700

FILE COPY

Surname:

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

JUN 27 1956

Mr. Victor J. Nelson, President
American Energy Corporation
1560 Victory Boulevard
Glendale 1, California

Re: Docket No. DMEA-4113 (Uranium)
Rain Shower, et. al., Claims
San Juan County, Utah

Dear Mr. Nelson:

Reference is made to your application for Government aid in an exploration project on the above-named claims.

Projects 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.

Careful study of all our information, although noting some uranium mineralization on your property, indicates to us that the probability of disclosing significant ore reserves is not sufficiently promising to justify Government participation in an exploration program. We regret to advise you that, under these circumstances, your application for exploration assistance is denied.

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

Sincerely yours,

S. G. Mittendorf

Administrator

FMMurphy/izm 6-18-56
cc to: Docket
Code 700
Mr. Murphy
Admr.'s Reading File
Operating Committee
DMEA Field Team, Region III (2)
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

Docket
Surname copy

Murphy
Ellis

SUmmary of Proposed Project

June 18, 1956

Object: Denial of application for exploration aid.

Docket No.: DMEA-4113

Commodity: Uranium

Applicant: American Energy Corporation
Mr. Victor J. Nelson, President
1560 Victory Boulevard
Glendale 1, California

Property: Owners of 48 claims; Rain Shower, Lost Treasure, Pomona, and Victor groups, also, Isolated, Betty, Edna, Helen, and Lost Chance claims, situated in secs. 3, 4, 5, 8, 9, and 10, T. 28 S., R. 22 E., S.L.B.M., San Juan County, Utah.

Amount of Application: $118,710.00 (corrected)

Date of Application: December 14, 1955

Referred to Region III: January 26, 1956

Field Examination made: March 14, 1956

Field Team Report received: June 11, 1956

Work Proposed: Explore areas near the outcrop by drifting 600 feet and drilling 30 holes to explore deeply buried ground.

Estimated Costs:

Drifting:		
Rain Shower claim No. 3, 300 ft. @ $25/ft.	$7,500.00	
Lost Treasure " " 1, 150 ft. @ "	3,750.00	
Rain Shower " " 5, 150 ft. @ "	3,750.00	
Drilling: 30 holes, average depth 800 ft.		
21,000 ft. non-core @ $3.50/ft.	73,500.00	
3,000 ft. core @ $4.50/ft.	13,500.00	
50 hrs. bulldozing @ $14/hr.	700.00	
Labor, Supervision, Consultants	13,300.00	
Repair warehouse	200.00	
200 analyses @ $3/each	600.00	
Accounting costs, 6 months	1,800.00	
Insurance, public liability	110.00	
TOTAL		$118,710.00

Excerpts from Field Team Report:

The claims lie across a deep valley (Cane Creek) cut in Triassic rocks, whereas the Jurassic rocks form broad upland benches. The Rain Shower group of claims surround the area examined for DMEA-3470, Mont Cristo Uranium, which was denied.

The potential ore-bearing unit on the claims is the Moss Back member of the Chinle formation. The Moss Back exposed on the claims is similar to the Moss Back throughout the Cane Creek Canyon area. It is relatively thick and contains much green siltstone. Carbonized logs and trash beds in the Moss Back often have anomalous radioactivity but ore-grade material is essentially restricted to the carbonaceous trash. No uranium, vanadium, or copper, minerals are visible on the outcrops. Trash beds containing ~~occa-~~ occasional logs are scattered sporadically along the outcrop for 1500 feet but radioactivity is low (0.01 ê U_3O_8) for the bulk of the material.

Exploration and development previous to the examination consisted of a 36-foot adit on Rain Shower claim No. 3, a 15-foot adit on Rain Shower No. 5, prospect pits on other claims, and an 800-foot diamond-core drill hole on Lost Treasure No. 1. None of the exploratory work encountered material of ore-grade.

The Rain Shower group does not have any features which suggest the presence of significant ore bodies. There are no channels exposed and only the upper 1 to 2 feet of the Moenkopi formation is bleached. Mineralized carbon trash does not constitute a guide, since it has no regular relationship and doesnot form a low grade "halo" around ore deposits. Carbonized wood is commonly found scattered throughout areas where extensive exploration has failed to find commercial ore bodies.

The Field Team concude that it is unlikely the proposed exploration would be successful and recommend the application be denied.

Commodity Members' Comments: excerpts

U. S. Geological Survey, T. H. Kiilsgaard, June 21, 1956

Mr. Kiilsgaard notes that the field examiners state that although uranium was found in scattered carbon trash, the mineralization did not extend into the surrounding sandstone, therefore, the chances of finding a significant ore body are very slight. He concurs in the Field Team's recommendation of denial.

U. S. Bureau of Mines, James Paone, June 21, 1956

Agrees with field examiners concurs in Field Team's recommendation of denial.

Rare and Miscellaneous Metals Division, F. M. Murphy, June 25, 1956

The contact of the Moenkepi formation and the Moss Back member of the Chinle is exposed for a distance of approximately 8000 feet on both sides of Cane Creek Canyon in the section covered by the subject claims.

Although mineralized trash was found, the examiners could find no evidence of scour channels into the underlying Moenkipi. Without such channels as targets, the work proposed would be in the nature of prospecting the Moss Back formation for possible scattered deposits that might be of ore-grade. Therefore this Division concurs in the Field Team's recommendation to deny the application.

Ernest Wm. Ellis

Ernest Wm. Ellis, Chief
Rare and Miscellaneous
Metals Division

IN REPLY REFER TO:

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

RECEIVED
JUN 22 1956

June 21, 1956

Memorandum

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

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

Subject: Review of Field Team report on American Energy Corp. property, San Juan Co., Utah, DMEA Docket 4113.

Field examiners report there is no visible evidence of uranium mineralization on the outcrop of the applicant's property, and that the only uranium found is in carbon trash beds, the applicant's so-called "veins".

Uranium mineralization does not extend into the sandstone overlying and underlying the carbon trash, nor is the sandstone bleached. While there may be ore in some of the scattered carbon trash beds and in logs, the chances of finding a significant ore body are very slight; therefore, field examiners recommend denial of the application. I concur with their recommendations.

T. H. Kiilsgaard

T. H. Kiilsgaard

IN REPLY REFER TO:

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

RECEIVED
JUN 22 1956

June 21, 1956

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THKiilsgaard:btr
G 6/21/56

T. H. Kiilsgaard

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

IN REPLY REFER TO:

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

RECEIVED
JUN 22 1956

June 21, 1956

Memorandum

To: [illegible] Ellis, Defense Minerals Exploration Administration

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

Subject: Review of Field Team report on American Energy Corp. property, San Juan Co., Utah, [illegible] Docket 4113.

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G 6/21/56

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

June 21, 1956

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JUN 22 1956

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THKillsgaard:btr
6/21/56

T. H. Killsgaard

cc: J. E. Crawford, 3641
J. L. Hosted, 3210
Director's reading file (4210)
Branch reading file (4212)
[illegible] (3)
Chron. file
Docket file

6/22/56
ai

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

June 21, 1956

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

From: James Paone, Bureau of Mines Alternate Member
Uranium Commodity Committee

Subject: Joint Report of Examination, DMEA Docket 4113 (Uranium), American Energy Corporation (Rain Shower group of claims), San Juan County, Utah

I have reviewed the report of examination, DMEA Docket 4113, American Energy Corporation (Rain Shower group of claims), San Juan County, Utah, dated June 1 and received in this office June 14. I have also discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

The field examiners recommend denial of the application for exploration assistance because the subject claims do not have any features which suggest the presence of significant ore bodies and, consequently, it is unlikely that the proposed exploration would be successful.

We concur in the recommendation that the application for assistance be denied.

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

James Paone

James Paone

RECEIVED
JUN 22 1956

June 21, 1956

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

From: James Paone, Bureau of Mines Alternate Member
Uranium Commodity Committee

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James Paone

RECEIVED
JUN 22 1956

6-18-56

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

June 8, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Joint Report of Examination, Docket DMEA 4113 (Uranium)
American Energy Corporation (Rain Shower group of claims)
San Juan County, Utah

Enclosed are the original and three copies of a joint engineering and geologic report on the subject property.

The examiners found a lack of significant mineralization, coupled with the absence of useable guides to ore on the property and a lack of ore bodies exposed along the outcrop in the canyon. They conclude that the proposed exploration has little chance of success and they recommend that the application be denied. We concur in this recommendation.

DMEA Field Team, Region III

By W. M. Traver
Executive Officer

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE
6-15-56
(date)

DMEA
Date Rec'd.

JUN 7 1956

BUREAU OF MINES
Denver, Colorado

Region III

Building 20
Denver Federal Center
Denver 2, Colorado
June 6, 1956

Memorandum

TRANSMITTED

JUN 8 1956

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw
E. N. Harshman

Subject: Docket DMEA 4113 (Uranium), American Energy Corporation, Rain Shower group of claims, (Cane Springs area), San Juan County, Utah

Enclosed are the original and 9 copies of a Joint Engineering and Geologic Report covering docket DMEA 4133.

American Energy Corp. applied for exploration assistance to explore their Rain Shower group of claims in San Juan County, Utah by drifting 600 feet and drilling 24,000 feet. The estimated cost of the project was $109,710.00.

The property was examined on March 14, 1954 by W. D. McMillan, mining engineer and H. B. Dyer, geologist.

The examining team concluded that there was little possibility of discovering a significant amount of uranium with the proposed exploration.

It is recommended that the application be denied.

John F. Shaw
John F. Shaw
Supervising Mining Engineer

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

cc 9
EN Harshman
DMEA 4113
Chron.

JFS/ch

Reviewed by
DMEA OPERATING COMMITTEE
6-15-56
(date)

IN REPLY REFER TO:
DMEA
Date Rec'd.
JUN 7 1956
BUREAU OF MINES
Denver, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

TRANSMITTED
JUN 8 1956

F. L. [illegible]
Grand Junction, Colorado
[illegible]

Mem. report

To: Executive Officer, DMEA Field Exam. Regn. III

Through: L. H. [illegible] DMEA for ENH
J. F. [illegible]

From: J. William Lewis

Subject: DMEA Grant Application (Uranium), American [illegible]
Rainbow group of claims (Cane Springs area), San Juan County, Utah.

Transmitted herewith is the geologic report of examination of the Rainbow group of claims, Cane Springs area San Juan Cty., Utah, by H. E. Dyer, U. S. Geological Survey, and W. D. McMillan, U. S. Bureau of Mines.

The application was referred to the field for an examination was made March 14 by Mr. McMillan and Mr. Dyer, representing DMEA. Mr. Virl J. Nelson, representing the applicant, accompanied the examining team.

The rocks exposed on the claims consist of sandstone and red beds of Triassic and Jurassic age. The rocks dip about [illegible] degrees to the northeast and a northwest trending fault is exposed in the canyon east of the Rainbow group of claims. The claims lie across a deep valley cut in Triassic rocks, whereas the Jurassic rocks form steep upland benches. The claims surround the area examined for DMEA grant, Mace Creek Uranium, and the geology is similar to both groups.

The potential ore-bearing unit on the claims is the Mes Back member of the Chinle Formation. The Mes Back exposed on the claims is similar to the Mes Back throughout the Cane Springs Canyon area. It is relatively thick and contains much green siltstone. Carbonized logs and green rocks often have anomalous radioactivity, but the green material is essentially restricted to the carb[illegible] as "green". No [illegible] of copper minerals are visible in the outcrop. The lack of significant mineralization, coupled with the absence of [illegible] on the property and the lack of [illegible] exposed along the canyon in the vicinity, indicate that the proposed exploration has little chance of success, and it is therefore recommended that the application for assistance be denied.

Reviewed by
DMEA OPERATING COMMITTEE
6-15-56
(date)

DMEA 4113 5/25/5[illegible]

The Atomic Energy Commission was contacted relative to the appraisal of the property.

I concur with the conclusions and recommendations of the examining team.

Enclosed is the applicant's brochure, as well as the required number of maps, for inclusion in a joint geologic and engineering report.

J. William Hasler
J. William Hasler,
Geologist

JWH/mlr

Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

JOINT REPORT OF EXAMINATION BY EXAMINING TEAM
REGION III

TRANSMITTED

JUN 8 1956

DMEA
Date Rec'd.
JUN 7 1956
BUREAU OF MINES
Denver, Colorado

DMEA 4113

AMERICAN ENERGY CORPORATION

Rain Shower Claim Group

Cane Springs Canyon District

San Juan County, Utah

Uranium

Joint Engineering and Geologic Report

By

H. B. Dyer, Geologist
Geological Survey

W. D. McMillan, Mining Engineer
Bureau of Mines

June 1, 1956

Reviewed by
DMEA OPERATING COMMITTEE
6-15-56
(date)

DMEA 4113

AMERICAN ENERGY CORPORATION
RAIN SHOWER CLAIM GROUP
CANE SPRINGS CANYON DISTRICT
SAN JUAN COUNTY, UTAH

CONTENTS

Joint Engineering and Geologic Report — Page

Introduction and summary 1
Acknowledgments 2
Location, topography and physical features 2
History, production and ownership 2
Geology 3
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Minable reserves 6
Present status 6
  Exploration and development 6
  Mining equipment and other facilities 6
Project proposals with costs 6
Conclusions and recommendations 6

ILLUSTRATIONS

Figure — Follows Page

1. Location map of American Energy Corp., Rain Shower et al claims, San Juan County, Utah, DMEA 4113 2

2. Geologic map showing Rain Shower group of claims, American Energy Corp., San Juan County, Utah, DMEA 4113 7

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No. — Page

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2. Rocks exposed on the Cove Creek group of claims, American Energy Corp., San Juan County, Utah, DMEA 4113 4

DMEA 4113
AMERICAN ENERGY CORPORATION
Rain Shower Claim Group
Cane Springs Canyon District
San Juan County, Utah

INTRODUCTION AND SUMMARY

The American Energy Corporation, Box 486, Moab, Utah has submitted an application, Docket 4113, for DMEA assistance in an uranium exploration project. The property consists of 48 unpatented mining claims known as the Rain Shower group, Cane Springs area, San Juan County, Utah. The property is easily accessible by traveling south from Moab, Utah, on U. S. Highway 160 for 18 miles; thence westerly on unimproved dirt roads for four miles.

The property was examined on March 14, 1954, by W. D. McMillan, Bureau of Mines, and H. B. Dyer, Geological Survey, accompanied by Victor J. Nelson, president of American Energy Corporation. The applicant proposes to explore areas near the outcrop by drifting 600 feet and drilling 30 holes to explore deeply buried ground. Drilling depths would average about 800 feet, and the bottom 100 feet of each hole would be cored. The estimated cost of the project is $109,710.00, and Government participation at 75 percent would be $82,282.00.

The potential ore-bearing unit on the claims is the Moss Back Member of the Chinle formation. The Moss Back exposed on the claims is similar to the Moss Back throughout the Cane Creek Canyon area. It is relatively thick and contains much green siltstone. Carbonized logs and trash beds often have anomalous radioactivity but ore-grade material is essentially restricted to the carbonaceous trash. No uranium, vanadium or copper minerals are visible on the outcrops.

The lack of significant mineralization, coupled with the absence of usable guides to ore on the property and the lack of ore bodies exposed along the outcrop in the canyons indicates that the proposed exploration has little chance of success and it is recommended that the application for assistance be denied.

ACKNOWLEDGMENTS

The assistance given the examining team by Victor J. Nelson is gratefully acknowledged. H. B. Wood of the Atomic Energy Commission was consulted concerning the application.

LOCATION, TOPOGRAPHY AND PHYSICAL FEATURES

The Rain Shower group of 48 claims is along the north and south slopes of Cane Springs Canyon in secs. 3, 4, 5, 8, 9 and 10, T. 28 S., R. 22 E., Salt Lake principal meridian, San Juan County, Utah as shown in figure 1.

The claims are in rough terrain. Canyons have narrow valley floors and steep walls. Altitudes range from about 5,000 feet in the valley to 5,800 on the plateau. The slopes are boulder strewn, and vegetation is scarce.

Trailer camps would be required for labor. Power requirements must be furnished by gasoline or diesel powered units.

HISTORY, PRODUCTION AND OWNERSHIP

The uranium mining history of the district is comparative recent, present operations being those of Climax Molybdenum Corporation along Hurrah Pass and of the Monte Cristo and Cimota deposits, approximately 9 miles northwest of the Rain Shower property.

There has been no production from the property.

A partial check on ownership was made at the recorder's office at Monticello, Utah, and the pertinent data on 33 claims are given in Table 1.

It is to be noted that the applicant states under 3c of the application that the corporation is the owner, but they do not provide documents as to how they acquired title from the locators.

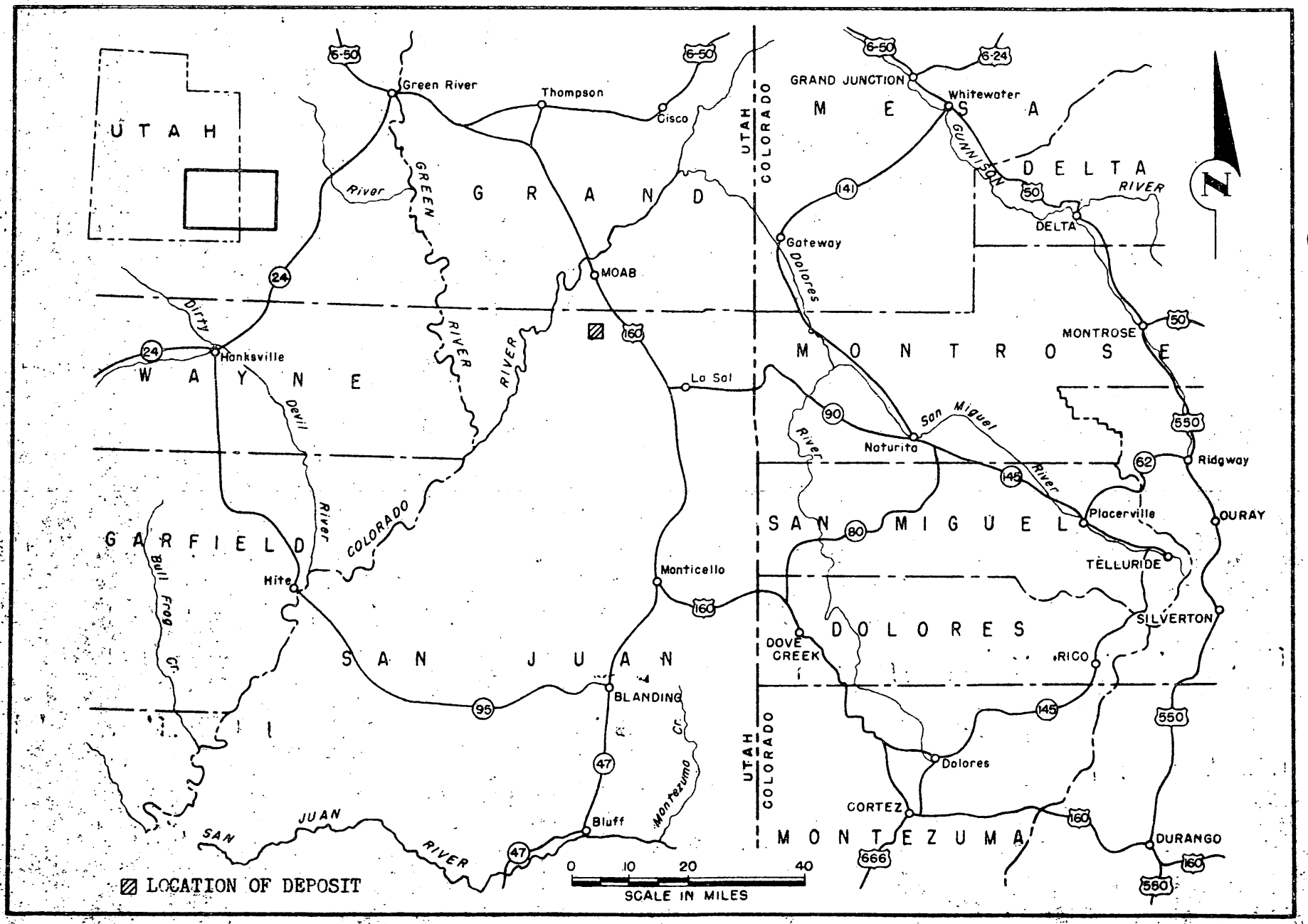


FIGURE 1 – LOCATION MAP OF AMERICAN ENERGY CORPORATION, RAIN SHOWER ET AL CLAIMS, SAN JUAN COUNTY, UTAH.
DMEA 4113

TABLE 1. --Data on Rain Shower group of claims-DMEA 4113

Claim No.	Book No.	Page No.	Certificate No.	Certificate Date	Locator	Date
Rain Shower 1	19	458-A	E-9221	10/14/53	Pat Ambrose	10/11/53
2	19	459	E-9222	do.	Victor Murphy	10/11/53
3	19	459	E-9223	do.	do.	10/11/53
4	37	51	E-10510	11/10/53	do.	10/6/53
5	37	51	E-10511	do.	do.	do.
6	37	52	E-10512	do.	do.	do.
Lost Treasure 1	37	52	E-10513	do.	Harry B. Hollingsworth	11/6/53
2	37	53	E-10514	do.	do.	do.
3	37	53	E-10515	do.	do.	do.
4	37	54	E-10516	do.	do.	do.
5	39	345	E-11780	11/30/53	do.	11/16/53
6	39	346	E-11781	do.	do.	do.
7	39	346	E-11782	do.	do.	do.
8	39	347	E-11783	do.	do.	do.
Pomono 1	37	95	E-10610	11/13/53	do.	11/6/53
2	37	96	E-10611	do.	do.	do.
3	37	96	E-10612	do.	do.	do.
4	37	97	E-10613	do.	do.	11/8/53
5	37	97	E-10614	do.	do.	do.
6	37	98	E-10615	do.	do.	do.
7	39	347	E-11784	do.	do.	do.
8	39	348	E-11785	do.	do.	11/20/53
9	39	348	E-11786	do.	do.	do.
10	39	349	E-11787	do.	do.	do.
11	39	349	E-11788	do.	do.	do.
12	39	350	E-11789	do.	do.	11/19/53
13	39	350	E-11790	do.	do.	do.
14	39	351	E-11791	do.	do.	do.
15	45	129	E-13482	12/16/53	do.	do.
16	45	129	E-13483	do.	do.	do.
Victor 1	209	414	K-9230	10/13/54	do.	10/6/54
2	209	415	K-9231	do.	do.	do.
3	285	416	M-12097	3/22/55	American Energy Corp.	3/1/55

GEOLOGY

The rocks exposed on the claims consist of sandstone and red beds of Triassic and Jurassic age. The rocks dip about 2° to the northeast. A northeast trending fault is exposed in the canyon just east of the claims. It has a throw of about 200 feet, and the eastern block is downthrown. The Pack Creek synclinal graben is 6 miles northeast of the property, and the Cane Creek anticline is about 5 miles northwest of the property. The structure in the immediate vicinity of the claims is simple and rocks are well exposed.

The claims lie across a deep valley cut in Triassic rocks, whereas the Jurassic rocks form broad upland benches. The Rainshower group of claims surround the area examined for DMEA 3470, Monte Cristo Uranium, and the geology is similar.

Table 2 summarizes the thickness and lithology of rocks exposed on the Rainshower group of claims.

TABLE 2. -- Rocks exposed on the Cove Creek group of claims, American Energy Corporation, San Juan County, Utah.

Age	Formation	Lithology	Thickness feet
Jurassic	Navajo sandstone	Gray- to buff-sandstone with festoon crossbedding	400
Jurassic?	Kayenta formation	Irregularly bedded sandstone and red shale forms benches.	300
Triassic	Wingate sandstone	Massive sandstone makes vertical cliffs.	300
Triassic	Chinle formation Church rock member	Red shale with thin sandstone lenses forms slopes	350
	Moss Back member	Sandstone and conglomerate with much green shale. Cliff forming.	90
Triassic	Moenkopi formation	Evenly bedded red siltstones forms slopes. Upper 1 foot bleached green	250

Ore Deposits

Only one significant ore body is known in the Cane Creek area. This ore body, discovered by Climax Uranium Company, is a bedded deposit in the Moss Back member located about 12 miles northwest of the Rainshower group of claims. It is estimated to contain 12,000 tons of 0.30 percent U_3O_8 having a gross value of about $300,000.00. Other deposits in the area are fault-controlled and are in the Cutler formation; these deposits have produced 1,151 tons of ore over the last two years. The Atomic King mine was the largest with a production of 933 tons of ore, but it is now inactive.

The potential ore-bearing bed on the Rain Shower group of claims is the Moss Back member of the Chinle formation. The Moss Back member is predominantly a conglomeratic sandstone but green mudstone is abundant in the upper part of the unit. The lower contact of the Moss Back member is an erosional unconformity and Moss Back sediments rest on the gently undulating eroded surface of the Moenkopi formation. In the area, the stratigraphic relief on the contact is low and the Moss Back is relatively thick and uniform.

The Moss Back commonly contains "trash beds" consisting of sandstone with large amounts of carbonized plant fragments and occasional logs. At the Rainshower 3 adit (fig. 2), radioactive logs are exposed which according to a scintillation counter, have an estimated grade of 0.10 to 0.30 percent eU_3O_8. However, the sandstone surrounding the logs is low grade and the reserves probably amount to no more than a hundred pounds. Low-grade material is limited to "trash beds" which might contain as much as a few hundred tons with a grade of 0.02 to 0.06 percent U_3O_8.

At the Rain Shower 5 adit (fig. 2) a trash bed consisting of sandstone and small plant fragments is exposed. The applicant reports that this "vein" assays 0.18 percent U_3O_8. However, the bed is only 3 inches thick and the grade decreases a few feet from the adit. The average grade for the bed over 20 feet is 0.06 percent eU_3O_8 and the sandstone above and below the bed is essentially barren. Trash beds containing occasional logs are scattered sporadically along the outcrop for 1500 feet but the radioactivity is low (0.01 eU_3O_8) for the bulk of the material.

The applicant has drilled one deep hole for which he has submitted a radiometric log. A small anomaly is indicated at 500 feet and the Empire Logging Company estimated the thickness and grade as 1-foot of 0.06 percent U_3O_8. This material is similar to that found on the outcrop.

The mineralized material known on the claims is not of ore grade and thickness, and is confined to carbonaceous beds and fossil logs. No visible uranium, vanadium or copper minerals were noted on the outcrop and ore minerals are not known to impregnate the sandstone.

MINABLE RESERVES

There are no calculable uranium-ore reserves on the property.

PRESENT STATUS

Exploration and Development

Exploration and development consist of a 36-foot adit on the Rain Shower No. 3 claim, a 15-foot adit on the Rain Shower No. 5 claim, prospect pits on the Lost Treasure No. 1 and other claims and an 800-foot diamond-core-drill hole on the Lost Treasure No. 1 claim.

Mining Equipment and Other Facilities

There is no mining equipment on the property. Facilities consist of a 14-foot by 16-foot storehouse and office situated on the Lost Treasure No. 1 claim.

PROJECT PROPOSALS WITH COSTS

The applicant proposed to drill 30 deep drill holes on wide centers and to drive 3 drifts totaling 600 feet. The drifts would explore areas close to the outcrop and the drill holes would explore the deeply buried ground. The drilling is on an irregular 600- by 1500-foot grid (fig. 2) and the holes would be about 800 feet deep. The estimated cost of the project is $109,710.00.

CONCLUSIONS AND RECOMMENDATIONS

The Moss Back exposures on the Rain Shower group of claims are similar to those exposed throughout the 30 miles of outcrop in Cane Springs

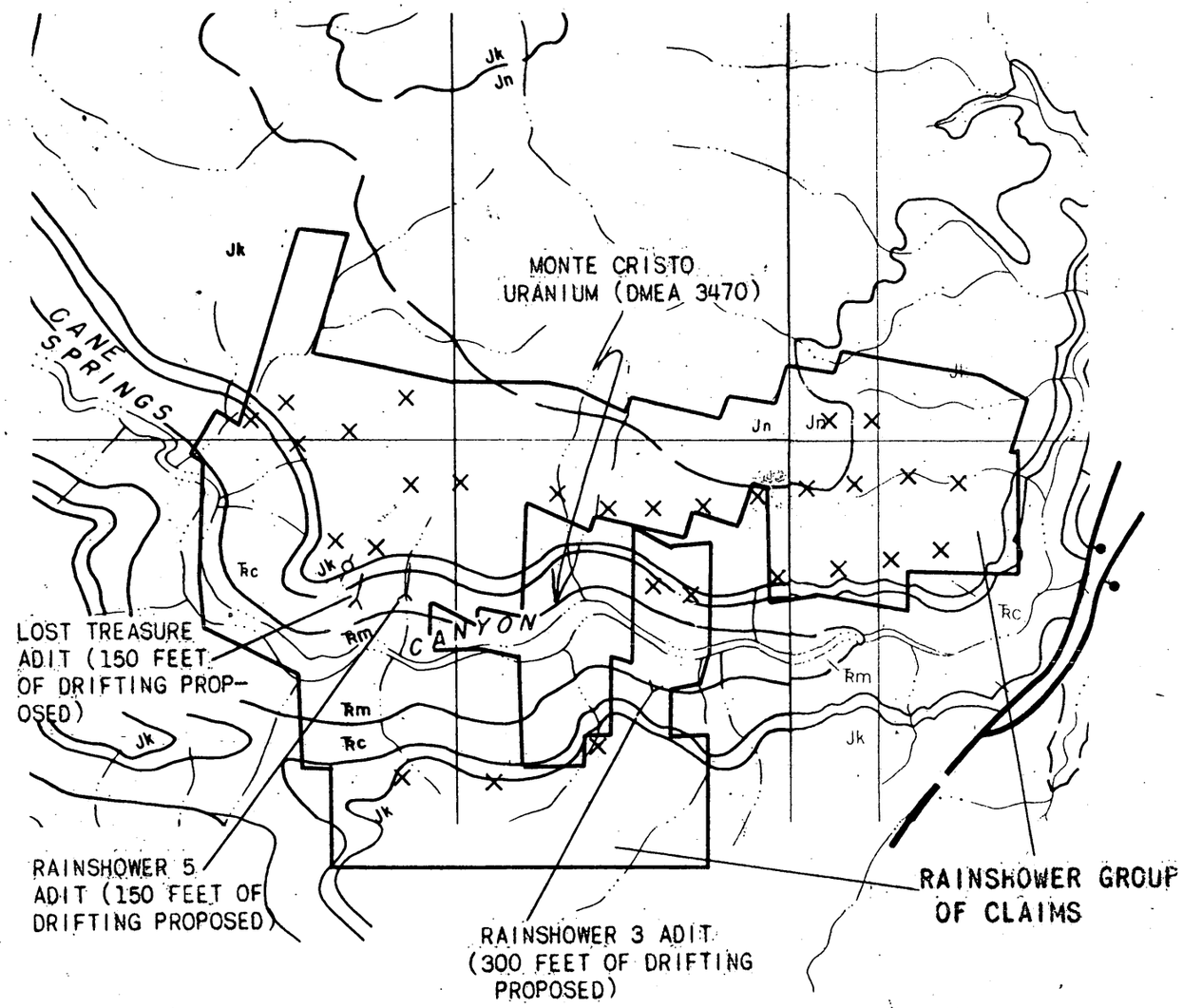
Canyon and Hatch Wash. It is relatively thick and contains much green siltstone throughout the area. Radioactive carbonized wood and radioactive trash beds are abundant throughout the area, but only one significant ore deposit is known within 15 miles of the property. The Rain Shower group is no more and no less favorable than any other area in the Canyons. The absence of ore bodies exposed along the outcrops suggests that the area does not contain many concealed ore bodies.

The Rain Shower group of claims do not have any features which suggest the presence of significant ore bodies. There are no channels exposed and only the upper 1 to 2 feet of the Moenkopi formation is bleached. Mineralized carbonaceous trash does not constitute a guide, since it has no regular relationship and does not form a low grade "halo" around ore deposits. Carbonized wood is commonly found scattered throughout areas where extensive exploration has failed to find commercial ore bodies.

It is unlikely that the proposed exploration would be successful, and it is recommended that the application of the American Energy Corporation for DMEA assistance be denied.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
APRIL 1956 DOCKET 4113



T. 28 S., R. 22 E., S.L.M.

N

EXPLANATION

Jn	JURASSIC NAVAJO SANDSTONE
Jk	JURASSIC KAYENTA FORMATION
Ꞧw	TRIASSIC WINGATE SANDSTONE
Ꞧc	TRIASSIC CHINLE FORMATION
Ꞧm	TRIASSIC MOENKOPI FORMATION
	GEOLOGIC CONTACT
	FAULT, SHOWING DOWNTHROWN SIDE
	CLAIM GROUP OUTLINE
⌀	EXISTING DRILL HOLE
×	LOCATION OF PROPOSED DRILL HOLE

Note: BASE MODIFIED FROM U.S. GEOLOGICAL SURVEY PHOTOGEOLOGIC QUADRANGLE MAPS, CARLISLE 1 AND MT. PEALE 4. CLAIM GROUP OUTLINE, DRILL HOLE AND ADITS FROM APPLICANTS MAP.

2000 0 8000 FEET

FIGURE 2. GEOLOGIC MAP SHOWING RAINSHOWER GROUP OF CLAIMS, AMERICAN ENERGY CORPORATION, SAN JUAN COUNTY, UTAH.

6-12-56

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

June 8, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Joint Report of Examination, Docket DMEA 4113 (Uranium)
American Energy Corporation (Rain Shower group of claims)
San Juan County, Utah

Enclosed are the original and three copies of a joint engineering and geologic report on the subject property.

The examiners found a lack of significant mineralization, coupled with the absence of useable guides to ore on the property and a lack of ore bodies exposed along the outcrop in the canyon. They conclude that the proposed exploration has little chance of success and they recommend that the application be denied. We concur in this recommendation.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE
6-15-56
(date)

DMEA
Date Rec'd.

JUN 7 1956

BUREAU OF MINES
Denver, Colorado

Region III

Building 20
Denver Federal Center
Denver 2, Colorado
June 6, 1956

Memorandum

TRANSMITTED

JUN 8 1956

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw
E. N. Harshman

Subject: Docket DMEA 4113 (Uranium), American Energy Corporation, Rain Shower group of claims, (Cane Springs area), San Juan County, Utah

Enclosed are the original and 9 copies of a Joint Engineering and Geologic Report covering docket DMEA 4133.

American Energy Corp. applied for exploration assistance to explore their Rain Shower group of claims in San Juan County, Utah by drifting 600 feet and drilling 24,000 feet. The estimated cost of the project was $109,710.00.

The property was examined on March 14, 1954 by W. D. McMillan, mining engineer and H. B. Dyer, geologist.

The examining team concluded that there was little possibility of discovering a significant amount of uranium with the proposed exploration.

It is recommended that the application be denied.

John F. Shaw
John F. Shaw
Supervising Mining Engineer

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

cc 9
EN Harshman
DMEA 4113
Chron.

JFS/ch

Reviewed by
DMEA OPERATING COMMITTEE
6-15-56

IN REPLY REFER TO:

DMEA
Date Rec'd.

JUN 7 1956

BUREAU OF MINES
Denver, Colorado

TRANSMITTED

JUN 8 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 300
Grand Junction, Colorado

May 25, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: E. N. Harshman *Sign for ENH*
J. F. Shaw *JS*

From: J. William Hasler

Subject: DMEA docket #113 (Uranium), American Energy Corporation, Rainshower group of claims, (Cane Springs area) San Juan County, Utah.

Transmitted herewith is the geologic report of examination on the Rainshower group of claims, Cane Springs area, San Juan County, Utah, by H. B. Dyer, U. S. Geological Survey, and W. D. McMillan, U. S. Bureau of Mines.

The application was referred to the field and an examination was made March 14 by Mr. McMillan and Mr. Dyer, representing DMEA. Mr. Victor J. Nelson, representing the applicant, accompanied the examining team.

The rocks exposed on the claims consist of sandstone and red beds of Triassic and Jurassic age. The rocks dip about two degrees to the northeast and a northeast trending fault is exposed in the canyon east of the Rainshower group of claims. The claims lie across a deep valley cut in Triassic rocks, whereas the Jurassic rocks form broad, upland benches. The claims surround the area examined for DMEA 34/4, Monte Cristo Uranium, and the geology is similar to both groups.

The potential ore-bearing bed on the claims is the Moss Back member of the Chinle formation. The Moss Back exposed on the claims is similar to the Moss Back throughout the Cane Springs canyon area, is relatively thick and contains much green siltstone. Carbonized logs and trash beds often have anomalous radioactivity, but ore-grade material is essentially restricted to the carbonaceous "trash". No uranium, vanadium, or copper minerals are visible on the outcrop. The lack of significant mineralization, coupled with the absence of usable guides to ore on the property and the lack of ore bodies exposed along the outcrop in the canyon, indicate that the proposed exploration has little chance of success, and it is therefore recommended that the application for assistance be denied.

Reviewed by
DMEA OPERATING COMMITTEE
6-15-56
(date)

DMEA 4113 5/25/56

The Atomic Energy Commission was contacted relative to the appraisal of the property.

I concur with the conclusions and recommendations of the examining team.

Enclosed is the applicant's brochure, as well as the required number of maps, for inclusion in a joint geologic and engineering report.

J. William Hasler

J. William Hasler,
Geologist

JWH/mlr

Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

JOINT REPORT OF EXAMINATION BY EXAMINING TEAM
REGION III

TRANSMITTED

JUN 8 1956

DMEA 4113

AMERICAN ENERGY CORPORATION

Rain Shower Claim Group

Cane Springs Canyon District

San Juan County, Utah

Uranium

Joint Engineering and Geologic Report

By

H. B. Dyer, Geologist
Geological Survey

W. D. McMillan, Mining Engineer
Bureau of Mines

June 1, 1956

Reviewed by
DMEA OPERATING OFFICER
6-15-56
(date)

DMRA 4113

AMERICAN ENERGY CORPORATION
RAIN SHOWER CLAIM GROUP
CANE SPRINGS CANYON DISTRICT
SAN JUAN COUNTY, UTAH

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Conclusions and recommendations 6

ILLUSTRATIONS

Figure — Follows Page

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2. Geologic map showing Rain Shower group of claims, American Energy Corp., San Juan County, Utah, DMRA 4113 7

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DMEA 4113
AMERICAN ENERGY CORPORATION
Rain Shower Claim Group
Cane Springs Canyon District
San Juan County, Utah

INTRODUCTION AND SUMMARY

The American Energy Corporation, Box 486, Moab, Utah has submitted an application, Docket 4113, for DMEA assistance in an uranium exploration project. The property consists of 48 unpatented mining claims known as the Rain Shower group, Cane Springs area, San Juan County, Utah. The property is easily accessible by traveling south from Moab, Utah, on U. S. Highway 160 for 18 miles; thence westerly on unimproved dirt roads for four miles.

The property was examined on March 14, 1954, by W. D. McMillan, Bureau of Mines, and H. B. Dyer, Geological Survey, accompanied by Victor J. Nelson, president of American Energy Corporation. The applicant proposes to explore areas near the outcrop by drifting 600 feet and drilling 30 holes to explore deeply buried ground. Drilling depths would average about 800 feet, and the bottom 100 feet of each hole would be cored. The estimated cost of the project is $109,710.00, and Government participation at 75 percent would be $82,282.00.

The potential ore-bearing unit on the claims is the Moss Back Member of the Chinle formation. The Moss Back exposed on the claims is similar to the Moss Back throughout the Cane Creek Canyon area. It is relatively thick and contains much green siltstone. Carbonized logs and trash beds often have anomalous radioactivity but ore-grade material is essentially restricted to the carbonaceous trash. No uranium, vanadium or copper minerals are visible on the outcrops.

The lack of significant mineralization, coupled with the absence of usable guides to ore on the property and the lack of ore bodies exposed along the outcrop in the canyons indicates that the proposed exploration has little chance of success and it is recommended that the application for assistance be denied.

ACKNOWLEDGMENTS

The assistance given the examining team by Victor J. Nelson is gratefully acknowledged. H. R. Wood of the Atomic Energy Commission was consulted concerning the application.

LOCATION, TOPOGRAPHY AND PHYSICAL FEATURES

The Rain Shower group of 48 claims is along the north and south slopes of Cane Springs Canyon in secs. 3, 4, 5, 8, 9 and 10, T. 26 S., R. 22 E., Salt Lake principal meridian, San Juan County, Utah as shown in figure 1.

The claims are in rough terrain. Canyons have narrow valley floors and steep walls. Altitudes range from about 5,000 feet in the valley to 5,800 on the plateau. The slopes are boulder stream, and vegetation is scarce.

Trailer camps would be required for labor. Power requirements must be furnished by gasoline or diesel powered units.

HISTORY, PRODUCTION AND OWNERSHIP

The uranium mining history of the district is comparative recent, present operations being those of Climax Molybdenum Corporation along Hurrah Pass and of the Monte Cristo and Cimota deposits, approximately 9 miles northwest of the Rain Shower property.

There has been no production from the property.

A partial check on ownership was made at the recorder's office at Monticello, Utah, and the pertinent data on 33 claims are given in Table 1.

It is to be noted that the applicant states under 3c of the application that the corporation is the owner, but they do not provide documents as to how they acquired title from the locators.

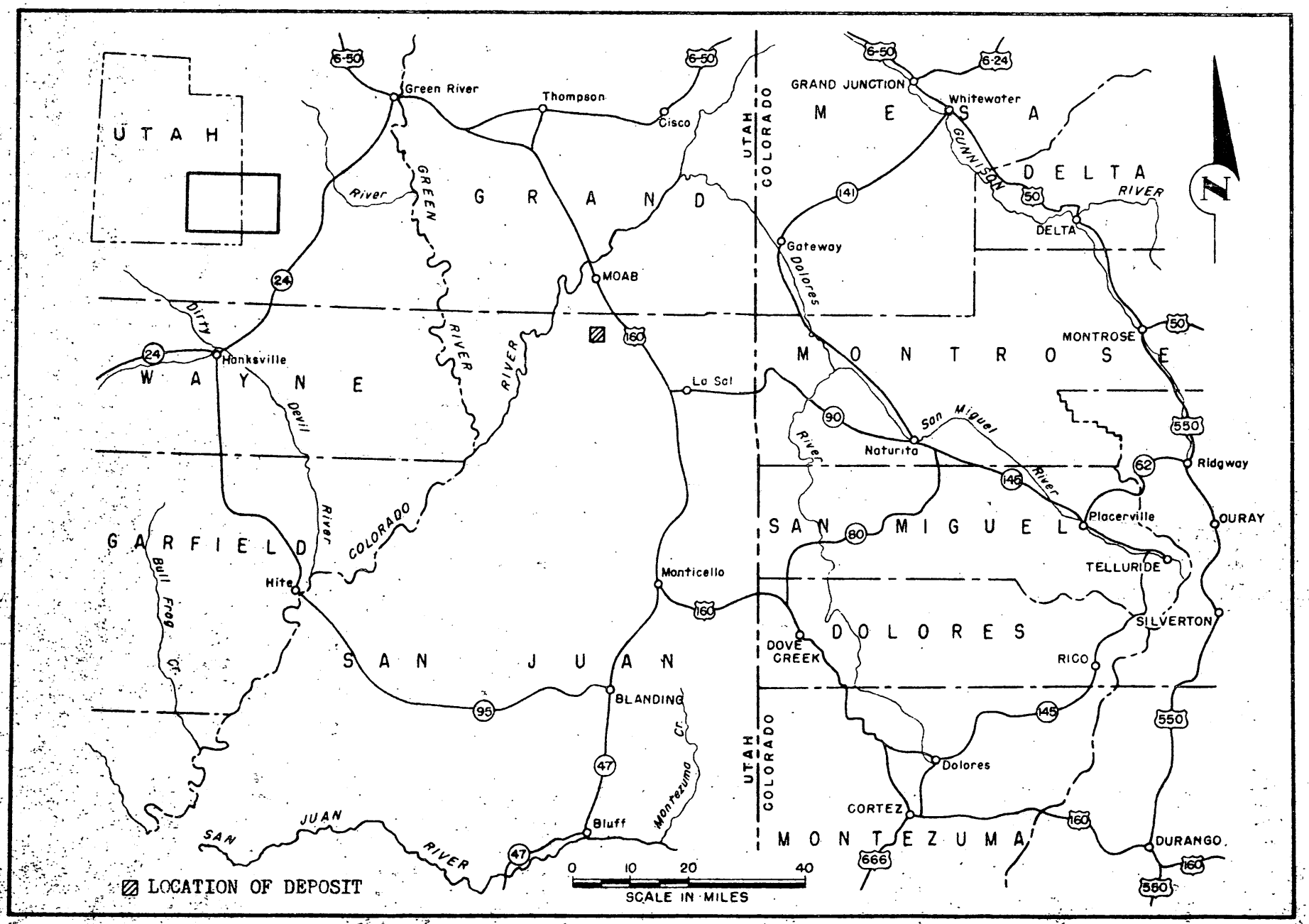

FIGURE 1 - LOCATION MAP OF AMERICAN ENERGY CORPORATION, RAIN SHOWER ET AL CLAIMS, SAN JUAN COUNTY, UTAH.
DMEA 4113

TABLE 1. — Data on Rain Shower group of claims-DMEA 4113

Claim No.	Book No.	Page No.	Certificate No.	Certificate Date	Locator	Date
Rain Shower 1	19	458-A	E-9221	10/14/53	Pat Ambrose	10/11/53
2	19	459	E-9222	do.	Victor Murphy	10/11/53
3	19	459	E-9223	do.	do.	10/11/53
4	37	51	E-10510	11/10/53	do.	10/6/53
5	37	51	E-10511	do.	do.	do.
6	37	52	E-10512	do.	do.	do.
Lost Treasure 1	37	52	E-10513	do.	Harry E. Hollingsworth	11/6/53
2	37	53	E-10514	do.	do.	do.
3	37	53	E-10515	do.	do.	do.
4	37	54	E-10516	do.	do.	do.
5	39	345	E-11780	11/30/53	do.	11/16/53
6	39	346	E-11781	do.	do.	do.
7	39	346	E-11782	do.	do.	do.
8	39	347	E-11783	do.	do.	do.
Pomona 1	37	95	E-10610	11/13/53	do.	11/6/53
2	37	96	E-10611	do.	do.	do.
3	37	96	E-10612	do.	do.	do.
4	37	97	E-10613	do.	do.	11/8/53
5	37	97	E-10614	do.	do.	do.
6	37	98	E-10615	do.	do.	do.
7	39	347	E-11784	do.	do.	do.
8	39	348	E-11785	do.	do.	11/20/53
9	39	348	E-11786	do.	do.	do.
10	39	349	E-11787	do.	do.	do.
11	39	349	E-11788	do.	do.	do.
12	39	350	E-11789	do.	do.	11/19/53
13	39	350	E-11790	do.	do.	do.
14	39	351	E-11791	do.	do.	do.
15	45	129	E-13482	12/16/53	do.	do.
16	45	129	E-13483	do.	do.	do.
Victor 1	209	414	K-9230	10/13/54	do.	10/6/54
2	209	415	K-9231	do.	do.	do.
3	285	416	M-12097	3/22/55	American Energy Corp.	3/1/55

GEOLOGY

The rocks exposed on the claims consist of sandstone and red beds of Triassic and Jurassic age. The rocks dip about 2° to the northeast. A northeast trending fault is exposed in the canyon just east of the claims. It has a throw of about 200 feet, and the eastern block is downthrown. The Pack Creek synclinal graben is 6 miles northeast of the property, and the Cane Creek anticline is about 5 miles northwest of the property. The structure in the immediate vicinity of the claims is simple and rocks are well exposed.

The claims lie across a deep valley cut in Triassic rocks, whereas the Jurassic rocks form broad upland benches. The Rainshower group of claims surround the area examined for DMEA 3470, Monte Cristo Uranium, and the geology is similar.

Table 2 summarizes the thickness and lithology of rocks exposed on the Rainshower group of claims.

TABLE 2. — Rocks exposed on the Cove Creek group of claims, American Energy Corporation, San Juan County, Utah.

Age	Formation	Lithology	Thickness feet
Jurassic	Navajo sandstone	Gray- to buff-sandstone with festoon crossbedding	400
Jurassic?	Kayenta formation	Irregularly bedded sandstone and red shale forms benches.	300
Triassic	Wingate sandstone	Massive sandstone makes vertical cliffs.	300
Triassic	Chinle formation Church rock member	Red shale with thin sandstone lenses forms slopes	350
	Moss Back member	Sandstone and conglomerate with much green shale. Cliff forming.	90
Triassic	Moenkopi formation	Evenly bedded red siltstones forms slopes. Upper 1 feet bleached green	250

Ore Deposits

Only one significant ore body is known in the Cane Creek area. This ore body, discovered by Climax Uranium Company, is a bedded deposit in the Moss Back member located about 12 miles northwest of the Rainshower group of claims. It is estimated to contain 12,000 tons of 0.30 percent U_3O_8 having a gross value of about $300,000.00. Other deposits in the area are fault-controlled and are in the Cutler formation; these deposits have produced 1,151 tons of ore over the last two years. The Atomic King mine was the largest with a production of 933 tons of ore, but it is now inactive.

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The Moss Back commonly contains "trash beds" consisting of sandstone with large amounts of carbonized plant fragments and occasional logs. At the Rainshower 3 adit (fig. 2), radioactive logs are exposed which according to a scintillation counter, have an estimated grade of 0.10 to 0.30 percent eU_3O_8. However, the sandstone surrounding the logs is low grade and the reserves probably amount to no more than a hundred pounds. Low-grade material is limited to "trash beds" which might contain as much as a few hundred tons with a grade of 0.02 to 0.06 percent U_3O_8.

At the Rain Shower 5 adit (fig. 2) a trash bed consisting of sandstone and small plant fragments is exposed. The applicant reports that this "vein" assays 0.18 percent U_3O_8. However, the bed is only 3 inches thick and the grade decreases a few feet from the adit. The average grade for the bed over 20 feet is 0.06 percent eU_3O_8 and the sandstone above and below the bed is essentially barren. Trash beds containing occasional logs are scattered sporadically along the outcrop for 1500 feet but the radioactivity is low (0.01 eU_3O_8) for the bulk of the material.

The applicant has drilled one deep hole for which he has submitted a radiometric log. A small anomaly is indicated at 500 feet and the Empire Logging Company estimated the thickness and grade as 1-foot of 0.06 percent U_3O_8. This material is similar to that found on the outcrop.

The mineralized material known on the claims is not of ore grade and thickness, and is confined to carbonaceous beds and fossil logs. No visible uranium, vanadium or copper minerals were noted on the outcrop and ore minerals are not known to impregnate the sandstone.

MINABLE RESERVES

There are no calculable uranium-ore reserves on the property.

PRESENT STATUS

Exploration and Development

Exploration and development consist of a 36-foot adit on the Rain Shower No. 3 claim, a 15-foot adit on the Rain Shower No. 5 claim, prospect pits on the Lost Treasure No. 1 and other claims and an 800-foot diamond-core-drill hole on the Lost Treasure No. 1 claim.

Mining Equipment and Other Facilities

There is no mining equipment on the property. Facilities consist of a 14-foot by 16-foot storehouse and office situated on the Lost Treasure No. 1 claim.

PROJECT PROPOSALS WITH COSTS

The applicant proposed to drill 30 deep drill holes on wide centers and to drive 3 drifts totaling 600 feet. The drifts would explore areas close to the outcrop and the drill holes would explore the deeply buried ground. The drilling is on an irregular 600- by 1500-foot grid (fig. 2) and the holes would be about 800 feet deep. The estimated cost of the project is $109,710.00.

CONCLUSIONS AND RECOMMENDATIONS

The Moss Back exposures on the Rain Shower group of claims are similar to those exposed throughout the 30 miles of outcrop in Cane Springs

Canyon and Hatch Wash. It is relatively thick and contains much green siltstone throughout the area. Radioactive carbonized wood and radioactive trash beds are abundant throughout the area, but only one significant ore deposit is known within 15 miles of the property. The Rain Shower group is no more and no less favorable than any other area in the Canyons. The absence of ore bodies exposed along the outcrops suggests that the area does not contain many concealed ore bodies.

The Rain Shower group of claims do not have any features which suggest the presence of significant ore bodies. There are no channels exposed and only the upper 1 to 2 feet of the Moenkopi formation is bleached. Mineralized carbonaceous trash does not constitute a guide, since it has no regular relationship and does not form a low grade "halo" around ore deposits. Carbonized wood is commonly found scattered throughout areas where extensive exploration has failed to find commercial ore bodies.

It is unlikely that the proposed exploration would be successful, and it is recommended that the application of the American Energy Corporation for DMEA assistance be denied.

700

FILE COPY
Surname:
FMMurphy
JEHosted
THKiilsgaard

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

AIR MAIL

MAY 16 1956

Mr. Victor J. Nelson, President
American Energy Corporation
1560 Victory Boulevard
Glendale 1, California

Re: Docket No. DMEA-4113 (Uranium)
Rain Shower, et. al., Claims
San Juan County, Utah

Dear Mr. Nelson:

This is to acknowledge your letter of May 14, 1956, requesting information in regard to the captioned application.

We have been advised by our Region III Field Team that the referenced claims were examined on March 14, 1956, and a report on the property was being prepared. The report, as soon as received, will be reviewed here in Washington and final action on the subject application will then be taken.

Sincerely yours,

SIGNED
F. L. Krause, Acting Chief
Rare and Miscellaneous
Metals Division

FMMurphy/izm 5-16-56
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

RCh.

5-16-56

AMERICAN ENERGY CORP.

BOX 653

MOAB, UTAH

RECEIVED

MAY 16 1956

May 14 , 1956.

United States Dept. of Interior
Defence Minerals Exploration Administration
Washington 25
D.C.
Robert E.Adams , Chief
Operations Control & Statistics Div.

Subject :
DMEA 4113
Re;
American Energy Corp.
Exploration Assist.

Dear Mr. Adams,

On December 14 , 1955 the above corporation filed an Exploration Assistance Application through your Denver ~~office.~~ On Feb. 14 , 1956 I meet with your Geologist and Engineer at Moab,Utah and made the physical survey of the Corporations properties, and was advised at that time it would be several weeks before we would recieve any report on the matter.

F.T. 509 MAR 14

It has now been three months since the survey was made there-fore we are very much conserned as we would like to get started with this work as soon as possible.

The writer and President of the Corporation is at present in the Los Angeles area and would appreciate very much at your earliest convenience, some word as to the disposition of this application by Air Mail reply to the address below.

A self addressed envelope is enclosed for your convenience.

Very truly yours,

Victor J. Nelson

Victor J.Nelson
Pres.

1560 Victory Blvd.
Glendale , 1 ,
Calif.

VJN/pq

2-14-56 lgm

RECEIVED
FEB 13 1956

February 1, 1956

Memorandum

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

From: Superintendent, Denver Experiment Station, Reg. III

Subject: Docket DMEA 4113 (Uranium), American Energy Corporation, Rain Shower, et al., claims, San Juan County, Utah

The subject application in the amount of $109,710.00 was received in this office on February 1, 1956.

A field examination will be made and suitable report prepared by an engineer from the Denver or Grand Junction office.

JOHN F. SHAW

John F. Shaw

cc: W. M. Traver (2)
E. N. Harshman
J. W. Hasler
M. H. Salsbury
J. F. Shaw
Sec. Op. Com. (2)

RECEIVED
FEB 13 1956

February 1, 1956

Memorandum

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

From: Superintendent, Denver Experiment Station, Reg. III

Subject: Docket DMEA 4113 (Uranium), American Energy Corporation, Rain Shower, et al., claims, San Juan County, Utah

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JOHN F. SHAW
John F. Shaw

cc: W. M. Traver (2)
E. N. Harshman
J. W. Mealer
M. R. Salsbury
J. F. Shaw
Sec. Op. Com. (2)

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

RECEIVED
FEB - 3 1956

January 31, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: J. F. Shaw (With brochure)
J. W. Hasler

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 4113 (Uranium), American Energy Corporation, Rain Shower, et al., Claims, San Juan County, Utah

Enclosed is the subject application in the amount of $109,710.00. A field examination and suitable report are required.

Enclosed for your further information is a copy of a letter from the Chairman of the Operating Committee and memoranda of review of the application by members of the Uranium Commodity Committee.

In view of the Region III Field Team's repeated statement of the policy that only in rare cases should applications be denied without a field examination, we believe in this instance a field examination at this time is preferable to the delay which would be necessitated in waiting for additional information on the property.

W. M. TRAVER,

W. M. Traver

Enclosures
HMC:ab

cc: Chair. Op. Comm. (2)
Harshman
Docket 4113
Chron.

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

RECEIVED
FEB - 3 1956

January 31, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: J. F. Shaw (With brochure)
J. W. Hasler

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 4113 (Uranium), American Energy Corporation, Rain Shower, et al., Claims, San Juan County, Utah

Enclosed is the subject application in the amount of $109,710.00. A field examination and suitable report are required.

Enclosed for your further information is a copy of a letter from the Chairman of the Operating Committee and memoranda of review of the application by members of the Uranium Commodity Committee.

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W. M. TRAVER,

W. M. Traver

Enclosures
HMC:ab

cc: Chair. Op. Comm. (2)
Harshman
Docket 4113
Chron.

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

RECEIVED
JAN 30 1956

January 26, 1956

224 New Customhouse
Denver 2, Colorado

Miss Grayce M. Smith
Guaranty Building
6331 Hollywood Boulevard
Hollywood 28, California

Re: Docket DMEA 4113 (Uranium),
American Energy Corporation,
San Juan County, Utah

Dear Miss Smith:

This will acknowledge receipt of your letter dated January 18, 1956 requesting information on your DMEA application.

DMEA Docket No. 4113 has been assigned your application.

In the event that a field examination is found to be necessary, you will receive advance notice so that your representative may be present to accompany the examining team.

Very truly yours,

W. M. TRAVER,

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

HMC:ab

cc: Sec. Op. Comm. (2)
Harshman
Shaw (2)
Hasler
Docket 4113
Chron.

LAW OFFICES
SPAR AND SMITH
A. ALBERT SPAR
GRAYCE M. SMITH

DMEA
Date Rec'd.
JAN 20 1956
BUREAU OF MINES
Denver, Colorado

GUARANTY BUILDING
6331 HOLLYWOOD BOULEVARD
HOLLYWOOD 28, CALIFORNIA
HOLLYWOOD 4-2137

January 18, 1956

Bureau of Mines
Federal Customs Building
Denver, Colorado

RECEIVED
JAN 30 1956

Attention: Mr. Hugh Conner

Re: Application of American Energy Corporation for DMEA Loan

Dear Mr. Conner:

I am writing to inquire as to the number assigned to the application of our client, American Energy Corporation, on their loan application.

I also want to advise you that the signatory to the application, Mr. Nelson, due to weather conditions is not on the locations at Moab, Utah. While awaiting some word on the loan it may be necessary for Mr. Nelson to be in Los Angeles for some time. Therefore, we would appreciate if you would notify the corporation in our care at the above address as to the time when your inspection team expects to be at Moab to the end that we may arrange for Mr. Nelson to be there.

Thanking you very kindly and with kindest personal regards, I am,

Sincerely,

Grayce M. Smith

Grayce M. Smith

GMS/L

DMEA
Date Rec'd.

JAN 20 1956

BUREAU OF MINES
Denver, Colorado

LAW OFFICES
SPAR AND SMITH
A. ALBERT SPAR
GRAYCE M. SMITH

GUARANTY BUILDING
6331 HOLLYWOOD BOULEVARD
HOLLYWOOD 28, CALIFORNIA
HOLLYWOOD 4-2137

January 18, 1956

RECEIVED
JAN 30 1956

Bureau of Mines
Federal Customs Building
Denver, Colorado

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Thanking you very kindly and with kindest personal regards, I am,

Sincerely,

Grayce M. Smith

Grayce M. Smith

GMS/L

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

RECEIVED
JAN 30 1956

January 26, 1956

224 New Customhouse
Denver 2, Colorado

Miss Grayce M. Smith
Guaranty Building
6331 Hollywood Boulevard
Hollywood 28, California

Re: Docket DMEA 4113 (Uranium),
American Energy Corporation,
San Juan County, Utah

Dear Miss Smith:

This will acknowledge receipt of your letter dated January 18, 1956 requesting information on your DMEA application.

DMEA Docket No. 4113 has been assigned your application.

In the event that a field examination is found to be necessary, you will receive advance notice so that your representative may be present to accompany the examining team.

Very truly yours,

W. M. TRAVER,

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

HMC:ab

cc: Sec. Op. Comm. (2)
Harshman
Shaw (2)
Hasler
Docket 4113
Chron.

700

FILE COPY
Surname:

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

JOHosted, 3210, GSA

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

JAN 26 1956

Re: Docket No. DMEA-4113 (Uranium)
American Energy Corporation
Rain Shower, et al., Claims
San Juan County, Utah

THKiilsgaard, 5224;

Dear Mr. Traver:

The Grand Junction memorandum, dated January 5, 1956, in which it is recommended that the captioned application be denied without a field examination, has been reviewed in Washington.

Enclosed are copies of memoranda, dated January 17, and 20, 1956, from W. P. Williams, USGS, and J. E. Crawford, USBR, respectively, relating to the subject application.

You will note that Mr. Crawford concurs in the Grand Junction recommendation to deny the application without a field examination. However, Mr. Williams does not concur and details his reasons why a field examination should be made.

In view of Mr. Williams' recommendations, it is suggested that the Field Team again review the application.

Judging from the information contained in the Grand Junction memorandum, the subject claims are not in an area noted for large production of uranium ores. However, more detailed information in regard to ore production from the subject or adjacent properties would assist this Office to determine the correct action to take in the present case.

Your further comments will be appreciated.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (SAB)

Enclosures

APPROVED:

/s/ Robert W. Geshan (SAB)
Member, Bureau of Mines

Thor H. Kiilsgaard (SAB)
Member, Geological Survey

Admr.'s Reading File
Operating Committee
Messrs. JECrawford, 3641;
Mr. Murphy

FMMurphy/izm 1-24-56
cc to: Docket
Code 700

1/20/56 gla

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

RECEIVED
JAN 20 1956

January 20, 1956

Memorandum

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

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

Subject: Application for assistance, DMEA Docket 4113, American Energy Corporation, San Juan County, Utah

I have reviewed the attached application of the American Energy Corporation, DMEA Docket 4113, dated December 14, 1955, and received in this office January 16, 1956. I have also discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

The applicant has requested Federal assistance to explore for uranium on the Rain Shower, et al, claims in the Cane Springs Canyon, San Juan County, Utah. The exploration program includes 600 feet of drifting at $25.00 per foot of drift, 30 drill holes at $2,900.00 per hole, and 50 hours of bulldozing work at $14.00 per hour. The total estimated cost is $109,710.00.

A memorandum of January 5 from the members of the DMEA office, Grand Junction, indicates that the subject claims are contiguous to and surround the Monte Cristo Uranium Company's Candy Kane group of claims which were examined by DMEA under Docket 3470. The geology of and possibilities for significant uranium deposits on the American Energy Corporation properties appear to be about the same as for those of the Monte Cristo properties which were found to be unfavorable by the examining team.

The DMEA members of the Grand Junction office recommend that the application for assistance be denied without a field examination because the chances of uranium deposits of commercial size and grade existing on the Rain Shower claims are not good. We concur in the recommendation that the application be denied.

John E Crawford
John E. Crawford

Attachment

IN REPLY REFER TO:

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

RECEIVED
JAN 18 1956

January 17, 1956

Memorandum

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

From: W. P. Williams, U. S. Geological Survey

Subject: Review of application, DMEA 4113, American Energy Corporation, Rain Shower, et al. claims, Cane Springs Canyon, San Juan County, Utah.

The applicant proposes to spend an estimated $109,710.00 for an exploration program consisting of drifting and core and plug-bit drilling. The applicant has driven two adits on the property, one 36 feet long and the other 15 feet long. Prospect cuts have also been made by the applicant. Samples from the adits and prospect cuts run as high as 0.298 percent U_3O_8 according to assay sheets with the application.

One drill hole by the applicant was gamma-ray logged by Empire Logging Company; and the log shows a radioactive anomaly.

A memorandum from field personnel at Grand Junction recommends that the application be denied without field examination. In justifying their recommendation it is pointed out that an application on an adjoining property, DMEA 3470, Monte Cristo Uranium Company, was denied some time ago.

I was present at the field examination of DMEA 3470. No detailed examination was made of any areas other than Monte Cristo land.

The subject property warrants field examination because 1) the applicant has performed preliminary exploration work, the results of which should be evaluated, 2) it is not impossible that the potentialities of the adjoining Monte Cristo property were underestimated at the earlier field examination, 3) the applicant's assertion that mineralization is present in outcrop should be checked in the field, and not dismissed from the office.

I recommend that the application be referred back to the Field Team with the request that a field examination and report be made as soon as practicable.

WPWilliams:iml
G-1/17/56
cc: Director's reading, 4212; DMEA (3);
Branch reading, 4212; Docket file

W. P. Williams

cc: J. E. Crawford, 3641
J. O. Hosted, 3210

1-1856 dzm

IN REPLY REFER TO:

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

RECEIVED
JAN 18 1956

January 17, 1956

Memorandum

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

From: W. P. Williams, U. S. Geological Survey

Subject: Review of application, DMEA 4113, American Energy Corporation, Rain Shower, et al. claims, Cane Springs Canyon, San Juan County, Utah.

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I recommend that the application be referred back to the Field Team with the request that a field examination and report be made as soon as practicable.

W P Williams

W. P. Williams

1-13-56 dgm

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

RECEIVED
JAN 12 1956

January 10, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 4113 (Uranium), American Energy Corporation, San Juan County, Utah

Enclosed are the original and three copies of a review of the subject application by members of the Grand Junction office.

W. M. Traver

Enclosures

Hme

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 360
Grand Junction, Colorado

IN REPLY REFER TO:
MINERAL DEPOSITS
DMEA
RECEIVED
JAN 6 1956
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

DMEA
Date Rec'd.
JAN 9 1956

BUREAU OF MINES
Denver, Colorado
Memorandum

January 5, 1956

RECEIVED
JAN 12 1956

To: Executive Officer, DMEA Field Team, Region III

From: J. William Hasler
M. H. Salsbury

Through: E. N. Harshman
J. F. Shaw

Subject: Application for DMEA (American Energy Corporation, San Juan County, Utah).

We have carefully reviewed the subject application for DMEA assistance to explore the Rain Shower, et al claims in the Cane Springs Canyon, San Juan County, Utah.

These claims are contiguous to and surround the Monte Cristo Uranium Company's Candy Kane group of claims, discussed in a geologic report of October 15, 1954 (DMEA 3470) by H. S. Johnson, U. S. Geological Survey.

The geology and possibilities for significant uranium deposits on the American Energy Corporation properties appear to be about the same as for those of the Monte Cristo properties. No significant ore deposits, or especially favorable geologic conditions, are known on either of these properties. It is concluded, therefore, that the chances of finding uranium deposits of commercial size and grade on the Rain Shower claims are not good and that the application for assistance should be denied without a field examination.

J. William Hasler
J. William Hasler,
U. S. Geological Survey

M. H. Salsbury by JWH
M. H. Salsbury,
U. S. Bureau of Mines

JWH/mlr
Enclosures (8)

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

RECEIVED
JAN 12 1956

January 10, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 4113 (Uranium), American Energy Corporation, San Juan County, Utah

Enclosed are the original and three copies of a review of the subject application by members of the Grand Junction office.

W. M. Traver

W. M. Traver

Enclosures

MINERAL DEPOSITS
IN REPLY REFER TO:
DMEA
RECEIVED
JAN 6 1956
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 360
Grand Junction, Colorado

RECEIVED
JAN 12 1956

January 5, 1956

DMEA
Date Rec'd.
JAN 9 1956
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Executive Officer, DMEA Field Team, Region III

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M. H. Salsbury

Through: E. N. Harshman
J. F. Shaw

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J. William Hasler
J. William Hasler,
U. S. Geological Survey

M. H. Salsbury by JWH
M. H. Salsbury,
U. S. Bureau of Mines

JWH/mlr
Enclosures (8)

January 5, 1956

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 - 4113 American Energy Corporation

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

January 5, 1956
Subject: DMEA-4113
Re: Exploration Assistance
American Energy

American Energy Corporation
Box 486
Moab, Utah

Gentlemen:

The receipt of your application dated December 14, 1955, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4113 and referred to the Rare & Misc. 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

60932

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Not to be filled in by applicant

Docket No. OMEA-4113
Metal or Mineral Uranium
Date Received 1-5-56
Estimated Cost $109,710.00
Participation (Government %) 118,910.

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: American Energy Corp. , Box 486 , Moab , Utah

Victor J.Nelson	Irving Miller	Jerry Peyton
Box 486 Moab,Utah	11435 Canton Dr.	12636 Ventura Blvd.
Member of A.I.M.E.	North Hollywood,Calif.	Studio City , Calif.

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract See sheet # 2 and map of survey -- Exhibit B3

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

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

(*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.

(*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. See sheet # 2

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 Exhibit #3

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

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

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

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

RECEIVED
JAN 5 1956

16—66551-1

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

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

(*c*) The work will start within 15 days and be completed within 6 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 Exhibit A1 & A2

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

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

(*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.

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

(*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.

(*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.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

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

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

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

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

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

Explain in detail on acompanying paper. See Exhibit A3

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 Dec. 14, 1955

American Energy Corp.
(Applicant)

By Victor J. Nelson
Victor J. Nelson, Pres.
P.O.Box 486 Moab, Utah

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

AMERICAN ENERGY CORP.

BOX ~~653~~ 486

MOAB, UTAH

December 14, 1955

U. S. Department of Interior
Defense Minerals Exploration Administration
Bureau of Mines
224 New Custom~~b~~house Building
Denver 2, Colorado

Gentlemen:

As president and general manager of the above corporation, I herewith submit for your approval the attached application for a DMEA loan on our Cane Creek properties in San Juan County, Utah.

Trusting the enclosed will be to your satisfaction, I remain,

Very truly yours,

Victor J. Nelson

Victor J. Nelson, President

VJN:cl

AMERICAN ENERGY CORP.

BOX ~~653~~ 486

MOAB, UTAH

Ref. Item #3, 3F, of Application MF-103

Name of Claim	Location Notice Recorded in Book	Page
Rain Shower No. 1	19	458A
Rain Shower No. 2	19	459
Rain Shower No. 3	19	459
Rain Shower No. 4	37	51
Rain Shower No. 5	37	51
Rain Shower No. 6	37	52
Rain Shower No. 7	177	454
Rain Shower No. 8	65	437
Rain Shower No. 9	177	454
Rain Shower No. 10	177	453
Rain Shower No. 11	177	453
Rain Shower No. 12	177	454
Rain Shower No. 13	177	454
Rain Shower No. 14	177	455
Rain Shower No. 15	177	455
Rain Shower No. 16	177	456
Lost Treasure No. 1	37	52
Lost Treasure No. 2	37	53
Lost Treasure No. 3	37	53
Lost Treasure No. 4	37	54
Lost Treasure No. 5	39	345
Lost Treasure No. 6	39	346
Lost Treasure No. 7	39	346
Lost Treasure No. 8	39	349
Pomona No. 1	37	95
Pomona No. 2	37	96
Pomona No. 3	37	96
Pomona No. 4	37	97
Pomona No. 5	37	97
Pomona No. 6	37	98
Pomona No. 7	39	347
Pomona No. 8	39	348
Pomona No. 9	39	348
Pomona No. 10	39	349
Pomona No. 11	39	349
Pomona No. 12	39	350
Pomona No. 13	39	350
Pomona No. 14	39	351
Pomona No. 15	45	129
Pomona No. 16	45	129
Victor No. 1	209	414
Victor No. 2	209	415
Victor No. 3	285	416
Isolated	209	81
Betty No. 1	209	415
Edna-A	257	128
Helen-R	257	127
Lost Chance	259	187

(Total of 48 claims)

Sheet No. 2

AMERICAN ENERGY CORP.

BOX ~~656~~ 486
MOAB, UTAH

M3-103
Item 6

ESTIMATE OF COSTS

A. Independent Contracts

1. Drifting (exploratory)

   a. Rainshoer No. 3

      1. 300 feet drifting (5 x 7 drift) @ $25.00 feet $7,500.00

   b. Lost Treasure No. 1

      1. 150 feet drifting (5 x 7 drift) @ $25.00 per foot $3,750.00

   c. Rainshower No. 5

      1. 150 feet drifting (5 x 7 drift) @ $25.00 per foot $3,750.00
         $15,000.00

      Total Contract Drifting

2. Drilling (exploratory) Refer to Exhibit A2 and A3

   a. 800 foot average depth per hole

      1. 700 feet straight hole drilling at $3.50 per foot--
         $2,450.00

      2. 100 feet diamond core drilling at $4.50 per foot --
         $450.00

      Total cost per hole drilled (average) $2,900.00

   b. Exploration program outlines 30 holes be drilled on
      _____ claims as per map attached Exhibit A2 and A3

      Total of 30 holes @ $2,900.00 per hole--$87,000.00

3. Bulldozing work

   a. 50 hours @ $14.00 per hour --$700.00

      TOTAL COSTS OF INDEPENDENT CONTRACTS $92,700.00

Exhibit 2
Sheet 1

AMERICAN ENERGY CORP.

BOX 486

MOAB, UTAH

c. Estimate of Costs (continued)

B. Labor (supervision and consultants)

1. Project Supervisor, Victor J. Nelson (See Exhibit A1)

a. Estimated completion requirements for exploratory program, 6 months @ $1,200.00 per month $7,200.00

2. Geological Consultant (See Exhibit A2)

a. Estimated requirements total 48 days at the rate of $100.00 per days 4,800.00

Total supervision and consultants $12,000.00

C. Contractors will defray all costs

D. Contractors will furnish all equipment with exception of probing unit, which will be supplied by applicant.

E. Rehabilitation and repairs

1. Repair and re-roof warehouse at mine site 200.00

F. New Buildings and improvements - None

G. Miscellaneous Expenses

1. Field Expenses of Supervisor

a. Traveling to and from project location, a distance of 50 miles per day at the rate of 10¢ per mile--$5.00 per day--$25.00 per week Total 26 weeks $1,300.00

2. Costs of assays

a. 200 assays at $3.00 each 600.00

3. Probing to be accomplished by project supervisor

4. Accounting costs--$300.00 per month--6 month total 1,800.00

5. Public liability insurance for 6 month period 110.00

H. Contingencies (miscellaneous expenses not itemized above)

Total Estimate of Costs $118,710.00 ~~$109,710.00~~

Exhibit 2
Sheet 2

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

224 New Customhouse
Denver 2, Colorado

December 30, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA Aid (Uranium), American Energy Corporation, San Juan County, Utah

Enclosed are two copies of the subject application in the amount of $109,710.00. One copy of the application has been forwarded to the Grand Junction field office for their review and comments, and one copy is being retained in our files.

W. M. Traver

W. M. Traver

Enclosures

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JAN 5 1956

EXHIBIT A.-G.

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

April 26 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Rainshower #3	0.298								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit A

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

July 26, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Rainshower #3	0.216								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit A

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

April 12, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Lost Treasure #5	0.104								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit B

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

Feb. 17, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Lost Treasure #1	0.181								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit C

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

April 22, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Lost Treasure #2	0.166								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit D

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

July 22, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Rainbowes # 3	0.028	0.05	Carbon, Silica, Lime Trace Co & Ni						

TOTAL CHARGES $ 4.00

J. Earl Smith
CHEMIST

Exhibit E

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

March 8, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Lost Treasure #1	0.052								
Rainshower #5	0.038								

TOTAL CHARGES $ 6.00

J. Earl Smith
CHEMIST

Exhibit F

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

Feb. 14, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Lost Treasure #1	0.052								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit G.

AMERICAN ENERGY CORP.

BOX ~~533~~ 486

MOAB, UTAH

Ref. Item #4 of MF-103

Physical Description

(a) There has been a very thorough exploration operations conducted on these properties which, in our opinion, proves that more exploration work would be justified.

Two drifts have been made, one on the Rainshower No. 3, which was driven to 36 feet, where a 6 inch ore vein was encountered which was assayed at 0.028 (see Exhibit A to G), another on Rainshower No. 5 which was run to a distance of 15 feet on an exposed vein which assayed .18% U_3O_8 .

There have also been a number of prospect cuts made, some being on Rainshower No. 3, which show very good possibilities, with assays up to .298% U_3O_8 and some on the Lost Treasure No. 1 and the Rainshower No. 5, all showing very good assays up to .18% U_3O_8 .

There is a total mineralized area on the face of the cliff covering over 1,500 feet in length and from 40 to 50 feet in height on the Rainshower No. 5 and Lost Treasure Nos. 1, 2, and 3. All this adds up to the fact that there must be ore in back of it somewhere.

One drill hole was put down to 799 feet from the top of the cliff on Lost Treasure No. 1, which was probed by the Empire Logging Co. and showed mineralization (see Exhibit B1).

We have built roads to all points on the property, so very little, if any, road work will be required for this proposed development work. All of the above mentioned drifts and drill holes are accessible by road.

(b) There has been no production on this immediate property; however, there are several producing mines further down the canyon a few miles, together with a large body of ore blocked out by the Climax Uranium Corp, who plan to start their mining operations shortly.

(c) The geological features are explained in Exhibit A2 as prepared by our geologist, William McDougald.

(d) The applicant is the owner of these unpatented claims. However, there is an overriding royalty on all claims except the Last Chance, Isolated, and the Victor No. 3.

(e) All of these claims are within 20 miles of the city of Moab, which is the hub of materials and manpower for this area.

Exhibit # 3

AMERICAN ENERGY CORP.

BOX ~~653~~ 486

MOAB, UTAH

Item #5 of M.F. 103

(d) Experience and background of applicant.

The applicant, the American Energy Corp., is a Utah corporation formed for the purpose of the mining and development of uranium properties and not for the purpose of gains by promotional stocks. This is a closed corporation with no stock for sale to the public.

This corporation at present has one mine in operation on their Green River properties, shown on Exhibit Sheet #2.

The founder and president of the corporation, Victor J. Nelson, is a member of the AIME and has been in the mining and engineering field for a number of years, several of which have been spent in the uranium field in the Colorado Plateau area. During the World War II, he operated one of the largest cinnabar mines in Old Mexico, including the designing and construction of its mercury refining plant. Also he has designed, constructed and operated a number of lime plants both in the United States and in Mexico. Mr. Nelson designed and patented a retort kiln known as the Nelson Inclined Furnace #5 (see Pit & Quarry Handbook, 1949, Page 382, Fig 29).

He is 49 years old, of which 30 years has been spent in the mining and structual engineering field. He has had operations where up to 400 men have been employed at one time.

Therefore it is believed that Mr. Nelson, with this vast background of engineering experience, can very readily and capably handle any situation that may arise during this exploration program.

He will further be assisted by another very capable geologist, Mr. William McDougald of Moab, Utah (see Exhibit A2).

Exhibit AI

GEOLOGICAL SERVICES
BOX 896
MOAB UTAH

December 17, 1955

To: American Energy Corporation
Box 486
Moab, Utah

SUBJECT: Experience and background of Geologist, re Item 5 of MF 103, (DMEA loan application)

William Dean McDougald: age 28, born in Holiday, Texas, moved to Moab, Utah, in 1939. Educated at University of Utah, Bachelor of Science Degree in Geology (1952), Master of Science Degree in Geology, University of Utah (1953); employed by the AEC, Grand Junction Operations Office, Grand Junction, Colorado, from June 15, 1953 to August 15, 1954, as a field geologist in the Four Corners area; employed by Kyle-Scott Company of Moab, Utah, from August to November, 1954; self employed as consulting geologist, headquartered in Moab, Utah, from November 1, 1954, to present time; worked occasionally with older brother and father in uranium and vanadium mines since 1941. I presently work for a number of clients throughout the Four Corners area.

Respectfully,

William Dean McDougald

William Dean McDougald

EXHIBIT A - 2

AMERICAN ENERGY CORP.

BOX 486

MOAB, UTAH

DMEA

Item #7 MF-103

It is proposed that a contract be let to the Apex Drilling and Manufacturing Corp. of North Hollywood, California, to do all the drilling and drifting as herein proposed and that the Apex Drilling and Manufacturing Corp. would stand the cost over and above the percentage of costs as paid for by DMEA, and for that portion of costs the Apex Drilling & Equipment Corp. would take back a note from the American Energy Corp. in the form of a second trust deed after the first trust deed loan from DMEA.

Exhibit A3

GEOLOGICAL SERVICES

MOAB UTAH

December 17, 1955

American Energy Corporation
No. 12 Arches Building
Moab, Utah

Gentlemen:

The following report is submitted covering observations made during examinations on the Rainshower group of claims, owned by your corporation, and examinations made for other companies in the Kane Springs Wash area during 1955.

The claims examined for your corporation were the Rain Shower 1-16, Lost Treasure 1-8, Pomona 1-16, Victor 1-3, and the Isolated, Betty No. 1, Edna-A, Helen-R, and the Lost Chance claim; thus a total of forty-eight (48) claims were examined by a cursory, and sometime detail types of investigation. The claims are shown on an accompanying tracing from a U.S.G.S. Photogeologic map and survey plat.

GENERAL GEOLOGY

Structurally, The claims are located along the Kane Creek Anticline. The Anticline is flaring out to the east, in the vicinity of the claim area. The strata are practically flat--lying with dips from 1 to 3 degrees to the northeast, and strike to the northwest. A major fault is found one (1) mile northeast of the Rain Shower group of claims. Other major faulting is found west of the

EXHIBIT A - 4

Rain Shower area; also, the general area possesses a prominent joint system which trends northwest.

The relationship between structural elements and bedded sedimentary deposits has not been definitely established; however, the census of opinion among geologists and mining engineers is that they are related. The Climax deposit along Hurrah Pass is reported to be of a "large commercial size," and susposingly a combined structural and sedimentary controlled ore body. The Monte Cristo and Cimota deposits, approximately nine (9) miles northwest of the Rain Shower group and just east across Kane Springs Wash from Climax, are spoken of as deposits being structurally controlled by faulting and fracturing. The Monte Cristo deposit is presently being developed by the Centennial Development Company of Eureka, Utah, and production will commence in the near future. Stratigraphically, The Rainshower group of claims are staked over Upper-Cutler units of Permian Age, Moenkopi, Chinle, and Wingate units of Triassic age, and the Kayenta formation of Jurassic age.

Economically the stratigraphic unit of interest would be the lower most sandstone rim of the Chinle formation. Mineralization in the Cutler formation is found further down Kane Creek Wash--this horizon is not exposed on the Rainshower group of claims and is not recommended for exploration.

The much talked about "Shinarump conglomerate" was not recognized in the vicinity of the claims; the Lower-Chinle sandstone

rim lays directly on the Moenkopi formation. A large portion of the Kane Springs area is lacking in Shinarump deposition.

Topographically, The claims are staked over rough terrane. Steep canyon walls comprised of the Chinle formation and Wingate sandstone, divided by a narrow valley floor along outcrops of the lower-Chinle, Moenkopi and Cutler units. As for the construction of access roads and drill site locations, for a large scale drilling program, the Kayenta and Wingate surfaces, back of the canyon rims would be the cheapest to traverse and is recommended for the drilling program outlined below under conclusions and recommendations.

Drilling Depths: Drilling north and south of the "Canyon Proper" would require depths ranging from 700 to 800 feet, depending upon how much of the Kayenta formation is present at the drill site locations.

MINERALIZATION: The mineralized outcrops known on the Rainshower group of claims are in the lower part of the Chinle formation. Streams during Lower-Chinle time did not cut sharp and well defined scours down into the underlying Moenkopi formation; however, there are evidences of wide, shallow scouring; and in some places it appears that the contact zone is one of "interfingering" of Chinle and Moenkopi deposition. This "interfingering" condition was noted at the workings on the Rainshower No. 3 claim.

There are also notable sandstone thickenings in the lowermost Chinle rim within the Rainshower group area.

RECOMMENDATIONS AND CONCLUSIONS

(1) At the workings, on Rainshower No. 3 claim, there are favorable appearing sandstone lenses near the base of the Chinle. One of these sandstone lenses is just about the Moenkopi contact, the other occurs 30 feet above the Moenkopi contact. Both of the lenses contain carbonaceous three remains and give off abnormal radiometric count. The high counting zones are around replaced log and tree remains, associated with iron oxide (mostly limonite) and low grade vanadium.

(a) It is recommended that your corporation drive (not more than) a 300 foot tunnel, at the point designated to Mr. Nelson, on Rainshower No. 3 claim. This test drift will test under the rough Chinle overburden; the drift should be driven in a southernly direction following the most favorable lithology and mineralization.

(b) If commercial grade ores are encountered, follow up with additional drifting and development work.

(2) Near the southwest corner of the Lost Treasure No. 1 claim (north of the Corporation campsite) occurs two carbonaceous streaks with thicknesses from 1 inch to 6 inches. There is no evidence of channeling along the Chinle-Moenkopi contact at, or near this occurence. The thin streaks assay around 0.18% U_3O_8,

radiometrically; and are exposed over a wide area. The carbonaceous streaks underly a gray conglomerate lense.

(a) It is recommended that a drift, cutting the streaks, be driven to the north, for testing the thickness of the radioactive zones back under the rim. This drift should not exceed 150 feet in length, unless commercial ore, or more favorable conditions than is exposed on the rims is encountered. This drift should also follow the most favorably found lithology and mineralization.

It is ~~above~~ also recommended that one 150-foot drift be driven in a northernly direction at the point designated to Mr. Nelson, on the Rainshower No. 5 claim. This drift will test under the rough Chinle slope; and is recommended to follow the best lithology and mineralization encountered. It would not appear feasible to me to recommend a straight drift as though to reach a designated point; therefore all of the drifts are recommended to be driven following the best encountered lithology and mineralization.

There are other reported radioactive carbonaceous zones exposed along Kane Creek, within the Rainshower group of claims. Because of the expenditures necessary to drill from the Chinle surfaces, I feel that development drifts into the better known mineralized outcrops is the most practical recommendation to be made for testing back of the exposed outcrops.

If commercial ore bodies are discovered by excavation methods, a second phase of closely spaced offset drilling will be recommended.

A total of twenty-six (26) drill holes is recommended for the north rim, and four (4) for the south rim. The approximate position of the holes is shown on the accompanying survey plat. The wide spaced drilling is recommended for testing the large claim area, and also I wish to point out that where warrented your corporation should, and will, I am sure, plan an offsetting on a closely spaced drilling grid.

In concluding I would like to point out that the Rainshower group of claims are recommended for the three (3) test drifts and thirty (30) drill holes; it is believed that only by taking such a costly program, or venture, the possible merits of the group can be obtained.

This report respectfully submitted to the American Energy Corporation, December 17, 1955.

William D. McDougald
William D. McDougald
Consultant-Geologist

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

224 New Customhouse
Denver 2, Colorado

December 30, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA Aid (Uranium), American Energy Corporation, San Juan County, Utah

Enclosed are two copies of the subject application in the amount of $109,710.00. One copy of the application has been forwarded to the Grand Junction field office for their review and comments, and one copy is being retained in our files.

W. M. Traver

Enclosures

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JAN [illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 360
Grand Junction, Colorado

MINERAL DEPOSITS
DMEA
RECEIVED
JAN 6 1956
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

IN REPLY REFER TO:

January 5, 1956

DMEA
Date Rec'd.

Memorandum

To: Executive Officer, DMEA Field Team, Region III

RECEIVED
JAN 12 1956

JAN 9 1956
BUREAU OF MINES
Denver, Colorado

From: J. William Hasler
M. H. Salsbury

Through: E. N. Harshman
J. F. Shaw

Subject: Application for DMEA (American Energy Corporation, San Juan County, Utah).

We have carefully reviewed the subject application for DMEA assistance to explore the Rain Shower, et al claims in the Cane Springs Canyon, San Juan County, Utah.

These claims are contiguous to and surround the Monte Cristo Uranium Company's Candy Kane group of claims, discussed in a geologic report of October 15, 1954 (DMEA 3470) by H. S. Johnson, U. S. Geological Survey.

The geology and possibilities for significant uranium deposits on the American Energy Corporation properties appear to be about the same as for those of the Monte Cristo properties. No significant ore deposits, or especially favorable geologic conditions, are known on either of these properties. It is concluded, therefore, that the chances of finding uranium deposits of commercial size and grade on the Rain Shower claims are not good and that the application for assistance should be denied without a field examination.

J. William Hasler
J. William Hasler,
U. S. Geological Survey

M. H. Salsbury by JWH
M. H. Salsbury,
U. S. Bureau of Mines

JWH/mlr
Enclosures (8)

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Not to be filled in by applicant

Docket No. DMEA-4113
Metal or Mineral Uranium
Date Received 1-5-56
Estimated Cost $109,710.00
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: American Energy Corp., Box 466, Moab, Utah

Victor J. Nelson, Box 466 Moab, Utah
Member of A.I.M.E.

Irving Miller, 11435 Canton Dr., North Hollywood, Calif.

Jerry Peyton, 12636 Ventura Blvd., Studio City, Calif.

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract See sheet # 2 and map of survey -- Exhibit B3

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

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

(*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.

(*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. See sheet # 2

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 Exhibit #3

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

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

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

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

16—66551-1

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JAN 5 1956

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

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

(*c*) The work will start within 15 days and be completed within 6 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 Exhibit A1 & A2

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

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

(*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.

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

(*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.

(*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.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

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

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

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

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

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

Explain in detail on acompanying paper. See Exhibit # A3

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 Dec. 14, 1955

American Energy Corp.
(Applicant)

By Victor J. Nelson
Victor J. Nelson, Pres.
P.O.Box 486 Moab, Utah

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

AMERICAN ENERGY CORP.

BOX ~~653~~ 486

MOAB, UTAH

December 14, 1955

U. S. Department of Interior
Defense Minerals Exploration Administration
Bureau of Mines
224 New Customhouse Building
Denver 2, Colorado

Gentlemen:

As president and general manager of the above corporation, I herewith submit for your approval the attached application for a DMEA loan on our Cane Creek properties in San Juan County, Utah.

Trusting the enclosed will be to your satisfaction, I remain,

Very truly yours,

Victor J. Nelson

Victor J. Nelson, President

VJN:cl

AMERICAN ENERGY CORP.

BOX ~~653~~ 486

MOAB, UTAH

Ref. Item #3, 3F, of Application MF-103

Name of Claim	Location Notice Recorded in Book	Page
Rain Shower No. 1	19	458A
Rain Shower No. 2	19	459
Rain Shower No. 3	19	459
Rain Shower No. 4	37	51
Rain Shower No. 5	37	51
Rain Shower No. 6	37	52
Rain Shower No. 7	177	454
Rain Shower No. 8	65	437
Rain Shower No. 9	177	454
Rain Shower No. 10	177	453
Rain Shower No. 11	177	453
Rain Shower No. 12	177	454
Rain Shower No. 13	177	454
Rain Shower No. 14	177	455
Rain Shower No. 15	177	455
Rain Shower No. 16	177	456
Lost Treasure No. 1	37	52
Lost Treasure No. 2	37	53
Lost Treasure No. 3	37	53
Lost Treasure No. 4	37	54
Lost Treasure No. 5	39	345
Lost Treasure No. 6	39	346
Lost Treasure No. 7	39	346
Lost Treasure No. 8	39	349
Pomona No. 1	37	95
Pomona No. 2	37	96
Pomona No. 3	37	96
Pomona No. 4	37	97
Pomona No. 5	37	97
Pomona No. 6	37	98
Pomona No. 7	39	347
Pomona No. 8	39	348
Pomona No. 9	39	348
Pomona No. 10	39	349
Pomona No. 11	39	349
Pomona No. 12	39	350
Pomona No. 13	39	350
Pomona No. 14	39	351
Pomona No. 15	45	129
Pomona No. 16	45	129
Victor No. 1	209	414
Victor No. 2	209	415
Victor No. 3	285	416
Isolated	209	81
Betty No. 1	209	415
Edna-A	257	128
Helen-R	257	127
Lost Chance	259	187
(Total of 48 claims)		

Sheet No. 2

AMERICAN ENERGY CORP.

BOX ~~956~~ 486

MOAB, UTAH

M3-103
Item 6

ESTIMATE OF COSTS

A. Independent Contracts

1. Drifting (exploratory)

   a. Rainshoer No. 3

      1. 300 feet drifting (5 x 7 drift) @ $25.00 feet $7,500.00

   b. Lost Treasure No. 1

      1. 150 feet drifting (5 x 7 drift) @ $25.00 per foot $3,750.00

   c. Rainshower No. 5

      1. 150 feet drifting (5 x 7 drift) @ $25.00 per foot $3,750.00
         $15,000.00

         Total Contract Drifting

2. Drilling (exploratory) Refer to Exhibit A2 and A3

   a. 800 foot average depth per hole

      1. 700 feet straight hole drilling at $3.50 per foot--
         $2,450.00

      2. 100 feet diamond core drilling at $4.50 per foot --
         $450.00

         Total cost per hole drilled (average) $2,900.00

   b. Exploration program outlines 30 holes be drilled on
      _____ claims as per map attached Exhibit A2 and A3

      Total of 30 holes @ $2,900.00 per hole--$87,000.00

3. Bulldozing work

   a. 50 hours @ $14.00 per hour --$700.00

      TOTAL COSTS OF INDEPENDENT CONTRACTS $92,700.00

Exhibit 2
Sheet 1

AMERICAN ENERGY CORP.

BOX 486
MOAB, UTAH

c. Estimate of Costs (continued)

B. Labor (supervision and consultants)

1. Project Supervisor, Victor J. Nelson (See Exhibit A1)

a. Estimated completion requirements for exploratory program, 6 months @ $1,200.00 per month $7,200.00

2. Geological Consultant (See Exhibit A2)

a. Estimated requirements total 48 days at the rate of $100.00 per days 4,800.00

Total supervision and consultants $12,000.00

C. Contractors will defray all costs

D. Contractors will furnish all equipment with exception of probing unit, which will be supplied by applicant.

E. Rehabilitation and repairs

1. Repair and re-roof warehouse at mine site 200.00

F. New Buildings and improvements - None

G. Miscellaneous Expenses

1. Field Expenses of Supervisor

a. Traveling to and from project location, a distance of 50 miles per day at the rate of 10¢ per mile--$5.00 per day--$25.00 per week Total 26 weeks $1,300.00

2. Costs of assays

a. 200 assays at $3.00 each 600.00

3. Probing to be accomplished by project supervisor

4. Accounting costs--$300.00 per month--6 month total 1,800.00

5. Public liability insurance for 6 month period 110.00

H. Contingencies (miscellaneous expenses not itemized above)

Total Estimate of Costs $109,710.00

Exhibit 2
Sheet 2

AMERICAN ENERGY CORP.

BOX 486

MOAB, UTAH

Ref. Item #4 of MF-103

Physical Description

(a) There has been a very thorough exploration operations conducted on these properties which, in our opinion, proves that more exploration work would be justified. ?

Two drifts have been made, one on the Rainshower No. 3, which was driven to 36 feet, where a 6 inch ore vein was encountered which was assayed at 0.028 (see Exhibit A to G), another on Rainshower No. 5 which was run to a distance of 15 feet on an exposed vein which assayed .18% U_3O_8 .

There have also been a number of prospect cuts made, some being on Rainshower No. 3, which show very good possibilities, with assays up to .298% U_3O_8 and some on the Lost Treasure No. 1 and the Rainshower No. 5, all showing very good assays up to .18% U_3O_8 .

There is a total mineralized area on the face of the cliff covering over 1,500 feet in length and from 40 to 50 feet in height on the Rainshower No. 5 and Lost Treasure Nos. 1, 2, and 3. All this adds up to the fact that there must be ore in back of it somewhere.

One drill hole was put down to 799 feet from the top of the cliff on Lost Treasure No. 1, which was probed by the Empire Logging Co. and showed mineralization (see Exhibit B1).

We have built roads to all points on the property, so very little, if any, road work will be required for this proposed development work. All of the above mentioned drifts and drill holes are accessible by road.

(b) There has been no production on this immediate property; however, there are several producing mines further down the canyon a few miles, together with a large body of ore blocked out by the Climax Uranium Corp, who plan to start their mining operations shortly.

(c) The geological features are explained in Exhibit A2 as prepared by our geologist, William McDougald.

(d) The applicant is the owner of these unpatented claims. However, there is an overriding royalty on all claims except the Last Chance, Isolated, and the Victor No. 3.

(e) All of these claims are within 20 miles of the city of Moab, which is the hub of materials and manpower for this area.

Exhibit # 3

AMERICAN ENERGY CORP.

BOX 486
MOAB, UTAH

Item #5 of M.F. 103

(d) Experience and background of applicant.

The applicant, the American Energy Corp., is a Utah corporation formed for the purpose of the mining and development of uranium properties and not for the purpose of gains by promotional stocks. This is a closed corporation with no stock for sale to the public.

This corporation at present has one mine in operation on their Green River properties, shown on Exhibit Sheet #2.

The founder and president of the corporation, Victor J. Nelson, is a member of the AIME and has been in the mining and engineering field for a number of years, several of which have been spent in the uranium field in the Colorado Plateau area. During the World War II, he operated one of the largest cinnabar mines in Old Mexico, including the designing and construction of its mercury refining plant. Also he has designed, constructed and operated a number of lime plants both in the United States and in Mexico. Mr. Nelson designed and patented a retort kiln known as the Nelson Inclined Furnace #5 (see Pit & Quarry Handbook, 1949, Page 382, Fig 29).

He is 49 years old, of which 30 years has been spent in the mining and structual engineering field. He has had operations where up to 400 men have been employed at one time.

Therefore it is believed that Mr. Nelson, with this vast background of engineering experience, can very readily and capably handle any situation that may arise during this exploration program.

He will further be assisted by another very capable geologist, Mr. William McDougald of Moab, Utah (see Exhibit A2).

Exhibit AI

GEOLOGICAL SERVICES

MOAB UTAH

December 17, 1955

To: American Energy Corporation
Box 486
Moab, Utah

SUBJECT: Experience and background of Geologist, re Item 5 of MF 103, (DMEA loan application)

William Dean McDougald: age 28, born in Holiday, Texas, moved to Moab, Utah, in 1939. Educated at University of Utah, Bachelor of Science Degree in Geology (1952), Master of Science Degree in Geology, University of Utah (1953); employed by the AEC, Grand Junction Operations Office, Grand Junction, Colorado, from June 15, 1953 to August 15, 1954, as a field geologist in the Four Corners area; employed by Kyle-Scott Company of Moab, Utah, from August to November, 1954; self employed as consulting geologist, headquartered in Moab, Utah, from November 1, 1954, to present time; worked occasionally with older brother and father in uranium and vanadium mines since 1941. I presently work for a number of clients throughout the Four Corners area.

Respectfully,

William Dean McDougald

William Dean McDougald

EXHIBIT A - 2

AMERICAN ENERGY CORP.

BOX 486

MOAB, UTAH

DMEA

Item #7 MF-103

It is proposed that a contract be let to the Apex Drilling and Manufacturing Corp. of North Hollywood, California, to do all the drilling and drifting as herein proposed and that the Apex Drilling and Manufacturing Corp. would stand the cost over and above the percentage of costs as paid for by DMEA, and for that portion of costs the Apex Drilling & Equipment Corp. would take back a note from the American Energy Corp. in the form of a second trust deed after the first trust deed loan from DMEA.

Exhibit A3

GEOLOGICAL SERVICES
Box 896
Moab, Utah
December 17, 1955

American Energy Corporation
No. 12 Arches Building
Moab, Utah

Gentlemen:

The following report is submitted covering observations made during examinations on the Rainshower group of claims, owned by your corporation, and examinations made for other companies in the Kane Springs Wash area during 1955.

The claims examined for your corporation were the Rain Shower 1-16, Lost Treasure 1-8, Pomona 1-16, Victor 1-3, and the Isolated, Betty No. 1, Edna-A, Helen-R, and the Lost Chance claim; thus a total of forty eight (48) claims were examined by a cursory, and sometime detail types of investigation. The claims are shown on an accompanying tracing from a U.S.G.S. Photogeologic map and survey plat.

GENERAL GEOLOGY

Structurally, The claims are located along the Kane Creek Anticline. The Anticline is flaring out to the east, in the vicinity of the claim area. The strata are practically flat--lying with dips from 1 to 3 degrees to the northeast, and strike to the northwest. A major fault is found one (1) mile northeast of the Rain Shower group of claims. Other major faulting is found west of the

EXHIBIT A - 4

Rain Shower area, also, the general area possesses a prominent joint system which trends northwest.

The relationship between structural elements and bedded sedimentary deposits has not been definitely established; however, the census of opinion among geologists and mining engineers is that they are related. The Climax deposit along Hurrah Pass is reported to be of a "large commercial size," and susposingly a combined structural and sedimentary controlled ore body. The Monte Cristo and Cimota deposits, approximately nine (9) miles northwest of the Rain Shower group and just east across Kane Springs Wash from Climax, are spoken of as deposits being structurally controlled by faulting and fracturing. The Monte Cristo deposit is presently being developed by the Centennial Development Company of Eureka, Utah, and production will commence in the near future. Stratigraphically, The Rainshower group of claims are staked over Upper-Cutler units of Permian Age, Moenkopi, Chinle, and Wingate units of Triassic age, and the Kayenta formation of Jurassic age.

Economically the stratigraphic unit of interest would be the lower most sandstone rim of the Chinle formation. Mineralization in the Cutler formation is found further down Kane Creek Wash--this horizon is not exposed on the Rainshower group of claims and is not recommended for exploration.

The much talked about "Shinarump conglomerate" was not recognized in the vicinity of the claims; the Lower-Chinle sandstone

rim lays directly on the Moenkopi formation. A large portion of the Kane Springs area is lacking in Shinarump deposition.

Topographically, The claims are staked over rough terrane. Steep canyon walls comprised of the Chinle formation and Wingate sandstone, divided by a narrow valley floor along outcrops of the lower-Chinle, Moenkopi and Cutler units. As for the construction of access roads and drill site locations, for a large scale drilling program, the Kayenta and Wingate surfaces, back of the canyon rims would be the cheapest to traverse and is recommended for the drilling program outlined below under conclusions and recommendations.

Drilling Depths: Drilling north and south of the "Canyon Proper" would require depths ranging from 700 to 800 feet, depending upon how much of the Kayenta formation is present at the drill site locations.

MINERALIZATION: The mineralized outcrops known on the Rainshower group of claims are in the lower part of the Chinle formation. Streams during Lower-Chinle time did not cut sharp and well defined scours down into the underlying Moenkopi formation; however, there are evidences of wide, shallow scouring; and in some places it appears that the contact zone is one of "interfingering" of Chinle and Moenkopi deposition. This "interfingering" condition was noted at the workings on the Rainshower No. 3 claim.

GEOLOGICAL SERVICES
Box 896
Moab, Utah

If commercial ore bodies are discovered by excavation methods, a second phase of closely spaced offset drilling will be recommended.

A total of twenty-six (26) drill holes is recommended for the north rim, and four (4) for the south rim. The approximate position of the holes is shown on the accompanying survey plat. The wide spaced drilling is recommended for testing the large claim area, and also I wish to point out that where warrented your corporation should, and will, I am sure, plan an offsetting on a closely spaced drilling grid.

In concluding I would like to point out that the Rainshower group of claims are recommended for the three (3) test drifts and thirty (30) drill holes; it is believed that only by taking such a costly program, or venture, the possible merits of the group can be obtained.

This report respectfully submitted to the American Energy Corporation, December 17, 1955.

William D. McDougald
Consultant-Geologist

EXHIBIT A-G.

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

Continental Energy Corp.

April 26, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Random #3	0.297								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Eyesch AA

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

July 26, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Rainshower #3	0.216								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit a

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

April 12, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Lost Treasure #5	0.104								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit B

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

Feb. 17, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Lost Treasure #1	0.181								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit C

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

April 22, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Lost Treasure #2	0.166								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit D

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

July 22, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Rainbower # 3	0.028	0.05	Carbon, Silica, Lime Trace Co & Ni						

TOTAL CHARGES $ 4.00

J. Earl Smith
CHEMIST

Exhibit E

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

Mar. 8, 1955

Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Lost Treasure #1	0.052								
Rainshower #5	0.038								

TOTAL CHARGES $ 6.00

J. Earl Smith
CHEMIST

Exhibit F

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

American Energy Corp.

Feb. 14, 1955

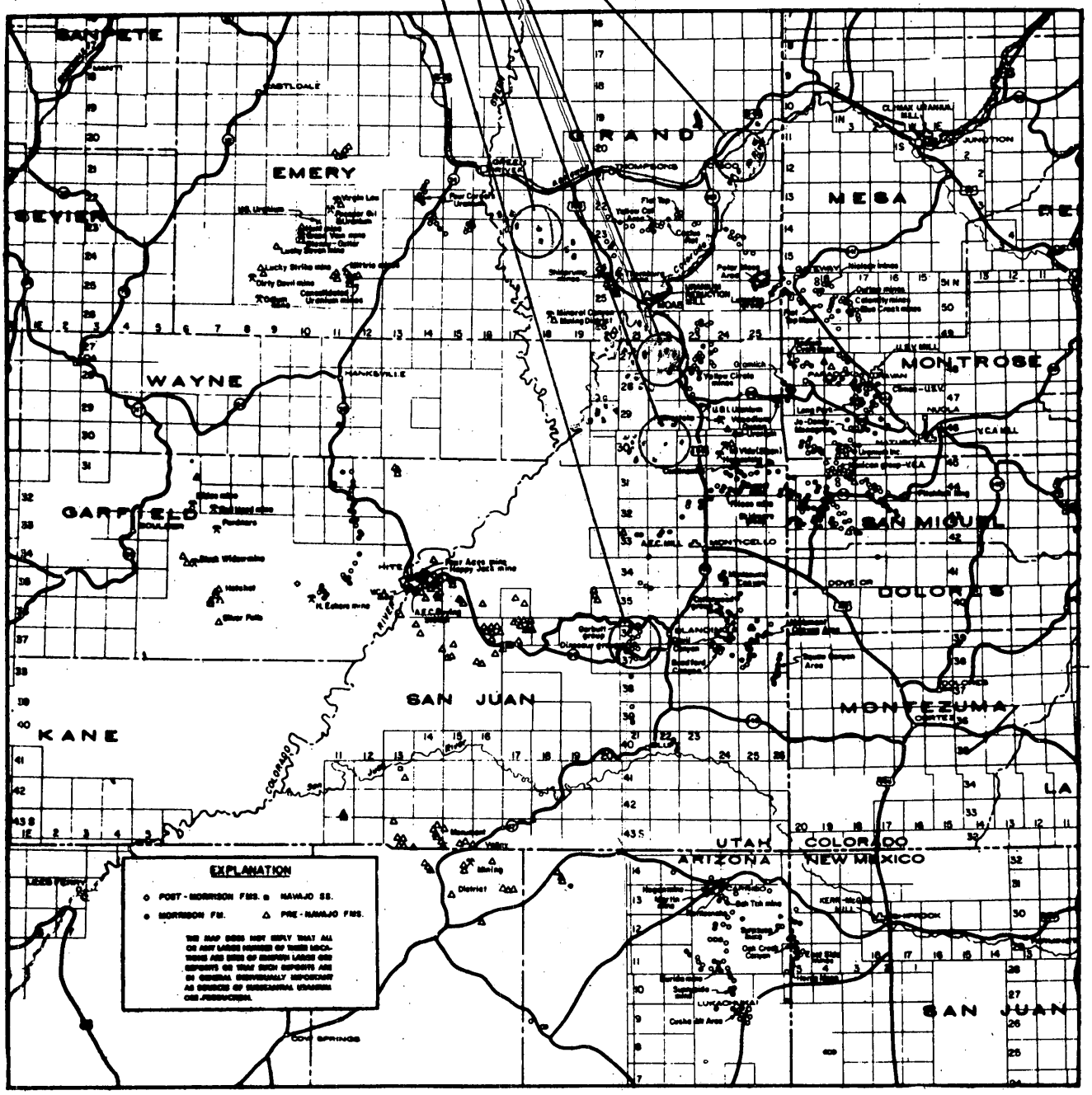
Sample Description	% U_3O_8	% V_2O_5	%	%	%	%			
Lost Treasure #1	0.052								

TOTAL CHARGES $ 3.00

J. Earl Smith
CHEMIST

Exhibit G.

AECO GROUP
CANE CREEK GROUP
ENERGY GROUP
GREEN RIVER GROUP
COTTON WOOD WASH GROUP



INDEX MAP OF PROPERTIES

IN THE
URANIUM REGION
UTAH-COLORADO-ARIZONA-NEW MEXICO
SHOWING DEEDED URANIUM DEPOSITS-MINES
PROCESSING MILLS AND PRINCIPAL HIGHWAYS
0 24 48 MI

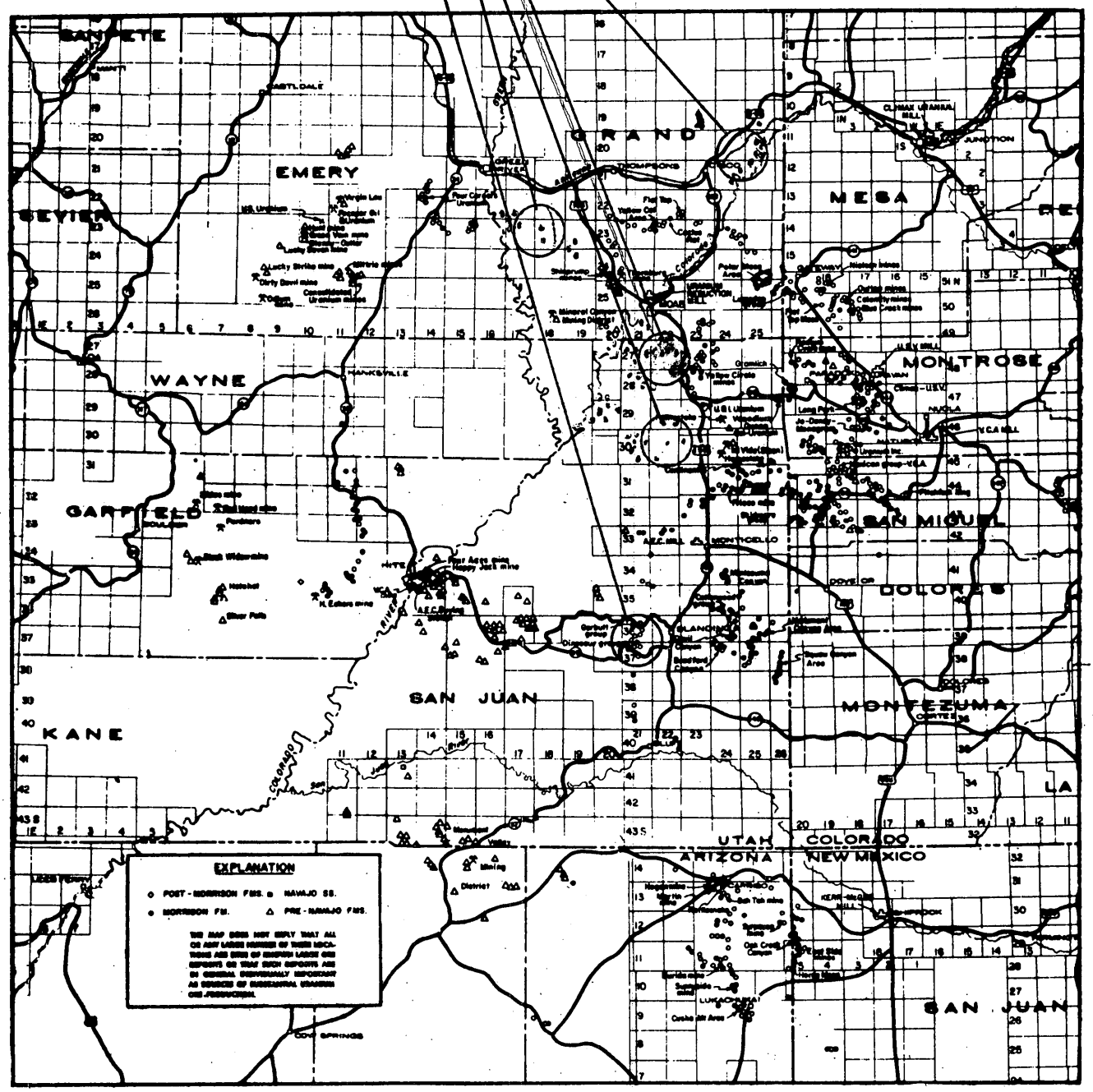
AMERICAN ENERGY CORP.
Uranium Properties and Mining
NO. 12 ARCHES BLDG.

VICTOR J. NELSON
President

Box 653
Moab, Utah

EXHIBIT SHEET #2

AECO GROUP
CANE CREEK GROUP
ENERGY GROUP
GREEN RIVER GROUP
COTTON WOOD WASH GROUP



INDEX MAP OF PROPERTIES

IN THE
URANIUM REGION
UTAH-COLORADO-ARIZONA-NEW MEXICO
SHOWING BEDDED URANIUM DEPOSITS-MINES
PROCESSING MILLS AND PRINCIPAL HIGHWAYS
0 24 48 MI

AMERICAN ENERGY CORP.
Uranium Properties and Mining
NO. 12 ARCHES BLDG.

VICTOR J. NELSON
President

Box 653
Moab, Utah

EXHIBIT SHEET #2

WESTERN STATES MAP CO.

There are also notable sandstone thickenings in the lowermost Chinle rim within the Rainshower group area.

RECOMMENDATIONS AND CONCLUSIONS

(1) At the workings, on Rainshower No. 3 claim, there are favorable appearing sandstone lenses near the base of the Chinle. One of these sandstone lenses is just about the Moenkopi contact, the other occurs 30 feet above the Moenkopi contact. Both of the lenses contain carbonaceous three remains and give off abnormal radiometric count. The high counting zones are around replaced log and tree remains, associated with iron oxide (mostly limonite) and low grade vanadium.

(a) It is recommended that your corporation drive (not more than) a 300 foot tunnel, at the point designated to Mr. Nelson, on Rainshower No. 3 claim. This test drift will test under the rough Chinle overburden; the drift should be driven in a southernly direction following the most favorable lithology and mineralization.

(b) If commercial grade ores are encountered, follow up with additional drifting and development work.

(2) Near the southwest corner of the Lost Treasure No. 1 claim (north of the Corporation campsite) occurs two carbonaceous streaks with thicknesses from 1 inch to 6 inches. There is no evidence of channeling along the Chinle-Moenkopi contact at, or near this occurence. The thin streaks assay around 0.18% U_3O_8,

radiometrically; and are exposed over a wide area. The carbonaceous streaks underly a gray conglomerate lense.

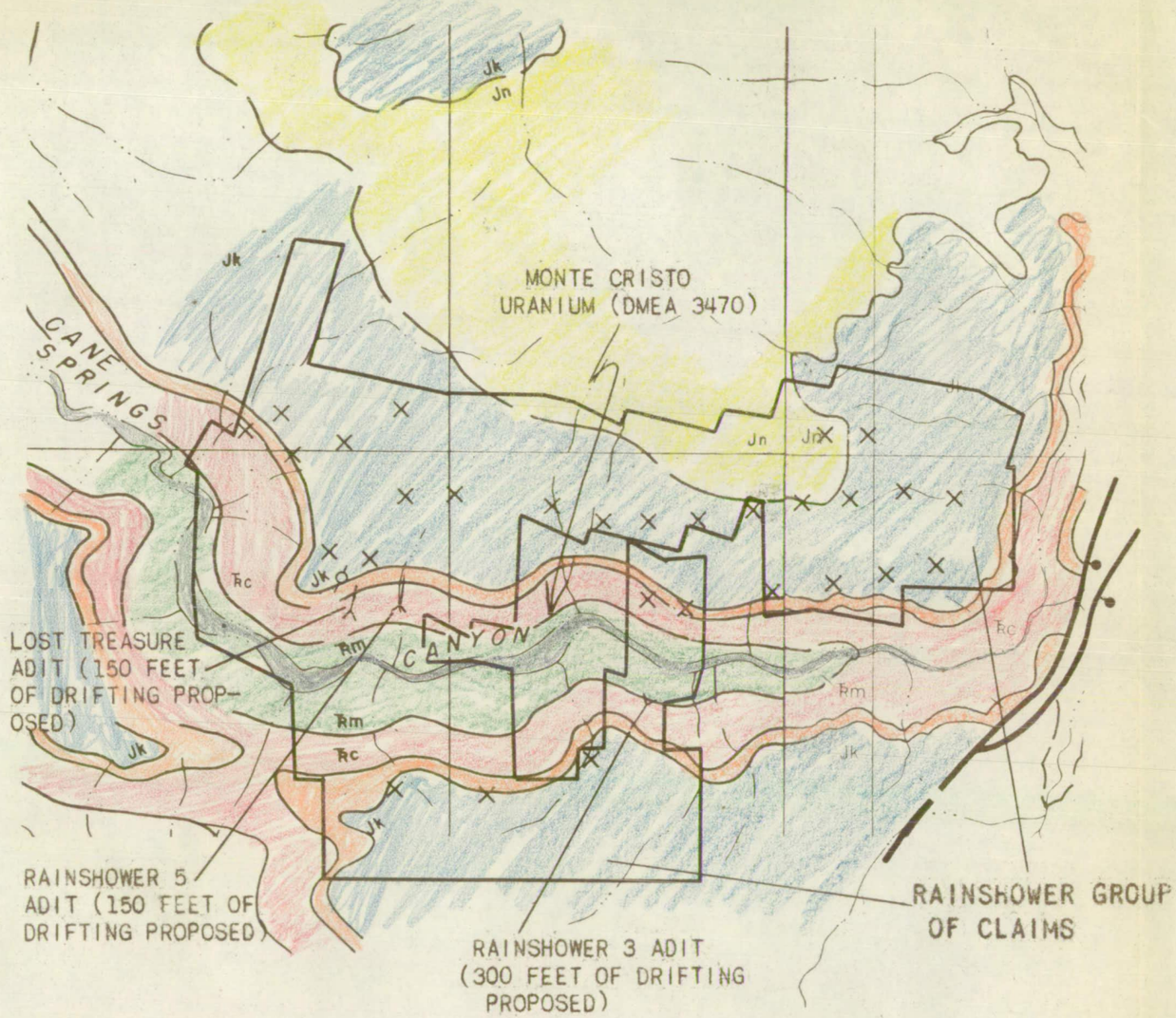
(a) It is recommended that a drift, cutting the streaks, be driven to the north, for testing the thickness of the radioactive zones back under the rim. This drift should not exceed 150 feet in length, unless commercial ore, or more favorable conditions than is exposed on the rims is encountered. This drift should also follow the most favorably found lithology and mineralization.

It is ~~above~~ also recommended that one 150-foot drift be driven in a northernly direction at the point designated to Mr. Nelson, on the Rainshower No. 5 claim. This drift will test under the rough Chinle slope; and is recommended to follow the best lithology and mineralization encountered. It would not appear feasible to me to recommend a straight drift as though to reach a designated point; therefore all of the drifts are recommended to be driven following the best encountered lithology and mineralization.

There are other reported radioactive carbonaceous zones exposed along Kane Creek, within the Rainshower group of claims. Because of the expenditures necessary to drill from the Chinle surfaces, I feel that development drifts into the better known mineralized outcrops is the most practical recommendation to be made for testing back of the exposed outcrops.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
APRIL 1956 DOCKET 4113



T. 28 S., R. 22 E., S.L.M.

N

EXPLANATION

Jn	JURASSIC NAVAJO SANDSTONE
Jk	JURASSIC KAYENTA FORMATION
Rw	TRIASSIC WINGATE SANDSTONE
Rc	TRIASSIC CHINLE FORMATION
Rm	TRIASSIC MOENKOPI FORMATION
	GEOLOGIC CONTACT
	FAULT, SHOWING DOWNTHROWN SIDE
	CLAIM GROUP OUTLINE
ø	EXISTING DRILL HOLE
×	LOCATION OF PROPOSED DRILL HOLE

Note: BASE MODIFIED FROM U.S. GEOLOGICAL SURVEY PHOTOGEOLOGIC QUADRANGLE MAPS, CARLISLE 1 AND MT. PEALE 4. CLAIM GROUP OUTLINE, DRILL HOLE AND ADITS FROM APPLICANTS MAP.

— Dry Wash

2000 0 8000 FEET

FIGURE 2. GEOLOGIC MAP SHOWING RAINSHOWER GROUP OF CLAIMS, AMERICAN ENERGY CORPORATION, SAN JUAN COUNTY, UTAH.