32,965
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: VAUGHEY AND VAUGHEY
1650 DENVER CLUB BUILDING
DENVER 2, COLORADO
A COPARTNERSHIP CONSISTING OF E. A. VAUGHEY, W. M. VAUGHEY, AND W. T. BLACKBURN.

(*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.
SEE ATTACHMENT.

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 UNPATENTED MINERAL LOCATIONS: HILDA #1 - #10 INCLUSIVE; GERTRUDE #1 - #14 INCLUSIVE; MIKE #1 - #13 INCLUSIVE. SITUATED IN THE GREEN RIVER MINING DISTRICT IN SECTIONS 3,4,10, T.22S, R.14E, AND SECTION 34, T.21S, R.14E, S.L.M., EMERY COUNTY, UTAH.

(*b*) State any mine name by which the property is known. OURAY VENTURES, LTD.

(*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. 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. ATTACHED.

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 ATTACHMENT.

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

(*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. SEE ATTACHMENT.

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

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

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

(*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 ATTACHMENT.

(*c*) The work will start within 60 days and be completed within SIX 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 ATTACHMENT.

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: ATTACHED.

(*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.). ATTACHED.

(*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. ATTACHED.

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

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be. NONE

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

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

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*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?

APPLICANT WILL SUPPLY ITS SHARE IN THE FORM OF MONEY.

[XX] 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 MARCH 8, 1955, 195__

VAUGHEY AND VAUGHEY
(Applicant)

By W. T. BLACKBURN
PARTNER

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

To: Defense Minerals Exploration Administration
United States Department of the Interior

Form MF-103 Attachment
Page One
March 8, 1955

1. (a) VAUGHEY AND VAUGHEY, 1650 Denver Club Building, Denver 2, Colorado.
(b) A copartnership
(c) Does not apply
(d) E. A. Vaughey, Post Office Box 4268, Jackson, Mississippi;
W. M. Vaughey, Post Office Box 4268, Jackson, Mississippi; and
W. T. Blackburn, 1650 Denver Club Building, Denver, 2, Colorado.

2.

3. (a) Unpatented mineral locations: Hilda #1 through #10 inclusive; Gertrude #1 through #14 inclusive; Mike #1 through #13 inclusive. Situated in the Green River Mining District in Sections 3, 4, 10, Township 22 South, Range 14 East, and Section 34, Township 21 South, Range 14 East, S.L.M., Emery County, Utah.
(b) Ouray Ventures, Ltd.
(c) Lessee
(d) Attached
(e) None
(f)

Location:	Location Notice Recorded in Book at Page:		
Mike #1		J74	443
Mike #2		J74	444
Mike #3		J74	445
Mike #4		J74	446
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To: Defense Minerals Exploration Administration
United States Department of the Interior

Form MF-103 Attachment
Page Two
March 8, 1955

3. (F) (Continued)

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Gertrude #7	J74	476
Gertrude #8	J74	477
Gertrude #9	J74	478
Gertrude #10	J74	479

In the office of the County Recorder of Emery County, Utah.

4. (A) There is a drilling program in progress at this time. Drill holes #1 through #7 have now been completed through the Salt Wash member of the Morrison Formation, as shown on the attached map. Drill holes #1 and #4 showed Uranium mineralization as evidenced by the attached Scintillator Logs.

(B) There has been no production of ore from the property.

(C) The property is located for the most part on the central portion of the Brushy Basin member of the Morrison Formation. Uranium and Vanadium mineralization is visible on the rim outcrops about one mile west of the property. Four minor faults cross the property, trending NW-SE. The type of deposit is bedded. We feel the property has merit due to the mineralization shown on the outcrops, the large ore bodies found 1 1/2 miles and 2 1/2 miles north of the property, the faulting crossing the property, and the iron mineralization found along some of the faults. See attached map.

(D) The property is located 17 miles SW of Green River, Utah. A three-mile access road has been constructed to the property from Utah State Highway No. 24.

(E) Manpower is available at Green River, Utah. Water must be hauled from the San Rafael River, a distance of about 3 miles. Power would be furnished from gasoline or diesel engines. Most materials, supplies, and equipment must be purchased from Moab, Utah, a distance of 67 miles; or from Price, Utah, a distance of 50 miles.

5. (A) Uranium and Vanadium

(B) The work will comprise exploration of 37 claims by a combination of non-core and core drilling. The drilling will be done from surface, and the average depth of hole will be 300'.

It is planned to drill 57 holes within the area of the claims. This will aggregate 17,100 lineal feet of drilling, to be done in the following manner.

Stage 1 will comprise the drilling of 22 holes as indicated on the attached drawing. It is planned that this drilling will establish the character of the Salt Wash member lithologically, and indicate favorable

To: Defense Minerals Exploration Administration
United States Department of the Interior

Form MF-103 Attachment
Page Three
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5. (b) (Continued)
areas for the drilling of holes in Stage 2. In this stage, it is planned to drill 25 holes at intervals of about 400' to determine if significant uranium mineralization is present. Stage 3 will comprise 10 exploration holes which will delimit ore found in the previous stages. It is planned to drill these holes on about 50' centers.

(c) The work will start within 60 days, and be completed within 6 months of the effective date of an exploration contract.

(d) Vaughey and Vaughey, through its personnel, is fully qualified to satisfactorily carry out the proposed program.
Mr. Douglas V. Watrous, who will plan and supervise the work, is a graduate Mining Engineer, with broad experience in the various phases of the industry. Mr. Ralph Conrad, who will be directly in charge of the actual drilling, and devote full time to it, is a graduate Mining Engineer who has had many years' experience in mining and exploration both here and abroad. He is directing the exploration drilling for the company at the present time.

6. (a) The exploration work will be done under contract with an experienced drilling organization.
A drilling contract with the Ray Drilling Company of Salt Lake City, Utah, is now in effect. They were low bidder among the drilling companies which bid on the work. Other companies who submitted bids were: Braithwaite and Caldwell, Leon Watley, B. H. Mott and Sons, Primary Minerals, and Minerals Engineering.
The terms of the Ray Drilling Company contract are as follows:

Depth	4 3/4 Non-Core Hole	Core Hole
0' to 100'	$1.00 per foot	$1.75 per foot
100' to 200'	1.20 per foot	2.25 per foot
200' to 300'	1.45 per foot	3.00 per foot
300' to 400'	1.70 per foot	3.75 per foot
400' to 500'	1.95 per foot	4.50 per foot

Standby time at $12.50 per hour
Plug or open hole guaranteed to remain open 12 hours.

It is planned to drill 4 holes at widely spaced intervals, which will be cored from the surface to determine the stratigraphy. Other holes will be drilled as non-core holes with a provision for coring 10 per cent of their depth in the ore-bearing horizon. All holes will be logged radiometrically, and cores showing significant amounts of mineralization will be assayed chemically.
The cost of drilling holes on a non-core, core basis as outlined above will average about $1.50 per foot for holes 300' deep. Where the lower 100' of a typical 300' hole might comprise the potentially productive Salt Wash member, the average price per foot would be about $1.75.
Taking the higher figure for estimating purposes:

17,100 at $1.75 per foot	$ 29,925.00
Bulldozer operation - 20 hours at $12.00	240.00

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United States Department of the Interior

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6.	(b) Labor, Supervision, Consultants:	
	Supervision of Drilling	$ 2,000.00
	Consulting and Surveying	400.00
	(c) None	
	(d) None	
	(e) None	
	(f) None	
	(g) Assaying, Chemical - 40 at $5.00	200.00
	Accounting	100.00
	Core boxes, handling, etc.	100.00
	(h) Contingencies	
	Total	$ 32,965.00

7. (a) Yes
(b) Applicant will supply its share in the form of money.

Dated March 8, 1955

Vaughey and Vaughey

By: W. T. Blackburn
Partner

MINING LEASE

THIS AGREEMENT Made and entered into in duplicate as of October 16, 1954, between PAUL ALEX, DEVEL HALDERMAN, ANGELO ZANETT and FRED ZANETT of Ouray, Colorado, mining partners doing business under the name of OURAY VENTURES, hereinafter called Lessors, and VAUGHEY and VAUGHEY of 312 C. A. Johnson Building, Denver, Colorado, a co-partnership composed of E. A. Vaughey, W. M. Vaughey and W. T. Blackburn, hereinafter called Lessee;

WITNESSETH:

That in consideration of the royalties to be paid by Lessee to Lessor and the covenants to be kept and performed by Lessee as hereinafter set forth, Lessor does hereby lease unto Lessee the following described mining claims situate in Section 34, T. 21 S. R 14 E and in Sections 3 and 4, T. 22 S, R. 14 E. in Green River Mining District, County of Emery, State of Utah, and known as the Hilda No. 1 to the Hilda No. 10 inclusive, the Gertrude No. 1 to the Gertrude No. 10 inclusive, and the Mike No. 6 to the Mike No. 10 inclusive, the location notices thereof being duly of record in the office of the County Recorder of said County to which records reference is hereby made for a more particular description thereof.

TO HAVE AND TO HOLD unto Lessee so long as uranium ores may be mined and sold at a profit and so long as Lessee shall keep and perform the covenants required to be kept and performed by it as hereinafter set forth unless sooner forfeited through the violation of any such covenants herein required to be performed by Lessee with the right to surrender this lease as hereinafter set forth, Lessor hereby warranting unto Lessee that it has a good possessory title to each of said mining claims except as against the United States.

IN CONSIDERATION OF SUCH LEASE Lessee covenants and agrees with Lessor as follows:

1. Within Ninety (90) days from date hereof to have all of said claims surveyed by a competent surveyor and on or before 90 days from date hereof to commence drilling operations and thereafter to drill not less than Fifty (50) test holes at such points and places on said mining claims as Lessee may determine.

2. To prosecute and carry on such drilling operations with all due and reasonable diligence except when prevented by causes entirely beyond Lessee's control as hereinafter set forth, it being understood and agreed that in the event Lessee finds commercial ores prior to drilling said minimum 50 test holes, it shall not be required to complete said minimum number of drill or test holes.

3. Lessee shall keep and maintain true and accurate records of all of its drilling or mining operations open to the inspection of Lessor or its agent at all reasonable times. Lessor or its agent shall have the right to go upon said mining claims at all reasonable times for the purpose of inspection all at the risk of such inspector.

4. In the event Lessee finds commercial ores that may be mined and sold at a profit, Lessee shall commence mining operations for the development of any such ore body so discovered and shall mine the same with due and reasonable diligence so as to take out the greatest amount of ore possible, except when prevented by casualties beyond its control as hereinafter set forth.

5. Lessee shall carry on all drilling or mining operations in strict conformity with all laws and regulations pertaining to such operations, shall carry Workmen's Compensation Insurance, and shall pay all State and Federal taxes and exactions under operations hereunder, including any production taxes, and to save and keep

harmless Lessor of and from any and all liability of every kind and character arising out of its drilling or mining operations hereunder.

6. Lessee shall post notices at or near its workings upon said premises reciting in substance that all work is being conducted and carried on by Lessee, and that Lessor will not be liable for any claims or acts of any kind or character arising out of Lessee's work hereunder.

7. Lessee shall cause to be paid Lessor by any ore buyer Twelve and one-half (12½%) percent of the net proceeds in accordance with the schedule of prices fixed by the Atomic Energy Commission, less haulage and development allowances, and Twelve and one-half (12½%) percent of any bonus or other premium paid for such ores by said commission and such ore buyer shall furnish Lessor with true copies of all settlement sheets.

MUTUAL COVENANTS

IT IS MUTUALLY AGREED BETWEEN THE PARTIES HERETO:

1. That in the event the survey of said mining claims shall disclose fractions or areas contiguous to said claims or if Lessor or Lessee shall locate any claims within Fifteen (1500) Hundred feet of the end or side line of any of the claims heretofore described, all such locations shall be considered taken and considered as being a part of the leased premises herein.

2. In the event said survey and further inspection of said leased premises shall disclose that previous drilling has been done upon any of said claims, Lessee shall have the right to forthwith terminate this lease and surrender said premises to Lessor without any further liability hereunder.

3. If the exploration and development of said claims

by Lessee does not in its sole opinion result in the disclosure of marketable ores which may be mined by Lessee at a profit, it shall give written notice to Lessor of its intention to surrender this lease and in the event of such surrender or upon its forfeiture as hereinafter provided, Lessee shall have a reasonable time thereafter to remove from said premises all mining equipment, materials, supplies, buildings and other structures placed thereon by Lessee, provided, however, that such right to surrender may only be exercised after Lessee has performed the drilling operations required of it as hereofor set forth.

4. All ores mined during the term of this lease, which in the opinion of Lessee are too low a grade for shipment or milling, or ores not amenable to treatment or processing, during the term of this lease, shall remain the property of and be subject to the control and disposition of Lessor after the expiration or termination of this lease; provided, however, that Lessee shall, within thirty days after the termination or expiration of this lease, remove said ores, and if same are sold, then the provisions of this lease, including royalty payments, shall apply thereto. Should Lessee fail to remove such ores from said claims within the time above stated, in that event the title and property right in such ore forthwith vests in the Lessor.

5. Should the United States of America or its duly authorized buyers suspend the buying of uranium, thorium, or any other fissionable material for a period of time, and there is no other market where ores can be sold at a reasonable profit, this lease shall not expire during said period of suspended buying, and shall not be subject to cancellation by the Lessor during such period. The breach or failure to perform any of the covenants or conditions hereof on the part of the Lessee, shall not be a ground for cancellation or

termination or forfeiture hereof, if such breach or failure to perform is caused, or compliance is prevented by, severe winter weather, explosion, unusual mining casualty, fire, flood, civil or military authority, insurrection, riots, strikes, acts of God, or any other circumstance or condition beyond the control of Lessee, whether or not the same as herein enumerated, while any such conditions shall continue to exist, and the time covered by the pendency of any of the above contingencies shall not be counted against Lessee as affecting the term of this lease.

6. Upon violation by Lessee of any of the covenants herein to be kept and performed by it, this lease may be terminated by Lessor by giving Lessee notice in writing by registered mail at its above address of such failure to perform and setting out therein the substantial facts as to any such default or breach and upon failure or refusal by Lessee to cure and correct such default within Thirty (30) days from the receipt of such notice, Lessee shall surrender and deliver up the possession of said claims, and its rights under this lease shall thereupon cease and determine.

IT IS FINALLY AGREED that all of the covenants and agreements herein shall attend to and be binding upon the heirs, personal representatives and lawful assigns of the parties hereto.

WITNESS Their names.

OURAY VENTURES

By Fred G. Kauffman
Thereunto duly authorized
LESSOR

VAUGHEY and VAUGHEY

By A. V. Vaughey
Thereunto duly authorized
LESSEE

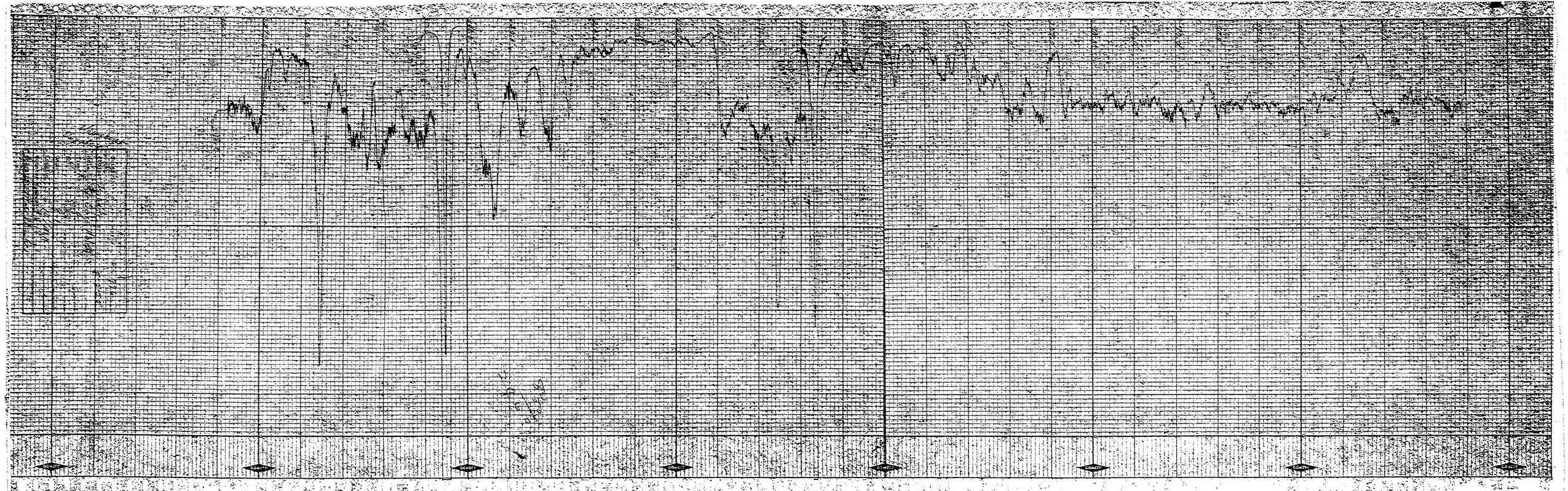
STATE OF COLORADO)
) ss.
COUNTY OF M E S A)

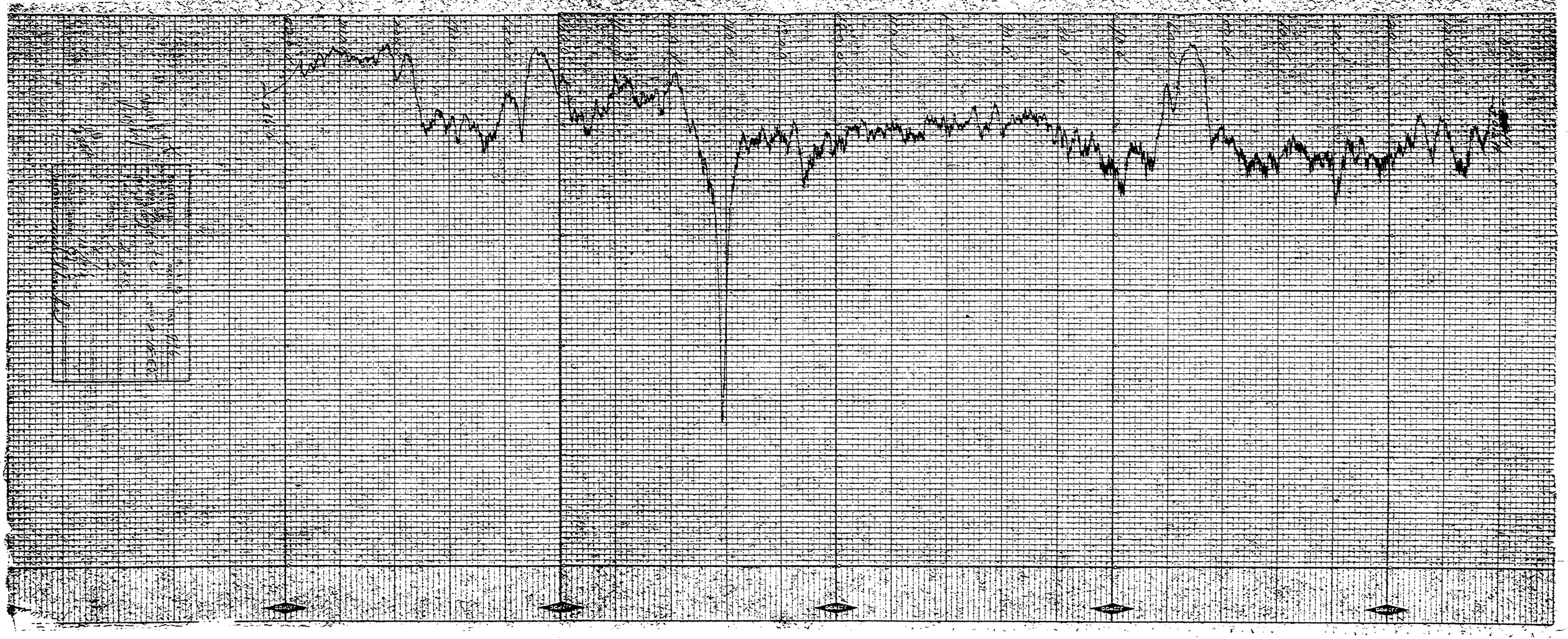
On the 18th day of October, 1954, personally appeared

FRED ZANETT a signer of the above instrument, who duly acknowledged to me that he executed the same upon the part of himself and for said Angelo Zanett, Devel Halderman, and Paul Alex.

My commission expires
July 9, 1958

Wm. M. Ela
Notary Public





PAGE ___ OF ___

ORE ___ HOLE NO. 10 FAV. ___

MIN ___ UNFAV. ✓

BARREN ✓

CONTRACT Idm E868

LOCALITY Four Corners CLAIM Gertrude II

COLLAR ELEV 4373.1 DEPTH 380'

DATE STARTED 11-13-55

DATE COMPLETED 11-19-55

LOGGED BY R.N.P. DATE 11-14-55

DEPTH	GEOLOGIC COL.	COLOR	BEDDING	TEXTURE	CHEM. ASSAY	CARBON	ORE MINERALS	MISCEL.	DEPTH
0									0
50									50
100									100
150									150
200									200
								SS.	
250								weak ANOMALY	250
								SS.	
300									300
								Cored 350'-380'	
350								SS.	350
	SALT WASH					CARBON		White SS.	90
						CARBON			90
								Red+GREEN Mud	90
								White SS	90
								Red+GREEN Mud.	90
								Bottomed 380'	
400									400

CORE RECOV. 7%

PAGE ___ OF ___

ORE ___ HOLE NO. 1 FAV. ___

MIN ___ UNFAV ✓

BARREN ✓

CONTRACT Idm - E868

LOCALITY Four Corners CLAIM Mike II

COLLAR ELEV 4453.0 DEPTH 370'

DATE STARTED 11-10-55

DATE COMPLETED 11-12-55

LOGGED BY P.N.R. DATE 11-12-55

DEPTH	GEOLOGIC COL.	COLOR	BEDDING	TEXTURE	CHEM. ASSAY	CARBON	ORE MINERALS	MISCEL.	DEPTH
0									0
50									50
100									100
150									150
200									200
250									250
300									300
350	SALT WASH								350
400									400

Work Anomaly

white S S

cored 350'-370'

+95

+95

coarse white SS.

+95

Red mud.

+95

Bottomed 370'

Core Recov. 70

PAGE ___ OF ___

ORE ___ HOLE NO. 9 FAV. ✓

MIN ✓ UNFAV. ___

BARREN ___

CONTRACT Idm E868

LOCALITY Four Corners CLAIM Gertrude 4

COLLAR ELEV 4317.8 DEPTH 300'

DATE STARTED 11-1-55

DATE COMPLETED 11-8-55

LOGGED BY R.M.P. DATE 11-8-55

DEPTH	GEOLOGIC COL.	COLOR	BEDDING	TEXTURE	CHEM. ASSAY	CARBON	ORE MINERALS	MISCEL.	DEPTH
0									0
50									50
100									100
								SS.	
150									150
200								SS.	200
250							ANOMALY 281.6'-285.6'		250
								CORED 272'-300'	CORE RECOV. 87%
								FINE IMPURE GREEN SS. - SOME GREEN MUD LENSES	+95 +95 +95 +95
	SALT WASH							RED IMPURE SS - SOME RED MUD.	+95
								white SS.	+95
300								Bottomed 300'	300

PAGE ___ OF ___

ORE ___ HOLE NO. 7 FAV. ___

MIN ___ UNFAV. ✓

BARREN ✓

CONTRACT Idm E868

LOCALITY Four Corners CLAIM Gertrude 8

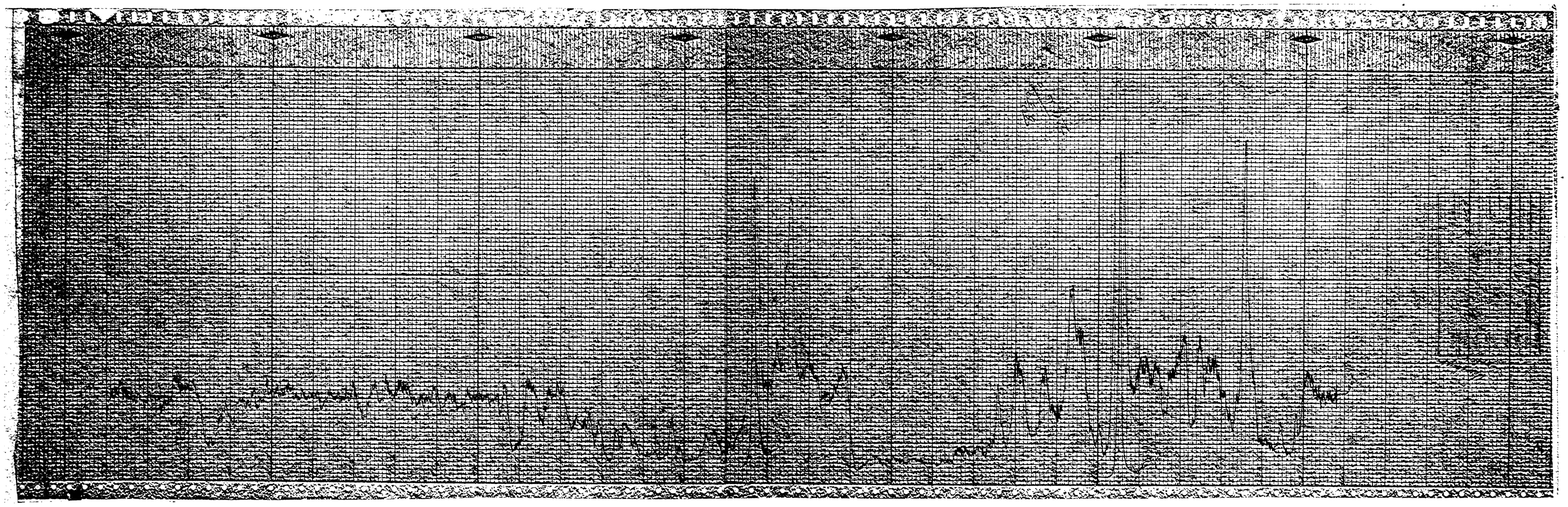
COLLAR ELEV 4306.6 DEPTH 295'

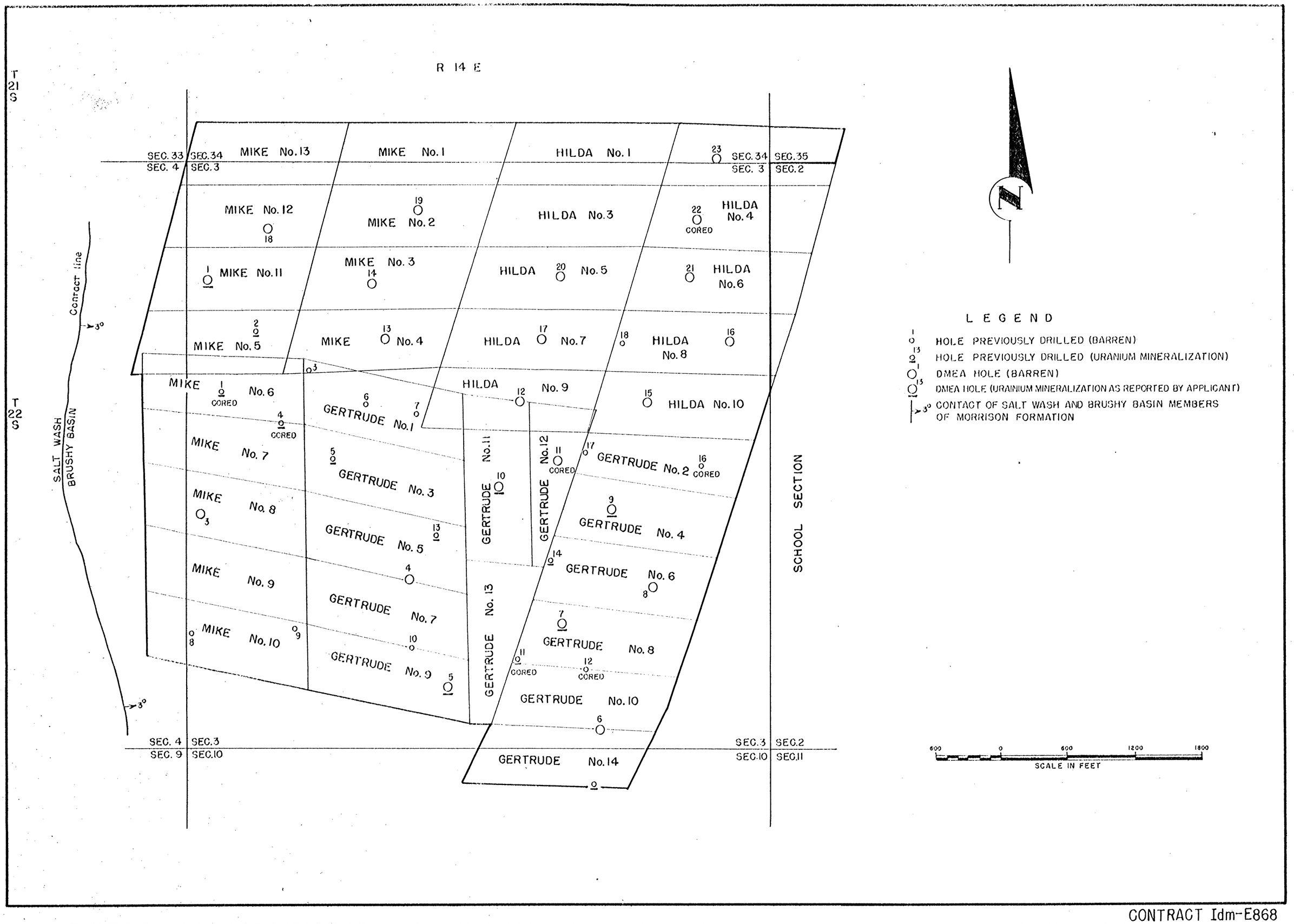
DATE STARTED 11-8-55

DATE COMPLETED 11-11-55

LOGGED BY P.N.P. DATE 11-11-55

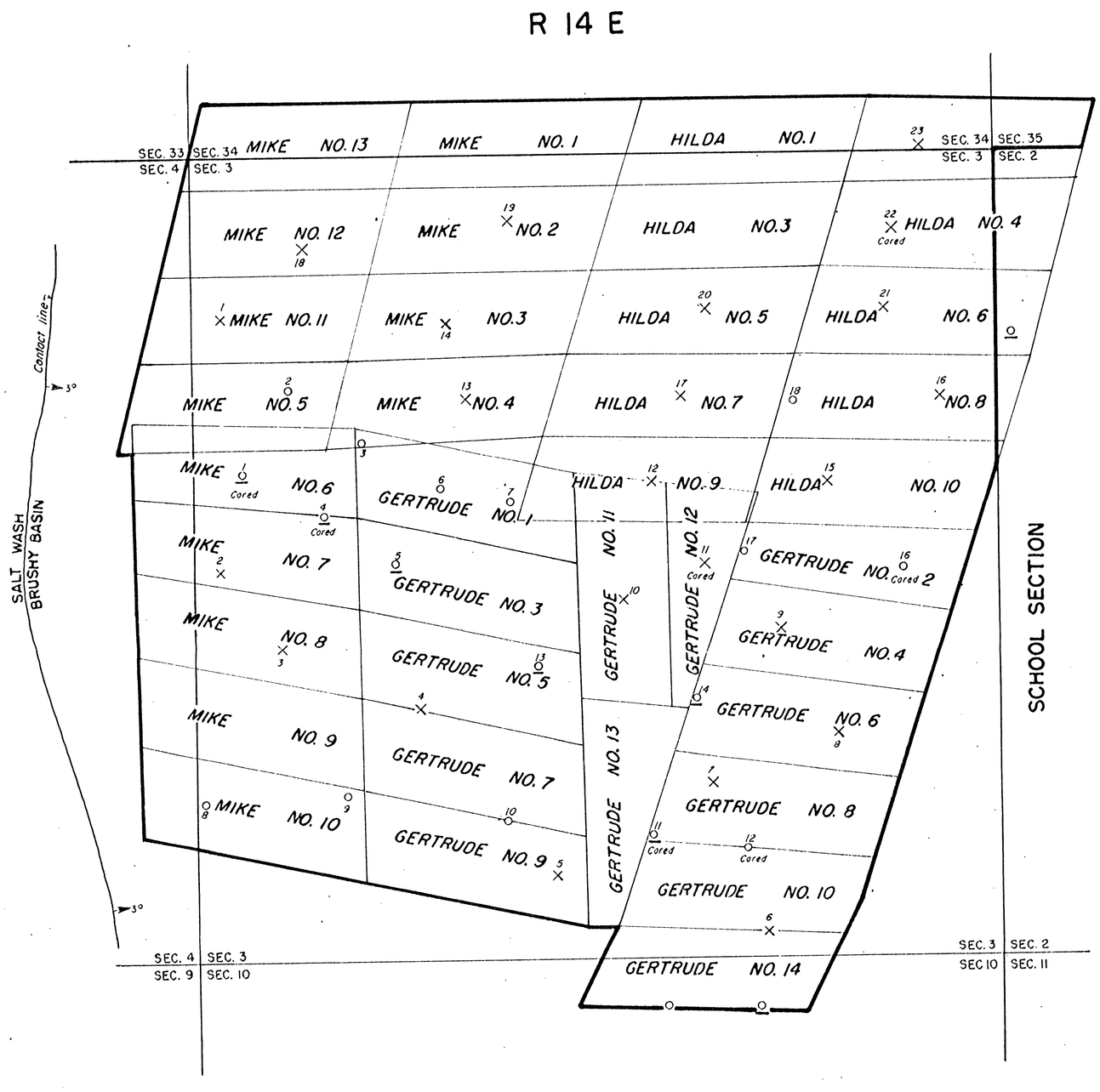
DEPTH	GEOLOGIC COL.	COLOR	BEDDING	TEXTURE	CHEM. ASSAY	CARBON	ORE MINERALS	MISCEL.	DEPTH
0									0
50								SS.	50
100									100
150									150
200								SS.	200
								weak anomaly	
250								weak anomaly	250
								cored 265'-295'	Core recov.
					weak anomaly				
									295
									295
	SALT WASH							coarse white SS.	295
									295
									295
								Red + green mud.	295
300								Bottomed 295'	300
350									350
400									400
450									450





CONTRACT Idm-E868

FIGURE 2 - CLAIM MAP SHOWING DRILL HOLES, VAUGHEY AND VAUGHEY, OURAY VENTURES PROPERTY, EMERY COUNTY, UTAH. DMEA 3730,



LEGEND

- HOLE ALREADY DRILLED, (BARREN)
- HOLE ALREADY DRILLED, (URANIUM MINERALIZATION)
- PROPOSED DRILL HOLE. (AVE. DEPTH OF HOLE = 300', NON-CORED DRILLING: EXCEPT 10% OF EACH HOLE TO BE CORE-DRILLED THRU THE FAVORABLE HORIZON OF SALT WASH MEMBER; AND EXCEPT WHERE INDICATED.
- CONTACT OF SALT WASH AND BRUSHY BASIN MEMBERS OF MORRISON FORMATION.

NOTE

DATA TAKEN FROM APPLICANT'S MAP.

0 600 1200 1800 2400
SCALE OF FEET

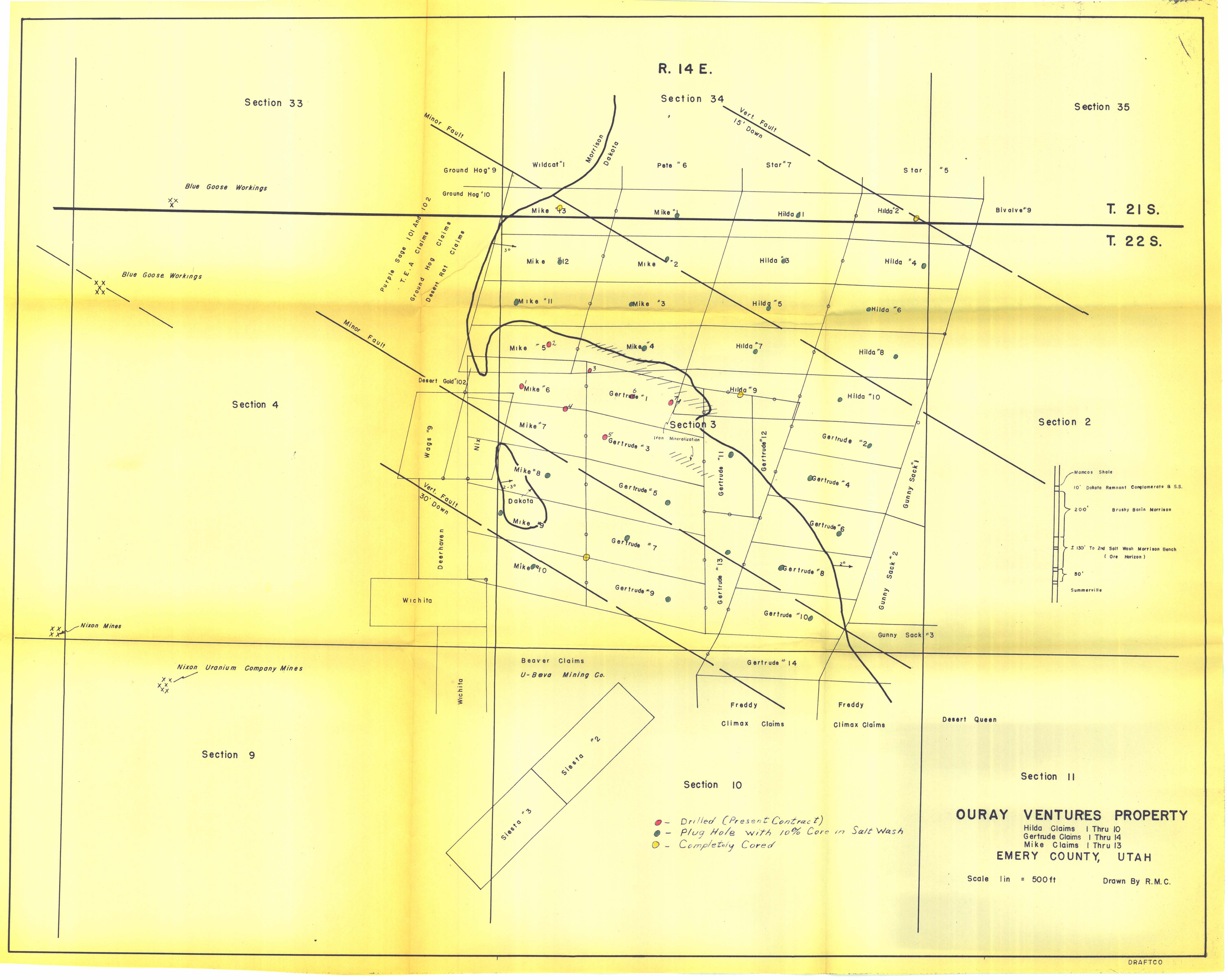
U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

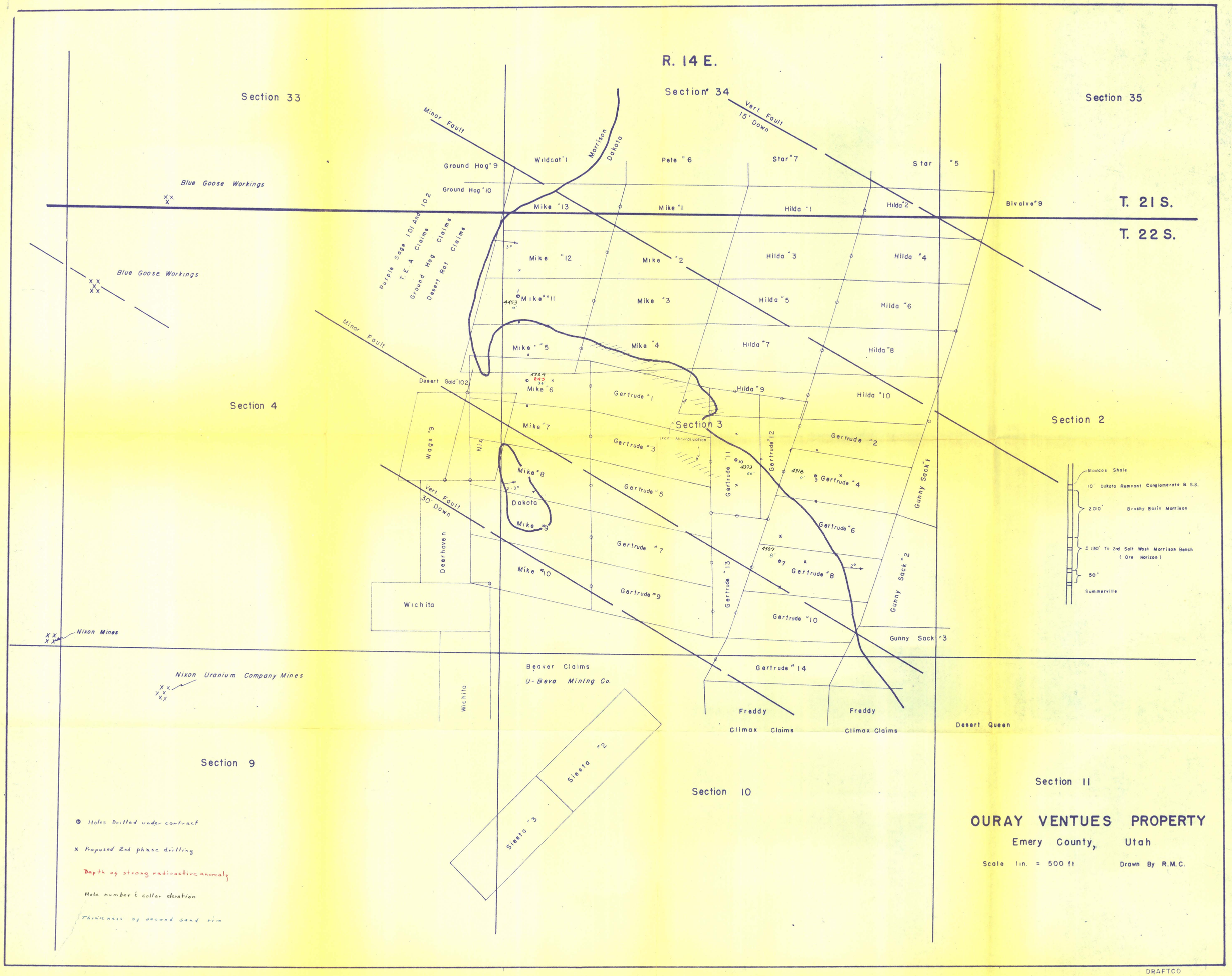
Fig. 2 DMEA Docket No. 3730

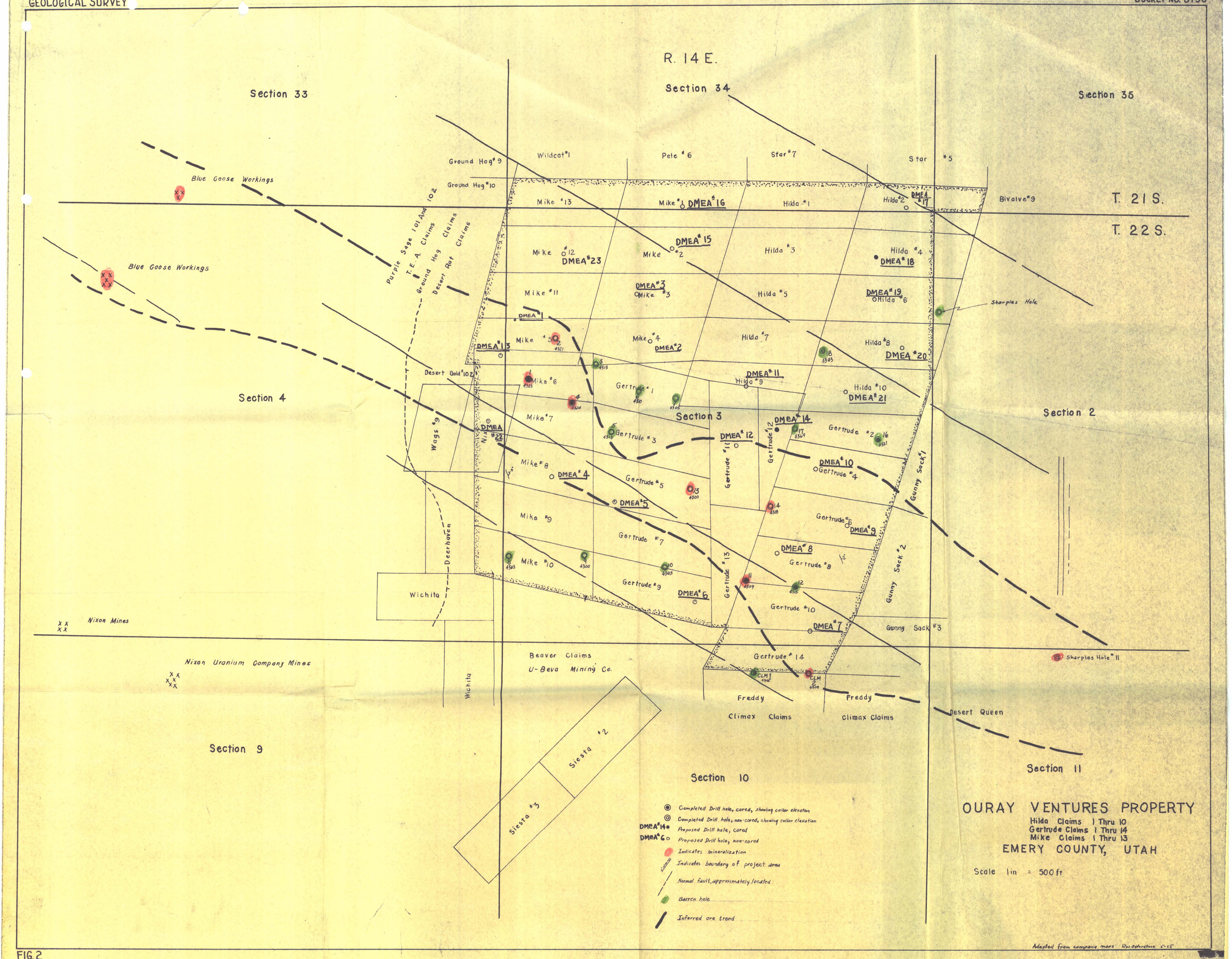
Claim Map showing Proposed Drill Holes

VAUGHEY & VAUGHEY PROPERTY
(OURAY VENTURES PROPERTY)
EMERY COUNTY, UTAH

ENGINEER: *M. H. Howes*	DATE: JUNE 22, 1955
TRACED: JUNE, 1955, BY: A. P. T. S.	1900 - 337 - D
CHECKED:	


R. 14 E.
T. 21 S.
T. 22 S.
Section 33
Section 34
Section 35
Section 4
Section 3
Section 2
Section 9
Section 10
Section 11
Minor Fault
Vert. Fault 15' Down
Vert. Fault 30' Down
Morrison
Dakota
Iron Mineralization
Blue Goose Workings
Nixon Mines
Nixon Uranium Company Mines
Purple Sage 101 And 102
T.E.A. Claims
Ground Hog Claims
Desert Rat Claims
Ground Hog #9
Ground Hog #10
Wildcat #1
Pete #6
Star #7
Star #5
Bivalve #9
Mike #13
Mike #1
Hilda #1
Hilda #2
Mike #12
Mike #2
Hilda #3
Hilda #4
Mike #11
Mike #3
Hilda #5
Hilda #6
Mike #5
Mike #4
Hilda #7
Hilda #8
Desert Gold #102
Mike #6
Gertrude #1
Hilda #9
Hilda #10
Mike #7
Gertrude #3
Gertrude #2
Wags #9
Nix
Mike #8
Gertrude #5
Gertrude #11
Gertrude #12
Gertrude #4
Gertrude #6
Mike #9
Gertrude #7
Gertrude #13
Gertrude #8
Mike #10
Gertrude #9
Gertrude #10
Deerhaven
Wichita
Gunny Sack #1
Gunny Sack #2
Gunny Sack #3
Gertrude #14
Beaver Claims
U-Beva Mining Co.
Freddy
Climax Claims
Freddy
Climax Claims
Desert Queen
Siesta #2
Siesta #3
Mancos Shale
10' Dakota Remnant Conglomerate & S.S.
200' Brushy Basin Morrison
± 130' To 2nd Salt Wash Morrison Bench (Ore Horizon)
50' Summerville
- Drilled (Present Contract)
- Plug Hole with 10% Core in Salt Wash
- Completely Cored
OURAY VENTURES PROPERTY
Hilda Claims 1 Thru 10
Gertrude Claims 1 Thru 14
Mike Claims 1 Thru 13
EMERY COUNTY, UTAH
Scale 1in = 500ft
Drawn By R.M.C.
DRAFTCO


R. 14 E.
Section 33
Section 34
Section 35
Section 4
Section 3
Section 2
Section 9
Section 10
Section 11
T. 21 S.
T. 22 S.
Minor Fault
Vert Fault 15' Down
Vert Fault 30' Down
Morrison
Dakota
Blue Goose Workings
Purple Sage 101 And 102
T. E. A. Claims
Ground Hog Claims
Desert Rat Claims
Ground Hog "9
Ground Hog "10
Wildcat "1
Pete "6
Star "7
Star "5
Bivalve "9
Mike "13
Mike "1
Hilda "1
Hilda "2
Mike "12
Mike "2
Hilda "3
Hilda "4
Mike "11
Mike "3
Hilda "5
Hilda "6
Mike "5
Mike "4
Hilda "7
Hilda "8
Desert Gold "102
Mike "6
Gertrude "1
Hilda "9
Hilda "10
Mike "7
Gertrude "3
Gertrude "2
Wags "9
Nix
Mike "8
Dakota
Mike "3
Gertrude "5
Gertrude "11
Gertrude "12
Gertrude "4
Gertrude "6
Gertrude "7
Gertrude "8
Gertrude "13
Gunny Sack "1
Gunny Sack "2
Gunny Sack "3
Deerhaven
Mike "10
Gertrude "9
Gertrude "10
Wichita
Nixon Mines
Nixon Uranium Company Mines
Beaver Claims
U-Beva Mining Co.
Gertrude "14
Freddy
Climax Claims
Freddy
Climax Claims
Desert Queen
Siesta "2
Siesta "3
Iron Mineralization
Mancos Shale
10' Dakota Remnant Conglomerate & S.S.
210' Brushy Basin Morrison
± 130' To 2nd Salt Wash Morrison Bench (Ore Horizon)
50'
Summerville
Holes Drilled under contract
Proposed 2nd phase drilling
Depth of strong radioactive anomaly
Hole number & collar elevation
Thickness of second sand rim
OURAY VENTUES PROPERTY
Emery County, Utah
Scale 1in. = 500 ft
Drawn By R.M.C.
DRAFTCO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Blue Goose Workings
Blue Goose Workings
Nixon Mines
Nixon Uranium Company Mines
Purple Sage 1 al And 102
T.E.A. Claims
Ground Hog Claims
Desert Rat Claims
Ground Hog #9
Ground Hog #10
Wildcat #1
Pete #6
Star #7
Star #5
Bivalve #9
Mike #13
Mike #1
DMEA #16
Hilda #1
Hilda #2
DMEA #17
Mike #12
DMEA #23
Mike #2
DMEA #15
Hilda #3
Hilda #4
DMEA #18
Mike #11
DMEA #3
Mike #3
Hilda #5
DMEA #19
Hilda #6
Sharples Hole
DMEA #1
Mike #5
DMEA #13
Mike #4
DMEA #2
Hilda #7
Hilda #8
DMEA #20
Desert Gold #102
Mike #6
Gertrude #1
DMEA #11
Hilda #9
Hilda #10
DMEA #21
Wags #9
DMEA #22
Mike #7
Gertrude #3
DMEA #12
DMEA #14
Gertrude #2
Mike #8
DMEA #4
Gertrude #5
DMEA #10
Gertrude #4
Gertrude #11
Gertrude #12
Gunny Sack #1
DMEA #5
Mike #9
Gertrude #6
DMEA #9
Gertrude #7
DMEA #8
Gertrude #8
Gunny Sack #2
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Gertrude #9
Gertrude #13
DMEA #6
Wichita
Gertrude #10
DMEA #7
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U-Beva Mining Co.
Gertrude #14
Sharples Hole #11
Wichita
Freddy
Climax Claims
Freddy
Climax Claims
Desert Queen
Siesta #2
Siesta #3
Completed Drill hole, cored, showing collar elevation
Completed Drill hole, non-cored, showing collar elevation
DMEA #14
Proposed Drill hole, cored
DMEA #6
Proposed Drill hole, non-cored
Indicates mineralization
Indicates boundary of project area
Normal fault, approximately located
Barren hole
Inferred ore trend
OURAY VENTURES PROPERTY
Hilda Claims 1 Thru 10
Gertrude Claims 1 Thru 14
Mike Claims 1 Thru 13
EMERY COUNTY, UTAH
Scale 1 in = 500 ft
Adapted from company maps Rev. Osterstock 5-55

FIG. 2