MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. _____ Docket No. 6737

Application
- [ ] Denied
- [x] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [ ] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and Attachments

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam. Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. _____: Reports
- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with Transmittal, Narrative and Maps

Folders No. _____: Maps (Use pocket folder or envelope)

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty Material

72195-65

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 203

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 1 1968

INITIALS	CODE

June 28, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: Application for financial assistance in minerals exploration from Mallory Industries, P. O. Box 6266, Salt Lake City, Utah 84106.

Transmitted herewith is an application for financial assistance from the subject applicant to explore for uranium on the Monte Group Claims on Elk Ridge, San Juan County, Utah.

A cursory review of the application indicates that very little more than just location work has been completed by the applicant. The geologists report is very general, and no geologic work has been done in an attempt to map or establish any trends of mineralized material, channels etc. etc. from other deposits in the area. No previous drilling or sampling has been completed. Although there has been considerable uranium production from the general area the applicant should substantiate their application with more adequate data.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

MME Form 40
Jan. 65

Budget Bureau No. 42-R1308
Approval expires Dec. 31, 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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JUL 1 1968
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APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

Pursuant to Public Law 85–701 (72 Stat. 700; 30 ~~U.S.C.~~ 641)

NAME OF APPLICANT *(Full legal name and mailing address as they should appear on contract if one is executed.)*	APPLICANT DO NOT USE THIS BLOCK
MALLORY INDUSTRIES, INC. P.O. BOX 6266 SALT LAKE CITY, UTAH 84106	DOCKET NUMBER: 6737 DATE RECEIVED: 7-1-68 REGION: III DIVISION CODE:

OME RECEIVED JUN 27 1968 Denver, Colorado

BUSINESS ORGANIZATION *(Check one)*

- INDIVIDUAL [ ]
- CORPORATION [X]
- PARTNERSHIP [ ]
- OTHER *(Specify)* [ ]

STATE IN WHICH FIRM IS ORGANIZED: Utah

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Ray Mallory	4029 Mt. Olympus Way, SLC, Utah	Pres.
Franklin D. Richards,	4757 Quail Point Dr., SLC,Ut	Vice Pres.
Reed L. Hart,	2415 Redondo Ave., SLC,Utah	Vice Pres. Treas
Joel L. Hart,	1765 Lincoln Ln, SLC, Ut	Secretary

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: Uranium

ESTIMATED COST OF PROJECT: $ $41,146.00

PROPERTY NAME	LOCATION COUNTY	STATE
Monte Group Claims	San Juan,	Utah

GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. III). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit two copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior,* ~~Washington 25, D.C., or with the nearest OME Field Office.~~ Washington, D. C., 20242, or with the nearest OME Field Office.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief, and that he would not ordinarily undertake the proposed exploration under current conditions and circumstances at his sole expense.

June 10, 1968
DATED

Ray Mallory
BY *(Signature)*

President
TITLE

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

(a) Submit evidence of efforts made within 90 days preceding the filing of this application to obtain credit from your bank of account and at least one other banking institution or other private source of credit. Such evidence shall include true copies of correspondence which show: (1) date of loan request, (2) amount and terms requested, (3) proposed use of loan funds, and (4) the replies from credit sources. If the loan was offered under terms which you consider unreasonable, state why you consider them so.

(b) List names and addresses of affiliated, parent, or controlling companies or organizations and state extent and nature of their interest.

(c) State how you propose to furnish your share of the cost of the exploration work.

2. Applicant's Rights in Land:

(a) State your interest in the land and mineral rights, whether owner, lessee, purchaser under contract, or other. If you are not the owner, submit one true copy of the lease, contract, or other document (with address of owner) under which you control the property. Describe all liens, mortgages, or other encumbrances on the land and state book and page number and official place where recorded.

(b) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all adjacent land which you own or control. Describe any part of the land or workings which should not be subject to Government royalty and liens. If the land consists of unpatented claims, state book and page number for each recorded location notice, including amended locations, and official place where recorded. State all the names by which you know the property.

(c) For all land or mineral rights encumbered or not owned, submit five copies of Lien and Subordination Agreements on MME Form 52. If the agreements cannot be obtained, state reasons and provide copies of letters of refusal.

3. Physical Description:

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the land. Include existing mine workings and all production facilities.

(b) State your interest, if any, in operations described in (a).

(c) State, if you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves, giving quantities and grades and sampling methods used. Support your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you have, indicating whether you require their return.

4. Accessibility of Property:

(a) To aid the OME representative who may examine the property, state name and address of person who will meet him; give directions for reaching the property; and describe accessibility of property and of any mine workings.

(b) Name the shipping and supply points and state the distances to the property.

5. Exploration Work:

(a) Describe fully the proposed exploration work giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and sections as necessary. Show location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *land boundaries* or to the closest identifiable corner.

(b) If an access road must be built, show the proposed location on the property map and state the length, type and construction methods proposed.

(c) If an OME contract is executed, state how soon thereafter work would be started and finished. State your anticipated average daily or monthly rate of progress for each type of work.

6. Experience:

State your operating experience and background to conduct this exploration work and also that of the person who will supervise the work.

7. Estimate of Costs:

Furnish detailed estimates of the necessary costs *for each item of the work proposed in 5(a)* under the headings listed below with a total for each heading and the estimated total cost of the work. Costs for any work to be performed by an independent contractor should be listed separately under category (a) below. Costs for any work that is not to be performed by an independent contractor should be listed under categories (b) through (g).

(a) Independent contracts. State the total cost of any proposed independent contract for all or any part of the work, and the number of units and the unit cost for each type of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, or per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. (*Note*—If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. The cost of supervision, engineering and geological services, outside consultants, and labor should be itemized by numbers and classes of employees; rates of wages, salaries or fees; and periods of employment. State whether these services are available.

(c) Operating materials and supplies. List items of material and supplies giving quantity and cost of each. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of equipment and tools costing $50 or more per unit. Give specifications and indicate how each item is to be acquired—i.e., rented, purchased or provided by the applicant. If rented or purchased, state the estimated rental or purchase price. If furnished by the applicant, state condition and present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant which will be used in the exploration work.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration work, stating specifications and cost including labor, materials, and supervision.

(g) Miscellaneous. Describe the type and estimate the cost of repairs and maintenance of the operating equipment listed in 7(d). Do not repeat initial repairs listed in 7(e). Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories. [*Note*—The Government will not contribute to costs incurred before the date of the contract, or to costs of or incident to: (1) acquiring, using, or possessing land and any existing improvements, facilities, buildings, installations, and appurtenances, or the depreciation and depletion thereof; (2) general overhead, corporate management, interest and taxes (other than payroll and sales taxes); (3) insurance (other than employees' liability insurance); and (4) damages to persons or property (other than authorized repair to or replacement of equipment or other property used in the work).]

MII MALLORY INDUSTRIES, INC. MII
4029 MT. OLYMPUS WAY
SALT LAKE CITY, UTAH 84117

MINERALS EXPLORATION AND DEVELOPMENT

TELEPHONE 278-6565
AREA CODE 801

1. FINANCIAL ELIGIBILITY

a. See attached correspondence.

b. Mallory Industries, Inc., 4029 Mt. Olympus Way, SLC, Ut

c. Applicant proposes to furnish it's share of the cost of exploration by operating it's own drilling equipment and it's own drillers. //

2. APPLICANT'S RIGHTS IN LAND

a. Applicant owns all the rights in the unpatented claims which is the subject of this application.

b. The claims are known on the record as the Monte Claims and are also known as the Elk Ridge Claims. The group consists of 38 unpatented lode mining claims covering approximately 760 acres. They are located about 35 miles northwest of Blanding, Utah, and are situated in the Southeast Corner of unsurveyed Township 33 South, Range 19 East, and the Northeast Corner of unsurveyed Township 34 South, Range 20 East, SLM San Juan County, Utah. The claims known as Monte Claims Nos. 1 through 38, were recorded January 4, 1967, in Book 388, Pages 579-580, Entry No. U-11775, San Juan County courthouse located in Monticello, Utah. Applicant does not own or control any adjacent lands.

c. Not applicable.

MII MALLORY INDUSTRIES, INC. MII
4029 MT. OLYMPUS WAY
SALT LAKE CITY, UTAH 84117

MINERALS EXPLORATION AND DEVELOPMENT

TELEPHONE 278-6565
AREA CODE 801

Feb. 27, 1968

First Security Bank
Sugar House Br.
Salt Lake City, Utah 84106

Gentlemen:

Our company is contemplating a drilling program for which we are seeking financial assistance.

The area of drilling is on 38 claims located in the northwest part of San Juan County, Utah, and the following is a breakdown of costs involved in this program and is based on at least one drill hole on each claim:

1. Mobilization - $320.00
2. Rock Bit Chip Samples, 200 foot holes @ $2.20 per foot, $440.00 per hole @ 38 holes - - - - - - - - - - - - - - - - - - -$16,720.00
3. To Spot Core Samples @ $23.00 per hour, average 3 hours-$69.00 Per hole @ 38 holes - 2,622.00
4. To furnish water truck @ $220.00 per month, average 30 days - - 220.00
5. To furnish driver $400.00 per month, average 30 days - - - - - 400.00
6. Mileage for Water Tank @ $12.00 per mile, average 200 miles round trip - 72.00
7. Delay for Probes and Company conveniences @ $18.00 per hour- - - 684.00
8. Misc. charges for mud & additives, casing if left, roads and drill stations, etc., estimate for 30 days - - - - - - - - - - -1500.00
9. Services of Geologist, assays, misc., services - - - - - - - - 1500.00

Total cost $24,038.00

Will you please indicate whether or not your bank would be favorable to a 2-year loan on this amount.

Thank you,

MALLORY INDUSTRIES, INC.

Joel L. Hart

Joel L. Hart, Sec.

First Security Bank of Utah
NATIONAL ASSOCIATION
SALT LAKE CITY, UTAH

March 4, 1968

PLEASE REPLY TO:
Sugar House
OFFICE

Joel L. Hart, Secretary
Mallory Industries Inc.
P. O. Box 6266
Salt Lake City, Utah 84106

Dear Joel:

Thank you for your letter requesting a loan from the bank in the amount of $24,038.00.

We are unable at this time to extend this credit to your company. We appreciate the opportunity to review your application.

Yours truly,

Boyd A. Lindquist

Boyd A. Lindquist
Assistant Vice President

BAL/nm

MII MALLORY INDUSTRIES, INC. MII
4029 MT. OLYMPUS WAY
SALT LAKE CITY, UTAH 84117

MINERALS EXPLORATION AND DEVELOPMENT

TELEPHONE 278-6565
AREA CODE 801

Granite National Bank
Sugar House Br.
Salt Lake City, Utah
Att:. Ralph Kimball, Pres.

Feb. 27, 1968

Gentlemen:

Our company is contemplating a drilling program for which we are seeking financial assistance.

The area of drilling is on 38 claims located in the northwest part of San Juan County, Utah, and the following is a breakdown of costs involved in this program and is based on at least one drill hole on each claim:

1. Mobilization - $320.00
2. Rock Bit Chip Samples, 200 foot holes @ $2.20 per foot, $440.00 per hole @ 38 holes - - - - - - - - - - - - - - - - - - -$16,720.00
3. To Spot Core Samples @ $23.00 per hour, average 3 hours-$69.00 Per hole @ 38 holes - 2,622.00
4. To furnish water truck @ $220.00 per month, average 30 days - - 220.00
5. To furnish driver $400.00 per month, average 30 days - - - - - 400.00
6. Mileage for Water Tank @ $12.00 per mile, average 200 miles round trip - 72.00
7. Delay for Probes and Company conveniences @ $18.00 per hour- - - 684.00
8. Misc. charges for mud & additives, casing if left, roads and drill stations, etc., estimate for 30 days - - - - - - - - - - -1500.00
9. Services of Geologist, assays, misc., services - - - - - - - - 1500.00

Total cost $24,038.00

Will you please indicate whether or not your bank would be favorable to a 2-year loan on this amount.

Thank you,

MALLORY INDUSTRIES, INC.

Joel L. Hart

Joel L. Hart, Sec.

2265 HIGHLAND DRIVE · P.O. BOX 6257 · SALT LAKE CITY, UTAH 84106 · TELEPHONE (801) 486-2101

Granite
NATIONAL BANK

February 29, 1968

Mr. Joel L. Hart, Secretary
Mallory Industries, Inc.
4029 Mt. Olympus Way
Salt Lake City, Utah 84117

Dear Mr. Hart:

Thank you very much for your inquiry dated February 27, 1968, with regard to a two year loan to finance drilling operations in San Juan County. Although we would like very much to assist you with this project, the location of it is outside our lending area and it's nature does not fall within our lending policy. INC

We appreciate your checking with Granite National Bank and hope that you will keep us in mind for other possible services.

Yours very truly,

Ralph T. Kimball

Ralph T. Kimball
President

RTK:mc

MII MALLORY INDUSTRIES, INC. MII
4029 MT. OLYMPUS WAY
SALT LAKE CITY, UTAH 84117

MINERALS EXPLORATION AND DEVELOPMENT

TELEPHONE 278-6565
AREA CODE 801

3. PHYSICAL DESCRIPTION

a thru d not applicable

e. See attached Geological Report.

f. Applicant has not performed any discovery work and has not made tests or taken samples from the area. Reasons for expecting to find ore is based on the report that the area is underlain by the strata which normally carries uranium ore and the area has been a successful producer of uranium.

g. Two copies of Geologic Report attached. (These do not have to be returned).

4. ACCESSIBILITY OF PROPERTY

a. For information regarding the property contact:

Joel L. Hart, Operations Manager, 2152 Highland Drive, Salt Lake City, Utah, 84106, phone 486-7521.

b. The ore would be shipped to Atlas Minerals at Moab, Utah, approximately 110 miles distance. A good road intersects the property. The nearest supply point is Balnding, Utah, 35 miles away.

5. EXPLORATION WORK

a. The proposed exploration work will be a drilling program consisting of approximately 50 holes, with the locations to be determined on the recommendation of a Consulting Geologist as the work progresses.

b. A county road intersects a portion of the property which gives ready access to the claims.

c. Work on the project could be commenced within ten days of the execution of the contract. We would expect to average out from 200 to 300 feet per day.

6. EXPERIENCE

We have been in the mining business almost two years and have contracted several holes which have been supervised by our Geologist, Mr. Clarence Felix and our tests have been made by the McCullough Logging Co. We have contacted three different drillers who have had considerable drilling experience with operation of our particular drilling rig and will be available, should we need the services of one of them.

MONTE GROUP
(Elk Ridge Claims)

LOCATION OF CLAIMS

The Monte group of claims consists of 38 unpatented lode mining claims Nos. 1 through 38. They are contiguous to each other and cover approximately 760 acres. They are located about 35 miles northwest of the town of Blanding, Utah, over paved, graveled and dirt roads. They are situated in the Southeast corner of unsurveyed Township 33 South, Range 19 East, and the northeast corner of unsurveyed Township 34 South Range 20 East, SLM San Juan County, Utah.

HISTORY

These claims were explored, surveyed and filed on in the name of and under the direction of RaymondMallory and transferred in their entirety on January 4, 1967 and August 23, 1967, to Mallory Industries, Inc. The claim notices and maps were recorded between October 25, 1966 and January 4, 1967.

URANIUM AREAS

The nearest productive mines are the Abe and Abe No. 2, owned by Industrial Uranium Co., and the Betty Mines owned by Mountain West Mines, Inc. These mines are three miles east of the Monte group. The Abe and Abe No. 2, according to reports, have produced approximately 39,000 tons of uranium in 1965 and 1966 with an average grade of 0.35% U_3O_8. The Betty mine, according to the Utah Geological and Mineralogical Survey, has produced between 1,001 and 100,000 tons of uranium ore in 1965. Other mines occur on Elk Ridge from four to 18 miles south of the Monte group.

RECOMMENDATIONS FOR DEVELOPMENT

The Geological Report prepared on this group of claims by Mr. Clarence Felix, Consulting Geologist, points out that the claims are in an area of uranium production. The Shinarump Conglomerate, which is the uranium ore bearing unit, underlies the entire Monte group of claims with the exception of a small area at the head of Poison Canyon.

Mr. Felix recommends that a drilling program be initiated on this group of claims. His reasons are based upon the following conclusions:

1. It is an area of uranium production.
2. It is underlain by the Shinarump Conglomerate, which is the uranium ore bearing unit.
3. A good road runs through the property which has rolling terrain that would not prove difficult to the setting up of a drill rig.
4. Most of the claims can be tested by holes less than 200 feet in depth.

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JUL 1 1968
OFFICIAL COPY

GEOLOGIC REPORT ON
THE MONTE GROUP OF MINING CLAIMS
SAN JUAN COUNTY, UTAH

by

Clarence E. Felix
Geologist

EXHIBIT B

GEOLOGIC REPORT ON THE MONTE GROUP OF MINING CLAIMS
SAN JUAN COUNTY, UTAH

by

Clarence E. Felix
Geologist

Introduction

The Monte Group consists of 38 unpatented lode mining claims named Monte Nos. 1 through 38. These claims are contiguous and cover approximately 760 acres located in the southeast corner of unsurveyed Township 33 South, Range 19 East, the northeast corner of unsurveyed Township 34 South, Range 19 East and the northwest corner of unsurveyed Township 34 South Range 20 East, S.L.M., San Juan County, Utah (see Plate No. 1).

The Monte Group lies on the northern part of Elk Ridge, an elongate north-south trending highly dissected mesa. Elk Ridge is higher than much of the surrounding country and is bounded by steep-walled canyons. The claims lie at the base of the south end of Horse Mountain and are bounded on the east by Poison Canyon and North Point.

The surface of the Monte claims ranges in elevation from 8,000 to almost 8,700 feet. The lower country surrounding Elk Ridge is quite arid, but the annual precipitation on the higher mesa area is approximately 16 inches. Several springs and ponds near the Monte Group should be adequate for culinary and drilling water requirements during an exploration program on the property.

Vegetation in the area consists of native grasses, sage brush, quaking aspen, juniper, western yellow pine, pinon pine and mountain maple. Mule deer are plentiful.

The Monte Group is very accessible and may be reached by traveling 35 miles northwestward from the town of Blanding, Utah over paved and graveled roads. The main Elk Ridge road passes over the claims (see Plate No. 3). Also, one may travel approximately 50 miles on graveled roads southwestward from Utah Highway 160 near Bluff Center, Utah to reach the claims.

The Monte claims lie within the Manti-La Sal National Forest and were located in the name of Raymond Mallory during the fall of 1966. This author has not investigated the title to these claims and therefore makes no representation nor statement concerning their validity.

Geology

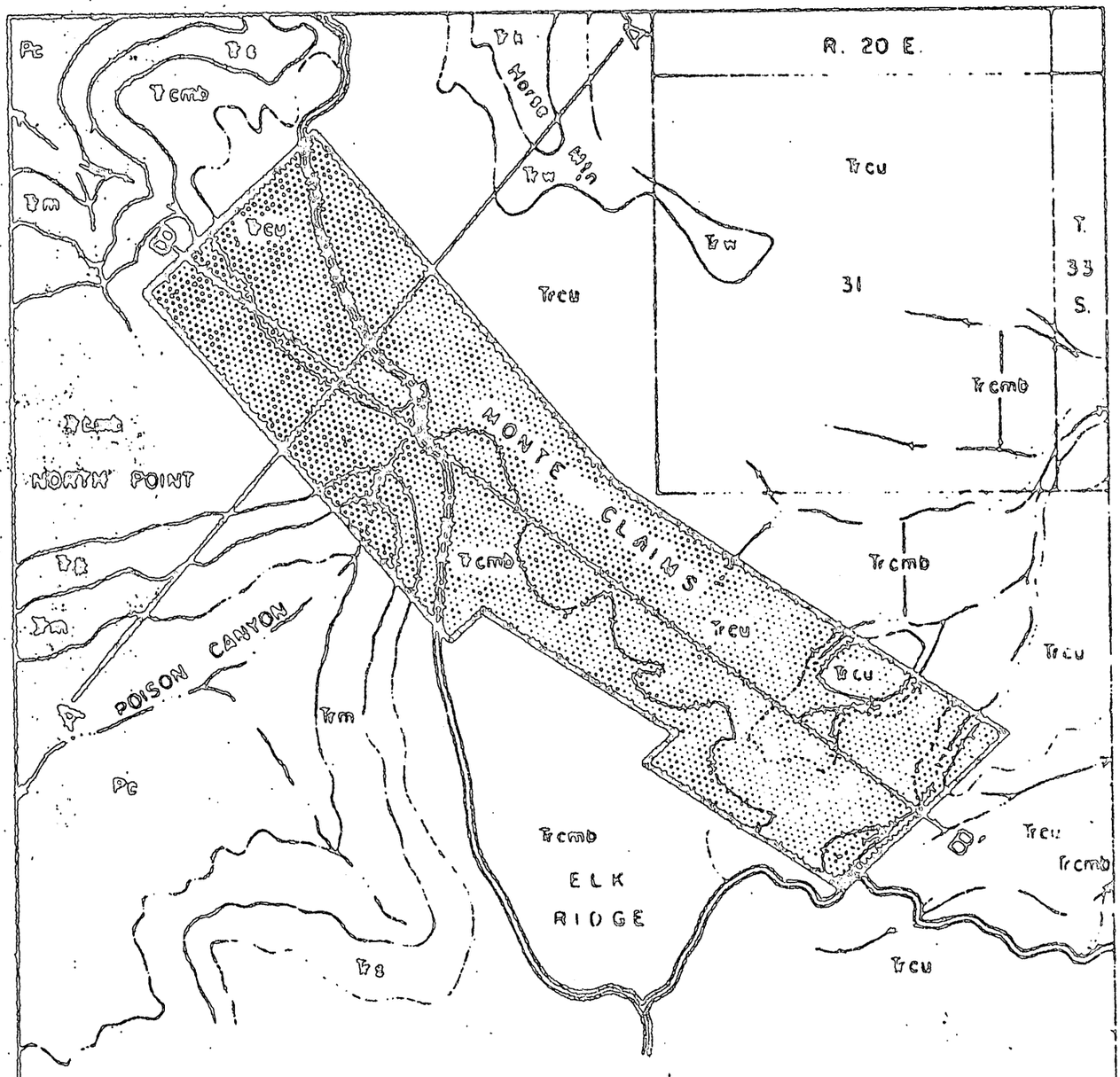
The dominant surface rocks in the area of the Monte claims consist of shales and mudstones of the upper unit of the Chinle Formation and sandstones of the Moss Back member of the Chinle Formation. The ground surface of the claims is a gentle eastward-dipping slope underlain by resistant sandstones of the Moss Back member.

The main uranium-bearing stratum on Elk Ridge is a sedimentary unit equivalent in stratigraphic position to the Shinarump Conglomerate by which it has been called in years past. This stratum has more recently been referred to as "the lower mudstone unit of the Chinle Formation." However, for convenience of the reader, the more familiar term, "Shinarump" will be used in this report.

The Moenkopi Formation of Triassic age underlies the Shinarump Conglomerate and consists of dark-brown to reddish-brown siltstone and fine-grained to very fine-grained sandstone. An erosional unconformity between the Moenkopi Formation and the overlying Shinarump is evident throughout the Elk Ridge area. In mid-Triassic time streams cut shallow channels into the upper member of the Moenkopi. The channels were subsequently filled with fluvial sandstone and mudstone of the Shinarump Conglomerate. The bedding of the two formations is generally parallel and the depositional break is more of a disconformity rather than an angular unconformity. The nearly uniform thickness of the Moenkopi Formation in the area is indicative of the minor extent of the pre-Shinarump erosion.

The Shinarump consists of massive blue to gray mudstone with lenticular beds of sandstone. On the south part of Elk Ridge the important uranium deposits are found in the sandstone lenses which occupy paleo stream channels cut into the underlying Moenkopi Formation. The occurrence of sandstone lenses in the Shinarump is less frequent toward the northern part of Elk Ridge and the thickness of the unit decreases from about 150 feet on the south to five feet on the extreme north end of Elk Ridge. In some places the Shinarump is absent. The sandstone lenses are the places more favorable for uranium deposition.

The Shinarump in the area of the Monte Group is almost completely covered with colluvium. There is, however, a small exposure of mudstone in the gulley at the head of Poison Canyon which indicates that the unit is at least 55 feet thick. The presence of sandstone lenses in the Shinarump cannot be determined without drilling.



Mallory Industries, Inc.

MONTE GROUP

SAN JUAN COUNTY, UTAH

Scale

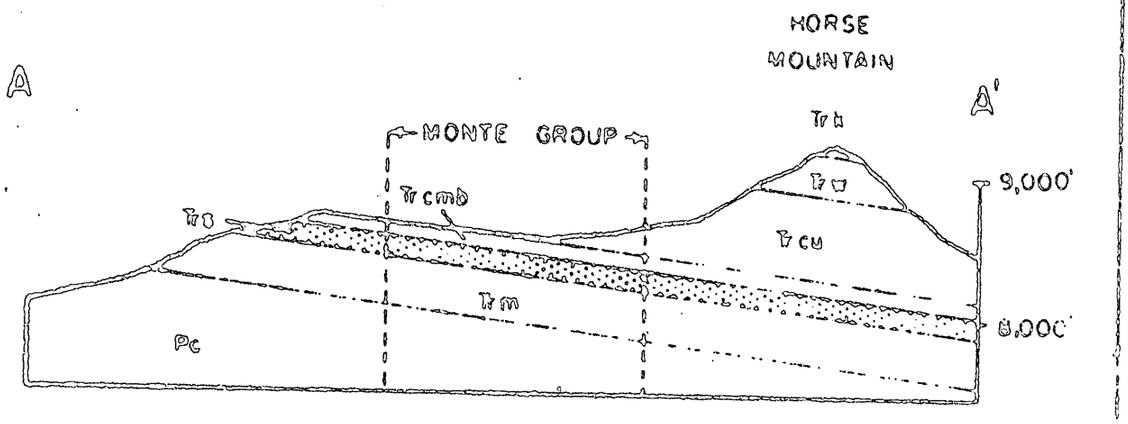
0 2,000 4,000 feet

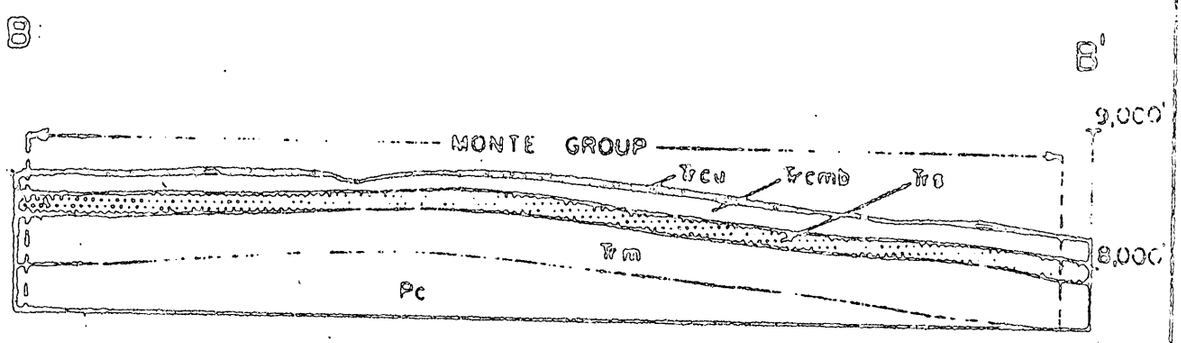
EXPLANATION

Trh	Moenave Formation	Trm	Moenkopi Formation
Trw	Wingate Sandstone	Pc	Cutler Formation
Trcu	Chinle Formation, upper unit		Boundary of Monte Group
Trcmb	Chinle Fm., Moss Back member	A—A'	Line of cross section
Trc	Shinarump Conglomerate		Dirt road

Plate No. 1

CROSS SECTIONS





Mallory Industries, Inc.

MONTE GROUP

SAN JUAN COUNTY, UTAH

Horizontal Scale

0 2,000 4,000 feet

EXPLANATION

Trh	Moenkopi Formation	Trs	Shinarump Conglomerate
Trw	Wingate Sandstone	Trm	Moenkopi Formation
Trcu	Chinle Formation, upper unit	Pc	Cutler Formation
Trcmb	Chinle Fm., Moss Back member		

Plate No 2

Three miles east of the Monte Group are three mines, the Abe, Abe No. 2 and Betty mines, which have reportedly produced uranium ore from sandstone lenses on or immediately above the Moenkopi contact. The mines were inaccessible at the time of this author's visit to the area and it was not definitely determined if the ore was mined from the base of the Moss Back member or from a sandstone lens in the Shinarump.

The uranium-bearing sandstone lenses in the Shinarump are composed of medium-grained to very coarse grained or conglomeratic sandstone. The lenses may contain partings and lenticular beds of mudstone. Carbonaceous material is common in the sandstone and may be abundant in local areas.

The Moss Back member of the Chinle Formation may also be uranium-bearing. It is a bed of massive, cross-bedded sandstone and conglomeratic sandstone which overlies the Shinarump, or it may rest directly on the Moenkopi Formation where the Shinarump is absent. The Moss Back forms a prominent ledge or cliff 55 to over 100 feet thick around the Elk Ridge mesa. Much of the surface of Elk Ridge is a dip slope on the Moss Back member. The sandstone in the Moss Back is similar in character to the sandstone in the Shinarump.

The upper part of the Chinle Formation is composed of variegated shales, mudstone, siltstone, shaly sandstone and minor limestone. The colors of these beds range from red and pink to gray and greenish gray. The upper part of this unit contains some sandstone beds which intertongue with the lowermost part of the overlying Wingate Sandstone. The upper unit of the Chinle Formation is approximately 500 feet thick in this area.

The Chinle Formation is overlain by the Wingate Sandstone, a conspicuous red and reddish-brown massive cliff-forming sandstone approximately 300 feet thick. Horse Mountain, on the northwest side of the Monte Group, is capped by Wingate Sandstone and the overlying Kayenta Formation.

The Monte Group lies approximately 10 miles west of the laccolithic diorite porphyry intrusions of the Abajo Mountains. The relationship between these intrusives and the uranium mineralization in the Elk Ridge Area is imperfectly known.

Structurally, the crest of Elk Ridge is nearly parallel to an anticlinal axis that has been mapped as the Elk Ridge anticline. This and several other asymmetrical anticlines in the area have been superimposed on the Monument Upwarp, a major structural feature of the Colorado Plateau. The Monte Group lies east of the Elk Ridge anticlinal axis on a gentle eastward-dipping area called the Cane monocline. The beds on the Monte claims dip approximately 5° to 7° eastward.

Uranium Mineralization

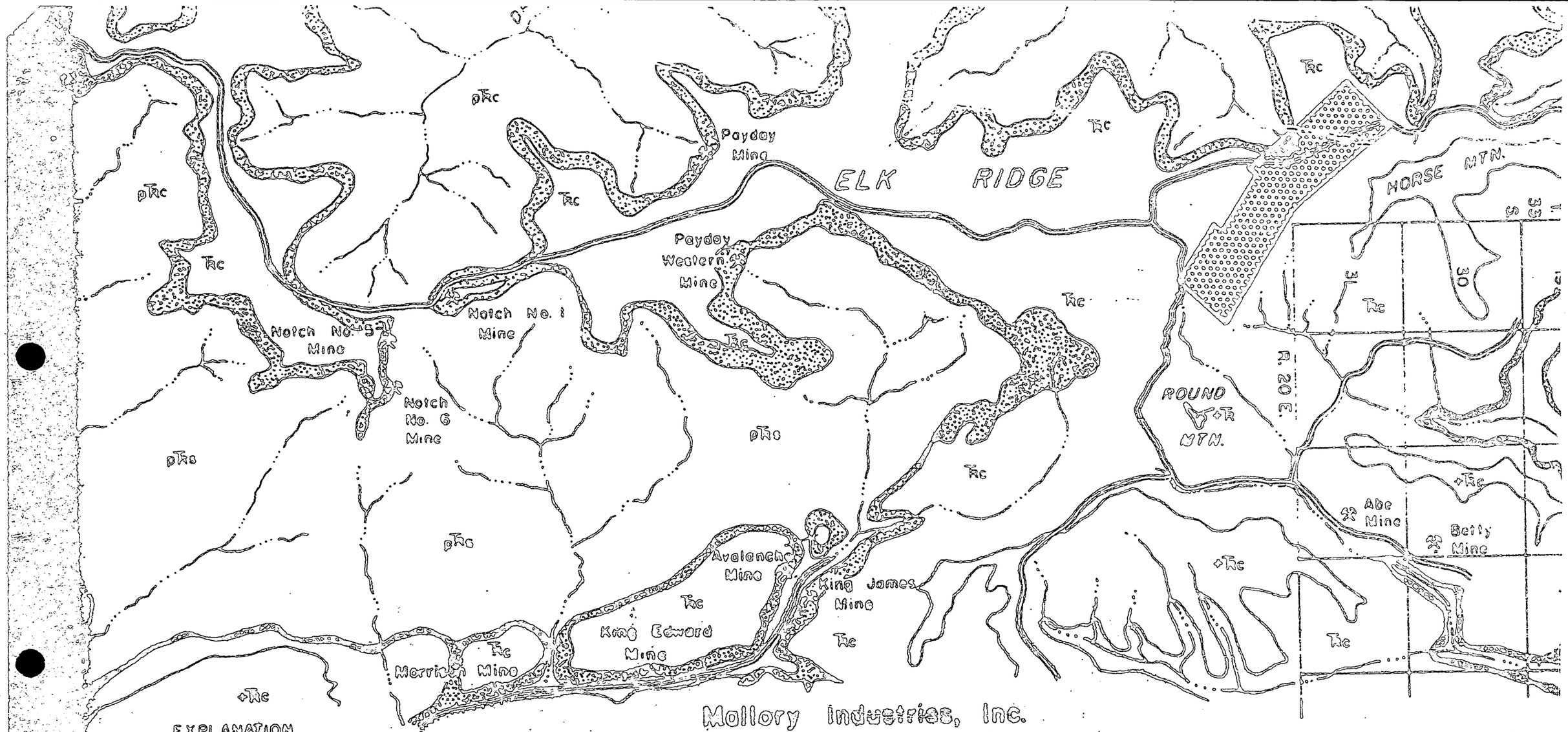
At several places along the outcrop of the Moss Back Member of the Chinle Formation at the head of Poison Canyon next to the Monte Group radioactivity equivalent to twice the background count was recorded on a Precision Model 111-B Scintillator. No other anomalous readings were noted in the area of the claims. Inasmuch as radioactivity emanating from uranium ore on the claims would be shielded and could not be detected through more than a foot or so of soil or rock, it is evident that the claims will

have to be drilled, cored or otherwise opened to determine the existence of uranium mineralization. At present no commercial ore bodies are known to exist on the Monte Group of claims.

The nearest productive mines are the Abo, Abo No. 2 and Betty mines at the base of Seven Sisters Mountain three miles east of the Monte Group. Industrial Uranium Company which owns the Abo and Abo No. 2 is reported to have produced approximately 39,000 tons of uranium ore averaging 0.35 percent uranium oxide. This production came from these two mines during 1965 and 1966. Data on earlier production is not available. Most of the ore was trucked to the Atlas uranium mill at Moab, Utah. Production figures are not available on the Betty Mine which is owned by Mountain West Mines, Inc. Other mines which have produced ore in the Elk Ridge area shown on Plate No. 3 are the Payday, Payday Western, Notch No. 1, Notch No. 5, Notch No. 6, Morrison, King Edward, Avalanche and King James Mines.

The uranium minerals found in the district are of the black or unoxidized type and fill interstices in the host rock and replace carbonized wood, clay, silt and sand grains of the host sandstone. Uranium-bearing asphaltite(?) is abundant in many Elk Ridge mines. In some mines the ore is mudstone where the clay minerals have adsorbed uranium. Vanadium is absent or rare, but most of the ores contain small amounts of copper.

The unoxidized ores in this area are generally in equilibrium between uranium and its radioactive daughter products and therefore radioactivity is easily and reliably used to detect ore in the field and in the mine.



Mallory Industries, Inc.

NORTH ELK RIDGE AREA

Showing Location of Monte Claims and Uranium Mines (active & inactive)

SAN JUAN COUNTY, UTAH

EXPLANATION

- Monte Claims
- TRc — Post-Chinle formations
- TRc — Chinle Formation
- Shinarump Conglomerate
- pTRs — Pre-Shinarump formations

Scale

0 1 2 miles

Geology after R. Q. Lewis, Sr., et al

Plate No.

The U. S. Geological Survey reports that the chief uranium ore mineral appears to be uraninite. This mineral fills the porosity in the sandstone and replaces carbonized wood, clay, silt and sand in the host rock. Chalcopyrite is the most abundant primary copper mineral but several others have been identified. Secondary uranium minerals observed include andersonite, zippeite, coffinite, uranophane, meta-autunite, schroeckingerite, uranotheallite, tyuyamunite and others.

Conclusions and Recommendations

The Manto Group of mining claims is in an area of uranium production. The main ore-bearing horizon is the interbedded sandstone and mudstone unit lying between the Moenkopi Formation and the Moss Back Member of the Chinle Formation. This ore-bearing unit is commonly called the Shinarump Conglomerate and underlies the entire Manto Group except for a small area at the head of Poison Canyon (See Plate No. 1). The nearest mines are three miles east of the Manto claims and other mines occur on Elk Ridge from four to 18 miles south of the claims. The total tonnage of ore shipped from Elk Ridge is not available, but is believed to be substantial.

As far as can be determined no previous drilling has been done on the Manto claims and therefore no commercial ore is known to exist on the property. It is expected that the Shinarump, which appears to be more than 55 feet thick under the claims, will contain sandstone channels or lenses interbedded in substantial amounts of mudstone. It is possible that uranium mineralization

will occur in the Moon Back Member, but it is more likely to be found in sandstone lenses which lie directly on the Moenkopi Formation.

It is recommended that a drilling program be initiated to determine the presence of favorable sandstone units and uranium mineralization. There should be three phases to the drilling program with the second and third phases to be based on the results of the preceeding phase.

The drilling depths on the Monte claims from the surface to the Shinarump-Moenkopi contact will be relatively shallow and are expected to be from 150 to 400 feet. Most of the property can be tested by holes of less than 200 feet in depth.

The drilling of this property should be done with care and a competent geologist should be present to examine and evaluate all drill cuttings, cores and radioactive logs. All holes should be logged and all cuttings and cores should be examined and checked for radioactivity. Radioactive cores and samples should be assayed for uranium oxide content. The holes should be accurately surveyed for horizontal and vertical control. The lithology of the cuttings and cores should be described so that paleo stream channels can be outlined and drilled. Maps and cross sections of the geology should be made as drilling progresses. These maps and sections should be used in guiding the direction of new drilling.

The drilling program should be carried out in three phases. The first phase should be on a reconnaissance-type pattern with holes spaced 500 feet apart in a north-south direction which is

normal to the stream channel direction in the Elk Ridge area. This phase will give a generalized picture of the character and thickness of the stratigraphic units in the uranium-bearing parts of the underlying formations.

The second phase should be planned after the results of phase one have been evaluated. The areas of Moenkopi occur, stream channel sandstone deposition and high radioactivity should be drilled on a spacing of from 50 to 200 feet based on the geologic circumstances involved. This phase will outline the shape and pattern of the favorable stream channels more definitely. And if uranium mineralization is encountered, the drilling program should enter phase three. If nothing favorable shows up in the drilling results at the close of phase two, then the drilling should be stopped and the property abandoned.

If the drilling results of phases one and two are favorable, then phase three should consist of drilling a closely spaced pattern on 15- to 25-foot centers to block out ore in preparation for mining. The ore bodies should be cored and precise chemical analyses of the ore should be made. The nature of the top and bottom contacts of the ore body should be studied to plan the best mining method. The presence and amount of water in and above the ore should be determined. And the ore body should be drilled to its extremity for ore reserve data and so that unnecessary mine openings will not be made.

Preparatory to mining, hauling costs and problems should be carefully studied and markets should be investigated so that the highest price for the ore might be obtained.

Clarence E. Felix
Geologist
July 27, 1967

SOUTH EASTERN UTAH TITLE COMPANY

SEUTCO

ABSTRACTS AND TITLE INSURANCE
GARFIELD, KANE, GRAND & SAN JUAN COUNTIES

P. O. BOX 400
MONTICELLO, UTAH

TELEPHONE:
AU 7-8000

MINING CLAIM CERTIFICATE

State of Utah)
) ss. Order No. 7392
County of San Juan)

As requested, the SOUTH EASTERN UTAH TITLE COMPANY, authorized abstracter of titles in and for the county of San Juan, state of Utah, does hereby certify that it has examined the records of said county and state pertaining to the following Mining Claims, situate in county of San Juan, state of Utah, to-wit:

(Refer to Schedule of Mining Claims, attached hereto, and made a part hereof.)

From such search, the following appears of record, referring to said mining claims since the date of recording of the Notices of Location as set forth in attached Schedule of Mining Claims:

(1) MAP - Covers Mill #1-45; Copo Mill Site #1-10; Copo Mill Site Fraction #11; recorded December 20, 1966 in Book 388, Page 279, Entry No. U-11560.

(2) MAP - Covers Monte claims, Nos. 1-38, recorded January 4, 1967, in Book 388, Pages 579-580, Entry No. U-11775.

(3) MINING DEED - dated January 4, 1967 and recorded February 10, 1967 in Book 391, Pages 440-441, Entry No. U-13456; Raymond Mallory and Ruth Mallory, his wife, Grantors; Mallory Industries, Inc., a Utah corporation, Grantee; conveys 40% of Grantors' right, title, interest, claim and demand now owned or hereafter acquired in and to those certain parcels of ground and mining property situated in the County of San Juan, State of Utah, described in Exhibit "A" attached hereto.

(4) MINING DEED - dated August 23, 1967 and recorded September 7, 1967 in Book 412 at Pages 599-600, Entry No. V-11901; Raymond Mallory and Ruth Mallory, his wife, Grantors; and Mallory Industries, Inc., a Utah corporation, Grantee; conveys 60% of 100% of Grantors' right, title, interest, claim and demand now owned or hereafter acquired in and to those certain parcels of ground and mining property situated in the County of San Juan, State of Utah, described in Exhibit "A" attached hereto.

There are no unpaid judgments, nor federal tax liens indexed against the following names:

Roy Mallory, Raymond Mallory, Ruth Mallory, Mallory Industries, Inc., a Utah corporation.

IN WITNESS WHEREOF, said South Eastern Utah Title Company has executed this Certificate this 15th day of September, 1967 A.D. at 8:00 o'clock A.M.

SOUTH EASTERN UTAH TITLE COMPANY

By Maxine R. Frost
Maxine R. Frost

LIABILITY LIMITED TO FEE

EXHIBIT C

EXHIBIT "A" - SCHEDULE OF MINING CLAIMS

RECORDED IN THE OFFICIAL RECORDS OF THE RECORDER IN SAN JUAN COUNTY, MONTICELLO, UTAH.

Name of Claim	Date of Location	Date	Book	Pages	Entry Nos.
MONTY #1 - 12, incl.	October 24, 1966	October 25, 1966	385	613 - 624, incl.	U-10049 - U-10060, incl.
MONTY #13 - 24, incl.	October 26, 1966	October 28, 1966	386	7 - 18, incl	U-10099 - U-10110, incl.
MONTY #25 -38, incl.	December 21, 1966	January 4, 1967	388	565-578 incl	U-11761 - U-11774, incl.
MONTY #1 - 12 Amended	October 24, 1966	December 29, 1966	388	267 - 278 incl	U-11548 - U-11559, incl.
RAY #1 - 4 incl.	October 8, 1966	October 10, 1966	385	252 - 255 incl.	U-9706 - U-9709, incl.
RAY #5 - 10 incl.	October 9, 1966	October 10, 1966	385	256 - 261, incl.	U-9710 - U-9715, incl.
WILL #1 - 29 incl.	October 11, 1966	October 18, 1966	385	458 - 486, incl.	U-9894 - U-9922, incl.
WILL #30 - 35, incl.	October 11, 1966	October 20, 1966	385	529 - 534, incl.	U-9965 - U-9965, incl.
WILL #36 - 41, incl	November 29, 1966	November 30, 1966	387	239 - 244, incl.	U-10879 - U-10884, incl.
WILL #42 - 43, incl	November 30, 1966	November 30, 1966	387	245 - 246, incl.	U-10885 - U-10885, incl.
WILL #44 - 45, incl	November 30, 1966	December 6, 1966	387	318 - 319, incl.	U-10962 -U-10963, Incl.
COPE HILLSITE #1 - 4, incl.	November 24, 1966	November 25, 1966	387	172- 175, incl	U-10816 - U-10821, incl.
COPE HILLSITE #5 - 8, incl.	November 26, 1966	November 30, 1966	387	247 - 250, incl	U-10887 - U-10890, incl.
COPE HILLSITE #9	November 29, 1966	November 30, 1966	387	251	U-10891
COPE HILLSITE #10	November 30, 1966	November 30, 1966	387	252	U-10892
COPE HILLSITE FRACTION #11	December 2, 1966	December 6, 1966	387	317	U-10961

MII MALLORY INDUSTRIES, INC. MII

MINERALS EXPLORATION AND DEVELOPMENT

4029 MT. OLYMPUS WAY
SALT LAKE CITY, UTAH 84117

TELEPHONE 278-6565
AREA CODE 801

7. ESTIMATE OF COSTS:

5(a). Bids requested from three different drilling contractors show a low of $2.20 per foot up to 200 feet to $3.50 per foot. At an average depth of 200 feet @ $2.20 per foot, which would cover the salary of the driller of $1,000.00 per month, his helper at $500.00 plus fuel and supplies for the operation of the equipment, per hole - - - - - - - - - - - - - - - - - - $440.00
(Cost of exploration to be based on approximately 50 holes.)

Mobilization of equipment -	320.00
To spot core samples, per hole -	69.00
To furnish water truck and driver, per month - - - - - - - - - - - - - - - -	620.00*
Mileage for Water Tank @ 12.¢ per mile average 400 miles - - - - - -	48.00*
Use of Water truck per month -	200.00*
Delay for probes and company conveniences @ $18 per hour, average - -	684.00

(b) Personal Services. Services of Geologist, assays, coring samples, logging company, estimated at $1500.00 for the project - - - - - - - - - -1500.00

(c) Operating materials and supplies. In addition to the supplies outlined above, it is estimated that additional supplies of mud, additives, cement, casings if necessary to leave, drill stations, equipment and tools costing under $50, - 1500.00

(d) Operating Equipment. Provided by applicate:

1. Drill Rig, Joy Model 250, factory overhauled, mounted on a 5-ton truck. List price for the rig, operating equipment, drill pipe, drill collars, etc., amounted to $57,263.00. Present value set at $25,000.
2. Water truck, 2-Ton. Present value $2500.00.
3. Four Wheel drive truck with A-frame, Present value $1200.00.

The above three items were purchased and are in excellent condition with the drill not being used since it was reconditioned at the factory.

Operating Equipment to be rented if air is used in place of water:

1. Minimum rental with option to buy - 1 Joy model RPS-900 Compressor -$6900.00

Operating Equipment to be purchased:

1. Pipe Trailer - -(Quoted by TWEMCO SLC, Ut) - - - - - - - - - - - 1200.00

(e) Not Applicable

(f) Not Applicable

(g) Miscellaneous:

1. Workmen's Compensation, employees liability insurance, payroll taxes - $157.00
2. Analytical work and accounting - $100.00
3. Monthly depreciation of equipment - - - - - - - - - - - - - - - - - - $217.00

(219) 872-7221

JOY MANUFACTURING COMPANY
900 WOODLAND AVENUE • MICHIGAN CITY, INDIANA 46360

February 14, 1968

TO WHOM IT MAY CONCERN:

Mallory Industries, Inc. purchased a JOY 250 rotary drilling rig on February 14, 1967. This drilling rig had been used in the JOY Contract Drilling Department but had been reconditioned for re-sale. The drilling rig and operating equipment were in good serviceable condition at the time of the sale.

The new list price for the rig, operating equipment, drill pipe, drill collars, etc. amounted to $57,263.00.

Yours truly,

JOY MANUFACTURING COMPANY

J. M. Murray, Manager
Contract Drill Division

JMM:rh

Rocky Mountain MACHINERY CO.

DISTRIBUTORS AND DEALERS
HEAVY DUTY CONSTRUCTION AND INDUSTRIAL EQUIPMENT

41 North Redwood Road
Phone 521-3660
SALT LAKE CITY

Proposal No.....

QUOTATION

TO Mallory Industries, Inc. - Att: Mr. Ray Mallory March 11 1968
(Hereinafter called the purchaser)

4029 Mt. Olympus Way, Salt Lake City, Utah 84117
(Address)

Rocky Mountain Machinery Co., proposes to lease/sell the following articles for the price and on the terms stated below, subject to the conditions named and specifications attached, which are part of this proposal.

This proposal is for acceptance on or before.....and is subject to change or withdrawal at any time prior to acceptance by an officer of the Rocky Mountain Machinery Co., and until such acceptance will not constitute a contract.

1 - Used Joy Model RPS-900 compressor with all standard equipment listed in the enclosed brochure. Machine new May 1967 - Serial # 87688. Total hours 804

Price FOB San Francisco, California - - - - - -	$28,750.00
Approximate freight to Salt Lake City - - - - -	350.00
Plus Utah Sales Tax	

This machine is portable mounted

Rental purchase - yes with six months guaranteed rental @ $1150.00 per month. Conversion to purchase must be made by end of 12 month rental period. 100% of rentals to apply toward purchase, less ½ of 1% per month.

New price of above machine FOB Michigan City, Indiana - - $39,700.00

Sale based on availability or prior sale

TERMS OF PAYMENT are as follows:

Cash with order $....., cash on delivery $....., and the balance of $.....

being payable in ..... installments of $..... per month, and ..... installments of $..... per month. (All orders taken which require financing are subject to the approval of our Credit Department and Bank, and must be accompanied by a current financial statement.)

Shipment:

The above proposal is hereby accepted and this order when accepted by seller shall become a binding contract:

Dated.....

.....
Purchaser

By.....
Title

ROCKY MOUNTAIN MACHINERY CO.

By Harold Thornton
Harold Thornton, Sales Engineer

Accepted:

By.....
Pres. Vice-Pres. Sec'y

Petersen Drilling Company
1864 North Forbes
Layton, Utah 84041
773-2335

October 23, 1967

Mallory Industries, Inc.
P.O. Box 6266
Salt Lake City, Utah 84106

Gentlemen:

Per your request of October 19, I furnish the following bid prices to rotary drill claims near Monticello, Utah, Elk Ridge Township 33, Range 19, Township 34, Range 19 N.E. corner, possible 50 holes 50-400' depth range.

1. Mobilization - $325.00.

2. Rock bit piece samples, 50' holes - $3.15 per foot.
   0-200' $2.25 "per foot"
   200-500' 2.80 "per foot"

3. Spot core sample, if required, at the rate of $22.25 per hour plus cost of diamond bits used, NC or NX size.

4. Water truck rental - $200.00 per month plus $.12 per driven mile.

5. Delays caused by or asked for by OWNER are chargeable at $20.00 per hour which includes probes and/or surveys.

6. If casing is used it will be charged for at list price if unable to recover or left by request.

7. Should it be desired that casing be pulled, it will be done on an hourly basis of $20.00 per hour. This CONTRACTOR makes no guarantee that casing can be pulled.

8. Mud, additives, cement or cement substitutes will be furnished at list prices.

9. Roads and drill stations shall be furnished by OWNER with no charge to this CONTRACTOR.

10. OWNER warrants that CONTRACTOR will not be trespassing or infringing upon the rights or property of any person or persons while pursuing this contract.

11. If auxiliary air is needed, the AEG rate of equipment needed will become a chargeable item of expense to the OWNER.

I greatly appreciate this opportunity to extend to you our services. May you feel at ease in contacting us upon any questions as you may entertain.

Thanking you and looking forward to commencement of this work.

Sincerely yours,

Arnold D. Petersen

Arnold D. Petersen
Petersen Drilling Company

HIMES DRILLING COMPANY, INC.
CONTRACT DRILLING
2390 HIGHWAY 6 & 50
GRAND JUNCTION, COLORADO
PHONE 242-8893

January 29, 1968

Mr. Joel L. Hart
Mallory Industries, Inc.
P. O. Box 6266
Salt Lake City, Utah 84106

Dear Mr. Hart:

Thank you for your letter of January 22, 1968, and the maps.

With the information you have sent me, I respectfully submit the following prices and conditions on the rotary drilling project in the Elk Ridge, Utah, area and the Slick Rock-Egnar, Colorado area:

Mobilization of equipment from Grand Junction, Colorado, to drill location----------$1.00 per mile

Rotary 0-400 feet ----------$3.50 per foot

Non-Operating Standby Time for the convenience of, or at the request of your representative----$ 20.00 per hour

Operating Standby when the rig and crew is working, such as cleaning hole or cementing---------$ 35.00 per hour

Building roads and/or drill locations will be the responsibility of your company.

Our company carries the required insurance coverages, which include, Workmen's Compensation (Colorado and Utah), Unemployment Insurance (Colorado and Utah), and Public Liability and Property Damage. We will furnish certificates of coverage upon request.

If further information is necessary, please contact me.

Sincerely yours,

HIMES DRILLING COMPANY, INC.

Bud Himes

Bud Himes, Pres.

BH/ph

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Boyles Bros.
DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS

General Offices and Plant
1624 Pioneer Road P. O. Box 58 Phone 487-7595
SALT LAKE CITY, UTAH 84110
Cable: BOYLESCO

BRANCH OFFICES
ARIZONA (PHOENIX)
CALIFORNIA (AUBURN)
COLORADO (GOLDEN)
NEVADA (SPARKS)
WASHINGTON (SPOKANE)
CHILE (SANTIAGO)
CABLE: BOYLESBROS
MEXICO, D.F.
PERU (LIMA)
CABLE: BOYLESCOP

October 16, 1967

Ray Mallery Enterprises
Box 6266, Sugarhouse Station
Salt Lake City, Utah

Gentlemen:

This will be in reply to Mr. J. Hart's telephone request, to furnish you our bid prices to rotary drill your claims near Monticello, Utah, Elk Ridge Township #33, Range 19, Township 34, Range 19 N.E. corner, possible 50 holes 50 to 400' in depth.

1. Mobilization - $320.00.

2. Rock bit chip samples - 50' holes, $3.25 per foot

0 to 200 feet	$2.20 per foot
200 to 500 feet	2.70 per foot

3. Spot core samples, if required, at the rate of $23.00 per hour plus cost of diamond bit used, NC or NX size.

4. Water truck, if furnished, would be $220.00 per month plus 12¢ per mile driven. If extra driver is necessary, his wages plus taxes and insurance would be to your account.

5. Delays for probes or company convenience would be charged for at $18.00 per hour.

6. Casing, if required, would be charged for at list price if unable to recover or left by request.

7. Mud and additives would be charged for at list price.

8. Roads and drill stations would be furnished with no charge to Boyles Bros.

9. If compressor on drill will not produce the required air and extra air is required, a 600 C. F. air compressor would be used at the cost of $850.00 per month to Owner.

Thank you for contacting us on this work. We hope this will help you with your planning. If there are any questions please feel free to call.

Very truly yours,

J. F. Brennan
bg

J. F. Brennan
District Manager

JFB:bg

MII MALLORY INDUSTRIES, INC. MII

4029 MT. OLYMPUS WAY
SALT LAKE CITY, UTAH 84117

MINERALS EXPLORATION AND DEVELOPMENT

TELEPHONE 278-6565
AREA CODE 801

SUMMARY

This application for obtaining federal assistance in financing explorations for mineral reserves is based on the drilling of approximately 50 holes.

The cost of drilling is figured per foot of hole and does not include the air compressor or pipe trailer, although listed in equipment that could be used in place of mud and water. If conditions warrant the use of air instead of water, we would like to reserve the right to apply for assistance as outlined.

In addition to the cost of $2.20 per foot, costs of $1.38 per foot for to spot core samples totals $3.58, per foot.

Mobilization of equipment - $320.00

To furnish water truck, driver, mileage for water truck, use of truck, depreciation of equipment, workmen's compensation, insurance, payroll taxes, analytical work, accounting, totals for the month estimated at $1,342.00 and for 20 working days, $67.10 per day.

Delay for probes and company conveniences, $18.00 per hour or estimated at $34.20 per day.

Personal services, operating materials and supplies estimated total of $3,000 for 20 working days or $150.00 per day.

Total funds requested based on 20 working days and 50 holes at an average depth of 200 feet will amount to $41,146.00.

Following the recommendations of the Consulting Geologist on this property, the drilling program should be carried out in three phases, with the third phase probably not being qualified under your regulations. The first phase should be a reconnaisance-type pattern with holes spaced 500 feet apart in a north-south direction which is normal to the stream channel direction. The second phase should be planned after the results of phase one have been evaluated. These holes should be drilled on a spacing of from 50 to 200 feet based on the geologic circumstances involved.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/26/68	Peterson	120
11/27/68	Kirkham	120
		110
		220

NOV 27 1968

AIRMAIL

Mallory Industries, Inc.
P. O. Box 6266
Salt Lake City, Utah 84117

OME-6737 (Uranium)
Mallory Industries, Inc.
Monte Group Claims
San Juan County, Utah

Gentlemen:

This will acknowledge your letter of November 21 informing us that Mallory Industries, Inc., has sold the subject property to Gila Uranium Corporation of Salt Lake City, Utah.

Under these circumstances, we are considering your application as having been withdrawn and are placing it in our inactive files.

In reply to their inquiry, we are advising officials of the Gila Uranium Corporation that they may continue with this case by filing a new application, and supplying the necessary information pertinent to the proposed exploration program.

Sincerely yours,

FRANK E. JOHNSON (gfa)

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region III
Mr. Peterson

ECPeterson/bsl 11/26/68

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/26/68	Peterson	120
11/27/68	Kirkham	120
		110
11/27	Cal	220

AIRMAIL

NOV 27 1968

Gila Uranium Corporation
530 East Fifth South
Salt Lake City, Utah 84107

Re: OME-6737 (Uranium)
Monte Group Claims
San Juan County, Utah

Withdrawn
Give new number to new application

Gentlemen:

This will acknowledge your recent letter informing us that Gila Uranium Corporation has acquired the Monte Group Claims, and of its intention to continue with the subject application for financial assistance.

To continue with this case, it will be necessary for you to file a new application and supply the information pertinent to the proposed exploration.

This information should include new bank correspondence dated within 90 days of filing the new application, but need not repeat other data already furnished. We suggest that you refer to this OME docket number when forwarding the application. Three application forms (MME Form 40) are enclosed for your possible use.

It should be noted that the OME program is limited to the exploration of specific geologic targets in specific areas, and excludes participation in reconnaissance-type work (prospecting), and in work designed to block out ore (development) in preparation for mining.

The new material should be submitted in duplicate to our office in Denver, Colorado.

Sincerely yours,

FRANK E. JOHNSON (gfa)

Frank E. Johnson
Chief, Office of
Minerals Exploration.

Enclosure

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region III
ECPeterson/bsl 11/26/68

MII MALLORY INDUSTRIES, INC. MII
4029 MT. OLYMPUS WAY
SALT LAKE CITY, UTAH 84117

MINERALS EXPLORATION AND DEVELOPMENT

TELEPHONE 278-6565
AREA CODE 801

Nov. 21, 1968

Re: OME-6737 (Uranium)
Mallory Industries, Inc.

Gentlemen:

We regret the delay in answering your letter of Oct. 7, 1968, in regards to an indication for a drilling program.

We have been in process of selling this particular property to Gila Uranium Corporation, of 530 East 5th So., Salt Lake City, Utah. We have completed this sale and have, in the meantime, turned over our files to them.

They have indicated their intention of carrying on with this project and will probably correspond with you.

Is there any additional information that you would require from us? If so, will you please let us know.

Thank you,

withdrawn 11/5/68

Mallory Industries, Inc.

Joel L. Hart, Sec.

CC: Gila Uranium Corp.

RECEIVED
NOV 25 1968
INITIALS | CODE
gla | 30
Col | 20 M
JLH | 10
ER | 120 P

GILA URANIUM CORPORATION
530 East Fifth South
Salt Lake City, Utah

6737

OFFICIAL
COPY
O. M. E.
RECEIVED
NOV 25 1968

INITIALS	CODE
gla	130
Dal	120
JKJ	110
ED	100

P

Office of Minerals Exploration
Department of Interior
Geological Survey
Washington, D. C. 20242

Frank E. Johnson, Chief

Dear Mr. Johnson,

We have recently acquired certain property from Mallory Industries, Inc., of Salt Lake City, Utah, known as the Monte Group Claims in San Juan County, Utah.

We understand they have on file with you an application for minerals exploration assistance. We would like to continue on with the position they held in blocking this property out.

We feel this is an execellent property and would appreciate any assistance you might give us in continuing on this program.

Will you please indicate to us what we should do to comply and continue on with this application.

Yours truly,

GILA URANIUM CORPORATION

John N. Taylor

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/5/68	[illegible]	120
		120
11/8	[illegible]	110
		220

November 5, 1968

Memorandum

To: The File

From: Edward C. Peterson

Subject: OME-6737 (Uranium)
Mallory Industries, Inc.
Monte Group Claims
San Juan County, Utah

The Applicant has not replied to our letter of October 7, 1968. Accordingly, the subject docket is referred to the inactive file and the application considered as having been withdrawn.

Edward C. Peterson

Edward C. Peterson

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region III
Mr. ED Peterson

ECPeterson/bsl 11/5/68

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/7/68	Peterson	120
		120
		110
10/7	coc	220
		120M

OCT 7 1968

AIRMAIL

Mallory Industries, Inc.
P. O. Box 6266
Salt Lake City, Utah 84106

Re: OME-6737 (Uranium)
Mallory Industries, Inc.
Monte Group Claims
San Juan County, Utah

Gentlemen:

We have not had a reply to our letter of September 6, 1968. If you require additional time to prepare the information previously requested, please let us know. If we do not receive a reply from you within thirty days from the date of this letter, we will assume that you are no longer interested in proceeding with your application and shall consider it as having been withdrawn.

Sincerely yours,

FRANK E. JOHNSON (gla)

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region III
Mr. Peterson

ECPeterson/bsl 10/7/68

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/5/68	Peterson	120
	Shirkamo	120
		110
9/6	cac	220
		120M

SEP 6 1968

AIRMAIL

Mallory Industries, Inc.
P. O. Box 6266
Salt Lake City, Utah 84106

Re: OME-6737 (Uranium)
Mallory Industries, Inc.
Monte Group Claims
San Juan County, Utah

Gentlemen:

On July 3, 1968, we wrote you outlining certain information which was necessary to continue the processing of your application. To date, we have not received these data. Will you please inform us of your plans regarding the application. If you have decided not to pursue it further, will you please so inform us.

Sincerely yours,

FRANK E. JOHNSON (gla)

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region III
Mr. Peterson

ECPeterson/bsl 9/6/68

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/3/68	Pearson	120
7/3/68	Nishamo	120
		110
7/3	cac	220
		120M

JUL 3 1968

AIRMAIL

Mallory Industries, Inc.
P. O. Box 6266
Salt Lake City, Utah 84106

Re: OME-6737 (Uranium)
Mallory Industries, Inc.
Monte Group Claims
San Juan County, Utah

Gentlemen:

Our review of your application for exploration assistance indicates that much of the proposed work is not eligible for Government assistance.

The OME program is limited to the exploration of specific geologic targets in specific areas, and excludes participation in the reconnaissance-type work (prospecting) designated as phase one in your proposal. Such preliminary work should be completed by the Applicant at his own expense and the data included with the application. The OME program also excludes Government participation in work designed to block out ore (development) in preparation for mining as proposed under phase three of your program.

If you can furnish geologic information which would identify specific exploration targets, sample and assay data, and related information to substantiate your proposal, some exploration work under phase two of the project may be eligible for Government assistance.

For your information, allowable costs under an OME contract do not include full book value allowances to the Operator for his equipment used on a contract. Rather, for each piece of his equipment used on a project the Operator is compensated by allowing depreciation to the extent of 1/60th of the fair market value of the equipment or its book value, whichever is less, for each month used. If the equipment is rented, a fair rental charge per month is allowed.

In the event of an exploration contract, the Government pays its share of the costs at the end of each month after a voucher has been submitted and approved. It usually takes two or three weeks to process such a voucher, an Applicant, therefore, should have sufficient funds readily available to pay for all the costs of the project for the first two or three months.

Submittal of information to qualify your application for OME assistance should not be construed as a commitment by the Government to grant an exploration contract. We shall continue to hold your application pending receipt of the data.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Region III
Mr. Peterson

ECPeterson/bsl 7/3/68

July 1, 1968

Mallory Industries, Inc.
P. O. Box 6266
Salt Lake City, Utah 84106

Subject: OME-6737

Gentlemen:

Your application for exploration assistance, dated June 10, 1968, submitted to our office at Denver, Colorado, has been assigned Docket No. OME-6737.

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

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region III