E-1092

For royalty payment of $1,061.03 dated 2/8/66 see transmittal letter file.

4631

E-1092

For royalty payment of $103.63, dated 1/12/66, see transmittal letter file.

E-1092

For royalty payment of $59.96, dated 12/13/65, see transmittal letter file.

E-1092

For royalty payment of $639.60, dated July 30, 1965, see transmittal letter file.

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, D. C. and Denver, Colorado, offices pertaining to Contract Idm-E1092, Docket DMEA-4631 (uraniu), dated May 29, 1957, with

Vanadium Queen Uranium Corporation
now known as
The Queen Corporation
525 Milam Building
San Antonio, Texas

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 Vanadium Queen Claims Nos. 3, 7, 9, and 10 located in San Juan County, Utah, during the period April 18, 1964, through May 27, 1965.

A certification of discovery or development was issued on December 13, 1957, 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 December 26, 1957, indicated accepted costs under the exploration contract amounting to $44,875.45 with the Government's contribution on a 75 percent basis being $33,656.60.

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

This review established the total sales subject to the Government's royalty for the period to be $135,159.70. Royalty payable to the Government at the rate specified in the contract is $6,757.99.

A prior Report of Royalty Review found the sales subject to the Government's royalty through April 17, 1964 to be $157,008.27 which added to the sales for this subsequent period make a total of $292,167.97. The Royalty account as of April 17, 1964, was:

Total Royalty Payable	$7,850.42
Total Royalty Paid	7,850.42
Balance of Royalty Due	$ -0-

As of May 27, 1965, the royalty account of this project was found to be:

Total Royalty Payable	$14,608.41
Total Royalty Paid	14,608.41
Balance of Royalty Due	$ -0-

C. E. Fisher

June 8, 1965

C. E. Fisher, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

Article 8(b) of this contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a royalty on all mineral production from the four unpatented lode mining claims thereunder. The four claims are part of the Vanadium Queen Group of 12 claims lying in secs. 28 and 29, T. 28S., R. 26E., S.L.M. & B., in the Paradox Mining District, La Sal Creek Area. To further secure the payment of royalty the Operator, as owner, granted the Government a lien upon the land and any production therefrom. On April 20, 1959, the Operator (under the new name of The Queen Corporation) transferred by quit claim deed the Vanadium Queen group of twelve claims, including the four under the DMEA contract, to Allied-Mission Oil, Inc., Room 1004, 165 Broadway, New York 6, New York.

Exploration work under the contract was terminated October 29, 1957. No ore was produced from the subordinated claims during the exploration. Thereafter, five lots were shipped during the period that the Operator owned the property. These shipments, during May 1958 and in the name of the Operator, consisted of ore extracted by Joe C. Pitts, a lessee, in extending a development drift from unsubordinated Vanadium Queen No. 2 claim into subordinated Vanadium Queen No. 10 claim toward exploration hole 214, which had penetrated 2.6 feet of 1.0% U_3O_8. Allied-Mission Oil, Inc., started operations and shipments from the subordinated claims during September 1960. Such shipments were made in its name to Climax Uranium Company, Grand Junction, Colorado, each month from September 1960 through July 1961. Other small lots were shipped in December 1961 and January 1962 in the name of John E. McMulty, Trustee, Allied-Mission Oil, Inc., 200 North 6th Street, Grand Junction, Colorado.

Allied-Mission Oil, Inc., failed to pay, or arrange with the purchaser to deduct, royalty on its shipments until royalty amounting to $4,253.93 was delinquently due the Government as of February 3, 1961. Arrangements were then made with the purchaser for deduction of additional royalty until the indebtedness was liquidated. Final payment in liquidation of the past due royalty was received during January 1962 as set forth in Report of Royalty Review dated June 1, 1962.

Available records indicate that there were no sales of production from the subordinated land on which the Government would be due royalty between January 1962 and October 1963. Commencing with

November 1963 Climax Uranium Company resumed monthly payments to the Government of royalty withheld from settlements for ore produced from such claims. Royalty has been paid on such settlements each month through March, 1965. These payments have been made pursuant to an "Amended Proposed Arrangement" filed by Allied-Mission Oil, Inc., on November 16, 1962, and accepted by the required number of creditors and confirmed by the Referee in Bankruptcy on December 7, 1962.

In accordance with an arrangement approved by the Bankruptcy Court pursuant to proceedings instituted by Allied-Mission Oil, Inc., in the Federal District Court, District of Colorado, Bankruptcy No. 3154, the ore is being mined by E. E. Lewis, Inc., a corporation and an independent mining contractor, under the terms of a mining contract with Climax Uranium Corporation. The latter make settlements with the various interested parties, including the Government for its royalty, based on the value of ore produced, as determined in accordance with a schedule of prices filed with the Court and the Atomic Energy Commission. In a letter dated February 19, 1963, the Director, Office of Minerals Exploration, agreed that the royalty paid to the Government should be based on the price paid by Climax for the ore rather than the value of concentrate.

This review included a recomputation and tabulation of all monthly settlement sheets provided by Climax. A summary of the tabulation, which is filed with my audit work papers and on which liquidation number 6572 covering March 1965 purchases of ore is last listed, follows:

	This Period	Through March 1965
Short Wet Tons	3,884.26	7,678.60
Short Dry Tons	3,569.87	7,068.45
Average Assays: U_3O_8	.2350	.2548
V_2O_5	1.6756	1.7326
Content: U_3O_8 lbs.	16,775.62	36,014.56
U_3O_8 lbs (Excess 4# SDT)	2,574.74	7,959.42
V_2O_5	119,635.78	244,934.56
U_3O_8 Base payment	$58,493.14	$125,355.25
Premiums (Excess 4# SDT)	1,931.06	5,969.57

Idm-E1092 Vanadium Queen Uranium Corporation DMEA-4631

	This Period	Through March 1965
U_3O_8: Development	$ 8,387.84	$18,007.36
Haulage	26,218.76	62,653.51
V_2O_5: Payment	37,087.08	75,929.71
Grade Premium	3,041.82	4,252.57
Total Proceeds	$135,159.70	$292,167.97
Royalty: Payable	$ 6,757.99	$ 14,608.41
Paid	6,757.99	14,608.41
Due	$ -0-	$ -0-

The findings of this review are subject to revision in the event of future audit by the Government of the producer's mining records and sales accounts or future examination of the stoped areas.

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 production from the property under the contract has 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.

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

OFFICIAL COPY
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JUN 28 1965
INITIALS | CODE
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June 23, 1965

The Queen Corporation
525 Milam Building
San Antonio, Texas

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Gentlemen:

Attached is a copy of the Report of Royalty Review dated June 8, 1965 on the subject contract.

Yours very truly,

ORIGINAL SIGNED BY
Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosure

H.M.Connors (6-23-65)
cc: G. C. Selfridge
C. E. Fisher
E1092
Chron

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

June 23, 1965

Mr. John E. McNulty, Trustee
Allied-Mission Oil, Inc.
200 North 6th Street
Grand Junction, Colorado

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. McNulty:

Attached is a copy of the Report of Royalty Review dated June 8, 1965 on the subject contract.

Yours very truly,
ORIGINAL SIGNED BY

Hugh M. Connors
Acting Field Officer, OMR
Region III

Enclosure

H.M.Connors (6-23-65)
cc: G. C. Selfridge
C. E. Fisher
E1092
Chron

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

June 23, 1965

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Attached is the original Report of Royalty Review dated June 8, 1965 on the subject contract.

ORIGINAL SIGNED BY

Hugh M. Connors

Attachment

H.M.Connors (6/23/65)
cc: G. C. Selfridge
C. E. Fisher
E1092
Chron

JUN 1 6 1965

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

The original and three 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, U. S. Department of the Interior, Washington, D. C. 20240;
(b) One copy for the Operator, The Queen Corporation;
(c) One copy for the Trustee, Allied Mission Oil, Inc.; and
(d) One copy for your files.

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

Enclosures

CEFisher/cac 6/11/65

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20240

B-63-2074.12A

November 2, 1964

Memorandum

To: Acting Director, Office of Minerals Exploration

From: Assistant Solicitor, Oil and Gas and Minerals Exploration

Subject: Allied-Mission Oil, Inc., Debtor - Bankruptcy Proceedings No. 31514 - Exploration Project Contract No. Idm-E 1092 - Docket No. DMEA 4631 Vanadium Queen Uranium Corporation

There is transmitted herewith a copy of a self-explanatory memorandum dated October 22, 1964 from the Regional Solicitor, Denver, together with a copy of an Order entered by the United States District Court for the District of Colorado - In Bankruptcy.

ROBERT W. LONG

Robert W. Long
Assistant Solicitor
Oil and Gas and
Minerals Exploration

Enclosures

EXTRA COPY
O. M. E
RECEIVED NOV 3 1964

DATE	INITIALS	CODE

E-1092

For royalty payment of $754.81, dated November 13, 1964, see transmittal letter file.

E-1092

For royalty payment of $597.21, dated December 11, 1964, see transmittal letter file.

E-1092

For royalty payment of $397.86, dated January 15, 1965, see transmittal letter file.

E-1092

For royalty payment of $681.51, dated February 12, 1965, see transmittal letter file.

E-1092

For royalty payment of $413.45, dated March 12, 1965, see transmittal letter file.

E-1092

For royalty payment of $631.04, dated April 16, 1965, see transmittal letter file.

E-1092

For royalty payment of $757.89, dated October 14, 1964, see transmittal letter file.

E-1092

For royalty payment of $955.40, dated September 11, 1964, see transmittal letter file.

E-1092

For royalty payment of $458.06, dated May 15, 1964, see transmittal letter file.

E-1092

For royalty payment of $1,110.76, dated August 14, 1964, see transmittal letter file.

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-E1032, Docket DMEA-4631 (uranium), dated May 29, 1957, with

Vanadium Queen Uranium Corporation
now known as
The Queen Corporation
525 Milam Building
San Antonio, Texas

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 Vanadium Queen Claims Nos. 3, 7, 9, and 10 located in San Juan County, Utah, during the period May 16, 1962, through April 17, 1964.

A certification of discovery or development was issued on December 13, 1957, 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 December 26, 1957, indicated accepted costs under the exploration contract amounting to $44,875.45 with the Government's contribution on a 75 percent basis being $33,656.60.

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

This review established the total sales subject to the Government's royalty for the period to be $29,634.08. Royalty payable to the Government at the rate specified in the contract is $1,481.71.

A prior Report of Royalty Review found the sales subject to the Government's royalty through May 15, 1962, to be $127,374.19 which added to the sales for this subsequent period make a total of $157,008.27. The royalty account as of May 15, 1962, was:

Total Royalty Payable	$6,368.71
Total Royalty Paid	6,363.58
Balance of Royalty Due	$ 5.13

As of April 17, 1964, the royalty account of this project was found to be:

Total Royalty Payable	$7,350.42
Total Royalty Paid	7,350.42
Balance of Royalty Due	$ -0-

C. E. Fisher

May 6, 1964

C. E. Fisher, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

Article 8(b) of this contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a royalty on all mineral production from the four unpatented lode mining claims thereunder. The four claims are part of the Vanadium Queen Group of 12 claims lying in secs. 28 and 29, T. 28 S., R. 26 E., S.L.M. & B., in the Paradox Mining District, La Sal Creek Area. To further secure the payment of royalty the Operator, as owner, granted the Government a lien upon the land and any production therefrom. On April 20, 1959, the Operator (under the new name of The Queen Corporation) transferred by quit claim deed the Vanadium Queen group of twelve claims, including the four under the DMEA contract, to Allied-Mission Oil, Inc., Room 1004, 165 Broadway, New York 6, New York.

Exploration work under the contract was terminated October 29, 1957. No ore was produced from the subordinated claims during the exploration. Thereafter, five lots were shipped during the period that the Operator owned the property. These shipments, during May 1958 and in the name of the Operator, consisted of ore extracted by Joe C. Pitts, a lessee, in extending a development drift from unsubordinated Vanadium Queen No. 2 claim into subordinated Vanadium Queen No. 10 claim toward exploration hole 214, which had penetrated 2.6 feet of 1.0% U_3O_8. Allied-Mission Oil, Inc., started operations and shipments from the subordinated claims during September 1960. Such shipments were made in its name to Climax Uranium Company, Grand Junction, Colorado, each month from September 1960 through July 1961. Other small lots were shipped in December 1961 and January 1962 in the name of John E. McNulty, Trustee, Allied-Mission Oil, Inc., 200 North 6th Street, Grand Junction, Colorado.

Allied-Mission Oil, Inc., failed to pay, or arrange with the purchaser to deduct, royalty on its shipments until royalty amounting to $4,253.93 was delinquently due the Government as of February 3, 1961. Arrangements were then made with the purchaser for deduction of additional royalty until the indebtedness was liquidated. Final payment in liquidation of the past due royalty was received during January 1962 as set forth in Report of Royalty Review dated June 1, 1962.

Available records indicate that there were no sales of production from the subordinated land on which the Government would be due royalty between January 1962 and October 1963. Commencing with

November 1963 Climax Uranium Company resumed monthly payments to the Government of royalty withheld from settlements for ore produced from such claims. Royalty has been paid on such settlements each month through March 1964. These payments have been made pursuant to an "Amended Proposed Arrangement" filed by Allied-Mission Oil, Inc., on November 16, 1962, and accepted by the required number of creditors and confirmed by the Referee in Bankruptcy on December 7, 1962.

In accordance with an arrangement approved by the Bankruptcy Court pursuant to proceedings instituted by Allied-Mission Oil, Inc., in the Federal District Court, District of Colorado, Bankruptcy No. 3154, the ore is being mined by E. E. Lewis, Inc., a corporation and an independent mining contractor, under the terms of a mining contract with Climax Uranium Corporation. The latter make settlements with the various interested parties, including the Government for its royalty, based on the value of ore produced, as determined in accordance with a schedule of prices filed with the Court and the Atomic Energy Commission. In a letter dated February 19, 1963, the Director, Office of Minerals Exploration, agreed that the royalty paid to the Government should be based on the price paid by Climax for the ore rather than the value of concentrate.

A balance of $5.13 in royalty delinquently due to the Government was indicated by the prior Report of Royalty Review dated June 1, 1962. This amount was paid by order of the Court during March 1963.

This review included a recomputation and tabulation of all monthly settlement sheets provided by Climax. A summary of the tabulation, which is filed with my audit work papers and on which liquidation number 6116 covering March 1964 purchases of ore is last listed, follows:

	This Period	Through March 1964
Short Wet Tons	758.04	3,794.34
Short Dry Tons	694.72	3,498.58
Average Assays: U_3O_8	.2687	.2759
V_2O_5	1.7778	1.7907
Content: U_3O_8 lbs.	3,733.26	19,238.94
U_3O_8 lbs. (Excess 4# SDT)	954.67	5,384.68
V_2O_5	24,701.48	125,298.73
U_3O_8 Base payment	$13,066.43	$ 66,862.11
Premiums (Excess 4# SDT)	716.00	4,038.51

Idm-E1092 Vanadium Queen Uranium Corporation DMEA-4631

	This Period	Through March 1964
U_3O_8: Development	$ 1,866.65	$ 9,619.52
Haulage	5,116.78	36,434.75
V_2O_5: Payment	7,657.47	38,842.63
Grade Premium	1,210.75	1,210.75
Total Proceeds	$29,634.08	$157,008.27
Royalty: Payable	$ 1,481.71	$ 7,850.42
Paid	1,481.71	7,850.42
Due	$ -0-	$ -0-

The findings of this review are subject to revision in the event of future audit by the Government of the producer's mining records and sales accounts or future examination of the stoped areas.

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 production from the property under the contract has 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.

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

May 18, 1964

EXTRA COPY
O. M. E
RECEIVED MAY 21 1964

DATE	INITIALS	CODE
		800

Allied-Mission Oil, Inc.
Room 1004
165 Broadway
New York 6, New York

Subject: DMRA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Gentlemen:

Attached is a copy of the Report of Royalty Review dated May 6, 1964 on the subject contract.

Very truly yours,

Hugh M. Connors
Acting Field Officer, OME
Region III

Enc.

cc: G. C. Selfridge
E. D. Talbert
E1092
Chron

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

May 18, 1964

The Queen Corporation
525 Milam Bldg.
San Antonio, Texas

EXTRA COPY
O. M. E.
RECEIVED MAY 21 1964
DATE
INITIALS
CODE

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Gentlemen:

Attached is a copy of the Report of Royalty Review dated May 6, 1964 on the subject contract.

Very truly yours,

Hugh M. Connors
Acting Field Officer, OME
Region III

Enc.

cc: G. C. Selfridge
E. D. Talbert
E1092
Chron

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

May 18, 1964

EXTRA COPY
O. M. E
RECEIVED
INITIALS
CODE

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: RMRA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-K1092

Attached is the original Report of Royalty Review dated May 6, 1964 on the subject contract.

Original signed by

Hugh M. Connors

cc: G. C. Selfridge
K. D. Talbert
K1092
Chron

MAY 14 1964

Memorandum

To: Acting Field Officer, Region III

(Signed) E. D. Tabert

From: Chief, Contract Administration and Audit Division

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

The original and three 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, U. S. Department of the Interior, Washington, D. C. 20240;
(b) One copy for the Operator, The Queen Corporation;
(c) One copy for the Trustee, Allied-Mission Oil, Inc.; and
(d) One copy for your files.

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

Enclosures

CEFisher/ama 5-13-64

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

FEB 19 1963

Mr. E. R. Eikenbary, Controller
Climax Uranium Company
P. O. Box 989
Grand Junction, Colorado

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Eikenbary:

We appreciate the explanation, as set forth in your February 14 letter, of Climax Uranium Company's position in the operation of property under the referenced contract. On the basis of your explanation, we agree that the DMEA royalty properly should be on the price paid by Climax for the ore rather than the value of concentrate.

Please accept our apology for any inconvenience our letter may have caused.

Sincerely yours,

George Fumich, Jr.

Director

EDTalbert/ama 2-19-63

cc:
Docket
Director's Reading File
CA & A Division
Region III (2)

CLIMAX URANIUM COMPANY

UNIT OF AMERICAN METAL CLIMAX INC

P.O. BOX 989

GRAND JUNCTION, COLORADO

Febru[illegible]

Mr. [illegible], Jr., Direct[illegible]
United States Department of the [illegible]
[illegible] Exploratio[illegible]
Wa[illegible]

[illegible] (Uranium)
[illegible] Uranium Corporation
[illegible] Claims
[illegible], Utah

Dear [illegible]

[illegible] being wr[illegible] dated letter (a[illegible] during the [illegible] 1953) addressed [illegible] regarding the [illegible].

[illegible] Climax [illegible] currently conducting [illegible] the Bankruptcy [illegible] AMC in the Federal [illegible]. The various [illegible] possible exception of [illegible] Climax [illegible] in the files of the [illegible] Mr. Connors or [illegible] bankruptcy proceeding.

For your information, AMC [illegible] the [illegible] Queen properties and the ore [illegible] therefrom, subject to certain royalties including any royalty payable under the above referenced DMEA agreement and further, subject to the right of Climax to mine the [illegible] under an Agreement with AMC. In general, under the terms of the [illegible] Agreement, Climax deducts from the value [illegible] costs of [illegible] all royalties. [illegible] agent appointed by the [illegible]). The [illegible] E. E. Lewis, Inc., a corporation and an independent [illegible], under the terms of a mining contract between Climax [illegible], whereby E. E. Lewis, Inc. [illegible] the ore before processing.

In addition, Climax has a [illegible] purchase agreement with AMC which predates the above referenced mining agreement, whereby Climax is obligated to purchase all ore produced from the [illegible] mine. A copy of this contract is on file with the Bankruptcy Court and Atomic Energy Commission, which contract contains the schedule of the prices to be paid for the ore.

February 24, 1953

[illegible] TVEA royalty
[illegible] than
[illegible] after
[illegible] the

[illegible] between AMC
[illegible] our with
[illegible] the
[illegible], Grand Junction,
[illegible] ter [illegible]

[illegible] truly,

[illegible] COMPANY

[illegible] Secretary

Building 20 - Federal Center
Denver 25, Colorado

February 7, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

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O. M. E
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This responds to your memorandum dated January 9, 1963 on the subject contract.

On February 5, 1963 I inspected the DMEA section of the subject property in the company of John Peeso, mine superintendent. All of the stopes in the DMEA section were the same as when I last saw them, February 1, 1961, except the big stope surrounded by drill hole VQ-11 from which the broken ore had been removed since my last visit. This broken ore would account for the small tonnage of ore credited to the DMEA account since my last inspection. I am now satisfied that we have been paid royalty on all ore produced from the DMEA area.

It is my belief that Charles Wray, or one of his henchmen, is falsely reporting the theft of ore to the FBI hoping to involve Mr. Ray K. Church and discredit Mr. Church in their litigation which I understand involves some stock in the Allied Mission Oil, Inc.

Original signed by

High M. Connors

E-1092

For royalty payment of $5.13, dated March 8, 1963, see transmittal letter file.

E-1092

For royalty payment of $528.90, dated April 17, 1964, see transmittal letter file.

E-1092

For royalty payment of $401.33, dated March 12, 1964, see transmittal letter file.

E-1092

For royalty payment of $457.49, dated January 14, 1964, see transmittal letter file.

E-1092

For royalty payment of $93.99, dated December 12, 1963, see transmittal letter file.

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

OFFICIAL FILE COPY

21 1963

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~~120~~
~~500~~

January 17, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: Docket DMEA-4631 (Uranium)
Contract Idm-K1092
Vanadium Queen Uranium Corp.
(Vanadium Queen Claims)
San Juan County, Utah

Attached is a copy of my letter to Climax Uranium Company.

I think we need legal advice in the matter of future royalty from this property. Normally, according to the Contract, Climax Uranium Company would be expected to pay royalty based on 5 percent of the price they received per pound for yellow cake. Since the Referee in Bankruptcy designated Climax Uranium Company as the Operator and there are many creditors the Court wishes to protect, I am wondering what the proper royalty rate will be on future production from this property while Climax Uranium Company is the Operator. Will you please advise.

If you believe, as I do, that Climax Uranium Company is entitled to a copy of the Contract, will you please furnish them one because the Contract contains the only true definition of the DMEA boundaries.

Hugh M. Connors

Hugh M. Connors

Attachments

Building 53 - Federal Center
Denver 25, Colorado

January 16, 1963

Mr. J. E. Dryden
Chief Accountant
Climax Uranium Company
P. O. Box 589
Grand Junction, Colorado

Re: Docket [illegible] (Uranium)
Contract [illegible]
Vanadium Queen Uranium Corp.
(Vanadium Queen Claims)
San Juan County, Utah

Dear Mr. Dryden:

This responds to your letter of January 15, 1963 regarding the subject contract.

The Report of Royalty Review dated June 1, 1962 shows that the Government contributed $[illegible],696.60.

As of May 15, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$ 6,[illegible].71
Total Royalty Paid	6,[illegible]
Balance of Royalty Due	$ [illegible].15

Our records show no royalty has been paid since the date of the Report of Royalty Review. The expiration date of the repayment of royalty is May 20, 1967.

I see no reason for you to need a copy of the contract but if you have a good and sufficient reason for obtaining a copy of the contract I suggest you write to Mr. George Parish, Director, Office of Minerals Exploration, Department of the Interior, Washington 25, D. C. and request a copy of the contract from him.

Yours very truly,

Hugh H. Stevens
Acting Field Office, OME, Region XII

cc: Chief, Division of Field Operations, OME
w/copy of Mr. Dryden's Letter dated 1/15/63
Royalty Corres. R1092
Chron
HHS/lm

RECEIVED
DATE
800

Building 20 - Federal Center
Denver 25, Colorado

December 7, 1962

Memorandum

To: George Pumich, Jr., Director
Office of Minerals Exploration
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah
Allied-Mission Oil, Inc., Debtor--Bankruptcy Proceedings
No. 31514

I have just returned from the subject Bankruptcy Proceedings where the modified proposed arrangement was accepted and confirmed.

Unfortunately, we had no legal counsel present either in the morning or afternoon sessions. I stalked the Judge, Benjamin C. Willard the Referee in Bankruptcy, to his chambers and told him that I was without legal counsel but I wanted to know where we stood on DMEA royalty payments. He informed me that our DMEA royalty comes off the top and that nobody comes ahead of DMEA.

I am certainly glad that this case has been settled and that Climax will be the Operator.

From now on we will get the royalty that is properly due and it is possible that we may "back out" and get all of our money back.

Original signed by

Hugh N. Connors

HMC/lm
cc Royalty Corres. Idm-E1092
Chron
Selfridge

NOV 30 1962

AIRMAIL

To: Acting Field Officer, Region III

From: Director, Office of Minerals Exploration

Subject: DMRA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Ida-X1092

In item 2, page 3, of the Modified Proposed Arrangement in Bankruptcy No. 31514, which you recently sent us, a listing of royalties includes the Days, the Strategic Minerals Exploration Company, and the Office of Minerals Exploration. We were wondering if the intent of the listing is the order in which the royalties will be paid.

As far as the DMRA area is concerned, we have Abe Day's signature on a Consent to Lien and Subordination Agreement, dated May 5, 1957. We have no commitment with the Strategic Minerals Exploration Company. How did it enter into the royalty picture? You might discuss this angle with the Government solicitor handling the matter.

George Fumich, Jr.

GCSelfridge/gla (11-30-62)
cc to: Director's Reading File
Mr. Selfridge
CA&A Division
Docket DMRA-4631

800

Building 20 - Federal Center
Denver 25, Colorado

November 13, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMRA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

I visited Mr. A. M. Mastrovich, Vice President and General Manager of Climax Uranium Company, in his office November 6, 1962. The purpose of my visit was to ascertain if Climax had started work on the subject property.

Mr. Mastrovich informed me that the Allied Mission Oil people are still up to their old tricks and are now playing Climax against Union Carbide Nuclear. The Referee in Bankruptcy is to decide on November 16, 1962 whether or not to accept a new proposal or throw the whole case into General Bankruptcy.

I have contacted our attorney, Robert Meech, and have an appointment with him the morning of November 14, 1962.

Original signed

Hugh M. Connors

this

Mr. E. M.
been
have

the court
by petition.

appropriate
bankruptcy
approval, and
our

LAWRENCE A. [illegible]
United States Attorney

By [illegible]
Assistant United States Attorney

800

Building 20 - Federal Center
Denver 25, Colorado

September 24, 1962

Memorandum

To: W. R. Griswold, Acting Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMRA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah
Bankruptcy Proceedings No. 31514

Enclosed are two copies of a letter to the United States Attorney from the Acting Regional Solicitor dated September 20, 1962 regarding Bankruptcy Proceedings on the subject contract.

Original signed by

Hugh M. Connors

Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
DENVER REGIONAL OFFICE
ROOM 21, BUILDING 53
DENVER FEDERAL CENTER
DENVER 25, COLORADO

SEP 20 1962

United States Attorney
Department of Justice
348 Post Office Building
Denver, Colorado

Idm-E 1092

Attention: Merle R. Knous

Dear Sir:

Subject: Allied-Mission Oil, Inc., Debtor--Bankruptcy Proceedings No. 31514--Exploration Project Contract No. Idm-E1092--Docket No. DMEA 4631--Vanadium Queen Uranium Corporation

This will supplement a telephone conversation with Mr. Merle R. Knous on September 19, 1962, wherein we discussed the advisability and necessity of filing an amendatory or supplementary Proof of Claim in the above proceedings.

As we pointed out to Mr. Knous, we are somewhat concerned over the fact that the Proof of Claim that was filed covers only the sum of $5.13, which is the amount presently due and owing under the royalty obligation, but does not cover the total balance of $27,293.02, which is repayable under the royalty obligation.

While the total balance, less the $5.13 presently due, is contingent in nature, depending upon the production of ore from the DMEA Area, and recognizing that the Arrangement proposed by the debtor covers the contingent obligation due the United States, and that the Stipulation entered into between the debtor and the United States provides for the payment of the total balance due under the royalty obligation, we nevertheless wonder if it would not be advisable or perhaps even necessary to file a Proof of Claim for the total amount of the obligation, which is recognized in Paragraph 11 of the Stipulation as a debt which has priority under the provisions of 11 U.S.C. 104a (4).

We are willing to research this point if you so wish. However, before doing so, we would appreciate your discussing the problem, if you believe that a problem may exist, with the Referee in Bankruptcy.

We will appreciate your keeping this office advised as to the status of this case.

Sincerely yours,

Bryan L. Kepford

Bryan L. Kepford
Acting Regional Solicitor

cc:
Acting Field Officer, Region III, Office of Minerals Exploration, Denver, Colorado

BLIND NOTE TO ACTING FIELD OFFICER:
We have received a copy of an executed Stipulation between the United States and the debtor. The copy is of such character that it cannot be reproduced. However, it is exactly the same as the unexecuted copies of a Stipulation which we previously provided your office. We will continue to keep your office apprised of developments in this case.

INTERIOR DEPT.
1962
SOLICITOR

William T. Thurman, Esq.
United States Attorney, Salt Lake City, Utah
Att: Parker M. Nielson, Ass't U.S. Atty.

September 20, 1962

JBS:lbc
46-77-192

Joseph B. Guilfoyle
Acting Assistant Attorney General, Civil Division
By: Donald B. MacGuineas, Chief, General Litigation Section

Ray K. Church; William Burley Stoteshury;
and George C. Spillman, FRAUD AGAINST THE
GOVERNMENT - CONSPIRACY

There have been referred to this office two copies of Federal Bureau of Investigation report dated August 21, 1962, relating to a complaint that the above named individuals had mined blocked out ore at the Vanadium Queen Mine, La Sal, Utah, and had caused an estimated loss to the Government of $5,000 to $6,000 under the terms of a Defense Minerals Exploration Administration loan made by the Department of the Interior to the Allied Mission Oil Corporation to develop the mine.

Since no civil claim has been forwarded to you or to us by the Department of the Interior for assertion in the matter, and as the report indicates that the only action contemplated at this time is a possible prosecution under the criminal conspiracy provisions of 18 U.S.C. 371, we are considering the matter closed subject to being reopened if a civil claim is subsequently asserted.

CC: Dept. of the Interior
Wash. 25, D. C.

Frauds Section
Civil Division
Dept. of Justice

Frauds Section
Criminal Division
Dept. of Justice

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED SEP 17 1962
DATE INITIALS
8 00

September 14, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, GME
Washington 25, D. C.

From: Acting Field Officer, GME, Region III

Subject: DMEA-4631 (Uranium)
Contract Ldm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

This is to advise that W. M. Glover, an F.B.I. Agent, came to this office September 13, 1962 seeking information relative to the subject contract. All the information I could obtain from him was that " an individual has reported that ore was shipped from the Vanadium Queen Mine on which royalty had not been paid the Government".

Mr. Glover spent the afternoon going through our files on the subject contract. He returned to this office the afternoon of September 14, 1962 and I asked Mr. Robert Mesch, the Attorney who represented us in the bankruptcy case, to sit in with us.

Mr. Glover stated that he will make further investigation and said that he would advise me if we could be of any further assistance to him.

Original signed

TMR

for

Hugh M. Connors

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E.
RECEIVED Aug 3 1962

August 3, 1962

800

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

The entire file on this contract is in the hands of the Solicitor, Robert Mesch, but from memory I will try to bring you up-to-date on the progress we have made in protecting the Government's interest in the bankruptcy proceedings. Mr. Mesch and I went to Bankruptcy Court the afternoon of July 27, 1962 and we were accompanied by a Mr. Mullhall from the U. S. Attorney's Office.

Mr. Wray, the Chairman of the Board of the Allied Mission Oil Company, was on the witness stand all afternoon and was questioned by many lawyers representing the various creditors. It developed that the Vanadium Corporation of America was not interested in operating the mine under the conditions that were offered but Climax Uranium Company is interested and will submit their proposal to the Court on August 17, 1962.

Mr. Mesch and I went through the records filed in the Bankruptcy Court and we noted that DMEA is listed with eight other creditors in a category which would pay 40¢ on the dollar. To this I objected and Mr. Mesch made an appointment with Mr. E. M. Heppenstall, an attorney with the law firm who represents Allied Mission Oil Company, for Monday morning, July 30, 1962. Mr. Mullhall, the U. S. Attorney, was also supposed to accompany us to the meeting in Mr. Heppenstall's office but failed to be present.

Mr. Heppenstall argued that DMEA does not have a secured claim because the Government's lien on production was not recorded in San Juan County, Utah. However, he believes that DMEA has a priority claim. As I understand it, either a secured claim or a priority claim would get us out of the 40 percent category and into the 100 percent category.

Mr. Robert Mesch is doing a superior job for us in this case and I will advise you the outcome of the next meeting in the Bankruptcy Court on August 17, 1962.

Original signed by

Hugh M. Connors

Building 20 - Federal Center
Denver 25, Colorado

August 17, 1962

EXTRA COPY
O. M. E
RECEIVED AUG 20 1962
800

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

I spent from 9:00 a.m. this morning until 3:00 p.m. this afternoon in Bankruptcy Court with our Solicitor, Robert Mesch, and a new Attorney from the U. S. Attorney's Office, Mr. Robert Knouss.

Mr. Anthony Mastrovitch, General Manager of the Climax Uranium Corporation, was on the stand until noon. Mr. Charles Wray was on the stand this afternoon.

The creditors in Classes III, IV, and V voted about three to one for acceptance of the Climax proposal. A former representative from the U. S. Attorney's Office who was supposed to be representing us and Internal Revenue had previously voted "no" on the proposal.

Enclosed are (1) The Climax Agreement (2) a copy of our Proof of Priority Claim by Robert Mesch and (3) Stipulation by Robert Mesch.

Mr. Mesch, within the next ten days, will write me a letter and a letter to the U. S. Attorney, copies of which I will forward you.

Original signed by

Hugh M. Connors

Attachments

AIRMAIL

JUL 2 0 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idu-E1092

This is in response to your memorandum of July 16, 1962.

The files indicate that the original and three copies of the Report of Review originally were forwarded to you by the Contract Administration and Audit Division's June 1 memorandum. You returned the original and two copies with your June 8 memorandum. The original again was forwarded to you with my June 14 memorandum. I am now enclosing two copies in order that distribution may be made as requested in the June 1 memorandum.

The indebtedness of $5.13 was incurred by the Operator, now known as The Queen Corporation, prior to acquisition of the property by Allied-Mission Oil, Inc. Furthermore, the size of the indebtedness will not justify the expense of collecting through the courts. Accordingly, collection efforts should be limited to a demand for payment in your letter transmitting a copy of the Report of Review to The Queen Corporation.

With regard to the bankruptcy case, you should be present at the hearings, with legal counsel. The matter should be taken up at once with the office of the Regional Solicitor at Denver to protect our future royalty rights. Please see Field Team Memorandum No. 34, October 30, 1956.

Enclosure

FMMurphy-EDTalbert-GCSelfridge/gla 7-17-62
cc to: Director's Reading File
Review Committee
Docket
Contract Division
Code 500

AIRMAIL

JUL 18 1962

Vanadium Corporation of America
420 Lexington Avenue
New York 17, New York

Re: IDEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idu-E1092

Gentlemen:

Enclosed for your information is a copy of a self-explanatory letter of today to Allied Mission Oil, Inc.

Sincerely yours,

George Furnich, Jr.

Director

Enclosure

FMMurphy/gla
7-18-62
cc to: Director's Reading File
Region III (2)
Contract Division
Docket
Code 500

AIRMAIL

JUL 18 1962

Mr. John E. McNulty, Trustee
Allied Mission Oil, Inc.
200 North Sixth Street
Grand Junction, Colorado

Re: [illegible]-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Ida-21092

Dear Mr. McNulty:

We have received a copy of the Proposed Agreement between your corporation and Vanadium Corporation of America, in which certain monies advanced by Vanadium Corporation will be repaid by purchase or ore from the subject property.

The referenced contract provides that neither the land nor any right, title, or interest therein shall be transferred, conveyed, or surrendered without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for preservation of the Government's right to a percentage royalty on production and the lien for payment thereof.

We note that no provision has been made in the Proposed Agreement to outline the Government rights. It is suggested that if an agreement is reached between the two corporations, the Government's royalty rights, mentioned above, be set forth in the instrument agreed upon.

Sincerely yours,

George Fumich, Jr.

Director

FMMurphy-EDTalbert/gla
7-18-62
cc to: Director's Reading File
Review Committee
Contract Division
Docket
Region III (2)
Code 500

Building 20 - Federal Center
Denver 25, Colorado

July 16, 1962

AIRMAIL

Memorandum

To: George C. Selfridge Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

I contacted George Spillman, former mine superintendent, on July 12 and examined all of the shipping tickets for ore hauled from the subject property from September through December 1961. The attached copy is the only ticket marked "DMEA" and this load became liquidation No. 5046 on which we have received royalty. This has been a sloppy operation from the beginning and I do not like the system they used in marking the ore shipping tickets. Under the heading "Mining Claim" I found many marked "Special", others marked "Regular", one marked "DMEA" copy of which is attached, and most were left blank.

I must again remind you, as I did in my letter of March 5, 1962, that it would be to our advantage to have the name of the mining claim where the ore originated to be on each ore shipping ticket.

George Spillman believes that liquidations No 4876, 5922, 4937, 4971, and 5005 did not contain any DMEA ore and I am inclined to go along with his statement. The mine has been closed for more than a month and will stay closed pending the results of the bankruptcy proceedings.

Attached is a "Notice" and a "Proposed Arrangement" received from the Federal District Court. Since we have only $5.13 to claim, will you please advise your wishes in the matter.

It is noted in the attached Exhibit B, which is a proposed lease on the property to V.C.A., that no mention is made of DMEA rights to royalty. If we do not object to this in the Bankruptcy Court will our future royalty rights be protected?

I am saving the original of the Report of Royalty Review dated June 1, 1962 with the thought that I may need it to support our claim for $5.13 on July 27, 1962.

Will you please advise in detail how you wish me to proceed in this bankruptcy case as I may need to obtain legal aid from the Solicitor here at the Federal Center.

Original signed by

Hugh M. Connors

Attachment

CLIMAX URANIUM CO.

PART OF AMERICAN METAL CLIMAX, INC.

P. O. BOX [illegible]

GRAND JUNCTION, COLORADO

03997

~~04000~~

ORE SHIPPING TICKET

Date Shipped 12-21-61 Date Received

Shipper Allied Mining Oil Co Lead No. 28

Mining Claim Vanadium Queen DMEA

Shipped to Climax Uranium

Hauled by Westwood Trucking Truck No. 17

Driver Bob Nelson

Sex Ticket No. Weight

ORIGINAL—Trucker
YELLOW—Office
TISSUE—Mine Files

Received by

THE [illegible] PRINTING CO., GRAND JUNCTION, COLORADO 64490

G S.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO - IN BANKRUPTCY.

In the Matter of	)	
	)	
ALLIED-MISSION OIL, INC.	)	In Proceedings for an Arrangement
	)	
Debtor.)		No. 31514

NOTICE OF ADJOURNED INITIAL MEETING OF CREDITORS; FOR HEARING UNDER SECTION 326; NAMING TIME FOR FILING APPLICATION TO CONFIRM AND FOR CONFIRMATION HEARING; AND OF HEARINGS ON ADJUDICATION OR DISMISSAL.

To the Creditors of the Debtor above named, to said Debtor, and to all others in interest herein:

NOTICE is hereby given that the initial meeting of creditors in this proceeding has been adjourned to and will be held on July 27, 1962, at 1:30 P. M., in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, at which time and place the creditors may attend, prove their claims, nominate a trustee, appoint a committee of creditors, examine the officers of the debtor, examine witnesses on any matter relevant to the proceeding, present written acceptances of the proposed arrangement and transact such other business as may properly come before the meeting.

NOTICE is also hereby given that at said time and place a hearing will be had under the provisions of Section 326 of the Bankruptcy Act to determine whether the debtor shall be required to file a bond or undertaking to indemnify the estate against subsequent loss or diminution.

NOTICE is also hereby given that the application to confirm said arrangement shall be filed with this Court on or before August 27, 1962, and that the hearing on the confirmation of the arrangement and objections, if any, to confirmation, will be held in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, on September 7, 1962, at 1:30 P. M.

NOTICE is also hereby given that on September 10, 1962, at 1:30 P. M., in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, hearings will be had, if appropriate and in the event the debtor shall be ordered to give bond or undertaking under Section 326 and shall fail to do so, or in the event the arrangement is withdrawn or abandoned prior to its acceptance, or in the event the arrangement is not accepted at the meeting of creditors, under the provisions of Sections 327 and 376(2) of the Bankruptcy Act, to determine whether the debtor shall be adjudged a bankrupt and bankruptcy be proceeded with, or this proceeding under Chapter XI of said Act be dismissed.

NOTICE is also hereby given that on September 14, 1962, at 1:30 P. M., in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, hearing will be had under Section 376(2) of said Act in the event the money or other consideration required to be deposited is not deposited, or the application for confirmation is not filed within the time fixed by the Court, or if confirmation of the arrangement is refused, and in any of such events an order will then or thereafter entered without further notice, adjudging the debtor a bankrupt and directing that bankruptcy be proceeded with or dismissing this proceeding under Chapter XI, whichever in the opinion of the Court may be in the interest of the creditors.

Accompanying this notice is a copy of said proposed arrangement. A summary of the assets and liabilities of the debtor, as reflected by its schedules filed herein, accompanied the notice of the initial meeting and reference is made thereto.

Dated at Denver, July 12, 1962.

Holme, Roberts, More & Owen
1700 Broadway, Denver 2, Colorado
Attorneys for the Debtor
jf

Benjamin C. Hilliard, Jr.
Chief Referee in Bankruptcy
463 Post Office Bldg.,
Denver 2, Colorado
KEystone 4-4151, Ext. 579

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-81092

In your June 21 memorandum regarding royalty payable under the subject contract request is made for a copy of Climax Uranium Company's reply to the Director's December 19, 1961, letter. No reply was received; Climax, however, continued to make the royalty deductions until the indebtedness was liquidated.

The statement in the first paragraph of Allied Mission's January 29 letter that "we corroborate the information furnished you by Climax Uranium Company" was interpreted by this office as referring to the information shown on the settlement sheets. The second paragraph of the letter gives the specific confirmation.

Your decision to withhold release of the Report of Royalty Review, pending a visit to the property during July, has the concurrence of this office. However, as pointed out in my June 14 memorandum, the penultimate paragraph of the report contains a "saving" clause.

Your action in having OMA listed as a "possible" creditor in the pending bankruptcy proceedings is appreciated.

George C. Selfridge

EDTalbert/ama 6-25-62

cc:
Docket
Director's Reading File
CA & A Division
Review Committee

Building 20 - Federal Center
Denver 25, Colorado

June 21, 1962

EXTRA COPY
O. M. E
RECEIVED

800

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract IAm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Thank you for the copies of the letter to Mr. Fumich dated January 29, 1962 from the Allied Mission Oil, Inc. It appears from the letter that Climax Uranium Company furnished you some information which might have been in answer to Mr. Fumich's letter to Climax Uranium Company dated December 19, 1961. If Climax replied to this letter, may I have a copy. A complete file is helpful in a case like this one.

It is unfortunate, indeed, that there has been so much misunderstanding in the royalty administration of this contract. Please refer to my confidential blue envelope letter dated January 16, 1960 in which I divulged the information I had received on the personnel of this company.

On May 10, 1962 I visited the subject property and talked to George Spillman, mine foreman, and it was my understanding that ore taken from the property prior to January 19, 1962 came from DMEA land and that no ore had since been produced from the DMEA claims. George Spillman is the only man connected with this project that I have any faith in.

I plan to make a field examination of OME-6238 Lone Butte Mining Company, San Juan County, Utah, on July 11, 1962. I will visit George Spillman on July 10, 1962 and settle the question, in my own mind, where liquidations No. 4876, 4922, 4937, 4971, and 5005 originated. If I find that the above shipments of ore were not from DMEA land, I will be greatly surprised and upon my return from the

field I will immediately forward the Report of Royalty Review as per your request.

Charles G. Wray and his attorney were in Denver yesterday and filed a Chapter XI Arrangement in the Federal Bankruptcy Court. This is an arrangement whereby the debtor arranges his affairs. About 30 creditors came to the meeting. John McRulty did not attend the meeting. I listed CMX as a possible creditor in order to get us on the mailing list of creditors. We have six months from May 31, 1962 to file our claim, if we have one. It is my understanding in bankruptcy cases that all creditors, including the Government, must be on the list in order to participate.

I will keep you advised and will greatly appreciate receiving copies for our file of any correspondence you receive.

Original signed by

Hugh M. Connors

HMC/lm

JUN 14 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMRA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

By memorandum dated June 8 you have returned the original and two copies of a recent Report of Royalty Review on the subject contract. As an original and three copies were forwarded to you by the Contract Administration and Audit Division's June 1 memorandum, I assume that one copy has been retained in your files.

In the preparation of this Report of Royalty Review, consideration was given to your May 15 memorandum reporting on your May 10 visit to the property. Nothing in that memorandum gave any indication that Allied Mission Oil, Inc., had not paid all royalty due the Government. Furthermore, in a January 29 reply to the Director's January 19 letter, Allied Mission Oil specifically stated that settlement sheets nos. 4876, 4922, 4937, 4971, and 5005 covered sales of ore produced from claims other than those subject to the contract. On the premise that your files may not have copies of this letter, thermofax copies are enclosed.

Four of the five referenced settlement sheets are inscribed "Reg." or "Regular" which has been interpreted to mean non-DMRA, because settlements on which royalty was paid are marked "DMRA". One sheet, no. 5005, carries neither indication, but has been considered non-DMRA because it covers December 1961 shipments, for which settlement no. 5046 was submitted as covering the DMRA portion.

The statement in the last paragraph of your memorandum that this royalty account has been in "much worse" shape since the March 6, 1961, conference is not understood. That conference was for the purpose of arranging payment of delinquent royalty and was the result of your referral of the matter to the Washington office. As far as we know the delinquency has been eliminated. At least,

at this time, we have no evidence of further delinquency and, until an examination is made of the stoped areas and the production records, we have no basis of claim against Allied Mission Oil, Inc.

The original of the Report of Royalty Review is returned for consideration on the basis of being "for record purposes only" with no copy being furnished either the Operator or Allied Mission Oil, Inc. If you concur please submit this original to the Department's Fiscal Section, with copy of your transmittal memorandum to the Contract Administration and Audit Division as evidence of your concurrence. In this connection, please note that the penultimate paragraph of the Report of Royalty Review contains a "saving" clause.

George C. Selfridge

Enclosures

EDTalbert/ama 6-13-62

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

Building 20 - Federal Center
Denver 25, Colorado

June 8, 1962

EXTRA COPY
O. M. E
RECEIVED JUN 9 1962
DATE | INITIALS | COPY
800

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Returned herewith is a Report of Royalty Review on the subject property showing a balance of royalty due of $5.13 in which I do not concur.

I have settlement sheets for liquidation nos. 4876, 4922, 4937, 4971, and 5005 representing ore which I believe came from DMEA land shipped prior to January 1962. George Spillman, mine foreman, informed me that production ceased from DMEA land during January 1962. Please see my memorandum to you dated May 15, 1962.

Our experience to date in the administration of this contract indicates that we should never give this outfit the benefit of the doubt. The Director's letter dated January 19, 1962 to the Operator stated

> "It is assumed that these settlement sheets, nos. 4876, 4922, 4937, 4971, and 5005, covered sales of production from Vanadium Queen Claims other than nos. 3, 7, 9, and 10."

This statement could cost us $6,023.64 in royalty which I believe is due the Government.

This royalty account has always been in bad shape but it has been much worse since your conference with the Operator on March 6, 1961.

Original signed by

Hugh M. Connors

Attachment

REPORT OF
ROYALTY REVIEW

DEC 19 1961

Climax Uranium Company
P. O. Box 989
Grand Junction, Colorado

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Ida-E1092

Gentlemen:

Our Denver regional office has referred Mr. Dryden's December 12 letter regarding the indebtedness of Allied-Mission Oil, Inc., under the referenced contract to this office for reply.

On April 3, 1961, the indebtedness for delinquent royalty amounted to $4,253.93. Since that date, your royalty remittances on settlements have been applied, in whole or in part, to liquidation of the debt as shown below:

Settlement		Remittance		
Date	No.	Total	Current Royalty	Indebtedness
4/6/61	4753	$1,000.00	$ 364.36	$ 635.64
5/3/61	4764	690.42	345.21	345.21
6/2/61	4791	500.00	193.51	306.49
7/3/61	4809	662.18	331.09	331.09
8/8/61	4855	500.00	87.18	412.82
9/6/61	4876	500.00	-0-	500.00
10/6/61	4922	500.00	-0-	500.00
11/6/61	4937	500.00	-0-	500.00
Totals		$4,852.60	$1,321.35	$3,531.25

As a result of the application indicated above, the $4,253.93 indebtedness of Allied-Mission Oil, Inc., has been reduced by $3,531.25, leaving a balance of $722.68 due as of this date, rather than an overpayment of $1,098.67 as stated in your letter.

Your continued cooperation in the liquidation of this debt will be appreciated.

Sincerely yours,

George Fumich, Jr.

Director

cc: Allied-Mission Oil, Inc.
Room 1004, 165 Broadway
New York 6, New York

cc: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

EDTalbert/ama
12-18/61

Building 20 - Federal Center
Denver 25, Colorado

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DATE	INITIALS	CODE
		800

December 14, 1961

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm M1092
Vanadium Queen Uranium Corporation
(Now Allied-Mission Oil, Inc.)
(Vanadium Queen Claims)
San Juan County, Utah

Attached is a copy of a letter from Mr. J. H. Dryden from the Climax Uranium Company regarding royalty payments on the subject contract.

I recommend that you reply to Mr. Dryden's letter since our records show that you have an agreement with the Operator as to the royalty payments.

Hugh M. Cannors

Attachment

Building 20 - Federal Center
Denver 25, Colorado

December 14, 1961

EXTRA COPY
O. M. E
RECEIVED DEC 18 1961

DATE	INITIALS	CODE

J. M. Drydan
Climax Uranium Company
P. O. Box 989
Grand Junction, Colorado

Re: DMEA-4631 (Uranium)
Contract Ldm E1092
Vanadium Queen Uranium Corporation
(Now Allied-Mission Oil, Inc.)
(Vanadium Queen Claims)
San Juan County, Utah

Dear Mr. Drydan:

This will acknowledge receipt of your letter dated December 12, 1961 regarding royalty payments on the captioned contract.

I am forwarding your letter to the Washington office OME for their reply to you. In the meantime you may rest assured that this royalty account is not overpaid.

Yours very truly,

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
Royalty Corres. E1092
Chron

CA & A Division

SEP 1 9 1961

Mr. Charles G. Wray
Chairman of the Board
Allied-Mission Oil, Inc.
Room 1004, 165 Broadway
New York 6, New York

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Ids-21092

Dear Mr. Wray:

At a March 6 conference in this office you agreed to liquidate the $4,253.93 indebtedness for delinquent royalty under the referenced contract by the payment of $1,000.00 on or about April 10 and a 5% royalty but not less than $500.00, in addition to the normal 5% royalty, on each subsequent monthly settlement. Under this agreement the delinquency would be eliminated by about November 10 at the latest.

Your failure to pay in accordance with the agreement has been the subject of letters from this office under dates of April 19, May 17, June 19, July 19, August 4, and August 14. Each of these letters requested prompt remittance of the amounts then deficient and past due under the March 6 agreement. Each letter also requested that the Climax Uranium Company be notified as to the proper computation of royalty on future settlements.

The only responses to this correspondence were your April 26 telephone call, a June 27 letter from you, and a July 31 letter from Mr. Madsen. In the telephone conversation you indicated that the indebtedness would be satisfied in full by November 10, as anticipated by the agreement, and that a reply to our April 19 letter would be made within two weeks. Your June 27 letter stated that "We will work on this at once and find out where the difficulty is so that there will be no mistake in the future". Mr. Madsen's July 31 letter advised that the matter would be taken up upon your return from vacation.

The remittances requested by our letters have not been received. Moreover, the latest settlement received from the Climax Uranium

Company indicates that shipments from the subordinated property have been discontinued. A September 6 liquidation number 4876, on which the minimum $500.00 royalty has been paid, shows all of the August production as originating from "Vanadium Queen - Regular" and none from "Vanadium Queen - DMEA".

The utmost leniency has been granted in the matter of the indebtedness for past due royalty dating back to October 1960. Through such leniency you have had the interest-free use of monies properly belonging to the Government. Furthermore, as was stated in letters dated January 24 and February 17, this office does not have the authority to postpone indefinitely such action as may be necessary to enforce collections of royalty.

Under the circumstances I have no alternative but to demand immediate payment of the $968.75 past due under the March 6 agreement.

Sincerely yours,

George Fumich, Jr.

Director

cc: Mr. William C. Elliott

EDTalbert/ama
September 18, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

AUG 1 4 1961

Mr. Charles C. Wray
Chairman of the Board
Allied-Mission Oil, Inc.
Room 1004, 165 Broadway
New York 6, New York

Re: DMA-4651 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Id-81092

Dear Mr. Wray:

My letter of July 19 demanded your immediate remittance of $881.57 which was past due under the agreement for liquidation of your indebtedness for delinquent royalty under the referenced contract. My letter also requested that you notify the Climax Uranium Company as to the proper computation of future royalty remittances. Your remittance has not been received and, furthermore, it appears that the requested notice has not been given Climax.

A check in the amount of $500.00, documented by a copy of Climax's August 8 settlement number 4855, has been received. This royalty payment properly should have been in the amount of $587.18, consisting of a current 5% royalty on the $1,743.63 proceeds, or $87.18, plus a minimum of $500.00 to apply to liquidation of your indebtedness.

The amount past due under the liquidation agreement is now $968.75, instead of $881.57 as stated in my July 19 letter. Demand again is made for your prompt remittance and, also, you again are requested to notify Climax Uranium Company of the proper computation on future settlements.

Sincerely yours,

George Fumich, Jr.

Director

cc: Mr. William C. Elliott

EDTalbert/ama
August 14, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

800

JUL 19 1961

Mr. Chapman G. Way
Chairman of the Board
Allied-Nicolet Oil, Inc.
Room 1904, 165 Broadway
New York 6, New York

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract IAp-81092

Dear Mr. Way:

By letter dated June 19 demand was made for your prompt remittance of $712.66, which was then past due under your agreement for liquidation of the indebtedness for delinquent royalty under the referenced contract. Request also was made that Climax Uranium Company be notified that a 5% royalty but not less than $500.00, in addition to the usual 5% royalty, is payable to the Government on each monthly settlement.

Remittance of the past due amount has not been received. Furthermore, your June 27 acknowledgment of my letter makes no mention of payment of the $712.66 but does state that steps were being taken to assure "no mistake in the future." The mistake, however, continues.

A check in the amount of $[illegible], together with a copy of the Climax Uranium Company's July 3 settlement number 4[illegible], has been received. This represents a 10% royalty on the $6,621.00 settlement proceeds, whereas the remittance properly should have been computed at 5% of $6,621.00, or $331.00, plus the minimum additional royalty of $500.00, that is $831.00 in total.

The present balance of your indebtedness for past due royalty is $2,638.00, whereas, under your March 7 agreement, the balance properly should be $1,753.93 as of this date. Demand, therefore, is made for

your immediate remittance of $881.37, which is past due under the liquidation agreement. Also, you again are requested to notify Climax Uranium Company as to the proper computation of future royalty remittances.

Sincerely yours,

George Fumich, Jr.

Director

cc: Mr. William C. Elliott
Executive Vice President
Allied-Mission Oil, Inc.
1710 Locust Street
Philadelphia 3, Pennsylvania

EDTalbert/hb (7/19/61)
Copy to: Docket
Director's Reading File
✓ CA&A Division
Acting Field Officer, Region III (2)

OFFICIAL FILE COPY

ALLIED-MISSION OIL, INC.

165 BROADWAY • NEW YORK 6, N. Y. • BEEKMAN 3-6787

800

CHARLES O. WRAY
Chairman of the Board and Vice President

June 27 1961

Mr. George Fumich, Director
Office of Minerals Exploration
Department of the Interior
Washington 25 D. C.

Re: DMEA 431 (Uranium)
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Fumich,

We have your letter of June 19th and regret that we have this further difference in connection with the payment of our obligation under the DMEA LOAN. We regret also that Climax Uranium Company also seems to be at odds in connection with the amounts to be paid. We will work on this at once and find out where the difficulty is so that there will be no mistake in the future. ?

Sincerely yours

ALLIED MISSION OIL, INC.

Charles O. Wray
Chairman of the Board

CGW:hk

JUN 1 0 1969

Mr. Charles G. Wray
Chairman of the Board
Allied-Mission Oil, Inc.
Room 1004, 165 Broadway
New York 6, New York

Re: DMSA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Ida-E1092

Dear Mr. Wray:

By letters dated April 19 addressed to Mr. Elliott and May 17 addressed to you, remittance was requested of the amounts required to conform to the March 6 agreement for liquidation of your company's indebtedness for delinquent royalty. The May 17 letter also requested that Climax Uranium Company be advised of the proper amount of royalty payable on the monthly settlements.

Neither remittance nor reply has been received to these letters. Furthermore, it appears that Climax Uranium Company still has not been informed as to the proper royalty deductions.

A check in the amount of $500.00, together with a copy of liquidation number 4791, dated June 2, 1961, has been received from Climax Uranium Company. The settlement sheet, which identifies the $500.00 as a minimum payment on May shipments, also is at variance with the agreement reached in the March 6 conference and confirmed by subsequent correspondence. Properly, this settlement should have stated the CMX royalty as $693.51, consisting of $193.51 as current royalty and $500.00 as minimum royalty applicable to the indebtedness.

Your indebtedness for delinquent royalty now amounts to $2,966.39, whereas, in accordance with your agreement, the indebtedness of $4,253.93 was to be reduced to $2,253.93 by this date. As was stated in correspondence prior to the March 6 conference and agreement, this office does not have the authority to postpone indefinitely such action as may be necessary to collect royalty properly due the Government. The utmost leniency has been granted in the matter of the subject indebtedness.

Accordingly, demand is made for your prompt remittance of $712.66, which is past due under the agreement for liquidation of the indebtedness for delinquent royalty. Furthermore, you again are requested to notify Climax Uranium Company that the 5% royalty or minimum of $500.00 a month is in addition to the normal 5% royalty payable on each settlement.

Sincerely yours,

George Fumich, Jr.

Director

cc: Mr. William C. Elliott

EDTalbert/ama
June 19, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

JUN 12 1961

Mr. Mitchell P. Apfel, C.P.A.
1265 Broadway
New York 1, New York

Re: IMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Apfel:

By letter dated June 8, 1961, Mr. Charles G. Wray, chairman of the board of Allied Mission Oil, Inc. has requested that you be informed as to the royalty due the Government as of March 31, 1961, under the referenced contract and the details of any collateral, securities, or liens held in that connection.

The contract provides for payment to the Government of a percentage royalty on all minerals produced from Vanadium Queen claims Nos. 3, 7, 9, and 10 from May 29, 1957, to May 29, 1967, or until $33,656.60 is repaid to the Government, whichever occurs first. To secure the payment of its percentage royalty, the Government was granted a lien upon the claims and upon any production of minerals therefrom.

As of March 31, 1961, an aggregate of $688.99 in royalty had been paid to the Government, leaving $32,967.61 as the potential balance payable. As of the same date Allied Mission Oil, Inc. was indebted to the Government for $4,253.95 in delinquent royalty, which it promised to liquidate by payment of $1,000.00 in April and a minimum of $500.00 each month thereafter. Up to this writing, however, only $980.85 has been received for such application.

Sincerely yours,

(signed) FRANK E. JOHNSON

ACTING Acting Director

EDTalbert/cac
6/12/61
cc to: Docket
Charles G.Wray
Director's Reading File
Region III (2)
G. & A Division

DON DANVERS
[illegible] BROADWAY
SAN ANTONIO 6, TEXAS

OFFICIAL FILE COPY
O. M. E
RECEIVED JUN 5 1961

DATE	INITIALS	CODE
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May 23, 1961

Mr. Frank E. Johnson
Acting Director
US Department of the Interior
Office of Minerals Exploration
Building 20, Federal Center
Denver 25, Colorado

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Sir:

Referring to your letter of January 24, 1961, the Vanadium Queen Uranium Corporation was dissolved at the time the property was sold to Allied-Mission Oil, Inc.

Sincerely,

DON DANVERS

DD/bb

MAY 1 7 1961

Mr. Charles G. Wray
Chairman of the Board
Allied-Mission Oil, Inc.
Room 1006, 165 Broadway
New York 6, New York

Re: DMRA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Lbm-E1092

Dear Mr. Wray:

In a telephone conversation on April 26, 1961, you requested a two weeks' delay in answering my April 19 letter to Mr. Elliott regarding the indebtedness for delinquent royalty. Although you promised to contact me immediately upon your return from the producing property, no further word has been received from either you or Mr. Elliott.

In the meantime a check for $690.42, together with a copy of liquidation number 4764, dated May 5, 1961, has been received from Climax Uranium Company. This settlement, which identifies the $690.42 as a 10 percent royalty payment on April shipments, also appears to be at variance with the agreement reached in our March 6 conference and confirmed by subsequent correspondence. As one-half of the $690.42, or $345.21, represents the normal royalty, only $345.21 is applicable to the indebtedness.

Our agreement was that the indebtedness of $4,253.93 for delinquent royalty would be liquidated by an April payment of $1,000.00 and minimum monthly payments of $500.00 thereafter. As stated in my April 19 letter, only $635.64 was paid rather than $1,000.00 and now only $345.21 has been paid rather than the anticipated $500.00, i.e., a total of $980.85 instead of the $1,500.00 agreed upon.

In order to conform to our agreement, your prompt remittance of an additional $519.15 is solicited. Also, it is suggested that Climax

Uranium Company be advised that, in addition to the usual 5 percent royalty, an additional 5 percent royalty or minimum of $500.00 is payable on each monthly settlement.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

cc: Mr. William C. Elliott

EDTalbert/gla
5-16-61
cc to: Docket
Director's Reading File
CA&A Division
Region III (2)

APR 1 9 1961

Mr. William C. Elliott
Executive Vice-President
Allied-Mission Oil, Inc.
1716 Locust Street
Philadelphia 3, Pennsylvania

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Ida-E1092

Dear Mr. Elliott:

On April 14, 1961, a check in the amount of $1,000.00 was received from Climax Uranium Company, together with a copy of liquidation number 4753, dated April 6, 1961. This settlement, which identifies the $1,000.00 as the "Minimum Royalty Payment to O.M.E. on March Production", appears to be at variance with the agreement reached in our March 6 conference and confirmed by subsequent correspondence.

In your March 8 letter it was stated that "You will remember as a result of our conference it was decided and agreed that Allied-Mission Oil, Inc., would pay your office $1,000.00 in April after receiving our April settlement for ore runs from The Climax Uranium Company, which settlement is usually held on or shortly after the 10th of the month". At no time was it stated that the $1,000.00 payment would be in lieu of, or inclusive of, the normal 5% royalty to be remitted by Climax Uranium Company. In fact, in my March 10 reply, I stated "As you promised that Allied-Mission Oil, Inc., would pay $1,000.00 to OME on or shortly after April 10, the amount to be liquidated by the additional 5% royalty, or minimum of $500.00 a month, will be $3,253.93".

Inasmuch as the normal 5% royalty of $564.36 payable on liquidation number 4753 was not paid in addition to the $1,000.00, the result has been a reduction of only $635.64 in the indebtedness, i.e., from $4,253.93 to $3,618.29. In order to conform to our agreement, your prompt remittance of an additional $364.36 will be appreciated.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

cc: Mr. Charles G. Wray

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

EDTalbert/ama
April 18, 1961

MAR 2 2 1961

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Corporation
Vanadium Queen claims
San Juan County, Utah
Contract 14m-E1092

Thank you for the information in your memorandum of March 17, 1961, relating to Mr. George Spillman's remarks about the AEC allotment on production and possible closing of the mine.

Our agreement for payment of delinquent royalties was reached in a discussion with Mr. Charles Wray, Chairman of the Board, and Mr. William Elliott, attorney for Allied-Mission Oil Company. The first payment of $1,000 is to be made April 10 and a minimum of $500 each month thereafter. Beginning April 1, the balance due is to be paid by increasing royalty on production by 5 percent. However, if there is insufficient production or no production, payment of the balance of the minimum monthly royalty is to be made direct to us by the company.

Mr. Wray acknowledged the indebtedness but asked us for time in which to make the payments because of present commitments. He understands that unless the payments are made as agreed upon, the matter will be referred to the Comptroller General.

George G. Selfridge

FEJohnson/bih/gla
3-22-61
cc to: Director's Reading File
Review Committee
CA&A Division
Docket
Code 500

MAR 20 1961

Mr. William C. Elliott
Executive Vice-President
Allied-Mission Oil, Inc.
1710 Locust Street
Philadelphia 3, Pennsylvania

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-H1092

Dear Mr. Elliott:

Your letter of March 16 requests that my March 10 letter be clarified by the exclusion of reference therein to liquidation no. 4703, but accepts $4,253.93 as the amount of the delinquent royalty.

From the information at hand, I regret that I cannot delete liquidation no. 4703 which covered January 1961 shipments. The inclusion of these shipments is necessary to approximately balance with the stage measurements. Furthermore, during an inspection of the property on February 1, Mr. Gonnera was informed by Mr. Spillman, your mine foreman, that all ore mined from the Vanadium Queen property since September 1960 was from land subordinated under the DMEA contract and that mining only then was about to begin in the unsubordinated area.

The inclusion or exclusion of this particular liquidation appears to be immaterial inasmuch as you state that it is your intention to repay $4,253.93 under the terms agreed upon at our February 17 conference and confirmed by our exchange of correspondence. I shall look forward to the settlement in accordance therewith.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

cc: Mr. Charles G. Wray

EDTalbert/ama
March 20, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED MAR 20 1961
DATE | INIT. | COL.
800

March 17, 1961

AIR MAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D.C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: Docket RMEA-4631 (Uranium)
Contract Num E1092
Vanadium Queen Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Reference is made to the penultimate paragraph in the letter from William C. Elliott to Frank E. Johnson dated March 16, 1961. I note that Mr. Elliott proposes to make a payment of $1,000.00 in April and $500.00 a month thereafter until the royalty due has been paid in full.

This is to advise that on February 1, 1961 I overheard George Spillman, mine foreman, in talking to a Gardner-Denver representative, state that the mine had produced almost the entire AEC allotment of U_3O_8 for the year and that the property would soon shut down until July 1, 1961.

I am wondering if they will be in any better position to pay in April or May, without production, than they are in February and March with production. It might be well to question Mr. Elliott as to their AEC allotment and the number of pounds of U_3O_8 remaining for the year to verify what I overheard.

Hugh M. Connors

HMC/lm
cc Royalty Corres E1092
Chron

ALLIED-MISSION OIL, INC.
ABERNATHY, TEXAS

165 BROADWAY • SUITE 1423 • NEW YORK 6, N. Y. • BEEKMAN 3-6787

March [illegible]

Mr. Frank E. [illegible]
Acting Director
Office of Minerals Exploration
Department of the Interior
Washington 25, D. C.

Re: [illegible] DMEA [illegible] (Variation)
Contract [illegible] 1(C)
Vanadium Queen Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Dear Mr. [illegible]:

This letter will acknowledge receipt of your letter of March 10, 1961, in reference to the check in the amount of $4253.[illegible] of Allied-Mission Oil, Inc. to OME based upon the royalty due for operations during June in those sections of the Vanadium Queen Mine at La Sal, Utah, which are subject to OME royalty at 5%.

While [illegible] more clearly establishes our understanding in this matter, there is still some misunderstanding regarding Liquidation Numbers 4702 and 4703 of Climax Uranium Company, both of which were dated February 3, 1961, and represented ore purchases by Climax from our mine in January.

No. 4702 covered ore shipped from the part of our mine subject to the OME royalty at 5%. [illegible] settlement sheet shows a deduction by Climax of $55,[illegible] [illegible] from the sections of the mine subject to the royalty. [illegible] subject to the royalty are [illegible] to Mr. Ralph K. Church, of La Sal, Utah [illegible]

No. 4703 covered [illegible] of the mine NOT subject to OME royalty, [illegible] Climax, and therefore no royalty payment was made [illegible]

Likewise on March [illegible], there again were two settle-

ment sheets from Climax, one bearing No. 4731 (DMEA) in which a deduction of $196.34 was made and forwarded by Climax to OME, and No. 4731 showing no royalty due or paid for ore shipped from other parts of the mine not subject to OME royalty.

It is, of course, realized that Mr. Connors made a measurement of the mine stopes which we presume to be accurate and on which the delinquency of $4253.93 is based. However, I think your letter of March 10th should be clarified by excluding reference to No. 4703, as that is not, according to Mr. Church, ore that is subject to OME royalty. As stated before, No. 4702 gives this figure for ore subject to such royalty.

If the above correction meets with your approval, based on the measurements taken by Mr. Connors, we will understand that the delinquency of $4253.93 is outstanding and not subject to any present credits.

It is the intention of the company to make the $1,000.00 payment in April to OME and monthly payments thereafter actually based on a total of 10% royalty for OME ore only until the total back indebtedness of $4253.93 is paid. Such monthly payments will, however, be a minimum monthly payment of $500.00 beginning in May, 1960.

It is my hope that this letter clarifies our understanding, and the writer will appreciate your approval.

Very truly yours,

WCE:lr

WILLIAM C. ELLIOTT
Executive Vice President
Allied-Mission Oil, Inc.
210 Lewis Street
Phila. 3, Pa.

MAR 1 0 1961

Mr. William C. Elliott
Executive Vice-President
Allied-Mission Oil, Inc.
1710 Locust Street
Philadelphia 3, Pennsylvania

Re: DMSA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-81092

Dear Mr. Elliott:

Your March 9 letter sets forth your understanding of the agreement reached at our February 17 conference on the matter of your royalty delinquency of $4,253.93 under the referenced contract. It appears that possibly we may not be in precise accord on some points.

First, the indebtedness of $4,253.93 does not include the royalty of $353.88 paid directly to OME by Climax Uranium Company on liquidation no. 4702 dated February 3, 1961. As detailed in my February 17 letter to Mr. Wray, the delinquent royalty of $4,253.93 is applicable to liquidation nos. 4614, 4635, 4661, 4687, and 4703. Therefore, the amount of $353.88 is not for credit against the $4,253.93 delinquency.

Second, my understanding was that Climax Uranium Company would continue the procedure started with liquidation no. 4702 of paying the contractual 5% royalty (on "Total Gross Price", as stated in the Ore Settlement sheets) directly to OME. However, beginning with the April ore shipments an additional 5% royalty, or a minimum of $500.00 a month, would be remitted by Climax Uranium Company directly to OME until such time as the indebtedness for delinquent royalty is liquidated. As you promised that Allied-Mission Oil, Inc., would pay $1,000.00 to OME on or shortly after April 10, the amount to be liquidated by the additional 5% royalty, or minimum of $500.00 a month, will be $3,253.93.

Advice of your concurrence with the above clarification would be appreciated. A copy of this letter is being sent to Mr. Wray.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

cc: Mr. Charles G. Wray

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

EDTalbert/ama
March 10, 1961

March 6, 1961
1:30 P. M.

NOTE TO THE FILES

Re: Vanadium Queen Uranium Corporation
DMEA-4631

A meeting was held with Mr. Charles Wray, Chairman of the Board, and Mr. Elliot, Attorney, of Allied Mission Oil Company in regard to delinquent royalties on the Vanadium Queen.

Mr. Selfridge sat in on the discussion.

After discussing the problem of delinquent royalties and the operation of this company the following was agreed upon:

Allied Mission would send OME a check for $1,000 on April 10, 1961. It would notify Climax Uranium to deduct 10% royalty on all production beginning April 1, 1961, for payment to OME until the balance of the delinquent royalties is liquidated at a minimum of $500 a month.

Allied Mission is to write us a letter agreeing to the foregoing arrangement.

Frank E. Johnson

cc to Mr. Talbert

EXTRA COPY
O. M. E
RECEIVED MAR 6 1961
DATE CODE
800

Building 20 - Federal Center
Denver 25, Colorado

March 3, 1961

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D.C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen claims)
San Juan County, Utah

This responds to your memorandum of February 27, 1961 on the subject contract.

Attached is a claim map which accompanied the final report on this project. On the map I have traced the work that George Spillman stated was accomplished by Joe Pitts beginning in 1958. The workings shown on this map in the subordinated area represent the workings as they existed on September 1, 1960, according to Mr. George Spillman.

Please note that the only ore hole shown, except the one at the end of the drift, is hole VQ102 which is about 40 feet outside the subordinated area. This may, or may not, be the source of the 65.346 tons of ore in question. Please refer to H. F. Robertson's semiannual report on this project for the reporting period January 1, 1958 through June 30, 1958. On page 2 you will note under remarks the following:

> Checks with AEC records. The ore produced this period (65.364 tons) came from the above development drift driven toward the DMEA reserve. No further mining has been done on the subordinated ground to date. All ore currently being mined comes from the old Vanadium Queen mine.

I was so interested in the stoping operations which George Spillman said started in September 1960, that I failed to make a note of the location of the small stope in the back of the drift which was the source of the ore shipped prior to September 1960, according to George Spillman.

Original signed by

Hugh M. Connors

Attachment

EXTRA COPY
O. M. E
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Building 20 - Federal Center
Denver 25, Colorado

February 23, 1961

AIR MAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D.C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen claims)
San Juan County, Utah

This has further reference to my memorandum dated February 20, 1961 to you on the subject contract. This is to advise that I now realize I was in error when I told Mr. Wray and Mr. Elliot that all of the ore mined in the subordinated ground was produced after September, 1960.

George Spillman showed me a small stope in the back of the drift which was driven prior to September 1960 by a Joe Pitts. This undoubtedly was the source of the 65 tons of ore sold in May 1958 on which royalty was paid.

Original signed by

Hugh M. Connors

EXTRA COPY
O. M. E
RECEIVED FEB 1961
DATE CODE
800

Building 20 - Federal Center
Denver 25, Colorado

February 20, 1961

AIR MAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D.C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: Docket No. DMEA-4631 (Uranium)
Contract IDM E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen claims)
San Juan County, Utah

This is to advise that Charles Wray called me today from Lubbock, Texas. A Mr. Elliot was also on the line. Mr. Wray stated that Mr. Church claims that only half of the ore mined from the subordinated area was taken out since September 1960.

I told them that George Spillman had stated that all of the ore mined from the subordinated ground was produced from September 1960 to the present time and the only definite knowledge I had was that the tonnage of ore mined since September checks with the stope measurements. I also told them that the matter was now out of my hands and that they should contact the OME Washington Office.

Hugh M. Connors

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
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DATE | CODE
8.00

February 17, 1961

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D.C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: Docket DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen claims)
San Juan County, Utah

Attached is a copy of a letter to Charles G. Wray. Mr. Wray called me from Grand Junction, Colorado and asked how much royalty was due the Government and I told him. He then asked if I had sent him a letter showing the breakdown of the royalty due. He asked if he could pay the past due royalty in installments and I told him to consult the Acting Director.

I also asked Mr. Wray to inform Climax Uranium Company, buyer of their ore, to withhold the royalty due the Government. I also asked him to notify Mr. Church to keep DMEA ore segregated. Mr. Wray stated that he did inform Climax and Mr. Church.

Original signed by

Hugh M. Connors

Attachment

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED FEB 21 1961

DATE	INITIALS	CODE

February 17, 1961

Mr. Charles G. Wray
Chairman of the Board
Allied Mission Oil Company
165 Broadway
New York, N. Y.

Re: Docket DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen claims)
San Juan County, Utah

Dear Mr. Wray:

This has further reference to our long distance telephone conversation today regarding the amount of royalty due the Government on royalty from the captioned property. A breakdown of the royalty due is as follows:

Date	Liquidation No.	Net Value	Dry Tons	Value Per Ton	% Roy.	Royalty Due
10-6-60	4614	$ 6,979.72	177.65	$ 39.29	5%	$ 348.99
11-7-60	4635	16,992.09	357.04	47.59	5%	849.60
12-6-60	4661	7,683.70	161.74	47.51	5%	384.19
1-5-61	4687	37,071.44	659.44	56.22	5%	1853.57
2-3-61	4703	16,351.66	308.35	53.03	5%	817.58
		Total Amount Due				$4253.93

I have no authority to accept partial payments on royalty past due and I suggest that you write Mr. Frank E. Johnson, Acting Director OME, Department of the Interior, Washington 25, D.C. and request permission to pay the balance due on installments.

Yours very truly,

Original signed by

Hugh M. Connors, Acting Field Officer
OME, Region III

cc: Mr. William C. Elliot
1710 Locust Street
Philadelphia, Pa.

HMC/lm
cc Chief, Division of Field Operations, OME
Royalty Corres E1092
Chron

CA & A Division

REGISTERED MAIL
RETURN RECEIPT REQUESTED

FEB 17 1961

Mr. Charles G. Wray
Chairman of the Board
Allied Mission Oil, Inc.
165 Broadway
New York, New York

Re: DMSA-4631 (Uranium)
Vanadium Queen Uranium Corp.
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-K1092

Dear Mr. Wray:

By letter dated January 24, 1961, the prompt submission of settlement sheets relating to production subject to the Government's percentage royalty under the referenced contract, together with remittance of the delinquent royalty thereon, was requested. Neither a reply to our letter, the settlement sheets, nor remittance have been received.

On the basis of copies of ore settlement sheets received from other sources, the royalty known to be due the Government at this time on sales to the Climax Uranium Company is calculated as follows:

Liquidation Date	No.	Gross Return	Royalty @ 5%
10-6-60	4614	$ 6,979.72	$ 548.99
11-7-60	4635	16,992.09	849.60
12-6-60	4661	7,683.70	384.19
1-5-61	4687	37,071.44	1,853.57
2-3-61	4703	16,351.66	817.58
		Royalty payable	$4,253.93

The responsibilities of the Office of Minerals Exploration, as successor to the Defense Minerals Exploration Administration, include the enforcement of the production reporting and royalty repayment requirements of the exploration contracts entered into by the

latter. As was stated in my January 24 letter, such action as may be necessary to collect royalties properly due the Government cannot be postponed indefinitely. Accordingly, unless the amount of $4,253.93 is received within 30 days from the date of this letter, I shall have no alternative but to report this indebtedness to the Comptroller General of the United States.

Such referral may result in legal proceedings with probable further costs to you and may include action under the Government's lien upon the land and any minerals production therefrom. This lien covers Vanadium Queen claims Nos. 3, 7, 9, and 10, which are part of the property acquired by you from The Queen Corporation under a Quit Claim Deed dated April 20, 1959.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

EDTalbert/ama
February 17, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)
Allied Mission Oil, Inc.
1042 Milam Building
San Antonio, Texas
Mr. James A. Joy
P. O. Box 402
Abernathy, Texas

REGISTERED MAIL
RETURN RECEIPT REQUESTED

FEB 17 1961

The Queen Corporation
325 Milam Building
San Antonio, Texas

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corp.
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-K1092

Gentlemen:

My letter of January 24, 1961, enclosing a copy of a letter of the same date to Allied Mission Oil, Inc., advised that, if no response was received from that company to our request for payment of delinquent royalty due the Government under the referenced contract, we should look to your corporation for payment. Neither reply nor remittance has been received.

On the basis of copies of ore settlement sheets received from other sources, the royalty now known to be due the Government on sales to the Climax Uranium Company is calculated as follows:

Liquidation Date	No.	Gross Return	Royalty @ 5%
10-6-60	4614	$ 6,979.72	$ 348.99
11-7-60	4655	16,992.09	849.60
12-6-60	4661	7,683.70	384.19
1-5-61	4687	37,071.44	1,853.57
2-3-61	4705	16,351.66	817.58
		Royalty payable	$4,253.93

The Office of Minerals Exploration, as successor to the Defense Minerals Exploration Administration, is responsible for the administration of all contracts entered into by the latter. This responsibility includes the enforcement of the royalty payment provisions of the contracts. Article 8(b) of the referenced contract provides that the Vanadium Queen Uranium Corporation (now known as The Queen Corporation), as principal if it is the producer or as surety if it

is not the producer shall pay the Government a percentage royalty on all production from the land under the contract.

By letter dated December 16, 1957, as amended by letter dated July 1, 1958, you were advised that the royalty was payable under the terms of the contract on all production from May 29, 1957, to May 29, 1967, or until the amount contributed by the Government ($35,656.60) was repaid. You further were requested to notify our Denver office of any changes in ownership or production rights. Article 2(b) of the contract also provides that you shall neither transfer, convey, nor surrender your interests in the land without expressly providing in the instrument of conveyance for preservation of the Government's right to the percentage royalty and the lien for payment thereof.

Without notice to the Government, the property subject to the Government's lien (Vanadium Queen claims Nos. 3, 7, 9, and 10) was included in a conveyance to the Allied Mission Oil, Inc., by Quit Claim Deed, executed on April 20, 1959. Furthermore, this deed did not provide for preservation of the Government's royalty or the lien for payment. This was a breach of the exploration project contract.

This office does not have the authority to postpone indefinitely such action as may be necessary to collect royalties due the Government. Accordingly, demand hereby is made upon you, as surety, for payment of the $4,253.93 presently past due.

Unless this amount is received within 30 days from the date of this letter, I shall have no alternative but to report this indebtedness to the Comptroller General of the United States for such action as may be in the best interests of the Government. Such referral may result in legal proceedings not only for the amount of delinquent royalty, but also costs and interest and, possibly, other remedy the law may provide for breach of contract.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

EDTalbert/ama
February 17, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED FEB 15
800

February 14, 1961

AIR MAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: Docket DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Reference is made to my memorandum to you dated February 13, 1961 on the subject project which was forwarded by regular mail.

This morning we received a check for $353.88 from Climax Uranium Company together with settlement sheets for liquidation No. 4702.

Liquidation No. 4702 was included in my list of shipments in the February 13, 1961 memorandum. Will you please delete it and show the total royalty due the Government to be $4,253.93 instead of $4,607.81.

My letter to Climax Uranium Company, dated January 27, 1961, advised them that Vanadium Queen Claims No. 3, 7, 9, and 10 were subordinated to the Government. I note that liquidation No. 4702 shows the origin of the ore "Vanadium Queen 3-7-9". It is my thought that this check for $353.88 from Climax Uranium Company is a result of my letter to them and not from any advice they have received from Ray K. Church.

Original signed by

Hugh M. Connors

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED FEB 15 1961
DATE
CODE

February 13, 1961

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: Docket DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Enclosed is a copy of a letter from Climax Uranium Company dated February 10, 1960 and settlement sheets for ore shipped since September 1960 from the subject property.

My calculations are as follows:

Date	Liquidation No.	Net Value	Dry Tons	Value Per ton	% Roy	Royalty Due
10-6-60	4614	$ 6,979.72	177.65	$39.29	5%	$ 348.99
11-7-60	4635	16,992.09	357.04	47.59	5%	849.60
12-6-60	4661	7,683.70	161.74	47.51	5%	384.19
1-5-61	4687	37,071.44	659.44	56.22	5%	1853.57
2-3-61	4702	7,077.63	164.14	43.12	5%	353.88 - Pd.
2-3-61	4703	16,351.66	308.35	53.03	5%	817.58
			1828.36			$4607.81

Please be advised that I have received no reply to my letter to Climax Uranium Company dated January 27, 1961.

I presume your office will complete the handling of this matter.

Original signed by

Hugh M. Connors

Attachments

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

800

February 9, 1961

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: Docket DMEA-4031 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

On February 1, 1961 I inspected the subject property with George Spillman, mine foreman. He informed me that the mine superintendent, Ray Church, spends very little time at the property and I did not get to see Mr. Church.

Mr. Spillman stated that all ore mined from the Vanadium Queen property since September 1960, has been from land subordinated to the Government and there has been no commingling of ore since that time because there were no mining operations on the unsubordinated claims. He also stated that no ore had been mined from the subordinated ground prior to September 1960.

Mining is about to begin in the unsubordinated area and mining will also be continued in the subordinated area. Since commingling of the ore is not necessary, I told Mr. Spillman that the Government wanted DMEA ore handled and shipped separately and under no circumstances to be commingled with ore from unsubordinated claims.

Attached is a copy of a letter, certified mail return receipt requested, to Mr. Ray K. Church requesting him to handle and ship DMEA ore separately.

Also attached is a rough tracing of the Applicant's map showing the stopes on subordinated land with my estimate of the ore which has been removed from each stope. My estimate may not be very accurate on the two larger stopes because the mined thickness varies from three to ten feet. Both stopes were being worked and my measurements were not exact.

The AEC production records for the fourth quarter 1960 should be out about February 15, 1961. However, I found the September 1960 shipment to Climax and have written them (copy attached) to forward this office two copies of all settlement sheets from September 1960 through January 1961. When I receive these settlement sheets I will calculate the royalty due the Government and advise you.

An interesting highlight of my talk with Mr. Spillman was when he informed me that on the previous day an ore buyer from Climax Uranium Company was at the property looking for Mr. Church. He brought with him a copy of my letter to Climax Uranium Company dated January 27, 1961 asking that he be advised if Mr. Church had notified Climax to pay the BMMA royalty direct. Apparently Climax is giving Mr. Church every opportunity to tell them to deduct the BMMA royalty before they answer my letter.

The Atomic Energy Commission on July 1, 1960 estimated the ore reserves of the property as follows:

Indicated ore	1440 Tons	0.34% U_3O_8	2.24% V_2O_5
Inferred ore	2189 Tons	0.23% U_3O_8	1.52% V_2O_5
Total	3629 Tons	0.27% U_3O_8	1.81% V_2O_5

Hugh M. Connors

Building 20 - Federal Center
Denver 25, Colorado

February 9, 1961

[redacted]

Mr. Ray M. Church
Mine Superintendent
Vanadium Queen Mine
Post Office Box No. 84
La Sal, Utah

Re: Docket [redacted]-1631 (Uranium)
Contract [redacted]
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims No. 3, 7, 9 & 10)
San Juan County, Utah

Dear Mr. Church:

I have been advised that you are about to resume mining in an area of the Vanadium Queen property which is not subordinated to the Government.

Please be advised that the ore mined from the claims subordinated to the Government must be handled and shipped separately and must not in any case be commingled with ore from the unsubordinated claims.

Yours very truly,

Hugh M. Summers
Acting Field Officer, OME
Region III

cc: Mr. James A. Jay, Pres.
Allied Mission Oil Co.
Abernathy, Texas

Mr. Charles G. Wang, Chairman of the Board
Allied Mission Oil Co.
165 Broadway, New York, N. Y.

Chief, Division of Field Operations, OME (2)
Royalty Corres E1092
Chron

Building 20 - Federal Center
Denver 25, Colorado

February 9, 1961

Climax Uranium Company
749 Main Street
Grand Junction, Colorado

Re: Docket DMEA-4631 (Uranium)
Contract DMs-K1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Gentlemen:

In September 1960 you received 177.65 tons of ore from the captioned property which contained 817.14 pounds U_3O_8 and 6,106.72 pounds V_2O_5.

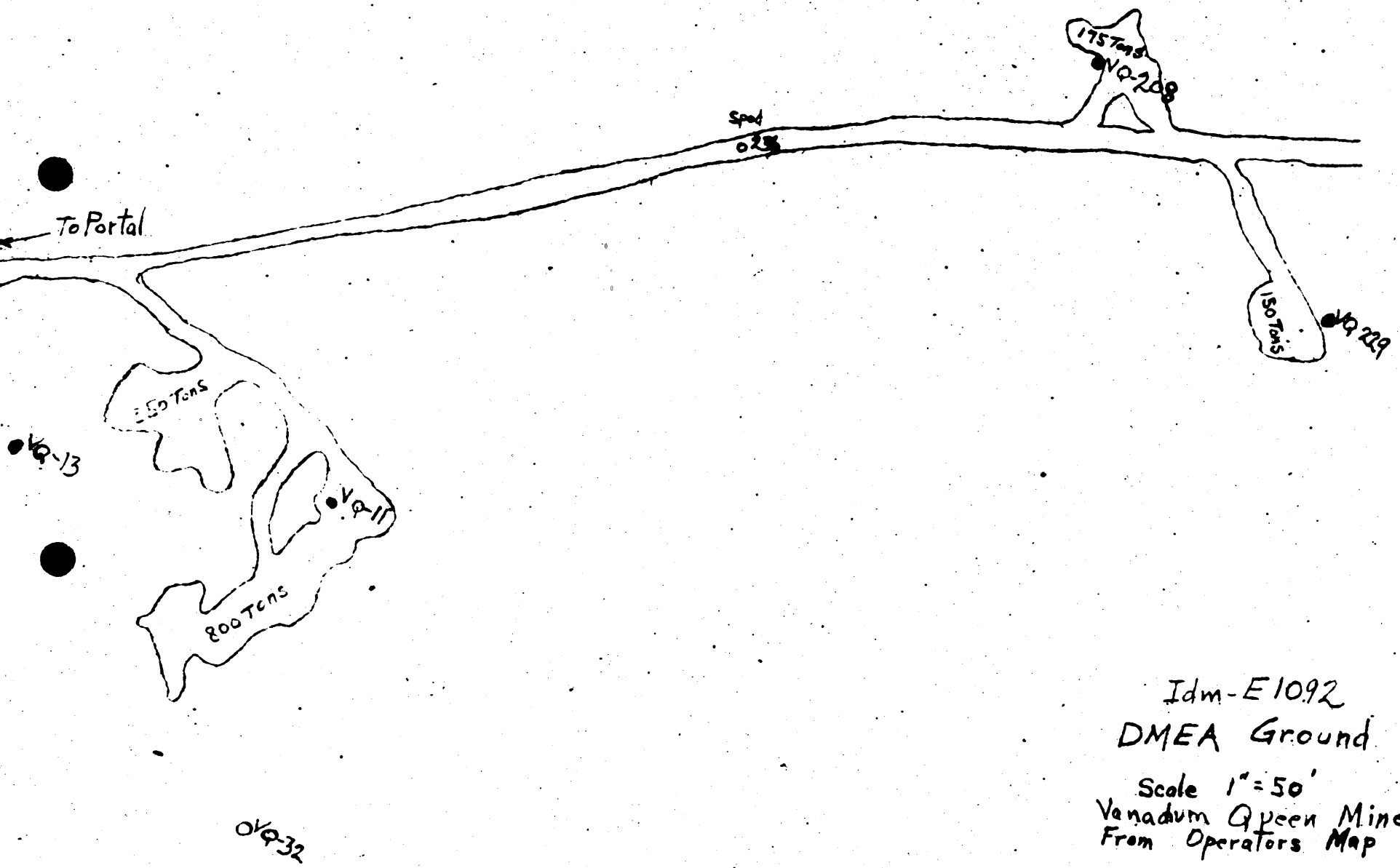
Will you please forward this office two copies of the settlement sheet representing this shipment.

Also will you please forward this office two copies of each settlement sheet representing ore from this property bought by you during October, November and December 1960, and January 1961.

Yours very truly,

Hugh M. Chenoweth
Acting Field Officer, GSE
Region III

HMC/lm
cc Chief, Division of Field Operations, GSE
Royalty Corres. K1092
Chron



Idm-E1092
DMEA Ground

Scale 1" = 50'
Vanadium Queen Mine
From Operators Map

2-1-61

Hugh M Fonnera

E-1092

For royalty payment of $353.88, dated February 14, 1961, see transmittal letter file.

E-1092

For royalty payment of $186.34, dated March 13, 1961, see transmittal letter file.

E-1092

For royalty payment of $1,000.00, dated April 14, 1961, see transmittal letter file.

E-1092

For royalty payment of $690.42, dated May 12, 1961, see transmittal letter file.

E-1092

For royalty payment of $500.00, dated June 13, 1961, see transmittal letter file.

E-1092

For royalty payment of $662.18, dated July 11, 1961, see transmittal letter file.

E-1092

For royalty payment of $500.00, dated August 11, 1961, see transmittal letter file.

E-1092

For royalty payment of $500.00, dated September 13, 1961, see transmittal letter file.

E-1092

For royalty payment of $500.00, dated December 13, 1961, see transmittal letter file.

E-1092

For royalty payment of $500.00, dated November 13, 1961, see transmittal letter file.

E-1092

For royalty payment of $500.00, dated October 13, 1961, see transmittal letter file.

E-1092

For royalty payment of $271.69, dated January 16, 1962, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

May 15, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah
INSPECTION OF THE PROPERTY

EXTRA COPY
O. M. E
RECEIVED MAY 17 1962
DATE
800

On May 10, 1962 I visited the subject property and talked to George Spillman, mine foreman. He informed me that the mine had been closed for 30 days by order of the State Mine Inspector who had found a serious lack of proper ventilation in the mine. Mr. Spillman expects to have the mine in operation again in a few days and he expects to do long hole drilling on some of the DMEA claims.

Mr. Spillman stated that no ore has been produced from the DMEA claims since January 1962. This statement ties in with our record which shows the last royalty we received was from the January shipment of ore. He said that all production since January has come from two big stopes, not on DMEA land. He also stated that some low-grade ore remains in the DMEA stopes.

On May 14, 1962 I visited John E. McMulty who is the trustee for the creditors of the Allied Mission Oil, Inc. He stated that he expects to file a motion in the Federal Court in Denver this week to allow him to obtain another Operator for the property. He indicated that Kerr-McGee is interested in the property and he promised to keep me advised.

In any event I plan to again visit the property early this fall.

Original signed by

Hugh M. Connors

Building 20 - Federal Center
Denver 25, Colorado

April 26, 1962

Mr. John McNulty CPA
6th & Rood Streets
Grand Junction, Colorado

Re: [redacted]-4651 (Uranium)
Contract [redacted]
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Dear Mr. McNulty:

I have been informed that you are the trustee for the creditors of the captioned property.

As you probably know, the Government holds a lien on all production of ore from a portion of this property by virtue of an exploration project contract.

I plan to be in Grand Junction the morning of May 14, 1962 and I would like very much to talk with you. If it would not be convenient for you to see me at that time, will you please advise and we will set a date for another time.

Yours very truly,

Hugh M. Connors
Acting Field Officer, CMX
Region III

Building 20 - Federal Center
Denver 25, Colorado

RECEIVED
800

March 5, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

When I read the last paragraph of the Director's letter to Union Carbide Nuclear Company dated February 28, 1962 regarding royalty on Contract Idm E1180, DMEA 4858, Rex Uranium Corporation, I was very pleased and I am wondering if we couldn't use a similar letter on DMEA 4631, Contract Idm E1092, Vanadium Queen Corporation.

If the Director would advise the purchasers of Vanadium Queen ore somewhat as follows, I believe it would be very helpful.

> "Inasmuch as many claims of this property are subordinated to the Government, it is suggested that shippers of production be requested to certify as to the claims from whence the ore originated and whether shipments from these claims are subject to the DMEA royalty."

Original signed by

Hugh M. Connors

Building 20 - Federal Center
Denver 25, Colorado

February 5, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMKA-4631 (Uranium)
Contract Idm-R1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

EXTRA COPY
O. M. E
RECEIVED FEB 8 1962
DATE | INITIALS | CODE
800

This responds to Mr. Talbert's memorandum dated February 1, 1962 on the subject contract in which he requested the NME Form 22 check sheets.

No one from this office has visited the subject property since my visit of February 1, 1961 and I have absolutely no faith in the integrity of this operation.

I will make every effort to inspect the property at an early date and will advise you.

(Signed)

Hugh M. Connors

FEB 1 1962

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

This Division is preparing a Report of Royalty Review on the subject contract. Accordingly, your submission of an original and one copy of MME Form 22, Check Sheet of Examining Engineer, will be appreciated.

EDTalbert/ama 2-1-62

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

ALLIED-MISSION OIL, INC.

165 BROADWAY • NEW YORK 6, N. Y. • BEEKMAN 3-6787

CHARLES O. WRAY
Chairman of the Board and Vice President

January 29, 1962

U. S. Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Attention: Mr. George Fumich, Jr.
Director

Re: DMEA-4631 (Uranium)
Vanadium Queen Claims
Contract Idm-E1092

Dear Mr. Fumich:

In reply to your letter of January 19th, please be advised that we corroborate the information furnished you by Climax Uranium Company.

The amount of $222.68 liquidated the final portion of our indebtedness and settlement sheets Nos. 4876, 4922, 4937, 4971 and 5005 covered sales of ore produced from claims other than those upon which a royalty is due DMEA.

We too are gratified that this matter has now been successfully concluded.

Very truly yours,

ALLIED-MISSION OIL, INC.

Harold B. Madsen
Assistant Treasurer

HBM/ja

JAN 9 1962

Allied-Mission Oil, Inc.
Room 1004, 165 Broadway
New York 6, New York

Re: DMEA-4651 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Gentlemen:

We have recently received from Climax Uranium Company a check in the amount of $222.68 in final payment and liquidation of the $4,253.93 indebtedness for delinquent royalty under the referenced contract. This matter has been the subject of considerable correspondence over the past year and we are gratified that it has been brought to a conclusion.

The settlement sheet which accompanied the $222.68, as well as those submitted with the previous five monthly payments of $500.00, did not include deductions for current royalty. It is assumed that these settlement sheets, nos. 4874, 4922, 4937, 4971, and 5005, covered sales of production from Vanadium Queen Claims other than Nos. 3, 7, 9, and 10. Your specific confirmation or correction of this assumption will be appreciated.

Sincerely yours,

George Fumich, Jr.

Director

cc: John E. McNulty, Trustee
Allied-Mission Oil, Inc.
200 North 6th Street
Grand Junction, Colorado

EDTalbert/ama 1-19-62

cc:
Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region III (2)

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 I4m-21092, Docket DMEA-4631 (uranium), dated May 29, 1957, with

Vanadium Queen Uranium Corporation
now known as
The Queen Corporation
525 Hilam Building
San Antonio, Texas

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 Vanadium Queen Claims Nos. 3, 7, 9, and 10 located in San Juan County, Utah, during the period May 29, 1957, through May 15, 1962.

A certification of discovery or development was issued on December 13, 1957, 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 December 26, 1957, indicated accepted costs under the exploration contract amounting to $44,875.45 with the Government's contribution on a 75 percent basis being $33,656.60.

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

This review established the total sales subject to the Government's royalty for the period to be $127,374.19. Royalty payable to the Government at the rate specified in the contract is $6,368.71.

As of May 15, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$6,368.71
Total Royalty Paid	6,363.58
Balance of Royalty Due	$ 5.13

E. D. Talbert

E. D. Talbert, OME Auditor

June 1, 1962

Idm-81092 Vanadium Queen Uranium Corporation DMSA-4631

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

Article 8(b) of this contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a royalty on all mineral production from the four unpatented lode mining claims thereunder. The four claims are part of the Vanadium Queen Group of 12 claims lying in secs. 28 and 29, T. 28 S., R. 26 E., S.L.M. & B., in the Paradox Mining District, La Sal Creek Area. To further secure the payment of royalty the Operator, as owner, granted the Government a lien upon the land and any production therefrom. On April 20, 1959, the Operator (under the new name of The Queen Corporation) transferred by quit claim deed the Vanadium Queen group of twelve claims, including the four under the DMSA contract, to Allied-Mission Oil, Inc., Room 1004, 165 Broadway, New York 6, New York.

Exploration work under the contract was terminated October 29, 1957. No ore was produced from the subordinated claims during the exploration. Thereafter, five lots were shipped during the period that the Operator owned the property. These shipments, during May 1958 and in the name of the Operator, consisted of ore extracted by Joe C. Pitts, a lessee, in extending a development drift from unsubordinated Vanadium Queen No. 2 claim into subordinated Vanadium Queen No. 10 claim toward exploration hole 214, which had penetrated 2.6 feet of 1.0% U_3O_8. Allied-Mission Oil, Inc., started operations and shipments from the subordinated claims during September 1960. Such shipments were made in its name to Climax Uranium Company, Grand Junction, Colorado, each month from September 1960 through July 1961. Other small lots were shipped in December 1961 and January 1962 in the name of John E. McNulty, Trustee, Allied-Mission Oil, Inc., 200 North 6th Street, Grand Junction, Colorado.

Allied-Mission Oil, Inc., failed to pay, or arrange with the purchaser to deduct, royalty on its shipments until royalty amounting to $4,253.93 was delinquently due the Government as of February 3, 1961. Arrangements were then made with the purchaser for deduction of additional royalty until the indebtedness was liquidated. Final payment in liquidation of the past due royalty was received during January 1962.

This review included a recomputation and tabulation of all monthly settlement sheets provided by the purchaser. A summary of the tabulation, which is filed with my audit workpapers and on which liquidation number 5065 is last listed, follows:

Idm-E1092 Vanadium Queen Uranium Corporation DMEA-4631

	The Queen Corporation	Allied-Mission Oil, Inc.	Total
Short Wet Tons	70.76	2,965.54	3,036.30
Short Dry Tons	65.36	2,738.50	2,803.86
Average Assays: U_3O_8%	.3541	.27465	.27651
V_2O_5%	2.4004	1.77943	1.79391
Content: U_3O_8 lbs.	462.89	15,042.79	15,505.68
V_2O_5 lbs.	3,137.97	97,459.33	100,597.30
U_3O_8: Base Payment	$1,620.12	$ 52,175.56	$ 53,795.68
Development	231.45	7,521.42	7,752.87
Premiums	151.09	3,171.42	3,322.51
Haulage	102.60	31,215.37	31,317.97
V_2O_5 Payment	972.77	30,212.39	31,185.16
Total Proceeds	$3,078.03	$124,296.16	$127,374.19
Royalty: Payable	$ 153.90	$ 6,214.81	$ 6,368.71
Paid	148.77	6,214.81	6,363.58
Due	$ 5.13	$ -0-	$ 5.13

The balance of $5.13 due the Government resulted from the Operator's failure to pay royalty on a $102.60 haulage allowance included in the $3,078.03 proceeds from Climax Uranium Company's May 22, 1958, liquidation no. 4178.

The property was not eligible for the A.E.C. production bonus. Mining on the Vanadium Queen group of claims has been almost continuous since 1948; however, the mine foreman advised the Acting Field Officer, DME Region III, during a visit to the property on May 10, 1962, that all production since January 1962 has come from two stopes not on land under the exploration project contract. On May 14, 1962, the trustee for the creditors of Allied-Mission Oil, Inc., informed the Acting Field Officer that he expects to petition the court to permit him to obtain another operator for the property.

The findings of this review are subject to revision in the event of future audit by the Government of the producer's mining records and sales accounts or future examination of the stoped areas.

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 production from the property under the contract has been reported and proper royalty thereon paid except as stated above; 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.

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 23 1962

DATE		
		800

July 20, 1962

The Queen Corporation
525 Milam Building
San Antonio, Texas

Re: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Gentlemen:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated June 1, 1962 covering the period May 29, 1957, through May 15, 1962.

Please note that the balance due the Government according to this Report of Royalty Review is $5.13. Your prompt payment of $5.13 to this office will be appreciated.

Yours very truly,

Original signed

Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosures

cc Mr. John E. McNulty, Trustee
Allied Mission Oil, Inc.
200 North Sixth Street
Grand Junction, Colorado

Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres Idm-E1092
Chron

Building 20 - Federal Center
Denver 25, Colorado

July 20, 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: IMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Attached is the original Report of Royalty Review on the subject contract dated June 1, 1962 covering the period May 29, 1957, through May 15, 1962.

Original signed by

Hugh M. Connors

Attachments

HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E1092
Chron

JUN 1 1962

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

The original and three 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, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.;
(b) One copy to the Operator, The Queen Corporation;
(c) One copy to the Trustee, Allied-Mission Oil, Inc.; and
(d) One copy for your files.

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

Enclosures

EDTalbert/ama 6-1-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Rothrock

E-1092

For royalty payment of $50.30, dated February 14, 1962, see transmittal letter file.

UNION CARBIDE

UNION CARBIDE NUCLEAR COMPANY

DIVISION OF UNION CARBIDE CORPORATION

P. O. BOX 1049, GRAND JUNCTION, COLORADO

February 6, 1961

OME
DEPARTMENT OF THE INTERIOR
FEB 7 1961
REGION III
DENVER, COLORADO

EXTRA COPY
O. M. E
RECEIVED FEB 13 1961
DATE | CODE
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United States Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket DMEA-4631 (Uranium)
Contract Idm-81092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Gentlemen:

We are not receiving ore from the Allied Mission Oil Company and have not received any notification from Mr. Ray K. Church about any future shipments of ore.

Yours very truly,

UNION CARBIDE NUCLEAR COMPANY

D. E. Clark
Office Manager

DEC/TT/ah

Chief - Div. of Fld. Oprns. (2)

CROSS REFERENCE

DMEA-2446, Idm-E445, Boomerang Mining Company (Corvusite Mine).

Memorandum dated 2/7/61 by Charles M. Soller, Assistant Solicitor, Branch of Mineral Defense Activities, Office of the Solicitor, to Director (Acting), OME, re "Case No. 1961-20 (D.I. 1871). Investigation of alleged theft from the Corvusite Mine, Grand County, Utah, of ore subject to Government royalty under a DMEA Exploration Contract." Original & 1 copy

Attachment: Memo dtd 2/7/61 by Mr. Soller to Director of Inspection.

Marked "Nonsecurity Confidential"

Filed in Director's safe in folder marked "George C. Selfridge - Confidential."

Copy to: Docket DMEA-2446
E. D. Talbert, CA&A Division

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED JAN 30 1961
DATE | INITIALS | CODE
800

January 27, 1961

Union Carbide Nuclear Company
P. O. Box 1049
Grand Junction, Colorado

Re: Docket DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Gentlemen:

This is to advise you that Vanadium Queen claims No. 3, 7, 9 and 10 are subordinated to the Government by virtue of the captioned contract.

The Vanadium Queen mine is now being operated by the Allied Mission Oil Company and Mr. Ray K. Church is the mine superintendent. He informs me that he has notified the purchasers of his ore to pay the DMEA Royalty direct to this office on all future shipments of ore. Will you please advise if he has notified you to this effect.

Yours very truly,

Original Signed By

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME (2)
cc Royalty Corres E1092
Chron

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
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January 27, 1961

Climax Uranium Company
749 Main Street
Grand Junction, Colorado

Re: Docket DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Gentlemen:

This is to advise you that Vanadium Queen claims No. 3, 7, 9 and 10 are subordinated to the Government by virtue of the captioned contract.

The Vanadium Queen mine is now being operated by the Allied Mission Oil Company and Mr. Ray K. Church is the mine superintendent. He informs me that he has notified the purchasers of his ore to pay the DMEA Royalty direct to this office on all future shipments of ore. Will you please advise if he has notified you to this effect.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc: Chief, Division of Field Operations, OME (2)
Royalty Corres E1092
Chron

EXTRA COPY O. M. E RECEIVED JAN 30 1961		
DATE	INITIALS	CODE
		8cc

Building 20 - Federal Center
Denver 25, Colorado

January 27, 1961

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen claims)
San Juan County, Utah

This has further reference to your memorandum dated January 24, 1961 on the subject contract.

Returned herewith are the distribution copies of the Acting Director's letter for your records. Because someone in your office had dated all copies of the letter to the Vanadium Queen Uranium Corporation, January 24, 1961, we had no alternative but to date all copies of the letter to Mr. Charles G. Wray, January 24, 1961.

I plan to leave for Moab January 30, 1961 and I will make a thorough inspection of this property. I also plan to inspect Rex Uranium Corporation Idm E1180, Strategic Minerals Exploration Company E1096 and David Borwick E949. I will call on the AEC Grand Junction Office before I visit any of the properties. I will also call on them after I have finished my inspection.

Should you wish to contact me I will be either at the LaCourt Hotel in Grand Junction, Colorado or the Prospector Motel in Moab, Utah.

(Original signed)

Hugh M. Connors

Attachments
HMC/lm
cc: E1092
Chron

Mr. Charles C. Wray
Chairman of the Board
Allied Mission Oil Co., Inc.
165 Broadway
New York, New York

Re: [illegible]-6631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract I[illegible]-81092

Dear Mr. Wray:

Please refer to your copy of Mr. Ray K. Church's letter of January 12, 1951, to Mr. Hugh M. Cosmore, Acting Field Officer, GSE, in which he states that the mill settlement sheets relating to production subject to royalty payments to the Government were sent to your address.

For more than a year our field people have corresponded chiefly with Mr. James A. Joy, president of Allied Mission Oil Company, concerning royalty that might be due the Government without receiving a satisfactory accounting.

The Government cannot postpone indefinitely the collection of past-due royalties. Therefore, demand is made that copies of the pertinent settlement sheets as required by the subject contract be submitted to the Government accompanied by a check covering such royalties as are presently due. Checks should be made payable to the Office of Minerals Exploration.

We shall appreciate an early reply.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

Copy to: Mr. James A. Joy, President
Allied Mission Oil Company, Inc.
1042 Milam Building
San Antonio, Texas

Vanadium Queen Uranium Corporation
325 Milam Building
San Antonio, Texas

GCSelfridge/hb/gla
1-24-61
cc to: Director's Reading File
Review Committee
CA&A Division
Region III (2)
Code 500
Docket
Chron

JAN 24 1961

Vanadium Queen Uranium Corporation
525 Milam Building
San Antonio, Texas

Re: TNEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idu-21092

Gentlemen:

Enclosed is a self-explanatory letter of today to the Allied Mission Oil Co., Inc.

Although the mentioned claims were transferred to the Allied Mission Oil Co., Inc., the Government, in accordance with Article 8(b) of the contract, holds the Vanadium Queen Uranium Corporation, operator under the subject contract, as the party responsible for payment of royalties on any production from the claims. Hence, if Allied Mission Oil Co., Inc., does not respond to our request, we shall look to the Corporation for payment of the royalties due.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

Enclosure

FMMurphy/gla
1-24-61
cc to: Director's Reading File
Review Committee
CAAA Division
Code 500
Docket
Chron

Region III (2)

JAN 2 4 1961

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Ion-81092

This is with reference to your memorandum of January 16, 1961, and the attached letter of January 12 from Ray K. Church. Enclosed are letters to the Allied Mission Oil Co., Inc., and the Vanadium Queen Uranium Corporation, signed by the Acting Director. If you agree with these letters, kindly forward them to the respective parties, returning the date-stamped distribution copies for our records.

With regard t visiting the property, you should plan to do so as soon as it is convenient. An estimate of the tonnage of ore removed from the claims should be made. It could be based on the DMEA drill holes and your stope measurements. If there is any big discrepancy between your estimate and the settlement sheets submitted by the Operator, we shall use your figures in our royalty claims.

Also, please check with the mill to verify Mr. Church's statement that royalty payments will be made directly to the Government by the mill.

George C. Selfridge

Enclosures

FMMurphy/gla
1-24-61
cc to: Director's Reading File
Review Committee
CA&A Division
Code 500
Docket
Chron

VANADIUM QUEEN MINE
Box # 24
La Sal, Utah

January 12, 1960.

Mr. Hugh M. Connors
Acting Field Officer
U.S. Department of Interior
Bldg. 20 - Federal Center
Denver - 25, Colo.

Re: DMEA - 4631
Uranium Contract
Idm - E1092

Dear Mr. Connors:

This is the second reply to your inquiry pertaining to ores shipped from claims No. 3, 7, 9, 10 - Vanadium Queen Mine.

Since I have been operating the mine, February 22, 1960 to present, there has been shipped from the claims listed above 600 ton. This tonage was shipped as follows; Sept. 1960-200 ton, Oct. 1960-300 ton, Nov. 1960-200 ton, Dec. 1960-100 ton.

As the mill settlements are being sent to Allied Mission Oil Co., 165 Broadway, New York, N.Y., I have no way of knowing the exact amount due the DMEA.

Copies of this letter are going to those concerned in Allied Mission Oil, and I am quite sure they will contact you in the near future.

Arrangements have been made at the mill for all future payments to DMEA to be payed directly from the mill.

Please, advise me if I may be of any further help.

Very truly yours,

RKC/bl

Ray K. Church.

cc-Mr. James A. Joy, Pres.
Allied Mission Oil Co.
Abernathy, Texas
cc-Mr. Charles G. Wray, Chairmon of the Board
Allied Mission Oil Co.
165 Btoadway, New York, N.K.
cc- Mr. William C. Elliott, Exec. Vice Pres.
Allied Mission Oil Co.
P.O.Box 68, Gladwynne, Montg. County, Pa.

800

JAMES A. JOY
ATTORNEY AT LAW
P. O. BOX 1012
MIDLAND, TEXAS
OFFICE 6-6127

December 29, 1960

Mr. Ray L. Church, Supt.
Box 25
La Sal, Utah

E 1092

re: DMA 4631 (Uranium)
Junon Mine
San Juan Co. Utah

Dear Ray:

I enclose a copy of a letter from Mr. Hugh Connors with the department of the Interior at Denver, Colorado, that I believe is self-explanatory.

I previously have asked that you furnish Mr. Connors with the information in regard to ore shipped from the underground area of the Junon mine.

Would you please answer Mr. Connors' letter, and forward a copy to me, along with a copy of any report that you might furnish to him in the future. Please take care of this matter right away as this has been pending for several months.

Yours very truly,

James A. Joy

JAJ/c
cc- Mr. Hugh A. Connors
Acting Field Office
Department of the Interior
Denver, Colorado

Mr. Charles G. Gray, Chairman of the Board
Atlas Minerals Corp. Inc.
165 Broadway
New York, N. Y.

OME
DEPARTMENT OF THE INTERIOR
JAN 1 1961
REGION III
DENVER, COLORADO

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED DEC 29 1960
DATE | INIT. | CODE
800

December 27, 1960

James A. Joy, President
Allied Mission Oil Company, Inc.
P. O. Box 402
Abernathy, Texas

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Joy:

I have had no reply to my letter to you dated November 21, 1960. Will you please advise the date on or before which I may expect to receive the necessary information to compute the amount of royalty due the Government from the subordinated land.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc Chief, Division of Field Operations OME (2)
Royalty Corres E1092
Chron

EXTRA COPY
O. M. E
RECEIVED NOV 28 1960

DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

November 21, 1960

Mr. James A. Joy, President
Allied Mission Oil Company, Inc.
P. O. Box 402
Abernathy, Texas

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Joy:

This will acknowledge receipt of your letter dated November 17, 1960 regarding Royalty due the Government from the sale of ore from the captioned property.

Our records show a quit claim deed dated April 20, 1959 was given the Allied Mission Oil, Inc. by Vanadium Queen Uranium Corporation on the Vanadium Queen claims. It would appear, therefore, that the Allied Mission Oil, Inc. is responsible for the payment of Royalty due the Government beginning on the 20th day of April, 1959 on Vanadium Queen claims 3, 7, 9, and 10.

I am most anxious to receive your report from the mine and at that time I will want to set a date for a field inspection of the property.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc Chief, Division of Field Operations (2)
Royalty Corres E1092
Chron

EXTRA COPY
O. M. E
RECEIVED NOV 23 1960
DATE | INITIALS | CODE

ALLIED-MISSION OIL, INC

P. O. BOX 102 ABERNATHY, TEXAS

November [illegible]

Mr. Hugh A. Connors, Acting Field Officer
United States Department of the Interior
Building 20 - Federal Center
Denver 25, Colorado

re: DMSA-0031 (Uranium
Contract Idm-6102

Dear Mr. Connors:

In answer to your letter of November 9, 1960, I wish to advise that your letter of September 15, 1960, was given to our mining superintendent, Ray Church, for his handling direct with you.

A copy of this letter is forwarded to Church so that he may supply us with the figures of tonnage shipped from the DMSA area. Also a photostatic copy of your letter is being forwarded to Church for his information and guidance.

It is my understanding that no ore from Queen claims Nos. 3, 7, 9 and 10 was shipped prior to September 1, 1960. If you have information that same was shipped prior to that date, I would be most interested in ascertaining this definitely, since Allied-Mission did not operate the mine prior to September 1, 1960.

As soon as I receive the information from the mine, I shall contact you and we shall attempt to work out the royalty payment due the government.

Thanks for your kind consideration in this matter.

Yours very truly,

James A. Joy

jj/o
cc- Mr. Charles Wray
165 Broadway
New York, New York

cc- Mr. Ray Church
Box 24
LLa Sal, Utah

OME
DEPARTMENT OF THE INTERIOR
NOV 23 1960
REGION III
DENVER, COLORADO

Building 20 - Federal Center
Denver 25, Colorado
November 9, 1960

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. James L. Joy, President
Allied Mission Oil Company, Inc.
1042 Milan Building
San Antonio, Texas

Re: DME-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Joy:

This office has no record of a reply to my letter to you dated September 15, 1960, wherein request was made for information regarding the source of ore sold on liquidations Nos. 4178, 9674, 9765 and 9864.

Under the provisions of the subject Exploration Project Contract and the certification of discovery or development dated December 13, 1957, the Government is entitled to a royalty on the value of all production from Vanadium Queen claims Nos. 3, 7, 9 or 10 during the period May 29, 1957, to May 29, 1967, or until the Government's contribution to the exploration costs have been fully repaid, whichever occurs first.

I have recently been informed that there has been some production from the claims on which the Government is entitled to royalty and that such production has been commingled with other production that is not subject to Government royalty when shipments were made. If my information is correct, some equitable and mutually satisfactory basis should be arrived at for determining the value of production from the subordinated land and proper royalty should be paid. Probably tonnage figures and assay values are available for this purpose.

Your cooperation is solicited so that a determination may be made and proper royalty due to the Government may be paid applicable to

production from the subordinated claims included in the four liquidations mentioned above, as well as on any subsequent production during the repayment period.

I trust that I shall receive an early reply to this letter and that an acceptable basis for the determination and payment of royalty may be reached.

Sincerely yours,

Hugh M. Connors

Hugh M. Connors
Acting Field Officer
OME, Region III

EDTalbert:kb - 11-3-60
cc: Region III (2)
Docket
Director's reading file
CA&A Div.
Code 500
Operating Committee
Chron.

NOV 3 1960

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Ida-81092

This is with reference to your memorandum of October 28, 1960, and the enclosed letter from Charles A. Lasar, AEC.

Apparently the Operator has extended the adit from the Vanadium Queen mine into the DMEA reserve blocks A and B in Vanadium Queen claims Nos. 9 and 10. The ore tonnages shown in the liquidations mentioned in your letter of September 13, 1960, to Allied Mission Oil Co., Inc., seem small if these blocks were opened up. Also, the last liquidation (9864) is dated September 27, 1959. In view of Mr. Lasar's letter, it is suggested that you again write Allied Mission Oil Co., Inc., and request them to advise you in regard to production from Vanadium Queen claims Nos. 9 and 10 subsequent to liquidation 9864.

Enclosed are all copies of a proposed letter to the Allied Mission Oil Co., Inc., for your approval, signature, dating, and mailing. Kindly retain copies for your files and return the Washington Office distribution copies.

George C. Selfridge

FMMurphy/gla
11-1-60

cc to: Director's Reading File
Operating Committee
Docket
CA&A Division
Code 500
Chron

Enclosures

EXTRA COPY O. M. E RECEIVED SEP 26 1960		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

September 22, 1960

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Hugh M. Connors, Acting Field Officer, OME, Region III

Subject: Docket DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen claims)
San Juan County, Utah

This has further reference to your memorandum dated September 12, 1960. A field inspection of this property will be scheduled at an early date.

Attached, for your information, is a copy of a letter from Arch Boyd, A.E.C.

My thought in writing A.E.C. was to alert them that possible ore production was coming from claims in this group other than the "Vanadium Queen".

Original signed by

Hugh M. Connors

Attachments
HMC/lm
cc: w/orig. to Chief, Division of Field Operations
Royalty Corres. E1092
Chron

EXTRA COPY
O. M. E
RECEIVED SEP 26 1960

DATE	INITIALS	CODE

UNITED STATES
ATOMIC ENERGY COMMISSION
GRAND JUNCTION OPERATIONS OFFICE
GRAND JUNCTION, COLORADO

IN REPLY REFER TO: POR:AFB

OME
DEPARTMENT OF THE INTERIOR
SEP 22 1960
... IN
COLORADO

September 20, 1960

Mr. Hugh M. Connors
Acting Field Officer
OME, Region III
Building 20, Federal Center
Denver 25, Colorado

Re: Docket No. DML-A-4631 (Vanadium Queen Claims)

Dear Hugh:

This is in answer to your letter of September 16, 1960 requesting information on follow-up work done on the subordinated Vanadium Queen claims Nos. 3, 7, 9 & 10, on which DMEA discovered about 19,000 tons of ore reserves. We have no information segregating the production from the "Yellow Queen" but one of our field engineers plans to visit the mine in the near future to obtain some mining cost estimates. When he reports on his examination, we should be able to tell you whether any recent shipments from the "Yellow Queen" have come from the subordinated claims.

Very truly yours,

Arch F. Boyd

Arch F. Boyd
Mining Engineer
Production Evaluation Division

W.O. (2)

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED SEP 19 '60
DATE | CODE
800

September 16, 1960

Mr. Arch Boyd
Production and Evaluation Division
U. S. Atomic Energy Commission
Grand Junction, Colorado

Re: Docket No. DMEA-4631 (Uranium)
Contract No. Idm-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen claims)
San Juan County, Utah

Dear Arch:

Vanadium Queen claim Nos. 3, 7, 9, and 10 are subordinated to the Government under the captioned contract. The settlement sheets for ore produced by the Vanadium Queen Uranium Corporation which we have received, show that the mining claim of origin was the "Vanadium Queen".

Our DMEA exploration project on the four subordinated claims discovered about 19,000 tons of ore reserves assaying 0.22% U_3O_8 and 2.03% V_2O_5.

At one time the Operator advised that a heading was being driven toward the ore discovered through the DMEA work. OME has not had the personnel or the money to follow-up all these projects and any information you can give me regarding work done on, or ore produced from the subordinated claims will be appreciated.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc: Chief, Division of Field Operations (2)
Royalty Corres. E1092
Suspense
Chron

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED SEP 19 1960

DATE	INITIALS	CODE
		800

September 15, 1960

CERTIFIED MAIL

James A. Joy, President
Allied Mission Oil Co., Inc.
1042 Milan Building
San Antonio, Texas

Re: Docket No. DMTA-4631 (Uranium)
Contract No. Dam-[illegible]
Vanadium Queen Uranium Corp.
(Vanadium Queen claims)
San Juan County, Utah

Dear Mr. Joy:

This office has copies of settlement sheets for liquidation Nos. [illegible], [illegible], [illegible], and [illegible].

Will you please either confirm or deny that the ore represented by these settlement sheets originated from Vanadium Queen claim Nos. 3, 7, 9, or 10, which claims are subordinated to the Government under the captioned contract.

Yours very truly,

Original signed by

Hugh M. Conners
Acting Field Officer
OME, Region III

HMC/lm
cc Chief, Division of Field Operations (2)
Royalty Corres. E1092
Suspense
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Building 20 - Federal Center
Denver 25, Colorado

May 20, 1960

EXTRA COPY
O. M. E
RECEIVED MAY 23 1960

DATE	INITIALS	

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations
Office of Minerals Exploration

From: Acting Field Officer, OME, Region III

Subject: DMEA 4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen claims
San Juan County, Utah
Contract No. Idm-E1092

This replies to your memorandum of May 13, 1960, relating to the royalty on the subject contract. Enclosed are the following:

1. Two copies of a letter from the Atomic Energy Commission which relates the status regarding bonus payments on certain Vanadium Queen and Uranium King claims, only one of which, Vanadium Queen No. 3, is subordinated under the contract.

2. Settlement sheets for ore sold from the Vanadium Queen claim for Liquidation Nos. 9674, 9765 and 9864.

If the above mentioned three shipments of ore actually originated from the Vanadium Queen claim, no royalty is due the Government. It is noted that some royalty was paid on Liquidation No. 4178 which the settlement sheet shows as originating from the Vanadium Queen claim, and $5.13 is still due on that lot of ore if it came from subordinated land.

It now appears that we have a weak case to collect even the $5.13 on Liquidation No. 4178 and may have already collected $148.77 to which we were not entitled.

Original signed

Hugh M. Connors

Enclosures

AEC

Record Copy

EXTRA COPY O. M. E RECEIVED MAY 23 1960		
DATE	INITIALS	CODE

PLD:RHT

May 19, 1960

Mr. Hugh M. Connors, Acting Field Officer
Office of Minerals Exploration, U. S. Dept. of the Interior
Building 20, Federal Center
Denver 25, Colorado

Re: DMEA 4631 (Uranium)

Dear Mr. Connors:

Our certification number D.U.P.C6-C-3, embraces the following claims:

Vanadium Queen	Uranium King No. 2
Vanadium Queen No. 2	Uranium King No. 3
Vanadium Queen No. 3	Uranium King No. 4
Uranium King	

These claims are located in Section 29, T 28 S, R 26 E, SLM, San Juan County, Utah. All of the bonus payments for which these claims were eligible has been paid prior to April 30, 1956.

We do have an application for certification pending regarding additional claims in the Vanadium Queen group but so far we have failed to get information from the applicant which we will need before we can complete our action. Therefore, as the matter now stands, production from the Vanadium Queen claim in 1959 is not entitled to bonus payment.

Very truly yours,

R. H. Toole, Chief
Leasing & Development Branch
Production Evaluation Division

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

EXTRA COPY
O. M. E
RECEIVED MAY 18 1960

DATE	INITIALS	CODE
		800

May 16, 1960

Mr. Bob Toole, Chief
Leasing and Development Branch
Production and Evaluation Division
Atomic Energy Commission
Grand Junction, Colorado

Re: DMEA 4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract No. Idm-E1092

Dear Mr. Toole:

Would you please advise by return mail if the Allied Mission Oil Company, Inc., was entitled to bonus on ore mined from the Vanadium Queen Claim on Liquidation Nos. 9674, 9765 and 9864. This ore was shipped in the third quarter of 1959.

Very truly yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

cc: Chief, Division of Field Operations (2)

MAY 13 1960

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: [redacted] (Unocal)
[redacted] Oil Corporation
[redacted] Clubs
San Juan County, Utah
Contract No. [redacted]

This is with reference to your memorandum of May 4, 1960, relating to collection of royalties due the Government under the terms of the subject contract.

Mr. Townsend's letter of February 16, 1960, to Allied Mission Oil Company, listing the royalty due, indicates that the yield Tests had proof that the production was from land subordinated under the contract. However, our files contain no data on this question. Hence, before this office initiates action to collect the royalties mentioned, kindly forward the required information on this matter and also copies of the subpoenas signed mentioned by Mr. Townsend.

According to John L. Schneider's letter of July 21, 1958, to Mr. Townsend, the [redacted] claims are not eligible for the initial production bonus. We assume that the statement has been checked. Also, it appears that in addition to the royalties mentioned by Mr. Townsend, the Government is still due $5.13 on Liquidation No. 4178, dated May 22, 1958, mailed to this office June 3, 1958, by Mr. Townsend.

[redacted]/gld
5-11-60

cc to: Director's Reading File
Review Committee
[redacted] Division
Code 300
Docket
Chron

EXTRA COPY O. M. E RECEIVED JAN 25 1960		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
January 22, 1960

Climax Uranium Corporation
749 Main Street
Grand Junction, Colorado

Re: Docket No. DMEA 4631 (Uranium)
Contract No. Ida-E1092
Allied Mission Oil Company
(Vanadium Queen claims)
San Juan County, Utah

Gentlemen:

The Atomic Energy Commission records show that a shipment was made from the captioned property during the third quarter of 1959. This shipment consisted of 95 dry tons of ore containing 454 pounds of U_3O_8, and 4994 pounds of V_2O_5.

Will you please advise the mining claim or claims from which this shipment was made. The Vanadium Queen claims No's. 3, 7, 9 and 10 are subordinated to the Government under the captioned contract.

Will you also please furnish this office with 3 copies of the settlement sheet on the 95 tons of ore mentioned above.

Very truly yours,

Original signed by

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

HMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres. E1092
Chron.

EXTRA COPY O. M. E. RECEIVED FEB 15 1960		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
February 10, 1960

Allied Mission Oil Company
1042 Milam Building
San Antonio, Texas

Re: Docket No. DMEA 4631 (Uranium)
Contract No. Idm-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen claims)
San Juan County, Utah

Gentlemen:

We have received from the mill the settlement sheets we requested from you in our letter dated December 31, 1959.

The royalty computations on the 3 lots are as follows:

Liq. No.	Net Value	Dry Tons	Value per ton	Royalty Rate	Royalty Due
9674	$ 533.82	13.465	$39.65	5%	$ 26.69
9765	$1,000.54	25.520	$39.21	5%	$ 50.03
9864	$2,067.76	56.916	$36.33	5%	$103.39
			Royalty due the Government		$180.11

Will you please forward this office your check for $180.11, the amount of royalty due the Government.

You should advise the mill on all future shipments to forward the royalty direct to this office.

Very truly yours,

Original signed by

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

HMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres.
Chron.

CLIMAX URANIUM COMPANY
P. O. BOX 1991
GRAND JUNCTION, COLORADO

February 1, 1960

EXTRA COPY
O. M. E
RECEIVED FEB 8 1960
DATE | INITIALS | CODE
OME | | 800
DEPARTMENT OF THE INTERIOR
FEB 2 1960
REGION III
DENVER COLORADO

U. S. Department of Interior
Office of Minerals Exploration
Building 20, Federal Center
Denver 25, Colorado

Attention: Mr. J. W. Townsend

Re: Your letter of January 22, 1960
Docket No. Idm-E1092
Allied Mission Oil Co.
(Vanadium Queen Claims)
San Juan County, Utah

Gentlemen:

Our records do not show any shipments from the captioned properties during the third quarter of 1959. On checking with the Atomic Energy Commission they report this ore was delivered to another contractor.

Very truly yours,

CLIMAX URANIUM COMPANY

R. K. English

R. K. English

RKE:wb

Received by U.C.N. at Uravan

Chmn (2)

EXTRA COPY
O. M. E
RECEIVED FEB 8 1960

DATE	INITIALS	CODE

Building 20 - Federal Center
Denver 25, Colorado
February 3, 1960

Union Carbide Nuclear Company
P. O. Box 1049
Grand Junction, Colorado

Re: Docket No. DMEA 4631 (Uranium)
Contract No. Dam-E1092
Allied Mission Oil Company
(Vanadium Queen claims)
San Juan County, Utah

Gentlemen:

The Atomic Energy Commission records show that a shipment was made from the captioned property during the third quarter of 1959. This shipment consisted of 95 dry tons of ore containing 454 pounds of U_3O_8, and 4994 pounds of V_2O_5.

Will you please advise the mining claim or claims from which this shipment was made. The Vanadium Queen claims No's. 3, 7, 9 and 10 are subordinated to the Government under the captioned contract.

Will you also please furnish this office with 3 copies of the settlement sheet on the 95 tons of ore mentioned above.

Very truly yours,

Original signed by

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

HMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres. E1092
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY O. M. E RECEIVED MAY 6 1960		
DATE	INITIALS	CODE
		800

May 4, 1960

Memorandum

To: Chief, Division of Field Operations, OME

From: Acting Field Officer, Region III

Subject: Docket No. DMEA-4631 (Uranium)
Contract No. Idm-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen Claims)
San Juan County, Utah

We have had no reply to our letter dated March 28, 1960, and we recommend that you take such action as you deem necessary to protect the Government's interest by the collection of the unpaid royalty.

Original signed by

Hugh M. Connors

In Duplicate

cc: Royalty File E1092

EXTRA COPY O. M. B. RECEIVED MAR 1960		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

March 28, 1960

Mr. James A. Joy
Attorney at Law
P. O. Box 402
Abernathy, Texas

Re: Docket No. DMEA-4631 (Uranium)
Contract No. Ida-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen Claims)
San Juan County, Utah

Dear Mr. Joy:

In our letter dated February 10, 1960, we gave you the royalty computations on the three lots of ore and informed you that the royalty due the Government amounted to $180.11.

In your letter of February 25, 1960, you stated that the production may have resulted from a clean-up program initiated by Joe Pitts, lessee, also you stated that it was your understanding that royalty would be due the Government only on ore mined and shipped from the area core drilled under the DMEA contract. To correct your understanding in the matter, under the provisions of the contract, a percentage royalty is due the Government on any production from the land substituted under the contract.

If we do not receive $180.11, the amount of royalty due, before April 28, 1960, we will have no recourse but to refer the matter to the Washington office for such action as they deem necessary to protect the Government's interest.

We will appreciate receiving two copies of the lease agreement giving Joe Pitts the rights to produce ore from the property.

Very truly yours,

Original signed by

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

cc: Allied Mission
Oil Company
1042 Milam Bldg.
San Antonio, Tex.

BMC/bjo
cc: Chem. Op. Comm. (2); Royalty corres. E1092; Chron; Suspense

JAMES A. JOY
ATTORNEY AT LAW
P. O. BOX 402
ABERNATHY, TEXAS
CYPRUS 6-2127

EXTRA COPY
O. M. E.
RECEIVED MAR 3 1960

DATE	INITIALS	CODE
		800

DMEA 46
Idm-E 109

E-1092

February 25, 1960

OME
DEPARTMENT OF THE INTERIOR
FEB 29 1960
REGION III
DENVER, COLORADO

Mr. J. W. Townsend
Executive Officer, OME
Field Team, Region III
U. S. Dept. of the Interior
Building 20 - Federal Center
Denver 25, Colorado

Dear Mr. Townsend:

In answer to your letter of December 31, 1959 and February 10, 1960, we wish to advise that there is some question as to the royalty being due on the ore shipments in that the operator of the mine, Joe Pitts, has been withholding a percentage indicating that all of the ore shipped was under a clean-up contract.

It is my understanding that the royalty would be due on any mined and shipped from the area core drilled under the D. M. E. A. contract. Apparently there is some difference of opinion between Allied Mission Oil, Inc., and Joe Pitts in regard to the ore shipped and as soon as this has been resolved we shall be happy to forward the royalty, if any, due the government.

Yours very truly,

James A. Joy

JAJ/rj
cc: Mr. Joe Pitts
Grand Junction, Colo.

W. O. 2

E-1092

For Certificate of Deposit No. 136, dated May 27, 1958, giving royalty payment of $148.77, see E-445.

EXTRA COPY		
O. M. E		
RECEIVED DEC 18 1959		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
December 15, 1959

Mr. Ray Church
Thornton
Colorado

Re: Docket No. DMRA 4631 (Uranium)
Contract No. Em-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen claims)
San Juan County, Utah

Dear Mr. Church:

Mr. John I. Schumacher has written us that you could give us the present status of mining operations on the Vanadium Queen claims 3, 7, 9 and 10 which are subordinated to the Government under the captioned contract. Some time ago, we were advised that a heading was being driven toward the ore body on these claims.

Our records show only one shipment was made from the property subordinated to the Government. It was Liquidation No. 4178 dated May 22, 1958. Will you please advise if any further shipments have been made from this property.

Very truly yours,

Original signed by

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

HMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres. E1092
Chron.

3743 West 2nd Avenue
Vancouver 8, B.C.
Canada
November 22, 1959

EXTRA COPY
O. M. E.
RECEIVED DEC 7 1959

DATE	INITIALS	CODE
		800
OME		

DEPARTMENT OF THE INTERIOR
DEC 4 1959
REGION III
DENVER, COLORADO

Mr. J. W. Townsend

Idm-E 1092
Docket DMEA-4631

Dear Jim:

Please be advised that in June 1959 I terminated my relations with Vanadium Queen Uranium Corporation and I am now only in a position of a royalty holder on the property.

Since that time I understand, however, that they have merged with Allied Mission Oil Company, 1042 Milam Building, San Antonio, Texas, Attn: Mr. James Joy.

Up until the time that I had left, no production had come from the claims Nos. 3, 7, 9 and 10. However, I have no knowledge of where the recent production is from.

I will forward your letter to their San Antonio office, however, you might check with a Mr. Ray Church who resides in Thornton, Colorado, Phone No. Atlas 7-5931. Mr. Church had been acting as agent for Allied Mission and might be able to bring you up to date.

The family and myself are now living in Vancouver, B.C. and I am attempting to get back into the mining business either on a consulting or operating basis.

If I can be of further help, do not hesitate to write.

Sincerely,

JOHN T. SCHUMACHER

EXTRA COPY
O. M. E.
RECEIVED NOV 16 1959

DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
November 12, 1959

Mr. John I. Schumacher
Vanadium Queen Uranium Corp.
P. O. Box 1674
Grand Junction, Colorado

Re: Docket No. DMEA 4631 (Uranium)
Contract No. Idm-K1092
Vanadium Queen Uranium Corporation
(Vanadium Queen claims)
San Juan County, Utah

Dear Mr. Schumacher:

Will you please advise the present status of mining operations on the Vanadium Queen claims Nos. 3, 7, 9 and 10 which are subordinated to the Government under the captioned contract. Some time ago, we were advised that a heading was being driven toward the ore-body on these claims.

Our records show only one shipment was made from the property subordinated to the Government. It was Liquidation No. 4178 dated May 22, 1958. Will you please advise if any further shipments have been made from this property.

Very truly yours,

Original signed by

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

HMC:ltm

cc: Chem. Op. Comm. (2)
Roy. Corres. K1092
Chron.

DMEA
DEPARTMENT OF THE INTERIOR

1958
REGION III
DENVER, COLORADO

800

P. O. Box 1674
Grand Junction, Colorado

July 25, 1958

Mr. J. W. Townsend
Alternate Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: Your letter of July 11th
Docket No. DMEA 4631 (Uranium)
Contract No. Idm-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen claims)
San Juan County, Utah

Dear Jim,

Although the Vanadium Queen Uranium mine is producing ore regularly, only 1 shipment has been made from Vanadium Queen claims Nos. 3, 7, 9 and 10. We expect that the production from these claims will increase in the near future after completion of the main heading and development of the ore-body on these claims. The Mine Contractor, Ore Shipper and Mills have been advised to specify the claim number from which the ore has been shipped as per your letter.

Since June 30th shipments of Vanadium Queen ore are being made to U. S. Vanadium Corp. at Green River, Utah.

The Vanadium Queen claims are not eligible for the initial production bonus. The past production which has been considerable in size has been fairly continuous since the period of 1948 to the present and no production bonus is available.

If I can be of further assistance to you, please do not hesitate to write.

Sincerely,

John I. Schumacher

For VANADIUM QUEEN URANIUM CORP.

JIS:gw

PHOTO-CY 7/28/58
CHAIR OUR COMM-2-
DMEA/G

Rpw

224 New Customhouse
Denver 2, Colorado
July 11, 1958

800

Mr. John I. Schumacher
Vanadium Queen Uranium Corp.
P. O. Box 1674
Grand Junction, Colorado

Re: Docket No. DMEA 4631 (Uranium)
Contract No. Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen claims)
San Juan County, Utah

Dear Mr. Schumacher:

Your letter of May 5, 1958, informed this office that production from Vanadium Queen claims Nos. 3, 7, 9 and 10 would start within two weeks. To date we have received royalty and copies of settlement sheets on 65.364 tons of ore which is covered by settlement sheet Liquidation number 4178, Climax Uranium Company, purchaser.

Please advise us by return mail of your eligibility to receive AEC bonus payments on this production or any other ore which may be produced from land subordinated to the Government under Contract Idm-E1092.

We understand from your letter of May 5, 1958, that your miner has been directed to keep Vanadium Queen ore subject to Government royalties separate from ore which is not subject to Government royalties. We note, however, from our copy of the settlement sheet for the previously mentioned production that the origin of the production is listed merely "Vanadium Queen". We suggest that your ore purchaser be instructed to show the origin of the ore by the claim number. This practice will enable all concerned to identify production subject to DMEA royalty.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Alternate Acting Executive Officer
DMEA Field Team, Region III

MHM:dp

cc: Chan. Op. Comm. 2
Royalty File E1092
DMEA/GJ
Chron.

REPORT
OF REVIEW

Table 1.--Drilling Summary October 1957

Hole No. (VQ prefix omitted)	Stage	Depth claimed in feet plug	core	total	Depth probed in feet by Opr.	by DMEA	SIGNIFICANT MINERALIZATION Depth in feet from	to	interval	Percent 1/ U_3O_8 or eU_3O_8	Percent V_2O_5	Evalua. by	Classification of hole
246	I	335	65	400	400	392.2	380.2	381.0	0.8	0.06		Opr.	Mineralized
							380.1	381.2	1.1	0.035		DMEA	Mineralized
							380.7	381.4	0.7	0.04	0.24		
237	II	340	60	400	398	398.0				barren		Opr.	barren
										barren		DMEA	barren
238	II	345	64	409	405	405.0				barren		Opr.	barren
							391.5	392.3	0.8	0.005		DMEA	barren
239	II	235	60	295	293	293.0				barren		Opr.	barren
										barren		DMEA	barren
240	II	325	61	386	386	379.0	370.0	370.8	0.8	0.60		Opr.	ore
							370.8	372.4	1.6	0.04			
							372.4	373.2	0.8	0.45			
							372.8	373.3	0.5	0.63	2.65		
							375.1	375.6	0.5	0.14	5.67		
							370.1	370.8	0.7	0.69		DMEA	ore
							370.8	372.4	1.6	0.04			
							372.4	373.1	0.7	0.42			
241	II	320	60	380	380		354.0	356.0	2.0	0.02-0.08		Opr.	Mineralized
							352.4	353.2	0.8	0.08	0.67	DMEA	Mineralized
							353.7	354.6	0.9	0.01	0.03		
242	II	255	60	315	315					barren		Opr.	barren
												DMEA	barren
243	II	335	70	405	405					barren		Opr.	barren
												DMEA	barren
244	II	415	65	480	480	476.5	460.9	461.9	1.0	0.08		Opr.	ore
							461.9	462.9	1.0	0.05			
							462.0	462.7	0.7	0.05	0.02		
							462.9	464.4	1.5	0.02			
							464.4	465.4	1.0	0.13			
							463.2	465.4	2.1	0.01	0.03		
							465.4	466.4	1.0	0.10	0.11		
							460.8	461.9	1.1	0.062		DMEA	Mineralized
							461.9	462.7	0.8	0.030			
							464.1	465.1	1.0	0.14			
							465.1	465.9	0.4	0.062			

Table 1 (con't.)

Hole No. (VQ prefix omitted)	Stage	Depth claimed in feet plug	core	total	Depth probed in feet by Opr.	by DMEA	SIGNIFICANT MINERALIZATION Depth in feet from	to	Interval	Percent 1/ U_3O_8 or eU_3O_8	Percent V_2O_5	Evaluat. by	Classification of hole
245	II	430	80	510	510	500.0	481.1	482.1	1.0	0.03		Opr.	Mineralized
							481.2	482.4	1.2	0.021		DMEA	Mineralized
Totals	Stage I	335	65	400									
	Stage II	3,000	580	3,580									
	Both stages	3,335	645	3,980									

/1 U_3O_8 content is radiometric value unless V_2O_5 content is also shown

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

EXTRA COPY
DMEA
RECEIVED DEC 30 1957

DATE	INITIALS	CODE

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Vanadium Queen Uranium Corporation
525 Milam Building
San Antonio, Texas

pertaining to Exploration Project Contract No. Idm-E1092, DMEA No. 4631, for the months of June, 1957 to October, 1957, covering a project for the exploration of Uranium on property known as Vanadium Queen Claims located in San Juan County, Utah.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team reports and correspondence, 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		$44,875.45
Exceptions:		
Prior to this review	$0.00	
Herewith	0.00	0.00
Total Accepted Cost		$44,875.45

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 Thirty-three thousand, six hundred fifty-six and 60/100ths Dollars is 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	$33,656.60
Amount reimbursed	33,156.60
Balance due Operator	$ 500.00

December 26, 1957

T. H. Brading, Auditor

REASONS FOR REPORT OF REVIEW IN LIEU OF FINAL AUDIT

VANADIUM QUEEN URANIUM CORPORATION

Contract No. Idm-E1092 Docket No. IMEA 4631

(a) The Monthly Reports were supported by documentary proof of that portion ($40,905.65) of the costs which covered work performed at unit rates under independent contract (per summary attached.)

(b) The balance ($3,969.80) 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.

RECEIVED
DATE

SUMMARY DOCUMENTED COSTS

VANADIUM QUEEN URANIUM CORPORATION

Contract Idm-E1092 | Docket No. DMEA 4631

Independent Contract

STAGE I

8,850 feet non-core drilling @ $1.75 per foot	$15,487.50	
1,992 feet core drilling @ $4.35 per foot	8,665.20	
64 Hours bulldozing @ $12.00 per hour	768.00	
Total Cost - Stage I - Independent Contract		$24,920.70

STAGE II

5,880 feet non-core drilling @ $1.75 per foot	$10,290.00	
1,177 feet core drilling @ $4.35 per foot	5,119.95	
48 Hours bulldozing @ $12.00 per hour	575.00	
Total Cost Stage II - Independent Contract		15,984.95
Total Cost Independent Contract		$40,905.65

EXTRA COPY
DMEA
RECEIVED
DATE | INITIALS | CODE

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

Re: Report of Review
Vanadium Queen Uranium Corp.
Contract No. Idm-F1092
Docket No. DMEA-4631

Dear Mr. Breding:

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

Sincerely yours,

s/C.E.F.

for Jay L. Chambers, Director
Contract Administration
and Audit Division

CEFisher/wb
January 3, 1958

Copy to: Docket
Admr. Reading File
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

December 26, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 30 1957

DATE	INITIALS	CODE
12/30	C	220
		800

Mr. J. L. Chambers, Director
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D. C.

OK
6 88

Re: Report of Review
Vanadium Queen Uranium Corp.
Contract No. Idm-E1092
Docket No. DMEA 4631

Dear Mr. Chambers:

Attached are three copies of Report of Review covering subject contract. You will note that the Operator has underclaimed $1.00 on costs; specifically, 48 hours of bulldozing at $12.00 an hour is $576.00, while the Operator claimed but $575.00.

I passed this item as I did not think it worth while to hold final settlement for this amount.

Sincerely yours,

T. H. Brading

T. H. Brading, Auditor

Enc.

DMEA
RECEIVED JAN 20 1958

224 New Customhouse
Denver 2, Colorado

January 8, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4631 (Uranium), Contract No. Idm-21092, Vanadium Queen Uranium Corporation (Vanadium queen claims), San Juan County, Utah - FINAL PAYMENT

Reference is made to our memorandum of November 20, 1957, whereby we transmitted the final Form MF-104, Operator's Monthly Report and Voucher, for the month of October, 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, DMEA, dated December 26, 1957:

<u>Basis for Final Payment:</u>

Total accepted costs	$ 44,875.45
Government participation at 75%	33,656.60
Total prior payments	33,156.60
Balance due the Operator	$ 500.00.

Original signed by
W. H. KING
W. H. King

JDC:prl

cc: Comm. Op. Comm. (2)
Harsman
Hasler
DMEA/DFC
DMEA/Gr. Jct.
Townsend
Corres. file, Reg. III
MF-104 file, Reg. III
Chron.

$500.00
JS
1/9/58 Dma 58-78

FINAL DISTRIBUTION MADE NOV 21 1957

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
224 Federal Custom House, Denver 2, Colorado
Administrative Audit Difference Statement

Paradise Queen Uranium Corporation
525 Milam Building
San Antonio, Texas

Date: November 21, 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	$	9,517.00
Difference	$	
Amount Approved	$	9,517.00

The reason for the difference was due to:

Withhold: $50.00 pending resolution of matters prerequisite to closing the account.

RECEIVED
DATE
11/25 gb 220
" Con 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

November 20, 1957

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA-4631 (Uranium) Contract Idm-E1092, Vanadium Queen Uranium Corporation (Vanadium Queen claims) San Juan County, Utah - Operator's Monthly Progress Report for the month of October, 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.

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 October, 1957, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deduction:

Withhold an amount of $500.00 pending resolution of matters which are prerequisite to closing the account. The Operator has requested that the contract be terminated in its present status, without performing the balance of work provided for under the contract.

REMARKS:

Date of Report ---------- November 11, 1957
Date Received in Field Office --------- November 13, 1957
Date Received in Region Office -------- November 18, 1957

Original signed by
E. N. HARSHMAN

E. N. Harshman

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

DMEA
DEPARTMENT OF THE INTERIOR

NOV 18 1957
REGION III
DENVER, COLORADO

P. O. Box 360
Grand Junction, Colorado

November 15, 1957

Memorandum

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

From: M. H. Salsbury

Subject: Docket No. DMEA 4631 (Uranium), Contract No. Idm-E 1092, Vanadium Queen Uranium Corporation (Vanadium Queen claims), San Juan County, Utah.

The subject project was inspected on October 29, 1957 in company with Jack Davis, an employee of the operator. Work under the project had been completed October 28, 1957. A total of 1 Stage I hole and 9 Stage II holes were completed during October as follows:

Actual Cost Items (Independent Contracts)

Stage I	
Plug drilling 335 feet at $1.75/ft.	$586.25
Core drilling 65 feet at $4.35/ft.	282.75
Stage II	
Plug drilling 3,000 feet at $1.75/ft.	5,250.00
Core drilling 580 feet at $4.35/ft.	2,523.00

Fixed Unit Cost Items

Stage I		
Incidental allowance for 400 feet of drill. completed at $0.20/ft.	80.00	
Analysis of 1 sample for V_2O_5 and U_3O_8 at $4.00 each	4.00	
5 core boxes at $1.00 each	5.00	
Stage II		
Incidental allowance for 3,580 feet of drilling completed at $0.20/ft.	716.00	
Analyses of 7 samples for U_3O_8 and V_2O_5 at $4.00 each	28.00	
42 core boxes at $1.00 each	42.00	
Total claimed in October 1957		$9,517.00

All claims are within contract maximums. Charges for drilling are supported by sub-contractor's invoice and for chemical analyses by certified assay certificates. The claimed unit prices for plug and core drilling, $1.75 and $4.35 per foot respectively, are less than the allowable maximums, $1.80 and $4.85 per foot. The number of core boxes claimed, 47, is three less than counted by the DMEA inspector. All core is BX size.

Drill sites were checked in the field. The holes have all been drilled approximately at the sites designated in the contract and work approvals. No hole is closer than 100 feet to an outer boundary of subordinated ground or to any previously drilled hole.

Of the 10 holes drilled, the operator reports 7 as barren, 1 mineralized, and 2 in ore. By the usual criteria, 6 holes penetrated favorable sandstone and 1 semifavorable. By Geological Survey standards, 4 holes are mineralized, 5 are barren, and 1 is in ore. Mineralization cut in holes VQ244 is of ore-grade but of insufficient thickness to be classed as ore. Table 1 is a drilling summary.

A physical check of the core made by the DMEA inspector verified the amount of coring claimed. Holes were bottomed in from 0.7 to 6.6 feet of red or red-green mottled mudstone. Because of the excellent control of drilling depths which has been established, small penetration of the mudstone in several holes is considered adequate. Seven out of 10 holes were probed by the DMEA gamma-ray logging unit with results verifying those reported by the operator.

The operator has submitted in quintuplicate, a narrative report with geologic logs with radiometric results entered thereon, form MF-104, forms MF-104A for Stages I and II, together with one copy each of drilling contractor's invoice and certified assay certificates for 8 samples analyzed for U_3O_8 and V_2O_5. No map was attached to the narrative report. The operator has been requested to forward 5 copies of a suitable map which has been supplied with an operator's Final Report just submitted.

Monthly and cumulatively totals are correct.

The operator has requested termination of the subject contract after having completed 30 out of 31 authorized Stage I holes of which 29 were approved for payment, and all of 17 authorized Stage II holes. The operator decided not to drill one authorized Stage I hole or any more Stage II holes because results during October 1957 did not justify further exploration. The DMEA inspector has recommended termination with a certification of discovery. A final report has been submitted by the operator.

Payment is recommended of $7,137.75, or 75 percent of the amount claimed in October 1957, $9,517.00.

M. H. Salsbury

M. H. Salsbury,
Mining Engineer

MHS/bh
Enclosures

Vanadium Queen Uranium Corp.
P. O. Box 1674
Grand Junction, Colorado

November 11, 1957

MONTHLY PROGRESS REPORT OCTOBER, 1957

Contract Idm-E 1092
Docket No. DMEA 4631

A total of 10 holes were drilled in October of which 7 were barren, 1 mineralized, and 2 were ore holes.

The total footage cored represents 82% of the footage authorized for both Stages I and II, and the plugged footage amounts to 92% of the total authorized under the DMEA contract.

Summaries of drilling and sample assay data and a map are enclosed. As the operator has requested a termination of work under this contract, a final report is submitted with this last progress report.

VANADIUM QUEEN URANIUM CORPORATION

RAHildebrand

By: R. A. Hildebrand
Geological Engineer

SUMMARY OF DMEA DRILLING INFORMATION

DMEA 4631

VANADIUM QUEEN URANIUM CORP.

STAGE I

Hole No.	TD	Plug	Core	SS	SS Th.	Rating
VQ 246	400	335	65	335	59	Mineralized
Total	400	335	65	394		Fav. 12

Stage II

VQ 237	400	340	60	340 394	54	Barren Semif. 10
VQ 238	409	345	64	345 404	59	Barren Fav. 11
VQ 239	295	235	60	235 294	59	Barren Semif 9
VQ 240	386	325	61	325 380	55	Ore Semif. 10
VQ 241	380	320	60	327 378	51	Mineralized Fav. 11
VQ 242	315	255	60	255 314	59	Barren Semif. 9
VQ 243	405	335	70	343 398	55	Barren Fav. 12
VQ 244	480	415	65	415 475	60	Ore Fav. 14
VQ 245	510	430	80	442 501	59	Barren Fav. 11
Total	3580	3000	580			
Totals (Stage I & II)	3980	3335	645			

SUMMARY OF DMEA SAMPLE ASSAY DATA
DMEA 4631

VANADIUM QUEEN URANIUM CORP.

Hole No.	Sample No.	Interval	Feet	% U_3O_8	% V_2O_5	
VQ 240	V 30	372.8 - 373.3	0.5	0.63	2.65	
VQ 240	V 31	375.1 - 375.6	0.5	0.14	5.67	
VQ 241	V 32	352.4 - 353.2	0.8	0.08	0.67	
VQ 241	V 33	353.7 - 354.6	0.9	0.01	0.03	
VQ 244	V 34	463.3 - 465.4	2.1	0.01	0.03	71% Rec.
VQ 244	V 35	465.4 - 466.4	1.0	0.10	0.11	
VQ 244	V 36	462.0 - 462.7	0.7	0.05	0.02	
VQ 246	V 37	380.7 - 381.4	0.7	0.04	0.24	

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 October, 195 57 Docket No. DMEA 4631 Contract No. IDM-e 1092
Operator's Name Vanadium Queen Uranium Corp. Minerals Uranium
Address Box 1674, Grand Junction, Colorado
Contract Amount, $ 53,872.00 Government Participation: % Amount, $40,404.00

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:						
Drilling (Non-core	$ 5,836.25	$19,941.25	$25,777.50*			
Bulldozing (Core	2,805.75	10,979.40	13,785.15*			
Crosscutting						
Drifting						
Bulldozing	-	1,343.00	1,343.00			
(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	32.00	116.00	148.00			
Payroll Taxes						
Liability Insurance						
Incidental Allow.	796.00	2,783.80	3,579.80*			
Core Boxes	47.00	195.00	242.00*			
(8) Contingencies (specify):						
*disallowance for VQ 200 deducted.						
TOTALS	$9,517.00	$35,358.45	$44,875.45*	9,517.00	35,358.45	44,875.45

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

Date Nov. 11, 1957 *Payee Vanadium Queen Uranium Corp.

Per John I. Ishmaelu Title Resident Engineer

*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:

$ 6637.75

Signature [illegible] (Authorized Certifying Officer)

Date 11/21/57 Vou. No. Dma 58-63

(See other side)

Note: Withheld 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. Tdm E1092 in accordance with the terms of the contract.

Signature M. B. Salabury 7,137.75 Title Mining Engineer Date 11-15-57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. M. Hardeman Title Acting Executive Officer Date NOV 20 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 MIL-104A
(April 1952)

Budget Bureau No. 42-R1151.2

DMEA
DEPARTMENT OF THE INTERIOR
NOV 18 1957
REGION III
DENVER, COLORADO

RECEIVED
NOV 25 1957
DMEA

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

Month of October 1957 Docket No. DMEA 4631 Contract No. IDM-0 1092
Operator's Name Vanadium Queen Uranium Corporation Minerals Uranium
Address Box 1672, Grand Junction, Colorado

OPERATION Stage I	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	ft	$ 282.75	65	$ 8,665.20*	1992*	$ 4.35	2170	$ 4.85
~~Churn~~ Plug	ft	586.25	335	15,487.50*	8850*	1.75	8990	1.80
Incidental ~~Stripping~~ Allowance	ft	80.00	400	2,168.40*	10842*	0.20	11160	0.20
~~Trenching~~ Samp. Anal.	ea	4.00	1	72.00	18	4.00	100	4.00
~~Bulldozing~~ Bulldozing	hr	-	-	768.00	64	12.00	64	12.00
Roads and Trails								
Core Boxes	ea	5.00	5	155.00*	155*	1.00	217	1.00
TOTAL DISTRIBUTED COSTS		$ 958.00		$ 27,316.10				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
TOTAL COSTS								

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 Nov. 11, 1957 Operator Vanadium Queen Uranium Corp.

Per John T. Schumacher Title Resident Engineer

M.K.A.
REMARKS:
* Disallowance for hole VQ 200 has been deducted.

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED NOV 25 1957 D.M.E.A.

Month of October 195 7 Docket No. DMEA 4631 Contract No. IDM-e-1092

Operator's Name Vanadium Queen Uranium Corporation Minerals Uranium

Address Box 1674, Grand Junction, Colorado

OPERATION Stage II	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	ft	$2,523.00	580	$ 5,119.95	1177	$ 4.35	1680	$ 4.85
~~Churn~~ Plug	ft	5,250.00	3000	10,290.00	5880	1.75	6960	1.80
Auger								
~~Stripping~~ Inc. Allow.	ft	716.00	3580	1,411.40	7057	0.20	8640	0.20
~~Trenching~~ Samp. Anal.	ea	28.00	.7	76.00	19	4.00	100	4.00
~~Test Pits~~ Bulldozing	hr	-	-	575.00	48	12.00	48	12.00
Roads and Trails								
Core Boxes	ea	42.00	42	87.00	87	1.00	168	1.00
TOTAL DISTRIBUTED COSTS	$	8,559.00		$17,559.35				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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.K.L.

REMARKS:

Date Nov. 11, 1957 Operator Vanadium Queen Uranium Corp.

Per John H. Klamecke Title Resident Engineer

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

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GPO 83-38475

DMEA
RECEIVED NOV 4 1957

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

224 New Customhouse
Denver 2, Colorado
October 29, 1957

FINAL DISTRIBUTION
MADE NOV 1 1957

~~Memorandum~~

To: T. A. Christensen

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

Subject: Docket DMEA-4631 (Uranium) Contract Idm-E1092 Vanadium Queen Uranium Corporation (Vanadium Queen claims) San Juan County, Utah - 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. 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 for 75 percent of the amount reported on Form MF-104 for ~~August~~ Sept, 1957, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

On Form MF-104, Operator's Monthly Report and Voucher, Stage I, an ~~asterisk~~ asterisk appears on the Costs to Date column for core drilling and Units to Date column for plug drilling.

Remarks:

Date of Report----------October 9, 1957
Date Received in Field Office----------October 18, 1957
Date Received in Region Office----------October 25, 1957

Enclosures
MHM:hmh

Original signed by
E. N. HARSHMAN

E. N. Harshman

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

DMEA
DEPARTMENT OF THE INTERIOR

OCT 25 1957

REGION III
DENVER, COLORADO

P.O. Box 360
Grand Junction, Colo.

FILE COPY
DMEA
RECEIVED NOV 4 1957
DATE | INITIALS | CODE

October 23, 1957

Memorandum

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

From: M. H. Salsbury

Subject: Docket No. DMEA 4631 (Uranium), contract Idm E-1092
Vanadium Queen Uranium Corporation (Vanadium Queen claims),
San Juan County, Utah

The subject project was inspected on October 2, 1957, in company with John I. Schumacher, representing the operator. A total of 29 out of 31 approved stage I holes and 8 out of 17 approved stage II holes had been completed.

The following items covering four stage I drill holes and eight stage II drill holes are claimed in September 1957:

Actual Cost Items (Independent contracts)	
Stage I	
Plug drilling 1390 feet at $1.75 per foot	$2,432.50
Core drilling 283 feet at $4.35 per foot	1,231.05
Stage II	
Plug drilling 2880 feet at $1.75 per foot	5,040.00
Core drilling 597 feet at $4.35 per foot	2,596.95
Bulldozing 48 hours at $12.00 per hour	575.00
Fixed Unit Cost Items	
Stage I	
Incidental allowance for 1673 feet of drilling completed at $0.20 per foot	334.60
Analyses of 3 samples for U_3O_8 and V_2O_5 at $4.00 each	12.00
22 core boxes at $1.00 each	22.00
Stage II	
Incidental allowance for 3477 feet of drilling completed at $0.20 per foot	695.40
Analyses of 12 samples for U_3O_8 and V_2O_5 at $4.00	48.00
45 core boxes at $1.00 each	45.00
Total claimed in September 1957	13,032.50

All claims are within contract maximums. Charges for drilling and bulldozing are supported by sub-contractors' invoices and for chemical analyses by certified assay certificates. The claimed unit prices for plug and core drilling, $1.75 and $4.35 respectively, are less than the allowable contract maximums, $1.80 and $4.85. The core boxes claimed were checked by actual count. All core is BX size.

Drill sites were checked in the field. The holes have all been drilled approximately at the sites designated in the contract and in work approvals concerning stage I and stage II drilling, dated September 24, 1957. No hole is closer than 100 feet to an outer boundary of subordinated ground or closer than 100 feet to any previously drilled hole.

Of the 12 holes drilled, the operator reports six as having penetrated ore-grade material, one mineralized, and five barren. By the usual criteria 11 holes are favorable and one semifavorable. By Geological Survey standards three additional holes, Nos. VQ-227, 230, and 232, were slightly mineralized. The ore reported in hole No. VQ-231 is barely of ore gradeand that in hole No. VQ-233 is too thin to be classed as ore by Geological Survey standards. Table 1 is a drilling summary.

A physical check of the core made by the DMEA inspector verified the amount of coring claimed. Holes were bottomed in from 0.7 feet to 5.5 feet of red or red-green mottled mudstone. Because of the excellent control of drilling depths established, the small penetration of the mudstone in several holes is considered to be adequate. Out of the 12 holes drilled, 11 were probed by the DMEA gamma-ray logging unit with results verifying those reported by the operator.

The operator has submitted, in quintuplicate, form MF-104, forms MF-104-A for stages I and II, narrative report, map, and geologic logs with radiometric results entered thereon, together with one copy each of subcontractors' invoices for drilling and bulldozing, and certified assay certificates for 15 samples analyzed for U_3O_8 and V_2O_5.

Monthly and cumulative totals are correct except that the cost of 48 hours of bulldozing at $12.00 per hour is incorrectly claimed as $575.00 instead of $576.00.

Payment is recommended of $9,774.38, or 75 percent of the amount claimed in September 1957, $13,032.50.

M. H. Salsbury,
Mining Engineer

MHS/mlr
Enclosure (Table 1)

Table 1.-- Drilling Summary

Hole No. (VQ prefix omitted)	Stage	Depth claimed in feet: Plug	Core	Total	Depth probed in feet: By Opr.	By DMEA	Significant Mineralization: Depth in feet: From	To	Interval	Percent 1/ U_3O_8 or eU_3O_8	Percent V_2O_5	Evaluation by	Classification of hole
225	I	320	53	373	373.0	-				barren		Opr.	barren
226	I	260	80	340	340.0	328.0				barren		Opr.	barren
										Barren		DMEA	barren
227	II	360	65	425	425.0	422.6	404.6	405.8	1.2	0.03			
							410.8	411.8	1.0	0.02		Opr.	barren
							416.2	417.1	0.9	0.03			
							418.6	419.6	1.0	0.03			
							404.5	405.7	0.2	0.03		DMEA	mineralized
							410.8	411.8	1.0	0.025			
							416.1	417.1	1.0	0.028			
							418.4	419.6	1.2	0.03			
228	I	400	75	475	475.0	473.0	374.3	375.5	1.2	0.05		Opr.	mineralized
							456.6	457.2	0.8	0.07			
							457.2	457.7	0.5	0.06	0.20		
							374.4	375.4	1.0	0.03		DMEA	mineralized
							456.4	457.2	0.8	0.034			
							457.2	458.1	0.9	0.022			
229	II	320	76	396	396.0	383.0	352.1	353.5	1.4	0.30		Opr	ore
							355.0	357.4	2.4	0.24	2.92		
							362.7	363.5	0.8	0.09			
							363.3	364.9	1.6	0.05	0.18		
							366.3	367.3	1.0	0.40			
							368.3	368.9	0.6	0.63	0.73		
							374.3	375.1	0.8	0.38			
							375.4	376.8	1.4	0.24	1.37		
							354.2	355.5	1.3	0.33		DMEA	ore
							362.7	363.6	0.9	0.09			
							364.5	365.3	0.8	0.03			
							366.2	367.3	1.1	0.41			
							374.2	375.6	1.4	0.36			

Table 1.-- Drilling Summary (Continued)

Hole No. (VQ prefix omitted)	Stage	Depth claimed in feet Plug	Core	Total	Depth probed in feet By Opr.	By DMEA	Depth in feet From	To	Interval	Percent 1/ U_3O_8 or eU_3O_8	Percent V_2O_5	Evaluation by	Classification of hole
230	II	330	76	406	404.0	403.6	380.1	381.3	1.2	0.03		Opr	barren
							380.3	381.5	1.2	0.03		DMEA	mineralized
231	I	410	75	485	483.0	482.4	443.8	444.5	0.7	0.07		Opr	ore
							444.5	445.6	1.1	0.10			
							445.0	445.3	0.3	0.11	1.32		
							445.7	447.0	1.3	0.06	1.96		
							460.1	461.1	1.0	0.03			
							464.9	465.9	1.0	0.02			
							443.3	444.5	1.2	0.06		DMEA	mineralized
							444.5	445.7	1.2	0.086			
							458.4	459.5	1.1	0.021			
							460.0	460.9	0.9	0.036			
232	II	410	85	495	493.0	492.0	466.3	467.8	1.5	0.02		Opr	barren
							488.8	489.7	0.9	0.04			
							488.8	489.8	1.0	0.036		DMEA	mineralized
233	II	410	75	485	485	483.0	412.2	413.0	0.8	0.04		Opr	ore
							412.8	413.4	0.6	0.07	0.18		
							453.6	454.4	0.8	0.31			
							454.8	455.6	0.8	0.24	1.86		
							455.6	464.0	8.4	0.02	0.02		
							462.4	463.5	1.1	0.04			
							412.2	413.1	0.9	0.036		DMEA	mineralized
							453.6	454.4	0.8	0.32			
							462.5	463.5	1.0	0.045			
234	II	355	73	428	425	422.0	401.0	403.5	2.5	0.24	1.24	Opr	ore
							404.0	405.2	1.2	0.42			
							406.5	410.2	3.7	0.21	0.57		
							408.6	410.0	1.4	0.65			
							410.0	411.4	1.4	0.42			
							403.8	405.0	1.2	0.39		DMEA	ore
							408.8	409.7	0.9	0.66			
							409.7	411.2	1.5	0.40			

Table 1.-- Drilling Summary (Continued)

Hole No. (VQ prefix omitted)	Stage	Depth claimed in feet Plug	Core	Total	Depth probed in feet By Opr.	By DMEA	Depth in feet From	To	Interval	Percent 1/ U_3O_8 or eU_3O_8	Percent V_2O_5	Evaluation by	Classification of hole
235	II	355	87	442	442	439.4	402.9	404.8	1.9	0.05		Opr.	ore
							420.4	421.4	1.0	0.02			
							422.9	423.9	1.0	0.03			
							427.0	428.0	1.0	0.06			
							428.9	430.1	1.2	0.27			
							430.9	432.5	1.6	0.23	1.15		
							430.1	431.2	1.1	0.12			
							432.5	434.0	1.5	0.07	0.54		
							413.0	414.0	1.0	0.055		DMEA	ore
							414.0	414.9	0.9	0.036			
							420.3	428.9	8.6	0.021-0.051			
							428.9	430.1	1.2	0.33			
							430.1	431.4	1.3	0.11			
236	II	340	60	400	400	398.6	380.4	381.4	1.0	0.16		Opr.	ore
							381.1	382.1	1.0	0.09	1.23		
							380.4	381.4	1.0	0.15		DMEA	ore

Total September 1957

Stage I	1390	283	1673
" II	2880	597	3477
Both stages	4270	880	5150

1/ U_3O_8 content is radiometric value unless V_2O_5 analyses is shown

VANADIUM QUEEN URANIUM CORPORATION
P.O. BOX 1674
GRAND JUNCTION, COLORADO
October 9, 1957

MONTHLY PROGRESS REPORT - SEPTEMBER 1957
CONTRACT Idm - E - 1092
DOCKET NO. 4631

Factual Data	September	To Date
Drill holes completed	12	37
Footage cored	880	2604
Footage plugged	4270	11605
Total footage	5150	14209
Drill sites completed	15	41
Road building footage	2000	9100
Bulldozer work hrs.	74 2/3	138 2/3
Ore holes	6	12
Mineralized holes	1	4
Barren holes	5	21

Narrative

The work under this contract is 70.8 complete and it is expected that the drilling authorized under the contract will be concluded about October 20th.

Drilling and work in general progressed this month with little difficulty. The percentage of ore holes was extremely encouraging.

John I. Schumacher

VANADIUM QUEEN URANIUM CORPORATION
JOHN I. SCHUMACHER
Resident Engineer

DMF-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

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

Month of September, 1957 Docket No. DMEA 4631 Contract No. DM-E 1092
Operator's Name Vanadium Queen Uranium Corporation Minerals Uranium
Address Box 1672, Grand Junction, Colorado
Contract Amount, $ 53,872.00 Government Participation: 75 % Amount, $ 40,404.00

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:						
Drilling Non Core	7472.50	12468.75*	19941.25			
Bulldozing Core	3828.00	7151.40 *	10979.40			
Crosscutting						
Drifting Bulldozing	575.00	768.00	1343.00			
(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	60.00	56.00	116.00			
Payroll Taxes						
Liability Insurance						
Incidental Allow.	1030.00	1758.80*	2788.80			
Core Boxes	67.00	128.00*	195.00			
(8) Contingencies (specify):						
*Disallowance for VQ No. 200 deducted.						
TOTALS	13032.50	22325.95	35358.45	13,032.50	22,325.95	35,358.45

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

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Oct.9, 1957 *Payee Vanadium Queen Uranium Corp.
Per John T. Schumacher Title Resident Engineer

*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:
$ 9774.38
Signature [illegible]
(Authorized Certifying Officer)
Date 10/30/57 Vou. No. DMA 58-53
(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. DME 1092 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engineer Date 10-23-57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title acting Executive Officer Date OCT 29 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

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

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

Month of September 195 7 Docket No. DMEA 4631 Contract No. DMI-E 1092

Operator's Name Vanadium Queen Uranium Corp. Minerals Uranium

Address Box 1672, 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 Stage 1								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft	$ 1231.05	289	$ 8332.45 *	1927 *	$ 4.35	2170	$ 4.85
~~Churn~~ Plug	Ft	2432.50	1390	14901.25 *	5946 *	1.75	8990	1.80
Auger								
~~Stripping~~ ~~Inc.~~ Allow.	Ft	334.60	1673	2088.40 *	10442 *	0.20	11160	0.20
~~Trenching~~ ~~Samp.~~ Analy.	Ea	12.00	3	68.00	17	4.00	100	4.00
Test Pits ~~Bulldozing~~	Hr	0.00	-	768.00	64	12.00	64	12.00
Roads and Trails								
~~Core Boxes~~	Ea	22.00	22	150.00 *	90 *	1.00	217	1.00
TOTAL DISTRIBUTED COSTS		$ 4032.15		$26358.10				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$ 4032.15		$26358.10				

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:
* Disallowance for Hole VQ 200 has been deducted.

Date Oct. 9, 1957 Operator Vanadium Queen Uranium Corp.

Per John T. Schmaltz Title Resident Engineer

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

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

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 _____ Contract No. IDM-E 1096

Operator's Name Vanadium Queen Uranium Corp. Minerals _____

Address Box 1674, Grand Junction, Colorado

OPERATION Stage II	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	Ft	$ 2596.95	597	$ 2596.95	597	$ 4.35	6960	$ 1.80
~~Chkx~~ Plug	Ft	5040.00	2880	5040.00	2880	1.75	1680	4.85
Auger								
~~Stripping~~ Incidental Al.	Ft	695.40	3477	695.40	3477	0.20	8640	0.22
~~Trenching~~ Sample Ana.	Ft	48.00	12	48.00	12	4.00	100	4.00
~~Test Pits~~ Bulldozing	Hr	575.00	48	575.00	48	12.00	48	12.00
Roads and Trails								
Core Boxes	Ea	45.00	45	45.00	45	1.00	45	1.00
TOTAL DISTRIBUTED COSTS		$ 9000.35		$ 9000.35				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$ 9000.35		$ 9000.35				

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 October 9, 1957 Operator Vanadium Queen Uranium Corp.

Per John T. Schmacher Title Resident Engineer

REMARKS: _____

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

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DATE	INITIALS	CODE
10-2		220
2	Cllu	100
		200

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: Docket DMEA-4631 (Uranium) Contract Idm-R1092, Vanadium Queen Uranium Corporation (Vanadium Queen claims) San Juan County, Utah - 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.

Hole No. VQ-212 could not be drilled at the exact grid location because of physical conditions. It is considered that the hole, as drilled, fulfills the intent of the contract, therefore the revised location is 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 18, 1957

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

Enclosures
JDC:jy
cc: Chm. Op. Comm. (2)
DMEA,DFC
MF-104 File, Reg. III
Harshman Hasler) w/copy of engr's. rpt.
DMEA,G.Jct. Townsend)
Chrom.

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 2 1957
DATE | INITIALS | CODE

DMEA
DEPARTMENT OF THE INTERIOR
SEP 18 1957
REGION III
DENVER, COLORADO

P. O. Box 360
Grand Junction, Colorado

September 17, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: M. H. Salsbury

Subject: Docket No. DMEA No. 4631 (Uranium), contract IAm-E 1092, V nadium Queen Uranium Corporation (Vanadium Queen claims) San Juan County, Utah.

The subject project was inspected on September 5, 1957 in company with Robert A. Hildebrand, representing the operator. Work was in progress on both stage I and stage II drilling.

The following items covering 15 drill holes completed in August 1957 were claimed as follows:

Actual cost items (Independent contracts):

Plug drilling	4,765 feet at $1.75/foot	$8,338.75
Core drilling	997 feet at $4.35/foot	4,336.95

Fixed cost items:

Incidental allowance, 5,762 feet at $0.20/ft	$1,152.40
Core boxes, 74 at $1.00 each	74.00
14 chemical analyses for U_3O_8 and V_2O_5 at $4.00 each	56.00
Total claimed in August 1957	$13,958.10

All claims are within contract maximums. Charges for drilling are supported by an invoice from the subcontractor, and for chemical analyses by certified assay certificates. Plug drilling is invoiced and claimed at $1.75 per foot or $0.05 less than the allowable maximum, and core drilling at $4.35 per foot or $0.50 less than the allowable maximum. The core boxes claimed check the actual number of boxes used as verified in the field.

Drill sites were checked in the field. The positions of all holes except hole No. VQ 212 have been shifted about fifty feet west from the sites specified in the subject contract. This was done because the operator referenced the drill sites to previously drilled hole 102

DMEA 4631 9/17/57

(VQ 102) which was found to be 50 feet west of the position shown on the contract map. However, all holes bear proper relation to the specified drill pattern and spacing except hole No. VQ 212. The site for this hole fell on a large boulder in landslide material at the base of a Burro Canyon cliff. The substitute site used is at the easternmost feasible site and is only 140 feet from hole No. VQ 214. It is believed that hole VQ 212, as drilled, fulfills the intent of the contract and payment for it is recommended. Of the remaining stage I holes in the eastern tier, only one will be drilled: the easternmost hole on the Vanadium Queen No. 9 claim. The other holes are considered to be unnecessary, judging from drilling results to date, or at unfeasible sites. New sites for three of these holes have been proposed and approved.

Of the 15 holes completed the operator reports two as having penetrated ore, two mineralized, and 11 barren. By Geological Survey standards, hole No. VQ 210 is also mineralized. By the usual criteria eight holes were favorable and seven semi-favorable. Enclosed is a summary of drilling results. Of the 14 chemical analyses of core made, eight are from holes drilled in August 1957 and six holes drilled in July 1957. July analyses have not been previously claimed.

A physical check of the core made by the DMEA inspector verified the amount of coring claimed. Holes were bottomed in from 0.6 feet to 10.8 feet of red mudstone. Because of the excellent control established, the small penetration of red mudstone in several holes is believed to be adequate. Core is BX size. Eleven holes were logged by the DMEA Barnaby unit.

The operator has submitted, in quintuplicate, forms MF-104 and MF-104-A, a narrative report, drilling map, geologic logs with radiometric results entered, with one copy each of subcontractor's invoice for drilling, and certified assay certificates for 14 samples.

Monthly and cumulative totals are correct except that the totals previously reported and totals to date do not reflect a disallowance made on hole VQ 200 claimed in July 1957.

Payment is recommended of $10,468.58, seventy-five percent of the amount claimed in August 1957, $13,958.10.

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

MHS/mlr

Enclosure

Drilling Summary

SIGNIFICANT MINERALIZATION

Hole No. (VQ prefix omitted)	Depth in feet claimed: Plug	Depth in feet claimed: core	Depth in feet claimed: total claimed	Depth proted by: Operator	Depth proted by: DMEA	Depth in feet: from	Depth in feet: to	Interval	Percent U_3O_8 or eU_3O_8	Percent V_2O_5	Sampled by	Classification of hole by operator
210	310	75	385	385.0	382.0	359.3	359.8	0.5	0.05 R 1/		Operator	barren
						359.7	359.9	0.2	0.17	10.29	"	
						356.8	357.6	0.8	0.039R		DMEA	
211	340	79	419	419.0	415.6	342.4	343.3	0.9	0.03 R		Operator	Mineralized
						401.5	402.6	1.0	0.08 R		"	
						402.6	402.8	0.2	0.20 R		"	
						402.8	403.6	0.8	0.05 R		"	
						403.3	403.8	0.5	0.08	0.04	"	
						343.8	344.6	0.8	0.039R		DMEA	
						402.5	403.5	0.9	0.064R		"	
						403.5	404.4	0.9	0.030R		"	
212	370	70	440	440.0	437.0	409.5	411.0	1.5	0.18 R		Operator	Ore
						410.0	411.3	1.3	0.50	3.25	"	
						415.5	418.5	3.0	0.17		"	
						416.5	418.0	1.5	0.22	2.31	"	
						411.7	412.9	1.2	0.49 R		DMEA	
						418.4	419.7	1.3	0.32 R		"	
213	330	80	410	410	--	389.5	389.9	0.4	0.22	0.70	Operator	Mineralized
						392.0	392.4	0.4	0.04	0.55	Operator	
214	350	70	420	420	--	351.6	352.2	0.6	0.39	3.64	Operator	Ore
						354.0	355.5	1.5	0.08 R		"	
						389.0	391.6	2.6	1.0	2.43	"	
						391.0	392.0	1.0	0.65R			
215	295	80	375	375.0	374.0				Barren R		Operator	Barren
						254.0	374.0	120.0	<0.015 R 1/		DMEA	

SIGNIFICANT MINERALIZATION

Hole No. (WQ prefix omitted)	Depth in feet claimed: Plug	Depth in feet claimed: core	Depth in feet claimed: total claimed	Depth probed by Operator	Depth probed by DMRA	Depth in feet: from	Depth in feet: to	Depth in feet: interval	Percent U_3O_8 or eU_3O_8	Percent V_2O_5	Sampled by	Classification of hole by Operator
216	310	92	402	401.0	401.0				Barren R		Operator	Barren
						389.3	390.0	0.07	0.049 R		DMRA	
217	290	64	354	354.0	--				Barren R		Opr.	Barren
218	310	70	380	380.0	379.0	373.5	375.0	1.5	0.085 R		Opr.	Barren
						375.1	376.4	1.3	0.085 R		DMRA	
219	300	50	350	350.0	348.0				Barren R		Opr.	Barren
									Barren R		DMRA	
220	325	60	385	383.0	383.0				Barren R		Opr.	Barren
									Barren R		DMRA	
221	305	55	360	358.7	358.0				Barren R		Opr.	Barren
									Barren R		DMRA	
222	300	57	357	356.3	354.0				Barren R		Opr.	Barren
									Barren R		DMRA	
223	315	50	365	365.0	--				Barren R		Opr.	Barren
224	315	45	360	359.5	359.0				Barren R		Opr	Barren
Total:	5,762	937	4,765									

1/ R indicates radiometric probing result
2/ < = less than

Note: The core footages in the drilling summary submitted by the operator for holes was WQ 216 and WQ 218 ~~as revised~~ are reversed.

VANADIUM QUEEN URANIUM CORPORATION
P. O. Box 1674
Grand Junction, Colorado

MONTHLY PROGRESS REPORT AUGUST 1957

Contract Idm -E 1092
Docket No. DMEA 4631

Factual Data:	August	Totals to Date
Drill holes completed	15	25
Footage Cored	997	1724
Footage Plugged	4765	7235
Total(Core & Plug)	5762	9059
Drill Sites completed	-	26
Road Building footage	-	7190
Hours bulldozer work	-	64
Ore Holes	2	6
Mineralized Holes	2	3
Barren Holes	11	16

Narrative:

Stage I work under terms of this contract is now 81% completed. There remain authorized and unused 1855 feet of plugging and 446 feet of coring. It is apparent at this time that these footages will be insufficient to complete the 6 remaining holes authorized for the Stage I program.

When more definite information is available, I intend to either submit a proposal to cancel one of the holes or to apply for transferring some Stage II footage in order to complete the Stage I work as now authorized.

VANADIUM QUEEN URANIUM CORPORATION

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 August, 1957 Docket No. DMEA 4631 Contract No. 1092
Operator's Name Vanadium Queen Uranium Corporation Minerals Uranium
Address P.O. Box 1674, Grand Junction, Colorado
Contract Amount, $ 53,872.00 Government Participation: 75 % Amount, $ 40,404.00

ITEMS OF COSTS Stage I	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	$8,338.75	4,497.50	$12,836.25			
Core	4,336.95	3,162.45	7,499.40			
Drilling	-	768.00	768.00			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	$ 56.00	-	56.00			
Payroll Taxes						
Liability Insurance						
Incidental Allowance	1,152.40	659.40	1,811.80			
Core Boxes	74.00	60.00	134.00			
(8) Contingencies (specify):						
TOTALS	$ 13,959.10	$9,147.35	$23,105.45	13,958.10	9,147.35	23,105.45
				4-	779.50	779.50
					8,367.85	22,325.95
				$ 10,468.58		

DMEA
DEPARTMENT OF THE INTERIOR
SEP 18 1957
REGION III
DENVER, COLORADO

RECEIVED 2

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Sept. 9, 1957 *Payee Vanadium Queen Uranium Corp.
Per John T. Schmacher Title Resident Engineer

*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:
Signature RLR
(Authorized Certifying Officer)
Date 9-27-57 Vou. No. DMA-58-39
(See other side)

1 Previous Disallowance

(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-E1092 in accordance with the terms of the contract.

Signature [illegible] 10,468.58 Title Mining Engineer Date 9-17-57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Alternate Acting 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 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
COLORADO PLATEAU
DISTRICT AREA
SEP 1 1957
U. S. GEOLOGICAL
SURVEY
GRAND JUNCTION
COLORADO

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

Month of August 195 57 Docket No. DMEA 4631 Contract No. 1092

Operator's Name Vanadium Queen Uranium Corporation Minerals Uranium

Address P. O. Box 1674, Grand Junction, Colorado

OPERATION Stage I	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
							Stage I	
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	ft	$ 4336.95	997	$ 7,499.40	1724	$ 4.35	2170	$4.85
~~Churn~~ Plug	ft	8338.75	4765	12,836.25	7335	1.75	8990	1.80
~~Sampling~~ Auger								
Incidental Allowance	ft	1152.40	5762	1,811.80	9059	0.20	11160	0.20
~~Trenching~~ Sample Analyses	Sample	56.00	14	56.00	14	4.00	100	4.00
~~Test Pits~~ Bulldozing	hr	-	-	768.00	64	12.00	64	12.00
Roads and Trails								
Core Boxes	ea	74.00	74	134.00	134	1.00	217	1.00
TOTAL DISTRIBUTED COSTS		$13,958.10		$23,105.45				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$13,958.10		$23,105.45				

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 Vanadium Queen Uranium Corp.

Per John A. Schmarbe Title Resident Engineer

REMARKS:

DMEA
DEPARTMENT OF THE INTERIOR
SEP 18 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
2
DMEA

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 SEP 11 1957

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
224 New Custom House, Denver 2, Colo.

Administrative Audit Difference Statement

Vanadium Queen Uranium Corporation
525 Allan Building
San Antonio, Texas

Date: September 11, 1957
Payee's
Reference: July 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	$	9,147.35
Difference	$	779.50
Amount Approved	$	8,367.85

The reason for the difference was due to:

Disallows

210 ft non-core drilling @ $1.75 per ft.	$367.50
80 ft core drilling @ $4.35 per ft.	$348.00
200 ft incidental allowance @ $0.20 per ft.	50.00
6 core boxes @ $1.00 each.	6.00
Total Amount to be disallowed Hole V-200	$779.50

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 16 1957

DATE	INITIALS	CODE
9-16	C	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

September 9, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket-4631, (Uranium) Contract Idm-K1092, Vanadium Queen Uranium Corporation (Vanadium Queen claims) San Juan County, Utah - Operator's Monthly Progress Report for the month of July, 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.

The holes completed during July, 1957, were not all drilled at locations authorized in the contract because of rough terrain and other conditions. With the exception of hole VQ-200, it is the opinion of the DMEA geologist and engineer that the holes, as drilled, serve the purpose of the contract as well as if they had been drilled at the exact designated locations. Under the circumstances the relocation of the holes is acceptable to the Government, with the exception of hole VQ-200.

The contract stipulates that no hole shall be drilled closer than 100 feet to the outer boundaries of the land described in Annex I.

Hole VQ-200 was drilled approximately 60 feet from the west boundary of Vanadium Queen No. 10 claim, therefore, the cost of this hole is to be disallowed as follows:

Disallow

1.	Non-core drilling, 210 feet, at $1.75 per foot---------	$ 367.50
2.	Core drilling, 80 feet at $4.35 per foot----------	348.00
3.	Incidental allowance, 290 feet at $0.20 per foot-------	58.00
4.	Core boxes, 6 at $1.00 each----------	6.00
	Total amount to be disallowed, hole VQ-200----------	$ 779.50

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

Amount reported on Form MF-104 for July, 1957----------	$9147.35
Amount to be disallowed----------	779.50
Total acceptable cost for July, 1957----------	$8367.85
Government participation at 75 percent----------	$6275.89

Note: The above amount to be disallowed differs slightly with the disallowance recommended by the inspecting engineer, however, the engineer verified the above disallowance by telephone on September 6, 1957.

Remarks:

Date of Report----------August 14, 1957
Date Received in Field Office---------August 22, 1957
Date Received in Region Office---------August 28, 1957
Reason for delay: Held in Region Office pending revision of Engineer's report.

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

Enclosures

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

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 4631 (Uranium), Contract No. Idm-E 1092, Vanadium Queen Uranium Corporation (Vanadium Queen claims), San Juan County, Utah -- Progress inspection for July 1957.

The subject project was inspected on August 7, 1957 by M. H. Salsbury accompanied by John I. Schumacher and Robert A. Hildebrand, representing the operator. Work was in progress using three drill rigs, and 11 holes of Stage I had been completed of which 10 are claimed in the operator's report for July 1957.

The following items are claimed for July 1957, covering drilling of holes VQ200, 201, 202A, 203, 204, 205, 206, 207, 208, and 209:

Actual Cost (Independent contracts) items

Plug drilling	2,570 feet at $1.75/ft.	$4,497.50
Core drilling	727 feet at $4.35/ft.	3,162.45
Bulldozing	64 hrs. at $12.00/hr.	768.00

Fixed Cost Items

Incidental allowance	3,297 ft. at $0.20/ft	659.40
Core boxes, 60 at $1.00 each		60.00
Total claimed July 1957		$9,147.35

All claims are within contract maximums and eligible for reimbursement. Charges for drilling, bulldozing, and core boxes are supported by invoices and driller's logs. The footages claimed are verified by the driller's logs except that the log for hole no. VQ209 was not furnished. The depth drilled in hole no. VQ204 is 10 feet more than claimed, according to a correction on the log. Plug drilling is invoiced and claimed at $1.75 per foot or $0.05 less than the allowable maximum, and core drilling at $4.35 per foot or $0.50 less than the allowable maximum.

Payment for core boxes is claimed at a unit price of $1.00 as a fixed cost item. The Stage I allowance for bulldozing performed by a D-7 bulldozer has been exhausted with 5 drill sites yet to be prepared.

Drill sites were checked in the field and are in accordance with the specified hole pattern shown on the map with the subject contract except in the case of hole no. VQ200; that is, except for hole no. VQ200, to be discussed below, all holes are within acceptable distances of the designated locations, in the judgement of the examining engineer. Hasler concurs that the approved holes as drilled serve the purpose as well as holes drilled on the exact designated sites would have, and the required geologic information has been obtained. Holes VQ201, 203, 205, and 207 are within 20 feet of the designated location. Hole VQ204 is within 30 feet and holes VQ208 and 209 are within 50 feet. Hole VQ202A, replacing hole no. VQ202, which could not be completed, is 120 feet southwest of the designated location and hole no. VQ206 is 80 feet west.

Investigation in the field shows that the original sites for holes nos. VQ209, 208, 206, and 202 were in very rough terrain covered with large boulders and would have been very expensive to prepare requiring blasting as well as bulldozing. Moving of these holes is considered to have been justified. In only one case, that of hole VQ206, is the distance from any previously drilled hole less than the approximate spacing of 200 feet called for in Stage I of the contract; hole VQ206 is only 140 feet from hole no. VQ202A.

Hole no. VQ200, the first one drilled, was laid out with reference to the operator's previously drilled hole, no. VQ102. When surveying in the completed holes it was discovered that the location of hole no. VQ102 was in error, and that it is actually about 70 feet further west. This results in hole VQ200 being only 60 feet from an outer boundary of DMEA subordinated ground, and consequently not in accordance with contract terms which provide for a minimum distance of 100 feet.

Table 1 is a summary of drilling results.

Table 1. Summary of drilling, DMEA 4631

Hole No.	Plug depth in ft.	Core depth in ft.	Total depth in ft.	Depth probed by Operator	Depth probed by DMEA	SIGNIFICANT MINERALIZATION Depth from feet	to feet	interval feet	percent U_3O_8	percent V_2O_5	percent eU_3O_8	DMEA probing percent eU_3O_8	CLASSIFICATION OF HOLE BY OPERATOR
VQ200	210	60	290	290	289.5						barren	barren	favorable barren
VQ201	240	90	330	330	314.2	289.6	291.3	1.7				0.020	favorable mineralized
						296.1	300.6	1.3				0.030 to 0.072	
						304.5	306.0	1.5			0.05		
VQ202	245	79	324	324	316.0	309.2	310.0	0.8				0.44	favorable-ore
						308.8	309.6	0.8	0.28	1.86			
						310.8	311.4	0.6	0.09	0.13			
						311.4	312.2	0.6				0.12	
						312.5	313.5	1.0			0.20		
						314.0	316.0	2.0		0.04			
VQ203	230	75	305	305	—						barren		favorable-barren
VQ204	260	75	335	335	326.0	312.4	313.3	0.9			barren	<.010 1/	" "
VQ205	240	55	295	290	—						barren		semi-favorable-barren
VQ206	300	73	373	365	—	351.4	352.8	1.4	0.36	2.28			semi-favorable-ore
						353.0	354.5	1.5			0.13		
VQ207	240	60	300	300	—						barren		semi-favorable-barren
VQ208	320	80	400	400	391.0	368.3	369.3	1.0				0.045	favorable-ore
						370.7	372.0	1.3	0.02	1.66			
						370.0	372.0	2.0			0.07		
						375.2	376.1	0.9				0.51	
						376.1	376.9	0.8				0.045	
						376.3	379.8	3.5	0.15	0.98			
						378.5	380.0	1.5			0.40		
VQ209	265	60	345	345	343.0	321.5	323.0	1.5			0.28		
						320.8	321.5	0.7				0.43	favorable-ore
						321.1	322.5	1.4	0.12	1.75			
Totals	2,570	727	3,297										

1/ < = less than

The operator reports 5 holes as barren, 4 holes in ore, and 1 hole mineralized. These evaluations agree with the Geological Survey classification as ore of material assaying at least 0.10 percent U_3O_8 or 1.00 percent V_2O_5 in a thickness of 1.0 foot or more.

A physical check of the core made by the DMEA inspector verified the amount of coring claimed, and the amount of penetration into the red mudstone or variegated red mudstone below the potential ore sand shown in the operator's logs (varying from 3.1 feet to 7.3 feet). No minimum or maximum penetration of red mudstone is specified in the contract.

Six holes were probed by the DMEA gamma-ray unit with values substantiating results reported by the operator. Four of the holes were probed by the DMEA unit before completion because the unit was available at the end of a shift when a hole was nearing completion and could not be held over.

The operator has submitted in quintuplicate a narrative report, drill logs for 10 holes, and map showing drill hole locations, together with one copy each of sub-contractor's invoices for bulldozing and drilling, and driller's logs on all holes except VQ209. Chemical analyses have been made but are not claimed.

Monthly totals are correctly entered on the MF-104 and MF-104A forms, signed by John I. Schumacher, resident engineer for the operator. Mr. Schumacher states in a letter to the Executive Officer DMEA dated June 14, 1957 that he has been authorized by Mr. Danvers, the president of the Vanadium Queen Corporation, to act in all DMEA matters, but the Grand Junction DMEA office has no record of authorization by Mr. Danvers.

Mr. Schumacher and Mr. Hildebrand each devote part time to the project for the equivalent of one full time geologist and R. N. Davis is employed full time as sampler.

Payment is recommended of $6,268.39 or 75 percent of the amount claimed in June-July 1957, $9,147.35 less $789.50, covering 210 feet of non-core and 80 feet of core drilling, and incidental allowance the cost of hole no. VQ200, which is recommended for suspension and possible disallowance.

M. H. Salsbury

M. H. Salsbury,
Mining Engineer

MHS/bh

Vanadium Queen Uranium Corp.
P.O. Box 1674
Grand Junction, Colorado

MONTHLY PROGRESS REPORT JULY 1957
CONTRACT Idm-E 1092
DOCKET DMEA 4631

Factual Data

	July	Total To-Date
Drill holes completed	10	10
Footage core	727	727
Footage plug	2570	2570
Total (Plug & Core)	3297	3297
Drill sites completed	26	26
Road building footage	7100	7100
Total hours bulldozer work	64	64
Ore holes	4	4
Mineralized holes	1	1
Barren	5	5

Narrative

Operation under this contract was started on June 20, 1957 with the bulldozer work and twenty-six drill sites were completed by July 5, 1957. Two drills started on June 26, 1957 but progress was slow because of a considerable amount of rain and drilling difficulties. Drill tools were stuck in Hole V.Q. 202. Three drills were on the site by the end of the month of July and the drilling rate increased appreciably.

Five drill sites have not been completed to-date. They are to be located near the base of the Dakota sandstone rim. As the access and completion of these sites will be expensive, it is advisable to complete the other drilling first and evaluate the results before going ahead.

Vanadium Queen Urahium Corp.
P.O. Box 1674
Grand Junction, Colorado

(continued - Narrative)

A total of 10 holes have been completed this month. Of this total 5 were barren, 1 was mineralized, and 4 were ore holes.

JOHN I. SCHUMACHER
Registered Mining Engineer

SUMMARY STAGE I DRILLING DMEA 4631
VANADIUM QUEEN URANIUM CORPORATION

Hole No.	TD	Plug	Core	SS	SS (Thickness)	Rating
VQ 200	290	210	80	210 286	76	Barren Fav-11
VQ 201	330	240	90	256 323	67	Mineral Fav-12
VQ 202	324	245	79	260 316	56	Ore Fav-14
VQ 203	305	230	75	230 296	66	Barren Fav-11
VQ 204	335	260	75	284 326	42	Barren Fav-11
VQ 205	295	240	55	246 288	42	Barren SemiF-9
VQ 206	373	300	73	319 364	45	Ore SemiF-10
VQ 207	300	240	60	254 293	39	Barren SemiF-7
VQ 208	400	320	80	338 393	55	Ore Fav-15
VQ 209	345	285	60	292 338	46	Ore Fav-12
Totals Completed	3297	2570	727			

VANADIUM QUEEN URANIUM CORP.
DMEA 4631

ASSAY DATA

Sample No.	Hole No.	Interval	Ft.	$\%U_3O_8$	$\%V_2O_5$	Lab.
VQ 1	VQ 202	308.8-309.6	0.8	0.28	1.86	Brown
VQ 2	VQ 202	310.8-311.4	0.6	0.09	0.13	"
VQ 3	VQ 206	351.4-352.8	1.4	0.36	2.28	"
V 4	VQ 208	370.7-372.0	1.3	0.02	1.66	"
V 5	VQ 208	376.3-379.8	3.5	0.15	0.98	"
V 6	VQ 209	321.1-322.5	1.4	0.12	1.75	"

Form ME-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 June-July 195 7 Docket No. DMEA 4631 Contract No. 1092
Operator's Name Vanadium Queen Uranium Corporation Minerals Uranium
Address P.O. Box 1674, Grand Junction, Colorado
Contract Amount, $ 53,872.00 Government Participation: 75% Amount, $ 40,404.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
Stage I	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	4497.50	0	4497.50			
Core	3162.45	0	3162.45			
Drilling	766.00	0	766.00			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Core Boxes	60.00	0	60.00			
Incidental Allow.	659.40	0	659.40			
(8) Contingencies (specify):						
TOTALS	9147.35		9147.35	8367.85	—	8367.85

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

Date Aug. 14, 1957 *Payee Vanadium Queen Uranium Corp.

John I. Schumacher

Per JOHN I. SCHUMACHER Title Resident Engineer

*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:

$ 6275.89

Signature
(Authorized Certifying Officer)

Date 9/11/57 Vou. No. DMA 58-30

(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. JdmE1092 in accordance with the terms of the contract.

Signature M. B. Halabury 686051 Title Mining Engineer Date 8-22-59

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature E. N. Fanchmann Title acting Executive Officer Date SEP 9 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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June-July 1957 Docket No. DMEA 4631 Contract No. 1092
Operator's Name Vanadium Queen Uranium Corporation Minerals Uranium
Address P.O. Box 1674, Grand Junction, Colorado

OPERATION Stage I	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
							Stage I	
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Feet	3162.45	727.0	3162.45	727.0	4.35	2170	4.05
Churn Plug	Feet	4497.50	2570.0	4497.50	2570.0	1.75	6990	1.80
Auger								
Incidental Allow.	Feet	659.40	3297.0	659.40	3297.0	0.20	1160	0.20
Stripping								
Trenching								
Sample analysis	Sample	0	0	0	0	0	100	4.00
Test Pits								
Bulldozing	Hrs.	768.00	64	768.00	64	12.00	64	12.00
Roads and Trails								
Core boxes	Box	60.00	60	60.00	60	1.00	217	1.00
TOTAL DISTRIBUTED COSTS		9147.35		9147.35				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		9147.35		9147.35				

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: WHX

Date August 7, 1957 Operator Vanadium Queen Uranium Corporation

By John I. Schumacher Title Resident Engineer

JOHN I. 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

Contract Adm. & Audit Division

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

To: Vanadium Queen Uranium Corporation
525 Milam Building
San Antonio, Texas

Pursuant to the provisions of Exploration Project Contract No. Zdm-41098, dated May 29, 1957, (Docket No. DMEA-4631), hereinafter called the "contract," between the Vanadium Queen Uranium Corporation, a Nevada corporation, 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:

Exploratory non-core and core drilling in the project area resulted in the discovery of tabular-shaped lenses of uranium ore in the upper sandstones of the Salt Wash member of the Jurassic Morrison formation.

Dated: DEC 13 1957

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals
Exploration Administration

MChing/gla 11-29-57
cc to: Operator (original)
Abe Day, Moab, Utah
Danvers Trust - Don Danvers
525 Milam Bldg., San Antonio, Texas
John I. Schumacher
Box 1648, Grand Junction, Colorado
Contract Adm. & Audit Division
DMEA Field Team, Region III (2)
Finance Office
Jesse C. Johnson, Director,
Division of Raw Materials, AEC
Admr.'s Reading File
Frank E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
THKiilsgaard, Rm. 5224
Mr. Ching

DEC 10 1957

Mr. Don Danvers, President
Vanadium Queen Uranium Corporation
525 Milam Building
San Antonio, Texas

Re: Docket No. DMEA-4631 (Uranium)
Contract No. Idm-41092
Vanadium Queen Claims
San Juan County, Utah

Dear Mr. Danvers:

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 May 29, 1957, to May 29, 1967, are subject to the Government's percentage royalty as set forth in the contract until the amount contributed by the Government is repaid.

Payments should be made to Mr. E. H. Harshman, Acting 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 Mr. Harshman 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 Mr. Harshman at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittendorf

Enclosure

Administrator

Adm.'s Reading File
Frank E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
THKillegaard, Rm. 5824
DMEA Field Team, Region III (2)
Contract Div.
Mr. Ching

11-29-57
Ibe Day, Moab, Utah
Danvers Trust - Don Danvers
525 Milam Bldg., San Antonio, Texas
John I. Schummacher,
Box 1648, Grand Junction, Colorado

RECEIVED
DATE INITIALS

Audit Copy

TERMINATION AGREEMENT

It is agreed this 4th day of December, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and the Vanadium Queen Uranium Corporation, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E1092 (Docket No. DMEA-4631), dated May 29, 1957, hereinafter referred to as the "Contract," that:

1. Effective October 29, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the agreed actual and fixed unit costs of work performed prior to October 29, 1957.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. All rights of the Government respecting Certification of Discovery or Development, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitchell Dorr
Administrator, Defense Minerals Exploration Administration

VANADIUM QUEEN URANIUM CORPORATION

By Joe Dorsey
Title President

224 New Customhouse
Denver 2, Colorado

800

October 9, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4631 (Uranium), Contract No. Idm-E1092, Vanadium Queen Uranium Corporation (Vanadium Queen claims), San Juan County, Utah

Enclosed are three copies of confirmation of verbal work approval given the Operator for the drilling of three additional holes under Stage II of the contract.

Also enclosed are two copies of the Operator's letter of October 6, 1957 and three copies of a joint memorandum, dated October 8, 1957, from N. L. Archbold and M. N. Salsbury, DMEA field examiners, pertaining to the drilling.

Copies of the confirmation of work approval have been distributed to the Operator, the Finance Office, Region III, and to others concerned.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JWT:prl

cc: Finance Office, Reg. III - w/copy of confirmation of work approval.
Harshman) w/copy of enclosures.
DMEA/DFC)
DMEA/Gr.Jct.)
Hasler)
Corres.file)
Townsend
Chron.

DMEA
RECEIVED OCT 14 1957
DATE | TR | CODE

224 New Customhouse
Denver 2, Colorado

October 9, 1957

Mr. John I. Shumacher
Vanadium Queen Uranium Corporation
P. O. Box 1674
Grand Junction, Colorado

Re: Docket No. DMEA 4631 (Uranium)
Contract No. I6m-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen claims)
San Juan County, Utah

Dear Mr. Shumacher:

In reference to your letter of October 6, 1957, this confirms verbal approval issued by the Government on October 7, 1957 for you to drill three additional Stage II holes as offsets to previously drilled holes VQ-208, VQ-233, and VQ-235.

The locations of the approved three additional Stage II holes are indicated by the symbol X on the map entitled, "Figure 1.--Sketch Map of the Applicants Property Showing Existing Drill Holes, Mine Workings, and Proposed Stage II Drill Holes, Vanadium Queen Uranium Corporation, San Juan County, Utah," which is attached hereto and made a part of this confirmation of work approval.

Nothing in this confirmation of verbal work approval shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Very truly yours,

DMEA Field Team, Region III

By E. N. Harshman

E. N. Harshman
Acting Executive Officer

JWT:prl

cc: Chmn. Op. Comm. (3)
Finance Office, Region III
Amendment file, Region III
Harshman
DMEA/DFC
DMEA/Gr.Jct.
Hasler
Corres. file
Townsend
Chron.

GENERAL DEPOSITS
REFER TO:
RECEIVED
OCT 9 1957
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA
DEPARTMENT OF THE INTERIOR
OCT 9 - 1957
REGION III
DENVER, COLORADO

P. O. Box 360
Grand Junction, Colorado

October 8, 1957

Memorandum

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

Through: L. N. Barshman
J. William Hasler

From: N. L. Archbold
M. H. Salsbury

Subject: DMEA Docket No. 4631 (Uranium), Contract no. Ism-5 1092, Vanadium Queen Corporation, Vanadium Queen Claim, San Juan County, Utah. Request for additional stage II drilling.

In a letter dated October 6, 1957 the operator requested Government approval for 3 additional stage II holes. Locations of the three proposed holes are shown on the attached map.

An estimated total of 1,140 feet of non-core and 230 feet of core drilling would be required to complete the three proposed holes. These holes can be drilled without exceeding the total footage allowable for Stage II drilling.

The three proposed holes are located not less than 100 feet from any previously drilled hole, and are more than 100 feet from any exterior claim boundary.

As shown on the attached map, the proposed holes are well located with respect to known favorable and mineralized ground. Table 1 shows percentages of eU_3O_8 in the holes to be offset.

Inasmuch as the proposed holes are within contract limits and are geologically sound, it is recommended that they be approved by the Government.

N. L. Archbold
N. L. Archbold,
Geologist

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

EXTRA COPY
DMEA
RECEIVED OCT 14 1957
DATE | INITIAL | COPY

Enclosure:
NLA/bh

Table 1.--Percentages of eU_3O_8 in holes to be offset.

Hole	Depth to base of mineralized zone	Thickness of mineralized zone in feet	Percentage eU_3O_8 1/
VQ-208	369.3	1.0	0.045
	376.	0.9	0.51
	376.9	0.8	0.045
VQ-233	413.1	0.9	0.036
	454.4	0.8	0.32
	463.5	1.0	0.045
VQ-235	414.0	1.0	0.055
	414.9	0.9	0.036
	421.5	1.2	0.020
	424.1	1.0	0.025
	426.6	2.5	0.024
	427.6	1.0	0.051
	428.9	1.3	0.036
	430.1	1.2	0.33
	431.4	1.3	0.11

1/ Data from U. S. Geological Survey gamma-ray logging unit.

VANADIUM QUEEN URANIUM CORP.
P.O. BOX 1674
GRAND JUNCTION, COLORADO

DMEA
DEPARTMENT OF THE INTERIOR
OCT 7 - 1957
REGION III
DENVER, COLORADO

October 6, 1957

United States Department of Interior
Defense Minerals Exploration Administration
Denver, Colorado

Re: Docket No. DMEA 4631
Contract No. Idm - E 1092

Gentlemen:

Attached is a copy of the drill map which is complete to date showing the holes which have been drilled and those in progress.

We are at this time requesting 3 additional holes as offset holes in Stage 2 (circled in red). These holes would offset ore holes Nos. 235, 233, and 208. None of the proposed holes is located closer than 100 feet to any previously drilled hole or closer than 100 feet to the outer claim boundaries.

It is estimated that the total footage for these 3 holes would be 1140 feet of plugged drilling and 230 feet of core drilling. This would leave a balance of 1130 feet of plugged drilling and 440 feet of core drilling which would not yet be committed in the Second Stage.

Please advise me at your earliest convenience as to the action taken on this request.

Sincerely,

JOHN I. SCHUMACHER
for Vanadium Queen Uranium Corp.

EXTRA COPY
DMEA
RECEIVED OCT 14 1957
DATE | COPY

224 New Customhouse
Denver 2, Colorado

September 24, 1957

800

Mr. John I. Shumacher
Vanadium Queen Uranium Corp.
P. O. Box 1674
Grand Junction, Colorado

Re: Docket No. DMEA-4631 (Uranium)
Contract No. I4s-X1098
Vanadium Queen Uranium Corp.
(Vanadium Queen Claims)
San Juan County, Utah

Dear Mr. Shumacher:

In reference to your request of August 24, 1957, this confirms verbal approval by the Government, issued September 3, 1957, for you to drill 14 holes under the provisions of Stage II of the contract, as offsets to previously drilled holes.

The locations of the 14 approved Stage II holes are indicated by the symbol "X" on the map dated September, 1957, entitled "Figure 1.- Sketch Map of The Applicants Property Showing Proposed Stage II Drill Holes, Existing Drill Holes and Mine Workings, Vanadium Queen Uranium Corporation, San Juan County, Utah," which is attached hereto and made a part of this confirmation of verbal work approval.

Nothing in the verbal work approval or this confirmation thereof shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Yours very truly,

DMEA Field Team, Region III

JWT:bh

By J. W. Townsend
Alternate Acting Executive Officer

cc-Chairman, Op. Comm. (3)
Finance Office, Reg. III
Amendment File, Reg. III
Harshman
DMEA/BFC
DMEA/Gr.Jct.
Hasler
Townsend
Corres. File
Chron.

MINERAL DEPOSITS
DMEA
RECEIVED
SEP 5 - 1957
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 300
Grand Junction, Colorado

September 4, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: E. N. Harshman
J. William Hasler

From: M. H. Salsbury
N. L. Archbold

Subject: Docket No. DMEA 4631 (Uranium), Contract No. Ida-E 1092, Vanadium Queen Uranium Corp., Vanadium Queen claims, San Juan County, Utah. Operator's proposed Stage II holes.

In a letter dated August 24, 1957 the operator requested permission to drill 14 Stage II holes at the sites shown on the attached figure 1.

All proposed Stage II holes fall within the inferred belt of favorable ground, and are designed to offset previously drilled ore holes or significantly mineralized holes. Table 1 shows chemical assay data for holes which the operator proposes to offset.

The examining team recommends Government approval of the operator's proposed Stage II drilling.

Verbal authorization for the 14 requested holes was given by the Field Team in two conferences (August 26 and August 30, 1957). On August 26, 8 of the proposed holes were approved. On August 30, the six remaining holes were approved subject only to a restriction that the proposed hole approximately 140 feet south of Stage I hole VQ213 would not be approved unless the examining team considered it justifiable. Evaluation of hole no. VQ213 was favorable and the proposed hole was approved. The operator has been notified verbally and by confirming letter dated September 4, 1957.

EXTRA
DMEA
RECEIVED
DATE | INITIALS | CODE

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

N. L. Archbold
N. L. Archbold,
Geologist

DMEA
DEPARTMENT OF THE INTERIOR
SEP 5 - 1957
REGION III
DENVER, COLORADO

Enclosure
MHS/bh

Table 1. -- Chemical assay data for holes which operator proposes to offset in Stage II drilling.

Hole No.	Depth to base of mineralized zone	Thickness of mineralized zone	% U_3O_8	% V_2O_5
LG-408	387.2 feet	1.2 feet	0.005	2.53
	387.5	0.3	0.066	3.82
	388.1	0.6	0.42	2.67
	388.4	0.3	0.085	2.29
	388.7	0.3	0.015	1.67
	389.9	1.2	0.033	1.00
	390.8	0.9	0.018	0.72
	391.1	0.3	0.016	0.31
VQ-202	309.6	0.6	0.28	1.86
	311.4	0.6	0.09	0.13
VQ-206	352.8	1.4	0.36	2.28
VQ-208	372.0	1.3	0.02	1.66
	379.8	3.5	0.15	0.98
VQ-212	411.3	1.3	0.30	3.25
	418.0	1.5	0.22	2.31
VQ-214	352.2	0.4	0.39	3.64
	391.6	2.6	1.00	2.43

VANADIUM QUEEN URANIUM CORP.
P. O. BOX 1874
GRAND JUNCTION, COLORADO

DMEA
ARTMENT OF THE INTERIOR
AUG 27 1957
REGION III
DENVER, COLORADO

August 24, 1957

United States Department of Interior
Defense Minerals Exploration Administration
Denver, Colorado

Re: Docket No. DMEA 4621
Contract No. Idm - E 1092

Gentlemen:

The work authorized for Stage I under contract No. Idm-E 1092 is now TEE completed. To assure uninterrupted operations, it is requested that authorization be granted at this time to proceed with Stage II work.

On the accompanying map, we have circled in blue the Stage II drill sites we propose to drill. The 14-hole pattern is estimated to amount to a total footage of 5,720 feet. No hole is located closer than 100 feet to any previously drilled hole or closer than 100 feet to the outer claim boundary.

The 14-hole pattern is designed to off-set the 5 ore holes, VQ 202, VQ 206, VQ 208, VQ 212 and VQ 214. A tabulated summary of sample analyses data for these ore holes is enclosed.

If the program we outlined meets with your approval, we would appreciate getting authorization as soon as possible as we are ready to start work at once.

Very truly yours,

R. A. Hildebrand

R. A. Hildebrand, Geological Engineer for
VANADIUM QUEEN URANIUM CORP.

Encl.

RAH:gw

SUMMARY SAMPLE ANALYSES DATA

HOLE NO.	SAMPLE NO.	INTERVAL	FT.	% U_3O_8	% V_2O_5
VQ 202	VQ 1	308.8 - 309.6	0.8	0.28	1.86
VQ 202	VQ 2	310.8 - 311.4	0.6	0.09	0.13
VQ 206	VQ 3	351.4 - 352.8	1.4	0.26	2.28
VQ 206	V 4	370.7 - 372.0	1.3	0.02	1.66
VQ 206	V 5	376.3 - 379.8	3.5	0.15	0.98
VQ 212	V 8	410.0 - 411.3	1.3	0.30	3.25
VQ 212	V 9	416.5 - 418.0	1.5	0.22	2.31
VQ 214	V 10	351.8 - 352.2	0.4	0.39	3.64
VQ 214	V 11	389.0 - 391.6	2.6	1.00	2.43

224 New Customhouse
Denver 2, Colorado

September 24, 1957

800

Mr. John I. Shumacher
Vanadium Queen Uranium Corp.
P. O. Box 1674
Grand Junction, Colorado

Re: Docket No. DMEA-4631 (Uranium)
Contract No. 14m-N1098
Vanadium Queen Uranium Corp.
(Vanadium Queen Claims)
San Juan County, Utah

Dear Mr. Shumacher:

In reference to your request of August 24, 1957, this confirms verbal approval by the Government on September 6, 1957, to delete the drilling of three Stage I holes at the locations indicated on the map, Figure 3, attached to the contract; and, instead, drill three holes at new locations.

The location of the originally proposed holes and the new locations of the three holes are shown on the map dated September, 1957, entitled "Figure 1. - Sketch Map of The Applicants Property Showing Existing Drill Holes, Mine Workings, and Proposed Stage I Drill Holes, Vanadium Queen Uranium Corporation, San Juan County, Utah," which is attached hereto and made a part of this confirmation of verbal approval for the moving of three drill holes. The holes shall be drilled at the revised locations in conformance with all provisions in the contract pertaining to Stage I drilling.

Nothing in the verbal approval or this confirmation thereof shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Very truly yours,

DMEA Field Team, Region III

By J. W. Townsend
Alternate Acting Executive Officer

JWT:bh
cc-Chairman, Op.Comm.(3)
Finance Office, Reg.III
Amendment File, Reg.III
Harshman
DMEA/DFC
DMEA/Gr.Jct.
Hasler
Townsend
Corres. File
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
SEP 12 1957
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P.O. Box 360
Grand Junction, Colorado

MINERAL DEPOSITS
DMEA
SEP 11
GEOLOGICAL SURVEY
DENVER, COLORADO

IN REPLY REFER TO:

September 9, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: E. N. Harshman
J. William Hasler

From: M. H. Salsbury
H. L. Archbold

Subject: DMEA docket No. 4631 (Uranium), contract No. Ida-E 1092, Vanadium Queen Uranium Corp., Vanadium Queen claims, San Juan County, Utah. Request for revision of stage I drilling.

In a letter dated August 24, 1957, the operator requested permission to abandon three approved stage I drill sites and substitute three other sites.

The three sites which the operator wishes to abandon are situated along the eastern side of the Vanadium Queen 3 and the Vanadium Queen 10 claims (fig. 1). The northernmost of these sites (on the Vanadium Queen 10 claim) is in a favorable location from the geologic aspect, and the operator expressed a desire to drill at the site, if possible; however, field examination shows that the site is inaccessible and can be occupied only at a prohibitive cost. The two sites on the Vanadium Queen 3 claim were proposed at a time when the southern part of the drilling area appeared to be the most favorable for occurrence of ore deposits. Subsequent drilling has shown that the northern part of the area is most favorable, thus it is advisable to concentrate the remaining footage in the northern area.

The three alternate stage I holes would be drilled at sites shown on figure 1. These holes would be drilled approximately 200 feet from any previously drilled hole, thus fulfilling the contract requirements for stage I drilling. The alternate holes should not exceed allowable stage I footage as set forth in the contract. In fact, plug-drilling depths will be less in every hole.

The examining team believes the operator's request is economically and geologically justifiable and recommends that the Government approve the operator's request.

DMEA 4631 9/9/57

Verbal approval of the operator's request was given in conferences on August 28, 1957 and August 30, 1957, and the operator was notified by a letter dated September 9, 1957.

M. H. Salsbury
Mining Engineer, USBM

N. L. Archbold

N. L. Archbold,
Geologist, USGS

NLA/mlr

Enclosure
Fig. 1 (10)

VANADIUM QUEEN URANIUM CORP.
P. O. BOX 1574
GRAND JUNCTION, COLORADO

DMEA
ARTMENT OF THE INTERIOR
AUG 27 1957
REGION III
DENVER, COLORADO

August 24, 1957

United States Department of Interior
Defense Minerals Exploration Administration
Denver, Colorado

Re: Docket No. DMEA 4631
Contract No. Idm - E 1092

Gentlemen:

The work authorized for Stage I under contract No. Idm-E 1092 is now 75% completed. A total of 23 holes were drilled for an aggregate footage of 8,234 feet. The location of the completed holes is shown on the accompanying map.

In our monthly progress report for July we mentioned the difficulties encountered in building 5 of the drill sites, and we suggested that results of the other drilling be evaluated before conceling or moving these sites.

The results of the drilling to date indicate that the south portion of the area is relatively unfavorable. Drill logs of holes in the south portion of the area indicate a thinner sandstone member with only minor amounts of green mudstone. Radiometric logging revealed no radioactive anomalies in this area.

In view of these facts, it is requested that permission be granted to modify the drill pattern. We propose to delete the 3 holes crossed out in red on the enclosed map and instead drill 3 holes at the sites circled in blue. None of the proposed holes is located closer than 200 feet to any previously drilled holes or closer than 100 feet to the outer claim boundaries. The aggregate footage of the holes is estimated to be 1,150 feet.

If these modifications meet with your approval, I would appreciate receiving the required authorization as soon as possible.

Very truly yours,

R. A. Hildebrand

R. A. Hildebrand, Geological Engineer for
VANADIUM QUEEN URANIUM CORP.

Encl.

RAH:gw

DMEA Form 14

Contract No. Idm-E 1092

Docket No. 4631

DEPARTMENT OF THE INTERIOR

Terminated 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
May 29, 1957	III	Utah	Uranium

Name and Address of Operator: Vanadium Queen Uranium Corp.
525 Milam Building
San Antonio, Texas

	Reserve	Obligation
Prior Amount	0	40,404.00
Increase	0	0
Decrease	~~0~~	~~6,747.40~~
Revised Amount	0	33,656.60

Remarks:

(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division

(Title)

Date delivered to Bureau of Mines, Washington 1/30/58

22848

Both men can be reached by mail at

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

For your information and in reply to many questions that have been asked, after forms MF-104 and MF-104A are received, an engineer will check progress and approve your accounts; after which they will be sent to the Regional Office, Region III, U. S. Bureau of Mines, 224 New Customhouse, Denver 2, Colorado, 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 MF-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 MF-104 for such work must be supported each month by a signed 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 and such requests are not to be incorporated in your narrative report accompanying monthly progress report forms MF-104 and MF-104A.

The locations of the holes to be drilled under Stage I are indicated as approximate on the map, "Figure 3," attached to the contract. Should conditions encountered necessitate any appreciable 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.

Your attention is directed to the provision that Stage II work is contingent on results obtained from Stage I, and performance of the work under Stage II is subject to the prior written approval of the Government.

When the work under a stage has been completed, you must request approval from this office for the work you propose to perform under the next stage. Your request for the work approval must be in sextuplicate, each copy complete with a map showing the locations of holes previously drilled and the locations of the holes you propose to drill under the next stage. Your request should be complete with drill logs, results of radiometric probing, chemical analyses, and any other pertinent data concerned with the prior work which will be of value to the Government in appraising the work performed under the prior stage.

You should anticipate a suspension of operations between stages of work, to enable the Government geologist and engineer to evaluate the results of the work performed and make their recommendations to this office relative to the additional work you propose.

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

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.

JWT:prl
cc: Chan.Op.Comm.-3
Finance Office, Reg. III
Amendment file, Reg. III
Marshman DMEA/DFC
DMEA/Gr.Jc. Hasler
Townsend Corres. file
Chron.

Very truly yours,

W. H. KING

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

DMEA Form 14

Contract No. Idm-E 1092

Docket No. 1631

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
May 29, 1957	III	Utah	Uranium

Name and Address of Operator: Vanadium Queen Uranium Corporation
525 Milam Building
San Antonio, Texas

	Reserve	Obligation
Prior Amount	0	0
Increase	$40,4040	0
Decrease	0	0
Revised Amount	$40,404.00	0

Remarks:

ALLEN S. DAKAN

(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division

(Title)

Date Delivered to Bureau of Mines, Washington 5/29/57

16416

224 New Customhouse
Denver 2, Colorado

June 10, 1957

CERTIFIED MAIL

Mr. Don Denvers, President
Vanadium Queen Uranium Corporation
P. O. Box 1674
Grand Junction, Colorado

Re: Docket No. DMEA 4631 (Uranium)
Contract No. IAm-E109R
Vanadium Queen Uranium Corporation
(Vanadium Queen claims)
San Juan County, Utah

Dear Mr. Denvers:

Enclosed herewith is the "Operator's Copy" of Exploration Project Contract No. IAm-E109R, Docket No. DMEA 4631.

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 the 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 signed narrative report which describes the work performed, conditions encountered, and results of the work. The monthly accounting report will not be processed for reimbursement to you 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 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. DMEA representatives of the two Services can be contacted as follows:

J. W. Hasler, U. S. Geological Survey
Telephone, Chapel 3-2110, Extension 282;

M. H. Salsbury, U. S. Bureau of Mines
Telephone, Chapel 3-2110, Extension 274.

DMEA Form 14

Contract No. Idm-E 1092

Docket No. 4631

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
May 29, 1957	III	Utah	Uranium

Name and Address of Operator: Vanadium Queen Uranium Corp.
525 Milam Building
San Antonio, Texas

	Reserve	Obligation
Prior Amount	$40,404.00	0
Increase	0	$40,404.00
Decrease	$40,404.00	0
Revised Amount	0	$40,404.00

Remarks:

ALLEN S. DAKAN
(Name)

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

Date Delivered to Bureau of Mines, Washington 6/13/57

16416

[illegible] PROJECT CONTRACT
[illegible] POWER [illegible] CORPORATION
[illegible] NO. [illegible]

[illegible] I

The land referred to in Article I of the Contract consists of four unpatented lode mining claims situated in sec. 30, T. 38 S., R. 24 E., [illegible] S.L.B.&M., San Juan County, Utah. The land is shown on the map entitled "Figure 3 - Sketch Map of the Applicants Property . . .," attached hereto and made a part hereof.

The numbers of locations of the claims are recorded in the office of the County Recorder, San Juan County, Utah, as follows:

Claim	Book	Page
Venadium Queen No. 3	11	106
Venadium Queen No. 7	11	102
Venadium Queen No. 9	15	214
Venadium Queen No. 10	15	213

EXPLORATION PROJECT CONTRACT
VANADIUM QUEEN VANADIUM CORPORATION
DOCKET NO. DMA-4631

EXHIBIT "A"

Description of the Work

General Provisions

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

Each hole shall be drilled non-core to a point near the top of the ore-bearing sandstone and then core drilled until the ore-bearing sandstone has been completely penetrated. Drilling depths are expected to average approximately 240 feet, with non-core drilling averaging approximately 200 feet per hole and core drilling approximately 70 feet per hole. However, the amount of non-core or core drilling in each hole shall be based upon observation of the material penetrated and information available from previous drilling.

The minimum size of core shall be NX. All core and cuttings from the cored section of drill holes shall be checked for radioactivity. Rich sections indicating significant mineralization shall be split into halves and one half shall be assayed chemically for uranium and vanadium and the other half shall be properly labeled and stored for the use of the Government. The unmineralized core shall also be labeled and stored for inspection by the Government. At the completion of the project, upon authorization by the Government, all stored samples may be disposed of by the Operator.

All drill holes shall be logged geologically and gamma radiometrically, and the record of each logging and gamma, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports.

No hole shall be drilled closer than 100 feet to the outer boundaries of the land described in Annex I. No payment shall be made by the Government for incomplete drill holes.

Access roads and drill sites shall be prepared with a D-6, a D-7, or larger, bulldozer or an equivalent or larger unit of other make. If a D-6 bulldozer or equivalent unit is used the allowable hourly rate shall be reduced from $11.00 to $10.00 and the number of allowable hours increased accordingly.

The project shall be supervised at all times by a competent geologist or mining engineer. He shall be physically present on the job at least half the time and have an assistant or sampler present on the job at all times.

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

The work shall be divided into two stages as hereinafter described. The Operator shall complete Stage I, and shall perform as much of the work under Stage II as the Government approves in writing in advance.

Stage I

Prepare access roads and drill sites and drill approximately 31 holes aggregating an estimated 11,160 feet, as indicated on the map (Figure 3). The holes on the Vanadium Queen 3 and 10 claims are combined with holes already drilled to form a series of northwesterly trending fences. The fences shall be approximately 200 feet apart, with the holes staggered in alternate fences and with the holes approximately 200 feet apart within each fence. Three holes on the Vanadium Queen 9 claim are spaced approximately 400 feet apart and do not follow this pattern. If the 31 holes require more than 11,160 feet of drilling to reach the desired horizon the additional footage and funds required may, upon the written approval of the Government, be transferred and deducted from Stage II.

Stage II

Prepare access roads and drill sites and drill not more than 24 holes aggregating not more than 8,640 feet as offsets to previously drilled holes showing favorable mineralization. Offset holes shall be drilled not closer than 100 feet to any previously drilled holes.

Estimated Costs of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

8,990 feet non-core drilling @ $1.80/ft.	$16,182.00

2,178 feet core drilling @ $4.85/ft.	$10,326.30	
64 hours bulldozing @ $12.00/hr.	768.00	
Categories (2) through (7) Sum	_____	$27,474.30

Fixed Unit Costs (See Article 13)

Incidental allowance/ for each foot of drilling completed 11,140 feet @ $0.20/ft.	2,232.00	
100 chemical sample analyses @ $4.00/sample	400.00	
217 cardboard core boxes @ $1.00/each	217.00	2,849.00
Estimated Total Cost of Stage I		$38,323.30

Stage II

Actual Costs

Category (1) Independent Contracts

6,960 feet non-core drilling @ $1.86/ft.	12,938.00	
1,408 feet core drilling @ $4.85/ft.	6,828.00	
48 hours bulldozing @ $12.00/hr.	576.00	
Categories (2) through (7) Sum	_____	21,252.00

Fixed Unit Costs (See Article 13)

Incidental allowance/ for each foot of drilling completed 8,640 feet @ $0.20/ft.	1,728.00	
100 chemical sample analyses @ $4.00/sample	400.00	
168 cardboard core boxes @ $1.00/each	168.00	2,296.00
Estimated Total Cost of Stage II		$23,548.00

Summary of Costs

Estimated Total Cost of Stage I	$30,323.50	
Estimated Total Cost of Stage II	23,548.00	
Estimated Total Cost of Project (rounded)		$53,872.00
Government Participation @ 75%		$40,404.00

1/ Includes all costs that might otherwise be allowable items of the project under Categories (1) through (7) of Article 4(a), except as otherwise scheduled in Exhibit "A".

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 13 1957

DATE	INITIALS	CODE
		100

Audit copy

MF-200
(Revised June 1954)

Docket No. DMEA 4631

Commodity Uranium

Contract No. Idm-E 1092

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 29 MAY 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]

VANADIUM QUEEN URANIUM CORPORATION, a Nevada corporation

whose mailing address is 525 Milam Building, San Antonio, Texas, 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 3)

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 is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] ....., [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 claims of Abe Day, Denvers Trust (Don Denvers), and John I. Schumacher.

(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 foregoing royalty claimants.

(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 1, 1957 shall commence the work, and on or before October 31, 1957, (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either~~ have completed the work ~~or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable costs set forth in Exhibit "A"~~, except as otherwise provided in Exhibit "A" with respect to stages of work. (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 $53,872.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $40,404.00: *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; [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 3. 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 3 beginning with the word "either" is deleted and replaced by the words "have completed the work, except as otherwise provided in Exhibit 'A' with respect to stages of 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.

(e) In the last sentence of Article 6(c), the words "Article 3" are substituted for the words "Article 9."

(f) Notwithstanding any other provision of the contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all the actual unit costs of said drilling item incurred by the Operator: *Provided*, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. O. Mitteudorf

Administrator, Defense Minerals Exploration Administration

VANADIUM QUEEN URANIUM CORPORATION
(Operator)

By Don Danners

Title President

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

K. D. Harrison

[CORPORATE SEAL]

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

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

Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Canadian Green Corporation
Docket No. DMEA-1092
Contract No. Idm-E 1092
Contract Date 29 MAY 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, described as follows: 2/

Canadian Green No. 3, Canadian Green No. 7, Canadian Green No. 9, and Canadian Green No. 10 claims, recorded in Book 11, Page 106; Book 12, page 102; Book 15, page 24; Book 15, page 23, respectively, official records of said County.

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

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

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

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

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: _____ (State "None" or "See Annex No.____")

Dated this 8th day of May, 1957.

Abe May	[Seal]	Moab Utah	[Address]
Dee Ramsey	[Seal]	525 Milam Bldg., San Antonio, Texas	[Address]
John J. Schmidt	[Seal]	Box 1648 Grand Junction Colo.	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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

_____

[Corporate Seal]

DEFENSE MINERALS EXPLORATION ADMINISTRATION
MARCH 1957 DOCKET #631

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLO IL SURVEY

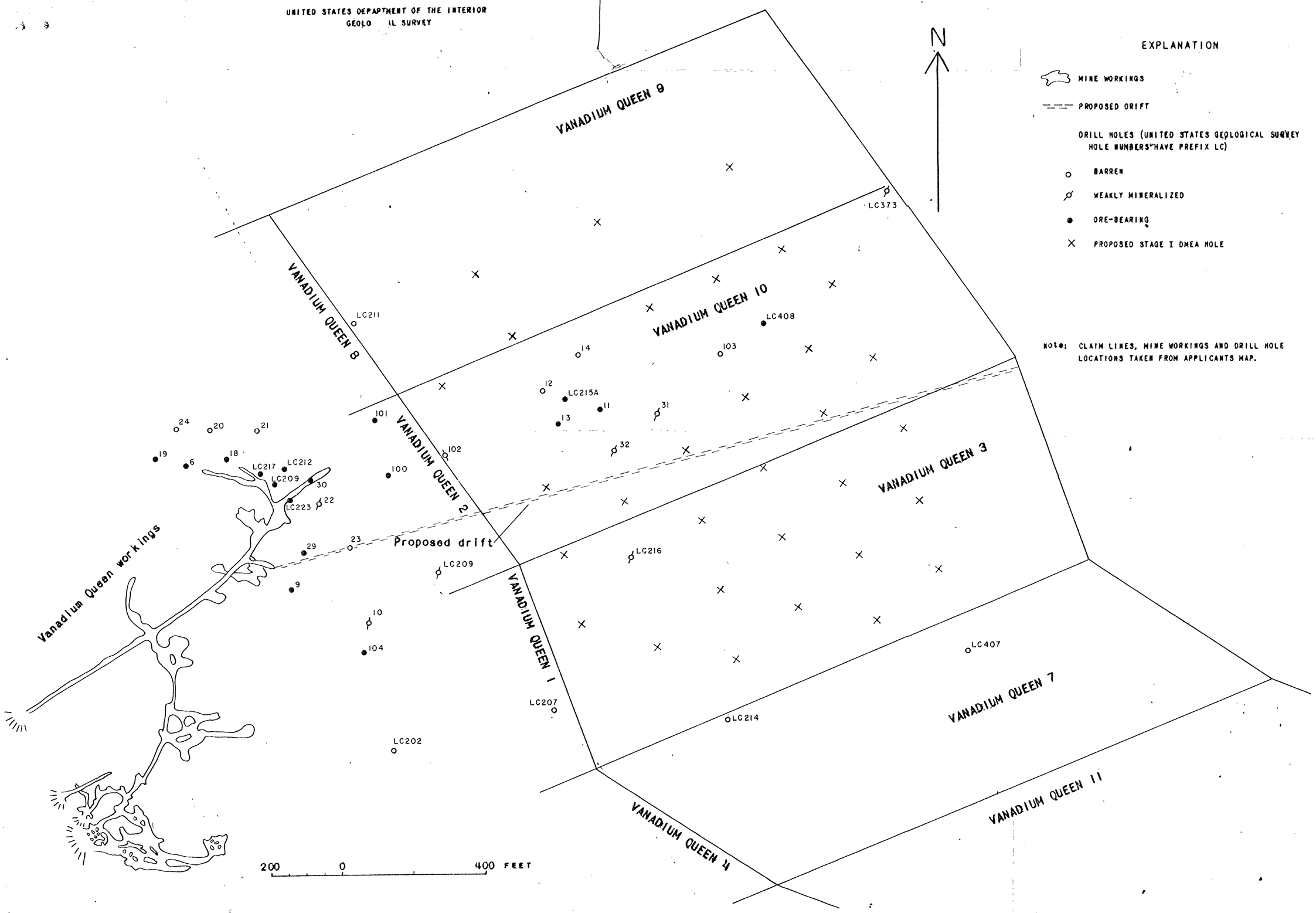

FIGURE 3.--SKETCH MAP OF THE APPLICANTS PROPERTY SHOWING PROPOSED STAGE I DRILL HOLES, EXISTING DRILL HOLES AND MINE WORKINGS, VANADIUM QUEEN URANIUM CORPORATION, SAN JUAN COUNTY, UTAH.