4597

E-1096

For royalty payment of $184.24 dated 1/31/66, see transmittal letter file.

4597

$1096

For royalty payment of $797.56, dted 12/31/65, see transmittal letter file.

E-1096

For royalty payment of $336.91, dated October 22, 1965, see transmittal letter file.

E-1096

Royalty payment of $210.94, dated October 5, 1965, see transmittal letter file

E-1096

For royalty payment of $363.17 dated September 16, 1965, see transmittal letter file.

E-1096

For royalty payment of $210.94, dated August 19, 1965, see transmittal letter file.

E-1096

For royalty payment of $188.28, dated July 19, 1965, see transmittal letter file.

E-1096

For royalty payment of $682.88, dated June 15, 1965, see transmittal letter file.

E-1096

For royalty payment of $143.38, taken from Disbursement & Repayment report for November 1965, see royalty payment file

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

May 27, 1965

Strategic Minerals Exploration Company
P. O. Box 1648
Grand Junction, Colorado

Re: DMEA-4597 (Uranium)
Strategic Minerals Exploration Company
Kila Claim
San Juan County, Utah, and Montrose County, Colorado
Contract Idm-E 1096

Gentlemen:

Enclosed is a copy of the Report of Royalty Review dated May 4, 1965 on the subject contract.

Yours very truly,

ORIGINAL SIGNED BY

Hugh M. Conners
Acting Field Officer, OME
Region III

H. M. C. (5-27-65)
cc: G. C. Selfridge
C. E. Fisher
E 1096
Chron

COPY
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JUN 1 1965
LAITRAME | CODE
80-C

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

May 27, 1965

Memorandum

To: Fiscal Section
Office of Management Operations
Office of the Secretary
Department of the Interior
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: DMEA-4597 (Uranium)
Strategic Minerals Exploration Company
Ella Claim
San Juan County, Utah, and Montrose County, Colorado
Contract Idm-E 1096

Enclosed is the original Report of Royalty Review dated May 4, 1965 on the subject contract.

ORIGINAL SIGNED BY

Hugh M. Connors

H.M.C. (5-27-65)
cc: G. C. Selfridge
C. E. Fisher
E 1096
Chron

E-1096

For royalty payment of $786.56, dated May 21, 1965, see transmittal letter file.

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

May 18, 1965

Memorandum

To: Contract Administration and Audit Division

From: Acting Field Officer, OME, Region III

Subject: DMRA-4597 (Uranium)
Strategic Minerals Exploration Company
Ella Claim
San Juan County, Utah, and Montrose County, Colorado
Contract Idm-E 1096

I believe you have transposed some figures in your Report of Royalty Review on the subject contract.

According to my royalty card the royalty paid is $3,963.66 instead of $3,936.66.

If I am wrong return the Reports and I will distribute them.

Hugh M. Connors

H. M. C. (5-18-65)
cc: G. C. Selfridge
E 1096
Chron

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E1096, Docket DMEA-4597 (Uranium), dated June 3, 1957, with

Strategic Minerals Exploration Company
P. O. Box 1648
Grand Junction, Colorado

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Ella claim and fraction located in San Juan County, Utah, and Montrose County, Colorado, during the period June 1, 1962, through April 30, 1965.

A certification of discovery or development was issued on April 4, 1958, and, in accordance with Article 8 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated November 18, 1957, indicated accepted costs under the exploration contract amounting to $11,911.04 with the Government's contribution on a 75 percent basis being $8,933.28.

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

This review found the total sales subject to the Government's royalty for the period to be $79,923.53. Royalty payable to the Government at the rates specified in the contract is $3,963.66.

A prior Report of Royalty Review found no sales subject to the Government's royalty through May 31, 1962. Accordingly, as of May 31, 1962, the royalty account of this project was found to be:

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

As of April 30, 1965, the royalty account of this project was found to be:

Total Royalty Payable	$3,963.66
Total Royalty Paid	3,963.66
Balance of Royalty Due	$ -0-

C. E. Fisher

C. E. Fisher, OME Auditor

May 4, 1965

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The Operator is a partnership consisting of John I. Schumacher, Mrs. Charles P. Schumacher, Philip K. Schumacher, Dr. James Smith, and John Will, with the first named being the managing partner and agent of the partnership in all matters pertaining to the contract.

The land under the contract consists of Ella unpatented lode mining claim in sec. 28, T. 28 S., R. 26 E., S.L.B.M., and the Ella fraction in sec. 10, T. 47 N., R. 20 W., N.M.P.M., La Sal Creek Area, Paradox Mining District. At the time the contract was executed, the Operator was in possession of the Ella claim by virtue of a December 26, 1956, lease from the Mid-Continent Uranium Corp., Uranium Center Building, Grand Junction, Colorado. In consideration of the contract the lessor executed a Consent to Lien and Subordination Agreement on May 2, 1957. This document refers to not only the Ella claim and fraction but also the Joan and La Ray claims.

Exploration work under the contract started on June 26, 1957, and was completed September 13, 1957. No ore was produced during the exploration period. A later examination of the property and replies by the Operator and the landowner to inquiries on MME Forms 63 have disclosed no production from the Ella claim and fraction through April 1964. The Operator terminated its lease on April 30, 1959.

By indenture entered into on May 24, 1963, Mid-Continent Uranium Corp. leased the property subject to this exploration contract to Shumway and Dade, 215 Landsdown, Grand Junction, Colorado, for a period of 3 years with option to extend the term through 1970. This lease provided that the Government's royalty should be paid from the amount of the landowners royalty provided in the lease.

Shipments of ore by the lessee to Vanadium Corporation of America, Shiprock, N. M., started in May 1964. The purchaser of the ore has withheld the Government's royalty from settlements and has paid proper royalty to the Government, supported by copies of monthly settlement sheets, through March 1965. A summary of these settlements follows:

Idm-E1095 Strategic Minerals Exploration Company DMEA-4597

STATUS OF PROJECT, SCOPE OF REVIEW (CONT'D)
AND REASONS THEREFOR

	Quantity	Value
Ore	3,077.29 SDT	-0-
V_2O_5	67,282 lbs.	$21,541.36
U_3O_8	14,541.82 lbs.	51,111.24
Development Allowance		7,270.93
Total		$79,923.53
Royalty Payable and Paid		$ 3,963.66

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

(1) The files indicate that all sales of production from the property have been reported and proper royalty thereon paid; and

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

MAY 5 1965

Memorandum

To: Acting Field Officer, Region III

From: Contract Administration and Audit Division /s/ C. E. Fisher

Subject: DMEA-4597 (Uranium)
Strategic Minerals Exploration Company
Ella Claim
San Juan County, Utah, and Montrose County, Colorado
Contract Idm-E1096

The original and two copies of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Office of Management Operations, Office of the Secretary, Department of the Interior, Washington, D. C. 20240;

(b) One copy for the Operator; and

(c) One copy for your files.

As evidence of your concurrence, a copy of your letter transmitting the copy of the report to the Operator should be furnished this Division. If for any reason you do not concur, the original and both copies of the report should be returned to this Division with your comments.

Enclosure

CEFisher:fh
5/5/65

cc: Docket
Fiscal Section
CA & A Division
Director's reading file

NOV 1 7 1964

Vanadium Corporation of America

Milpitas, New Mexico

Re: DMMA-[illegible] (Uranium)
Strategic Minerals Exploration Co.
Ella Claim
San Juan County, Utah, and
Montrose County, Colorado
Contract Idm-[illegible]

Gentlemen:

Receipt is acknowledged of your check No. [illegible], amount [illegible], covering royalty due to the Government under provisions of the referenced contract.

It is noted that you have reduced your payment in the amount of [illegible] and have included that amount in your payment to Mid-Continent Uranium Corporation to adjust the overpayment of royalty in connection with the September 1964 settlement.

In the future will you please make the remittances to the Acting Field Officer, OME Region III, Building [illegible], Denver Federal Center, Denver, Colorado [illegible], accompanied by two copies of the pertinent settlement sheets.

Sincerely yours,

George Fumich, Jr.

Acting Director

cc: Mid-Continent Uranium Corporation
Uranium Center Building
Grand Junction, Colorado [illegible]

CEFISHER:fh/11/16/64
cc: Director's reading file
1-CA & A Division
Reg. III
Docket

NOV 2 [illegible]

Memorandum

To: Chief, Fiscal Section
Office of Management Operations
Office of the Secretary

From: Contract Administration and Audit Division CEF

Subject: DMEA-4[illegible] (Uranium)
Strategic Minerals Exploration Company
Ella Claim
San Juan County, Utah, and Montrose County, Colorado
Contract Idm-E1096

Enclosed for deposit to the subject DMEA account under symbol 14X4401 as a royalty receipt is Vanadium Corporation of America check No. 6[illegible] drawn under date of November 13, 1964, in the amount of $473.06 on the First National Bank, Durango, Colorado.

This payment covers 5% royalty on the $9,591.20 gross proceeds on Vanadium Corporation of America settlement sheet for October 1964 on lots 10851 through 10904, less $6.50 overpaid in connection with September 1964 settlement by that Company.

Enclosure

CEFISHER:fh
11/16/64

cc: Docket
Director's reading file
CA & A Division
Reg. III ~~(w/c of settlement sheet)~~

Mr. John E. Danielson
Office Manager
Mid-Continent Uranium Corporation
Uranium Center Building
Grand Junction, Colorado 81501

OCT 2 0 1964

Re: DMEA-4597 (Uranium)
Strategic Minerals Exploration Co.
Ella Claim
San Juan County, Utah, and
Montrose County, Colorado
Contract Idm-E1096

Dear Mr. Danielson:

Reference is made to your letter dated July 29, 1964, to Vanadium Corporation of America.

The schedule of royalty deductions applicable to DMEA contracts is as follows:

Value of Ore	Royalty Deduction
Less than $8.50 per ton	1½%
$8.50 to $8.99 " "	2%
9.00 to 9.49 " "	2½%
9.50 to 9.99 " "	3%
10.00 to 10.49 " "	3½%
10.50 to 10.99 " "	4%
11.00 to 11.49 " "	4½%
Over $11.50 " "	5%

It is noted that VCA settlement for September 1964 related to 140.8325 SDT of ore with a gross value of $1,300.62 on which royalty at 3 percent has been paid in the amount of $39.02. The value per SDT in this instance is $9.24 SDT, the correct royalty rate is 2½ percent, and the royalty properly payable is $32.52. Appropriate adjustment may be made on a subsequent settlement if you wish.

Sincerely yours,

George Fumich, Jr.

Acting Director

CEFisher/ama 10-20-64

cc:
Docket
Director's Reading File
CA & A Division
Region III

E-1096

For royalty payment of $566.64, dated April 16, 1965, see transmittal letter file.

E-1096

For royalty payment of $261.84, dated March 19, 1965, see transmittal letter file.

E-1096

For royalty payment of $140.38, dated February 19, 1965, see transmittal letter file.

E-1096

For royalty payment of $1,271.48, dated January 22, 1965, see transmittal letter file.

E-1096

For royalty payment of $805.97, dated December 18, 1964, see transmittal letter file.

E-1096

For royalty payment of $473.06, dated November 17, 1964, see transmittal letter file.

E-1096

For royalty payment of $39.02, dated October 16, 1964, see transmittal letter file.

E-1096

For royalty payment of $118.90, dated September 16, 1964, see transmittal letter file.

Memorandum

To: Chief, Fiscal Section
Office of Management Operations
Office of the Secretary

(Signed) E. D. Talbert

From: Chief, Contract Administration and Audit Division

Subject: DMEA-4597 (Uranium)
Strategic Minerals Exploration Company
Kila Claim
San Juan County, Utah, and Montrose County, Colorado
Contract 14-[illegible]-[illegible]-[illegible]95

Enclosed for deposit to the subject DMEA account under symbol 14X4471 as a royalty receipt is Vanadium Corporation of America check no. 86,354 drawn under date of August 14, 1964, in the amount of $70.86 on the First National Bank, Durango, Colorado.

This payment covers 5% royalty on the $1,417.15 gross proceeds on Vanadium Corporation of America settlement sheet for July 1964 on lots 10426 through 10500.

Enclosure

EDTalbert/ama 8-17-64

cc:
Docket
Director's Reading File
CA & A Division
Reg. III (w/c of settlement sheet)

AUG 3 1964

Mid-Continent Uranium Corporation
Uranium Center Building
Grand Junction, Colorado 81501

Re: DMEA-4597 (Uranium)
Strategic Minerals Exploration Company
Ella Claim
San Juan County, Utah, and
Montrose County, Colorado
Contract Idm-E1096

Gentlemen:

Receipt is acknowledged of your July 29, 1964, check no. 8019 in the amount of $215.51, one copy of the settlement sheet covering May 1964 ore shipments, and a copy of your July 29 letter to Vanadium Corporation of America, all as enclosed with your letter of the same date to this office.

We are pleased to learn that you are now shipping from the property under the contract and that we may expect further royalty payments. Although the percentage royalty is properly payable to the Office of Minerals Exploration, the remittances should be mailed to the Acting Field Officer, OME Region III, Building 20, Denver Federal Center, Denver, Colorado 80225, and should be accompanied by two copies of the pertinent settlement sheets.

Please amend your instructions to the buyer accordingly.

Sincerely yours,

George Fumich, Jr.

Acting Director

EDTalbert/ama 8-3-64

cc:
Docket
Director's Reading File
CA & A Division
Region III

AUG 3 1964

Memorandum

To: Chief, Fiscal Section
Office of Management Operations
Office of the Secretary

(Signed) E. D. Talbert

From: Chief, Contract Administration and Audit Division

Subject: DMEA-4597 (Uranium)
Strategic Minerals Exploration Company
Nila Claim
San Juan County, Utah, and Montrose County, Colorado
Contract Ida-E1096

Attached for deposit to the subject DMEA account under symbol 14X4401 as a royalty receipt is Mid-Continent Uranium Corp. check no. 8019 drawn under date of July 29, 1964, in the amount of $215.51 on the Bank of Denver, Denver, Colorado.

This payment covers 5% royalty on the $4,310.25 gross proceeds on Vanadium Corporation of America settlement sheet for May 1964 on lots 9807 through 10144.

Enclosure

EDTalbert/ama 8-3-64

cc:
Docket
Director's Reading File
CA & A Division
Reg. III (w/c of settlement sheet & inc. ltr.)

800

AREA CODE 303
PHONE 243-1200

MID-CONTINENT URANIUM CORP.

URANIUM CENTER BUILDING
GRAND JUNCTION, COLORADO
81501

July 29, 1964

Mr. Page Edwards
Vanadium Corporation of America
Shiprock, New Mexico

Dear Mr. Edwards:

Reference is made to our letter of June 11, 1964 and to your letter of June 16, 1964 regarding the ore that is being shipped to you from our Kila Claim covered by your Ore Purchase Contract No. 72.

Since this claim is subject to a Defense Minerals Exploration Administration (now Office of Minerals Exploration) loan in the amount of $8,933.28, it will be necessary for you to make royalty deductions from the ore settlements for the Office of Minerals Exploration until the amount of the loan has been repaid. The schedule for this royalty deduction is as follows:

Value of Ore	Royalty Deduction
$ 0.00 to $ 8.00 per ton	1½% of Gross
8.01 to 8.50 per ton	2 % of Gross
8.51 to 9.00 per ton	2½% of Gross
9.01 to 9.50 per ton	3 % of Gross
9.51 to 10.00 per ton	3½% of Gross
10.01 to 10.50 per ton	4 % of Gross
10.51 to 11.00 per ton	4½% of Gross
Over $11.00 per ton	5 % of Gross

The basis for the royalty is the gross price paid for the ore including all bonuses and allowances. This basis includes the hauling allowance, if it is actually paid to seller in the event the ore is not purchased F.O.B. the mine. The checks are to be made payable and mailed to the Office of Minerals Exploration, Washington 25, D.C. A copy of the settlement sheet must accompany the check and a reference should be made to "Docket No. DMEA-4597 (Uranium), Contract No. Idm-E 1096, Joan, LaRoy, and Kila Claims, San Juan County, Utah and Montrose County, Colorado" on the check stub.

The amount of the royalty paid to the Office of Minerals Exploration is to be deducted from Mid-Continent Uranium Corp. 17-1/2% royalty stated in the "Ore Settlement Liquidation Instructions" which was filed with your office by Dade & Schumway. You may start the royalty deduction from the current settlement as we will settle with OME on the previous shipments.

Very truly yours,

MID-CONTINENT URANIUM CORP.

John E. Danielson
Office Manager

JED:gw

REPORT OF
ROYALTY REVIEW

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-81096, Docket OMEA-4597 (uranium), dated June 3, 1957, with

Strategic Minerals Exploration Company
P. O. Box 1648
Grand Junction, Colorado

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Ella claim and fraction located in San Juan County, Utah, and Montrose County, Colorado, during the period June 18, 1959, through May 31, 1962.

A certification of discovery or development was issued on April 4, 1958, and, in accordance with Article 8 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated November 18, 1957, indicated accepted costs under the exploration contract amounting to $11,911.04 with the Government's contribution on a 75 percent basis being $8,933.28.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through June 17, 1959. Accordingly, as of May 31, 1962, the royalty account of this project was found to be:

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

E. D. Talbert, OME Auditor

July 5, 1962

Idm-21096 Strategic Minerals Exploration Company DMEA-4597

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The Operator is a partnership consisting of John I. Schumacher, Mrs. Charles P. Schumacher, Philip K. Schumacher, Dr. James Smith, and John Will, with the first named being the managing partner and agent of the partnership in all matters pertaining to the contract.

The land under the contract consists of Ella unpatented lode mining claim in sec. 28, T. 28 S., R. 26 E., S.L.B.M., and the Ella fraction in sec. 10, T. 47 N., R. 20 W., N.M.P.M., La Sal Creek Area, Paradox Mining District. At the time the contract was executed the Operator was in possession of the Ella claim by virtue of a December 26, 1956, lease from the Mid-Continent Uranium Corp., Uranium Center Building, Grand Junction, Colorado. In consideration of the contract the lessor executed a Consent to Lien and Subordination Agreement on May 2, 1957. This document refers to not only the Ella claim and fraction but also the Joan and La Ray claims.

Exploration work under the contract started on June 26, 1957, and was completed September 13, 1957. No ore was produced during the exploration period. A later examination of the property and replies by the Operator and the landowner to inquiries on MME Forms 63 have disclosed no production from the Ella claim and fraction. The Operator terminated its lease on April 30, 1959.

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

(1) The files contain no evidence of any production from the property under the contract; and

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

Building 20 - Federal Center
Denver 25, Colorado

EXTRA CO
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July 11, 1962

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMRA-4597 (Uranium)
Contract Idm-E1096
Strategic Minerals Exploration Company
(Ella Claim)
San Juan County, Utah, and Montrose County, Colorado

Attached is the original Report of Royalty Review on the subject property dated July 5, 1962 covering the period June 18, 1959, through May 31, 1962.

Original signed by

TMR

for
Hugh M. Connors

Attachments

TMR/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E1096
Chron

JUL 5 1962

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMSA-4597 (Uranium)
Strategic Minerals Exploration Company
Ella Claim
San Juan County, Utah, and Montrose County, Colorado
Contract Idm-E1096

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 7-5-62

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

MID-CONTINENT URANIUM CORP.
URANIUM CENTER BUILDING
GRAND JUNCTION, COLORADO

EXTRA COPY
O. M. E.
RECEIVED JAN
DATE | IN | CODE
800
OME

January 11, 1961

JAN 11 1961
REGION III
DENVER, COLORADO

Mr. Hugh M. Connors, Acting Field Officer, OME
Region III
United States Department of Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket No. DMEA 4597 (Uranium)
Contract No. Idm-E1096
Strategic Minerals Exploration Company
(Joan, LaRay & Ella claims)
San Juan County, Utah
Montrose County, Colorado

Dear Buck:

Johnny Schumacher gave me your letter of January 6, 1961 regarding the above DMEA contract.

I am enclosing a copy of Schumacher's release of his lease on these claims and also a copy he sent to Mr. Townsend relative to this matter, dated February 2, 1960. At the present time the Ella claim is not being worked, although we are negotiating a possible lease on the property with Blue Creek Mining Company. As you may know, the most practical method to develop the Ella ore body would be through the Blue Creek Mining Company tunnel which has it's adit on the Joan claim which also belongs to Mid-Continent. During the past year or so, we have had several people interested in developing the Ella ore body but can do nothing as long as Blue Creek is still operating through their tunnel.

In the event that active mining is started on the Ella claim, we will advise you immediately.

Best regards.

Yours very truly,

MID-CONTINENT URANIUM CORP.

Norman E. Ebbley

Norman E. Ebbley, General Manager

NEE:vc

Encl:
W.O. (2) 1-13-61

RECEIVED
APR 30 1959
MID-CONTINENT URANIUM CORP.
RECEIVED
DATE
OME
DEPARTMENT OF THE INTERIOR
JAN

Strategic Minerals Expl. Co.
P.O. Box 1648
Grand Junction, Colorado
April 30, 1959

Mr. Norman Ebbley
Mid-Continent Uranium Corp.
Uranium Center Bldg.
Grand Junction, Colorado

Dear Duff:

Please be advised that effective immediately Strategic Minerals Exploration Company, is hereby terminating lease agreement dated 26th day of December 1956 covering the following claims:

Ella
Lion Canyon Nos. 1 to 14
Ray
Joan
Peggy
Jim Nos. 1 to 7
Unicorn Nos. 1 to 10
Delores
Nellie
Owl Nos. 1 to 12

The drilling logs, sampling information and map showing location of drill holes and a brief report describing other work which would apply toward assessment work for the years 1958 and 1959 have already been submitted to you at a previous date.

Should you need additional information on these claims I will be glad to assist you in getting it.

Sincerely,

JOHN T. SCHUMACHER

EXTRA COPY
O. M. E
RECEIVED JAN 20 1961
DATE OME
DEPARTMENT OF THE INTERIOR
JAN 1 1961
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
February 2, 1960

[illegible] Minerals Exploration Company
P. O. Box 1343
Grand Junction, Colorado

Re: Docket No. [illegible] 4597 (Uranium)
Contract No. Ida-[illegible]096
(Joan, LaRay & Ella claims)
San Juan County, Utah
Montrose County, Colorado

Gentlemen:

In reference to the "Certification by the United States of America of a Discovery or Development under an exploration Project Contract" and the instructions in the Washington Office letter of transmittal of the Certification on the captioned project, please indicate your answer to the following questions and return one copy of the questionnaire immediately to this office.

Very truly yours,

J. W. Townsend
Executive Officer, OME
Field Team, Region III

1. Has the property been sub-leased or any change made in ownership other than this office has been notified? Yes ___ No ✓. If yes, please furnish details of the transaction on a separate sheet and include a true or signed copy of any instrument that was executed in conjunction with the matter.

2. Has there been production from the land subordinated under the referenced contract since January 1, 1959? Yes ___ No ✓. If yes, and shipments made, who was the purchaser? _____

3. Is any of the following material stockpiled? Yes ___ No ___.

(a) Ore, Tons _____ Estimated grade _____
(b) Concentrates, lbs. _____ Estimated grade _____
(c) Low grade ore, tons _____ Estimated grade _____
Place stockpiled _____

P.S. I BELIEVE YOU ARE HAS BEEN NOTIFIED THAT THE FIRST MORTGAGE HAS BEEN TERMINATED

Signed [illegible]

Title [illegible] Date [illegible]

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado pertaining to Contract Idm-E1096, Docket No. DMEA 4597, dated June 3, 1957, with

Strategic Minerals Exploration Company
P. O. Box 1648
Grand Junction, Colorado

for the purpose of determining the amount of royalties due the U. S. Government on the sales of Uranium, from property referred to as Joan, LaRay and Ella Claims, located in San Juan County, Utah and Montrose County, Colorado, during the period June 3, 1957 to June 17, 1959.

A Certification of Discovery or Development was issued on April 4, 1958, and accordingly royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of Final Cost Audit dated November 18, 1957, indicated accepted costs under the exploration contract amounting to $11,911.04, with the Government's contribution on a 75 percent basis being $8933.28.

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

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

(a) According to the Field Team's Report of certified project for the period June 3, 1957 to June 30, 1958, operation ceased about September 30, 1957; no ore has been shipped since June 3, 1957, (The date of the exploration contract). Subsequent semi-annual report of Field Team for period July 1 to December 31, 1958, indicated the property inactive, and no operations or ore shipments are anticipated in 1959.

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

June 17, 1959

JUN 22 1959
O.M.E.

Donald T. Finch
Donald T. Finch
OME Auditor

JUN 23 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-4597 (Uranium)
Strategic Minerals Exploration Company
Contract No. Idm-51096

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

EDTalbert/ama
June 22, 1959

Copy to: Docket
Director's Reading File
Code 800

REPORT
OF REVIEW

DMEA
RECEIVED NOV 22 1957

DATE	INITIAL	CODE
11/22	C	220

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Strategic Minerals Exploration Company
P. O. Box 1648
Grand Junction, Colorado

pertaining to Exploration Project Contract No. Idm-E1096, Docket No. DMEA-4597, for the months of June, 1957 to September, 1957, inclusive, covering a project for the exploration of Uranium on property known as Joan, LaRay and Ella Claims, located in San Juan County, Utah, and Montrose County, Colorado.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, conference with the Executive Officer, DMEA Field Team, Region III, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the reasons given on the attachment to this report.

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

Total cost as billed by Contractor		$11,911.04
Exceptions:		
By DMEA Finance Officer	$0.00	
Herewith	0.00	0.00
Total Accepted Cost		$11,911.04

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Eight thousand, nine hundred thirty-three and 28/100ths Dollars is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount Payable to Operator	$ 8,933.28
Amount Reimbursed	8,433.29
Balance Due Operator	$ 499.99

November 18, 1957

Donald T. Finch
Donald T. Finch, Auditor.

REASONS FOR REPORT OF REVIEW IN LIEU OF FINAL AUDIT

STRATEGIC MINERALS EXPLORATION COMPANY

Contract Idm-E1096 Docket IMEA-4597

(a) The Monthly Reports were supported by documentary proof of that portion ($10,827.90) of the costs which covered work performed at unit rates under independent contract (per summary attached);

(b) The balance ($1083.14) of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed; and

(c) The administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowances thereunder.

STRATEGIC MINERALS EXPLORATION COMPANY

Contract Idm-E1096 | Docket IMEA-4597

SUMMARY OF WORK PERFORMED UNDER INDEPENDENT CONTRACT

28 hours of bulldozing @ $12.00		$ 336.00	
3,290 ft. of non-core drilling @ $1.75		5,757.50	
903 ft. of core drilling @ $4.00	$3,612.00		
244 ft. of core drilling @ $4.60	1,122.40	4,734.40	
Total Cost of Independent Contract			$10,827.90

SUMMARY OF FIXED UNIT COSTS

Incidental allowance 4,437 ft. @ 22¢	$ 976.14	
79 core boxes @ $1.00 each	79.00	
7 chemical analyses @ $4.00	28.00	
Total Fixed Unit Costs		$ 1,083.14
Total Accepted Costs		$11,911.04

NOV 22 1957

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Report of Review
Idm-7.1096, DMEA-4597
Strategic Minerals
Exploration Company

Dear Mr. Finch:

The recently submitted copies of your Report of Review covering the above-cited project are accepted and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/wb
November 22, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

RECEIVED NOV 18 1957
DATE | INITIALS | CODE
800

224 New Customhouse
Denver 2, Colorado

November 15, 1957

Memorandum

To: T. H. Brading, DMEA Auditor, Region III

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

Subject: Docket No. DMEA 4597 (Uranium), Contract No. Idm-E1096, Strategic Minerals Exploration Company (Joan, LaRay, and Ella claims), San Juan County, Utah, and Montrose County, Colorado

The work provided for under the subject contract has been completed and the Operator has rendered a final accounting and final report as required by the contract. Therefore, final payment of the Operator's account is in order, contingent on release to this office of a Certificate and Report of Audit, or Report of Review of reported project costs, whichever the case indicates.

Acceptable units of work or service completed on a Fixed Unit Cost basis are as follows:

Incidental allowance -----	4,437 feet of drilling
Core boxes ----------	79
Chemical analyses --------	7.

The sum of $500.00 was withheld from reimbursement to the Operator in processing the final accounting report, which was for the month of September, 1957.

Original signed by
E. N. HARSHMAN

E. N. Harshman

JWT:prl

cc: Chmn. Op. Comm. (2)
Harshman
Corres. file
Townsend
Chron.

224 New Customhouse
Denver 2, Colorado

November 26, 1957

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA-4597 (Uranium) Contract Idm-E1096, Strategic Minerals Exploration Company (Kila claim) San Juan County, Utah and Montrose County, Colorado - FINAL PAYMENT

Reference is made to our memorandum of October 28, 1957, whereby we transmitted the final Form MF-104, Operator's Monthly Report and Voucher for the month of September 1957, and requested that you withhold the amount of $500.00 from reimbursement to the Operator pending resolution of matters prerequisite to closing the account.

The Operator's final report has been received, therefore we recommend that final payment to the Operator be made on the following basis, which is in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, dated November 18, 1957.

Basis for Final Payment

Total accepted cost	$11,911.04
Government participation at 75 percent	8,933.28
Total prior payments	8,433.29
Balance due the Operator	$ 499.99

Original signed by
E. N. HARSHMAN

E. N. Harshman

JDC:jy

cc: Chm. Op. Comm. (2)
DMEA,DFC
MF-104 file, Reg. III
Harshman
Basler
DMEA,G.Jct.
Townsend
Corres. file
Chron.

$499.99

12/2/57 DMA 58-66

Form MF-164 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

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

Month of September, 1957 Docket No. DMEA 4597 Contract No. IDM-E-1098
Operator's Name Strategic Minerals Exploration Co. Minerals Uranium
Address Box 1648, Grand Junction, Colorado
Contract Amount, $ 13,500.00 Government Participation: 75 % Amount, $ 10,125.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts: Non Core						
Drilling 0-200	1400.00	3482.50	4882.50 ✓			
[redacted] 200-400	472.50	402.50	875.00			
[redacted] Core						
[redacted] 200 - 300	520.00	3092.00	3612.00			
300 - 400	736.00	386.40	1122.40			
(2) Labor and Supervision:						
[redacted] Bulldozing	72.00	264.00	336.00 ✓			
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	-	28.00	28.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Incidental Allow.	299.20	676.94	976.14			
Core Boxes	21.00	58.00	79.00			
TOTALS	$ 3520.70	$ 8390.34	$11911.04	3520.70	8390.34	11,911.04

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

Date Oct. 9, 1957 *Payee Strategic Minerals Exploration Co.

Per John I. Schmaltz Title Managing Partner

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

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

(Instructions on reverse)

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

$2140.53

Signature [illegible]
(Authorized Certifying Officer)

Date 10/30/57 Vou. No. DMA 58-42
(See other side)

Note: Withhold 500.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMEA 1096 in accordance with the terms of the contract.

Signature M. R. Salabury $2,470.53 Title Mining Engineer Date 10-21-57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. M. Hanchey Title acting Executive Officer Date OCT 28 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

DMEA
DEPARTMENT OF THE INTERIOR
OCT 14 1957
REGION III
DENVER, COLORADO

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

Month of September 195 57 Docket No. DMEA 4597 Contract No. Idm-E-1096

Operator's Name Strategic Minerals Exploration Co. Minerals

Address P. O. Box 1648, Grand Junction, Colorado Uranium

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes (200-300	Ft	$ 520.00	130	3812.00	903	$ 4.00	630	$ 4.00
Drilling: Core (300-400	Ft	736.00	160	1122.40	244	4.60	560	5.00
Plug Churn 0-200	Ft	1400.00	800	4882.50	2790	1.75	2800	1.75
Plug Auger 200-400	Ft	472.50	270	875.00	500	1.75	770	2.00
Stripping: Inc. Allow	Ft	299.20	1360	976.14	4437	0.22	4760	0.22
Trenching: Analyses	Ea	-	0	28.00	7	4.00	60	4.00
Test Pits: Bulldozing	Hr	72.00	6	336.00	28	12.00	28	12.00
Roads and Trails								
Core Boxes	Ea	21.00	21	79.00	79	1.00	117	1.00
Total Distributed Costs		$3520.70		$ 11911.04				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		$ 3520.70		$ 11911.04				$ 13500.00

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

M.M.P.

Remarks:

Date Oct. 9, 1957 Operator Strategic Minerals Exploration Co.

Per John S. Schmucker Title Managing Partner

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

(Instructions on reverse)

(For Government use only)

RECEIVED
NOV. 4 1957
D.M.E.A.

DMEA
DEPARTMENT OF THE INTERIOR
OCT 23 1957
REGION III
DENVER, COLORADO

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION
MADE OCT 31 1957

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
[illegible] New Custom House, Denver 2, Colorado
Administrative Audit Difference Statement

X

Strategic Minerals Exploration, Inc.
P. O. Box 1613
Grand Junction, Colorado

Date: October 23, 1957
Payee's
Reference: October 1957

Gentlemen:

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

Amount Claimed $ 3,520.00

Difference $

Amount Approved $ 3,520.00

The reason for the difference was due to:

Withheld: $500.00 pending resolution of matters prerequisite to closing the account.

DMEA
RECEIVED NOV 4 1957

DATE	INITIALS	AMOUNT
11/4	gb	220
		~~100~~
		800

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

224 New Customhouse
Denver 2, Colorado
October 28, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 4597 (Uranium) Contract Idm-E1096
Strategic Minerals Exploration Company (Ella claim)
San Juan County, Utah and Montrose County, Colorado -
Operator's Monthly Progress Report for the month of
September, 1957

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

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Bids were not submitted for bulldozer work; however, the bulldozing rates are in line with the standard rates prevailing in the project locality for the size and make of the bulldozer used on the project. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

<u>Withhold</u> an amount of $500.00 pending resolution of matters which are prerequisite to closing the account. The project was completed on September 16, 1957.

Reconciliation with Amount Reported by the Operator on Form MF-104 for September, 1957

Amount reported on Form MF-104 for September, 1957----------	$3,520.70
Government participation at 75 percent----------	2,640.52
Amount to be withheld----------	500.00
Balance due the Operator----------	$2,140.52

Remarks:

Date of Report----------October 9, 1957
Date Received in Field Office--------October 15, 1957
Date Received in Region Office-------October 23, 1957

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JDC:hmh

cc: Chmn. Op.Comm. (2))
DMEA, DFC) w/complete report
MF-104 file, Reg.III)
Harshman)
Hasler) w/copy of Engr's
Townsend) report
DMEA, C.Jct)
Chron

DMEA
DEPARTMENT OF THE INTERIOR
OCT 23 1957
REGION III
DENVER, COLORADO

P.O. Box 360
Grand Junction, Colo.

October 22, 1957

Memorandum

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

From: M. H. Salsbury

Subject: Docket No. DMEA 4597 (Uranium), contract Idm-E 1096, Strategic Minerals Exploration Company (Ella claim), San Juan County, Utah and Montrose County, Colorado. Progress report for September 1957.

The subject project was inspected on October 2, 1957 by M. H. Salsbury and N. L. Archbold, accompanied by John I. Schumacher representing the operator.

Claim is made in September 1957 for items covering 1,070 feet of non-core drilling and 290 feet of core-drilling in four drill holes as follows:

Actual Cost Items		
Independent contracts		
Non-core drilling,		
0-200 foot range - 800 feet at $1.75 per foot	$1,400.00	
200-400 foot range - 270 feet at 1.75 per foot	472.50	
Core drilling		
200-300 foot range - 130 feet at $4.00 per foot	520.00	
300-400 foot range - 160 feet at $4.60 per foot	736.00	
Bulldozing 6 hours at $12.00 per hour	72.00	
Fixed Unit Cost Items		
Incidental allowance for 1,360 feet of drilling completed at $0.22 per foot	299.20	
21 core boxes at $1.00 each	21.00	
Total claimed in September 1957		$3,520.70

The claims are supported by invoices from drilling and bulldozing contractors, are in accordance with contract terms, and do not exceed contract maximums except that core drilling depths were less than estimated so that the footage drilled in the 200-300 feet range exceeded the maximum footage allowed in that range by 273 feet. However, the footage drilled in the 300-400 foot range was 316 feet less than the maximum footage allowance, so that total core drilling is 43 feet less than the combined allowance maximum.

Drilling is billed at less than, or not exceeding, contract maximums. The core boxes claimed checked the actual number of boxes used as verified in the field.

Of the four holes drilled hole No. El 14 was classed as mineralized, and holes El 11, El 12, and El 13 were barren.

Following is a summary of drilling results:

Hole Depths						Significant Mineralization				
Hole No.	Non-core feet	Core feet	Total claimed	Depth probed in feet by Opr.	Depth probed in feet By DMEA	Depth in feet from	to	Interval	$\%eU_3O_8$	By whom determined
El 11	265	80	345	345	343.0	Barren				Operator
						305.3	306.1	0.8	0.029	DMEA
El 12	295	54	349	349	--	Barren				Operator
El 13	270	80	350	348	348.0	Barren				Operator
						Barren				DMEA
EL 14	240	76	316	316	298.5	246.0	247.2	1.2	0.06	Operator
						247.2	248.2	1.0	0.03	
						246.1	247.1	1.0	0.064	DMEA
						247.1	247.5	0.4	0.060	
						247.5	248.3	0.8	0.047	
Totals	1070	290	1360							

The cores from the four holes were examined by the DMEA inspector, checked with the drilling footages claimed, and are in accordance with contract terms. All core is BX size. Holes were bottomed in from 4.8 to 7.6 feet of mottled red-green mudstone. All holes were drilled approximately on the sites designated in the subject contract, with a maximum deviation of 20 feet. Holes were not less than 150 feet from any previously drilled hole and not less than 100 feet from outer boundaries of the property, except that, by scaling, hole No. El 11 appears to be 95 feet from an outer boundary. Location of holes as drilled was determined by the operator's transit survey. All holes are considered by the DMEA inspector to be in accordance with contract terms.

Approved exploration under the subject contract has been completed.

The operator has submitted, in quintuplicate, MF-104 and MF-104-A forms, narrative report, map drill logs with radiometric probing results entered thereon, together with one copy each of invoices for drilling and bulldozing. Monthly and cumulative totals are correctly entered on the MF-104 and MF-104-A forms, signed by John I. Schumacher, Managing Partner.

Payment of $2,640.53, or 75 percent of the amount claimed in September 1957, $3,520.70, is recommended for approval.

M. H. Salsbury
M. H. Salsbury,
Mining Engineer.

MHS/mlr

STRATEGIC MINERALS EXPLORATION CO.
P.O. Box 1648
Grand Junction, Colorado

MONTHLY PROGRESS REPORT SEPTEMBER 1957
Contract Idm-E-1088
Docket No. 4587

Factual Data	September	To Date
Drill Holes Completed	4	14
Footage Cored	290	1147
Footage Plugged	1360	3290
Total Footage	1360	4437
Drill Sites Completed	1	14
Road Building Footage	320	3970
Hours Bulldozer Work	6	28
Ore Holes	-	2
Mineralized Holes	2	4
Barren Holes	2	8

Narrative

The work under this contract was completed on September 16, 1957. The results of the work proved favorable although only a small tonnage of ore is shown. The operator plans to drill additional holes on this trend provided the adjoining ground can be leased.

A final report with reserve calculations will be completed within the next two weeks.

STRATEGIC MINERALS EXPLORATION CO.

John I. Schumacher

John I. Schumacher, Managing Partner

JIS:gw

Form MF-104 (Rev.)
April 1956

Budget Bureau No. 42-R1036.5

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

Month of August, 195 57 Docket No. DMEA 4597 Contract No. 19H - 2-1096

Operator's Name Strategic Minerals Exploration Company Minerals Uranium

Address P. O. Box 1648, Grand Junction, Colorado

Contract Amount, $ 13,500.00 Government Participation: 75 % Amount, $ 10,125.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts: Non-Core						
Drilling 0 - 200	$ 2,791.25	$ 691.25	$3,482.50			
~~Bulldozing~~ 200-400	385.00	17.50	402.50			
~~Crosscutting~~ Core						
~~Drifting~~ 200 - 300	2,312.00	780.00	3,092.00			
300 - 400	363.40	23.00	386.40			
(2) Labor and Supervision:						
Labor Bulldozing	-	264.00	264.00			
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	28.00	-	28.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Incidental Allowance	543.84	133.10	676.94			
Core Boxes	46.00	50.00				
(Less disallowance)		12.00	58.00			
TOTALS	$ 6,489.49	1,920.85	$ 8,390.34	6,489.49	1,920.85	8,390.34

DMEA
DEPARTMENT OF THE INTERIOR
SEP 17 1957
REGION III
DENVER, COLORADO

RECEIVED
OCT 2 1957
DMEA

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

Date Sept. 8 *Payee Strategic Minerals Exploration Co.

Per John T. Schmucker Title Managing Partner

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

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

(Instructions on reverse)

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

$ 4852.12

Signature [illegible]
(Authorized Certifying Officer)

Date 9-27-57 Vou. No. DMA-58-39
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IdM-E696 in accordance with the terms of the contract.

Signature M. R. Salsbury Jr. 485-2-12 Title Mining Engineer Date 9-16-57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Alternate acting

Signature J. W. Lamond Title Executive Officer Date SEP 26 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1962)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

CONTRACT BUREAU
DMEA
SEP 12 1957
GEOLOGICAL SURVEY
GRAND JUNCTION
COLORADO

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 195 57 Docket No. DMEA 4597 Contract No. Idm-E 1096

Operator's Name Strategic Minerals Exploration Company Minerals Uranium

Address P. O. Box 1648, Grand Junction, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes Core 200 - 300	ft	$ 2312.00	578	$ 3,092.00	773	$ 4.00	630	$ 4.00
Drilling: Core 300 - 400	ft	363.40	79	386.40	84	4.60	560	5.00
Plug Churn 0 - 200	ft	2791.25	1595	3,482.50	1990	1.75	2800	1.75
Plug Angle 200 - 400	ft	385.00	220	402.50	230	1.75	770	2.00
Incidental Stripping Allowance	ft	543.84	2472	676.94	3077	0.22	4760	0.22
Sample Analyses	Sample	28.00	7	28.00	7	4.00	60	4.00
Trenching Test Pits Bulldozing	hr	-	-	264.00	22	12.00	28	12.00
Roads and Trails								
Core Boxes	ea	46.00	46	58.00	58	1.00	117	1.00
TOTAL DISTRIBUTED COSTS		$ 6,469.49		$ 8,390.34				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$ 6,469.49		$ 8,390.34				

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

Date Sept. 9, 1957 Operator Strategic Minerals Exploration Co.

Per John T. Schmaeber Title Managing Partner

REMARKS:

DMEA
DEPARTMENT OF THE INTERIOR
SEP 17 1957
REGION III
DENVER, COLORADO

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

(Instructions on reverse)

(For Government use only)

RECEIVED
OCT 2 1957
D.M.E.A.

INSTRUCTIONS

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

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

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

GPO 872894

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 2 1957

DATE	ACTION	CODE
10/2	C	220
	Com	100
		800

Dma 58 39

224 New Customhouse
Denver 2, Colorado

September 26, 1957

FINAL DISTRIBUTION
MADE SEP 30 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 4597 (Uranium) Contract Idm-E1096, Strategic Minerals Exploration Company (Ella claim) San Juan County, Utah, and Montrose County, Colorado, Operator's Monthly Progress Report for the month of August, 1957

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

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

The contract stipulates that the holes shall be spaced not less than approximately 150 feet from any other hole drilled under the contract or from holes LC-406 and DD-2. Holes EL-3, EL-6 and EL-8 could not be drilled at the exact locations indicated on the map, Figure 4, attached to the contract because of physical conditions. The DMEA engineer and geologist conclude that the holes, as drilled, serve as well as if drilled at the specified locations, therefore, under the circumstances the drilling of the holes at the revised locations is approved.

Two of the holes drilled during August did not penetrate the required minimum distance of three feet into red mudstone. As good stratigraphic control was maintained, and all required information was obtained, the holes are acceptable to the Government.

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended for 75 percent of the amount reported on Form MF-104 for August, 1957, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Remarks:

Date of Report----------September 9, 1957
Date Received in Field Office----------September 12, 1957
Date Received in Region Office----------September 17, 1957

Original signed by
J. W. TOWNSEND
J. W. Townsend

Enclosures

JDC:hmh

cc: Chmn. Op. Comm. (2)
DMEA, DFC
MF-104 file, Reg. III
Harshman)
DMEA, G.Jct.) w/copy of
Hasler) Engr's report
Townsend)
Chron

DMEA
DEPARTMENT OF THE INTERIOR
SEP 17 1957
REGION III
DENVER, COLORADO

P. O. Box 360
Grand Junction, Colorado

September 16, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: M. H. Salsbury

Subject: Docket No. DMEA 4597 (Uranium), Contract Idm-E 1096, Strategic Minerals Exploration Company (Ella claim), San Juan County, Utah and Montrose County, Colorado.— Progress report for August 1957

The subject project was inspected on September 5, 1957 by M. H. Salsbury accompanied by R. A. Hildebrand representing the operator.

Claim is made in August 1957 for items covering 1,615 feet of non-core drilling and 657 feet of core drilling in 8 drill holes as follows:

Actual Cost Items

Independent Contracts

non-core drilling	
0-200 foot range-1595 ft. at $1.75/ft.	$2,791.25
200-400 foot range- 220 ft. at $1.75/ft.	385.00
core drilling	
200-300 foot range- 578 ft. at $4.00/ft.	2,312.00
300-400 foot range- 79 ft. at $4.60/ft.	363.40

Fixed Unit Cost Items

Incidental allowance for 2472 ft. of drilling completed at $0.22/ft.	543.84
46 core boxes at $1.00 each	46.00
sample analyses for U_3O_8 and V_2O_5, 7 at $4.00/ea	28.00
Total claimed in August 1957	$6,469.49

The claims are supported by an invoice from the drilling contractor and by certified assay certificates, and are in accordance with contract terms, and within contract maximums.

Drilling is billed at less than or not exceeding contract maximums. The core boxes claimed check the actual number of boxes used, as verified in the field.

Of the 6 holes completed, holes nos. EL3 and EL10 penetrated ore-grade material, hole no. EL4 was mineralized and other holes were barren, as classified by the operator. Probing by the DMEA Barnaby unit shows hole nos. EL6 and EL8 to be mineralized as well.

Following is a summary of drilling results:

Hole No.	HOLE DEPTHS non-core feet	core feet	Total claimed	Depth Probed by Operator feet	DMEA feet	SIGNIFICANT MINERALIZATION Depth in feet from	to	interval	% U_3O_8 or eU_3O_8(R)	% V_2O_5	By whom sampled
EL3	230	75	305	305	302.3	290.6	294.5	3.9	0.04	Nil	Operator
						291.0	294.0	3.0	0.50 R		Operator
						294.0	298.0	4.0	0.06 R		Operator
						294.5	298.4	3.9	0.48	0.23	Operator
					302.3	289.8	291.1	1.3	0.20 R		DMEA
						291.1	291.9	0.8	0.83 R		DMEA
						291.9	293.2	1.3	0.094R		DMEA
						295.8	296.7	0.9	0.051R		DMEA
EL4	195	103	298	298.0	264.0	275.0	276.0	1.0	0.04 R		Operator
						275.3	275.5	0.2	0.66	0.06	Operator
						283.5	284.5	1.0	0.03 R		Operator
						275.2	275.9	0.7	0.16 R		DMEA
						282.6	283.4	0.8	0.10 R		DMEA
EL5	215	80	295	295.0		287.3	287.6	0.3	0.03 R		Operator
EL6	210	95	305	305.0	303.0	286.0	290.0	4.0	0.03 R		Operator
						272.8	274.0	1.2	0.066 R		DMEA
						288.0	289.0	1.0	0.10 R		DMEA
EL7	235	70	305	305.0	304.0				Barren		Operator
									<0.010 R		DMEA
EL8	240	80	320	319.0	313.0	255.5	258.0	2.5	0.05 R		Operator
						258.0	259.0	1.0	0.13 R		Operator
						259.0	259.5	0.5	0.06		Operator
						255.5	258.1	2.6	0.047 R		DMEA
						258.1	259.0	0.9	0.13 R		DMEA

Hole No.	HOLE DEPTHS non-core feet	core feet	total claimed	Depth Probed by Operator feet	DMEA feet	SIGNIFICANT MINERALIZATION Depth in feet from	to	interval	% or eU_3O_8(R)	V_2O_5	By whom sampled
EL9	240	79	319	319.0	318.0	241.5	243.0	1.5	0.02R		Operator
						257.0	258.5	1.5	0.04R		Operator
						264.0	267.0	3.0	0.01R		Operator
						257.4	258.2	0.8	0.036R		DMEA
EL10	250	75	325	325.0	323.0	260.0	262.0	2.0	0.85R		Operator
						260.2	263.0	2.8	3.94	7.35	Operator
						262.0	265.0	5.0	0.04R		Operator
						311.3	312.5	1.2	0.14	0.83	Operator
						312.0	314.0	2.0	0.07R		Operator
						256.4	257.3	0.9	0.072R		DMEA
						257.3	259.2	1.9	0.04R		DMEA
						259.2	260.0	0.8	1/ >10.00R		DMEA
						260.0	262.1	2.1	0.021R		DMEA
						262.1	262.9	0.8	0.072R		DMEA
						263.5	265.7	2.2	0.068R		DMEA
						266.6	269.5	0.9	0.10R		DMEA
						310.1	311.6	1.5	0.18R		DMEA
						311.6	312.3	0.7	0.63R		DMEA
Totals	1,615.0	657.0	2,472.0								

1/ >= more than

The cores from the 8 holes were examined by the DMEA inspector, checked with the drilling footages claimed, and are in accordance with contract terms. All core is BX size. Holes were bottomed in from 0.9 to 6.8 feet of red mudstone or mottled red green mudstone. While the contract calls for bottoming in a minimum of 3 feet and a maximum of 10 feet of red mudstone, all holes are considered to have been bottomed satisfactorily 1/ because good control had been established and all holes but hole no. EL7 penetrated the 2 known sandstone lenses separated by a mudstone split, and were bottomed in the mudstone underlying the lower sandstone lens. Hole nos. 4, 5, 6, 7, and 10 are all located 20-30 feet westerly or southwesterly from the locations specified in the contract map but are in correct relation to each other, conform to the desired drilling pattern, and are more than 100 feet from any claim boundary. Sites for hole nos. 3, 8, and 9 were laid out by reference to Geological Survey hole no. LC 392, which, according to the operator's survey, is 55 feet south of the location shown on the contract map. To keep the specified relationship to hole no. LC 392, hole no. EL9 should have been 240 feet southeast of it. Hole EL9 was located at the most northerly site possible. The presence of large boulders immediately north of the drill site made the next feasible site too far north and in unfavorable ground. In attempting to locate hole nos. EL3, EL6, and EL8 at feasible sites, keep the required hole pattern, and also maintain the specified minimum distances between holes and to property boundaries, the operator finally settled on locations for the three holes which are less than the minimum specified distance from hole nos. EL2, EL4, and #L9 respectively. The DMEA geologist concurs in the conclusion that the holes as drilled serve as well as holes drilled at the specified locations, and payment for all holes is recommended for approval.

The operator has submitted in quintuplicate a narrative report, map, drill logs for 8 holes with radiometric probing results recorded thereon, together with one copy each of sub-contractor's invoice for drilling and certified assay certificates for 7 samples assayed for U_3O_8 and V_2O_5. Monthly and cumulative totals are correctly entered on the MF-104 and MF-104A forms, and take into account a previous disallowance. The narrative report is signed by R. H. Hildebrand, geological engineer, and MF-104 forms by John I. Schumacher, managing partner.

Payment of $4,852.12 or 75 percent of the amount claimed in August 1957, $6,469.49, is recommended for approval.

M. H. Salsbury
M. H. Salsbury,
Mining Engineer

MHS/bh

1/ Hole no. EL-7 is also deep enough. The mudstone split is not present.

SUMMARY STAGE I - AUGUST 1957 DRILLING

STRATEGIC MINERALS EXPLORATION CO.
DMEA 4597

Hole No.	TD	Plug	Core	SS	SS Th.	Rating
						Ore
				230-255	25	Semifavorable 8
EL 3	305	230	75	277-298	21	Semifavorable 8
						Mineralized
				195-223	28	Semifavorable 8
EL 4	298	195	103	230-293	63	Favorable 11
						Barren
				215-239	24	Unfavorable 5
EL 5	295	215	80	268-290	22	Favorable 11
						Barren
				210-225	14	Unfavorable 0
EL 6	305	210	95	260-303	43	Favorable 13
						Barren
EL 7	305	235	70	235-301	66	Favorable
						Barren
				240-264	24	Semifavorable 8
EL 8	320	240	80	291-310	19	Semifavorable 10
						Barren
				240-269	29	Semifavorable 10
EL9	319	240	79	295-315	20	Semifavorable 9
						Ore
				250-271	21	Semifavorable 9
EL 10	325	250	75	288-317	29	Semifavorable 8

STRATEGIC MINERALS EXPLORATION CO.

ELLA DMEA 4597

SUMMARY OF SAMPLE ANALYSES DATA

Sample No.	Hole No.	Interval	Ft.	% U_3O_8	% V_2O_5
E 1	EL2	289.4 - 289.9	0.5	0.14	0.44
E 2	EL3	294.5 - 298.4	3.9	0.48	0.23
E 3	EL3	290.6 - 294.5	3.9	0.04	Nil
E 4	EL4	275.3 - 275.5	0.2	0.66	0.06
E 5	EL 10	260.2 - 263.0	2.8	3.94	7.35
E 6	EL 10	311.3 - 312.5	1.2	0.14	0.83
E 7	EL 8	259.0 - 259.5	0.5	0.06	Nil

STRATEGIC MINERALS EXPLORATION CO.
P. O. Box 1648
Grand Junction, Colorado

MONTHLY PROGRESS REPORT AUGUST 1957

Contract Idm - E 1096

Docket No. DMEA 4597

Factual Data:	August	Totals to Date
Drill holes completed	8	10
Footage Cored	657	857
Footage Plugged	1815	2220
Total footage (Core & Plug)	2472	3077
Drill Sites Completed	-	13
Road Building Footage	-	3650
Hours Bulldozer work	-	22
Ore Holes	2	2
Mineralized Holes	1	2
Barren Holes	5	6

Narrative:

Work under this contract is now 65% completed. For the remaining 4 holes to be drilled 833 feet of coring and 1350 feet of plugging are authorized. It is possible that completion of the 4 remaining holes may require a little more core footage than is now authorized. However, unused authorized plug footage will more than offset the increase in coring costs.

STRATEGIC MINERALS EXPLORATION CO.

BY R. A. Hildebrand

R. A. Hildebrand, Geological Engineer

RAH:gw

Form MF 104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1957 Docket No. DMEA 4597 Contract No. [illegible]-1096

Operator's Name Strategic Minerals Exploration Co. Minerals Uranium

Address P. O. Box 1648, Grand Junction, Colorado

Contract Amount, $[illegible] Government Participation 75 % Amount, $[illegible]

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Core	691.25	0	691.25			
Bulldozing Core	17.50	0	17.50			
Crosscutting Core	700.00	0	700.00			
Drifting Core 310-400	23.00	0	23.00			
Bulldozing	264.00	0	264.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Core Boxes	50.00	0	50.00			
Incidental Allow.	135.10	0	135.10			
(8) Contingencies (specify):						
TOTALS	1950.85		1950.85	1,920.85	—	1,920.85

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

Date Aug. 14, 1957 *Payee Strategic Minerals Exploration Company

By John J. Schmuck Title Managing Partner

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

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

(Instructions on reverse)

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

$1440 64

Signature [illegible]
(Authorized Certifying Officer)

Date 9/5/57 Vou. No. DMA 58-28

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm.F.1096 in accordance with the terms of the contract.

Signature M. B. Lalabury $1469.14 Title Mining Engineer Date 8-27-57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. N. Hendrickson Title acting Executive Officer Date SEP 4 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-504A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1957 Docket No. DMEA 4597 Contract No. DMC-S 1096
Operator's Name Strategic Minerals Exploration Company Minerals Uranium
Address Box 1040, Grand Junction, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core Core 300-400	Foot	800.00	193	730.00	193	4.00	630	4.00
Core 200-300	Foot	33.00	5	33.00	5	4.00	560	6.00
Churn Non-core	Foot	691.25	395	691.25	395	1.75	2900	1.75
Auger 200-400 Non-core	Foot	17.50	10	17.50	10	1.75	770	3.00
Stripping Core boxes	Box	80.00	80	80.00	80	1.00	117	1.00
Trenching								
Test Pits Spark analysis	Sample	0	0	0	0	-	60	4.00
Roads and Trails Utilizing	Hrs.	264.00	22	264.00	22	12.00	20	12.00
Incidental Allow.	Foot	133.10	605	133.10	605	0.22	3750	0.22
TOTAL DISTRIBUTED COSTS		1980.85		1980.85				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1980.85		1980.85				

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

REMARKS: M.26.A.

Date August 7, 1957 Operator Strategic Minerals Exploration Co.

Per John L. Schumacher Title Managing Partner

John L. Schumacher

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
[redacted]

FINAL DISTRIBUTION
MAD SEP 6 1957

Administrative Audit Difference Statement

[redacted]

Date: [redacted]
Payee's Reference: [redacted]

[redacted]

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

Amount Claimed	$	[redacted]
Difference	$	[redacted]
Amount Approved	$	[redacted]

The reason for the difference was due to:

[redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 9 1957

DATE	INITIALS	CODE
9/9	C	220
		~~100~~
		800

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

224 New Customhouse
Denver 2, Colorado

September 4, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 4597 (Uranium) Contract Idm-E1096
Strategic Minerals Exploration Company (Ella claim)
San Juan County, Utah and Montrose County, Colorado -
Operator's Monthly Progress Report for the month of
July, 1957 (Actually covers period from June 26 -
July 31, 1957)

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

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Bids were not submitted for bulldozer work; however, the bulldozing rates are in line with the standard rates prevailing in the project locality for the size and make of bulldozer used on the project. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

Except as otherwise noted below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Disallowance, Core Boxes

The Operator has reported the cost for 50 cardboard core boxes, however, only 12 boxes were used during the period. The reported cost for the excess core boxes is to be disallowed as follows:

Amount reported, 50 core boxes at $1.00 each	$ 50.00
Allowable cost, 12 core boxes at $1.00 each	12.00
Amount to be disallowed	$ 38.00

Reconciliation with Amount Reported by the Operator on Form MF-104 for June 26-July 31, 1957

Amount reported on Form MF-104	$1,958.85
Amount to be disallowed	38.00
Total accepted cost	$1,920.85
Government participation at 75 percent	$1,440.64

Remarks:

Date of Report----------August 14, 1957
Date Received in Field Office----------August 22, 1957
Date Received in Region Office----------August 27, 1957

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JDC:hmh
cc: Chmn. Op. Comm. (2)) w/copy of
DMEA,DFC) complete
MF-104 file, Reg.III) report
Harshman)
Hasler) w/copy of Engr's
DMEA,G.Jct.) report
Townsend)
Caron

DMEA
DEPARTMENT OF THE INTERIOR
AUG 28 1957
REGION III
DENVER, COLORADO

P. O. Box 360
Grand Junction, Colorado

August 27, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: M. H. Salsbury

Subject: Docket No. DMEA 4597 (Uranium), Contract Idm-E 1096, Strategic Minerals Exploration Company (Ella claim), San Juan County, Utah and Montrose County, Colorado. -- Progress report for July 1957 (covers period June 26, 1957 to July 31, 1957).

The subject property was inspected on August 7, 1957 by M. H. Salsbury accompanied by John I. Schumacher and R. A. Hildebrand representing the operator.

At the time of the inspection roads and drillsites for all but one hole had been prepared and 3 drill holes had been completed, of which 2 are claimed in July 1957. A D-7 bulldozer was employed.

Claim is made for items covering 405 feet of non-core drilling and 200 feet of core drilling in holes nos. EL 1 and 2 as follows:

Actual Cost Items

Independent Contracts		
non-core drilling		
0-200 foot range 395 feet at $1.75/ft.	$ 691.25	
200-400 foot range 10 feet at $1.75/ft.	17.50	
core drilling		
200-300 foot range 195 feet at $4.00/ft.	780.00	
300-400 foot range 5 feet at $4.60/ft.	23.00	
Bulldozing 22 hours at $12.00/hr.	264.00	

Fixed Unit Cost Items

Incidental allowance for 605 feet of drilling completed at $0.22 per foot	133.10	
50 core boxes at $1.00 each	50.00	
Total claimed in July 1957		$1,950.85

The claims are supported by invoices from bulldozing and drilling contractors and are in accordance with contract terms. Drilling is billed and claimed at unit prices less than or not exceeding contract maximums. The core boxes were furnished by the drilling contractor at $0.

each but are claimed at $1.00 each, the fixed cost unit price in the subject contract. Only 12 of the boxes were used for the two holes reported. Of the two holes completed, hole no. EL 1 was barren and favorable, and hole no. EL 2 was mineralized and semifavorable using a point system for evaluation. Following is a summary of drilling results.

Hole No.	non core depth ft.	core depth ft.	Total dep. claimed ft.	Depth Probing by opr.	DMEA	MINERALIZATION Depth in feet from	to	interval	% U_3O_8	% V_2O_5	by whom sampled
EL 1	195	105	300	305	290	191.4	192.3	0.9	<.010eU$_3$O$_8$ 1/		DMEA
						194.3	195.3	1.0	<.010eU$_3$O$_8$		DMEA
						274.0	274.8	0.8	<.010eU$_3$O$_8$		DMEA
						0 -	300		barren		operator
EL 2	210	95	305	305		0 -	291	291.	barren		operator
						291.0	291.5	0.5	.10eU$_3$O$_8$		"
						291.5	305.0	13.5	barren		"
						289.4	289.5	0.5	0.14 U_3O_8	0.44 V_2O_5	"

1/ radiometric result. <= less than

Hole no. EL 1 was probed by a DMEA Barnaby unit with essentially negative results.

According to the geologic logs, hole no. EL 1 was bottomed in 2 feet of variegated red-green mudstone, and EL 2 in 2 feet of red mudstone below 10 feet of variegated red-gray mudstone. By examination of the core the DMEA inspector determined that the bottom 3 feet of core in hole no. EL 1 and the bottom 10 feet of core in hole no. EL 2 are predominantly red and the holes are considered to have been bottomed correctly. The subject contract calls for a minimum penetration of 3 feet and a maximum penetration of 10 feet into red mudstone underlying the potential ore horizon. Hole locations are in accordance with contract specifications. Core recovery was good and drilling footages claimed have been checked by comparison with geologic and driller's logs and inspection of the core in the field.

The operator has submitted in quintuplicate a narrative report, drill logs for 2 holes, with probing results shown thereon, and a map, together with one copy each of sub-contractor's invoices covering bulldozing, drilling, and core boxes, and driller's logs for 2 holes. Chemical analyses have been made but not claimed.

Monthly totals are correctly entered on the MF-104 and MF-104A forms, signed by John I. Schumacher, managing partner for the operator.

Mr. Schumacher and Mr. Hildebrand each devote part time to the project for the equivalent of one full time geologist.

Payment of $1,469.14, or 75 percent of the amount claimed in June-July 1957, $1,958.85, is recommended for approval.

M. H. Salsbury,
Mining Engineer

MHS/bh

Strategic Minerals Exploration Co.
P.O. Box 1648
Grand Junction, Colorado

MONTHLY PROGRESS REPORT JULY 1957
CONTRACT Idm-E 1096
DOCKET NO. DMEA 4597

Factual Data:

	July	Total To-date
Drill holes completed	2	2
Footage core	200	200
Footage plug	405	405
Total footage (core & plug)	605	605
Drill sites completed	13	13
Road building footage	3650	3650
Hours bulldozer work	22	22
Ore holes	0	0
Mineralized holes	1	1
Barren holes	1	1

Narrative

Work on this contract started on June 26, 1957 with the bulldozing of the drill sites. It required 22 hours of bulldozer time to complete the access roads and 13 drill sites. One drill site is not completed at this time as to build it would have required drilling and blasting. If later drilling indicates that this site is the most logical, construction would be justified, if not another site would be less expensive and more practical to construct.

The spacing of some of the holes is a little closer than that shown on the contract map because the location on the map of the U.S.G.S. Hole LC-392 was inaccurate. Relocating LC-392 on the map restricted the favorable zone thus making the closer spacing unavoidable.

Strategic Minerals Exploration Co.
P.O. Box 1648
Grand Junction, Colorado

(continued - Narrative)

One rig started drilling on July 15, 1957 and completed 2 holes to-date. Heavy rains caused some loss of time, but completion ahead of schedule is anticipated as another drill will be moved in.

John I. Schumacher

JOHN I. SCHUMACHER
Registered Mining Engineer

SUMMARY DRILLING DMEA 4597
STRATEGIC MINERALS EXPLORATION COMPANY

Hole No.	TD	Plug	Core	SS	SS (Thickness)	Rating
El 1	300	195	105	209-237 247-297	28 50	Barren Fav 11
El 2	305	210	95	212-238 245-294	26 49	Mineralized SemiF 8
Totals Completed	605	405	200			

STRATEGIC MINERALS EXPLORATION CO.
DMEA 4597

ASSAY DATA

Sample No.	Hole No.	Interval	Ft.	$\%U_3O_8$	$\%V_2O_5$	Lab.
E 1	E1 2	289.4-289.9	0.5	0.14	0.44	Brown

DRILL LOG

Strategic Minerals Exploration Co.
Name of Company

DRILL HOLE NO. Ella # 1 DATE July 24, 1956 CLAIM NAME Ella

Colar Elev. 6861.9 Location 162766 N 17762 E

Summary of Log Favorable 11 OBSS 209-237 247-297 Thick 28 50

TOP	BASE	THICK	CORE	ROCK	COLOR	GRAIN	REMARKS
0.0	195.0			PB			No core
195.0	208.4	13.4		MS	R Gn		SS Ribs less 2.0 ft.
208.4	208.7	0.3		MS	Gn		
208.7	236.9	28.2		SS	LGy	MF	S;Gn;G,Sm
236.9	237.7	0.8		MS	Gn		
237.7	247.3	9.6		MS	R Gn		Mott.
247.3	265.0	17.7		SS	LBr	MF	S;CBN S;Gn;Sm
265.0	275.4	10.4		SS	LGy	MF-M	269.5-269.6 R MS Seam
275.4	276.3	0.9		ST	Gn		
276.3	296.9	20.6		SS	LGy	MF	S;Gn;P at base
296.9	297.5	0.6		MS	GnGy		
297.5	300.0	2.0		MS	R Gn		

SAMPLE		LAB ASSAY %		INTERVAL		PROBE
Base	Thick	U_3O_8	V_2O_5	Base	Thick	U_3O_8
				300.0	190.0	Barren

Abbreviations

CG—conglomerate
SS—sandstone
MS—mudstone
ST—siltstone
F—fine
M—medium
C—coarse
Wh—white
Br—brown
R—red
Gy—gray
Bl—blue
Gn—green
Yw—yellow

Drill Hole No. Ella # 1

DRILL LOG

Strategic Minerals Exploration Co.
Name of Company

DRILL HOLE NO. Ella # 2 DATE July 31, 1957 CLAIM NAME Ella

Colar Elev. 6872.8 Location 17887 N 162845 E

Summary of Log Semi-Favorable 8 OBSS 212-238 / 245-294 Thick 26 / 49

TOP	BASE	THICK	CORE	ROCK	COLOR	GRAIN	REMARKS
0.0	210.0			PB			No core
210.0	211.6	1.6		MS	R Gn		
211.6	217.0	5.4		SS	Lr	F	Hard
217.0	222.2	5.2		SS	LGy	F	S;R,G;P 218.2
222.2	237.5	15.3	50%	SS	LGy	M-MF	S;Gn;G,P Cong 226-230
237.5	237.9	0.4		ST	Gn		
237.9	245.4	7.5		MS	R Gn		
245.4	247.0	1.6		SS	R Gn	MF	A;R,Gn MS Gns
247.0	266.6	19.6		SS	LBr	M-MF	S;Gn;P,SMS lower 4.0 ft.
266.6	270.5	3.9		SS MS	R Gy		Several MS splits less 1.0
270.5	272.5	2.0		ST	Gy		Sandy
272.5	287.0	14.5		SS	L Gy	F	
287.0	289.4	2.4		SS	Gy	F	
289.4	289.9	0.5	100%	SS	Gy	F	Sample
289.9	291.9	2.0		SS	Gy	F	
291.9	292.3	0.4		MS	Gy		
292.3	294.0	1.7		SS	Gy	F	S;R;int.
294.0	304.0	10.0		MS SS	R Gy		
304.0	305.0	1.0		MS	R		

SAMPLE		LAB ASSAY %		INTERVAL		PROBE
Base	Thick	U_3O_8	V_2O_5	Base	Thick	U_3O_8
289.9	0.5	0.14	0.44	291.5	0.5	0.10

Abbreviations

CG—conglomerate
SS—sandstone
MS—mudstone
ST—siltstone
F—fine
M—medium
C—coarse
Wh—white
Br—brown
R—red
Gy—gray
Bl—blue
Gn—green
Yw—yellow

Drill Hole No. Ella # 2

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DATE | CODE
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224 New Customhouse
Denver 2, Colorado
September 4, 1957

Mr. John I. Schumacher, Managing Partner
Strategic Minerals Exploration Company
P. O. Box 1643
Grand Junction, Colorado

Re: Docket DMEA-4597 (Uranium)
Contract Idm-E1096
Strategic Minerals Exploration
Company
(Ella claims)
San Juan County, Utah, and
Montrose County, Colorado

Dear Mr. Schumacher:

Form MF-104, Operator's Monthly Report and Voucher, for July, 1957, has been received in this office and is being processed for payment.

The allowable cost for 50 card board core boxes was reported on Form MF-104, however, only 12 of the core boxes were used during the period. The reported cost for the excess core boxes is disallowed. You may report the cost of only those core boxes which are used during the reporting period regardless of when the core boxes were actually purchased.

You will be further advised of the above disallowance by means of an Administrative Audit Difference Statement, which will be forwarded to you by the Finance Office, Region III. Please make the necessary adjustment of units and cost of the disallowed core boxes when preparing your next report on Voucher and Accounting Forms MF-104 and MF-104A.

Yours very truly,

Original signed by
E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

JDC:hmh
cc: Chmn. Op. Comm.(2)
Harshman
Hasler
DMEA, DFC
DMEA, G.Jct.
Townsend
Corres.file, Reg.III
Chron

EXTRA COPY O. M. E RECEIVED 1961 9 JAN		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

January 6, 1961

Mr. John Schumacher
1159 Gunnison Street
Grand Junction, Colorado

Re: Docket No. DMRA 4597 (Uranium)
Contract No. Idm-E1096
Strategic Minerals Exploration Company
(Joan, LaRay & Ella claims)
San Juan County, Utah
Montrose County, Colorado

Dear John:

I enjoyed your visit to this office and I hope you will drop by often when you are in Denver.

I forgot to ask you who is operating the Ella claim. Will you please give me his name and address and also I would like a copy of his lease. If you will send me your copy of the lease I will photostat it and return your copy to you.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations OME
Royalty Corres. E1096
Chron

Contract Adm. & Audit Division

CERTIFICATION BY THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

To: Strategic Minerals Exploration Company
P. O. Box 1648
Grand Junction, Colorado

Pursuant to the provisions of Exploration Project Contract No. Idm-E1096, dated June 3, 1957, (Docket No. DMEA-4597), hereinafter called the "contract," between the Strategic Minerals Exploration Company, a partnership composed of the following: Mrs. Charles P. Schumacher, Claire C. Schumacher, Dr. James C. Schumacher, Paul J. Schumacher, John I. Schumacher, Philip K. Schumacher, Dr. James Smith, and John Will, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

Widespread surface drilling in the southern part of the Ella claim intersected uranium and vanadium mineralized bodies of ore grade in sedimentary rocks of Jurassic age.

Dated: APR 4 1958

FLKnouse/gla 12-19-57
cc to:
Mid-Continent Uranium Company
Uranium Center Building
Grand Junction, Colorado
Contract Adm. & Audit Division
DMEA Field Team, Region III (2)
Finance Office
Docket
Jesse C. Johnson
Director, Division of Raw Materials, AEC
Admr.'s Reading File
Frank E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
Mr. Knouse

THE UNITED STATES OF AMERICA

By C. Mitchesdorf
Administrator, Defense Minerals
Exploration Administration

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

APR 7 1958

Mr. John I. Schumacher
Managing Partner
Strategic Minerals Exploration Company
P. O. Box 1646
Grand Junction, Colorado

Re: Docket No. DMEA-4597 (Uranium)
Contract No. IAm-21896
Juan, La Ray, and Alla Claims
San Juan County, Utah, and
Montrose County, Colorado

Dear Mr. Schumacher:

Enclosed is a "Certification by the United States of America of a Discovery or Development Under an Exploration Project Contract." This certification covers all the land described in Article 2 of the subject contract.

By the terms of the Exploration Project Contract and of the certification, all minerals mined or produced from June 3, 1957, to June 3, 1967, are subject to the Government's percentage royalty as set forth in the contract until the sum of $6,933.28 is repaid to the Government.

Payments should be made to the Executive Officer, DMEA Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado. Checks should be payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward the check directly to the Executive Officer. Any bonus payments or allowances received by you from the sale of ore are considered to be a part of the purchase price to which the Government's royalty applies. Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify the Executive Officer of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for an extended period, please notify the Executive Officer at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittendorf
Mid-Continent Uranium Coordinator

Enclosure

Frank D. Lee, Jr., Jr. 3608
R. H. Kilpatrick, Jr. 5608
DMEA Field Team, Region III (2)
Contract Adm. & Audit Division

Filmcopy/file cc to: Adm.'s Reading File
Frank H. Johnson
Operating Committee
cc: Mr. Thomas
12-19-57

224 New Customhouse
Denver 2, Colorado

June 28, 1957

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DATE | CODE
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Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4597 (Uranium), Contract No. Idm-E1096, Strategic Minerals Exploration Company (Joan, La Ray, and Ella claims), San Juan County, Utah, and Montrose County, Colorado

Enclosed are two sets of Power of Attorney, comprised of three instruments each, that have been executed by the partners doing business as Strategic Minerals Exploration Company, designating John I. Schumacher as the managing partner to act as the Agent of said partnership in all matters connected with Docket No. DMEA 4597, Contract No. Idm-E1096.

Copies of the Power of Attorney instruments have been distributed to the Finance Office, Region III, and to others concerned.

Original signed by
W. H. KING

W. H. King

Enclosures

JWT:prl

cc: Finance Office, Region III) (Original) w/copy of Power of Attorney.
Contract File, Region III)
Harshman)
DMEA/DFC)
DMEA/Gr.Jct.)
Hasler)
Townsend)
Corres. file
Chron.

POWER OF ATTORNEY

We, the undersigned members of a partnership consisting of Mrs. Charles P. Schumacher, Claire C. Schumacher, Dr. James C. Schumacher, Paul J. Schumacher, John I. Schumacher, Philip E. Schumacher, Dr. James Smith, and John Will, doing business as Strategic Minerals Exploration Company, do hereby appoint John I. Schumacher, Managing Partner to act as the Agent of said partnership in all matters connected with an Application on Form MF-103, Application for Aid in an Exploration Project, under the United States Department of the Interior, Defense Minerals Exploration Administration program, which has been docketed DMEA No. 4597; and should the Applicant enter into a Contract with the Government as a result of said Application, said Agent is authorized to sign the Contract, submit all necessary reports and information required, to receive and to receipt for any monies that are now or may hereafter become due to said partnership doing business as Strategic Minerals Exploration Company by reason of said Docket No. DMEA 4597.

Executed this 24th day of June, 1957.

James J. Smith M.D.

Dr. James Smith

Official
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DATE
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POWER OF ATTORNEY

We, the undersigned members of a partnership consisting of Mrs. Charles P. Schumacher, Claire C. Schumacher, Dr. James C. Schumacher, Paul J. Schumacher, John I. Schumacher, Philip K. Schumacher, Dr. James Smith, and John Will, doing business as Strategic Minerals Exploration Company, do hereby appoint John I. Schumacher, Managing Partner to act as the Agent of said partnership in all matters connected with an Application on Form MF-103, Application for Aid in an Exploration Project, under the United States Department of the Interior, Defense Minerals Exploration Administration program, which has been docketed DMEA No. 4597; and should the Applicant enter into a Contract with the Government as a result of said Application, said Agent is authorized to sign the Contract, submit all necessary reports and information required, to receive and to receipt for any monies that are now or may hereafter become due to said partnership doing business as Strategic Minerals Exploration Company by reason of said Docket No. DMEA 4597.

Executed this 24th day of June, 1957.

Philip K. Schumacher

Philip K. Schumacher

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DATE	INITIALS	CODE

POWER OF ATTORNEY

We, the undersigned members of a partnership consisting of Mrs. Charles P. Schumacher, Claire C. Schumacher, Dr. James C. Schumacher, Paul J. Schumacher, John I. Schumacher, Philip K. Schumacher, Dr. James Smith, and John Will, doing business as Strategic Minerals Exploration Company, do hereby appoint John I. Schumacher, Managing Partner to act as the Agent of said partnership in all matters connected with an Application on Form MF-103, Application for Aid in an Exploration Project, under the United States Department of the Interior, Defense Minerals Exploration Administration program, which has been docketed DMEA No. 4597; and should the Applicant enter into a Contract with the Government as a result of said Application, said Agent is authorized to sign the Contract, submit all necessary reports and information required, to receive and to receipt for any monies that are now or may hereafter become due to said partnership doing business as Strategic Minerals Exploration Company by reason of said Docket No.DMEA 4597.

Executed this 28 day of JUNE, 1957.

Mrs. Chas. P. Schumacher
Mrs. Charles P. Schumacher

Claire C. Schumacher
Claire C. Schumacher

Dr James C. Schumacher
Dr. James C. Schumacher

Paul J. Schumacher
Paul J. Schumacher

John I. Schumacher
JOHN I. SCHUMACHER

John Will
JOHN WILL

EXTRA COPY
DMEA
RECEIVED JUL 1 1957

DATE	INITIALS	CODE

DMEA Form 14

Contr[illegible] No. Idm-E 1096

Docket No. 1597

Terminated contract

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
June 3, 1957	III	Utah (and Colorado)	Uranium

Name and Address of Operator: Strategic Minerals Exploration Co.
P. O. Box 1648
Grand Junction, Colorado

	Reserve	Obligation
Prior Amount	0	10,125.00
Increase	0	0
Decrease	0	1,191.72
Revised Amount	0	8,933.28

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 12/19/57

22845

DMEA Form 14

Contract No. Idm-E 1096

Docket No. 4597

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
June 3, 1957	III	Utah (and Colorado)	Uranium

Name and Address of Operator: Strategic Minerals Exploration Co.
P. O. Box 1648
Grand Junction, Colorado

	Reserve	Obligation
Prior Amount	$10,125.00	0
Increase	0	$10,125.00
Decrease	10,125.00	0
Revised Amount	0	$10,125.00

Remarks:

Allen S. Dakan, Chief
(Name)
Operations Control and Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 6/28/57

16416

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 28 1957

DATE	INITIALS	CODE
		800

Audit Copy

MF-200
(Revised June 1954)

Docket No. DMEA 4597

Commodity Uranium

Contract No. Idm-E 1096

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 3 JUN 1957 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] STRATEGIC MINERALS EXPLORATION COMPANY, a partnership composed of the following: Mrs. Charles F. Schumacher, Claire C. Schumacher, Dr. James C. Schumacher, Paul J. Schumacher, John I. Schumacher, Philip K. Schumacher, Dr. James Smith, and John Hill, whose mailing address is P. O. Box 1668 Grand Junction, Colorado, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and map (Figure 4).

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee of [5] Fee interest subject to paramount title of United States. in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] lease, [7] recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Royalty of 12½% of gross receipts from the sale of minerals, payable to lessors.

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

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

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien and Subordination Agreement of the Mid-Continent Uranium Corporation, dated May 2, 1957.

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium. The work to be performed is described in Exhibit "A." The Operator on or before July 15, 1957 shall commence the work, and on or before October 1, 1957 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall [redacted] have completed the work [redacted] allowable costs (see Article 6), in a sum not less than the estimated total allowable cost set forth in Exhibit "A". See Article 13.

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $13,500.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $10,125.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage [redacted] See Article 13.

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

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums. See Article 13.

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9. See Article 13.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

(a) That part of the last sentence of Article 9 beginning with the word "either" is deleted and replaced by the words "have completed the work."

(b) That part of the last sentence in the first paragraph of Article 5(a) commencing after the semicolon is deleted.

(c) Categories (2) through (7) of Article 6(a) are deleted.

(d) In addition to the costs of work estimated in Exhibit "A" by categories of actual costs, the costs of work requirements specified in Exhibit "A" as "Fixed Unit Costs" are allowable costs of the project. The Government will contribute to the fixed unit costs as work units are performed. A "Fixed Unit Cost" is an agreed price for each unit of work to be performed regardless of costs incurred by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the contract.

16—70617-1

(e) In the last sentence of Article 5(c), the words "Article 8" are substituted for the words "Article 9."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. J. Mittendorf

Administrator, Defense Minerals Exploration Administration

STRATEGIC MINERALS EXPLORATION COMPANY
(Operator)

By John I. Schmacher

MANAGING PARTNER.

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
STRATEGIC MINERALS EXPLORATION COMPANY
DOCKET NO. DMSA-4597

ANNEX I

The land referred to in Article 2 of the contract consists of the Ella unpatented lode mining claim in sec. 28, T. 28 S., R. 26 E., S.L.B.&M., San Juan County, Utah; and the Ella Fraction in sec. 10, T. 47 N., R. 20 W., N.M.P.M., Montrose County, Colorado. The land is shown on the attached map entitled "Figure 4.--Map Showing Proposed DMSA Stage I Holes, Ella Claim . . .," attached hereto and made part hereof.

The original notice of location of the Ella claim is recorded in Book 15, Page 166, in the Office of the County Recorder of San Juan County, Utah. The notice of location of the Ella Fraction is recorded in Book 447, Page 383, in the Office of the County Recorder of Montrose County, Colorado.

The Operator is in possession of the land by virtue of a lease dated December 26, 1956, from the Mid-Continent Uranium Corporation. The lessor's Consent to Lien and Subordination Agreement is attached.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1096
Contract Date 8 JUN 1957

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of San Juan, State of Utah, and the County of Montrose, State of Colorado described ~~as follows:~~ 2/ in lode mining claim location certificates, recorded in the official records of said counties as follows:

Name of Claim	Book	Page	County
Joan	15	183	San Juan County, Utah
La Bay	15	172	San Juan County, Utah
Ella	15	166	San Juan County, Utah
Ella Fraction	--	--	Montrose County, Colo.

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

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

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None - except lease dated December 26, 1956, between Mid-Continent Uranium Corp. as lessor, and Strategic Minerals Exploration Company as lessee.

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

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

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 2nd day of May, 1957.

MID-CONTINENT URANIUM CORP.	[Seal]	Uranium Center Building	[Address]
By Norman L. Ebbley, Vice President	[Seal]	Grand Junction, Colorado	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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

Mark D. Dunn

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
STRATEGIC MINERALS EXPLORATION COMPANY
DOCKET NO. EMRA-4597

EXHIBIT "A"

General Provisions:

The work consists of exploration by core and non-core drilling from the surface to test the potential ore-bearing sandstone in the upper portion of the Salt Wash member of the Morrison formation.

Each hole shall be drilled non-core to approximately the contact of the Brushy Basin-Salt Wash members of the Morrison formation and then core drilled not less than 3 feet nor more than 10 feet into the underlying red mudstone base of the upper potential ore-bearing sandstone bed of the Salt Wash member. Drilling depths are estimated to average 340 feet while the cored sections of the holes are estimated to average 85 feet. The minimum size of core shall be NX. All holes shall be reamed and cased as necessary. No payment shall be made for an uncompleted hole.

All core and cuttings from the cored section of drill holes shall be saved and checked for radioactivity. Cored sections indicating significant mineralization shall be split into halves, and one half of the drill core shall be analyzed chemically for uranium and vanadium; the other half of the drill core and one half of the cuttings from the mineralized section shall be furnished to the Government upon request. All the remaining core and cuttings shall be properly labeled and stored pending the Government's final inspection.

All drill holes shall be logged geologically and probed for radioactivity and four copies of each log shall be furnished to the Government with the Operator's monthly reports. No hole shall be drilled closer than 100 feet to the outer boundary of the land described in Annex I.

Bulldozing work shall be performed with a D-7 Caterpillar dozer, or equivalent unit of any other make.

The location, direction, inclination, and extent of all work are subject to the approval of the Government.

The project shall be supervised at all times by a qualified geologist or mining engineer who shall direct or perform the required surveying, mapping, sampling, drill hole logging, and prepare the reports required pursuant to the contract.

Description of the Work

Prepare access roads and drill sites and drill not in excess of fourteen (14) holes in the southern half of the Ella claim, at the locations shown on map, Figure 4, referred to in Annex I. No hole drilled shall be closer than approximately 150 feet to any other hole drilled under the contract, or to holes DD2 and LC 406 shown on the map.

Not in excess of 28 hours of bulldozer time, 3,570 feet of non-core drilling, and 1,190 feet of core drilling, shall be performed; and not more than 117 core boxes shall be purchased, nor more than 60 samples shall be chemically analyzed for their U_3O_8 and V_2O_5 content under the contract.

Estimated Cost of the Project

Actual Costs

Category (1) Independent Contracts

Bulldozing access roads and drill sites 28 hours @ $12.00/hr.	$ 336.00	
Drilling, non-core:		
0-200 foot depths, 2,800 feet @ $1.75/ft.	4,900.00	
200-400 foot depths, 770 feet @ $2.00/ft.	1,540.00	
Drilling, core:		
200-300 foot depths, 630 feet @ $4.00/ft.	2,520.00	
300-400 foot depths, 560 feet @ $5.00/ft.	2,800.00	$12,096.00
Categories (2) through (7)	None	

Fixed Unit Costs: (See Article 13)

Incidental allowance[1/] for each foot of drill hole completed 4,760 feet @ $0.22/ft.	1,047.20	

117 cardboard core boxes @ $1.00/each	$ 117.00	
Chemical analyses for U_3O_8 and V_2O_5 content of 60 samples @ $4.00/sample	240.00	$ 1,404.20
Total Estimated Cost of Project (rounded)		$13,500.00
Government Participation @ 75%		$10,125.00

1/ Includes all costs whatsoever that are not included in the estimates for Category (1) Independent Contracts, and for core boxes and chemical analyses under Fixed Unit Costs, and includes such items as supervision, technical services, labor, payroll taxes, supplies, transportation, rental of radioactivity logging units, depreciation of the Operator's equipment, etc., which would otherwise be allowable under Categories (2) through (7) of the contract.

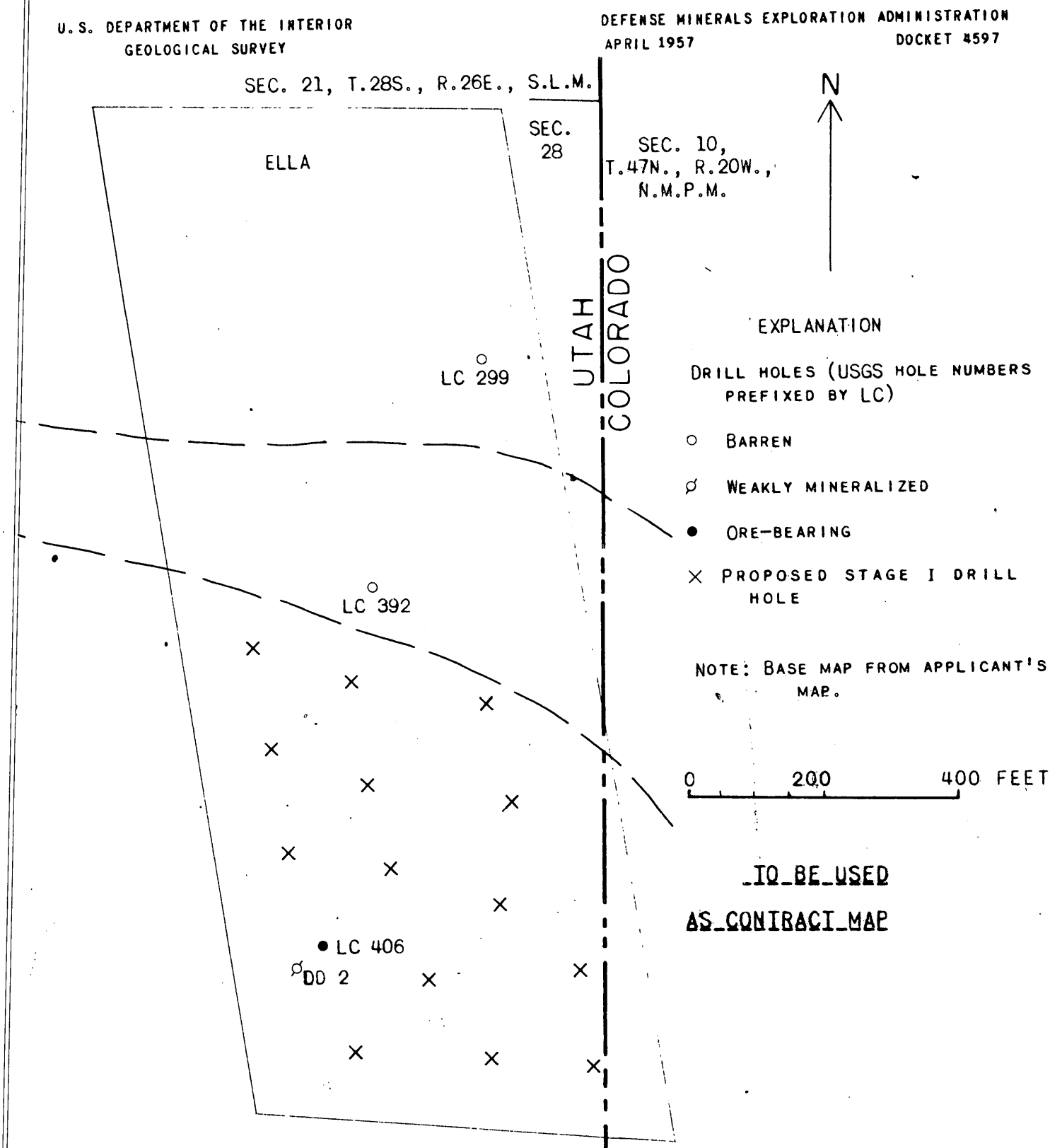

FIGURE 4.—MAP SHOWING PROPOSED DMEA STAGE I HOLES, ELLA CLAIM, STRATEGIC MINERALS EXPLORATION COMPANY, SAN JUAN COUNTY, UTAH AND MONTROSE COUNTY, COLORADO

EXTRA COPY
D M E A
RECEIVED MAY 2 1957

DATE	INITIALS	CODE

DMEA
DEPARTMENT OF THE INTERIOR

JUN 21 1957
REGION III
DENVER, COLORADO

EXTRA COPY DMEA RECEIVED JUN 28 1957		
DATE	INITIALS	COPY

Strategic Minerals Expl. Co.
P.O. Box 1648
Grand Junction, Colorado
June 22, 1957

Mr. W. H. King
Executive Officer, DMEA
U.S. Bureau of Mines
224 New Customhouse
Denver, Colorado

Re: Docket No. DMEA 4597(uranium)
Strategic Minerals Expl. Co.
(Joan, Lo Ray, and Ella claims)
San Juan County, Utah, and
Montrose County, Colorado-
Proposed Exploration Project
Contract No. Idm-E1096

Dear Sir:

Enclosed are the five (5) executed copies on Contract No. Idm-E 1096. The contract appears to be in order and is satisfactory with us.

Although the partnership agreement states that John I. [illegible] Jr. can execute such papers as Managing Partner, we have prepared new Power of Attorney forms to be signed by all partners. These, however, will be forwarded to you in several days as the partners are in the east.

Thanking you very much for your cooperation and speed with which this application was processed, I remain,

Very truly,

[illegible] SCHUMANN
for Strategic Minerals Expl. Co.

224 New Customhouse
Denver 2, Colorado

June 25, 1957

CODE

CERTIFIED MAIL

Mr. John I. Schumacher, Managing Partner
Strategic Minerals Exploration Company
P. O. Box 1648
Grand Junction, Colorado

Re: Docket No. DMEA 4597 (Uranium)
Contract No. Idm-E1096
Strategic Minerals Exploration Company
(Joan, La Ray, and Ella claims)
San Juan County, Utah, and
Montrose County, Colorado

Dear Mr. Schumacher:

Enclosed herewith is the "Operator's Copy" of Exploration Project Contract No. Idm-E1096, Docket No. DMEA 4597.

Also enclosed are six copies of Form MF-104, "Operator's Monthly Report and Voucher," and six copies of Form MF-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced, and monthly thereafter, you are required to submit the original and four copies of each form to

Defense Minerals Exploration Administration
P. O. Box 360
Grand Junction, Colorado.

The extra copy is for your records.

Forms MF-104 and MF-104A are to be combined into five sets of one of each form. Each set of the combined forms is to be accompanied by a map or sketch showing the location and extent of work performed and a <u>signed</u> narrative report which describes the work performed, conditions encountered, and results of the work. The monthly accounting report will not be processed for reimbursement unless it is accompanied by a signed narrative report and other required or pertinent data. Additional copies of Forms MF-104 and MF-104A will be forwarded to you each month on the receipt of your report for the prior month.

The U. S. Geological Survey and the U. S. Bureau of Mines maintain a field office in the A.E.C. Compound at Grand Junction, Colorado. ~~[illegible]~~ representatives of the two Services can be contacted as follows:

J. W. Hasler, Geologist, Geological Survey;
M. H. Salsbury, Mining Engineer, Bureau of Mines;

Telephone, Grand Junction, Chapel 3-2110,
Extensions 272 or 232;

P. O. Address, Box 360,
Grand Junction, Colorado.

For your information and in reply to many questions that have been asked, after Forms NF-104 and NF-104A are received, an engineer will check progress on the project and review your accounts, after which the report forms will be forwarded to this office for administrative examination and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the approved costs. If you have any difficulty in completing these forms and the reports, please call on either the field representatives or this office for assistance.

In the matter of your claim for reimbursement of drilling costs under the terms of the contract, reimbursement to you will be on the basis of a hole or holes completed to the objective, which has, or have been drilled in compliance with the conditions under the "General Provisions" section of Exhibit "A" of the contract and the special conditions pertaining to the drilling under each stage. Therefore, your monthly report should include only such holes which are completed to that extent and the required records made a part of your claim for reimbursement.

The contract is prepared on form NF-200, and under its provisions and as outlined in Exhibit "A" of the contract, the allowable costs are a combination of actual costs with a maximum average unit cost established for work under Category (1) and fixed unit costs for performing the remaining items of work or services. Under the provisions of Exhibit "A", the work under Category (1) is to be performed by subcontract. The costs recorded under item (1) on Form NF-104 for such work must be supported each month by a signed or certified copy of the billing from the subcontractor. Amounts reported on the basis of the "Fixed Unit Costs" require no documentation, as they are otherwise verified.

In the event you desire to perform the work under Category (1) on company account instead of subcontracting it, as provided in the contract, it will be necessary that you request and obtain an appropriate amendment to the contract before reimbursement can be made to you for the Government's portion of the allowable incurred costs.

Your requests to this office for work approval, changes in the contract, or any other communication pertaining to operations under the contract, must be in writing, of which please supply the original and five copies, each copy complete with maps or other pertinent data. Each request for action by this office must pertain to one matter only. Such requests are not to be incorporated in your narrative report accompanying monthly progress report Forms NF-104 and NF-104A.

The locations of holes to be drilled are indicated on the map, "Figure 4," attached to the contract. Should conditions encountered necessitate or make desirable a change in the location of any of the holes, approval of this office for the change must be obtained prior to performance of the drilling. Otherwise, the drilling may not be acceptable for reimbursement to you under the terms of the contract.

No oral statement of any person shall be construed to modify or change the terms of the contract. Field representatives of the Government are not authorized to approve any changes in the work program or contract provisions. Such approval can only be given by the Washington Office, DMEA, or by the DMEA Field Team, Region III.

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. It is a requirement and imperative that you notify this office in writing the date work actually commences under the contract.

Very truly yours,

Original signed by
W. H. KING

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

Enclosures

JWT:prl

cc: Comm.Op.Comm.-5
Finance Office, Reg. III
Amendment File, Reg. III
Karshman
DMEA/DFC
DMEA/Gr. Jct.
Hasler
Townsend
Corres. file
Chron.

DMEA Form 14

Contract No. Idm-E 1096

Docket No. 4597

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
June 3, 1957	III	Utah (and Colorado)	Uranium

Name and Address of Operator: Strategic Minerals Exploration Company
P. O. Box 1648
Grand Junction, Colorado

	Reserve	Obligation
Prior Amount	0	0
Increase	$10,125.00	0
Decrease	0	0
Revised Amount	$10,125.00	0

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 6/3/57

16416