DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE | Idm-E NO._____ | DMEA NO. 4889

Application
- [ ] Denied
- [ ] Withdrawn

Contract 1 8 MAR 1958 1178
- [ ] 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**

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

**Right Side**

50%

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

Additional Folders:

**Left Side**

Folders No. 2 : Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

**Right Side**

- [x] ~~Field Team Semi-Annual Report for Certified Project~~
- [ ] Field Team Interim Reports
- [x] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No. III : Maps (Use pocket folder or envelope) & Drill Logs

Folders No. IV : Settlement Sheets and Semi-annual Report.

Folders No._____ : Drill Logs

Folders No._____ : Royalty material

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E1178, Docket No. DMEA-4889 (Uranium), dated March 18, 1958, with

Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Laymon Property located in Crook County, Wyoming, during the period March 18, 1958, through September 12, 1960.

A certification of discovery or development was issued on February 16, 1959, and, in accordance with Article 8 of the contract, royalty is payable on all minerals mined or 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 in lieu of final audit dated January 23, 1959, indicated accepted costs under the exploration contract amounting to $10,132.07 with the Government's contribution, on a 50 percent basis, being $5,066.03. Annex II of the contract provides that the Operator will pay royalty under terms of this contract until the amount of $8,596.13 advanced by the Government under Contract Idm-E870, Docket No. DMEA-3762, also shall have been repaid or until the above-mentioned 10 years shall have elapsed, whichever occurs first. Thus, the amount subject to repayment is $13,662.16.

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

This review established the total sales of uranium ore for the period to be $40,673.27. Royalty due the Government at rates specified in the contract is $2,033.67. The royalty paid and the balance due are as follows:

| | |
|---|---|
| Total Royalty Due | $2,033.67 |
| Total Royalty Paid | 2,033.67 |
| Balance of Royalty Due | $ -0- |

C. E. Fisher
C. E. Fisher, OME Auditor

September 19, 1960

Idm-E1178 Balboa Mining and Development Company DMEA-4889

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

My review included the recomputation and tabulation of copies of settlement statements by Mines Development, Inc., submitted in support of royalty payments on ore sales and the AEC initial production bonus, and reconciliation of such amounts with deposits made by the Fiscal Section. The last settlement statement included in this review pertained to Liquidation No. 2178, dated August 30, 1960.

The tabulation is filed with my audit work-papers and is summarized on the attached Exhibit "A".

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

(1) Inspection reports by field representatives of the Government and other information in the Washington office files indicates that all sales of production from the property to date on which the Government is entitled to royalty, have been reported and proper royalty has been 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.

Exhibit "A"

Idm-E1178 Balboa Mining and Development Company DMEA-4889

## Summary of Production, Sales, and Royalty

### Production

| | |
|---|---|
| Ore - SWT | 1,531,965 |
| " - SDT | 1,494,474 |
| $U_3O_8$ - Pounds | 6,039.29 |
| " - Pounds excess 4#/SDT | 316.43 |

### Proceeds

| | |
|---|---|
| $U_3O_8$ - Base payments | $20,243.41 |
| " - Excess 4#/SDT | 237.33 |
| Development allowance | 3,019.69 |
| Haulage allowance | 9,191.79 |
| Total Receiving Station payments | $32,692.22 |
| AEC Production Bonus | 7,981.05 |
| Total value subject to royalty | $40,673.27 |
| | |
| Royalty Due | $ 2,033.67 |
| Royalty Paid | 2,033.67 |
| Balance of Royalty Due | $ -0- |

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Balboa Mining Company

Address P. O. Box 861

Grand Junction, Colorado

Exploration Contract No. Idm - E1178 Docket No. DMEA 4889

| | | | Check One Yes | Check One No |
|---|---|---|---|---|
| 1. | (a) | Does the Operator stockpile ore subject to royalty repayment? | | x |
| | (b) | If so, is segregation and identification procedure adequate? | | |
| 2. | (a) | Does Operator commingle production subject to DMEA or OME royalties with exempt production? | | X |
| | (b) | If so, do you consider the allocation of the commingled production equitable? | | |
| 3. | (a) | Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period? | | X |
| | (b) | If so, are adequate records maintained on such material to protect the Government's interest? | | |
| 4. | | Do you consider the assay controls in effect are adequate? | X | |
| 5. | | Do you consider that the manner of disposing of production gives the Government its fair royalty returns? | X | |
| 6. | | Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties? | X | |
| 7. | | Does the Operator buy from or sell to other Operators? | | X |
| 8. | | Comment on any item 2 (b) to 6 if answer is No. | | |

9-12-60
Date

Hugh M. Connors
Mining Engineer
Hugh M. Connors

Docket copy

INTERIOR DEPT.
FEB 16 1959
SOLICITOR

Murphy
Lindsay
Long
Dodge
Chambers
App'd. Sol.
Martin

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

To: Balboa Mining and DevelopmentCompany
P. O. Box 861
Grand Junction, Colorado

Pursuant to the provisions of Exploration Project Contract No. Idm-11178, dated March 18, 1958 (Docket No. DMEA-4889), hereinafter called the "contract," between the Balboa Mining and Development Company, a Colorado 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:

Rotary plug drilling from the surface in the project area indicated the presence of significant carnotite-type, tabular uranium ore deposits in the Lakota formation of the Cretaceous Inyan Kara group of sediments.

Dated: FEB 16 1959

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Director, Office of
Minerals Exploration

FMMurphy/gla 2-5-59
Copies to:
Operator
X Edwin F. Thorn, Sundance, Wyoming
X R. S. Shannon, Jr., Shannon Oil Co.,
603 Midland Savings Bldg.,
Denver 2, Colorado
X Paul S. Pustmueller, Vice-President, Fremont Petroleum Company,
824 Equitable Bldg., Denver 2, Colorado
X Marvin L. Layman, Assignee and Attorney-In-Fact,
953 Avon Street, Sheridan, Wyoming
Jesse C. Johnson, Director, Division of Raw Materials, AEC, Washington, D.C.
Elton A. Youngberg, AEC Grand Junction Operations Office
Director's Reading File
Frank E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
T. M. Killsgaard, Rm. 5224
Finance Office
Docket
Division of Contract Adm. & Audit
OME Field Team, Region III (2)
F. M. Murphy

February 5, 1959

Docket No. DMEA-4889 (Uranium)
Contract No. Idm-E1178
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming

JUSTIFICATION FOR CERTIFICATION

The property, consisting of 160 acres, was partially explored under Contract Idm-E870 (Docket No. DMEA-3762) Shannon Oil Co. The Operator completed Stage I of the contract but refused to continue with Stage II work recommended by the Field Team. This contract was terminated by mutual agreement and the project was certified May 25, 1956. The Field Team estimated that the indicated and inferred ore reserves discovered amounted to 10,322 tons of uranium ore averaging 0.20% $U_3O_8$. The Field Team stated that the property had not been fully explored and that additional exploration would probably result in the discovery of significant additional reserves.

The Field Team's final report on results of the work under the subject contract has not been received. However, the Operator in its final report, dated January 13, 1959, states that the work resulted in the discovery of one deposit of 46,465 tons of 0.32% $U_3O_8$ grade ore and another of 5,800 tons of 0.18% $U_3O_8$ grade.

In view of this report, as well as the monthly progress reports on the contract work, the writer recommends that the project be certified under the terms of the subject contract.

F. M. Murphy

F. M. Murphy

MME Form 7
(10-58)

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| Date | Surname | Code |
|---|---|---|
| 1/17 | Murphy | 500 |
| | Johnson | 500 |
| 1/18 | Talbert | 800 |
| 1/18 | Selfridge | 120 |
| " | Johnson | 110 |
| 1-18 | Fumich | 100 |
| | | 220 |
| | | |
| | | |

JAN 19 1962

Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: IMEA-3762 (Uranium)
Shannon Oil Company
Laymon Property
Crook County, Wyoming
Contract Idm-E870
and
IMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming
Contract Idm-E1178

Gentlemen:

As a result of the repayment of the Government's participation of $13,662.16 in the subject contracts, the Government retains no lien against the property or any further production therefrom. The above repayment includes the sum of $8,596.13 under Contract Idm-E870 and $5,066.03 under Contract Idm-E1178.

We appreciate your interest and participation in the IMEA exploration program.

Sincerely yours,

George Fumich, Jr.

Director

Copy to:
Shannon Oil Co.
603 Midland Savings Building
Denver 2, Colorado

Frank E. Laymon and Anna M. Laymon
584 East 8th Street, Sheridan, Wyoming
Edwin F. Thorn, Sundance, Wyoming
R. S. Shannon, Jr., Shannon Oil Co.
603 Midland Savings Building, Denver 2, Colo.
Paul S. Pustmueller, Vice President, Fremont Petroleum Company
824 Equitable Building, Denver 2, Colorado
Marvin L. Laymon, 953 Avon Street, Sheridan, Wyoming

FMMurphy/gla 1-17-62
cc to: Director's Reading File
Frank E. Johnson
Div. of Contract Adm. and Audit
Region III (2)
Docket
Code 500

43683

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OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Malbga Mining and Development Company
P. O. Box 661
Grand Junction, Colorado

pertaining to Exploration Project Contract No. Ldm-11176, DMEA No. 4889, including Amendments Nos. 1 and 2, for the period March 18, 1958 to December 31, 1958, inclusive, covering a project for the exploration of Uranium on property known as Laymon Property located in Crook County, Wyoming.

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 | | $10,190.07 |
| Exceptions: (Schedule attached) | | |
| Prior to this review | $56.00 | |
| Less: Reinstatement by review | 0.00 | |
| Herewith | 0.00 | 56.00 |
| Total Accepted Cost | | $10,132.07 |

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Five Thousand, Sixty-Six and 03/100ths Dollars is valid and proper, provided that the Regional Executive Officer, the Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

| | |
|---|---|
| Amount payable to Operator | $ 5,066.03 |
| Amount reimbursed | 4,673.70 |
| Balance due Operator | $ 392.33 |

Pd. Z. Opr. 2/5/59

Donald T. Finch
Donald T. Finch,
OME Auditor

January 23, 1959

REASONS FOR REPORT OF REVIEW IN LIEU OF FINAL AUDIT

CONTRACT NO. I4m-H178 DOCKET NO. DMRA 4889

BALBOA MINING AND DEVELOPMENT CO.

(a) The monthly reports were supported by documentary proof of that portion ($3,843.55) of the costs which covered work performed at unit rates under independent contract and that portion ($222.77) which covered other costs for contribution by the Government on the basis of actual costs (per summary attached.)

(b) The balance ($6,965.75) 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, further disallowances thereunder.

## SCHEDULE OF EXCEPTIONS

CONTRACT NO. Idm-E1178 DOCKET NO. DMRA 4889

BALBOA MINING AND DEVELOPMENT CO.

**Disallowances by Field Team Prior to This Review**

**Excessive Drilling**

| | | | |
|---|---|---|---|
| Hole No. 7 | 24 Feet | | |
| " " 8 | 6 " | | |
| " " 10 | 4 " | | |
| " " 12 | 2 " | | |
| " " 13 | 8 " | | |
| " " 14 | 10 " | | |
| " " 21 | 2 " | | |
| Total @ 76¢/Ft. | 58 Feet | $44.08 | |
| Incidental allowance applicable to Excess Drilling, 58 Feet @ 24¢/Ft. | | 13.92 | |
| TOTAL PRIOR DISALLOWANCES | | | $58.00 |

The Executive Officer of the CMH Field Team and the Auditor concur with the foregoing disallowances.

## SUMMARY OF DOCUMENTED COSTS

CONTRACT NO. Idp-M1178 DOCKET NO. [illegible]

BALBOA MINING AND DEVELOPMENT CO.

| | STAGE I | STAGE II | TOTAL |
|---|---|---|---|
| **Independent Contracts** | | | |
| Non-core Drilling | | | |
| 5,057.3 Feet at 76¢ per foot | $3,843.55 | | $ 3,843.55 |
| **Other** | | | |
| Chemical Analyses | | | |
| 25 Samples at $3.325 each | $ 83.12 | | |
| 42 Samples at $3.325 each | | $ 139.65 | $ 222.77 |
| Total Documented Costs | $3,926.67 | $ 139.65 | $ 4,066.32 |
| **Fixed Unit Costs** | | | |
| Non-Core Drilling | | | |
| 4,747 Feet at 76¢ per foot | | $3,607.72 | |
| Standby Time | | | |
| 10.5 Hours at $10.00 per hour | | 105.00 | |
| Incidental Allowance | | | |
| 5,057.3 Feet at 24¢ per foot of Accepted Drilling | $1,213.75 | | |
| 4,747 Feet at 24¢ per foot of Accepted Drilling | | $1,139.20 | |
| Total Fixed Unit Costs | $1,213.75 | $4,852.00 | $ 6,065.75 |
| TOTAL ACCEPTED COSTS | $5,140.42 | $4,991.65 | $10,132.07 |

Government's Copy

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O. M. E.
RECEIVED DEC 31 1958

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| | | |
| | | |
| | | |
| | | |
| AMENDMENT | NO. 2 | |
| | | |

EXPLORATION PROJECT CONTRACT

BALBOA MINING AND DEVELOPMENT COMPANY

DOCKET NO. DMEA 4889
CONTRACT NO. Idm-E1178

It is agreed this 11th day of December, 1958, ~~between~~ the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Balboa Mining and Development Company, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E1178, Docket No. DMEA 4889, dated March 18, 1958, hereinafter called the "Contract," that:

The date fixed in Article 3 of the contract form on or before which the Operator shall have completed the work, is extended from December 1, 1958, to January 1, 1959.

This amendment shall not 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."

Executed in quintuplicate the day and year first above written.

BALBOA MINING AND DEVELOPMENT COMPANY

By Albert F. Stoick
Albert F. Stoick

Title President

UNITED STATES OF AMERICA

By [illegible]
Executive Officer, OME
Field Team, Region III

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EXPLORATION PROJECT CONTRACT
BALBOA MINING AND DEVELOPMENT COMPANY
DOCKET NO. DMEA-4889

AMENDMENT NO. 1

It is agreed this 18th day of November, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Balboa Mining and Development Company, hereinafter called the "Operator," that Exploration Project Contract No. Idm-E1178 (Docket No. DMEA-4889), dated March 18, 1958, hereinafter called the "Contract," is amended, effective November 6, 1958, as follows:

1. In Exhibit "A" under the heading, Estimated Costs of the Project, Stage II, and the Summary are revised to read as follows:

Stage II

Actual Costs

| | | |
|---|---|---|
| Categories (1) through (6) | | None |
| Category (7) Miscellaneous | | |
| None except | | |
| Chemical analyses for $U_3O_8$ content of 105 samples @ $5.00/sample | $ 525.00 | $ 525.00 |

Fixed Unit Costs (See Annex II)

| | | |
|---|---|---|
| Rotary non-core drilling 5,000 ft. @ $0.76/ft. | 3,800.00 | |
| Standby time, 10.5 hours @ $10.00/hr. | 105.00 | |
| Incidental allowance[1/] for each foot of drill hole completed, 5,000 ft. @ $0.24/ft. | 1,200.00 | 5,105.00 |
| Total Estimated Cost Stage II | | $5,630.00 |

Long
Langer
Asst. Gen. Coun.
Murphy
Krouse
Colonel Selfridge

## S U M M A R Y

| | |
|---|---|
| Total Estimated Cost Stage I | $13,072.20 |
| Total Estimated Cost Stage II | 5,630.00 |
| Total Estimated Cost of Project (rounded) | $18,700.00 |
| Government Participation @ 50% | $ 9,350.00 |

2. In Article 5 of the Contract, the figures "$26,194.00" and "$13,097.00" are replaced by the figures "$18,700.00" and "$9,350.00", respectively.

3. In Annex II, item 1, (c) is revised to read as follows: "Categories (2) through (6) of Article 6(a) are deleted in Stage I and Categories (1) through (6) of Article 6(a) are deleted in Stage II."

This Amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the amount of any item designated as maximum.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Director, Office of Minerals Exploration

BALBOA MINING AND DEVELOPMENT COMPANY

By Albert F. Stuck

Title President

Krouse

November 5, 1958

Docket No. DMEA-4889 (Uranium)
Contract No. Idm-E1178
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming

JUSTIFICATION FOR AMENDMENT NO. 1

Stages I and II, drilling and standby time under the contract are under Independent Contracts. Stage I has been completed.

The Operator, in a letter, dated October 24, 1958, to the Field Team, requested that the contract be amended to allow it to perform the drilling under Stage II with a company-owned drill and crew that are now drilling in a nearby area.

The proposed change will decrease the estimated cost of the work under Stage II as the Operator will perform the drilling for $0.76 per foot, instead of $2.25, and use standby time at $10.00 per hour instead of $14.00. Total costs for Stage II would be reduced from $13,122.00 to $5,630.00.

The Field Team and the writer recommend that the Operator be allowed to perform the Stage II drilling.

F M Murphy

F. M. Murphy

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Government's copy

MF-200
(Revised June 1954)

Docket No. DMEA 4889

Commodity Uranium

Contract No. Idm-E 1178

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

## EXPLORATION PROJECT CONTRACT[1]

It is agreed this 18 MAR 1958 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] Balboa Mining and Development Company, a Colorado corporation, whose mailing address is P. O. Box 861 Grand Junction, Colorado, hereinafter called the "Operator," as follows:

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

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 Wyoming, County of Crook, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Interest of lessors and assignors

(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: See Annex I

(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 June 15, 1958 shall commence the work, and on or before December 1, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either~~ have completed the work ~~or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A"~~, except as otherwise provided in Exhibit "A" with respect to stages of work. See Annex II.

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 $26,194.00 The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $13,097.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES. See Annex II.

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

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

*Subcategory (c)—Labor.*

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article ~~9~~ 8. See Annex II.

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.*—

See Annex II.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mitterdorf
Administrator, Defense Minerals
Exploration Administration

BALBOA MINING AND DEVELOPMENT COMPANY
(Operator)

By Albert F. Stoick

Title President

---

I, D. JAMES EDSON, JR, certify that I am the TREASURER AND secretary of the corporation named as Operator herein; that ALBERT F. STOICK 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.

D. James Edson, Jr.

[ CORPORATE SEAL ]

Long
Sawyer
App'd. Sol. Off.
Murphy
Ellis
Chambers
Selfridge
Johnson

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

EXPLORATION PROJECT CONTRACT
BALBOA MINING AND DEVELOPMENT COMPANY
DOCKET NO. DMEA-4889

ANNEX I

The land referred to in Article 2 of the Contract form consists of 160 acres, more or less, situate as follows:

The E½ of the NW¼ and the W½ of the NE¼ of Section 27, T. 52 N., R. 66 W., 6th P.M., Crook County, Wyoming.

The Operator is in possession of the premises pursuant to the terms of an Assignment and Agreement, executed December 12, 1957, by Shannon Oil Company and The Fremont Petroleum Company. Said assignment transferred assignors' interests in a mining lease of the mineral rights, dated September 10, 1954, from Frank E. Laymon and his wife, Anna M. Laymon, and a lease of the surface, dated October 27, 1954, from Edwin F. Thorn. Copies of all leases and assignments are filed in DMEA Docket No. 4889.

Consents to Lien and Subordination Agreements, executed by Edwin F. Thorn, Shannon Oil Co., and the Fremont Petroleum Company and Frank E. Laymon, Anna M. Laymon by Marvin L. Laymon, Assignee and Attorney in Fact are attached hereto and made part hereof.

EXPLORATION PROJECT CONTRACT
BALBOA MINING AND DEVELOPMENT COMPANY
DOCKET NO. DMEA-4889

## ANNEX II

certification issued May 25, 1956

WHEREAS, the land referred to in Article 2 was partially explored pursuant to the terms of a prior Exploration Project Contract Idm-E870, Docket No. DMEA-3762, dated September 14, 1955, between the Government and Shannon Oil Co.; and,

WHEREAS, as provided in said prior Contract, the Government contributed to the costs of the project work the sum of $8,596.31; and

WHEREAS, this Operator has acquired all of the right, title and interest of Shannon Oil Co., in and to the land described in said prior Contract:

NOW THEREFORE, it is agreed that as part of the consideration for the Government's entering into this Contract the contribution of the Government under said prior Contract shall be and is hereby added to any money which the Government may contribute under the provisions of this Contract and is repayable to the Government in accordance with the royalty provisions of this Contract.

1. (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 6(a) commencing after the semicolon is deleted.

(c) Categories (2) through (6) 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 8" 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.

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

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Balboa Mining & Devel.Co.
Docket No. DMEA-4889
Contract No. Idm-E 1178
Contract Date 15 MAR 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Crook, State of Wyoming, described as follows: 2/

E½ NW¼ and W½ NE¼ sec. 27, T. 52 N., R. 66 W., 6 P.M.

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.)

Agreement and Lease between the undersigned and Shannon Oil Company dated October 27, 1954.

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 _____ day of 18 MAR 1958, 195__.

Edwin F. Thorn [Seal] SUNDANCE ~~Moorcroft~~, Wyoming [Address]

Edwin F. Thorn

_____ [Seal] _____ [Address]

_____ [Seal] _____ [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]

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

DMEA
DEPARTMENT OF THE INTERIOR

APR 24 1958
REGION III
DENVER, COLORADO

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Balboa Mining & Devel.Co.
Docket No. DMEA- 4889
Contract No. Idm-E 1178
Contract Date 18 MAR 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Crook, State of Wyoming, described as follows: 2/

E½ NW¼ and W½ NE¼ sec. 27, T. 52 N., R. 66 W., 6 P.M.

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: NONE (State "None" or "See Annex No.____")

Dated this _____ day of 18 MAR 1958, 195__.

| | | | |
|---|---|---|---|
| R. S. Shannon Jr. | [Seal] | 603 Midland Savings Bldg. Denver 2, Colorado | [Address] |
| Shannon Oil Company | | | |
| | [Seal] | | [Address] |
| Paul S. Pustmueller | [Seal] | 824 Equitable Bldg. Denver 2, Colorado | [Address] |
| Fremont Petroleum Company | | | |
| | [Seal] | | [Address] |
| | [Seal] | | [Address] |
| | [Seal] | | [Address] |

I, P.E. MINNICK certify that I am the Ass't Secretary (Secretary, etc.) of the corporation named herein; that Paul S. Pustmueller who signed this agreement was then Vice-President (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

P E Minnick

[Corporate Seal]

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

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1178
Contract Date 18 MAR 1958

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CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Crook, State of Wyoming, described as follows: 2/

E½ NW¼ and W½ NE¼ sec. 27, T. 52 N., R. 66 W., 6th P.M.

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.)

Mining Lease between the undersigned and Shannon Oil Company, dated September 10, 1954.

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

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

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

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

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

Dated this 24th day of January, 1958.

| | | | |
|---|---|---|---|
| X Frank E. Laymon | [Seal] | 584 East 8th St. Sheridan, Wyoming | [Address] |
| | [Seal] | | [Address] |
| X Anna M. Laymon | [Seal] | 584 East 8th St. Sheridan, Wyoming | [Address] |
| | [Seal] | | [Address] |
| Marion L. Laymon Assignee and Attorney-In-Fact | [Seal] | 953 Avon Street Sheridan, Wyoming | [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]~~

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# ASSIGNMENT OF INTERESTS

KNOW ALL MEN BY THESE PRESENTS, That we, Frank E. Laymon and Anna M. Laymon, in consideration of One Dollar ($1.00) and other good, valuable and legal consideration, to us in hand paid by Marvin L. Laymon, of Sheridan, County of Sheridan, State of Wyoming, the receipt whereof is hereby acknowledged, do by these presents, sell, assign, transfer, and set over unto the said Marvin L. Laymon, his heirs and assigns, all of our right, title and interest, except as hereinafter reserved, in and to that certain Mining Lease between ourselves, as lessors, and the Shannon Oil Company, as lessee, dated September 10, 1954, upon the East half of the Northwest Quarter (E½NW¼), and West half of the Northeast Quarter (W½NE¼) of Section 27, Township 52 North, Range 66 West, of the Sixth Principal Meridian, in Crook County, State of Wyoming; provided however, that the undersigned expressly reserve unto themselves the right to receive all rentals, royalties, or other benefits due under, or arising from, said lease, during the remainder of their lives, or the life of the survivor thereof.

We further authorize the said Marvin L. Laymon in his own name, and on his own behalf, or as our attorney-in-fact, or otherwise, to do any and all things or acts in conjunction with said lease, which we ourselves might have done, and to take all legal measures, execute any necessary papers, and do any other act, to enforce said lease according to the tenor thereof, or to enlarge, forego, diminish, modify or subordinate, any or all of the lessors rights thereunder, including those reserved by us during our lifetime.

IN WITNESS WHEREOF, we have hereunto put our hands this 24th day of January, 1958, in the City of Sheridan, Sheridan County, State of Wyoming.

Frank E. Laymon

Anna M. Laymon

STATE OF WYOMING )
: ss
COUNTY OF SHERIDAN )

On this 24th day of January, A.D. 1958, before me personally appeared Frank E. Laymon and Anna M. Laymon, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Venida P. Fritz
Notary Public

My Commission expires on the 1st day of October, A.D. 1961.

EXPLORATION PROJECT CONTRACT
BALBOA MINING AND DEVELOPMENT COMPANY
DOCKET NO. DMEA-4889

## EXHIBIT "A"

## Description of the Work

### General Provisions

The object of this project is to explore for uranium ore deposits in the two sandstone units of the Lakota formation by means of rotary non-core drilling.

The Lakota formation is the lowermost member of the Inyan Kara group of Cretaceous age and is underlain by the Jurassic Morrison formation. It is estimated that drill holes ranging from 200 to 210 feet in depth will be required to penetrate the upper sandstone bed in the Lakota formation and that holes averaging approximately 280 feet in depth will be required to penetrate the basal sandstone bed.

The cuttings from each 2-foot section of drill hole shall be recovered by a Duclone or similar collecting apparatus and tested for radioactivity. Cuttings showing significant radioactivity shall be quartered and split for sampling purposes. The Operator shall have one-half of each such sample chemically analyzed for its $U_3O_8$ content. The remainder shall be stored for Government inspection, and possible use, in a container properly identified as to drill hole number and the depth interval that the sample represents. With Government approval, the Operator may dispose of the stored samples.

The recovered cuttings from all drill holes shall be logged geologically, and each hole shall be probed radiometrically as soon as possible after completion. Records of such logging and probing, together

with the assay certificates of the cuttings samples, shall be submitted with the Operator's monthly progress report. The monthly report shall also include a map or sketch showing the location and collar elevation of each hole drilled during the reporting period.

The Government will not contribute to the cost of an incomplete hole, a hole that is closer than 200 feet to the boundary of the project area, or a hole that cannot be probed with standard radiometric testing equipment.

The Operator shall employ a full-time supervisor and such other technical services and labor as are required to complete the project work.

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

The work shall be performed in two stages. The Operator shall perform all the Stage I work and as much of Stage II work as is approved in advance in writing by the Government.

Stage I

Drill not in excess of 21 holes at the approximate locations shown on the map entitled "Map Showing Recommended Exploration, Laymon Lease, Balboa Mining and Development Company, Crook County, Wyoming," attached hereto and made part hereof.

It is estimated that drill holes 3 through 8 will average 210 feet in depth and holes 9 through 14 will average 200 feet in depth. These holes are limited to the exploration of the upper sandstone bed. The holes shall not penetrate more than 10 feet into the gray to bluegray mudstone which lies between the upper and lower potential uranium-bearing sandstone beds of the Lakota formation.

It is estimated that holes 1, 2, and 15 through 21, which are intended to penetrate the upper and also the basal sandstone beds of the Lakota formation, will average 280 feet in depth. The holes shall not penetrate more than 10 feet into the underlying Morrison formation.

With the exception of hole 3, no hole drilled in this stage of the Contract shall be closer than 100 feet to any known drill hole.

It is estimated that 4,980 feet of non-core rotary drilling, 10.5 hours of standby time for probing, and chemical analyses, for the $U_3O_8$ content, of 105 samples will be required to complete Stage I. However, if these estimates are inadequate to permit completion of the Stage I work, upon the written approval of the Government, additional units of work and corresponding funds may be transferred and deducted from those allowed in Stage II.

Stage II

The work consists of extending significant uranium-mineralization trends indicated by previous holes. Not more than 4 holes shall be drilled as offsets to any one hole, and no hole shall be closer than 100 feet to any other hole.

Stage II work shall not exceed 5,000 feet of non-core rotary drilling, 10.5 hours of standby time for probing, and chemical analyses, for the $U_3O_8$ content, of 105 samples.

## Estimated Costs of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

| | | |
|---|---|---|
| Rotary non-core drilling, 4,980 ft. @ $2.25/ft. | $11,205.00 | |
| Standby time, 10.5 hours @ $14/hr. | 147.00 | $11,352.00 |

Categories (2) through (6)

None

Category (7) Miscellaneous

None except:

| | | |
|---|---|---|
| Chemical analyses for $U_3O_8$ content of 105 samples @ $5.00/sample | $ 525.00 | $ 525.00 |

Fixed Unit Costs (See Annex II)

| | | |
|---|---|---|
| Incidental allowance[1/] for each foot of drill hole completed, 4,980 ft. @ $0.24/ft. | $ 1,195.20 | $ 1,195.20 |
| Total Estimated Cost Stage I | | $13,072.20 |

Stage II

Actual Costs

Category (1) Independent Contracts

| | | |
|---|---|---|
| Rotary non-core drilling, 5,000 ft. @ $2.25/ft | $11,250.00 | |
| Standby time, 10.5 hours @ $14/hr. | 147.00 | $11,397.00 |

Categories (2) through (6)

None

Category (7) Miscellaneous

None except:

| | | |
|---|---|---|
| Chemical analyses for $U_3O_8$ content of 105 samples @ $5.00/sample | $ 525.00 | $ 525.00 |

Fixed Unit Costs (See Annex II)

| | | |
|---|---|---|
| Incidental allowance[1/] for each foot of drill hole completed, 5,000 ft. @ $0.24/ft. | $ 1,200.00 | $ 1,200.00 |
| Total Estimated Cost Stage II | | $13,122.00 |

## S U M M A R Y

| | |
|---|---|
| Total Estimated Cost Stage I | $13,072.20 |
| Total Estimated Cost Stage II | $13,122.00 |
| Total Estimated Cost of Project (rounded) | $26,194.00 |
| Government Participation @ 50% | $13,097.00 |

---

1/ Includes all costs whatsoever, that might otherwise have been allowable costs of the contract under Categories (2) through (6) which have been deleted from this contract.

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

December 17, 1957

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

Attention: Mr. Murphy

Reference: DMEA-4889

Gentlemen:

We enclose three (3) copies of Exhibit "C" to Defense Minerals Exploration Administration Application 4889, submitted by Balboa Mining and Development Company on November 27, 1957. Said Exhibit "C" consists of an Assignment and Agreement between Balboa and the Shannon Oil Company, and should be inserted in the application.

Two (2) copies of this Exhibit have been forwarded to the DMEA, 224 New Customhouse Building, Denver, for its information.

We trust that this will complete our application.

Yours very truly,

BALBOA MINING AND DEVELOPMENT COMPANY

William M Spencer

William M. Spencer

2 copies sent to Field Team with referral letter.

cc: DMEA, Denver

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ASSIGNMENT AND AGREEMENT

THIS ASSIGNMENT AND AGREEMENT, made and entered into this 12th day of December, 1957, by and between SHANNON OIL CO., a limited partnership, of 603 Midland Savings Building, Denver 2, Colorado, and THE FREMONT PETROLEUM COMPANY, a Wyoming corporation, of 824 Equitable Building, Denver 2, Colorado, hereinafter called First Parties, and BALBOA MINING AND DEVELOPMENT CO., a Colorado corporation, of P.O. Box 861, Grand Junction, Colorado, hereinafter called Second Party,

W I T N E S S E T H:

First Parties, in consideration of the sum of Ten Dollars and other good and valuable considerations in hand paid by Second Party to First Parties, receipt of which is hereby expressly acknowledged, and in further consideration of the promises and covenants herein contained to be kept and performed by Second Party does hereby sell, assign, transfer, convey, and set over unto Second Party without covenants of warranty either express or implied, all of their right, title, and interest in and to one certain Mining Lease dated September 10, 1954, from Frank E. Laymon and Anna M. Laymon, his wife, as lessors, to Shannon Oil Co., as lessee, covering the E½ NW¼ and W½ NE¼ of Section 27, Township 52 North, Range 66 West of the 6th P.M., Crook County, Wyoming, a photostatic copy of which Lease is attached hereto as Exhibit "A" and made a part hereof, and all of their right, title, and interest in and to the Agreement and Lease of date October 27, 1954, from Edwin F. Thorn to Shannon Oil Co., relating to said above-described property, a photostatic copy of which is attached hereto as "Exhibit B" and made a part hereof, subject, however, to all of the terms and provisions of said aforementioned Mining Lease of date September 10, 1954, and said aforementioned Agreement and Lease of date October 27, 1954, and all prior assignments thereof, subject to all of the terms and provisions of Contract No. IDM - E870 of date September 14, 1955, between Shannon Oil Co. and the United States of America through the Defense Minerals Exploration Administration, and any other agreements of record affecting the above described

EXHIBIT "C"

Mining Lease or the land covered thereby, and subject to the net profits interest hereinafter excepted, reserved, and retained by First Parties.

Each of First Parties hereby expressly excepts, reserves, and retains from the interests herein assigned three-sixteenths (3/16ths) of the net profits, as hereinafter defined, realized by Second Party from all uranium and any other minerals of any nature or kind whatsoever produced and sold from the land above described under the above-described Leases or any extensions or renewals thereof or any leases issued in lieu thereof or in substitution therefor, and from all supplies, tools, equipment, machinery, or other producing facilities sold or the salvage value thereof if disposed of otherwise, said net profits to be paid to First Parties as hereinafter provided.

The parties hereto, as a further consideration for this Assignment and Agreement, do hereby contract and agree as follows:

A. First Party's Agreements:

1. First Parties agree to accept as part of Second Party's legitimate mining operation performed under the provisions of this agreement any shaft, incline or drift which Second Party may construct on other properties than those described herein so long as said shaft, incline or drift is constructed wholly or partially for the purpose of mining ore from the property described herein.

2. First Parties agree to allow Second Party to use any shaft, incline or drift constructed on the premises described herein for the transportation of ores produced from adjacent properties, provided however that any additional costs encountered, as in the case of disposition of wastes, construction of surface installations, road ways, compensation for surface damages, etc. shall be wholly and completely borne by Second Party and shall not be debited against the Laymon Account as herein after defined in Exhibit "C" hereof.

3. First Parties agree to execute consents to lien or such other documents as may be required by the Defense Minerals Exploration Administration or other governmental agency in the event Second Party should ever apply for a federal loan for the purpose of developing the mining premises, so long as

said consents to lien or other documents are substantially of the same form as the one attached to this Assignment and Agreement and marked as Exhibit "D".

B. Second Party's Agreements:

1. Second Party agrees to perform all of the lessee's obligations under said Mining Lease and said Agreement and Lease and to pay the rentals and royalties called for thereby; and further agrees to assume all of the obligations and liabilities of First Parties under the above described DMEA Contract No. IDM E 870 including the payment of all royalties set forth therein; PROVIDED, HOWEVER, that Second Party may, at any time on thirty days' written notice to First Parties, so long as it is not in default of the terms and provisions of the said instruments or of this Agreement, reassign said instruments and the lessee's interest thereunder to First Parties in which event Second Party shall be released and relieved of any further obligations as assignee of the lessee's rights thereunder; provided that Second Party shall not be excused from performance of the obligations set forth in paragraph B 3 hereof.

2. Second Party agrees to pay to each of First Parties three-sixteenths (3/16ths) of all net profits realized by Second Party from the mining operation of said mining property. For the purposes of this paragraph, "net profits" shall mean all amounts received by Second Party from sale of ore or minerals mined or derived from said premises and production bonuses paid by the United States Government or any agency thereof less all of Second Party's actual costs associated therewith which are reasonable and customary, including royalty expenditures and exploration and mining costs, a detailed description of the method of determining said net profits and of their distribution, marked Exhibit "C", being attached hereto and by this reference made a part hereof.

3. Second Party agrees to perform a minimum of 3,333 feet of exploratory drilling on the premises, said exploratory drilling

to be commenced not later than June 1, 1958, and concluded not later than October 1, 1958; or, in default of the performance of this covenant, to pay First Parties, as liquidated damages, the sum of $5,000.00, to reassign to First Parties, by proper written assignments, the aforementioned Mining Lease and the aforementioned Agreement and Lease and all of the Lessee's interest therein and to surrender up forthwith the possession of the mining premises to First Parties.

4. Second Party agrees that it will, on or before December 1, 1958, perform under one of the following procedures:

1) Prepare and submit to First Parties a plan in detail sufficient for the economic mining operation of the land above described and also notify First Parties, in writing, that it will commence such mining operations on or before July 1, 1959, and will thereafter continue such operations under such plan with reasonable diligence; or

2) Forthwith reassign to First Parties, by proper written reassignment, the aforementioned Mining Lease and the aforementioned Agreement and Lease and all of the Lessee's interests therein.

If Second Party elects to proceed under the first procedure described above, Second Party agrees that it will, on or before July 1, 1959, actually commence such mining operations, and will thereafter continue such mining operations under such plan, with reasonable diligence.

If Second Party elects to proceed under the second procedure described above, then, upon the execution and delivery of such reassignment to First Parties, Second Party shall be released and relieved of and from all further liabilities and obligations hereunder.

If at any time after Second Party has commenced the mining operations, as above provided, Second Party shall encounter conditions of a geologic, engineering, or technical nature which shall render said mining operations impractical or unprofitable and Second Party shall desire to release and

surrender its interst in the aforementioned Mining Lease and the aforementioned Agreement and Lease, Second Party shall so notify First Parties at the addresses above stated, and First Parties shall have thirty (30) days from receipt of such notice to elect whether or not they desire to have Second Party reassign the aforementioned Mining Lease and the aforementioned Agreement and Lease and all of the Lessee's interests therein to First Parties. If First Parties elect to have said Mining Lease and said Agreement and Lease reassigned to them, Second Party shall forthwith reassign to First Parties, in equal proportions, the aforementioned Mining Lease and the aforementioned Agreement and Lease and all of the Lessee's interests therein, by proper written reassignment, and upon the execution and delivery of such reassignment Second Party shall be released and relieved of and from all further liabilities and obligations hereunder. If First Parties elect not to have the said Mining Lease and the said Agreement and Lease reassigned to them or fail to elect within the time above provided, then and in either event Second Party shall be free to release and surrender its interest in said Mining Lease and in said Agreement and Lease to the party or parties entitled thereto.

5. Second Party agrees to furnish First Parties copies of all geologic data obtained from the operation of the property described herein, including drill logs, assays, settlement sheets, and maps, but Second Party shall not be obligated to furnish its conclusions and observations derived therefrom. First Parties shall have access to the mining property at all reasonable times at their own risk.

6. Second Party agrees to hold harmless First Parties from any and all loss or damage, and from all claims for injury, death loss or damage of any kind or character, and by whomsoever suffered, occasioned by or in connection with any work performed by Second Party, its agents or employees, and to hold harmless First Parties from all claims and liability of every kind and nature which may or might be incurred by reason of Second Party's operations hereunder.

7. In the event the aggregate of the operating expenses and costs of drilling, mining, operating and developing the Leases, insofar as they cover and include the lands above described, (including the cost of all supplies, tools, equipment, machinery, or other producing facilities) exceed the gross proceeds derived from the sale of all uranium and any and all other minerals of any nature whatsoever produced from the lands described above, plus the proceeds received from the sale of the supplies, tools, equipment, machinery and other producing facilities, or the salvage value thereof if otherwise disposed of, then Second Party shall have the right to recover such excess out of and only out of proceeds derived from future sales of said minerals or future proceeds received from the sale or THE SALVAGE VALUE THEREOF IF DISPOSED OF OTHERWISE, OF the supplies, tools, equipment, machinery and other producing facilities, before making any payment to First Parties, and First Parties shall never be required or obligated to repay any portion of the net profits previously received by them.

8. It is recognized that in the future the uranium ore purchasing policies currently in effect of the United States Atomic Energy Commission or of the uranium processing mill at Edgemont, South Dakota, may be changed to the detriment of the ore producer, or that future markets for uranium ores may be such as to render an operation on the mining property described herein unprofitable. Should such a situation occur, then and in that event Second Party, notwithstanding the other provisions of this Assignment and Agreement, shall do the following:

a) If, in the opinion of Second Party, such an event occurs prior to the time it has developed the mining property to a point where sufficient openings, adits and/or shafts exist to enable production of mineral from the property, then Second Party shall either 1) surrender and reassign to First Parties, by proper written reassignment, the aforementioned Mining Lease and the aforementioned Agreement and Lease and all of the Lessee's interests therein, or 2) complete sufficient openings, adits and/or shafts to enable

production of mineral from the property. In the event Second Party elects to complete and completes said openings, adits and/or shafts, Second Party shall be relieved of any and all obligations to continue further mining operations as long as the conditions hereinabove set forth in this paragraph exists which would make such mining operations unprofitable.

b) If, in the opinion of Second Party, such an event occurs after the time it has developed the mining property to a point where sufficient openings, adits and/or shafts exist to enable production of mineral from the property, then Second Party shall be relieved of any and all obligations to continue further mining operations as long as the conditions hereinabove set forth in this paragraph exist which would make such mining operations unprofitable.

9. Should the work of Second Party on or in relation to the mining property described herein be interrupted or prevented by Act of God, insurrections, labor troubles, or other cause or causes beyond the reasonable ability of Second Party to cure and control, then and in that event Second Party shall not be required to perform the mining program described herein while such cause or causes shall exist; PROVIDED, HOWEVER, that immediately upon the existence of any of the contingencies described herein Second Party shall notify First Parties thereof in writing.

Dated this 12th day of December, 1957.

SHANNON OIL CO., a Limited Partnership

BY R. S. Shannon Jr.
General Partner

ATTEST

E. E. Minich
Asst. Secretary

FREMONT PETROLEUM COMPANY, A Wyoming Corporation

Michael T. Dowling
President

FIRST PARTIES

ATTEST

BALBOA MINING AND DEVELOPMENT CO.
A Colorado Corporation

Thomas K. Younge
Assistant Secretary

BY William M. Spencer Jr.
President

SECOND PARTY

STATE OF COLORADO )
) SS
COUNTY OF DENVER )

This instrument was acknowledged before me this 16 day of December, 1957, by R. S. Shannon Jr., personally known to me to be a general partner of SHANNON OIL CO., a limited partnership, who, being by me duly sworn, did say that he is a general partner in Shannon Oil Co. and that said instrument was signed and sealed in behalf of said limited partnership as its free act and deed.

Witness my hand and official seal.

My Commission expires 7-16-61

James B. Pegg
Notary Public

STATE OF COLORADO )
City and ) SS
COUNTY OF DENVER )

On this 16 day of December, 1957, before me appeared Richard Downing and P. E. Minnick, to me personally known, who, being by me duly sworn, did say that they are the President and Asst. Secretary of the FREMONT PETROLEUM COMPANY, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors and said Richard Downing and P. E. Minnick acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and official seal.

My Commission expires August 10, 1959

Marguerite L. Chamberlain
Notary Public

STATE OF COLORADO )
) SS
COUNTY OF MESA )

On this 12th day of December, 1957, before me appeared William M. Spencer, Jr., and Thomas K. Younge, to me personally know, who, being by me duly sworn, did say that they are the President and Secretary of BALBOA MINING AND DEVELOPMENT CO., and that the seal affixed to said instrument is the corporate seal of said corporation, and said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said William M. Spencer, Jr. and Thomas K. Younge acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and official seal.

My Commission expires

Notary Public

My Commission expires November 10, 19

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EXHIBIT "A" TO EXHIBIT "C"
OF THIS APPLICATION

(See Mining Lease dated September 10, 1954, between Shannon Oil Company and Frank E. and Anna M. Laymon, and submitted as an exhibit to this application.)

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EXHIBIT "B" TO EXHIBIT "C"
OF THIS APPLICATION

(See Agreement and Lease dated October 27, 1954, between Edwin J. Frank and Shannon Oil Company, and submitted as an exhibit to this application.)

EXHIBIT C

Attached to and made a part of the Assignment and Agreement dated 12th, day of December, 1957, between Shannon Oil Co., a limited partnership and Fremont Petroleum Company, a Wyoming corporation, called First Parties, and Balboa Mining and Development Company, a Colorado corporation, hereinafter called Second Party.

Accounting Procedure and

Determination of Net Profits

The purpose of this Exhibit C is to establish a method of accounting and of determination of net profits which will truly reflect Second Party's actual cost of operation and receipt of income from the property described in the Assignment and Agreement, so that parties will benefit correctly from the operation of the said property as set forth in the said Assignment and Agreement.

I. Definitions, Records, Reports, Arbitration.

1. The property described in the Assignment and Agreement to which this Accounting Procedure is attached shall hereinafter be called the "Laymon Lease".

2. The term "Laymon Account" shall be used to describe the account established in the accounting books of Second Party showing the debits against and the credits to the operation of the Laymon Lease. The balance indicated in said Laymon Account, arrived at by subtracting the total debits from the total credits, shall be intended to accurately show the net profits or net loss incurred by the operation.

3. Second Party shall at all times maintain and keep true and correct records of the production and disposition of all ores, metals and minerals, and of all costs and expenditures incurred, as well as all other data necessary or proper for the settlement of accounts between the parties hereto. Such records shall be open at all reasonable times for inspection by duly authorized representatives of First Parties.

4. Within 60 days after the close of each calendar quarter Second Party will submit to First Parties an itemized statement of all debits against and credits to the Laymon account, and in addition will furnish copies of all settlement sheets of ores shipped and sold. Second Party will not be required to furnish First Parties with copies of original documents such as invoices, payroll records, etc.

5. First Parties shall have the right to protest or question the correctness of any such statement within a period of ninety (90) days from and after the receipt thereof; if no written exception is made to Second Party within such ninety (90) days then such statement shall be deemed to be correct and binding upon First Parties.

6. In the event that the parties hereto shall fail to agree on any questions of fact arising out of this Exhibit C, the matter shall be referred to a Board of Arbitration, to consist of one (1) person selected by First Parties, one (1) person selected by Second Party, the two (2) to select a third (3rd) person. The written decision of any two members of this Board shall be final and binding on all parties hereto, and its cost shall constitute a legitimate charge against the operation. The method of establishing said Board of Arbitration shall be as follows:

a) The party desiring to bring up a point for arbitration shall serve written notice on the other party, requesting that it appoint an arbiter. If the party receiving said notice shall then fail to appoint an arbiter within ten days from the mailing of said notice, the other party may ask the District Court of the district in which the Laymon Lease is located to appoint an arbiter in the said party's behalf.

b) If these two appointed arbiters then fail to agree on a third arbiter within ten days following, the same District Court may be petitioned by either party to appoint the said third arbiter.

7. Any distribution of net profits shall be made in accordance with Section V of this Accounting Procedure.

II. Charges Against the Laymon Account.

Second Party shall debit the Laymon account for all expenditures

necessary to explore, develop, mine, maintain, operate and abandon the Laymon Lease, said debits being subject to reduction under the provisions of paragraph III hereof. Without in any way limiting the generality of the foregoing, such expenditures shall include:

1. All rentals and royalties paid by Second Party pursuant to the Lease Agreements between First Parties and Frank E. and Anna M. Laymon, and between First Parties and Edwin F. Thorn, described in the Assignment, including any sums which may be spent by Second Party for the purpose of reducing the royalties or otherwise altering the terms of the said Lease Agreements; and in addition any royalties payable to the Defense Minerals Exploration Administration or other governmental agency.

2. Salaries and wages of Second Party's employees, other than employees compensated for under subdivision (13), and (14) of this Section II, directly engaged in operations of the Laymon Lease, plus that portion of taxes and assessments imposed by governmental authority on or measured by the pay of employees, and any group insurance, sick pay (not recoverable from insurance), vacations, travel allowances, and other benefits accorded in general to employees by Second Party computed to be applicable to such salaries and wages.

3. All expendable materials and supplies purchased by Second Party or furnished from its stock on hand for use on or in behalf of the Laymon Lease. Insofar as is practical and consistent with efficient and economical operation, only such materials shall be purchased for or transferred to the Laymon Lease as are required for immediate use, and the accumulation of materials and supplies on the property shall be kept to a minimum. Materials and supplies furnished by Second Party from its stock on hand will be charged against the account at the same rate as if Second Party had to purchase said materials and supplies in the open market.

4. All non-expendable equipment and supplies purchased by Second Party or furnished from its stock on hand for exclusive use on or in behalf of the Laymon Lease. Such equipment and supplies, for example, might include, but shall not be limited to, a mine shaft hoist, mine car loaders, air hammers, mine cars, trammers, slushers, stopers, loaders, bull-dozers, pumps, rail, pipe, a head

frame, ore bins, geiger counters and probes, buildings, etc. Such equipment and supplies as may be furnished by Second Party from its stock on hand will be charged against the account as if Second Party has to purchase said equipment and supplies in the open market.

5. Fair and reasonable charges for the non-expendable equipment used by Second Party on or in behalf of the Laymon Lease on a temporary basis. Such equipment, for example, might include, but shall not be limited to, vehicles, bull-dozers, other road-building equipment, geiger counters and probes, drill rigs, etc. Such charges shall not exceed the following rates:

a) For automobiles a charge of ten cents a mile shall be made, for pick-up trucks, thirteen cents a mile, and for jeeps fifteen cents a mile.

b) For bull-dozers, loaders, graders, counters, probes, drill rigs and other equipment a fair rate shall be charged, not to exceed the current prevailing rates for like equipment available in the area, but sufficient to cover maintenance, repairs, depreciation, and other costs normal to the operation of such equipment.

c) Drilling equipment lost in a hole or damaged beyond repair shall be charged to the account at a fair depreciated value.

6. Transportation of employees, equipment and supplies to and from the Laymon Lease, and haulage of ores from the Laymon Lease to a market.

7. Contract and consulting services and utilities procured from outside sources.

8. Damages or losses occasioned by fire, flood, storm, accident or other cause or condition not controllable by Second Party through the exercise of reasonable diligence, whether or not similar to the causes or conditions herein specifically enumerated, and not compensated for by insurance or otherwise. Second Party shall furnish to First Parties a written notice of damages suffered from any source whatsoever immediately after report of the same has been received by Second Party.

9. Expenses of litigation, liens, judgments and liquidated claims incurred in or resulting from the operation hereunder.

10. Second Party shall procure and maintain Workmen's Compensation Insurance covering development and operations hereunder, and the net premiums therefor shall be treated as a part of the actual cost of development and operations.

11. All taxes and assessments paid by Second Party for the benefit of the Laymon Lease including ad valorem, personal property, mineral rights, gross production, and any other taxes and assessments levied and assessed against the property, the production therefrom or the operations thereon. (No income, franchise, capital stock and other such general taxes are chargeable to the property).

12. If any insurance is carried for the benefit of the Laymon Lease, the net premium thereon shall be included hereunder as a charge.

13. A proportionate share of the salaries and expenses of the field and district superintendent, foremen, clerical and other employees engaged in carrying on the operations hereunder, whose time is not allocated directly to the property, plus that portion of taxes and assessments imposed by governmental authority on or measured by the pay of employees, and any group insurance, sick pay (not recoverable from insurance), vacations, travel allowances, and other benefits accorded in general to employees by Second Party computed to be applicable to these salaries and wages, and a proportionate share of the expense in maintaining and operating a field and district office, road maintenance, facilities for housing and boarding employees, and other general facilities used in conducting the operations of the property, such charges to be apportioned to all properties served on the following basis:

> The proportion that all direct and allocable charges against the Laymon Lease bears to the total of all direct and allocable charges against all properties coming under the supervision and administration of the respective field and district office.

14. Overhead charges, which shall be in lieu of any charges for any part of the compensation or salaries paid to managing officers and employees of Second Party except when said managing officers and employees are engaged away from Second Party's general office in

the direct supervision of the property, and any part of the expenses of Second Party's general office, currently located in Grand Junction, Colorado, on the following basis:

| | |
|---|---|
| Inactive operations on the property | None |
| Exploration and development work with no production | $500.00 per mo. |
| Production | $500.00 per mo. plus $1.00 per ton of production, not to exceed a total charge of $1,000.00 per mo. |

15. Any other expenditure incurred by Second Party for the necessary and proper development, maintenance, operation, and abandonment of the property.

III. Pro-Rating of Debits

In the event Second Party shall undertake the sinking of a shaft or incline, or the driving of a haulage-way, or other general development work, designed to facilitate production from the Laymon Lease as well as other properties, the following procedure shall be used:

1. Second Party shall pro-rate the cost of such shaft, incline, drift or development work against the Laymon account based on the ratio which the ore believed to be drilled out and proven on the Laymon Lease bears to the total ore believed to be drilled out and proved on all properties to be served by such shaft, incline, drift or development work.

2. On December 31st, 1960, and each December 31st thereafter, Second Party shall compute a readjustment of said ratio based on the total ore shipped:

a) If said re-computation indicates that less ore than anticipated was shipped from the Laymon Lease and that therefore an excess amount of the cost of said shaft, incline or drift was debited against the Laymon account, a credit shall be made to the Laymon account and Second Party shall pay, subject to the provisions of Section V of this Accounting Procedure, whatever sum, if any, is due to First Parties.

b) If said re-computation indicates that more ore than anticipated was shipped from the Laymon Lease, and that

therefore a lesser amount than appropriate of the cost of said shaft, incline or drift was debited against the Laymon Account, a debit shall be made against the Laymon Account, said debit to be treated as any other chargeable expense.

3. If, after a recomputation of the ratio, Second Party shall undertake an additional development program designed to facilitate production from the Laymon Lease as well as other properties, the new ratio shall be used in pro-rating the cost of said program.

IV. Credits to the Laymon Account.

Second Party shall make credits to the Laymon Account for the following items:

1. The receipts from the sales of all ores produced from the Laymon Lease, including government premiums, bonuses, haulage allowances, and other payments.

2. The receipts from the sale of or the rental of any equipment, expendable or otherwise, or the salvage value thereof if otherwise disposed of purchased by Second Party for use on the Laymon Lease and previously charged against the Laymon Account.

3. Should Second Party recover and use elsewhere any equipment, expendable or otherwise, purchased for use on the Laymon Lease and previously charged against the Laymon account, it shall credit the account with an amount equal to what the equipment could have been sold for on the best available market.

V. Distribution of Net Profits.

1. On or before February 1st of each year Second Party shall compute net profits which have been earned by the operation during the previous calendar year, and shall distribute, subject to the provisions of Paragraph III, 2 a) and b) above, net profits in the following proportions:

| | |
|---|---|
| to each of First Parties | 3/16ths |
| to Second Party | 10/16ths |

2. Until such time as Second Party shall permanently cease development of or production of ores from the Laymon lease, it shall not be obligated, by the provisions of paragraph V, 1 above, to reduce the credit balance of the Laymon account below $25,000.00. In the event, however, that Balboa elects to keep a credit balance in the Laymon account in excess of $10,000.00 after a distribution of profits,

it shall pay First Parties on or before February 1st of each year a penalty of 8% of their three-sixteenths share each of whatever excess amount remains in the said Laymon Account. For example, if after a distribution of profits a credit balance of $20,000.00 remains in the Laymon Account, Second Party shall pay each of First Parties the following amount:

| | |
|---|---|
| Credit balance | $20,000.00 |
| Less reserve allowed | 10,000.00 |
| | $10,000.00 |
| Times each of First Parties' participation | 3/16 |
| | $ 1,875.00 |
| Times 8% | .08 |
| Penalty payable to each of First Parties | $ 150.00 |

This payment of interest shall not be considered as a reimbursable expense.

3. Distributions by Second Party of net profits shall be entered as debits into the Laymon Account.

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

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of _____, State of _____, described as follows: 2/

_____

_____

_____

_____,

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.)

_____

_____

_____

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.

**Exhibit "D" to Exhibit "C" of this application.**

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 _____ day of _____, 195__.

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [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]

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

224 New Customhouse
Denver 2, Colorado

December 2, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 1 1957
DATE | INITIALS

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Application for DMEA Aid (Uranium) Balboa Mining and Development Company (Laymon Lease) Crook County, Wyoming

Enclosed are the original and two copies of the subject application. One copy of the application is being retained in our file.

The Applicant proposes to explore a mineralized target area by 14,480 feet of rotary drilling at a total estimated project cost of $44,811.20.

The land was explored under {Docket DMEA-3762-Shannon Oil Co. Contract Idm-E870 and work performed resulted in certification. The Applicant's proposal is essentially the same as the unexecuted Stage II work provided for in the old contract.

W H King
W. H. King
Executive Officer

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 2 1957
DATE INITIALS REPLY

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

November 27, 1957

DMEA
DEPARTMENT OF THE INTERIOR
DEC 2 - 1957
REGION III
DENVER, COLORADO

Defense Minerals Exploration Adm.
224 New Customhouse
Denver 2, Colorado

Gentlemen:

We enclose for your consideration four copies of an application for a uranium exploration loan submitted to the DMEA by Balboa Mining and Development Company.

We also enclose for your convenience two additional copies containing only the body of the application and the map of the proposed program, but lacking other exhibits.

Please note that Exhibit "C" consisting of the Assignment and Agreement between Shannon Oil Company and Balboa is not included. This document is now being prepared for final execution by both parties and will be forwarded in quadruple as soon as copies are available. The application is being forwarded without this exhibit in order to enable the DMEA to take earlier action on the loan.

In the fall of 1955, Shannon Oil Company completed Phase I of Docket No. DMEA 3762 on the property. The property was subsequently certified for discovery by the DMEA but Shannon, despite the recommendations of the DMEA, did not continue the exploration into Phase II. In view of this, Balboa hopes that the DMEA will give this application favorable consideration.

In addition, because of the DMEA's familiarity with the property, Balboa hopes that no field examination will be necessary.

Balboa requests that the DMEA make collect telephone calls to its Grand Junction office at any time if the processing of the application can be expedited in this fashion.

Yours very truly,

BALBOA MINING AND DEVELOPMENT CO.

William M Spencer
William M. Spencer

Tel. Cosmopolitan Hotel Main 3-2181

Telephone Chapel 2-4911

WMS:b

Dec. 16/57
By telephone Mr Spencer advised that copies of the Shannon Oil assignment of lease would be made within a few days. JMM.

APPLICATION FOR DEFENSE MINERALS EXPLORATION ADMINISTRATION LOAN

BY

BALBOA MINING AND DEVELOPMENT COMPANY

LAYMON LEASE

Crook County, Wyoming

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 4 1957

| DATE | INITIALS | CODE |
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Form MF-103
Revised Feb. 1957

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1035.3
Approval expires June 30, 1958

# APPLICATION FOR AID IN AN EXPLORATION PROJECT

PURSUANT TO DMEA ORDER I, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

**NAME OF APPLICANT** (Full legal name and mailing address as it should appear on contract if one is executed)

Balboa Mining and Development Company
P.O. Box 861
Grand Junction, Colo.

DMEA
DEPARTMENT OF THE INTERIOR
DEC 2 - 1957
REGION III
DENVER, COLORADO

DEC 4

**APPLICANT NOT TO USE THIS BLOCK**

Docket Number: DMEA-4889
Date Received: 12/4/57
Government Participation %:
Region: III
Division Code: 700

**BUSINESS ORGANIZATION** (Check one)

- Individual
- Corporation [X]
- Partnership
- Other (Specify)

State in which firm is organized: Colorado

**LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE**

| Name | Address | Title |
|---|---|---|
| William M. Spencer | 110 Mantey Heights Grand Junction, Colo. | President |
| Albert F. Stoick | P.O. Box 217 Lovell, Wyoming | Vice-President |
| Laurence G. Duerig | P.O. Box 1001 Palo Alto, Calif. | Secretary- |

Mineral(s) for which you wish to explore: Uranium

Estimated Cost of Project: $ 44,811.20

**LOCATION OF PROPERTY**

| Name | County | State |
|---|---|---|
| Laymon Lease | Crook | Wyoming |

## GENERAL INSTRUCTIONS

Before filling out this application, please read DMEA Order-I, Amended, "Government Aid in Defense Exploration Projects." 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 four 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 1, existing mine workings and geology in item 2, and the proposed exploration project in item 4. 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 2(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 Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest DMEA 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.

BALBOA MINING AND DEVELOPMENT COMPANY

Nov. 27, 1957
*Dated*

William M Spencer Jr.
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. *Applicant's Property Rights:*

*(a)* 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 land adjacent to the proposed project area which you own or control. Describe any part of the project land or workings which should not be subject to Government lien for royalty payments. If the land consists of unpatented claims, state the book and page number for each recorded location notice, including amended locations, and the place where recorded (courthouse, recorder's office, county, and state).

*(b)* State all the names by which you know the property.

*(c)* State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise. If you are not the owner, submit with this application one exact copy of the lease, contract, or other document (with address of owner) under which you control the property.

*(d)* Describe all liens, mortgages, or other encumbrances on the property.

2. *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 lands, including existing mine workings. Describe all production facilities.

*(b)* State your interest, if any, in operations stated in 2*(a)*.

*(c)* State, as far as 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 on the property giving quantities and grades and sampling methods used, supporting 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 may have, indicating on each whether you require its return to you.

3. *Accessibility of Project:*

*(a)* To aid DMEA representatives who may be required to examine the property, state the name and address of the person who will meet the DMEA representative; give directions for reaching the property; and describe accessibility of the property including the mine workings.

*(b)* Name the shipping and supply points and places where employees reside and state the distances between them and the property.

4. *The Exploration Project:*

*(a)* Describe fully the proposed exploration project giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and longitudinal and cross sections as necessary. Show the 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 *property boundaries* or to the closest identifiable corner.

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

*(c)* In the event that an exploration contract with DMEA is executed, how soon will the work start and how many months will be required to complete it? State your anticipated average daily or monthly rate of progress for each type of work.

5. *Experience:*

State your operating experience and background with relation to your ability to carry out this exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of Costs:*

Furnish detailed estimates of the costs *for each item of the work proposed in 4(a)* under the headings listed below with a total for each heading and the estimated total cost of the project. Costs for any work to be performed by an independent contractor should be shown separately under category *(a)* below. Costs for any work that is not to be performed by an independent contractor should be given in detail under categories *(b)* through *(g)*.

*(a)* Independent contracts. State the cost of any proposed independent contract for the performance of all or any part of the work, expressed in units of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, 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. For necessary supervision, engineering and geological services, and labor, include an itemized schedule of numbers, classes, rates of wages, salaries or fees, and periods of employment. State whether these technicians and employees are available.

*(c)* Operating materials and supplies. List items of material and supplies with their cost. 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 operating equipment to be used giving specifications and indicating how each item is to be acquired – i.e., rented, purchased, or provided by the applicant. If it is rented or purchased, state the estimated rental or purchase price. If it is to be furnished by the applicant, give its present fair market value.

*(e)* Initial rehabilitation and repairs. Describe the type and the cost of necessary *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 on the exploration project.

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

*(g)* Miscellaneous. For the operating equipment listed in 6*(d)*, describe the type and estimate the cost of repairs and maintenance expected during project operations. Do not repeat initial repairs listed in 6*(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* – No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. *(a)* State whether you are prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation stated in Sec. 7 of DMEA Order–I, Amended.

*(b)* Explain to what extent you propose to furnish your share of the costs by providing money, by use of equipment owned by you, or otherwise.

* * * * *

INT.-DUP. SEC., WASH., D.C. 15539

1. Applicants' Property Rights:

(a) West one-half of northeast quarter and east one-half of northwest quarter, Section 27, Township 52 North, Range 66 West, 6th P.M., Crook County, Wyoming.

(b) Laymon Lease, Shannon Oil Company Property.

(c) Balboa is lessee of the land herein described, by virtue of following documents attached hereto as Exhibits "A", "B" and "C":

(1) Mining Lease dated September 10, 1954, between Frank E. and Anna M. Laymon, of 584 East 8th Street, Sheridan, Wyoming, lessors and owners of the mineral rights, and Shannon Oil Company, 603 Midland Savings Building, Denver 2, Colorado, lessee.

(2) Agreement and Lease dated October 27, 1954, between Edwin F. Thorn, Moorcroft, Wyoming, owner of the surface rights, and Shannon Oil Company, lessee.

(3) Assignment dated _____, 1957, between Shannon Oil Company, assignor, and Balboa Mining and Development Company, assignee.

(d) The following encumbrances are known to exist on the property:

(1) 12½% royalty and other provisions set forth in 1 (c) (1) above.

(2) 1½% royalty and other provisions set forth in 1 (c) (2) above.

(3) Distributioh of net profits provisions set forth in 1 (c) (3) above.

(4) 5% gross royalty owed to the United States Government until the sum of $8,596.13 has been paid, as per the obligations set forth in DMEA 3762 (Uranium), Contract

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 4 1957
DATE | INITIALS | CODE

OK

(4) continued

Idm-E870 Shannon Oil Company (Laymon Lease) Crook County, Wyoming, and letter of settlement dated February 13, 1956 from DMEA to Shannon.

2. Physical Description:

(a) No mining operations have been conducted on the property. Two separate exploration programs have been conducted on the property as follows (see map, Exhibit "D"):

(1) In February and March of 1954 and in November, December, January and February of 1954-55 the Atomic Energy Commission completed on the property drilling program "Carlile Project No. 1 and No. 1 a (Thorn Ridge)", carried out under the jurisdiction of the Hot Springs Sub-Office, Hot Springs, South Dakota. A total of 27 holes were drilled on 500 foot centers, consisting of 3527 feet of plug bit drilling and 3834 feet of core drilling. Of the 27 holes, 10 were significantly mineralized, and of these, 5 indicated mineralization approaching ore grade, as follows:

| Hole No. | Collar Elevation | Ore Elevation (Base) | Thickness | Grade |
|---|---|---|---|---|
| 704 | 4355.7 | 4109.7 | 2' | .30% |
| 708 | 4381.7 | 4198.7 | 4' | .15% |
| 735 | 4369.7 | 4098.7 | 8' | .25% |
| 743 | 4380.5 | 4183.5 | 3' | .24% |
| 746 | 4393.6 | 4203.6 | 6' | .17% |

The following peak mineralizations and their elevations were obtained in the following additional AEC holes:

| Hole No. | Collar Elevation | Mineralized Zone | Peak Mineralization |
|---|---|---|---|
| 751 | 4379.9 | 4116.9 | .07% |
| 756 | 4372.9 | 4178.9 | .07% |
| 900 | 4377.4 | 4187.4 | .11% |
| 903 | 4386.8 | 4183.8 | .08% |
| 905 | 4354.1 | 4114.1 | ? |

AEC exploration, as per the above described drill holes, indicates three areas of mineralization:

(i) Area I encompasses a crescent shaped pattern extending from hole 756 southward through holes 900, 743, 903, and 746, and then southwestward to hole 708. This

mineralization occurs near the top of the Lakota formation at an approximate elevation of 4185 feet, or 180 feet below the surface. In addition, hole 708 indicated traces of mineralization at depths of 230 and 257 feet.

(ii) Area II extends westward from hole 735 to 704, with the mineralization occuring in the basal member of the Lakota formation at an approximate elevation of 4100 feet, or 240 feet below the surface.

(iii) Area III is located around hole 751, where deeper mineralization corresponding to that in Area II was discovered.

Reference is made to the AEC report, including drill logs and maps, describing Carlile Project No. 1 and No. 1 a. A copy of this report was submitted with DMEA loan application Docket 3762, described in 1 (d) (4) above and in 2 (a) (2) below.

(2) In October and November of 1955 Shannon Oil Company, under Docket No. DMEA 3762 (Uranium) Contract No. Idm. E-870, completed on the property a drilling program consisting of 18 holes. 3861 feet were plugged and 591½ feet were cored. The recorded logs of this drilling program are attached to this application as Exhibit "E". This program is summarized as follows:

(i) Significant mineralization was encountered in 14 of of the 18 holes drilled. Of these 14 holes, 4 indicated mineralization of ore grade (holes 7461, 7463, 7351, and 7354).

(ii) Drilling confirmed that 2 ore horizons exist on the property, one near the top of the Lakota formation, and a second near the base of the Lakota close to the Morrison contact.

(iii) An upper ore horizon mineralized zone was drilled in the area of AEC hole 746. Of the 5 holes in the group, (including the AEC hole), 3 are considered to be in ore, as follows:

| Hole No. | Collar Elevation | Ore Elevation (Base) | Thickness | Grade |
|---|---|---|---|---|
| 746 (AEC) | 4393.6 | 4203.6 | 6' | .17% |
| 7461 | 4393.7 | 4203.7 | 4' | .20% |
| 7463 | 4393.0 | 4203.0 | 9' | .36% |

The extent and grade of the mineralized area has not yet been defined.

(iv) A lower ore horizon mineralized zone was drilled in the area of AEC hole 735. Of the five holes in the group (including the AEC hole) 3 are considered to be in ore as follows:

| Hole No. | Collar Elevation | Ore Elevation (Base) | Thickness | Grade |
|---|---|---|---|---|
| 735 (AEC) | 4369.7 | 4098.7 | 8' | .25% |
| 7351 | 4370.9 | 4097.9 | 6' | .23% |
| 7354 | 4368.6 | 4100.6 | 1' | .30% |

500 feet west of these holes two off-sets to highly favorable AEC hole 704 showed only a trace of mineralization at depth. However, the deeper Lakota zone around holes 704, 905 and 735 should be further tested.

(v) Off-sets to AEC hole 743 showed peak radiometric mineralizations as follows in the upper ore horizon.

| Hole No. | Collar Elevation | Mineralized Zone | Peak Mineralization |
|---|---|---|---|
| 743 (AEC) | 4380.5 | 4183.5 | .07% |
| 7431 | 4377.8 | 4210.5 | .03% |
| 7432 | 4382.5 | 4192.5 | .007% |
| 7433 | 4381.3 | 4195.3 | .02% |
| 7434 | 4378.0 | 4207.0 | .03% |

Additional drilling should be conducted to further test the mineralized zone, particularly towards the south and AEC holes 903 and 746, and towards the west and AEC hole 900.

(vi) An upper ore horizon mineralized zone was drilled in the area of AEC hole 708. In the five holes drilled in the group peak radiometric mineralizations were encountered as follows:

| Hole No. | Collar Elevation | Mineralized Zone | Peak Mineralization |
|---|---|---|---|
| 708 (AEC) | 4381.7 | 4198.7 | .15% |
| 7081 | 4383.8 | 4208.8 | .05% |
| 7082 | 4381.5 | 4202.5 | .05% |
| 7083 | 4378.9 | 4203.9 | .20% |
| 7084 | 4380.8 | 4203.3 | .009% |

In addition, mineralization was discovered in lower members of the Lakota formation at a depth of 230 feet

in holes 708, 7081, and 7083 and at a depth of 257 feet in hole 708.

Mineralization has not been defined, and further exploration is warranted.

Reference is made to the Shannon Oil Company Report Docket No. DMEA 3762 (Uranium) Contract No. Idm E-870, Stage 1, dated January 6, 1956, submitted to the DMEA and accepted as a final report on the project.

Further reference is made to "Certification by the United States of America ...." dated May 25th, 1956, and signed by the Administrator of the DMEA, attached hereto as Exhibit "F", wherein the mining property in question is certified for discovery; and to letter dated June 12, 1956, from the Administrator of the DMEA to Shannon Oil Company, attached hereto as Exhibit "G", wherein the recommendation is made that Stage II of the above described DMEA Contract be undertaken because of the favorable results obtained in Stage I.

(b) Applicant possesses no economic interest in the operations described in 2 (a).

(c) No production has been obtained from the property described herein.

(d) No ore reserves are known to exist on the property. The indications of ore as described in 2 (a) above are insufficient to warrant calculations of reserves, or to confirm definitely that ore bodies of commercial grade and size do exist.

(e) See existing reports previously referred to.

Uranium occurs in bedded deposits located either near the top or in the basal member of the Lakota formation. The Lakota is from 74 to 119 feet thick and is characterized by intensely cross-bedded, fine grained to medium-grained, light gray sandstones. Some soft yellow and brown clay material and abundant

(e) Continued.

black carbonaceous material in thin laminations and layers exist. The lower part of the Lakota is more conglomeratic and cross-bedded than the middle or upper.

Underneath the Lakota the sticky, pyritic shaly Morrison member is found.

Above the Dakota lays the 100 foot thick Fuson formation, containing buff and gray sandy shales and thin fine-grained sandstones and siltstones.

The overlying Dakota has usually been eroded down to a 50 foot thickness, and consists of massive, cross-bedded, fine grained buff and light gray sandstones, with interbedded shales and sandy shales.

The control and localization factors for uranium deposition are uncertain. Ground waters, their flow, and the rate of change of their flow, as influenced by structure and rock composition, are probably important. In this respect a change in calcite content of sandstones may be significant. Ground water traps, in the form of shale banks, could be a factor. And abundance of carbonaceous material is obviously influential.

(f) Exploration to date indicates that additional drilling could enlarge existing mineralized zones into commercial ore bodies.

(g) Reference is made to the AEC report and to the Shannon Oil Company report on file with the DMEA.

3. <u>Accessibility of Project:</u>

(a) Either one of the following individuals will accompany the DMEA representative to the property:

William M. Spencer
P.O. Box 861, Grand Junction, Colo.
Bus. Tel. CHapel 2-4911
Home Tel. CHapel 3-1644

Albert F. Stoick
P.O. Box 217
Lovell, Wyoming
Tel. LIberty 8-7548

(a) continued

The property is located 17 miles northeast of Moorcroft, Wyoming. Take paved U.S. Highway 14 north approximately 16 miles, turn right onto a dirt road and travel east 1.6 miles. Schoolhouse on left side of road is located at southwest corner of property.

The property is accessible at all times by U.S. Highways and all-weather secondary roads.

(b) A local food supply store exists at Carlile, 4 miles from property. Employees would reside in Moorcroft, 17 miles from property. Moorcroft is a rail head and would serve as supply point. Casper and Rapid City are the closest large towns. Newcastle, also a supply point, is 26 miles from the property.

4. <u>The Exploration Project (see map):</u>

(a) The object of the project is to explore with drill holes both the upper and basal members of the Lakota formation in those areas where the AEC and Shannon Oil Company found mineralization and ore. Three general areas will be tested. Area I, extending through AEC mineralized holes 756, 743, 900, 903, 746 and 708, will be tested by shallow and deep drill holes. Area II around AEC mineralized holes 735, 905 and 704 will be tested by deep holes, as will Area III around AEC mineralized hole 751.

The program has been divided into two stages, the performance of Stage II being contingent upon the results obtained in Stage I. The location of Stage II holes is tentative and dependent upon geologic information obtained during Stage I. The work will consist of drilling, probing, logging, assaying and analysis.

Stage I:

| Area | Number Holes | | Average Depth of Holes | Total Footage |
|---|---|---|---|---|
| Area I | 26 | to | 200' | 5200' |
| | 3 | to | 270' | 810' |
| Area II | 7 | to | 270' | 1890' |
| Area III | 4 | to | 270' | 1080' |
| Totals | 40 | | | 8980 |

Radiometric logging --------- 8980 feet
Chemical Assaying ---------- 280 samples

Stage II:

| Area | Number Holes | | Average Depth of Holes | Total Footage |
|---|---|---|---|---|
| Area I | 14 | to | 200' | 2800' |
| | 2 | to | 270' | 540' |
| Area II | 6 | to | 270' | 1620' |
| Area III | 2 | to | 270' | 540' |
| Totals | 24 | | | 5500' |

Radiometric logging --------- 5500 feet
Chemical assaying --------- 168 samples

Shallow holes will be drilled to a depth not in excess of 10 feet below the currently known mineralization in the area or past a minimum elevation of 4169 feet. Deep holes will be drilled to a depth not in excess of 5 feet below the Lakota-Morrison contact, or past a minimum elevation of 4088 feet.

All holes have been located on 100 foot centers, and no hole is closer than 100 feet from a boundary line. All drilling will be done with air where possible, and plug bits will be used. The relatively poor core recovery experienced by the AEC (71.3%) and by Shannon Oil Company (64% in upper Lakota and 19% in the basal Lakota) indicates that further core drilling would not produce information adequate to compensate for the increased costs incurred.

Probing will be done with a 610 Babbel Counter, Babbel Probe and reel assembly, and "Esterline-Angus DC" portable recorder. Dust or sludge samples will be collected and chemically assayed. A geologist will log each hole as it is being drilled.

(b) No access road is required.

(c) Work can commence at any time upon 30 days notice. It is estimated that Stage I will require 90 days, and Stage II 45 days, for completion. A drilling rate of 125 to 150 feet per day is expected.

5. Experience:

Applicant has been engaged in the search for minerals for three years, and has conducted 7 separate mineral exploratory programs. Applicant is technolgically and financially capable of conducting exploratory, development and mining programs.

The program will be directly supervised by Albert F. Stoick, Stoick graduated from the South Dakota School of Mines, and spent 2 years at Stanford University and University of California doing graduate work. While he was employed by Homestake Mining Company in 1953 and 1954 he supervised its mining operation on Thorn Ridge and was responsible for the discovery of a 10,000 ton ore body. In addition, he located for Homestake the mining claims in the New Haven area of Wyoming which have been mined by that company consistently since 1954.

6. Estimate of Costs:

| | | |
|---|---|---|
| (a) Independent Contracts: | | |
| 14,480 feet of drilling @ $2.25 | | $32,580.00 |
| (b) Personal Services: | | |
| 1 supervisor and geologist @ $750/mo. for 4½ mos. | $ 3,375.00 | |
| 1 geologist's assistant @ $450/mo for 4½ mos. | 2,025.00 | 5,400.00 |
| (c) Operating Materials and Supplies: | | |
| 448 sample bags @ .02¢ | | 8.96 |
| (d) Operating Equipment: | | |
| 1 1957 Jeep, 3000 miles @ .15¢ | $ 450.00 | |
| 1 Babbel Counter, probe and recorder @ .05¢/foot of drilling, 14,480 feet | 724.00 | 1,174.00 |

(e) Initial Rehabilitation and Repairs:

None.

(f) New Buildings, Fixtures and Installations:

None.

(g) Miscellaneous:

| | | |
|---|---|---|
| 448 chemical assays (7/hole) @ $5.00 | $ 2,240.00 | |
| Accounting @ $25.00/month | 112.50 | |
| Workmen's Compensation | 270.00 | |
| Social Security | 121.50 | |
| Unemployment Compensation | 162.00 | |
| Maintainence of 2 men in field for 135 days @ $10.00/day/man. | 2,700.00 | $ 5,606.00 |
| Total costs | | $44,768.96 |

Recapitulation:

Stage I:

| | | |
|---|---|---|
| 8980 feet of drilling @ $2.25 | $20,205.00 | |
| 8980 feet of logging @ .05¢ | 449.00 | |
| 280 chemical assays @ $5.00 | 1,400.00 | |
| Incidental allowance @ .64¢/ft | 5,747.20 | |
| Total Stage I costs | | $27,801.20 |

Stage II:

| | | |
|---|---|---|
| 5500 feet of drilling @ $2.25 | $12,375.00 | |
| 5500 feet of logging @ .05¢ | 275.00 | |
| 168 chemical assays @ $5.00 | 840.00 | |
| Incidental allowance @ .64¢/ft | 3,520.00 | |
| Total Stage II costs | | $17,010.00 |
| Total costs | | $44,811.20 |

7. (a) Applicant is fully prepared to furnish its share of cost of proposed project in accordance with regulations of DMEA Order I, as amended.

(b) Applicant will furnish its share of cost of project by providing money.

# MINING LEASE

THIS AGREEMENT of lease, made and entered into this 18th day of September, 1954, by and between Frank E. Laymon and Anna M. Laymon, his wife, of 604 East 8th Street, Sheridan, Wyoming

hereinafter called lessor (whether one or more), and Shannon Oil Co., a limited partnership, hereinafter called lessee, of 603 Midland Savings Building, Denver 2, Colorado

W I T N E S S E T H :

1. For and in consideration of the sum of Ten ($10.00) Dollars and other good, valuable and legal consideration, the receipt and sufficiency of which is hereby acknowledged by lessor, and of the covenants, agreements, and payments hereinafter provided to be made and performed, lessor hereby grants, leases, lets, and demises, exclusively unto lessee the following-described property located in Independent Mining District, Crook County, State of Wyoming, and more particularly described as follows:

Being the E½ of the NW¼ and W½ of the NE¼, Section 27, T 53 N, R 65 W of the 6th P.M., Wyoming containing 160 acres, more or less.

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together with all the dips, spurs, rolls, and angles and also all ~~the uranium and~~ any and all other minerals of any nature whatsoever, including but ~~not~~ limited to all metals, ores, ore bearing quartz, rock, and earth therein, excluding oil and gas, for the purpose of investigating, exploring, drilling, and mining for, producing, saving, taking, owning, transporting, storing, handling, ~~and treating~~ uranium and all other minerals, whether similar, or dissimilar.

2. TO HAVE AND TO HOLD the same for the purposes of exploration and mining for a primary term of ten (10) lease years commencing on the date hereof, receipt of advance rental for the first five (5) years is hereby acknowledged. FEL Wm L.

After the expiration of the primary term lessee shall have the right to continue this lease in full force and effect on all the above-described property, or on such property as has not been previously surrendered or abandoned for as long as commercial quantities of uranium or any other mineral shall be produced from said property, it being understood and agreed, however, that notwithstanding anything to the contrary herein contained, if the United States of America, or its duly authorized buyers or representatives, shall suspend buying of uranium ore for a period of time, and there is no other market therefor, the term of this lease shall continue during such period of suspended buying and shall not be subject to cancellation by lessor for failure of lessee to produce and market such ore. ~~In the event no uranium or other mineral is being produced in commercial quantities from said property at the end of said primary term, lessee shall have the right to continue the term of this lease after the expiration of the primary term by expending a minimum amount of _____ per year upon the development or exploration of such property as it may wish to retain; PROVIDED, HOWEVER, that in the event lessee shall surrender any portion or portions of the said property as hereinafter provided, then such minimum amount shall be reduced in the proportion that the acreage covered herein is reduced by such surrender or surrenders, but in no event shall said minimum amount be less than _____ per year.~~ FEL Wm L

3. Lessor hereby grants to lessee during the term of this lease, possession of such property; the right to explore, map, mine, drill, and extract ore therefrom; to dump waste materials thereon and upon any adjoining areas under the control of lessor; to construct ore bins and buildings thereon; to perform any and all work connected therewith, including construction of roads; to lay pipe lines; to construct mills, power stations, power and communication lines, houses for its employees, and other structures and facilities; and further grants to lessee all road rights-of-way to which lessor may be entitled for egress and ingress to any and all of the demised properties.

EXHIBIT "A"

4. Lessee, at its option, may pay and discharge any taxes, mortgage, or other liens existing, levied, or assessed on or against the above-described land, and in the event it exercises such option it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax, or other lien, any royalty or rentals accruing hereunder. In the event that the lessor owns a less interest in the above-described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid the lessor only in the proportion which lessor's interest bears to the whole and undivided fee, and lessor shall be entitled to retain only such proportion of any moneys previously advanced or paid by the said lessee as lessor's interest bears to the whole and undivided fee.

5. Lessee agrees to conduct its mining operations thereon in accordance with good mining practice and in compliance with health and safety regulations; to permit lessor at lessor's own risk to inspect such premises at all reasonable times to make surveys of the same and to take samples of ore mined or in place, using any access roads of lessee, and to make available to lessor survey maps, drilling logs, and other data which may be compiled pertaining to ore deposits found therein.

6. Lessee shall pay lessor twelve and one half per cent ($12\frac{1}{2}\%$) of the Atomic Energy Commission bonus received by lessee for initial production of uranium ores from eligible new domestic mines. Said payment shall be made as soon as practicable after receipt of said bonus from the Atomic Energy Commission and shall be subject to provisions of the regulations of the Atomic Energy Commission regarding payment of bonuses. Lessee shall comply with all regulations of the Atomic Energy Commission for certification of the property as mining property eligible for bonus payments. For purposes of computing the amount of royalty payments to be made under this section, a record shall be kept by lessee of the ore mined on each property or group of properties regarded by the Atomic Energy Commission as a single eligible unit for purposes of bonus payments.

7. In addition to the bonus payments in paragraph 6 above, lessee shall pay lessor a royalty of twelve and one half per cent ($12\frac{1}{2}\%$) of the price received for ore mined and sold from the land covered by this lease. In determining the above royalty, neither development allowances nor haulage allowances shall be included in the price of said ore, and all haulage expenses paid by lessee in excess of said haulage allowances shall be deducted from the price of said ore.

8. In the event lessee shall leach or otherwise process ore from the above-described land, lessee shall pay lessor a royalty equal to twelve and one half per cent ($12\frac{1}{2}\%$) of the price paid per pound for uranium and associated minerals in ore of like grade delivered to a mill or purchasing depot, less all development and haulage allowances, which royalty shall be paid on the total number of pounds of uranium and any and all other minerals extracted and sold therefrom. For ore of a lower grade than that acceptable at a mill or purchasing depot, the price per pound of uranium and associated minerals recovered from such ore shall be that proportion of the minimum market price that the grade of the ore is to the minimum acceptable grade. The royalty for all other minerals extracted and sold shall be twelve and one half per cent ($12\frac{1}{2}\%$) of the value of the ore mined.

The grade of the ore processed by lessee shall be determined by samples properly taken from said ore and assayed by lessee. Samples and assays by lessee shall be final, except that lessee shall, upon request, furnish lessor for independent assay at lessor's expense, split samples of all ore which it processes. If such samples are requested by lessor, lessee shall retain split samples for later analysis by an independent referee. In the event of a dispute concerning lessee's assay of samples, royalty payments shall be based on the assay results of the independent referee, who shall be acceptable to both lessor and lessee, and all costs of the referee shall be paid by the party whose assay shows the greatest variance from that of the referee. Royalty payments for each month shall be made on or before the twenty-fifty (25th) day of the following month.

9. If diligent investigation to determine the possibilities of commercial enterprise is not commenced on the above-described land on or before ~~one~~ (1) year from this date or in the event such investigation is made and the possibilities for a commercial enterprise are found to be favorable and a program for the development of said land is not commenced immediately thereafter, then in either such event this lease shall terminate as to both parties, unless lessee shall, on or before ~~one~~ (1) year from this date, pay or tender to the lessor or for the

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lessor's credit in First National Bank at Sheridan Wyoming, or its successor or successors, which Bank and its successors are lessor's agents and which shall continue as the depository regardless of changes in the ownership of the land, the sum of Three Thousand ($3,000.00) Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of a diligent investigation to determine the possibilities of a commercial enterprise one (1) year from said date, or in the event such investigation is made and the possibilities of a commercial enterprise are found to be favorable, said sum shall also operate as a rental and cover the privilege of deferring the commencement of a program for development of said land one (1) year from said date. In like manner and upon like payments or tenders, the commencement of said diligent investigation or said program for development may be further deferred for like periods successively during the primary term of this lease. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said rental is payable as aforesaid, but also the lessee's option of extending the period as aforesaid, and any and all other rights conferred. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above-described land and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered herein is reduced by said release or releases; provided, however, that the land surrendered shall be in tracts of not less than 80 acres and lessee shall retain a total of at least 80 acres in order to maintain its rights under this lease. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors, and administrators.

~~In order to minimize permanent damage to the surface from any open or strip mining operations which may be conducted, lessee agrees either to return all waste rock to the original pit and level the land so that it will approximate its previous configuration or to pay lessor for the surface area damaged by these mining operations a sum of Fifteen Dollars ($15.00) per acre for grazing land and Fifty Dollars ($50.00) per acre for farm land, provided however that lessee shall be under no obligation either to return the waste rock and level the land or to pay lessor for the surface area damaged if the royalty and rental payments from the area damaged by lessee's operations hereunder exceed Two Hundred and Fifty Dollars ($250.00) per acre. In the event lessee conducts underground mining operations, all timbering will be left in place when the mine is abandoned.~~ FEE a m L

10. If the leased premises shall hereafter be owned in severalty, or in separate tracts, the premises, nevertheless, shall be explored and developed as one lease and all royalties and bonuses accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage. It is hereby agreed that, in the event this lease shall be assigned as to a part or as to parts of the above-described land, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, on an acreage basis, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said land upon which the said lessee or any assignee hereof shall make due payments of said rentals.

11. If at any time there be as many as six parties (or more) entitled to receive royalties under this lease, lessee may withhold payment thereof unless and until all parties designate in writing in a recordable instrument to be filed with the lessee, a Trustee to receive all royalty payments due hereunder and to execute division and transfer orders on behalf of said parties and their respective successors in title.

12. Lessee at its expense will insure each and every workman employed in its operations as provided in all applicable statutes with respect to workman's compensation and/or employer's liability insurance; and lessee will procure and maintain at its expense public liability insurance in a reputable and financially responsible company properly safeguarding against liability for injury to persons, including injuries resulting in death, and loss or damage to property arising out of lessee's operations hereunder.



(10)

13. Lessor hereby agrees to cooperate with lessee in the securing of loans from the Federal Government which may be deemed advisable by lessee for the exploration, development, and mining of ore from the claims leased hereunder whether such loans may be made available under the terms of the Defense Minerals Act as now in effect or hereafter amended or any other Federal law, rule, or regulation now in effect or hereafter promulgated. Lessor further agrees to sign any documents necessary for the procurement of any such loans; PROVIDED, HOWEVER, that lessor shall not be required to sign any instruments or enter into any agreements which will subject lessor to any personal liability or reduce the royalty payments due hereunder.

14. In the event of any breach or default by lessee, the lessor may give written notice by registered mail thereof to lessee. Upon receipt of such notice, lessee shall have ninety (90) days to cure such breach or default, if such breach or default actually exists, and maintain the lease in effect. If lessee shall not have cured or taken diligent steps to cure any such breach or omission within said ninety (90) day period, lessor may terminate this lease. Failure to enforce such forfeiture shall not constitute a waiver by lessor of any rights in the event of a future breach of such term or provision hereof.

All express and implied covenants of this lease shall be subject to all federal and state laws, executive orders, rules, and regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damage for failure to comply therewith if compliance is prevented by or if such failure is the result of any such law, order, rule, or regulation, or if such compliance is prevented by strikes, riots, flood, fire, storm, acts of God, war, or other causes not within lessee's control.

15. Lessee shall have the right at any time during the term of this lease, and for a period of six (6) months after the termination thereof for any reason whatsoever, to remove as lessee's own property all buildings, improvements, fixtures, bins, machinery, equipment, and other personal property excepting only ties and timbering which may have been erected or placed by lessee on said premises.

16. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to their heirs, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof, and in case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment. Lessee is expressly granted the right to assign this lease or any interest therein.

17. With respect to and for the purpose of this lease, lessor, and each of them if there be more than one, hereby release and waive the right of homestead, and this lease, its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

WHEREOF witness our hands as of the day and year above written.

Harry F. Ochsnerty

Frank E. Layman
Frank E. Layman

Anna M. Layman
Anna M. Layman

(SOUTH DAKOTA)

STATE OF )
) ss
COUNTY OF )

On this ____ day of _____, 19__, before me, _____, the undersigned officer, personally appeared _____, known to me to be the person_ whose name_ ___ subscribed to the within instrument and acknowledged that _he_ executed the same for the purpose therein contained.

_____
Notary Public

My commission expires _____.



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(WYOMING)

STATE OF WYOMING )
) ss
COUNTY OF SHERIDAN )

On this 6TH day of OCTOBER, A.D. 1954, before me personally appeared Frank E. Lyman and Anna M. Lyman, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed, including the release and waiver of the right of homestead.

Given under my hand and notarial seal this 6TH day of OCTOBER, A.D. 1954

Harry F. Schwartz
Notary Public

My commission expires on the 6TH day of July, A.D. 1958

(UTAH)

STATE OF )
) ss
COUNTY OF )

On the _____ day of _____, A.D. 19__, personally appeared before me _____, the signer_ of the above instrument, who duly acknowledged to me that _he_ executed the same.

_____
Notary Public

My commission expires _____

(COLORADO)

STATE OF )
) ss
COUNTY OF )

The foregoing instrument was acknowledged before me this _____ day of _____, 19__, by _____.

Witness my hand and official seal.

My commission expires _____

_____
Notary Public

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(12)

# AGREEMENT AND LEASE

THIS AGREEMENT AND LEASE, made and entered into this 27th day of October, 1954, by and between EDWIN F. THORE, a single man of Crook County, Wyoming, hereinafter called First Party, and SHANNON OIL CO., a limited partnership with office address at 603 Midland Savings Building, Denver 2, Colorado, hereinafter called Second Party.

WITNESSETH:

WHEREAS, First Party is the owner of the surface rights to the following-described land situate in Crook County, Wyoming, to-wit:

> E½NW¼, W½NE¼ of Section 27, Township 52 North, Range 66 West of the 6th P.M.,

and

WHEREAS, FRANK E. LAYMON and ANNA M. LAYMON are the owners of all of the minerals lying in and under the lands above described, and

WHEREAS, Second Party is the lessee under a mining lease of date September 10, 1954, by and between FRANK E. LAYMON and ANNA M. LAYMON, covering the land above described, and

WHEREAS, the Second Party desires to explore for, drill for, map, mine, and extract uranium and other minerals and fissionable materials in, on, upon, from and under the land above described, to construct, if necessary, ore bins and buildings thereon and to perform any and all work connected therewith, including the construction of roads, and to construct mills, power stations, power and communication lines, houses for its employees, and other structures and facilities in, on, upon, over and across the above-described land, and desires to have the right of ingress, egress and regress in, to and from said above-described land and any part thereof, and

WHEREAS, First Party desires to ratify, approve and confirm the aforementioned mining lease to the same and full extent

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EXHIBIT "B"

as if he had been a party signatory thereto, and desires to lease the surface of said lands to Second Party for a term of five (5) years, and as long thereafter as commercial quantities of uranium or any other mineral or fissionable material is produced from the land above described, for all of the uses and purposes hereinabove set forth.

NOW, THEREFORE, in consideration of the sum of Three Hundred Dollars ($300.00), in hand paid by Second Party to First Party, the receipt and sufficiency of which is hereby confessed and acknowledged by First Party, First Party does hereby demise, lease, let and rent the surface of said land to the Second Party for a period of five (5) years from the date hereof and as long thereafter as commercial quantities of uranium and any other mineral or fissionable material shall be produced from the land above described; and as a further consideration for the execution of this agreement and lease, Second Party agrees to pay to First Party a royalty of one and one-half percent (1½%) of the price received for all ore or fissionable material mined and sold from the land above described during the term hereof, provided, however, that in determining the price received for all ore or fissionable materials mined and sold, neither development allowances nor haulage allowances shall be included in the price received.

It is understood and agreed that Second Party, for the entire term of the lease as hereinabove provided for, shall have the exclusive use of said land or any part thereof to explore for, drill for, map, mine, and extract uranium and other minerals and fissionable materials, to construct ore bins and buildings thereon, and to perform any and all other work and operations connected therewith, including the construction of roads, mills, power stations and communication lines, and houses for its employees and other structures and facilities, and that Second Party shall also have the exclusive use of said lands for any other of its operations connected with those above named. It is also understood



(14)

and agreed that , during the entire term of this agreement and lease, Second Party shall have the same right of ingress, egress and regress in, to, and from said lands above described or any part thereof, as First Party now has, and shall have the right to use all roads or rights-of-way to which First Party may be entitled.

In order to minimize permanent damage to the surface from any mining or other operations of Second Party on the land above described, Second Party agrees that it will restore all of the land to its previous configuration and condition or pay the First Party for the surface area damaged by its operations on the land above described One Hundred Dollars ($100.00) per acre for crop land and Fifty Dollars ($50.00) per acre for pasture land damaged by its operations, and the actual value of all growing crops that are damaged by its operations, provided, however, that Second Party shall be under no obligation to restore the land or any part thereof to its previous configuration or condition, or to pay Second Party for the surface area damaged if the royalty payments from the damaged area exceed One Hundred Dollars ($100.00) per acre for crop land or Fifty Dollars ($50.00) per acre for pasture land or exceed the actual value of growing crops; and provided further that the payment of damages to First Party as above provided shall constitute payment in full to First Party for any and all damages of any nature or kind whatsoever to First Party that may be occasioned by any of Second Party's operations in, on, or under the land above described, and shall release Second Party of and from any and all claims by First Party of any nature or kind whatsoever.

It is further understood and agreed that the Atomic Energy Commission or any other Federal or governmental body, or any of its agents or employees, shall have the right to enter upon the land above described and use the same for the same uses and purposes as are hereinabove granted to Second Party.



(15)

It is also understood and agreed by the parties hereto that Second Party shall have the right at any time to surrender all of its interest in this agreement and lease to First Party by assigning to First Party, without covenants of warranty, all of its right, title and interest in this agreement and lease and thereupon be relieved and released of and from all further liabilities and obligations hereunder.

It is further understood and agreed by the parties hereto that the above-named consideration of Three Hundred Dollars ($300.00), the aforementioned royalty of one and one-half percent (1½%), and the rental of Sixty Dollars ($60.00) hereinafter provided for shall constitute payment in full to First Party of all rental due First Party for the use of the surface of the above-described land for the entire term of this lease and any extension thereof.

It is further understood and agreed that, in the event commercial quantities of uranium or any other mineral or fissionable material are not being produced at the end of five (5) years from the date hereof, Second Party shall have the right and option to extend this lease from year to year for a period of five (5) years thereafter by paying or tendering to the First Party's credit on or before the 27th day of October, 1959, and on or before the 27th day of October of each year thereafter in the Stockmens Bank ~~Bank~~ at Gillette, Wyoming, or its successor or successors, the sum of Sixty Dollars ($60.00) which shall operate as a rental for the succeeding year, provided, however, that, in the event commercial quantities of uranium or any other mineral or fissionable material is or are discovered on the land above described at any time during said five- (5) year period, then this lease and agreement shall continue in full force and effect for as long thereafter as uranium or any other mineral or fissionable material is produced in commercial quantities from the land above described without the payment of any further or additional rental.



(16)

First Party agrees that Second Party shall have the preferential right to purchase the surface rights to the land above described and if at any time during the term of this agreement and lease he desires to sell the surface rights to the land above described and receives a bona fide offer therefor, he will notify Second Party in writing, by United States Registered Mail, postage prepaid, addressed to Second Party at the address above stated, stating that he desires to sell the surface rights to the land above described, and shall advise Second Party of the price and terms offered, and Second Party shall have an option for thirty (30) days from the receipt of such notice to purchase the surface rights to said land for the same price and upon the same terms.

As a part of the consideration for this agreement and lease, First Party does hereby fully and wholly release and discharge Second Party, its agents and employees, and the Atomic Energy Commission, its agents and employees, of and from any and all claims of any nature or kind whatsoever, arising or claimed to arise, by any operations of the Second Party, its agents or employees, or by the operations of the Atomic Energy Commission, its agents or employees, on the land above described prior to the date hereof, or for any other claims of any nature or kind whatsoever arising, or claimed to arise, prior to the date hereof.

Upon the expiration of the term of this lease as hereinabove provided for or upon the surrender by Second Party of its interest in this agreement and lease as hereinabove provided for, Second Party shall have a reasonable time thereafter to remove all property of whatsoever kind or nature which it has placed upon or shall place upon said above-described land.

First Party does, by the execution of this agreement and as part of the consideration therefor, hereby ratify, approve, and confirm the aforementioned mining lease of date September 10, 1954, by and between FRANK E. LAYMON and ANNA E. LAYMON as Lessors, to SHANNON OIL CO., a limited partnership, as Lessee, to the same and full extent as if he had been a party signatory thereto.

This agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this agreement the day and year first above written.

Edwin F. Thorn

Edwin F. Thorn

SHANNON OIL CO.

By R. S. Shannon Jr.

General Partner

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STATE OF WYOMING }
COUNTY OF CROOK } ss

On this 27th day of October, 1954, before me personally appeared EDWIN F. THORN, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

Given under my hand and notarial seal this 27th day of October, 1954.

Vera Kenney

Notary Public

My commission expires September 23, 1957.

STATE OF COLORADO }
CITY AND COUNTY OF DENVER } ss

On this 29th day of OCTOBER, 1954, before me personally appeared R. S. SHANNON, JR., General Partner of SHANNON OIL CO., a limited partnership, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed and as the free act and deed of said Partnership.

Given under my hand and notarial seal this 29th day of OCTOBER, 1954.

Oscar E. Johnson

Notary Public

My commission expires [illegible]



(18)

EXHIBIT "C"

(To be furnished at a later date)

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EXHIBIT "D"

(See Map in Folder)

EXHIBIT "E"

(See Drill Logs in folder)

Operator

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

Pursuant to the provisions of Exploration Project Contract No. Tdm-E870, dated September 14, 1955, (Docket No. DMEA-3762), hereinafter called the "contract," between Shannon Oil Co., a limited partnership consisting of R. S. Shannon, Jr., (general partner), and W. J. Quinlin, Kathryne E. Scoville, and Phyllis L. Warnick (limited partners), 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:

Core and non-core drilling under the contract intersected ore-grade uranium mineralization and consistent favorable geologic characteristics at two stratigraphic intervals in the Cretaceous Lakota sandstone underlying the subject property.

Dated: MAY 28 1958 6

THE UNITED STATES OF AMERICA

By C. P. Mittendorf
Administrator, Defense Minerals
Exploration Administration

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EXHIBIT "F"

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

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JUN 12 1956

Mr. R. S. Shannon, Jr., General Partner
Shannon Oil Company
603 Midland Savings Building
Denver 2, Colorado

Re: Docket No. DMEA-3762 (Uranium)
Contract No. Idm-E870
Laymon Lease
Crook County, Wyoming

Dear Mr. Shannon:

We refer to your letter, dated April 16, 1956, addressed to Mr. W. M. Traver, Executive Officer, DMEA Field Team, Region III.

In this letter you state that of the 18 holes drilled (Stage I of the contract), significant mineralization was found in but 5 holes and that these findings, correlated with those of the AEC's, preclude any theory of an ore body with continuity or massiveness.

In our opinion results of the Stage I drilling are inconclusive with respect to the over-all exploration program agreed to under the contract. The lateral extent of ore-grade mineralization has not been determined near any of the AEC holes. Therefore, no justification can be found for precluding the possibility of a continuous ore body near these holes of a sufficient size to warrant a mining program. Moreover, we believe that data derived from Stage I drilling increases the geologic favorability of finding a minable ore body elsewhere on the land subordinated.

We note in the above-mentioned letter you request that your obligation to prosecute further work under the contract be terminated and the Government advise you that further operations are not justified. In view of the information on which we based our issuing a certificate of discovery or development on May 28, 1956, we believe that the work outlined for Stage II and possibly Stage III should be undertaken.

In accordance with Amendment No. 1 of the contract, work should have been resumed not later than May 1, 1956. However, if work under the contract is resumed, a new recess amendment can be prepared so that you will not be in default.

Sincerely yours,

O. Mitteudorf

Administrator

COPY TO PAUL 6-20-56

EXHIBIT "G"

MANUFACTURERS OF
DIAMOND DRILLS
DRILLING EQUIPMENT
DIAMOND BITS

BRANCH OFFICES
NEW YORK · PITTSBURGH
PHILADELPHIA
GRAND JUNCTION, COLO.

EXECUTIVE OFFICES & PLANT
221 W. OLIVE STREET
SCRANTON, PA.

# SPRAGUE & HENWOOD, INC.

SINCE 1853

CONTRACTORS FOR
**DIAMOND DRILLING**
SHOT DRILLING · SOIL SAMPLING · PRESSURE GROUTING
WATER WELLS & CHURN DRILLING

PLEASE REPLY TO
P. O. BOX 648
GRAND JUNCTION, COLO.
TELEPHONE
CHapel 2-0444

November 11, 1957

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DA

Balboa Mining and Development
P. O. Box 861
Grand Junction, Colorado

Gentlemen:

In response to your invitation dated October 17, 1957, we herewith submit our proposal for drilling in Crook County, Wyoming.

**PROPOSAL:**

Item 1. Non Core Drilling to a maximum depth of 300 feet . . . $2.25/ft.

Item 2. Delays for radiometric logging or for any other reason required by Owner . . . . . .$14.00/hr.

This proposal is subject to the following conditions:

1. All drill hole locations and access roads to drill sites will be constructed and maintained to accommodate Sprague & Henwood, Inc. truck mounted drills and water trucks. Any bulldozer work required for preparation of sites and roads will be furnished by the customer at no cost to Sprague & Henwood, Inc.

2. Upon completion of a hole to the specified bottom depth and prior to moving the drill rig, if the drill and crew are required to stand by while the customer logs said hole with subsurface logging equipment, if the drill and crew are required to perform additional work in the hole for use of subsurface logging equipment, Sprague & Henwood, Inc. will be paid at the rate per hour specified under Item 2 of proposed schedule.

3. All holes will be located in the field by the customer.

4. All rights of entry to and exit from the property will be obtained by the customer.

5. Payments are to be made monthly based on completed holes, within 15 days after date of invoice. Should payments not be made within the specified period than Sprague & Henwood, Inc. reserves the right to terminate operations. Credit arrangements satisfactory to Sprague & Henwood, Inc. must be made prior to commencement of work.

EXHIBIT "H 1"

Balboa Mining and Development November 11, 1957

We thank you for the opportunity of submitting this proposal and trust that we may be favored with your order.

Very truly yours

SPRAGUE & HENWOOD, INC.

Robert R. Carver
Western Manager

RRC: nr

EXHIBIT "H 1"

MINERALS ENGINEERING COMPANY
P. O. BOX 1001
GRAND JUNCTION, COLORADO

October 18, 1957

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Mr. William M. Spencer
Balboa Mining & Development Company
P. O. Box 661
Grand Junction, Colorado

Dear Sir:

In reply to your letter dated October 17, please accept the following proposal as our tentative bid for your D.M.E.A. drilling program located 16 miles north and east of Moorcroft, Wyoming, E½NW¼ and W½NE¼, Section 27, Township 52 North, Range 65 West, 6th P.M., Crook County, Wyoming for a total minimum footage of 9,000 feet to a maximum depth per hole of 300 feet:

| Depths | Price per Foot Blue Type Drilling |
|---|---|
| 0-100 feet | $ 2.00 |
| 100-200 feet | 2.50 |
| 200-300 feet | 3.00 |

Standby time - probing, waiting for drill sites, etc. - will be charge at the rate of $15 per hour.

It is our understanding you would furnish all access roads and drill sites and that the water haul would not exceed six miles, if the holes could not be bottomed with air.

In the event your D.M.E.A. program is approved we would be most happy to look the property over and give you a firm bid.

Your early reply will be appreciated.

Very truly yours,

MINERALS ENGINEERING COMPANY

Edson Foster

Edson Foster
Assistant Drill Superintendent

E/k

cc - R. G. Sullivan

EXHIBIT "H 2"

Diamond Core Drilling
Mining
Quarries
Shaft Sinking
Tunnel Driving

Bovies Bros.
DRILLING COMPANY

CONTRACTORS - ENGINEERS - GEOLOGISTS
General Offices
1321 South Main Street Phone HUntor 4-4401
SALT LAKE CITY 15, UTAH

October 23, 1957

Reply to: S. L. C.

Bulbox Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Gentlemen:

Referring to your letter of October 17, 1957, we submit the following tentative bid for purposes of a D.M.E.A. loan request for exploration at Thorn Ridge, Wyoming.

In the event of your loan being granted, we will give a firm bid on the work.

Drilling Rates For Plug Bit Drilling

| | |
|---|---|
| 24 holes to a depth of 270 feet | $3.20 per foot |
| 40 holes to a depth of 200 feet | 2.90 per foot |

Thank you for calling on us and we will appreciate hearing from you as to the disposition of your request and subsequent work.

Yours very truly,

P A Park

P. A. Park
Assistant Manager, Drilling Division

PAP/em

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EXHIBIT "H 3"

JOY MANUFACTURING COMPANY
900 WOODLAND AVENUE
MICHIGAN CITY, INDIANA

EXECUTIVE OFFICES
HENRY W. OLIVER BUILDING
PITTSBURGH 22, PA.

November 18, 1957

COPY
D.M.&A.
RECEIVED DEC 4 1957
DATE | INITIALS

Balboa Mining & Development Co.
P.O. Box 861
Grand Junction, Colo.

Gentlemen:

In accordance with your request, we wish to set forth terms and conditions under which we are prepared to undertake approximately 14,000 feet of drilling in Cook County, Wyoming.

The price for plug drilling 4 1/4" diameter holes to maximum depths of 300 feet will be at the rate of $2.25 per foot. In addition to the per foot price, it will be necessary that you furnish access roads to the drill hole locations and level the setups, if necessary.

We will furnish for this proposed drilling one of our gasoline driven drills complete with operating equipment, and will conduct the drilling operations on the basis of one or two 8-hour shifts per day and six days per week. We will furnish all labor, materials, supplies and water in connection with this proposed drilling.

In the event we should be delayed on your part, then there will be a charge made for such delays at the rate of $10.00 per hour. Standby time will also be at the rate of $10.00 per hour.

We have the necessary equipment available, and can start the work on short notice.

Thank you for giving us an opportunity of quoting on your requirements.

Yours very truly,

JOY MANUFACTURING COMPANY

W. J. Pilarski, Mgr.
Contract Drill Division

WJP/et

EXHIBIT "H-4"

Docket copy

Murphy

Project Summary Report

By: F. M. Murphy March 31, 1959

1. Docket No. DMEA-4889 (Uranium)
Contract No. Idm-E1178

Operator - Balboa Mining and Development Co.
P. O. Box 861
Grand Junction, Colorado

Operator's Property Rights -
Sublessor of the E½ of the NW¼ and the W½ of the NE¼ of sec. 27, T. 52 N., R. 66 W., 6th P.M., Crook County, Wyoming.

The property was partly explored under Contract Idm-E870, Docket No. DMEA-3762, dated September 14, 1955, between the Government and Shannon OilCo. Under the subject contract (Annex II), the Operator agreed to add the sum of $8,596.31 which was due the Government under the terms of Contract Idm-E870, which project was certified May 25, 1956.

Consents to Lien and Subordination Agreements executed by Edwin F. Thorn, Shannon Oil Co., Fremont Petroleum Company, Frank E. Laymon, and Frank E. Laymon and Anna M. Laymon by Marvin L. Laymon, Assignee, and Attorney in Fact, were submitted.

2. Contract dated March 18, 1958.

Amendments -

No. 1, dated November 18, 1958, allows the Operator to use its own drill rig and crew for drilling under Stage II. NOTE: Stage I drilling was completed by an independent contractor.

No. 2, dated December 11, 1958, extends the completion date from December 1, 1958, to January 1, 1959.

Work under the contract started about June 15, 1958, and was completed December 16, 1958.

Final Reports -

Operator's, dated January 13, 1959, received in Washington January 19, 1959. The report covers the work and an estimate of the ore reserves found. It is very brief, with respect to geology, thickness and lateral extent of the ore bodies, etc. However, the Field Team, in its letter transmitting the Operator's report, stated that its report would cover these items in detail; hence, recommended that the report be accepted. The writer concurred in that recommendation.

Field Team's - dated March 16, 1959, transmitting field examiners' final report.

3. Work Authorized -

Stage I - 21 holes, containing 4,980 feet of non-core drilling.

Stage II - Offset holes, containing 5,000 feet of non-core drilling.

Estimated Costs

Stage I

| | |
|---|---|
| Rotary drilling 1/, 4,980 ft. @ $2.25/ft. | $11,205.00 |
| Standby time 1/, 10.5 hrs. @ $14.00/hr. | 147.00 |
| Incidental allowance 2/, 4,980 ft. @ $0.24/ft. | 1,195.20 |
| Chemical analyses for $U_3O_8$ 1/, - 105 samples @ $5.00 each | 525.00 |
| Total | $13,072.00 |

Stage II

| | |
|---|---|
| Rotary drilling 2/, 5,000 ft. @ $0.76/ft. | $3,800.00 |
| Standby time 2/, 10.5 hrs. @ $10.00/hr. | 105.00 |
| Incidental allowance 2/, 5,000 ft. @ $0.24/ft. | 1,200.00 |
| Chemical analyses 1/for $U_3O_8$ - 105 samples @ $5.00 each | 525.00 |
| Total | $5,630.00 |
| Estimated Total Cost of Project (rounded) | $18,700.00 |
| Government Participation @ 50% | $9,350.00 |

1/ Independent contracts
2/ Fixed unit costs

Work Completed -

| Independent Contracts | Costs Stage I | Costs Stage II |
|---|---|---|
| Rotary drilling, 5,057.3 ft. @ $0.76/ft. | $3,843.55 | |
| Chemical analyses for $U_3O_8$ 25 samples @ $3.25 each | 83.12 | |
| 42 samples @ $3.25 each | | $139.65 |
| **Fixed Unit Costs** | | |
| Rotary drilling, 4,747 ft. @ $0.76/ft. | | 3,607.72 |
| Standby time, 10.5 hrs. @ $10.00/hr. | | 105.00 |
| Incidental allowance @ $0.24/ft. | | |
| 5,057.3 feet | 1,213.75 | |
| 4,747 feet | | 1,139.28 |
| Totals | $5,140.42 | $4,991.65 |

Total Accepted Costs of Project $10,132.07

4. Audit Report of Review, dated January 23, 1959

| | |
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| Total cost as billed by Operator | $10,190.07 |
| Exceptions: | |
| Overdrilling 58 feet - Drilling cost and incidental allowance | 58.00 |
| Total Accepted Costs | $10,132.07 |
| Government Participation @ 50% | $5,066.03 |

5. Certification dated February 16, 1959. ✓

6. Excerpts from Joint Final Engineering and Geologic Report, dated March 4, 1959, by E. N. Harshman, USGS, and Milton H. Marshall, USBM:

The Laymon property is situate in the Black Hills uplift of northeastern Wyoming. The area is underlain by sedimentary rocks of the Inyan Kara group of lower Cretaceous age which rest on the Jurassic Morrison formation. The Inyan Kara group is divided into the Fall River (upper) and Lakota (lower) formations. The Fall River formation is approximately 140 feet thick and the Lakota formation is about 120 feet thick in the explored area.

The exploration work was designed to explore the Lakota formation. The project area had been previously explored by the AEC with 27 holes totaling 7,361 feet of drilling. This was followed in the fall of 1955 with 18 holes totaling 4,274.5 feet of drilling under Contract Idm-E970 with Shannon Oil Co. This work resulted in the discovery of an estimated 10,322 tons of indicated and inferred ore with an average grade of 0.20% $U_3O_8$.

Under the subject contract the Operator completed 42 holes totaling 9,804.3 feet of rotary non-core drilling. The combined drilling indicates two ore-bearing intervals - the principal and only economical horizon lies near the top of the Lakota formation at a depth of 175 to 225 feet below the ground surface.

Indicated and inferred ore reserves developed by all the drilling on the Laymon property are estimated at 38,464 tons containing 0.286% $U_3O_8$.

Comments -

The subject project was completed in a satisfactory manner. Under the terms of the contract Balboa Mining and Development Company must repay the Government $13,662.~~34~~ as royalty on production from the property. To date there has been no production.

$13,662.16

F. M. Murphy

F. M. Murphy

EA Form 17
eb. 58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WORK COMPLETED ANALYSIS

After final audit or review report is received, prepare original only and file in official docket

| | | | |
|---|---|---|---|
| Operator: Balboa Mining & Development Co. | | Actual Cost | X |
| State: Wyoming | | Agreed Unit Cost | |
| Final Report of Audit | | Commodity | Docket No. DMEA-4889 |
| Final Report of Review | x | Uranium | Contract No. Idm-E1178 |

| Operation | Authorized by Contract and Amendments | | Completed | | Net cost after sale of Government Property |
|---|---|---|---|---|---|
| | Units | Cost | Units | Cost | |
| Drifting & Crosscutting | | | | | |
| Raising | | | | | |
| Shafts | | | | | |
| Winzes | | | | | |
| Rotary - non-core Drilling (Specify) | 9,980 | 17,630.00 | 9804.3 | 9909.30 | 9909.30 |
| Surface Excavation | | | | | |
| Underground Excavation | | | | | |
| Roads and Trails | | | | | |
| Operating Equipment Purchased | | | | | |
| Surface Rehabilitation & Repairs | | | | | |
| Underground Rehabilitation | | | | | |
| New Building, Improvements, etc. | | | | | |
| Chemical analyses for U3O8 Other (Specify) | | 1050.00 | | 222.77 | 222.77 |
| Totals | | $18,700.00 | | $10,132.07* | 10,132.07* |

* Net cost total must agree with final report of audit or review.

Prepared by J. M. Murphy Date 1/29/59

31398

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 2/26 | Talbert | 800 |
| 2/26 | Murphy | 500 |
| | Gunsul | 500 |
| 2/26 | [illegible] | 130 |
| " | Johnson | 110 |
| 2/26 | Trumb | 100 |
| | | 220 |
| | | |
| | | |

FEB 26 1962

**Memorandum**

**To:** Acting Field Officer, Region III

**From:** Chief, Division of Field Operations

**Subject:** DMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming
Contract Idm-E1178
and
DMEA-3762 (Uranium)
Shannon Oil Company
Laymon Property
Crook County, Wyoming
Contract Idm-E870

The Department's Fiscal Section has advised that the $1,124.05 refund referred to in your February 23 memorandum was scheduled to the disbursing office during the past week. The Operator undoubtedly is now in receipt of the refund.

The delay in making this refund is regretted. Apparently, the Operator's claim was misplaced and only recently came to light.

George C. Selfridge

(2/B)

EDTalbert/ama 2-26-62

cc:
Docket - DMEA-4889
Director's Reading File
CA & A Division
Review Committee

43683

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

OFFICIAL FILE COPY
O. M. E
RECEIVED FEB 26 1962

| DATE | | |
|---|---|---|
| 2/26 | 4007 | 800 |
| | | 500 |

February 23, 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-3762 (Uranium)
Contract Idm-E870
Shannon Oil Company
(Laymon Property)
Crook County, Wyoming
and
DMEA-4889 (Uranium)
Contract Idm-E1178
Balboa Mining and Development Company
(Laymon Property)
Crook County, Wyoming

Attached are the original and one copy of a letter from the subject Operator dated February 21, 1962 and copies of my reply.

Please refer to your memorandum to me dated October 31, 1961 in which you stated that the royalty had been overpaid by $1,124.05; also my memorandum to the Fiscal Section dated December 7, 1961 in which I requested them to refund $1,124.05 to the Operator.

Will you please investigate the matter and request the Fiscal Section to repay the Operator.

Hugh M. Connors

Hugh M. Connors

Attachments

(3)

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

February 21, 1962

OME
DEPARTMENT OF THE INTERIOR
FEB 23 1962
DENVER, COLORADO

Office of Minerals Exploration
Building 20-Federal Center
Denver 25, Colorado

Attention: Mr. Hugh M. Connors

Re: DMEA-4889 (Uranium contract IDM-E1178)
Balboa Mining & Development Company
Laymon property Crook County, Wyoming.
And
DMEA - 3762 Uranium contract IDM-E870
Shannon Oil Company
Laymon Lease Crook County, Wyoming.

Dear Mr. Connors:

Your letter dated November 2, 1961 notified us that the above contracts had been overpaid by $1,124.05. You advised us at that time that if we would make a claim that this overpayment would be refunded.

We waited until such time that we were certain that no more royalty would be withheld by the mill and on December 4, 1961, we filed application for a refund of the above amount. As of this date we have received neither the refund nor an acknowledgement of the application. Would you please advise as to the status of this matter at the present time.

Very truly yours,

Balboa Mining and Development Company

T. Sanders

T. Sanders

Building 20 - Federal Center
Denver 25, Colorado

February 23, 1962

Mr. T. Sanders
Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

Re: DMEA-3762 (Uranium)
Contract Idm-E870
Shannon Oil Company
(Layman Property)
Crook County, Wyoming
and
DMEA-4389 (Uranium)
Contract Idm-E1178
Balboa Mining and Development Company
(Layman Property)
Crook County, Wyoming

Dear Mr. Sanders:

Thank you for your letter of February 21, 1962 regarding the overpayment of royalty on the captioned contract.

I am forwarding your letter to the OME Washington Office requesting them to refund the overpayment of royalty to you.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
Idm-E870 Royalty Corres.
Idm E1178 Royalty Corres.
Chron

MME Form 7
(10-58)

JAN 19 1962

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 1/18 | Nelson | 200 |
| 1/18 | Talbert | 800 |
| 1/18 | Murphy | 500 |
| 1/19 | Selfridge | 1350 |
| " | Johnson | 110 |
| 1-19 | Fumich | 100 |
| | | |
| | | 225 |
| | | |

Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: DMEA-3762 (Uranium)
Shannon Oil Company
Laymon Property
Crook County, Wyoming
Contract Idm-E870
and
DMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming
Contract Idm-E1178

Gentlemen:

Not only do we appreciate your interest and participation, but we believe that your success warrants some publicity. Unless you have some objection, we plan to give the following statement to the press for release on February 1, 1962.

Repayment Completed on Exploration Assistance Contracts

The Balboa Mining and Development Company has completed repayment of $5,066.03 under an exploration assistance contract administered by the Office of Minerals Exploration and $8,596.13 under another contract held by the Shannon Oil Company, the Department of the Interior announced today. Both contracts provided for assistance to explore for uranium in Crook County, Wyoming.

According to George Fumich, Jr., Director of the Office of Minerals Exploration, the Shannon Oil Company contracted with the Defense Minerals Exploration Administration in 1955 for the exploration assistance and completed the work in 1956. The Balboa Mining and Development Company under its contract performed additional exploration work on the same property in 1958.

Sincerely yours,

George Fumich, Jr.

Director

ASDakan:hlb 1/18/62
cc: Dir. Reading File

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 1/17 | Murphy | 500 |
| | Zwenkel | 500 |
| 1/18 | Talbert | 800 |
| 1/18 | Selfridge | 120 |
| " | Goldson | 110 |
| 1/18 | Fumich | 100 |
| | | 220 |
| | | |
| | | |

JAN 19 1962

Mr. Frank E. Laymon
and Mrs. Anna M. Laymon
584 East 8th Street
Sheridan, Wyoming

Re: DMEA-3762 (Uranium)
Shannon Oil Company
Laymon Property
Crook County, Wyoming
Contract Idm-E870
and
DMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming
Contract Idm-E1178

Dear Mr. and Mrs. Laymon:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contracts.

This correspondence relates to the Consent to lien signed by you on August 23, 1955, with reference to Contract Idm-E870 under the Defense Minerals Exploration Administration program which has been succeeded by the Office of Minerals Exploration program.

Sincerely yours,

George Fumich, Jr.

Director

Enclosure

GLAult/a
1-17-62
cc to: Director's Reading File
Region III (2)
Docket
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 1/17 | Murphy | 500 |
| | Brown | 500 |
| 1/18 | Talbert | 800 |
| 1/18 | Selbredge | 120 |
| 1/18 | Johnson | 110 |
| 1/18 | Fumich | 100 |
| | | 220 |
| | | |
| | | |

JAN 19 1962

Mr. Marvin L. Laymon
953 Avon Street
Sheridan, Wyoming

Re: DMEA-3762 (Uranium)
Shannon Oil Company
Laymon Property
Crook County, Wyoming
Contract Idm-E870
and
DMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming
Contract Idm-E1178

Dear Mr. Laymon:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contracts.

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you as Assignee and Attorney-In-Fact on January 24, 1958, under the Defense Minerals Exploration Administration program which has been succeeded by the Office of Minerals Exploration program.

Sincerely yours,

George Fumich, Jr.

Director

Enclosure

GLAult/a
1-17-62
cc to: Director's Reading File
Region III (2)
Docket
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 1/17 | Mangeby | 500 |
| | [illegible] | 500 |
| 1/18 | Talbut | 800 |
| 1/15 | Jeffrey | 120 |
| " | Johnson | 110 |
| 1/18 | Fumich | 100 |
| | | 220 |
| | | |
| | | |

JAN 19 1962

Mr. Edwin F. Thorn
Sundance, Wyoming

Re: DMEA-3762 (Uranium)
Shannon Oil Company
Laymon Property
Crook County, Wyoming
Contract Idm-E870
and
DMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming
Contract Idm-E1178

Dear Mr. Thorn:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contracts.

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you on March 18, 1958, under the Defense Minerals Exploration Administration program which has been succeeded by the Office of Minerals Exploration program.

Sincerely yours,

George Fumich, Jr.

Director

Enclosure

GLAult/a
1-17-62
cc to: Director's Reading File
Region III (2)
Docket
Code 500

Identical letters to:

R. S. Shannon, Jr., Shannon Oil Co.,
603 Midland Savings Bldg., Denver 2, Colorado
Paul S. Pustmueller, Vice President, Fremont Petroleum Company,
824 Equitable Bldg., Denver 2, Colorado

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 11 1961

| DATE | INITIALS | CODE |
|---|---|---|
| 12/11 | [illegible] | 800 |
| 12/12 | [illegible] | 500 |
| 12/12 | Murphy | 500 |
| | | |
| | | 220 |
| | | |
| | | |

Building 20 - Federal Center
Denver 25, Colorado

December 7, 1961

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: DMEA-4889 (Uranium)
Contract Idm-E1178
Balboa Mining & Development Co.
(Laymon Property)
Crook County, Wyoming
and
DMEA-3762 (Uranium)
Contract Idm-E870
Shannon Oil Company
(Laymon Lease)
Crook County, Wyoming

Attached is a letter from T. Sanders of the Balboa Mining and Development Company dated December 4, 1961, requesting refund of $1,124.05, the amount the Government's contribution on the subject contracts has been overpaid.

Will you please send the Balboa Mining and Development Company a check for $1,124.05.

Original signed by

Hugh M. Connors

Attachment
TMR/lm
cc Chief, Division of Field Operations, OME

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

December 4, 1961

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 11 1961

| DATE | INITIALS | CODE |
|---|---|---|
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| | | |
| | | |

Office of Minerals Exploration
Building 20-Federal Center
Denver 25, Colorado

Attention: Mr. Hugh M. Connors

Re: DMEA - 4889 (Uranium
Contract Idm-E1178
Balboa Mining & Development Co.
(Laymon Property)
Crook County, Wyoming
and
DMEA - 3762 (Uranium)
Contract Idm-E870
Shannon Oil Company
(Laymon Lease)
Crook County, Wyoming

Dear Sir:

We have received a copy of your letter to Mr. Ron Kahler of Mines Development, Inc. directing that no more royalty be withheld from uranium ore production by Balboa Mining and Development Company from the above lease.

We therefore, make application for refund on the overpayment of $1,124.05. This would be royalty payment through Liquidation # 2757. No royalty has been withheld from that time.

Very truly yours,

BALBOA MINING AND DEVELOPMENT CO.

T. Sanders

T. Sanders

TS/mh

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 30 1961

| DATE | INITIALS | |
|---|---|---|
| 11/30 | [illegible] | 800 |
| 12/1 | Murphy | ~~500~~ |
| | | 500 |
| | | |
| | | 200 |

Building 20 - Federal Center
Denver 25, Colorado

November 28, 1961

Mr. Ken Kahler
Minex Development Inc.
777 Grant Street
Denver 3, Colorado

Re: IMEA-4859 (Uranium)
Contract Idm-E1178
Balbon Mining & Development Co.
(Layman Property)
Crook County, Wyoming
and
IMEA-3762 (Uranium)
Contract Idm-E870
Shannon Oil Company
(Layman Lease)
Crook County, Wyoming

Dear Mr. Kahler:

This has further reference to our telephone conversation this morning regarding the captioned contracts.

This will confirm the Operator's statement to you that the royalty account has been paid in full and you should cease to withhold further royalty payments for the Government.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

cc Balbon Mining and Development Company
Post Office Box 361
Grand Junction, Colorado

HMC/lm
Chief, Division of Field Operations, OME (2)
Idm E1178
Idm E870

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 6 1961

| DATE | INITIALS | CODE |
|---|---|---|
| 11/6 | [illegible] | 800 |
| | ~~[illegible]~~ | 500 |
| | ~~[illegible]~~ Murphy | 500 |
| | | |
| | | 220 |
| | | |
| | | |

Building 20 - Federal Center
Denver 25, Colorado

November 2, 1961

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

Attention: Mr. T. Sanders

Re: ~~[illegible]~~-4889 (Uranium)
Contract Idm-E1178
Balboa Mining & Development Co.
(Lagunas Property)
Crook County, Wyoming
and
~~[illegible]~~-3762 (Uranium)
Contract Idm-E870
Shoshone Oil Company
(Lagunas Lease)
Crook County, Wyoming

Gentlemen:

Please be advised that the Government's contribution on the captioned contracts was overpaid by $1,124.05 when the payment of the royalty of $149.29 on liquidation no. 2757 was received.

Will you please advise the buyers of your ore that the Government's participation has been repaid in full and to discontinue withholding the royalty on your future shipments of ore.

If you will make claim to this office for the amount of overpayment, which is now $1,124.05, that amount will be refunded to you.

I am sorry that I wasn't aware of this overpayment at an earlier date but your October shipments were so numerous that the amount of Government participation was exceeded before I realized it.

Yours very truly,

Original signed

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME (2)
IdmE1178
Idm-E870
Chron

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 10/30 | Talbert | 800 |
| 10/31 | Murphy | 500 |
| | Lindsay | 500 |
| 10/31 | [illegible] | 130 |
| " | Johnson | 110 |
| 10-31 | [illegible] | 100 |
| | | 220 |
| | | |
| | | |

OCT 3 1 1961

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4889 (Uranium)
Balboa Mining & Development Co.
Laymon Property
Crook County, Wyoming
Contract Idm-E1178
and
DMEA-5762 (Uranium)
Shannon Oil Company
Laymon Lease
Crook County, Wyoming
Contract Idm-E870

Your Abstract of Remittances '61-10-5 includes the receipt on October 23, 1961, of $186.74 as royalty under the subject contracts. The posting of this royalty receipt resulted in an overpayment by $70.71 of the Government's total contribution of $15,662.16 under the two contracts.

We have now received copies of Abstract of Remittances '61-10-6, which includes an aggregate of $1,055.34 received on October 27, 1961, as royalty for credit to these contracts. Accordingly, the Government's contribution has been overpaid by $1,124.05 as of this date.

Please advise the Operator that royalty payments under these contracts should be discontinued and that refund will be made upon receipt of its claim for the excess amounts.

/s/ George C. Selfridge (JB)

EDTalbert/ama
October 30, 1961

Copy to: Docket - DMEA-4889
Director's Reading File
CA & A Division
Review Committee
Mr. Rothrock

43683

| OFFICIAL FILE COPY O. M. E RECEIVED AUG 7 1961 | | |
|---|---|---|
| DATE | INITIALS | COST |
| 8-7 | gad | 1100 |
| 8/7 | [illegible] | 800 |
| | | ~~500~~ |
| 8/7 | Murphy | 500 |
| | | |
| | | |
| | | 220 |

Building 20 - Federal Center
Denver 25, Colorado

August 3, 1961

Mines Development, Inc.
777 Grant Street
Denver 3, Colorado

Re: Contract Idm E1178
Balboa Mining & Development Company
Crook County, Wyoming

Attention: Mr. T. J. Vogenthaler

Dear Mr. Vogenthaler:

We have your check for $296.47 to cover the royalty due the Government on liquidations No. 2680 and 2681 but no settlement sheets accompanied the check.

Will you please forward this office two settlement sheets for each liquidation number represented by the afore mentioned check No. L 2891.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
Royalty Corres E1178
Chron

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 7/25 | Talbert | 800 |
| 7/25 | Murphy | 500 |
| 7/25 | Driscoll | 500 |
| 7/25 | Selfridge | 120 |
| " | Dixon | 110 |
| 7/26 | Fumich | 100 |
| | | |
| | | 220 |
| | | |

JUL 25 1961

Balboa Mining and Development
Company
Post Office Box 861
Grand Junction, Colorado

Attention: Mr. T. Sanders

Re: DMEA-4889 (Uranium)
Balboa Mining & Development Co.
Laymon Property
Crook County, Wyoming
Contract Idm-E1178
and
DMEA-3762 (Uranium)
Shannon Oil Company
Laymon Lease
Crook County, Wyoming
Contract Idm-E870

Gentlemen:

In reply to your July 20 letter, you are advised that the balance payable to the Government under the first referenced contract is $2,572.74 after application of the royalty paid on Mines Development, Inc., liquidation number 2658. This balance is computed as follows:

Government's contribution repayable

| | | |
|---|---|---|
| Contract Idm-E1178 | $5,066.03 | |
| " Idm-E870 | 8,596.13 | $13,662.16 |
| Royalty paid through June 30, 1961 | | 11,089.42 |
| Balance payable | | $ 2,572.74 |

Since June 30, royalty of $127.64 applicable to liquidation number 2662 has been received. Accordingly, the balance as of this date is $2,445.10 according to our records.

Sincerely yours,

George Fumich, Jr.
Director

(bh)

EDTalbert/hb (7/24/61)
Copy to: Docket DMEA-4889
Docket DMEA-3762
Director's Reading File
Region III (2)
CA&A Division (2)

43683

**Balboa Mining and Development Company**
Post Office Box 861
Grand Junction, Colorado

July 20, 1961

Mr. George Fumich, Jr.
Director O M E
Department of the Interior
Washington 25, D. C.

Gentlemen:

Would you please verify the balance of royalty due the Government under the following captioned contract:

Docket DMEA-4889 (Uranium)
Contract IDM E1178
Balboa Mining & Development Company
(Laymon Property)
Crook County, Wyoming.

This would be the balance due through liquidation number 2658.

Yours very truly,

Balboa Mining & Development Co.
T. Sanders
T. Sanders

RECEIVED JUL 24 1961

| DATE | INITIALS | CODE |
|---|---|---|
| 7/24 | cal | 200 |
| 7/24 | [illegible] | 8.00 |
| | | ~~500~~ |
| | | 920 |

OFFICIAL FILE COPY
O. M. E
RECEIVED FEB 27 1961

| DATE | | |
|---|---|---|
| 2/27 | gad | 220 |
| 2/27 | [illegible] | 800 |
| ~~2/28~~ | ~~Murphy~~ | ~~200~~ |
| | | 220 |

Building 20 - Federal Center
Denver 25, Colorado

February 24, 1961

Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket DMEA-4889 (Uranium)
Contract Idm E1178
Balboa Mining and Development Company
(Laymon Property)
Crook County, Wyoming

Gentlemen:

This responds to your letter dated February 21, 1961 requesting balance of royalty due the Government on the captioned contract.

Our records, which are subject to audit, show the following

| | |
|---|---|
| Amount of Government participation | $ 13,662.16 |
| Royalty paid through liquidation No. 2501 dated February 15, 1961 | 7,480.15 |
| Balance | $ 6,182.01 |

This amount includes liquidations No. 2497, 2498, 2499, 2500, and 2501 which followed liquidation No. 2488.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres E1178
Chron

**Balboa Mining and Development Company**
Post Office Box 861
Grand Junction, Colorado

February 21,1961

OME
DEPARTMENT OF THE INTERIOR
FEB 2 1961
REGION III
COLORADO

Executive Officer
OME Field Team, Region 111
224 New Customhouse Building
Denver 2, Colorado

Dear Sir:

Would you please inform us as to the balance due the Office of Minerals Exploration under Docket No. DMEA-4889 (Uranium) -Contract No. IDM-E 1178 for the Laymon property in Crook County, Wyoming. This would be the balance due after applying the amount you received from the settlement covered by liquidation no. 2488, dated February 3, 1961.

It would be greatly appreciated if you would forward this information at your earliest convenience.

Yours very truly,

Balboa Mining & Development Company
T. Sanders
T. Sanders

OFFICIAL FILE COPY
O. M. E
RECEIVED FEB 27 1961
DATE

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 21 1960

| DATE | INITIALS | CODE |
|---|---|---|
| 11-21 | gad | VVO |
| 11/21 | [illegible] | 800 |
| ~~11~~ | ~~Murphy~~ | ~~500~~ |
| | | |
| | | 220 |
| | | |
| | | |

Building 20 - Federal Center
Denver 25, Colorado

November 18, 1960

Mr. T. J. Vogenthaler
Mines Development, Inc.
777 Grant Street
Denver 3, Colorado

BMED-4889
E 1178

Dear Mr. Vogenthaler:

With your check in the amount of $122.13 representing royalty on Liquidation No. 2296 for Balboa Mining and Development Company, we received two other checks as follows:

| | |
|---|---|
| Black Hills Uranium Company | $ 1237.95 |
| Walter L. McKenna | 2882.59 |

These two checks are returned herewith since it is obviously a mistake by someone in your mailing department.

Yours very truly,

(Original signed by)

Hugh M. Connors
Acting Field Officer
OME, Region III

Enclosure

HMC/lm
cc Royalty Corres E1178
Chron
Chief, Division of Field Operations

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 23 1960

| DATE | INITIALS | CODE |
|---|---|---|
| 9-28 | gad | 220 |
| " | [illegible] | 800 |
| " | ~~Murphy~~ | ~~500~~ 225 |

Building 20 - Federal Center
Denver 25, Colorado

September 26, 1960

Memorandum

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

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

Subject: Docket DMEA-4889 (Uranium)
Contract Idm-E1178
Balboa Mining and Development Company
(Laymon Property)
Crook County, Wyoming

Attached is the original Report of Royalty Review on the subject property dated September 19, 1960 covering the period March 18, 1958 through September 12, 1960.

Original signed by

Hugh M. Connors

Attachments
HMC/lm
cc: Chief, Division of Field Operations (2)
Royalty Corres. E1178
Chron

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 28 1960

| DATE | INITIALS | |
|---|---|---|
| 9-28 | gad | WVO |
| " | [illegible] | 800 |
| | ~~Murphy~~ | ~~500~~ |
| | | 225 |

Building 20 - Federal Center
Denver 25, Colorado

September 26, 1960

Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket DMEA-4889 (Uranium)
Balboa Mining and Development Company
(Laymon Property)
Crook County, Wyoming
Contract Idm-E1178

Gentlemen:

Attached is a copy of the Report of Royalty Review on the captioned property dated September 19, 1960, which shows that no Royalty is due the Government at this time.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

Enclosure
HMC/lm
cc: E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Chief, Division of Field Operations (2)
Royalty Corres. E1178
Chron

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 9-20 | gad | 220 |
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SEP 20 1960

Memorandum

To: Acting Field Officer, Region III

/s/ C. E. Fisher for

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

Subject: DMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming
Contract Idm-E1178

Attached are the original and two copies of a Report of Royalty Review on the above cited project. If you concur in the facts stated in the report distribution should be made as follows:

(a) Original of the report 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; and
(c) One copy for your file.

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 both copies of the report should be returned to this Division with your comments.

Attachments

CEFisher/ama
September 20, 1960

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

43683

Docket official
~~Extra~~

| ~~OFFICIAL FILE~~ COPY O. M. E. RECEIVED SEP 16 1960 | | |
|---|---|---|
| DATE | INITIALS | |
| 9/16 | ~~Murphy~~ | ~~500~~ |
| | | 225 |

Building 20 - Federal Center
Denver 25, Colorado

September 13, 1960

Memorandum

To: E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Washington 25, D. C.

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

Subject: Docket DMEA-4389 (Uranium)
Contract Idm-E1178
Balboa Mining & Development Company
(Laymon Property)
Crook County, Wyoming

Attached are the original and one copy of the check sheet on the subject project which was requested in your memorandum of September 8, 1960.

Original signed by

Hugh M. Connors

Attachments
HMC/lm
cc: Chief, Division of Field Operations (2)
Royalty Correspondence E1178
Chron

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 9/8 | Fisher | 800 |
| 9/8 | gad | 220 |
| " | gla | 500 |
| | | 770 |
| | | |
| | | |
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| | | |
| | | 225 |

SEP 8 1960

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-4889 (Uranium)
Balboa Mining & Development Company
Laymon Property
Crook County, Wyoming
Contract Idm-E1178

This Division is in the process of preparing a Report of Royalty Review for the subject contract based on records in the Washington office.

Please furnish an original and one copy of the Check Sheet of Examining Engineer relating to this contract.

CEFisher/ama
September 8, 1960

Copy to: Docket
Director's Reading File
CA & A Division

43683

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

OFFICIAL FILE COPY
O. M. E.
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| DATE | IN | CODE |
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| 9-6 | gad | VVO |
| 9/6 | [illegible] | 800 |
| | ~~Murphy~~ | ~~500~~ |
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| | | 225 |

September 1, 1960

Memorandum

To: E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Washington 25, D. C.

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

Subject: Docket DMEA-4889 (Uranium)
Contract Idm-E1178
Balboa Mining and Development Company
(Laymon property)
Crook County, Wyoming

This has further reference to your memorandum dated August 2, 1960. Attached are the original and one copy of a letter from R. H. Toole of the Atomic Energy Commission which verifies the amount of bonus paid.

The bonus royalty in the amount of $399.05 has been received by this office and forwarded to the Fiscal Section. According to our records no more bonus is due.

Hugh M. Connors

Hugh M. Connors

Attachments

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

August 26, 1960

IN REPLY REFER TO: PLD:RHT

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

Hugh M. Connors, Acting Field Officer
Office of Minerals Exploration, Region III
Building 20, Federal Center
Denver 25, Colorado

RE: DOCKET DMEA-4889 (Uranium)

Dear Mr. Connors:

The Laymon Lease operated by Balboa Mining and Development Company in portions of Sections 15, 20, 21, 22, 23, 27, 28, 29, 33 and 34, T. 52 N., R. 66 W., 6th P.M., Crook County, Wyoming has been certified for bonus payment under our Certification No. DUP-C6-C-1254. Bonus payment has been approved here and schedule sent to Denver for payment on August 15. Such payment is in the amount of $7981.05 and covers all of the $U_3O_8$ eligible for payment under that certification. At this time it is doubtful that Balboa has actually received payment because of the short time that has elapsed since schedule was submitted.

Very truly yours,

R. H. Toole

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

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O. M. E.
RECEIVED AUG 29 1960

| DATE | INITIALS | [illegible] |
|---|---|---|
| 8-29 | gad | [illegible] |
| " | [illegible] | [illegible] |
| | ~~Murphy~~ | [illegible] |
| | | |
| | | |
| | | |
| | | |
| | | 22 [illegible] |

Building 20 - Federal Center
Denver 25, Colorado

August 23, 1960

Mr. Robert Poole
Mapping and Development Division
Atomic Energy Commission
Grand Junction, Colorado

Re: Docket [illegible]-4809 (Uranium)
Contract [illegible]-E1178
Ribbon Mining and Development Company
(Lucas property)
Crook County, Wyoming

Dear Mr. Poole:

The Operator of the captioned contract advised us last April that the property was in process of being certified by AEC for bonus payments. Will you please advise if any bonus payments have been made on this property and if so the total amount paid the Operator.

Thanking you in advance, I am

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. E1178
Chron

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 8/22 | Fisher | 800 |
| 8/22 | gad | 220 |
| 8/23 | ~~Murphy~~ | ~~500~~ |
| | | |
| | | |
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| | | |
| | | |
| | | 225 |

AUG 22 1960

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon property
Crook County, Wyoming
Contract Idm-81178

A review of the Washington office files, preparatory to the issuance of a Report of Royalty Review on the subject contract, fails to disclose a reply to Mr. Townsend's April 25, 1960, letter to the Operator.

Your advice as to the present status of the Operator's application for bonus payment from AEC would be sincerely appreciated.

CEFisher/ama
August 22, 1960

Copy to: Docket
Director's Reading File
CA & A Division
Mr. Selfridge
Mr. Fisher

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 18 1960

| DATE | INITIALS | CODE |
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| 4-18 | gad | VVO |
| 4/18 | [illegible] | 800 |
| ~~4/19~~ | ~~Murphy~~ | ~~500~~ |
| | | 225 |

Building 20 - Federal Center
Denver 25, Colorado

April 15, 1960

Mr. Albert F. Stoick, President
Balboa Mining and Development Co.
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA 4887 (Uranium)
Contract No. Idm-E1178
(Laymon property)
Crook County, Wyoming

Dear Mr. Stoick:

We presume that you have made application for bonus payment from the Atomic Energy Commission for ore shipped prior to March 31, 1960. According to our records the amount of bonus royalty due the Government is $399.05 which will become due and payable upon your receipt of your bonus payments from the Atomic Energy Commission.

Very truly yours,

Original signed by

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

HMC/bjo

cc: OME, Washington (2)
Royalty corres. E1178
Chron.

Rec'd. in W.O. 4/11/60
~~Draft~~
225
~~800~~

Annual
~~XXXXXXXX~~ Report of Certified Projects

Reporting Period January 1, 1959 through December 31, 1959

Docket and Contract Number DMEA-4889, Idm-E1178

Operator Balboa Mining & Development Co.

Commodity Uranium

Mine Name Laymon Lease

County and State Crook County, Wyoming

| OFFICIAL FILE COPY O. M. E. RECEIVED APR 11 1960 | | |
|---|---|---|
| DATE | INITIALS | CODE |
| 4-11 | gad | VVO |
| | | ~~500~~ |
| | | ~~800~~ |
| 4/27 | RG | 110 |
| | | 225 |
| | | |
| | | |

Date of Contract March 18, 1958

Date of Certification February 16, 1959

Expiration Date of Royalty Payments March 18, 1968

Date of Examination for this Report March 30, 1960

Total Amount of Contract $26,194.00

Total Expenditures under Contract $10,132.07

Amount of Government Participation at 50 % $13,662.16*

Royalty Payments this Period

Previous Royalty Payments

Total Royalty Payments to Date None

% Loan Repayment Completed

Amount of Royalty Due None

Royalty Remarks * Amount contributed by Government under this contract was increased by $8,596.13, the amount contributed under Contract Idm-E870, Shannon Oil Co.

| | | Tons | Analysis |
|---|---|---|---|
| Original Estimate of DMEA Reserve (Field Team Final Report) Mines [ ] Survey [ ] Joint [x] | | | %U308 |
| | Indicated | 15,510 | 0.27 |
| Revised Estimate of DMEA Reserves (Field Team) Mines [ ] Survey [ ] Joint [ ] | Inferred | 22,954 | 0.28 |
| Increase of Reserves by work performed subsequent to DMEA project work | | | |
| Production DMEA ore (This period) | | | |
| (Previous) | | | |
| (To Date) | | None | |
| " Operator's ore (This period) | | | |
| found subsequent (Previous) | | | |
| to DMEA work (To Date) | | | |

Percent Revised Reserves Mined _____

(For Uranium Ores Only)

Initial Production Bonus:

Status of Operator: Ineligible [ ] Applied for [ ] Rec'ing pmt [ ] Paid up [ ]

Pounds $U_3O_8$ produced this period eligible for Bonus

Amount of Bonus paid to Operator this period $_____

Total pounds $U_3O_8$ produced to date eligible for Bonus

Total amount of Bonus paid to Operator to date $_____

Bonus Royalty Paid $_____

Bonus Royalty Due $_____

## Investment Data

| Shafts | | | Winzes | | | Drifts & Crosscuts | | |
|---|---|---|---|---|---|---|---|---|
| Size | Feet | Cost | Size | Feet | Cost | Size | Feet | Cost |

| Raises | | | Drilling | | | Rehabilitation | |
|---|---|---|---|---|---|---|---|
| Size | Feet | Cost | Type & Size | Feet | Cost | Description | Cost |

## Facilities

| Mine Plant | | Mill | | Roads | |
|---|---|---|---|---|---|
| Description | Cost | Description | Cost | Description | Cost |

## Remarks

This property started producing in February 1960 and every effort was made to get as much bonus as possible before March 31, 1960.

Signed H. M. Connors (Engineer)
H. M. Connors

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

February 8, 1960

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 10 1960

| DATE | INITIALS | CODE |
|---|---|---|
| 2-10 | gad | 220 |
| 2/10 | [illegible] | 800 |
| 2/11 | Murphy | ~~500~~ |
| | | 225 |

Balboa Mining & Development Company
P. O. Box 361
Grand Junction, Colorado

Re: Docket No. DMEA 1389 (Uranium)
Contract No. Idm-E1178
(Laymon Property)
Crook County, Wyoming

Gentlemen:

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

Very truly yours,
Original signed by

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

1. Has the property been sub-leased or any change made in ownership other than this office has been notified? Yes ___ No___. If yes, please furnish details of the transaction on a separate sheet and include a true or signed copy of any instrument that was executed in conjunction with the matter.

2. Has there been production from the land subordinated under the referenced contract since January 1, 1959? Yes___ No___. If yes, and shipments made, who was the purchaser? _____

3. Is any of the following material stockpiled? Yes___ No___.

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

Signed _____

Title _____ Date _____

HMC:ltm cc: Chmn. Op. Comm. Roy. Corres. E1178 Chron.

3.

OME
DEPARTMENT OF THE INTERIOR
NOV 23 1959
REGION III
DENVER, COLORADO

**Balboa Mining and Development Company**
Post Office Box 861
Grand Junction, Colorado

HMC

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 27 1959

| DATE | INITIALS | |
|---|---|---|
| 11-27 | gad | 220 |
| 11/30 | [illegible] | 800 |
| " | Murphy | 500 |
| | | 225 |

Nov. 14, 1959

Mr. J. W. Townsend
Executive Officer, OME
United States Department of the Interior
Office of Minerals Exploration
Building 20- Federal Center
Denver 25, Colorado

Re: Docket No. DMEA 4589 (Uranium)
Contract No. Idm-E1178
(Laymon Property)
Crook County, Wyoming

Dear Mr. Townsend:

In regard to your recent letter requesting information on our operations on the Laymon Property since January 1, 1959 we would like to advise you of the following:

1. We have drilled approximately 22,000 feet of additional test holes.
2. We have extended ore reserves both to the north and south over that indicated during our DMEA contract.
3. At the present time, we are down about 400 feet with a 9 x 10' inclined shaft. This shaft, when completed, will be 500' long. It is being sunk on the Manke property which adjoins Laymon's on the north and will intersect the north ore trend at a point approximately 200 feet from the Manke-Laymon property line. Locating the collar where we did allowed us to go under the Dakota sandstone thus gaining that much depth.
4. We have encountered some surface water in the shaft which has caused delays. The labor situation has also been a problem. The shaft is timbered all the way and the waiting on mine timbers from the local mills has caused additional delays.
5. Once the shaft is down we will have 500 feet to our nearest known ore hole; however, we still hope the ore continues on trend towards the bottom of the incline. If weather permits we are going to drill as much of this trend area as we can. We are very limited on drill hole locations due to the stock dams and canyons in this area.
6. We had hoped to be in production by the first of December so as to get our bonus ore out before March, 1960. As this time, I do not know whether or not we will make it. An extension of that deadline by the government would certainly help us. We have at times, when men and material were available, been on two and three shift operation in a serious effort to get the bonus out. We are connected to REA power which allowed "round the clock" operations.
7. The State Mine Inspector has examined the operations several times. His reports are available if you desire to see them.

11/23/59
Copy distributed to
Chairman (2)
Haslar

Please advise us if you desire further details or information at this time.

Very truly yours,

BALBOA MINING AND DEVELOPMENT CO

By: Albert F. Stoick
Albert F. Stoick, Pres.

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 3/31/59 | Murphy | 700 |
| 4-1 | Kwonak | 700 |
| 4/1 | Selfridge | 130 |
| | | ~~110~~ |
| | | ~~100~~ |
| 4/6 | C | 220 |
| | | 700 |
| | | |
| 4/3 | Nelson | 130 |
| 4/3 | Josephson | 130 |

APR 3 1959

Mr. Jesse C. Johnson
Director, Division of Raw Materials
Atomic Energy Commission
Washington 25, D. C.

Re: Docket No. DMEA-4889 (Uranium)
Balboa Mining and Development Co.
Laymon Property
Crook County, Wyoming
Contract No. Idm-E1178

Dear Mr. Johnson:

In accordance with our letter of February 16, 1959, we are supplying the following additional information regarding the subject certified project for your records.

The contract, dated March 18, 1958, covered an exploration project estimated to cost $26,194.00, with Government participation amounting to 50 percent, or $13,097.00. Total accepted costs of the project were $10,132.07, of which the Government paid $5,066.03.

The project area consists of approximately 160 acres covering the E½ of the NW¼ and the W½ of the NE¼ of section 27, T. 52 N., R. 66 W., 6th P.M., Crook County, Wyoming.

The approved work consisted of rotary non-core drilling 42 holes, aggregating 9,804.3 feet, to explore for uranium ore deposits in the Lakota formation of the Inyan Kara group of sedimentary rocks of lower Cretaceous age.

Prior to the subject contract, the same area was explored by the AEC with 27 holes, aggregating 7,361 feet of drilling. This was followed in the fall of 1955 with 18 holes, aggregating 4,274.5 feet of drilling under Contract Idm-E870 (Docket No. DMEA-3762) by Shannon Oil Company. This project was certified as a discovery on May 25, 1956. The Government contributed $8,596.31 under that contract, and the subject Operator assumed responsibility for its repayment.

43683

Indicated and inferred ore reserves developed by all the above-mentioned drilling are estimated at 38,464 tons containing 0.28 percent $U_3O_8$ at a depth of 175 to 225 feet below the ground surface. There has been no production from the property to date.

Sincerely yours,

Frank E. Johnson (fw)

Acting Director

cc: Elton A. Youngberg
AEC Grand Junction Operations Office

FMMurphy/gla
3-31-59
cc to: Director's Reading File
Frank E. Johnson
Frank D. Lamb, Rm. 3608
THKiilsgaard, Rm. 5224
OME Field Team, Region III (2)
W. N. Chamberlain
F. M. Murphy
Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
March 16, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 23 1959

| DATE | INITIALS | CODE |
|---|---|---|
| 3/23 | C | 220 |
| 3/27 | | 130 |
| 3/27 | C | 220 |
| 3/30 | Murphy | 700 |

Memorandum

To: Chairman, Operating Committee, OME

From: OME Field Team, Region III

Subject: Docket No. DMEA 4889 (Uranium) Contract Idm-E1178
Balboa Mining and Development Company, (Laymon property) Crook County, Wyoming - FINAL SUMMARY REPORT

Enclosed are the original and two copies of a Joint Final Engineering and Geologic Report, dated March 4, 1959, by E. N. Harshman, Geologist, Geological Survey, and Milton H. Marshall, Mining Engineer, Bureau of Mines, pertaining to work completed under the subject contract. The original and one copy of the Operator's final report were forwarded by memorandum of January 15, 1959.

The authorized work under the contract was essentially completed, and the Operator was so notified by letter of January 9, 1959.

Final payment to the Operator was processed by this office February 3, 1959, in accordance with the Report of Review, of reported project costs by the Contract Administration and Audit Division, OME, dated January 23, 1959.

Exploration work completed under the contract consisted of the drilling of 42 holes, aggregating 9804.3 feet of non-core drilling. Additional work or service incident to the drilling consisted of 10.5 hours standby time, incidental allowance for 9804.3 feet of drilling, and chemical analysis of 67 samples for $U_3O_8$ content; all at a total accepted cost of $10,132.07, toward which the Government contributed 50 percent, or $5066.03.

Under the provisions of Annex II to the subject contract, the amount contributed by the Government under prior Contract No. Idm-E870, Shannon Oil Company, is added to the amount contributed

FINAL F.T. REPORT

Reviewed by
OME OPERATING COMMITTEE
3-27-59
(date)

under Contract No. Idm-E1178, and is repayable in accordance with the royalty provisions of Contract No. Idm-E1178. Total Government contribution under the two contracts was $13,662.~~16~~ .34

Exploration work completed under the contract resulted in the discovery of a significant quantity of uranium ore, therefore a Certification of Discovery or Development was issued February 16, 1959.

By J. W. Townsend
J. W. Townsend

By E. N. Harshman
E. N. Harshman

Enclosures

Shannon $8,596.31 13
Balboa $5,066.03
$13,662.34 JAM
16

Checked 3-9-89

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

OFFICE OF MINERALS EXPLORATION
REGION III

OME
DEPARTMENT OF THE INTERIOR
MAR 6 - 1959
DENVER, COLORADO

DMEA 4889

Contract Idm-E 1178

Balboa Mining and Development Company

Laymon Property

Crook County, Wyoming

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 23 1959

| DATE | INITIALS | CODE |
|---|---|---|
| 3/27 | | 130 |
| | | 220 |

Uranium

Joint Final Engineering and Geologic Report

by

E. N. Harshman, Geologist
Geological Survey

Milton H. Marshall, Mining Engineer
Bureau of Mines

Reviewed by
OME OPERATING COMMITTEE
3-27-59
(date)

March 4, 1959

OFFICE OF MINERALS EXPLORATION

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| Geology and ore deposits | 4 |
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## ILLUSTRATIONS


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1. Location map, Laymon Lease, Balboa Mining and Development Company, Crook County, Wyoming, DMEA 4889, Idm-E 1178. . . . . 3

2. Map showing AEC and DMEA exploration, Laymon Lease, Balboa Mining and Development Company, Crook County, Wyoming. . . . . 16

3. Geologic sections through drill holes, Laymon Lease, Balboa Mining and Development Co., Crook County, Wyoming. . . . . 16

DMEA 4889
Contract Idm-E 1178

BALBOA MINING AND DEVELOPMENT COMPANY
LAYMON PROPERTY
CROOK COUNTY, WYOMING

## INTRODUCTION AND SUMMARY

On December 2, 1957, an application was received from Balboa Mining and Development Company, P. O. Box 861, Grand Junction, Colorado, requesting Government financial assistance under the DMEA program to explore for uranium. The applicant proposed to explore a mineralized target area in the Lakota formation underlying the Laymon property by non-core drilling to cost $44,811.20. A field examination of the land was not made owing to adequate information available as a result of previous exploration by the AEC and by the Shannon Oil Company under Contract Idm-E 870. Recommendation was made for a two-stage drilling project at an estimated total cost of $26,187.21.

DMEA Contract Idm-E 1178, dated March 18, 1958, was awarded to the applicant. The contract provided for a two-stage non-core drilling project at a total estimated cost of $26,194.00, Government participation at 50 percent, or not to exceed $13,097.00. Annex II of the contract also provided that the sum of $8,596.~~31~~13, representing the amount of Government participation in prior Contract Idm-E 870 involving the same land, be added to any money contributed by the Government under the provisions of Contract Idm-E 1178 with Balboa. The accepted work

completed under Contract Idm-E 1178 consisted of the drilling of 42 holes aggregating 9,804.3 feet of non-core drilling at a total accepted cost of $10,132.07, toward which the Government contributed 50 percent, or $5,066.03.

The work completed resulted in the discovery or development of additional uranium ore reserves to supplement the reserves discovered or developed under the prior contract Idm-E 870, Shannon Oil Company, which was certified effective May 25, 1956. As a result of the additional resources, the project was recertified effective February 16, 1959.

## PROPERTY

### Ownership

Balboa Mining and Development Company control the property by virtue of an assignment and agreement executed December 12, 1957, by Shannon Oil Company and the Fremont Petroleum Company. The Government's interest in the property is protected by Consents to Lien and Subordination Agreements executed by the Assignee and Assignor of said Assignment and Agreement and by the owners of the surface and mineral rights to the Laymon property.

## Location, description, and accessibility

The Laymon Lease Property (fig. 1) comprises 160 acres situated in the E $\frac{1}{2}$ of the NW $\frac{1}{4}$ and the W $\frac{1}{2}$ of the NE $\frac{1}{4}$, sec. 27, T 52 N, R 66 W, 6th P.M., Crook County, Wyoming. The land is at a mean altitude of 4,400 feet above sea level on a mesa known locally as Thorn Ridge, or Thorn Divide, 1.5 miles southeast of the small community of Carlile, Wyoming.

## HISTORY AND PRODUCTION

During the summer and fall of 1954, the AEC completed 27 holes totaling 7,361 feet of drilling on the Laymon Lease Property. This was followed in the fall of 1955 by exploration work performed under the terms of Contract Idm-E 870 with Shannon Oil Company.

Eighteen holes for a total of 4,274.5 feet were drilled according to the contract, which resulted in a discovery of an estimated 10,322 tons of indicated and inferred ore with an average grade of 0.20 percent $U_3O_8$. To date there has been no attempt to initiate production from the property.

## PRESENT STATUS

As of the last visit to the property on December 4, 1958, the only evidence of work not performed under the contract was a 200-foot hole drilled 100 feet west of DMEA hole No. 40. No one was at the property

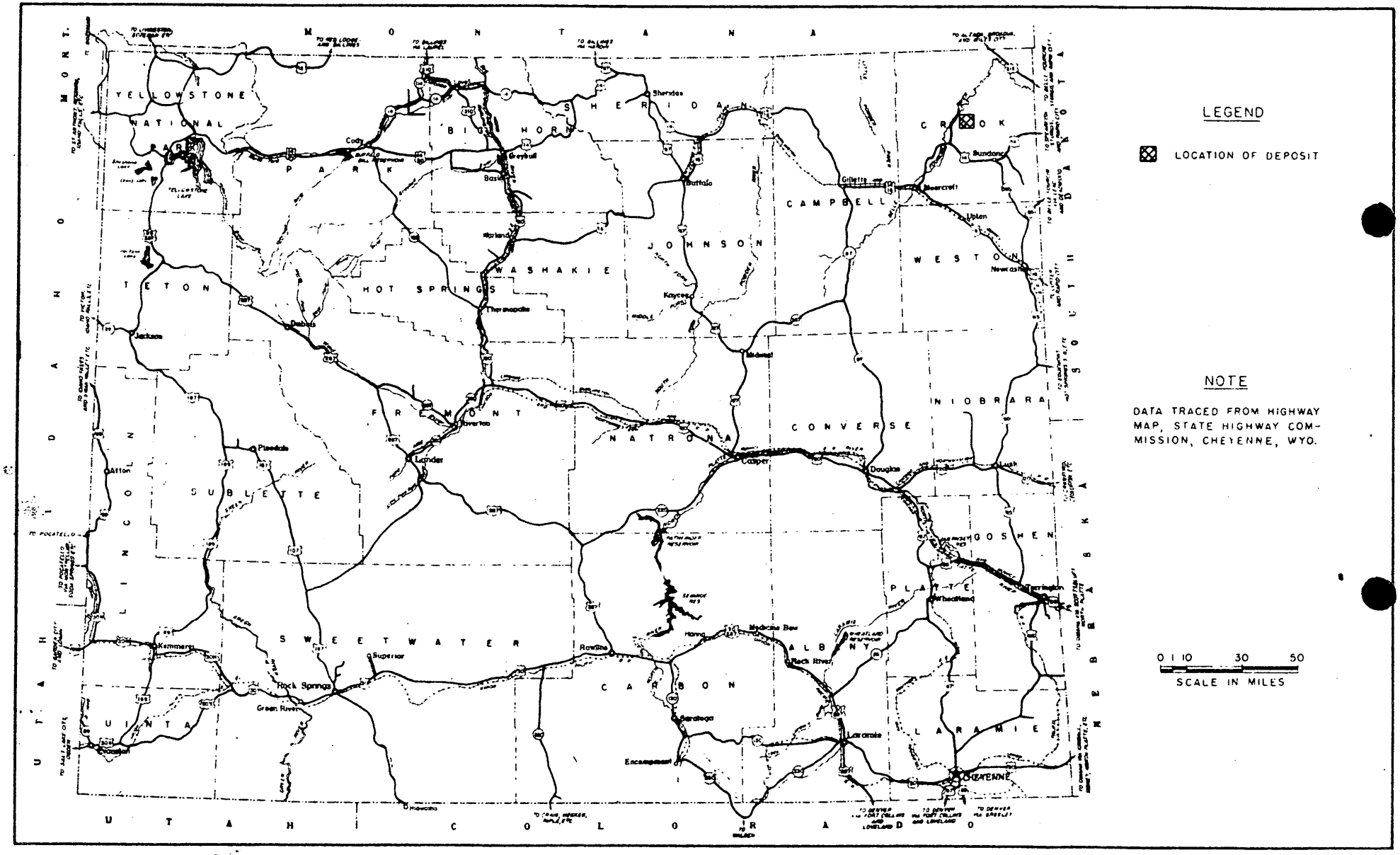


FIGURE 1. LOCATION MAP, LAYMON LEASE, BALBOA MINING AND DEVELOPMENT COMPANY, CROOK COUNTY, WYOMING, DMEA 4889, CONTRACT Idm- E 1178

and no evidence was found which would indicate that further exploration was anticipated.

## GEOLOGY AND ORE DEPOSITS

The Laymon property of the Balboa Mining and Development Company is located on Thorn Divide, a dissected part of the Black Hills uplift of northeastern Wyoming. The area is underlain by sedimentary rocks of the Inyan Kara group of lower Cretaceous age. Underlying the Inyan Kara group are rocks of the Morrison formation of upper Jurassic age. There are no outcrops on the Laymon property, and subsurface data have been compiled from drill logs and stratigraphic sections measured on nearby canyon walls.

Prior to 1958 a three-fold subdivision of the Inyan Kara group was in use. Field work in Crook County, Wyoming, by members of the U. S. Geological Survey indicated the need for revision of the Inyan Kara nomenclature, and Bergendahl et al.[1/] proposed a two-fold subdivision of the group. Their proposal for stratigraphic simplification is refreshing and it is followed in the subsequent discussion.

In the vicinity of the Laymon property the Inyan Kara group has an average thickness of about 260 feet and consists principally of fluviatile sediments deposited on an erosion surface of Morrison rocks. Abrupt

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1/ Bergendahl, M. H., Davis, R. E., and Izett, G. A.: Geology and ore deposits of the Carlile Quadrangle, Crook County, Wyoming: U. S. Geol. Survey Bull. (in press)

facies changes are common. Pyrite is abundant, and this mineral accounts for the gray to gray-green color of the component rocks.

The Inyan Kara group is divided into the Fall River (upper) and Lakota (lower) formations (fig. 3). The Fall River formation is approximately 140 feet thick in the project area and consists of a series of even-bedded sandstones separated by shale or mudstone beds. Bergendahl et al. (1959?) have subdivided the Fall River formation into four units which are, from top to bottom, as follows: (1) upper unit; (2) sandstone unit; (3) mudstone unit; and (4) siltstone unit. It suffices for the purpose of this report to note that all four units can be recognized on logs of holes drilled in the project area.

The Lakota formation underlies the Fall River and consists principally of lenticular sandstone, mudstone, and claystone. Sandstone predominates in the lower part of the formation, and mudstone and claystone predominate in the upper part. Carbonaceous material is more abundant locally in the upper fine-grained unit than in the lower sandstone unit. At the base of the lower unit is a 10- to 15-foot thick bed of conglomeratic sandstone that rests on claystones of the Morrison formation. The Lakota formation is about 120 feet thick in the explored area.

The sedimentary rocks underlying the Laymon property are essentially flat-lying. Available drilling data suggests a small structural basin, with a closure of about 30 feet, underlies the southwest part of the property.

Uranium deposits in the northwestern part of the Black Hills are found principally in the sandstones and siltstones of the Inyan Kara group. The deposits are both oxidized (yellow ore) and unoxidized (black ore). The oxidized deposits are found above the water table, and the principal minerals are carnotite and tyuyamunite; the unoxidized deposits are found at or below the water table and ore minerals are coffinite and uraninite. The known deposits are irregularly shaped tabular bodies with the maximum dimensions from a few tens to a few hundreds of feet. Ore bodies have no preferred orientation or trend, but they are invariably associated with carbonaceous material in the sedimentary rocks.

One of the important uranium-producing properties in the northern Black Hills, the Carlile mine of Homestake Mining Company, lies about one-half mile east of the Laymon property. In this mine oxidized uranium ore was associated with carbonaceous material in a sandstone lens in the mudstone or upper unit of the Lakota formation. This lens extends a mile or more north and south of the Carlile mine, and it is believed to extend westerly beneath the Laymon property where it is the ore-bearing sandstone found by drilling.

Production from the Carlile mine amounted to about 5,000 tons of ore containing about 0.20 percent $U_3O_8$. The mine is now inactive.

## PROJECT

### Operator's Exploration Proposal

Balboa Mining and Development Company proposed to explore the Lakota formation adjacent to previously drilled mineralized holes by two stages of work to consist of non-core drilling 64 holes at a total cost of $44,811.20. Stage I was to consist of drilling 40 holes for a total footage of 8,980 feet. Stage II would comprise 24 holes for a total of 5,500 feet of drilling. The applicant's proposal was essentially the same as the unexecuted Stage II work provided for under contract Idm-E 870.

### Recommended Exploration Program

A field examination of the property was not made as sufficient information was available on the result of exploration work performed under contract Idm-E 870. The examiners concluded that further exploration was warranted. Accordingly, an exploration program was recommended to consist of two stages of work at an estimated cost of $26,187.21. Recommended Stage I work consisted of drilling 21 holes totaling 4,980 feet, of which 17 holes were to aid in delineating the known ore zones. The remaining four holes were proposed to explore the known mineral and structural trends. Recommended Stage II work consisted of 5,000 feet of non-core drilling as 100-foot offsets to favorable Stage I holes.

## Approved Program

Contract Idm-E 1178 was executed by the Operator and the Government, effective March 18, 1958. The operator was to start work on or before June 15, 1958, and complete work on or before December 1, 1958. The estimated cost of the project was $26,194.00, with Government contribution at 50 percent, or not to exceed $13,097.00. Stage I comprised drilling not more than 21 holes to penetrate selected potential uranium-bearing sandstone beds of the Lakota formation. Stage II work consisted of drilling holes to extend significant uranium-bearing areas indicated by previously drilled holes. Not more than four holes were to be drilled as offsets to any one hole, and no hole was to be closer than 100 feet to any other hole.

Details of the authorized units of work and estimated costs provided for by the contract are given in table 1.

## Contract Modifications

The contract required two amendments. Amendment No. 1 provided for drilling under Stage II, at "Fixed Unit Costs" instead of at "Actual Costs." Amendment No. 2 authorized the extension of the contract from December 1, 1958, to January 1, 1959.

Table 1.--Summary of items, units, and costs of work

| Item of Work | Provided by Contract: Units | Cost per unit | Costs | Accepted by Government: Units | Cost per unit | Costs |
|---|---|---|---|---|---|---|
| **Stage I** | | | | | | |
| Non-core drilling | 4,980 | $ 2.25 | $11,205.00 | 5,057.3 | $ 0.76 | $ 3,843.55 |
| Standby time | 10.5 | 14.00 | 147.00 | - | 14.00 2/ | 0.00 |
| Chemical Analyses | 105 | 5.00 | 525.00 | 25 | 3.32 2/ | 83.12 |
| Incidental Allowance | 4,980 | 0.24 | 1,195.20 | 5,057.3 | 0.24 | 1,213.75 |
| Total | | | $13,072.20 | | | $ 5,140.42 |
| **Stage II** | | | | | | |
| Non-core drilling 1/ | 5,000 | $ 0.76 | $ 3,800.00 | 4,747 | $ 0.76 | $ 3,607.72 |
| Standby time 1/ | 10.5 | 10.00 | 105.00 | 10.5 | 10.00 2/ | 105.00 |
| Chemical Analyses | 105 | 5.00 | 525.00 | 42 | 3.33 2/ | 139.65 |
| Incidental Allowance | 5,000 | 0.24 | 1,200.00 | 4,747 | 0.24 | 1,139.28 |
| Total | | | $ 5,630.00 1/ | | | $ 4,991.65 |
| Total Estimated Costs, Project (rounded) | | | $18,700.00 1/ | | | |
| Total Accepted Costs, Project | | | | | | $10,132.07 |
| Government participation at 50 percent | | | $ 9,350.00 1/ | | | $ 5,066.03 3/ |

1/ As modified by Amendment No. 2.

2/ Approximate average.

3/ The sum of $8,596.~~31~~ 13, Government participation under Contract Idm-E 870 is added to this amount, by Annex II of Contract Idm-E 1178.

## Work completed

Work under the contract started May 31, 1958, and was continued, except for the months of September and October, until its conclusion December 2, 1958. The operator performed essentially all the work provided for by the contract; therefore, it was considered to be completed.

The accepted work completed under the contract consisted of drilling a total of 42 holes (fig. 2) aggregating 9,804.3 feet of rotary non-core drilling. Twenty-one holes aggregating 5,057.3 feet were drilled in Stage I. Stage II work consisted of drilling 21 holes for a total of 4,747 feet of drilling.

The details of work units completed and costs are given in table 1.

## Efficiency of operations

The work was executed in a workmanlike and diligent manner. Bob Lively, drilling contractor under independent contract, performed the drilling under Stage I. With Government approval the operator performed Stage II drilling on a fixed unit cost basis on company account. In both stages, the rate of drilling and sample recovery was entirely satisfactory to the field examiners.

## RESULTS OF EXPLORATION

Exploration under Contract Idm-E 1178 had a dual purpose. The program was designed primarily to extend known uranium ore-bearing areas, and secondarily to explore what appeared to be mineralized trends between and beyond those areas. The primary objective was accomplished, and significant ore reserves were delineated. Exploration for ore along suspected mineralized trends proved unsuccessful. The trends are more apparent than real.

Two ore-bearing intervals were discovered on the Laymon property. The principal and only economically significant ore horizon lies near the top of the Lakota formation at a depth of 175 to 225 feet below the ground surface (fig. 3). The host rock for the unoxidized ore is sandstone, possibly the westward extension of the sandstone lens that contained the ore in the Carlile mine one-half mile east of the Laymon property. An ore-bearing horizon immediately above the base of the Lakota has contained significant ore deposits in the northern Black Hills area but with the exception of two small deposits (Block A and B, fig. 2), this horizon on the Laymon property appears to be relatively barren.

## ORE RESERVES

Table 2 is a compilation of data from all ore holes drilled on the Laymon property. On the basis of these holes, uranium ore reserves have been computed in nine blocks (fig. 2). Blocks A and B contain 3,099 tons of indicated ore and 2,399 tons of inferred ore in a lower relatively insignificant ore horizon. Blocks C to I, inclusive, contain 12,411 tons of indicated and 20,555 tons of inferred ore in the principal or upper ore horizon. Ore grade is about 0.28 percent $U_3O_8$.

In ore reserve calculations chemical analyses of core samples have been used, if available; if not available, $U_3O_8$ content was estimated on the basis of data from radiometric logs. Experience in the area leads to the conclusion that uranium is in equilibrium with its daughter products, and that grade estimates based on radiometric logs are reasonably accurate.

Table 3 shows ore reserves estimated for the Laymon property. These reserves are somewhat less than estimated by the operator in his final report. The operator states that company drilling on 50-foot centers in the vicinity of Blocks F, G, H, and I indicates that ore is continuous between the DMEA ore holes. If data on the company holes were available to the Government, ore reserve estimates in those areas might be increased significantly.

Table 2.--Drilling Data

Ore holes

| Hole No. | Collar elev. | Ore Interval | Thickness | $U_3O_8$ (percent) |
|---|---|---|---|---|
| 704 | 4355.7 | 4109.7 to 4111.7 | 2.0 | 0.30 |
| 708 | 4381.7 | 4198.7 to 4201.7 | 3.0 | 0.11 |
| 735 | 4369.7 | 4098.7 to 4106.1 | 8.0 | 0.25 * |
| 743 | 4380.5 | 4184.0 to 4190.5 | 6.5 | 0.19 |
| 746 | 4393.6 | ( 4211.6 to 4212.6<br>( 4206.6 to 4207.6 | 1.0 (2.0)<br>1.0 | 0.23 (0.31)<br>0.39 |
| 7083 | 4378.9 | 4200.9 to 4202.9 | 2.0 | 0.28 |
| 7351 | 4370.9 | 4098.9 to 4104.9 | 6.0 | 0.21 * |
| 7354 | 4368.6 | 4102.6 to 4104.6 | 2.0 | 0.25 * |
| 7461 | 4393.7 | 4206.7 to 4211.7 | 5.0 | 0.15 |
| 7463 | 4393.0 | 4201.0 to 4209.0 | 8.0 | 0.36 |
| 3 | 4389.2 | 4164.2 to 4167.7 | 3.5 | 0.23 * |
| 6 | 4394.6 | ( 4175.6 to 4176.6<br>( 4169.1 to 4170.1 | 1.0 (2.0)<br>1.0 | 0.18 * (0.175) *<br>0.17 |
| 12 | 4373.5 | 4202.5 to 4203.5 | 1.0 | 0.18 * |
| 22 | 4386.7 | 4180.7 to 4190.2 | 9.5 | 0.30 * |
| 24 | 4397.0 | 4194.5 to 4198.0 | 3.5 | 0.21 * |
| 26 | 4388.6 | 4188.6 to 4191.1 | 2.5 | 0.23 * |
| 27 | 4377.3 | 4204.8 to 4205.8 | 1.0 | 0.10 * |
| 33 | 4396.0 | 4207.5 to 4211.5 | 4.0 | 0.58 * |
| 35 | 4393.5 | ( 4196.5 to 4204.5<br>( 4183.0 to 4187.0 | 8.0 (12.0)<br>4.0 | 0.39 (0.35) *<br>0.26 |
| 40 | 4385.6 | 4206.1 to 4210.1 | 4.0 | 0.28 * |

* Grade estimates based on radiometric logs.

Table 3.--Ore Reserves

Indicated Ore

| | Area (sq. ft.) | Thickness (ft.) | Volume (cu. ft.) | Tons (14 cu.ft/ton) | Grade (% $U_3O_8$) |
|---|---|---|---|---|---|
| Block A | | | | | |
| Hole No. 704 | 2,500 | 2.0 | 5,000 | 357 | 0.30 |
| Block B | | | | | |
| Hole No. 735 | 2,300 | 8.0 | 18,400 | 1,314 | 0.25 |
| Hole No. 7351 | 2,500 | 6.0 | 15,000 | 1,071 | 0.21 |
| Hole No. 7354 | 2,500 | 2.0 | 5,000 | 357 | 0.25 |
| | | | Total | 2,742 | 0.234 |
| Block C | | | | | |
| Hole No. 708 | 2,500 | 3.0 | 7,500 | 536 | 0.11 |
| Hole No. 7083 | 2,500 | 2.0 | 5,000 | 357 | 0.28 |
| | | | Total | 893 | 0.178 |
| Block D | | | | | |
| Hole No. 12 | 2,500 | 1.0 | 2,500 | 179 | 0.18 |
| Hole No. 27 | 2,500 | 1.0 | 2,500 | 179 | 0.10 |
| | | | Total | 358 | 0.140 |
| Block E | | | | | |
| Hole No. 743 | 2,500 | 6.5 | 16,250 | 1,161 | 0.19 |
| Block F | | | | | |
| Hole No. 3 | 2,500 | 3.5 | 8,750 | 625 | 0.23 |
| Hole No. 22 | 2,500 | 9.5 | 23,750 | 1,696 | 0.30 |
| | | | Total | 2,321 | 0.281 |
| Block G | | | | | |
| Hole No. 746 | 2,500 | 2.0 | 5,000 | 357 | 0.31 |
| Hole No. 7461 | 2,500 | 5.0 | 12,500 | 893 | 0.15 |
| Hole No. 7463 | 2,500 | 8.0 | 20,000 | 1,429 | 0.36 |
| | | | Total | 2,679 | 0.283 |

Table 3.--Ore Reserves (continued)

Indicated Ore

| | Area (sq. ft.) | Thickness (ft.) | Volume (cu. ft.) | Tons (14 cu.ft/ton) | Grade (% $U_3O_8$) |
|---|---|---|---|---|---|
| Block H | | | | | |
| Hole No. 6 | 2,500 | 2.0 | 5,000 | 357 | 0.18 |
| Hole No. 26 | 2,500 | 2.5 | 6,250 | 446 | 0.23 |
| Hole No. 40 | 2,500 | 4.0 | 10,000 | 714 | 0.28 |
| | | | Total | 1,517 | 0.242 |
| Block I | | | | | |
| Hole No. 24 | 2,500 | 3.5 | 8,750 | 625 | 0.21 |
| Hole No. 33 | 2,500 | 4.0 | 10,000 | 714 | 0.58 |
| Hole No. 35 | 2,500 | 12.0 | 30,000 | 2,143 | 0.35 |
| | | | Total | 3,482 | 0.372 |

Total Indicated Ore - 15,510 tons at 0.274% $U_3O_8$.

Inferred Ore

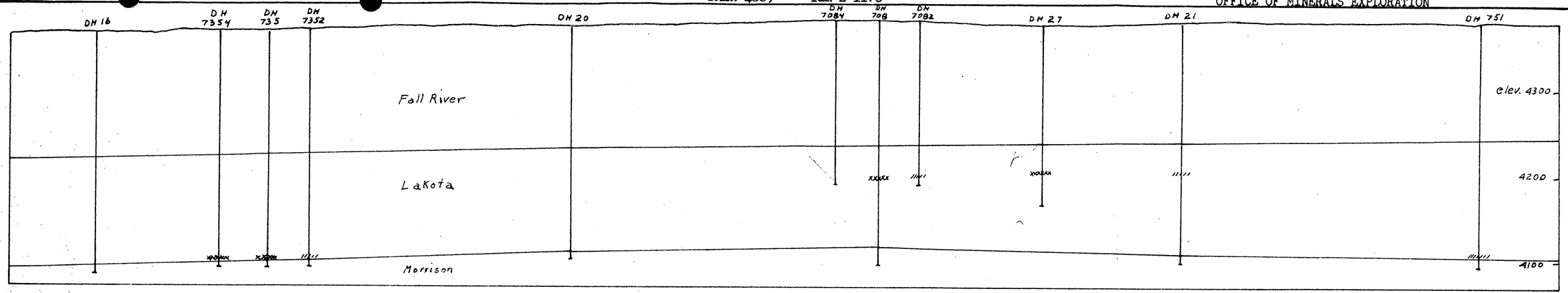
| | Area (sq. ft.) | Ave. Thick. (ft.) | Volume (cu. ft.) | Tons (14 cu.ft/ton) | Grade (% $U_3O_8$) |
|---|---|---|---|---|---|
| Block A | -- | -- | -- | -- | -- |
| Block B | 6,300 | 5.33 | 33,579 | 2,399 | 0.234 |
| Block C | 5,400 | 2.50 | 13,500 | 964 | 0.178 |
| Block D | 10,600 | 1.00 | 10,600 | 757 | 0.140 |
| Block E | -- | -- | -- | -- | -- |
| Block F | 10,200 | 6.50 | 66,300 | 4,736 | 0.281 |
| Block G | 6,900 | 5.00 | 34,500 | 2,464 | 0.283 |
| Block H | 16,900 | 2.83 | 47,827 | 3,416 | 0.242 |
| Block I | 17,700 | 6.50 | 115,050 | 8,218 | 0.372 |
| | | | Total | 22,954 | 0.294 |

Total Indicated and Inferred Ore - 38,464 tons at 0.286% $U_3O_8$.

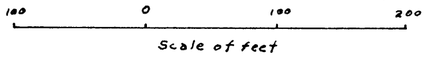
## CONCLUSIONS AND RECOMMENDATIONS

Exploration on the Laymon Lease property resulted in the discovery of significant uranium ore deposits in sandstone near the top of the Lakota formation, and small deposits near the base of the formation. Because of their small size and moderate depth, the deposits near the base of Lakota are not considered to be economically significant on this property. The property was certified as a result of discoveries made under Contract Idm-E 870. As a result of additional discoveries made under this contract, a second Certification of Discovery was issued on February 16, 1959.

The property has been adequately explored, and additional exploration with Government assistance is not recommended.



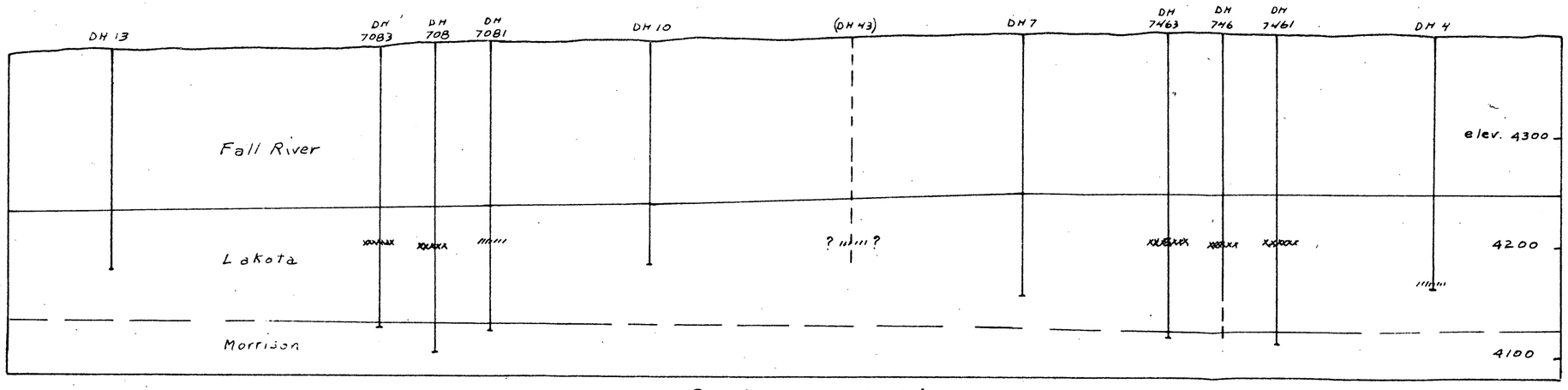

Section A-A'




Explanation

////// - mineralized

xxxxx - ore




Section B-B'

ENH. 2/59

FIGURE 3.—GEOLOGIC SECTIONS THROUGH DRILL HOLES, LAYMON LEASE, BALBOA MINING AND DEVELOPMENT CO., CROOK COUNTY, WYOMING=

m 7

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 3/2/59 | Murphy | 700 |
| 3/2 | Kennedy | 700 |
| | Gates | 140 |
| | Holland | 140 |
| 3-6 | Chambers | 800 |
| 3/6 | GL | 130 |
| | | |
| | | |
| 3/6 | Johnson | 110 |
| 3/2 | C | ~~100~~ 220 |
| | | 700 |

March 2, 1959

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Chairman, Operating Committee, OME

Subject: Docket No. DMEA-3762 (Uranium)
Contract No. Idm-E870
Shannon Oil Company
Laymon Lease
Crook County, Wyoming
and
Docket No. DMEA-4889 (Uranium)
Contract No. Idm-E1178
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming

INTERIOR DEPT.
MAR 3 - 1959
SOLICITOR

In reply to your memorandum of February 25, 1959, this is to advise you that the above property is carried under both contract numbers for record purposes.

Annex II of Contract Idm-E1178 adds the sum contributed by the Government under Contract Idm-E870 to the costs repayable to the Government. However, Shannon Oil Company remains liable for the amount contributed by the Government under Contract Idm-E870 if Balboa Mining and Development Company does not reimburse the full amount under the terms of both contracts to the Government. Because of these conditions the contracts are filed under their individual numbers.

George C. Selfridge

George C. Selfridge
Chairman, Operating Committee

APPROVED:

H. G. Iverson
Member, Bureau of Mines

N. E. Nelson
Member, Geological Survey

FMMurphy/gla
3-2-59
cc to: Director's Reading File
Operating Committee
FMMurphy
Dockets: DMEA-3762
DMEA-4889

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

224 New Customhouse
Denver 2, Colorado

February 25, 1959

| OFFICIAL FILE COPY O. M. E. RECEIVED MAR 2 1959 | | |
|---|---|---|
| DATE | INITIALS | CODE |
| 3-2 | C | 220 |
| 3/2 | Murphy | 700 |
| | | |
| | | |
| | | |
| | | |
| | | |

Memorandum

To: Chairman, Operating Committee OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket DMEA 3762 (Uranium), Contract Idm-E870, Shannon Oil Company (Laymon Lease), Crook County, Wyoming, and

Docket No. DMEA 4889 (Uranium), Contract Idm-E1178, Balboa Mining & Development Company (Laymon Property), Crook County, Wyoming

Both of the captioned contracts include the same land covered by the Laymon lease, and the amount contributed by the Government, $13,662.16 includes all the money contributed by the Government under both contracts.

Will you please advise if you carry this property under two contracts or one contract for record purposes.

J. W. Townsend

Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 2/5/59 | Murphy | 700 |
| 2/9 | Kubota | 700 |
| | Long | 140 |
| | Denger | 140 |
| 2-12 | Chamberlin | 800 |
| 2/13 | Martin | 130 |
| | | ~~110~~ |
| | | ~~100~~ |
| | | ~~310~~ 220 |
| 2/16 | C | 700 |
| 2/13 | Fullam | -130 |
| 2/13 | Nelson | 130 |

FEB 16 1959

Mr. Albert F. Stoick, President
Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA-4889 (Uranium)
Contract No. Idm-E1178
Laymon Property
Crook County, Wyoming

Dear Mr. Stoick:

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, as amended, and of the certification, all minerals mined or produced from March 18, 1958, to March 18, 1968, are subject to the Government's percentage royalty as set forth in the contract until the sum of $13,662.16, the amount contributed by the Government, is repaid. This sum includes the $8,596.13 contributed under Contract Idm-E870, mentioned in Annex II of the subject contract.

Payments should be made to the Executive Officer, OME Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado. Checks should be payable to the Office of Minerals Exploration, which is the successor 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 production are considered to be a part of the purchase price to which the Government's royalty applies. Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify the Executive Officer of any changes in ownership or production rights that might have any effect on the Government's right to its percentage

43683

royalty. Your attention is especially called to Article 2(d) of the contract relating to the preservation of the Government's right to a percentage royalty on production. Also, if production ceases at any time for an extended period, please notify the Executive Officer at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

Frank E. Johnson

Acting Director

Enclosure

FMMurphy/gla
2-5--59
cc to:
Edwin F. Thorn, Sundance, Wyoming
R. S. Shannon, Jr., Shannon Oil Co.,
603 Midland Savings Building
Denver 2, Colorado
Paul S. Pustmueller, Vice-President
Fremont Petroleum Company
824 Equitable Building
Denver 2, Colorado
Marvin L. Laymon, Assignee and Attorney-in-Fact
953 Avon Street, Sheridan, Wyoming
Director's Reading File
Frank E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
Division of Contract Adm. & Audit
OME Field Team, Region III (2)
F. M. Murphy

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 2/5/59 | Murphy | 700 |
| 2/9 | Ludeke | 700 |
| | Long | 140 |
| | Stamper | 140 |
| 2-12 | [illegible] | 800 |
| 2/13 | Martin | 130 |
| | | ~~110~~ |
| | | ~~100~~ |
| | | 220 |
| 2/13 | Lurman | 700 |
| | | 130 |
| 2/13 | Nelson | 130 |

FEB 16 1959

Mr. R. S. Shannon, Jr.
Shannon Oil Co.
603 Midland Savings Building
Denver 2, Colorado

Re: Docket No. DMEA-4889 (Uranium)
Contract No. Idm-E1178
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming

Dear Mr. Shannon:

Enclosed is a copy of a certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you on March 18, 1958. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Frank E. Johnson (for)

Acting Director

Enclosures

FMMurphy/gla
2-5-59
cc to: Director's Reading File
Operating Committee
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
F. M. Mupphy
OMD Field Team, Region III (2)

Identical letters to:
Paul S. Pustmueller, Vice-President
Fremont Petroleum Company
824 Equitable Bldg.
Denver 2, Colorado
and
Edwin F. Thorn, Sundance, Wyoming

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 2/5/59 | Murphy | 700 |
| 2/9 | Kubick | 700 |
| | Long | 140 |
| | Dwyer | 140 |
| 2-17 | [illegible] | 800 |
| 2/13 | Martin | 130 |
| | | ~~110~~ |
| | | ~~100~~ |
| | | 220 |
| 2/13 | [illegible] | 700 |
| | | 130 |
| 2/13 | Lelkon | 130 |

FEB 16 1959

Mr. Marvin L. Laymon
Assignee and Attorney-in-Fact
953 Avon Street
Sheridan, Wyoming

Re: Docket No. DMEA-4889 (Uranium)
Contract No. Idm-E1178
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming

Dear Mr. Laymon:

Enclosed is a copy of a certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you on January 24, 1958. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Frank E. Johnson (for)

Acting Director

Enclosures

FMMurphy/gla
2-5-59
cc to: Director's Reading File
Operating Committee
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
F. M. Murphy
OME Field Team, Region III (2)

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 2/5/59 | Murphy | 700 |
| 2/9 | Kiodac | 700 |
| | Long | 140 |
| | Sanger | 140 |
| 2-12 | [illegible] | 800 |
| 2/13 | Martin | 130 |
| | | ~~110~~ |
| | | ~~100~~ |
| | | 220 |
| 2/13 | Lurrau | 700 130 |
| 2/13 | Lelkon | 130 |

FEB 16 1959

Mr. Jesse C. Johnson
Director, Division of Raw Materials
Atomic Energy Commission
Washington 25, D. C.

Re: Docket No. DMEA-4889 (Uranium)
Contract No. Idm-E1178
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming

Dear Mr. Johnson:

I am enclosing one copy of a certification of discovery or development relating to the subject exploration contract.

The final report of the Field Team has not been completed. Accordingly, we will supply additional information for your records upon receipt of this report.

Sincerely yours,

Frank E. Johnson (for)

Acting Director

Enclosure

Copy to:
Elton A. Youngberg
Assistant Manager of Operations
AEC Grand Junction Operations Office
Grand Junction, Colorado
with copy of certification
FMMurphy/gla 2-5-59
cc to: Director's Reading File
Frank E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, 5224
F. M. Murphy
OME Field Team, Region III (2)

43683

MME Form 7
(10-58)

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| 1/30/59 | Murphy | 700 |
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INTERIOR DEPT.
JAN 30 1959
SOLICITOR

January 30, 1959

RECEIVED
FEB 3 1959
ASSOC. SOLICITOR
MINERAL RESOURCES

Memorandum

To: Associate Solicitor

From: F. L. Knouse, Acting Chief
Division of Rare and Miscellaneous Metals

Subject: Docket No. DMEA-4889 (Uranium)
Contract No. Idm-E928
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming

Please refer to Annex I and Annex II of the subject contract. Additional ore has been discovered by the work performed under Contract No. Idm-E928.

The royalty pay-back period under Contract No. Idm-E870 (Docket DMEA-3762, Shannon Oil Company), ends September 14, 1965. Will a new certification of discovery or development be required to extend the royalty period to March 18, 1968, under the terms of the subject contract?

Yes
Reviewed by
H. Roberts
FMM

Folder 1 of Docket DMEA-3762 is forwarded for your information.

/s/ F. L. Knouse

F. L. Knouse

FMMurphy/gla
1-30-59
cc to: Docket No. DMEA-3762
Mr. Murphy

43683

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 1/26 | G McCarthy | 800 |
| 1/26 | Tachiki | 800 |
| 1/27 | C | 220 |
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JAN 27 1959

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

Re: Docket No. DMEA-4889 (Uranium)
Belbee Mining & Development Company
Contract No. Idm-E1178

Dear Mr. Finch:

Your Report of Review on the above-referenced project is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
January 26, 1959

cc: Docket
Director's Reading File
Mr. Chambers

8623

OFFICIAL FILE COPY
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RECEIVED JAN 19 1959

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12th Floor Customhouse
Denver 2, Colorado
January 15, 1959

Memorandum

To: Ronald T. Finch, OGE Auditor

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

Subject: Docket No. DMEA 4559 (Uranium) Contract Ida-E1178, Dalton Mining and Development Company, (Lucern property) Crook County, Wyoming

The subject contract has been completed and the Operator was so notified by letter of January 9, 1959, a copy of which is enclosed for your reference.

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

Acceptable units of work or service completed on a Fixed Unit Cost basis consisted of the following:

| | |
|---|---|
| Non-core drilling, Stage II* | 4747 feet |
| Standby time | 10.5 hours |
| Incidental Allowance | 5004.3 feet |

* Stage I drilling performed under Independent contract.

The sum of $392.33 was withheld from reimbursement to the Operator in processing its final accounting report, which was for the month of December, 1958.

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

Enclosure

JMC/mh

cc: Chm. Op. Comm. (2)
Harshman
Marshall, Denver
Corres. file, Reg. III
Cooper
Carson

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
January 15, 1959

| ORIGINAL FILE COPY O. M. E. RECEIVED JAN 19 1959 | | |
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| 1/19 | [illegible] | 800 |
| " | Murphy | 900 |
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Memorandum

To: Chairman, Operating Committee, OME

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

Subject: Docket No. DMEA 4889 (Uranium) Contract Idm-E1178
Balboa Mining and Development Co., (Laymon property)
Crook County, Wyoming

Enclosed are the original and one copy of a final engineering and geologic report, dated January 13, 1959, by the subject Operator, pertaining to work completed under the contract.

The report is not as complete in all respects as might be desired, particularly with respect to geology; however, this item will be covered in detail by the OME field examiners when their report is submitted.

Under the circumstances we recommend that the Operator's final report be considered acceptable as complying with the provisions of Article 7(c) of the contract form.

E. N. Harshman

E. N. Harshman

Enclosures

OPR'S FINAL REPORT

**Balboa Mining and Development Company**
Post Office Box 861
**Grand Junction, Colorado**

OFFICIAL FILE COPY
JAN 19 1959
INITIALS | CODE

January 13, 1959

OME
DEPARTMENT OF THE INTERIOR
JAN 14 1959
REGION III
DENVER, COLORADO

Executive Officer,
Office of Minerals Exploration,
224 New Customhouse,
Denver 2, Colorado

Dear Sir:

Docket No. DMEA 4889 (Uranium)
Contract No. Idm-E1178
Balboa Mining and Development Co.
(Laymon Property)
Crook County, Wyoming

Enclosed is the original and four copies of the final engineering and geological report as required under Article 7(c) of the above contract.

If any additional information is required, please contact this office and it will be forwarded to you immediately.

Yours very truly,

BALBOA MINING & DEVELOPMENT CO.

D. James Edson, Jr.

D. James Edson, Jr.,
Secretary-Treasurer

Enclosures:

cc: A. F. Stoick
L. G. Duerig
T. Laird
W. M. Spencer, Jr.
Shannon Oil Company
The Fremont Petroleum Company

**Balboa Mining and Development Company**
Post Office Box 861
Grand Junction, Colorado

OME
DEPARTMENT OF THE INTERIOR
JAN 14 1959
REGION III
DENVER, COLORADO

Final Report,
Docket No. DMEA 4889 (Uranium)
Contract No. Idm-E1178
Laymon Property
Crook County, Wyoming

D.M.E.A. drilling conducted by Balboa Mining & Development Co. on the Laymon Lease in the E½ NW¼ and W½ NE¼, Sec. 27, Township 52 North, Range 66 West, 6th P.M., Crook County, Wyoming was successful in indicating the presence of a commercial deposit of uranium mineralization. Exploration was by rotary plug drilling, followed by hole probing with gamma ray measuring instruments, and by samplings of drill cuttings which were later chemically assayed when mineralization was indicated.

ORE RESERVES:

The enclosed map (Exhibit A) shows the location of holes drilled under this project (numbered 1 through 42 inclusive) and previously existing holes.

ASSAY DATA:

A total of 67 samples were assayed by The Brown Assay Laboratory, Grand Junction, Colorado, and the attached Exhibit B summarizes this information.

SUMMARY OF WORK AND COSTS:

less 58

This contract as originally executed called for the drilling of up to 9,980 feet of plug drilling at an estimated cost of $26,194.00 (later amended to $18,700.00). The total contract as completed included a Phase I of 5,115.3 feet and a Phase II of 4,747 feet for a total of 9,862.3 feet drilled, with a total of 67 chemical assays (including an overhead allowance of $0.24 per foot) for a total actual cost of $10,190.07, or an average of approximately $1.03 per foot. Ore developed by this project in the area of A.E.C. Hole No. 746 is estimated to have an approximate value of $1,310,000.00 including government development and bonus allowances.

Holes were drilled in the vicinity of several previously existing holes which had shown indication of uranium mineralization. Where additional ore was encountered by drilling under this project, ore reserves have been estimated by constructing polygons around each ore hole; therefore, each polygon is considered to bound the material of the grade and thickness encountered in the enclosed ore hole. Values obtained for each area were tabulated and totaled into groups where it was felt that the mineralization is continuous.

The most significant mineralization encountered under this project was in the vicinity of A.E.C.-Hole No. 746 in which a deposit of 46,465 tons of 0.32% $U_3O_8$ grade ore is indicated over an area of 121,770 square feet. This mineralization is located near the top of the Lakota sandstone formation at a depth of approximately 200 feet. The ore zone which was originally thought to be confined to small localized rolls now appears to be of a "blanket" type and lie within an area where the upper Lakota sands are well-developed and contain relatively little clay material. Drilling completed subsequent to the D.M.E.A. project on approximately 50 foot centers, indicates that the mineralization is relatively continuous between ore holes. Figures of grade and thickness are based largely upon probe information since holes in which complete assay data are available indicate the probe information to be correct.

Further drilling in the vicinity of holes No. 743 and 735 (holes formerly drilled by the A.E.C.) did not indicate uranium deposits of substantial size. Holes drilled to the south of A.E.C. Hole No. 708 suggest the possibility of a deposit of 5,800 tons of 0.18% $U_3O_8$ ore over an area of approximately 33,000 square feet.

Respectfully submitted,

BALBOA MINING & DEVELOPMENT CO.

D. James Edson, Jr.

January 13, 1959

D. James Edson, Jr.,
Secretary-Treasurer

Encl:

SUMMARY CHEMICAL ASSAY--DMEA #4889
(All Chemical Analyses by the Brown Laboratory)

| Hole No. | Interval | Chemical Assay % $U_3O_8$ |
|---|---|---|
| 2 | 204-206 | 0.05 |
| | 206-208 | 0.05 |
| | 208-210 | 0.02 |
| | 210-212 | 0.04 |
| 3 | 222-224 | 0.06 |
| | 224-226 | 0.17 |
| 4 | 222-224 | 0.010 |
| 5 | 180-182 | 0.02 |
| | 190-192 | 0.016 |
| | 192-194 | 0.05 |
| | 194-196 | 0.08 |
| | 208-210 | 0.015 |
| | 210-212 | 0.04 |
| | 212-214 | 0.07 |
| 6 | 210-212 | 0.02 |
| | 216-218 | 0.03 |
| | 218-220 | 0.07 |
| | 220-222 | 0.03 |
| | 224-226 | 0.03 |
| 9 | 182-184 | 0.04 |
| 10 | 184-186 | 0.05 |
| 11 | 186-188 | 0.02 |
| 12 | 168-170 | 0.03 |
| | 170-172 | 0.03 |
| | 172-174 | 0.04 |
| 22 | 192-194 | 0.03 |
| | 194-196 | 0.012 |
| | 196-198 | 0.14 |
| | 198-200 | 0.08 |
| | 200-202 | 0.11 |
| | 202-204 | 0.21 |
| | 204-206 | 0.10 |
| | 212-214 | 0.03 |
| | 214-216 | 0.02 |

| Hole No. | Interval | Chemical Assay % $U_3O_8$ |
|---|---|---|
| 24 | 198-200 | 0.10 |
| | 200-202 | 0.07 |
| | 202-204 | 0.02 |
| | 210-212 | 0.02 |
| | 212-214 | 0.017 |
| 26 | 192-194 | 0.06 |
| | 194-196 | 0.03 |
| | 196-198 | 0.15 |
| | 198-200 | 0.09 |
| | 200-202 | 0.06 |
| | 202-204 | 0.06 |
| 27 | 170-172 | 0.08 |
| 33 | 184-186 | 0.26 |
| | 186-188 | 0.65 |
| | 188-190 | 0.15 |
| | 190-192 | 0.09 |
| 35 | 188-190 | 0.06 |
| | 190-192 | 0.51 |
| | 192-194 | 0.41 |
| | 194-196 | 0.24 |
| | 196-198 | 0.04 |
| | 204-206 | 0.15 |
| | 206-208 | 0.09 |
| | 208-210 | 0.05 |
| | 210-212 | 0.03 |
| 37 | 196-198 | 0.013 |
| 40 | 176-178 | 0.07 |
| | 178-180 | 0.45 |
| 40-X | 174-176 | 0.05 |
| | 176-178 | 0.16 |
| | 184-186 | 0.03 |
| 42 | 174-176 | 0.02 |
| | 176-178 | 0.02 |

EXHIBIT "B"

OFFICIAL FILE COPY
O. M. E.
RECEIVED JAN 12 1959

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| 1/12 | C | 220 |
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| 1/12 | [illegible] | 700 |

20th New Customhouse
Denver 2, Colorado
January 9, 1959

Mr. Albert F. Steich, President
Balboa Mining and Development Company
P. O. Box 217
Lovell, Wyoming

Re: Docket No. [illegible] (Uranium)
Contract IAm-E1178
Balboa Mining and Development Company
(Layman property)
Crook County, Wyoming

Dear Mr. Steich:

Work under the captioned contract has been essentially completed, therefore, the contract is considered completed upon completion of the work currently approved by the Government.

The final voucher for December, 1958 has been received in this office and is being processed for payment. The entire amount of Government participation is withheld from reimbursement to you pending resolution of matters prerequisite to closing the account, which include:

1. Rendering to the Government five copies of a final engineering and geologic report as required under Article 7(c) of the contract form.

2. Release to this office of a Certificate and Report of Audit or Report of Review of reported project costs, by the Contract Administration and Audit Division, OME.

The audit or review of reported project costs cannot be scheduled until the required five copies of your final report have been received, therefore, no final payment to you of the amount withheld cannot be accomplished until the Report of Audit or Review has been released to this office, and as we wish to close out all completed contracts at the earliest possible date, we will appreciate your immediate attention in the matter.

Please advise this office as to the date on or before which we may expect to receive your final report.

Very truly yours,

Original signed by
E. N. HARSHMAN
for J. W. [illegible]
Executive Officer, CHE
Field Team, Region III

cc: R. Jones Eliot, Jr.,
P. O. Box 511
Grand Junction, Colorado

JBC:hmh

cc: Chmn. Op. Comm. (2)
Marshall, CHE/DPC
Harshman
Cooper
Corres. file, Reg. III
Caron

January 6, 1959

Memorandum

To: Hazel Berry, Operating Committee

From: Grace L. Ault
Division of Rare and Miscellaneous Metals

Subject: Amendment to contract

Mr. Murphy has reviewed and approved Amendment No. 2, dated December 11, 1958, to Contract No. Idm-E1178, Docket No. DMEA-4889, Balboa Mining and Development Company, which was executed by the Executive Officer, Region III, and the Operator. Further review by the Legal Division is not required.

/s/

Grace L. Ault

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado

December 29, 1958

RECEIVED DEC 31 1958

| DATE | INITIALS | CODE |
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| 12/31 | C | 220 |
| | | 130 |
| " | Murphy | 700 |

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA-4889 (Uranium), Contract No. Idm-E1178
Balboa Mining and Development Company (Laymon Property)
Crook County, Wyoming

Enclosed are the following pertaining to operations under the subject contract: -

1. The Government's and Audit copies of Amendment No. 2, which has been executed under authority delegated to this office to extend the completion date of the work from December 1, 1958 to January 1, 1959.

2. Two copies of the Operator's letter of December 10, 1958, requesting the time extension.

3. Two copies of confirmation of verbal work approval issued by the OME Field Team, Region III, for the drilling of 13 additional holes under Stage II of the contract.

4. Two copies each of the Operator's two letters of December 13, 1958, requesting approval for the additional drilling.

5. Three copies each of two joint memoranda dated December 18 and December 19, 1958, from M. H. Marshall, Mining Engineer, Bureau of Mines, and E. N. Harshman, Geologist, Geological Survey, and member of the OME Field Team, Region III, pertaining to the additional drilling requested by the Operator.

Copies of the Amendment and confirmation of work approval have been distributed to the Operator, Finance Office, and others concerned in Region III.

J. W. Townsend

J. W. Townsend

**Balboa Mining and Development Company**
Post Office Box 861
Grand Junction, Colorado

OME
DEPARTMENT OF THE INTERIOR
DEC 11 1958
REGION III
DENVER, COLORADO

December 10, 1958.

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RECEIVED DEC 31 1958

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Executive Officer,
Office of Minerals Exploration,
Field Team, Region III,
224 New Customhouse,
Denver 2, Colorado.

Dear Sir:

Docket No. DMEA-4889 (Uranium)
Contract No. Idm-X1178
Laymon Property, Crook Co., Wyoming

Article 3 of the subject contract states that work under the terms of said contract must be completed prior to or on December 1, 1958. For reasons beyond our control the drilling of holes under this contract was not completed until December 2, 1958, and additional time is required to complete assaying of samples from the project drill holes.

This is a request for extension of the completion date for this contract from December 1, 1958, to January 1, 1959. This will allow us ample time to complete the sample assays. We fully intend to have the Final Report submitted prior to December 25, 1958, but would appreciate the extension to January 1 to cover unforeseen circumstances..

Yours truly,

BALBOA MINING AND DEVELOPMENT CO.

D. James Edson, Jr.

D. James Edson, Jr.,
Secretary-Treasurer.

DJEJr:ms

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254 New Customhouse
Denver 2, Colorado
January 5, 1959

Memorandum

To: MF-18 File, Region III

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMA 4389 (Uranium) Contract IAm-21176, Dalton Mining and Development Company, (Layton property) Grant County, Kansas

Acceptable drilling under Stage I exceeded the estimated footage for this stage, by 77.3 feet; however, as the drilling was performed at a rate which is considerably less than the maximum allowable rate established in the contract, and as funds are available within the estimated cost for Category I, the excess footage is acceptable without transfer of footage from Stage II to Stage I.

Funds for 77.3 feet of Incidental Allowance are hereby transferred from Stage II to Stage I.

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

JWT:bmb

cc: Chief, Op. Comm. (2)
Marshall, OME/WFO
Finance Office, Reg. III
Headhouse file, Reg. III
Carson file, Reg. III
Bookbinder
Cooper
Gaven

| OFFICIAL FILE COPY O. M. E. RECEIVED DEC 31 1958 | | |
|---|---|---|
| DATE | INITIALS | CODE |
| 12/31 | Murphy | 700 |

224 New Customhouse
Denver 2, Colorado

DEC 29 1958

Mr. D. James Bisson, Jr., Secretary-Treasurer
Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. RMEA-4589 (Uranium)
Contract No. Ids-21178
Balboa Mining and Development
Company (Lagman property)
Crook County, Wyoming

Dear Mr. Bisson:

In reference to your two letters of December 13, 1958, this confirms verbal approval issued by the Government on November 20 and November 26, 1958, for the drilling of five and eight holes, respectively, under the provisions of Stage II of the contract.

The drill hole numbers, locations and approximate depth of drilling are as follows:

| HOLE NO. | LOCATION | APPROX. DEPTH |
|---|---|---|
| 30 | 150' S 45° W of Hole 22 | 235' |
| 31 | 110' West of Hole 22 | " |
| 32 | 150' N 45° W of Hole 22 | " |
| 33 | 170' N 45° E of Hole 24 | " |
| 34 | 120' East of Hole 24 | " |
| 35 | 120' North of Hole 24 | " |
| 36 | 120' East of Hole 33 | " |
| 37 | 170' N 45° E of Hole 33 | " |
| 38 | 120' North of Hole 33 | " |
| 39 | 120' South of Hole 26 | 225' |
| 40 1/ | 115' West of Hole 26 | " |
| 41 | 115' West of Hole 26 | " |
| 42 | 170' S 45° W of Hole 26 | " |

1/ Verbal approval was given for Hole No. 40; however, since conditions encountered prevented its completion, approval is granted for Hole No. 40-X, in lieu of Hole 40, five feet distant from the location approved for Hole 40. It is understood that the Government will not contribute to any of the costs involved in drilling Hole No. 40.

Since Hole No. 43 was drilled prior to your obtaining approval for it, as stipulated in the contract, your request for Government approval of the Hole and contribution by the Government to the cost of the drilling of the hole are denied.

Nothing in the verbal approval for the drilling of the above 13 holes, 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 final unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Very truly yours,

OME Field Team, Region III

By J. W. Townsend
J. W. Townsend,
Executive Officer

cc: A. S. Stolek
P. O. Box 234
Moorcroft, Wyo.

JWT:bh

cc: Chmn. Op. Comm. (2)
Finance Office, Reg. III
Amendment File, Reg. III
Harshman
Marshall, OME/DFC
Corres. File
Cooper
Chron.

IN REPLY REFER TO:

OME
DEPARTMENT OF THE INTERIOR
DEC 22 1958
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
Denver Federal Center
Denver, Colorado

W. O.

OFFICIAL FILE COPY
O. M. E.
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December 18, 1958

Memorandum

To: Executive Officer, OME Field Team, Region III

From: M. H. Marshall
E. N. Harshman

Subject: DMEA Docket 4889 (Uranium), Contract Idm-E 1178, Balboa Mining and Development Company (Laymon property), Crook County, Wyoming

In a letter dated December 13, 1958, the operator requests approval of 6 holes to offset ore-bearing holes Nos. 22 and 24 drilled previously under Stage II of the subject contract.

Verbal approval for drilling 5 of these holes was given the operator on November 20, 1958. Verbal approval for the 6th hole (No. 35) was given the operator on November 26, 1958, and will be covered in a subsequent memorandum.

Drilling of 5 offset holes is justified by the thickness and grade of ore found in Stage II holes Nos. 22 and 24. Pertinent data on the holes being offset and the offsets recommended in this memorandum are as follows:

| Hole No. | Location | Approximate depth | Mineralization in hole offset |
|---|---|---|---|
| 30 | 150' S 45° W hole 22 | 235' | 9-1/2' 0.30% $eU_3O_8$ at 215' |
| 31 | 110' west hole 22 | 235' | " " " " |
| 32 | 150' N 45° W hole 22 | 235' | " " " " |
| 33 | 170' N 45° E hole 24 | 235' | 4' 0.21% $eU_3O_8$ at 210' |
| 34 | 120' east hole 24 | 235' | " " " " |

Additional Stage II exploration was to be dependent on the completion of the 5 holes recommended above and the completion of holes 25, 26, and 29 which had not been completed at the time verbal approval was given for the 5 holes recommended in this memorandum.

M. E. Marshall
Mining Engineer

E. N. Harshman
Member, Field Team

ENHarshman:mp

IN REPLY REFER TO:
OME
DEPARTMENT OF THE INTERIOR
DEC 22 1958
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
Denver Federal Center
Denver, Colorado

OFFICIAL FILE COPY
O.M.E.
RECEIVED DEC 31 1958

| DATE | INITIALS | CODE |
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December 19, 1958

Memorandum

To: Executive Officer, OME Field Team, Region III

From: M. H. Marshall
E. N. Harshman

Subject: DMEA Docket 4889 (Uranium), Contract Idm-E 1178, Balboa Mining and Development Company (Laymon property), Crook County, Wyoming

In a letter dated December 13, 1958, the operator requests approval of 10 holes as offsets to previously drilled holes Nos. 24, 33, 26, and 40-X. Verbal approval for 8 holes was given the operator on November 26, 1958, as follows:

| Hole No. | Location | Approximate depth | Mineralized hole being offset |
|---|---|---|---|
| 35 | 120' north hole 24 | 235' | 4' 0.21% $eU_3O_8$ at 210' |
| 36 | 120' east hole 33 | 235' | 4' 0.58% $eU_3O_8$ at 200' |
| 37 | 170' N 45° E hole 33 | 235' | " " " " |
| 38 | 120' north hole 33 | 235' | " " " " |
| 39 | 120' south hole 26 | 225' | 2-1/2' 0.25% $eU_3O_8$ at 200' |
| 40 (either* | 115' west hole 26 | 225' | " " " " " |
| 40 (or | 170' S 45° E hole 26 | 225' | " " " " " |
| 41 | 115' east hole 26 | 225' | " " " " " |
| 42 (either* | 170' S 45° W hole 26 | 225' | " " " " " |
| 42 (or | 120' south hole 24 | 235' | 4' 0.21% $eU_3O_8$ at 210' |

* Location chosen by applicant

Two possible locations were given for hole No. 40 and for hole No. 42; the final locations for these holes were made by the operator based on the results of drilling in hole No. 39.

In addition to hole No. 40 the operator requests approval of hole No. 40-X, located 5 feet south of hole No. 40. Hole No. 40 was not completed and payment for this hole cannot be made. Hole No. 40-X is considered an appropriate substitute and is recommended in lieu of hole No. 40.

Hole No. 43 was not authorized but was drilled by the operator on the basis of ore-grade material penetrated by hole No. 40-X. The location was geologically sound and the hole served to delineate the western boundary of the ore zone in holes Nos. 26 and 40-X. Unfortunately, approval was not requested prior to drilling this hole and payment appears inappropriate.

In summary, we recommend confirmation of the verbal approval for the 8 holes tabulated above and denial of the request for approval of holes Nos. 40-X (or 40) and 43.

M. E. Marshall
Mining Engineer

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

ENHarshman:mp

W.O.

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

OME
DEPARTMENT OF THE INTERIOR
DEC 16 1958
REGION III
DENVER, COLORADO
OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 31 1958

| DATE | INITIALS | CODE |
|---|---|---|
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December 13, 1958

Executive Officer,
Office of Minerals Exploration,
224 New Customhouse,
Denver 2, Colorado.

Gentlemen:

Docket No. DMEA 4889 (Uranium)
Contract No. Idm-E1178
Balboa Mining and Development Co.
(Laymon Property)
Creek Co., Wyoming.

This is a written request for Government approval of the following holes to be drilled under the provisions of Stage II of the captioned contract:

| Hole No. | Location |
|---|---|
| .35 | 120' north of Hole No. 24 |
| 36 | 120' east of Hole no. 33 |
| 37 | 170' N45°E of Hole No. 33 |
| 38 | 120' north of Hole No. 33 |
| 39 | 120' south of Hole No. 26 |
| 40 | 115' west of Hole No. 26 |
| 41 | 115' east of Hole No. 26 |
| 42 | 115' west of Hole No. 39 (120' south of Hole No. 40) |
| 43 | 115' west of Hole No. 40-X |
| 40-X | 5' south of Hole No. 40 |

Mineralization encountered in holes 24, 33, 26, and 40 is summarized below:

| Hole No. | thickness & $U_3O_8$ | |
|---|---|---|
| 24 | 4' | 0.21 |
| 33 | 4' | 0.58 |
| 26 | 2½' | 0.25 |
| 40 | 4' | 0.28 |

Verbal permission has been given to Mr. A. Stoick for the drilling of Hole numbers 35 through 42. Approval of Hole No. 40-X is requested since a bit was lost in Hole No. 40 and the hole could not be completed. The location of Hole No. 43 was selected after the results of drilling Hole 40-X were known. Prior verbal permission was not requested for the drilling of Hole No. 43.

Very truly,

BALBOA MINING AND DEVELOPMENT CO.

D. James Edson, Jr.

D. James Edson, Jr.,
Secretary-Treasurer.

DJEJr:ms

OME
DEPARTMENT OF THE INTERIOR
DEC 16 1958
REGION III
DENVER, COLORADO

December 13, 1958

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Executive Officer,
Office of Minerals Exploration,
224 New Customhouse,
Denver 2, Colorado.

Gentlemen:

Docket No. DMEA 4889 (Uranium)
Balboa Mining & Development Co.,
(Laymon Property)
Crook County, Wyoming,
Contract No. Idm-XI178

Three of the holes authorized under Phase II of the above mentioned contract have encountered mineralization of ore grade and thickness. The holes and mineralization encountered is as follows:

| | | |
|---|---|---|
| Hole No. 22 | 9½' | 0.30%$eU_3O_8$ |
| Hole No. 24 | 4 ' | 0.21%$eU_3O_8$ |
| Hole No. 27 | 2½' | 0.16%$eU_3O_8$ |

Verbal permission has been granted to drill the following holes therefore, please consider this a formal, written request for Government approval:

| | |
|---|---|
| No. 30 | 150' S45°W of Hole No. 22 |
| No. 31 | 110' due west of Hole No. 22 |
| No. 32 | 150' N45°W of Hole No. 22 |
| No. 33 | 170' N45 E of Hole No. 24 |
| No. 34 | 120' due east of Hole No. 24 |
| No. 35 | 120' due north of Hole No. 24 |

Very truly yours,

BALBOA MINING AND DEVELOPMENT CO.

D. James Edson, Jr.

D. James Edson, Jr.
Secretary-Treasurer

DJEJr:ms

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O. M. E.
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| 12/15 | [illegible] | 800 |
| 12/16 | [illegible] | 700 |

224 New Customhouse
Denver 2, Colorado

DEC 12 1958

Mr. D. James Edson, Jr.
Secretary-Treasurer
Balboa Mining & Development Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA 4889 (Uranium)
Contract No. Idm-E1178
Balboa Mining & Development Co.
(Laymon Property)
Crook County, Wyoming

Dear Mr. Edson:

Reference is made to telephone requests of November 20, 1958, and November 26, 1958, from your field engineer for Government approval for the drilling of a total of 13 additional holes, (Nos. 30 through 42) under the provisions of Stage II of the captioned contract. A written request for Government approval for the 13 holes is to be forwarded to us by your office, on receipt of which, written confirmation of verbal approval will be issued by the OME Field Team.

Please give this matter your immediate attention, as the Government will not contribute to the cost of drilling the above holes until your request is received, and written approval issued by the Government.

Yours very truly,

Original signed by H. M. Townsend
for J. W. TOWNSEND

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

JDC:ltm

cc: Chmn. Op. Comm. (2)
Harshman
Marshall, OME/DFC
Corres. file, Reg. III
Cooper
Chron.

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 15 1958

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224 New Customhouse
Denver 2, Colorado

December 11, 1958

Mr. D. James Edson, Jr.
Secretary-Treasurer
Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA 4889 (Uranium)
Contract No. Idm-E1178
Balboa Mining And Development Company
(Laymon Property)
Crook County, Wyoming

Dear Mr. Edson:

Enclosed are the Government's, Operator's, Audit, Finance Office, and Field Team copies of proposed Amendment No. 2 which has been prepared in reference to your letter of December 10, 1958 to extend the contract completion date from December 1, 1958 to January 1, 1959.

If the proposed amendment is satisfactory, all copies are to be signed by an official of Balboa Mining and Development Company authorized to sign such an instrument, the signers title inserted, the corporate seal affixed, and all copies promptly returned to this office; upon receipt of which and after signature by a representative of the Government, the 'Operator's Copy" will be returned to you.

Very truly yours,

H. M. Edmond

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

JBC/ad
Enclosures
cc: Charmn. Op. Comm. (2)
Harshman
Marshall, OME/DFC
Corres. File
Cooper
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
~~DEFENSE MINERALS EXPLORATION ADMINISTRATION~~
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado

DEC 3 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 8 1958

| DATE | | CODE |
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| 12/8 | | 220 |
| 12/8 | | 215 |
| 12/9 | | 700 |

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4889 (Uranium) Contract Idm-E1178, Balboa Mining and Development Company, (Laymon property) Crook County, Wyoming

Enclosed are the Government's and Audit copies of Amendment No. 1 to the subject contract, which has been executed to provide for drilling under Stage II at "Fixed Unit Costs", and three copies of confirmation of verbal work approval, issued by the OME Field Team, Region III, for the drilling of eight holes under the provisions of Stage II of the contract.

Also enclosed are three copies of a joint memorandum dated October 31, 1958, from M. H. Marshall, Mining Engineer, Bureau of Mines, and E. N. Harshman, Geologist, Geological Survey, pertaining to the matter. Two copies each of the Operator's two letters, dated October 24, 1958, with attached data, were forwarded with copies of our memorandum of October 27, 1958, to the field examiners.

Copies of the amendment and confirmation of work approval have been forwarded to the Operator, the Finance Office, and others concerned in Region III.

J. W. Townsend

J. W. Townsend

Enclosures

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 8 1958

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224 New Customhouse
Denver 2, Colorado
December 3, 1958

Mr. Albert F. Stoick, President
Balboa Mining and Development Company
P. O. Box 217
Lovell, Wyoming

Re: Docket No. DMSA 4989 (Uranium)
Contract Idm-K1178
Balboa Mining and Development
Company
(Laymon property)
Crook County, Wyoming

Dear Mr. Stoick:

The date fixed in Article 3 of the captioned contract, on or before which the contract work is to be completed, is December 1, 1958.

If for reasons beyond your control you were unable to complete all of the work on or before December 1, 1958, you should immediately submit to this office for consideration by the Government, the original and five signed copies of a request for extension of the completion date for such specific additional time as you anticipate will be required to complete the work and to cover any incidental services such as assaying of samples from project drill holes.

Your immediate attention in this matter is requested.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JDC:hmh

cc: Chmn. Op. Comm. (2)
Harshman
Marshall, OME/DFC
Corres. file, Reg. III
Cooper
Chron

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 8 1958

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OFFICE OF MINERALS EXPLORATION
[illegible] New Customhouse
Denver 2, Colorado

Mr. Albert F. Steick, President
Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

Re: Docket No. DMEA-[illegible]
(Uranium)
Contract No. Idm-[illegible]178
Balboa Mining and Development Company
(Layman Property)
Crook County, Wyoming

Dear Mr. Steick:

In reference to your letter of October 24, 1958, this constitutes confirmation of verbal work approval, by the Government, for the drilling of eight (8) holes under the provisions of Stage II of the captioned contract. Pertinent data pertaining to the eight holes is as follows:

| Hole No. | Location | Approximate Depth |
|---|---|---|
| 22 | 115' west from Hole No. 3 | 240' |
| 23 | 140' N 45° E from Hole No. 3 | 240' |
| 24 | 115' east from Hole No. 5 | 240' |
| 25 | 115' east from Hole No. 6 | 240' |
| 26 | 115' south from Hole No. 6 | 240' |
| 27 | 115' east from Hole No. 12 | 190' |
| 28* | 115' west from Hole No. 12 | 190' |
| 29 | 140' south from Hole No. 12 | 190' |

*In the event the location for Hole No. 28 is inaccessible, the hole is to be deleted.

Government approval for additional drilling is contingent on the results obtained from drilling in the above holes, and upon request by you.

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,

CWE Field Team, Region III

By J. W. Townsend

J. W. Townsend

By E. M. Harshman

E. M. Harshman

JDC/ad

cc: Chm. Op. Comm. (3) ✓
Harshman
Marshall, CWE/DFC
Finance Office, Region III
Amend. File, Region III
Corres. File, Region III
Cooper
Chron.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Office of Minerals Exploration
Denver Federal Center
Denver, Colorado

OME
DEPARTMENT OF THE INTERIOR
NOV 3 - 1958
REGION III
DENVER, COLORADO

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October 31, 1958

Memorandum

To: Executive Officer, OME Field Team, Region III

From: H. M. Marshall
E. N. Harshman

Subject: DMEA Docket 4889 (Uranium), Contract Idm-E 1178, Balboa Mining and Development Company (Laymon property), Crook County, Wyoming

In a letter dated October 24, 1958, the operator requests approval of 22 Stage II holes, 15 to be drilled to an upper ore horizon and 7 to a lower horizon.

Drilling under Stage I of this contract was designed in part to extend mineralized areas located and somewhat delineated by prior drilling and in part to explore for ore on what were considered favorable trends. Exploration of favorable trends was unsuccessful but exploration in the vicinity of known ore deposits resulted in an extension of the deposits first discovered in A.E.C. holes Nos. 746 and 708. Exploration around A.E.C. ore hole No. 735 did not result in an extension of that deposit.

The drilling of 8 second Stage holes is recommended as follows.

| Hole No. | Location | Approximate depth | Mineralization in hole offset |
|---|---|---|---|
| 22 | 115' West Hole No. 3 | 240' | 3.5' 0.23% $eU_3O_8$ at 225' |
| 23 | 140' N 45 E Hole No. 3 | 240' | " " " " |
| 24 | 115' East Hole No. 5 | 230' | {4.5' 0.09% $eU_3O_8$ at 196'<br>{6.0' 0.08% $eU_3O_8$ at 214' |
| 25 | 115' East Hole No. 6 | 240' | 1.0' 0.18% $eU_3O_8$ at 219' |
| 26 | 115' South Hole No. 6 | 240' | 1.0' 0.17% $eU_3O_8$ at 225.5' |
| 27 | 115' East Hole No. 12 | 190' | 1.0' 0.18% $eU_3O_8$ at 171' |
| 28 | 115' West Hole No. 12 | 190' | " " " " |
| 29 | 140' South Hole No. 12 | 190' | " " " " |

Hole No. 26 recommended above but not requested by the operator, appears to be located in a stack pond and access to the drill site may be impossible. If this is the case the hole should be deleted rather than relocated.

Completion of the 8 recommended Stage II holes will provide 4 offset holes for each Stage I hole which cut significant mineralization. Additional drilling, if any, will depend on the results of drilling holes Nos. 22 to 29 inclusive recommended above.

In addition to the recommended drilling the operator should be authorized to expend approximately 4 hours of standby time and run 24 chemical analyses for $U_3O_8$.

H. N. Marshall, Mining Engineer

E. N. Harshman, Geologist

EHHarshman:mp

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 11/20/58 | Murphy | 700 |
| 11/20 | Krouse | 700 |
| 11/20 | Martin | 130 |
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| | | 110 |
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| 11/21 | | 220 |
| | | 700 |

NOV 20 1958

Department of the Interior

OME

1490108, Salaries and Expenses, Office of Minerals Exploration, Interior, 1959

T E L E T Y P E

J. W. TOWNSEND, EXECUTIVE OFFICER
ONE FIELD TEAM, REGION III
224 NEW CUSTOMHOUSE BUILDING
DENVER, COLORADO

REURTTS NOVEMBER 19, BALBOA MINING AND DEVELOPMENT COMPANY DOCKET 4889 AND WALTER DUNCAN MINING COMPANY DOCKET 4392, FORMER AMENDMENT MAILED NOVEMBER 18, LATTER AMENDMENT BEING PREPARED.

W. S. Martin

MChing/gla 11-20-58
cc to: Director's R. File
Operating Committee
Mr. Ching
Mr. Murphy
Confirmation to Region III
Docket DMEA-4392
Docket No. DMEA-4889

ACTING CHAIRMAN, OPERATING COMMITTEE

8623

Chairman, Oper
Comm. OME

DN 235 BUR MINES 11-19-58 4-20

CHAIRMAN OPERATING COMM. OME

REURTT 11-6-58 DOCKET DMEA-4889, CONTRACT NO IDM E1178 BALBOA MINING
AD XX AND DEVELOPMENT COMPANY. PLEASE TELETYPE ADVICE AS TO STATUS
OF AMENDMENT.

J W TOWNSEND

Mailed 11/18/58
No-answer required

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O. M. E.
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| 11/20 | C | 220 |
| " | Murphy | 700 |
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BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

Nov 20 7 46 AM '58

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

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| 11/14 | Murphy | 700 |
| 11/14 | Kheadu | 700 |
| 11-17 | Chamlu | 800 |
| 11/18 | GCS | 130 |
| | | |
| | | |
| 11/14 | Johnson | 110 |
| | | ~~100~~ |
| 11/18 | C | 220 |
| 11/19 | B | ~~225~~ 215 |

Rec 11/17

700

NOV 18 1958

Mr. J. W. Townsend
Executive Officer
OME Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-4889 (Uranium)
Contract No. Idm-K1178
Balboa Mining & Development Company
Laymon Property
Crook County, Wyoming

Dear Mr. Townsend:

Enclosed are the original and four copies of a proposed Amendment No. 1 to the subject contract, signed by the Acting Director for the Government.

If you and the Operator find the proposed amendment in order, please have an authorized representative of the company sign the original and four copies. Thereafter, kindly distribute the copies in the usual manner.

This amendment has been prepared in accordance with your memorandum of October 31 and our teletype of November 6, 1958.

Please advise the Operator that OME is the successor agency to DMEA.

P. S. Two extra copies of the amendment are also enclosed for the use of the Field Team.

Sincerely yours,

George C. Selfridge

ACTING Chairman, Operating Committee

Enclosures

APPROVED:

Richard H. Moe

Member, Bureau of Mines

N. E. Nelson

Member, Geological Survey

FMMurphy/gla
11-14-58
cc to: Director's Reading File
Operating Committee
THKiilsgaard, 5224
FMMurphy

8623

DRAFT
11/1/58
Revised 4/18

EXPLORATION PROJECT CONTRACT
BALMAT MINING AND DEVELOPMENT COMPANY
DOCKET NO. DMEA-4889

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, successor to the Defense Minerals Exploration Administration, hereinafter called the "Government," and Balmat Mining and Development Company, hereinafter called the "Operator," that Exploration Project Contract No. DMA-4117S (Docket No. DMEA-4889), dated March 18, 1958, hereinafter called the "Contract," is amended, effective December 6, 1958, as follows:

1. In Exhibit "A" under Estimated Costs of Per Foliage, Stage II, all the items under Actual Costs, Fixed Unit Costs, and Expected are deleted and replaced as follows:

Stage II

Actual Costs

| | | |
|---|---|---|
| Categories (1) through (6) | | None |
| Category (7) Miscellaneous | | |
| None except | | |
| Chemical analysis for $V_2O_5$ content of 10% samples @ $5.00/sample | $525.00 | $525.00 |

Fixed Unit Costs (See Annex II)

| | | |
|---|---|---|
| Rotary non-core drilling 2,000 ft. @ $6.75/ft. | $13,500.00 | |
| Standby time, 10.5 hours @ $10.00/hr. | 105.00 | |

Incidental allowance[3] for each foot of drill hole completed, 5,000 ft. @ $0.84/ft. $4,200.00 $4,200.00

Total Estimated Cost Stage II $5,690.00

## SUMMARY

| | |
|---|---|
| Total Estimated Cost Stage I | $13,070.00 |
| " " " " II | 5,690.00 |
| Total Estimated Cost of Project (rounded) | $18,700.00 |
| Government Participation @ 50% | $9,350.00 |

2. In Article 5 of the Contract, the figures "$6,194.00" and "$13,097.00" are replaced by the figures "$18,700.00" and "$9,350.00", respectively.

3. In Annex II, item 1,(4), is deleted and replaced by "Categories (2) through (6) of Article 5(a) are deleted in Stage I and Categories (1) through (6) of Article 6(a) are deleted in Stage II."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the amount of any item designated as maximum.

Executed in quintuplicate the date and year first above written.

THE UNITED STATES OF AMERICA

By _____
DEPUTY DIRECTOR, OFFICE OF
Minerals Exploration

MALNGA MINING AND DEVELOPMENT COMPANY

By _____

H M.E.a.

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O. M. E.
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DN 235 BUR MINES 11-6-58 12-27

CHAIRMAN, OPERATING COMMITTEE, OME

REURTT 11-6-58, DOCKET DMEA 4889, CONTRACT ~~IDM-E~~1178, BALB~~OXXX~~
BALBOA MINING AND DEVELOPMENT CO. STAGE I ~~DRILLIING PERFO~~ D BY
BOB LIVELY, DRILLING CONTRACTOR, UNDER INDEPENDENT CONTRA

J W TOWNSEND

Denver, Colorado

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

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DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 11/5/58 | Murphy | 700 |
| 11/5 | Lusade | 700 |
| 11/6 | Selfridge | 130 |
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| 11/6 | Jensen | 110 |
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NOV 6 1958

Department of the Interior

ONE

1490108, Salaries and Expenses, Office of Minerals Exploration, Interior, 1959

T E L E T Y P E

J. W. TOWNSEND, EXECUTIVE OFFICER
ONE FIELD TEAM, REGION III
224 NEW CUSTOMHOUSE BUILDING
DENVER, COLORADO

REURMEMO OCTOBER 31, DOCKET DMEA-4889, BALBOA MINING AND DEVELOPMENT COMPANY. WE WILL PREPARE AMENDMENT, EFFECTIVE TODAY, TO ALLOW CHANGES RECOMMENDED. WHO DRILLED STAGE ONE?

George C. Selfridge
(es)
ACTING CHAIRMAN, OPERATING COMMITTEE

FMMurphy/gla
11/5/58
cc to: Director's Reading File
Operating Committee
THKiilsgaard, 5224
FMMurphy
Confirmation to Region III

UNITED STATES
DEPARTMENT OF THE INTERIOR
~~DEFENSE MINERALS EXPLORATION ADMINISTRATION~~
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
October 31, 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 3 1958
DATE
11/4 C 220 1304
~~Murphy 700~~

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4889 (Uranium) Contract Idm-E1178
Balboa Mining and Development Company (Laymon Property)
Crook County, Wyoming

Enclosed are the original and two copies of a joint memorandum dated October 29, 1958, from E.N. Harshman, Geologist, Geological Survey, and M.H. Marshall, Mining Engineer, Bureau of Mines, pertaining to the Operator's request to perform the drilling under Stage II, on company account instead of by independent contract as presently provided for in the contract.

Two copies of the Operator's letter of October 24, 1958, were forwarded to you under item two of the memorandum from this office to the Field Examiners, dated October 27, 1958, requesting their recommendations relative to proposed drilling under Stage II of the contract and the matter at hand.

The Field Examiners recommend, in which this office concurs, that the Operator be permitted to perform the work at company account. It is further recommended that a suitable amendment be prepared to provide that the rotary non-core drilling and standby time be performed on a fixed unit cost basis at the rates indicated in the Operator's letter of October 24, 1958.

When you have reviewed the matter, please teletype advice to your decision so that we can advise the Operator accordingly.

J. W. Townsend

J. W. Townsend

Enclosures

OME
DEPARTMENT OF THE INTERIOR
OCT 30 1958
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III

DENVER EXPERIMENT STATION

BUILDING 20, FEDERAL CENTER
DENVER 2, COLORADO

W.O.

Oct. 29, 1958

Memorandum

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

From: E. N. Harshman
M. H. Marshall

Subject: Docket DMEA 4889 (Uranium) Contract No. Idm-E1178, Balboa Mining and Development Company (Laymon Property) Crook County, Wyoming

The operator by letter dated October 24, 1958 requested that proposed Stage II rotary non-core drilling be done on company account at a fixed unit cost of $0.76 per foot instead of independent contract at a maximum allowable cost of $2.25 as provided by the contract. Exhibit "A" attached to the operator's letter also indicated a request that the item of standby time be $10.00 per hour instead of $14.00 per hour presently authorized by the contract. Each of the requested changes represents potential savings to the Government.

The examining engineer made a cursory inspection of the operator's drill August 5, 1958 while at the property to inspect results of Stage I work. The equipment is a new or practically new truck-mounted Mayhew drill capable of operating beyond the depth requirements of recommended Stage II holes. Based on the results of past drilling, Stage II work should not encounter ground conditions necessitating the use of special drilling equipment. However, the use of water in drilling in addition to air may be required to complete drill holes to the contract objectives.

It is therefore recommended that the operator's request be approved with the provision that the drill employed be equipped to utilize both water and air as circulating media.

E. N. Harshman
E. N. Harshman
Geologist

M. H. Marshall
M. H. Marshall
Mining Engineer

[illegible] Bureau Conservation
Denver 2, Colorado
October [illegible], 1958

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 29 1958

| DATE | INITIALS | CODE |
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Superintendent

To: E. N. Harshman
H. E. Reynold, [illegible]

From: Acting Regional Director, [illegible] Mall Bldg., Region [illegible]

Subject: Contract No. [illegible] (Amendment), Contract No. [illegible]
Yellow Mining and Development Company (Lucky Mighty)
Circle County, Wyoming

Enclosed are the following pertaining to drilling under Stage II of the contract:

(1) The Operator's letter of October 6, 1958, with attached data constituting a request for the Bureau's approval for the drilling of [illegible] holes under Stage II of the contract.

(2) Copy of the Operator's letter of October 6, 1958, with attached data through the Operator requests approval that the drilling approved under Stage II be performed on Wagner Dome, in lieu of by independent contractor as originally provided for in the contract.

The Operator proposes in the original order Item 2 to perform the drilling of a diamond hole core of [illegible] per foot, whereas the contract provides for the drilling to be performed under independent contract at a maximum allowable hole cost of [illegible] per foot. In addition, should this be performed at [illegible] per foot, instead of the maximum of [illegible] per foot as provided for in the contract, which will effect a reduction in the estimated cost of performing the work under Stage II. Therefore, the change will require an amendment to the contract, which must be prepared in Washington.

Please submit a joint recommendation report containing your recommendations.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enc.
With copy of Item 2, Item 1 forwarded under separate cover.

[illegible]
cc: Chm. Sq. Chm. (2) w/copy Items 1 and 2
Chron. File
Reader
Chron.

see maps, etc in Folder #3

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

October 24, 1958

OME
DEPARTMENT OF THE INTERIOR
OCT 27 1958
REGION III
DENVER, COLORADO

Executive Officer
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Gentlemen:

Docket No. DMEA 4689 (Uranium)
Balboa Mining & Development Co.
(Laymon Property)
Crook County, Wyoming
Contract No. Idm-E 1178

For administrative reasons, it is hereby requested that work under Catagory (1) Independent Contractors--Rotary non-core drilling be performed on company account during any drilling approved under Phase II.

A company owned drill and crew are now operating on nearby acreage and could be moved onto the Laymon Property one day following notification of Phase II approval. It is proposed that the rate per foot established by Phase I ($0.76) be used during Phase II. This would allow a saving of $7,492.00 from the amount authorized originally for Phase II. A schedule setting out the Estimated Costs--Phase II (Proposed) is attached for your consideration.

Respectfully submitted,

BALBOA MINING AND DEVELOPMENT COMPANY

D. James Edson, Jr.

D. James Edson, Jr.
Secretary

DJEJr:ep

Encl:

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

DOCKET NO. DMRA-4889

EXHIBIT "A"

ESTIMATED COSTS----PHASE II (Proposed)

| Operation | Unit | Proposed Units | Unit Cost | Estimated Costs | Authorized by Contract Units | Authorized by Contract Unit Cost |
|---|---|---|---|---|---|---|
| Rotary Non-core Drilling | Ft. | 5000 | $ 0.76 | $3,800.00 | 5000 | $ 2.25 |
| Standby Time | Hrs. | 10.5 | 10.00 | 105.00 | 10.5 | 14.00 |
| Chem. Analyses | Spl. | 105 | 5.00 | 525.00 | 105 | 5.00 |
| Incidental Allow. | Ft. | 5000 | 0.24 | 1,200.00 | 5000 | 0.24 |

Total Estimate Cost Phase II Proposed $5,630.00

Total Costs Phase II Authorized by Contract $13,122.00

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

October 24, 1958

OME
DEPARTMENT OF THE INTERIOR
OCT 27 1958
REGION III
DENVER, COLORADO

Executive Officer
Defense Minerals Exploration Administration
234 New Customhouse
Denver 2, Colorado

Gentlemen:

Docket No. DMEA 4889 (Uranium)
Balboa Mining & Development Co.
(Laymon Property)
Crook County, Wyoming
Contract No. Idm-K 1178

Enclosed is a narrative report covering the results of drilling under Phase I of DMEA Docket No. 4889 (Uranium), Laymon Property, Crook County, Wyoming. In addition, a map of the holes drilled, drill logs and two cross-sections are also included.

A Phase II consisting of 22 holes (7 into the deeper zone and 15 into the shallow zone) with a total footage of 5,000 feet of rotary plug drilling is proposed to further explore mineralized trends now indicated.

Drilling has been suspended on the Laymon Property pending recommendations which may result from DMEA studies of this report, but Balboa is continuing to drill other leasehold interests in the area.

Respectfully submitted,

BALBOA MINING AND DEVELOPMENT COMPANY

Albert F. Stoick (DJE)
Albert F. Stoick
President

OFFICIAL FILE COPY
O. M.
RECEIVED
DATE

DJEJr:ep

Encl:

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

October 17, 1958

## NARRATIVE REPORT

Stage I of the uranium exploration program authorized under DMEA Contract No. Idm K-1178, Docket No. 4889 (Uranium) with Balboa Mining and Development Company, as the operator was started on May 31, 1958. The leasehold covered by this contract is called the Laymon Lease and consists of approximately 160 acres of farm land in Crook County, Wyoming, described as follows:

Township 52 North, Range 66 West, 6th P.M.
Section 27: W½NE¼, E½NW¼

The program hereinafter described was accomplished under the direct supervision of Albert F. Steick acting as Field Superintendent for the Balboa Mining and Development Company. The services of D. James Edson, Jr., from the firm of Mincon, consulting geologists, were employed for a part of the program. Robert Lively of Salida, Colorado, was the drilling contractor.

No mining operations have been conducted on the property. Three separate exploration programs have now been completed on the property as follows (see map).

1. In February and March of 1954 and in November, December, January, and February of 1954-55 the Atomic Energy Commission completed on the property drilling program "Carlile Project No. 1 and No. 1a (Thorn Ridge)", carried out under the jurisdiction of the Hot Springs Sub Office, Hot Springs, South Dakota. A total of 27 holes were drilled on 500 feet centers and 3,327 feet of plug bit drilling and 3,834 feet of core drilling were completed. Of the 27 holes, 10 were significantly mineralized, and of these, 5 indicated mineralization approaching ore grade, as follows:

| Hole No. | Collar Elev. | Ore Elev. (base) | Thickness | Grade |
|---|---|---|---|---|
| 704 | 4355.7 | 4169.7 | 2' | .30% |
| 708 | 4381.7 | 4198.7 | 2' | .15% |
| 735 | 4369.7 | 4098.7 | 8' | .25% |
| 743 | 4380.5 | 4183.5 | 3' | .24% |
| 746 | 4393.6 | 4203.6 | 6' | .17% |

The following peak mineralizations and their elevations were obtained in these AEC holes:

| Hole No. | Collar Elev. | Mineralized Zone | Peak Mineralization |
|---|---|---|---|
| 751 | 4379.9 | 4116.9 | .07% |
| 756 | 4372.9 | 4178.9 | .07% |
| 900 | 4377.4 | 4187.4 | .11% |
| 903 | 4386.8 | 4183.8 | .08% |
| 905 | 4334.1 | 4114.1 | ? |

AEC exploration indicated three areas of mineralization:

(a) Area I encompasses a crescent shaped pattern extending from hole 756 southward through holes 900, 743, 903, and 746, and then southwestward to hole 708. This mineralization occurs at an approximate 4185 elevation, or 180 feet below the surface and near the top of the Lakota formation.

(b) Area II extends westward from hole 735 to 704, with the mineralization occurring at an approximate 4100 feet elevation, or 240 feet below the surface and near the Lakota-Morrison contact.

(c) Area III is located around hole 751, where deeper mineralization corresponding to that in Area II was discovered.

2. In October and November of 1955 Shannon Oil Company, under Docket No. DMEA 3762 (Uranium) Contract No. Idn E-870, completed on the property a drilling program consisting of 18 holes, 3,861 feet were plugged and 591½ feet were cored. This program is summarized as follows:

(a) Significant mineralization was encountered in 14 of the 18 holes drilled. Of these 14 holes, 4 indicated mineralization of ore grade (holes 7461, 7463, 7351, and 7354).

(b) Drilling confirmed that two ore horizons exist on the property, one near the top of the Lakota formation, and a second near the base of the Lakota close to the Morrison contact.

(c) An upper ore horizon mineralized zone was drilled in the area of AEC hole 746. Of the five holes in the group, (including the AEC hole) 3 are considered to be in ore, as follows:

| Hole No. | Collar Elev. | Ore Elev. (base) | Thickness | Grade |
|---|---|---|---|---|
| 746 (AEC) | 4393.6 | 4203.6 | 6' | .17% |
| 7461 | 4393.7 | 4203.7 | 4' | .20% |
| 7463 | 4393.0 | 4283.0 | 9' | .32% |

The extent and grade of the mineralized area has not yet been defined.

(d) A lower ore horizon mineralized zone was drilled in the area of AEC hole 735. Of the five holes in the group (including the AEC hole) three are considered to be in ore, as follows:

| Hole No. | Collar Elev. | Ore Elev. (base) | Thickness | Grade |
|---|---|---|---|---|
| 735 (AEC) | 4369.7 | 4098.7 | 8' | .25% |
| 7351 | 4370.9 | 4097.9 | 8' | .23% |
| 7354 | 4368.6 | 4100.6 | 1' | .30% |

Off-sets to highly favorable AEC hole 704 showed only a trace of mineralization at depth.

(e) Off-sets to AEC hole 743 showed peak radiometric mineralization as follows in the upper ore horizon:

| Hole No. | Collar Elev. | Mineralized Zone | Peak Mineralization |
|---|---|---|---|
| 743 (AEC) | 4380.5 | 4183.5 | .24% |
| 7431 | 4377.8 | 4210.5 | .03% |
| 7432 | 4382.5 | 4192.5 | .007% |
| 7433 | 4381.3 | 4195.3 | .02% |
| 7434 | 4378.0 | 4207.0 | .03% |

(f) An upper ore horizon mineralized zone was drilled in the area of AEC hole 708. In the five holes drilled in the group peak radiometric mineralizations were encountered as follows:

| Hole No. | Collar Elev. | Mineralized Depth | Peak Mineralization |
|---|---|---|---|
| 708 (AEC) | 4381.7 | 4198.7 | .15% |
| 7081 | 4383.8 | 4208.8 | .05% |
| 7082 | 4381.5 | 4202.5 | .05% |
| 7083 | 4378.9 | 4203.9 | .20% |
| 7084 | 4380.8 | 4203.3 | .009% |

3. During the period of May 31 to August 5, 1958, Baibee Mining and Development Company conducted the third drilling program on the property. This program consisted of the 21 holes as authorized under RMKA Docket No. 4889 (Uranium) Contract No. Idm K-1178. A total of 3115.3 feet of plug bit drilling was completed and all holes probed and logged. Probing was accomplished with a Model 610 Babbel Counter-Probe assembly. This instrument was calibrated to read direct equivalent uranium percentages when set on the #4 scale. Other scale readings could be readily interpreted by simple division.

Assays on dust and mud samples saved were less than what the probing indicated. This was probably due to the loss of fines both in collection by air and water. Air drilling was used wherever possible, but when extreme moisture conditions were encountered it was necessary to turn to water to complete the hole.

Summary -- Phase I:

The program is summarized as follows: Of the 21 holes drilled Nos. 3, 6, and 12 had significant mineralization; 1, 4, 5, 17, and 19 had some mineralization, and the rest were barren for all practical purposes. Hole No. 6 had mineralization from 308 to 327.0 feet and hole No. 12 showed peak radioactivity of .20% at 170-171.

After each hole was bottomed and probed, it was plugged with a foot long metal pipe below plow depth and leveled. Holes can be relocated by the use of a magnetic pipe finder. All piles of cuttings were laid out 50 feet to a row and all rows were marked with a stake showing footage interval for that row.

Included are assay reports, maps, logs, and prepared cross-sections of drilling program.

Recommendations Phase II:

In view of the amount of favorable mineralization and lithology encountered in Phase I of Balboa's drilling, it is recommended that Phase II as recommended by the DMEA be carried to completion. No uranium deposits of commercial size have been blocked out, but the significant uranium mineralization trends indicated by the Phase I holes and earlier drilling programs should be explored further. Not more than 4 holes should be drilled as off-sets to any one hole, and no hole shall be closer than 100 feet to any other hole.

Stage II should include another 22 holes for a total of approximately 3,000 feet of non-core rotary drilling, 18.5 hours of standby time for probing, and chemical analyses for the $U_3O_8$ content of 105 samples. (See Exhibit A attached) Proposed holes are shown on attached map.

BALBOA MINING AND DEVELOPMENT COMPANY

Albert F. Stoick

Albert F. Stoick (AJE)
President

Encl:

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

DOCKET NO. DMEA-4889

EXHIBIT "A"

ESTIMATED COSTS----PHASE II (Proposed)

| Operation | Unit | Proposed Units | Unit Cost | Estimated Costs | Authorized by Contract Units | Authorized by Contract Unit Cost |
|---|---|---|---|---|---|---|
| Rotary Non-core Drilling | Ft. | 5000 | $ 0.76 | $3,800.00 | 5000 | $ 2.25 |
| Standby Time | Hrs. | 10.5 | 10.00 | 105.00 | 10.5 | 14.00 |
| Chem Analyses | Spl. | 105 | 5.00 | 525.00 | 105 | 5.00 |
| Incidental Allow. | Ft. | 5000 | 0.24 | 1,200.00 | 5000 | 0.24 |

Total Estimate Cost Phase II Proposed $5,630.00

Total Costs Phase II Authorized by Contract $13,122.00

234 Bey Customhouse
Denver 2, Colorado
October 16, 1958

Mr. D. James Edson, Jr., Secretary
Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA 4889 (Uranium)
Contract Idm-21178
Balboa Mining and Development Company
(Layman property)
Crook County, Wyoming

Dear Mr. Edson:

Form MP-104, Operator's Monthly Report and Voucher, for August 1958, has been received in this office and is being processed for payment. The following deductions have been made:

Disallowance, Drilling and Incidental Allowance

Hole No. 21 was drilled 12 feet into the Morrison formation. The contract provides for a maximum penetration of 10 feet into the Morrison formation, therefore, the reported cost, including Incidental Allowance for two feet of excess drilling is disallowed.

Amount Withheld

An amount of $250.00 is withheld from reimbursement to Balboa Mining and Development Company, pending possible additional work under the contract. If additional work is not approved by the Government, and performed by Balboa Mining and Development Company, the amount of $250.00 shall continue to be withheld pending resolution of matters prerequisite to closing the account, which include the following:

1. Rendering to the Government a final report as required under Article 7(c) of the contract form.

2. Release to this office of an Audit Certificate and Audit Report, or Report of Review of the reported project costs by an Auditor of the Office of Minerals Exploration.

You will be further advised of the above deductions by means of an Administrative Audit Difference Statement, which will be forwarded to you by the Finance Office, Region III.

Very truly yours,

Original signed by
E. N. HARSHMAN

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

cc: Albert F. Stoik, President
P. O. Box 217
Lovell, Wyoming

JDC:hmh

ec: ~~Chmn.~~ Op. Comm. (2)
Harshman
Binyon, OME/DFC
Cooper
Corres. file, Reg. III
Chron

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O. M. E.
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~~Murphy 700~~

224 New Customhouse
Denver 2, Colorado
October 15, 1958

Mr. D. James Bison, Jr., Secretary
Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMA 4889 (Uranium)
Contract Ism-21178
Balboa Mining and Development Company
(Layman property)
Crook County, Wyoming

Dear Mr. Bison:

All authorized work under Stage I of the referenced contract has been completed, and to date, we have not received advice from you concerning your plans for possible additional work under the contract.

If you plan to request the Government's approval for drilling under Stage II of the contract, you should immediately forward to this office for consideration by the Government, the original and five copies of a request for approval of such work as you consider to be warranted. Otherwise you should submit to this office the original and five copies of a request for Government approval to terminate the contract in its present status without requiring performance of the balance of work provided for.

We wish to close out all completed and terminated contracts at the earliest possible date, therefore your immediate attention in the matter will be appreciated.

Very truly yours,

Original Sgd.
E. N. HARSHMAN

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

JDC:hmh

cc: Chmn. Op. Comm. (2)
Binyon, OME/DFC
Harshman
Cooper
Corres.file, Reg.III
Shron

cc: Albert F. Stoik, President
P.O. Box 217
Lovell, Wyoming

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[illegible] New Continental
Denver 2, Colorado
Sept. 26, 1958

Mr. Albert F. Steidl, President
Sulphur Mining & Development Company
P. O. Box 227
Lovell, Wyoming

Re: Project No. [illegible] 4889 (Uranium)
Contract [illegible]
Sulphur Mining and Development Co.
(Lagunk property)
Crook County, Wyoming

Dear Mr. Steidl:

Form [illegible], Operator's Monthly Report and Voucher, for July 1958, has been received in this office and is being processed for payment. The following deduction has been made.

Several of the holes drilled during the period penetrated in excess of 10 feet into the gray to blue-gray mudstone which lies between the upper and lower potential uranium-bearing sandstone beds of the Lakota formation. The contract provides for a maximum penetration of 10 feet into the gray to blue-gray mudstone. No exception is taken to the excess drilling in holes 6 and 9 due to the difficulty of determining the contact, however, excess drilling in the following holes is disallowed as indicated in the following calculation:

| Hole No. | Depth drilled | Operator's depth to top bottom of [illegible] | Disallowance feet |
|---|---|---|---|
| 7 | [illegible] feet | [illegible] feet | [illegible] feet |
| 8 | [illegible] " | [illegible] " | 8 " |
| 10 | [illegible] " | [illegible] " | 5 " |
| 12 | [illegible] " | [illegible] " | 2 " |
| 13 | [illegible] " | [illegible] " | 8 " |
| 14 | [illegible] " | [illegible] | 10 " |
| Total | | | 56 feet. |

The reported cost, including Incidental Allowance for 56 feet of contract hole-core drilling is disallowed.

You will be further advised of the disallowance by means of an Administrative Audit Maintenance Statement, which will be forwarded to you by the Finance Office, Region III.

Very truly yours,

Original signed by
E. N. HARSHMAN
E. N. Harshman
Acting Executive Officer
GGE Field Team, Region III

cc: R. Jared Mixon, Jr.,
P. O. Box 581
Grand Junction, Colorado

JDC:lmh

cc: Chmn. Op. Comm. (2)
Harshman
Mixyon, GGE/DFC
Cooper
Corres.file, Reg. III
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| " | ~~July~~ | 700 |

22d New Customhouse
Denver 2, Colorado
July 15, 1958

Mr. B. James Edson, Jr., Secretary
Malbac Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: Report No. DMEA 4389 (Uranium)
Contract Ida-21178
Malbac Mining and Development Company
(Layton Property)
Crook County, Wyoming

Dear Mr. Edson:

Form MF-10A, Operator's Monthly Report and Voucher, and MF-10Aa, Operator's Unit Cost and Progress Report, Operator's Narrative Report, and supporting data for June 1958, have been received in this office. A review of the reports reveals that Form MF-10Aa has not been properly prepared.

We are enclosing a "Sample Copy" of Form MF-10Aa, which we have prepared to illustrate the proper method of reporting units and costs. Also enclosed are seven (7) blank copies of Form MF-10Aa for your use in making the necessary corrections.

Please prepare corrected Form MF-10Aa, using the sample copy as a guide, and submit the signed original and four signed copies to this office as soon as possible in order that we may continue to process the June 1958 voucher. The two extra copies of Form MF-10Aa are for your records.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

Enclosures
JPC:hmh

cc: Chem. Op. Comm. (2)
Marshman
DMEA/DFC (Binyon)
Corres. file, Reg. III
Cooper
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

JUL 11 1958

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Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4889 (Uranium), Contract No. Idm-E1178, Balboa Mining and Development Company (Laymon Property), Crook County, Wyoming

Enclosed are three copies of approval, issued by the DMEA Field Team, Region III, for the moving of two holes to be drilled under Stage I of the contract.

Also enclosed are three copies of the Operator's letter of July 8, 1958, with map attached, pertaining to the matter.

Copies of the work approval have been distributed to the Operator, the Finance Office, and others concerned in Region III.

J. W. Townsend

J. W. Townsend

Enclosures

RECEIVED JUL 1 1 1968
700

[illegible] Iron Corporation
Denver 1, Colorado
July 1, 1968

Mr. R. Jesse Allen, Jr., Secretary
Milton Mining and Development Company
P. O. Box [illegible]
Grand Junction, Colorado

Re: Project No. [illegible] Mill (Modified)
Contract No. [illegible]
Milton Mining and Development Company
(Milton Company)
Cook County, Wyoming

Dear Mr. Allen:

In reference to your request by telephone on June 3 and your confirming letter of July 1, 1968, this constitutes the Commission's approval for the sinking of PGD 1 drill holes as follows:

Hole No. [illegible] to be sunk one mile approximately [illegible] feet.

Hole No. [illegible] to be sunk approximately [illegible] ft. [illegible] approximately [illegible] feet.

The original locations of the above holes are indicated on the map enclosed. The mining [illegible] Milton Mining and Development Company, Cook County, Wyoming, which is situated in and adjacent to [illegible] of Section [illegible].

Nothing in this approval is always the jurisdiction of the drill holes shall be construed to increase the estimated total cost of the project, the aggregate amount which the Commission may be required to contribute, the final cost of any item of work, nor any item of allowable cost which is expressly designated "reduced."

Very truly yours,

[illegible] Iron, Region III

By J. V. Townsend
J. V. Townsend

By E. N. Hardman
E. N. Hardman

Encl.

cc: Chm., Sp. Chm. (5)
Finance Office, Region III
Accounts File, Region III
Secretary
[illegible] (Kleyn)
Contract. File
Sanger
Chron.

Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
JUL 9 - 1958
REGION III
DENVER, COLORADO

July 8, 1958

Executive Officer
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 4889 (Uranium)
Balboa Mining & Development Co.
(Laymon Property)
Crook County, Wyoming
Contract No. Idm-E1178

Gentlemen:

On June 3, 1958 the writer discussed the necessity of moving the sites for Holes #12 and #13 under the above contract from locations as proposed with Mr. Townsend by long distance telephone. All of the sites as proposed under Phase I have been surveyed and found satisfactory with these two exceptions.

Reference is made to the attached sketch map of that area including these holes. Site #12 falls a few feet within a reservoir and #13 on the crest of the earth fill behind which the reservoir is formed. In accordance with Mr. Townsend's instructions new locations were surveyed as near as possible to the above sites without moving closer than 100 feet to previously existing test holes. Suggested new sites are:
(See sketch)

#12 to #12-X -- moved due East 15.75 feet (Elev. 4372.4')

#13 to #13-X -- moved S. 45° W. 90.0 feet (Elev. 4373.8')

If these changes are approved, we would appreciate your notifying Mr. Albert F. Stoick, P. O. Box 235, Moorcroft, Wyoming who is in charge of the field program, and would also appreciate a copy of the letter for our Grand Junction office file.

Yours very truly,

BALBOA MINING AND DEVELOPMENT CO.

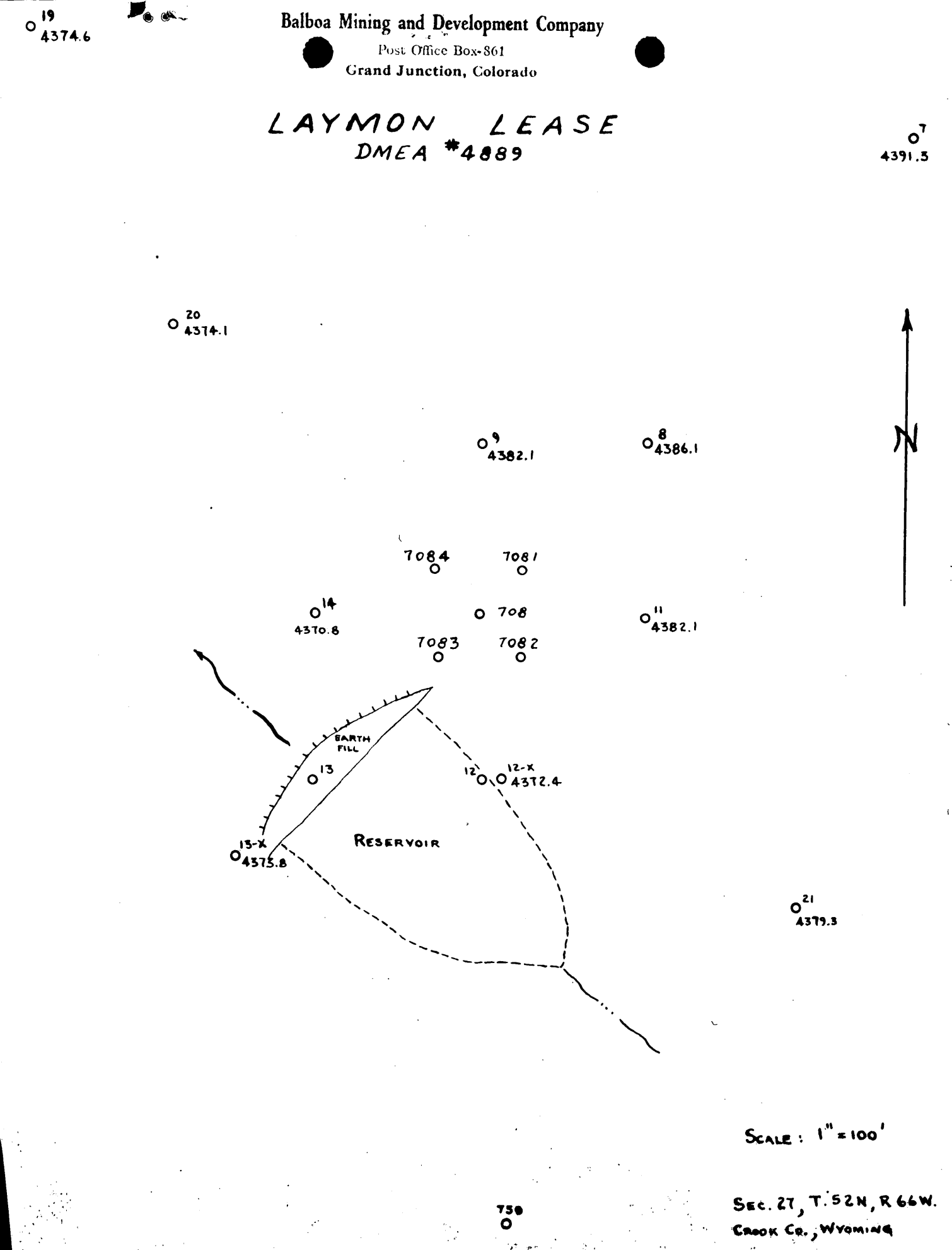
D. James Edson, Jr.

D. James Edson, Jr.
Secretary

cc: Albert F. Stoick

Balboa Mining and Development Company
Post Office Box-861
Grand Junction, Colorado

# LAYMON LEASE
## DMEA #4889




SCALE: 1" = 100'

SEC. 27, T. 52N, R 66W.
CROOK CO., WYOMING

FILE COPY
DMEA
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Box New Customhouse
Denver 2, Colorado
May 16, 1958

Mr. Robert F. Stoick, President
Balboa Mining and Development Company
P. O. Box 217
Lovell, Wyoming

Re: Docket No. DMEA 4592 (Uranium)
Contract Ida-M1178
Balboa Mining and Development Company
(Layman Property)
Crook County, Wyoming

Dear Mr. Stoick:

In response to a telephone request by Mr. D. James Hinds, Jr., enclosed for your information is a copy of map entitled, MAP SHOWING RECONNAISSANCE EXPLORATION, LAYMAN LEASE, BALBOA MINING AND DEVELOPMENT COMPANY, CROOK COUNTY, WYOMING. This is the same map which is attached to and made a part of DMEA Exploration project Contract Ida-M1178.

Yours very truly,

Original signed by
E. N. HARSHMAN

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

JDC:hmh

Enclosure

cc: D. James Hinds, Jr.
P. O. Box 861
Grand Junction, Colo.

cc: Chan. Op. Comm. (2)
Harshman
DMEA/DFC
Townsend
Corres.file, Reg. III
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado
May 12, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 14 1958

| DATE | INITIALS | CODE |
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| 5/14 | C | 220 |
| 5/14 | B | 215 |
| | | 700 |
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Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4889 (Uranium), Contract No. Idm-E1178, Balboa Mining and Development Company (Laymon Property), Crook County, Wyoming

Enclosed are the Government's and Audit copies of Exploration Project Contract No. Idm-E1178, which was forwarded by your letter of March 18, 1958 for signature by the Operator and insertion of a suitable starting date under Article 3 of the contract form.

Also enclosed are two copies of the Operator's letter of May 9, 1958, by which the executed copies of the contract were returned to this office, and three copies of a letter from this office, dated May 12, 1958, whereby we forwarded the "Operator's Copy" of the contract, blank report forms, instructions relative to reporting on work performed under the contract, and procedures to be followed in communicating with this office in all matters pertaining to the contract.

The contract, dated March 18, 1958, provides for exploration work estimated to cost $26,194.00, toward which the Government will contribute 50 percent, or an amount not in excess of $13,097.00.

Copies of the contract have been distributed to the Finance Office and others concerned in Region III.

E. N. Harshman

E. N. Harshman

Enclosures

RECEIVED MAY 14 1958

| DATE | INITIALS | CO |
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Bob Rex Customhouse
Denver 2, Colorado
MAY 12 1958

CERTIFIED MAIL

Mr. E. Jones Hixon, Jr., Secretary
Bulkee Mining and Development Company
P. O. Box 561
Grand Junction, Colorado

Re: Docket No. DMEA 4689 (Secretary)
Contract No. Ida-8175
Bulkee Mining and Development Company
(Lyman Property)
Crook County, Wyoming

Dear Mr. Hixon:

Enclosed is the "Operator's Copy" of Exploration Project Contract No. Ida-8175, Docket No. DMEA 4689.

Also enclosed are six copies each of Form MF-104, "Operator's Monthly Report and Voucher," and 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

Executive Officer
Bureau Minerals Exploration Administration
Bob Rex Customhouse
Denver 2, 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 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.

For your information, and in reply to many questions that have been asked, after Forms NF-104 and NF-104A are received, an engineer will check progress on the project and review your accounts. The report forms will then be forwarded to this office for administrative construction 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 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 conditions under the "General Provisions" section of Exhibit "A" of the contract and the special conditions pertaining to the drilling under each stage. Therefore, your monthly report should include only such holes which are completed to that extent and the required records made a part of your claim for reimbursement.

The contract is prepared on Form NF-200, and under its provisions and as outlined in Exhibit "A" attached to the contract, the allowable costs are a combination of "Actual Costs" and "Fixed Unit Costs," with established maximum average unit costs for the drilling and maximum unit costs, which cannot be exceeded, for the other items of work under Category (1). Under the provisions of Article 6 of the contract, the work outlined in Exhibit "A" under Category (1) is to be performed by an independent contractor. The actual costs of the work completed under Category (1) are to be reported under item (1) on Form NF-104 and must be supported by a signed or certified true copy of the billing from the subcontractor. The costs of sample analysis, under Category (7), are to be reported under item (7) on Form NF-104. The number of sample analyses reported must be documented by a copy of the assay report and a signed, or verified, true copy of the billing from the assayer. Amounts reported on the basis of "Fixed Unit Costs" require no documentation, as they are otherwise verified. Moreover, costs on a "Fixed Unit Cost" basis are to be reported on Form NF-104, under item (1). The foregoing applies to both stages of work described in Exhibit "A". For further information relative to documentation of costs, please refer to instructions on the reverse side of Form NF-104. Also, please refer to instructions on the reverse side of Form NF-104A, regarding preparation of that form.

In reference to the drilling work under Category (1) of Exhibit "A", please refer to item (f) of Annex II attached to the contract pertaining to the average unit cost. If costs incurred any month cause the average unit cost to be in excess of the maximum allowable average unit cost, such excess costs will be suspended, subject to reinstatement at a later date within the aggregate of such suspensions, should the costs incurred any subsequent month cause the average unit cost to fall below the maximum allowable average unit cost. The foregoing applies to each separate class of drilling under each work stage.

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 communications pertaining to operations under the contract, must be in writing, of which please supply the original and five copies, each copy complete with maps or other pertinent data. Each request for action by this office must pertain to one matter only. Such requests are not to be incorporated in your narrative report accompanying monthly progress report Forms NP-105 and NP-105A.

The locations of holes to be drilled under Stage I are indicated as approximate on the map 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 work under Stage I has been completed, or sufficiently so to permit evaluation of results of the work, 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 [illegible] completion, each copy complete with a map showing the location [illegible] of the work completed and the location of the additional work proposed. Also, your request must include an evaluation of the work completed and initial assay returns and any other pertinent data which will be of value to the Government in appraising results of the work.

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 recommendations to this office relative to the additional work you propose.

To eliminate as much delay to operations as possible, if that is of overriding 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, NMA, or by the NMA 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 instruction that you advise this office in writing the date work actually commenced under the contract.

Very truly yours,

Original signed by
E. N. HARSHMAN

Acting Executive Officer, NMA
Field Team, Region III

Enclosures

bcc: Chron. Cy, Chron. (3)
Finance Office, Region III
Assistant file, Region III
Harshman
NMA/DPS (Hagen)
Chrono. file
Westmoreland
Chrono.

cc: Mr. Robert F. Stoick, President
Balboa Mining and Development Company
P. O. Box 217
Lovell, Wyoming
(w/set of Forms MF-104 and MF-104A)

**Balboa Mining and Development Company**
Post Office Box 861
Grand Junction, Colorado

May 9, 1958

DMEA
DEPARTMENT OF THE
MAY 12 1958
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Dear Mr. Harshman:

Docket No. DMEA 4889 (Uranium)
Balboa Mining and Development Company
(Laymon Property)
Crook County, Wyoming
Proposed Exploration Project
Contract No. Idm-E1178

Enclosed are the four copies of Exploration Project Contract No. Idm-E1178 which have been executed in behalf of our company by Mr. Stoick and the writer.

Our work will commence on or before June 15, 1958. Monthly reports as required by our contract will be prepared in the field by Mr. Stoick, but we would appreciate receiving an extra set of the report forms for this office.

Very truly yours,

BALBOA MINING AND DEVELOPMENT COMPANY

D. James Edson, Jr.

D. James Edson, Jr.
Secretary

DJEJr:ep

3

4/28 C 220
Murphy 766

[redacted]
Denver 2, Colorado
April 25, 1958

[redacted]

Mr. Albert F. Stodick, President
Balboa Mining and Development Company
P. O. Box 217
Lovell, Wyoming

Re: Docket No. [redacted] 4589 (Uranium)
Balboa Mining and Development Company
(Layton Property)
Crook County, Wyoming -
Proposed Exploration Project
Contract No. [redacted]-R1178

Dear Mr. Stodick:

Enclosed are the Government's, Audit, Finance Office, and Field Team copies of proposed Exploration Project Contract No. [redacted]-R1178, which has been prepared pursuant to your application for Government assistance in exploration work under the Defense Minerals Exploration Administration program.

If the contract is satisfactory, all copies are to be signed by an official of Balboa Mining and Development Company authorized to sign such an instrument, the signer's title inserted, the signature attested to by the Secretary of the Company in the space provided therefor, the corporate seal affixed, and all copies promptly returned to this office.

In the event the contract is not satisfactory, all copies are to be returned promptly to this office, together with your comments on or objections to the contract.

Your attention is especially directed to three provisions in the contract:

1. The Government will not contribute to the costs of any of the work that is provided for in the contract which is performed prior to the date of the contract.

2. The contract requires completion of the exploration work by the date fixed therefor. Approval must be obtained from the Government for any suspension of work which may result in failure to complete the work by the date specified.

3. Royalty is due the Government on all production from the land described in the contract, beginning on the date of the contract.

If the contract is satisfactory, and upon return of all copies properly signed, the "Operator's Copy" of the contract will be forwarded to you, together with blank report forms and instructions relative to reporting on work performed under the contract. Also, instructions will be given as to the procedure to be followed in corresponding with this office in matters concerning operations under the contract.

When the signed copies of the contract are returned, please advise us the date on or before which work will be commenced, for our insertion in Artical 3 of the contract form.

Very truly yours,

Original signed by
J. W. TOWNSEND

for R. E. Harshman
Acting Executive Officer
NMRA Field Team, Region XII

Enclosures

JWT:prl

cc: Chem. Op. Comm. (2)
Harshman
NMRA/RPC (Kinyon)
Docket
Townsend
Chron.

OFFICE OF DMEA
RECEIVED APR 25 1958
DATE | INITIAL | CODE
4/25 | J.H. | 320
900

224 New Customhouse
Denver 2, Colorado

April 22, 1958

Mr. William Spencer, Jr.
Balboa Mining and Development Co.
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA 4869 (Uranium)
Balboa Mining and Development
Company (Layman Property)
Crook County, Wyoming

Dear Mr. Spencer:

Reference is made to the Certified Mail letter dated March 21, 1958, whereby we forwarded two sets of Form NP-205, Consent to Lien and Subordination Agreement, for signature by Shannon Oil Company and Fremont Oil Company, execution and return of which is necessary before proposed Contract No. Idm-81178 can be released to you for signature.

Authority under which DMEA is operating at present expires at the close of June 30, 1958. Therefore, to assure the contract being made effective this fiscal year, it will be necessary that the contract be signed by your company and returned to this office on or before June 30, 1958. Prompt resolution of all matters that are a prerequisite to release of the contract to you for signature, is indicated.

Very truly yours,

Original signed by
E. N. HARSHMAN

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

JWT:bh

cc: Chairman, Op. Comm.(2)
Harshman
DMEA/DFC (Binyon)
Docket
Townsend
Chron.

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 24 1958
DATE | INITIALS | CODE
3-24 | | 222
| | 700

25th Ave Customhouse
Denver 2, Colorado
March 21, 1958

VIA REGISTERED MAIL

Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Re: Docket No. DMEA 4589 (Uranium)
Balboa Mining and Development Company
(Lagoon Property)
Crook County, Wyoming

Gentlemen:

Enclosed are two sets of Form MM-905, Consent to Lien and Subordination Agreement, consisting of the original and five copies each.

One set is to be signed by Edwin F. Thorn and the other set is to be signed by Shannon Oil Company and Fremont Oil Company as indicated. After signature, please return promptly to this office the original and four executed copies of each set. One copy may be retained by the parties signing the instrument.

Upon return of the properly executed Consent to Lien and Subordination Agreement forms, we will then be in a position to release to you for signature proposed Exploration Project Contract No. DMA-11178, which has been prepared pursuant to your Application for Government assistance in exploration work under the Defense Minerals Exploration Administration program.

Very truly yours,

Original signed
J. W. TOWNSEND

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

JWT:prl

cc: Chmn. Op. Comm. (2)
Marshman
DMEA/DPC (Binyon)
Docket
Townsend
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 3/14/58 | Murphy | 700 |
| " | Ellis | 700 |
| 3-17 | Chamber | 800 |
| 3/17 | GLL | 130 |
| " | Jones | 110 |
| " | Matthews | 100 |
| 3/18 | C | 220 |
| | | 700 |
| | | |

MAR 18 1958

B

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

Re: Docket No. DMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming

Dear Mr. King:

Enclosed are the original and four copies of a proposed long-form contract, signed by the Administrator. Attached to each contract form MF-200 are Annex I (1 page), Annex II (2 pages), one MF-205 form, signed by the Laymons, with an attached "Assignment of Interests," dated January 24, 1958, Exhibit "A" (5 pages), and one map. Also enclosed, for Field Team use, are two extra copies of Annex I, Annex II, Exhibit "A," and map.

The proposed contract has been signed by the Administrator subject to the attachment of MF-205 forms signed by Edwin F. Thorn, also Shannon Oil Company and Fremont Petroleum Company. Two sets (with an extra copy) of the forms are enclosed for signatures. The date they are executed should be prior to the contract date.

If you and the Applicant find the proposed contract in order, please insert in Article 3 the date work shall commence, and have an authorized representative of the company sign the original and four copies. Thereafter, kindly distribute the copies in the usual manner.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

FMMurphy/gla (3-12-58) 3-14-58

cc to: Mr. Murphy
Admr.'s Reading File
Operating Committee
THKiilsgaard, 5224

APPROVED:

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

W. E. Nelson (GCS)
Member, Geological Survey

8623

Mr. Selfridge:

Should have royalty agreement under previous contract to provide for royalties on new money.

Block out last sentence in second paragraph of letter, and date subordination agreements same date as contract.

FEJohnson

3-14

Hold this to hear from Johnson or Selfridge on Monday (17th)

R.W.P.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 3-12 | Murphy | 700 |
| 3-12 | Ellis | 700 |
| 3-12 | Chambers | 800 |
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| | | 100 |
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| | | 220 |
| | | 700 |

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

Re: Docket No. DMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming

Dear Mr. King:

Enclosed are the original and four copies of a proposed long-form contract signed by the Administrator. Attached to each contract form NF-200 are Annex I (1 page), Annex II (2 pages), three executed NF-205 forms, an "Assignment of Interests," dated January 24, 1958, attached to NF-205 signed by the Laymons, Exhibit "A" (5 pages), and one map. Also enclosed, for Field Team use are two extra copies of Annex I, Annex II, Exhibit "A," and map.

If you and the Applicant find the proposed contract in order, please insert in Article 3 the date work shall commence, and have an authorized representative of the company sign the original and four copies. Thereafter, kindly distribute the copies in the usual manner.

Sincerely yours,

Chairman, Operating Committee

Enclosures
APPROVED:

Member, Bureau of Mines

Member, Geological Survey

FMMurphy/izm 3-12-58
cc: Mr. Murphy
Admr.'s Reading File
Operating Committee
THKiilsgaard, 5224

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

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INTERIOR DEPT.
FEB 27 1958
SOLICITOR

February 26, 1958

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Ernest Wm. Ellis, Director
Division of Rare and Miscellaneous Metals

Subject: Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming
Docket No. DMEA-4889

Will you kindly prepare a contract in accordance with the attached draft. Attached are 8 copies of the map mentioned under Stage I, also, 5 copies of form MF-205 signed by the Laymons. If a subordination agreement signed by Shannon Oil Company and Fremont Petroleum Company is required, will you please prepare the forms.

Please refer to Mr. Dwyer's letter of January 6 (in docket).

Ernest Wm. Ellis

Attachment

FMMurphy/izm 2-26-58
cc Mr. Murphy

RECEIVED
FEB 28 1958
ASSOC. SOLICITOR
MINERAL RESOURCES

8

DRAFT
FMMurphy/izm
2-26-58

MF-200
(Revised June 1954)

Docket No. DMEA 4889

Commodity Uranium

Contract No. Idm–E

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

## EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Balboa Mining and Development Company, a Colorado corporation, whose mailing address is P. O. Box 861 Grand Junction, Colorado, hereinafter called the "Operator," as follows:

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

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 Wyoming, County of Crook, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Interest of Lessors

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

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

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

See Annex I

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before December 1, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $ 26,194.00 The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $ 13,097.00 : *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

*Subcategory (c)—Labor.*

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

(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)

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.*—

**See Annex II**

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By .....

.....
(Operator)

By .....

.....

---

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

.....

[ CORPORATE SEAL ]

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

EXPLORATION PROJECT CONTRACT
BALBOA MINING AND DEVELOPMENT COMPANY
DOCKET NO. DMEA-4889

ANNEX I

The land referred to in Article 2 of the contract form consists of 160 acres, more or less, situated as follows:

The E½ of the NW¼ and the W½ of the NE¼ of section 27, T. 52 N., R. 66 W., 6th P.M., Crook County, Wyoming.

Under a Mining Lease, dated September 10, 1954, Frank E. Laymon and his wife Anna M. Laymon, the owners, leased the mineral rights of the above-mentioned lands to Shannon Oil Company.

The Operator has the mineral rights on the same lands pursuant to an Assignment and Agreement, dated December 12, 1957, by Shannon Oil Company, a limited partnership, of 603 Midland Savings Building and The Fremont Petroleum Company, a Wyoming corporation of 824 Equitable Building, Denver 2, Colorado.

A Consent to Lien and Subordination Agreement, signed by Frank E. Laymon, Anna M. Laymon and Marvin L. Laymon, Assignee and Attorney in Fact under an Assignment of Interests, dated January 24, 1958, and the assignment are attached hereto and made part hereof.

Despite the Operator's assumption of Shannon Oil Company's royalty obligations to repay the Government $8,596.13 due under DMEA Contract No. Idm-E870, the Government does not release Shannon Oil Company of such obligation.

## ANNEX II

(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 stage of work."

(b) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(c) Categories (2) through (6) 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 8" 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.

EXPLORATION PROJECT CONTRACT
BALBOA MINING AND DEVELOPMENT COMPANY
DOCKET NO. DMEA-4889

EXHIBIT "A"

Description of the Work

General Provisions

The object of thisproject is to explore for uranium ore deposits in the two sandstone units of the Lakota formation by means of rotary non-core drilling.

The Lakota formation is the lowermost member of the Inyan Kara group of Cretaceous age and is underlain by the Jurassic Morrison formation. It is estimated that drill holes ranging from 200 to 210 feet in depth will be required to penetrate the upper sandstone bed in the Lakota formation and about 280 feet in depth to penetrate the basal sandstone bed.

The cuttings from each 2-foot section shall be recovered by a Duclone or similar collecting apparatus and tested for radioactivity. Those cuttings showing significant radioactivity shall be quartered and split for sample purposes. The Operator shall have one-half of each such sample chemically analysed for its $U_3O_8$ content. The remainder shall be stored for Government inspection, and possible use, in a container properly idenitifed as to drill hole number and the depth interval that the sample represents. The Operator may dispose of the stored samples with Government approval.

The recovered cuttings from the drill holes shall be logged geologically, and each hole shall be probed radiometrically as soon as possible after completion. Records of such logging and probing, together with the assay certificates of the cuttings samples, shall

be submitted with the Operator's monthly progress report. The monthly report shall also include a map or sketch showing the location and collar elevation of each hole drilled during the reporting period.

The Government will not participate in the cost of an incomplete hole, a hole that is closer than 200 feet to the boundary of the project area, or a hole that cannot beprobed with standard radiometric testing equipment.

The Operator shall employ a full-time supervisor and such other technical services and labor as are required to complete the project work.

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

The work is divided into two stages. The Operator shall perform all the work in Stage I, and as much of Stage II as is approved in advance in writing by the Government.

Stage I

The work shall consist of drilling not in excess of 21 holes at the locations approximately shown on the map entitled "Map Showing Recommended Exploration, Laymon Lease, Balboa Mining and Development Company, Crook County, Wyoming," attached hereto and made part hereof.

It is estimated that drill holes 3 through 8 will average 210 feet in depth and holes 9 through 14 will average 200 feet in depth. These holes are limited to the exploration of the upper sandstone bed. The holes shall not penetrate more than 10 feet into the gray to blue-gray mudstone which lies between the upper and lower potential uranium-bearing sandstone beds of the Lakota formation.

It is estimated that holes 1, 2, and 15 through 21 will average 280 feet in depth. These holes are designed to penetrate the upper and also the basal sandstone beds of the Lakota formation. The holes shall not penetrate more than 10 feet into the underlying Morrison formation.

With the exception of hole 3, no hole drilled under this stage of the contract shall be closer than 100 feet to any known drill hole.

It is estimated that 4,980 feet of non-core rotary drilling, 10.5 hours of standby time for probing, and that chemical analyses for the $U_3O_8$ content of 105 samples will be required to complete Stage I. However, if these estimates are too low, then with previous written Government approval a part of the units of work and their costs may be used from those allowed in Stage II.

Stage II

The work shall consist of extending significant uranium-mineralization trends indicated by previous holes. Not more than 4 holes shall be drilled as offsets to any one hole; and no hole shall be closer than 100 feet to any other hole.

Stage II work shall not exceed 5,000 feet of non-core rotary drilling, 10.5 hours of standby time for probing, and the chemical analyses for the $U_3O_8$ content of 105 samples.

## Estimated Costs of the Project

### Stage I

**Actual Costs**

Category (1) Independent Contracts

| | | |
|---|---|---|
| Rotary non-core drilling, 4,980 ft. @ $2.25/ft. | $11,205.00 | |
| Standby time, 10.5 hours @ $14/hr. | 147.00 | $11,352.00 |
| Categories (2) through (6) None | | |
| Category (7) Miscellaneous | | |
| None except: | | |
| Chemical analyses for $U_3O_8$ content of 105 samples @ $5.00/sample | 525.00 | 525.00 |

**Fixed Unit Costs** (See Article 13)

| | | |
|---|---|---|
| Incidental allowance[1] for each foot of drill hole completed, 4,980 ft. @ $0.24/ft. | 1,195.20 | 1,195.20 |
| Total Estimated Cost Stage I ..... | | $13,072.20 |

### Stage II

**Actual Costs**

Category (1) Independent Contracts

| | | |
|---|---|---|
| Rotary non-core drilling, 5,000 ft. @ $2.25/ft. | $11,250.00 | |
| Standby time, 10.5 hours @ $14/hr. | 147.00 | $11,397.00 |
| Categories (2) through (6) None | | |
| Category (7) Miscellaneous | | |
| None except: | | |
| Chemical analyses for $U_3O_8$ content of 105 samples @ $5.00/sample | 525.00 | 525.00 |

**Fixed Unit Costs** (See Article 13)

| | | |
|---|---|---|
| Incidental allowance[1] for each foot of drill hole completed, 5,000 ft. @ $0.24/ft. | 1,200.00 | 1,200.00 |
| Total Estimated Cost Stage II ..... | | $13,122.00 |

## S U M M A R Y

| | |
|---|---|
| Total Estimated Cost Stage I ..... | $13,072.20 |
| Total Estimated Cost Stage II ..... | $13,122.00 |
| Total Estimated Cost of Project (rounded) | $26,194.00 |
| Government Participation @ 50% ..... | $13,097.00 |

1/ Includes all costs whatsoever, that might otherwise have been allowable costs of the contract under Categories (2) through (6) which have been deleted from this contract.

| OFFICIAL FILE COPY DMEA RECEIVED FEB 27 1958 | | |
|---|---|---|
| DATE | INITIALS | CODE |
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| " | ~~Team~~ | ~~700~~ |
| | Complete | |

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

Date February 26, 1958

DMEA Docket No. 4889
DMEA Contract No.
Commodity Uranium
Name of applicant Balboa Mining and Development Co.
Name of property Laymon Lease
Location of property Crook County, Wyoming
Estimated cost of project $26,187.21

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

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

Subject: Review of Field Team Report
(Application, Field Team Report, etc.)

1. Date of subject document: 2/19/58. 2. Date received by reviewer: 2/25/58

3. Prior reports on this property known to reviewer: Yes ☐ No ☒

4. Prior reports on nearby properties known to reviewer: Yes ☐ No ☐

5. Information available on past production: Yes ☐ No ☐

6. Other pertinent factors known to reviewer: Yes ☐ No ☐

7. Explain items marked yes above:

8. Factors needing special consideration:
   a. Location ☐
   b. Ownership ☐
   c. Evidence of mineralization ☐
   d. Geology ☐
   e. Proposed exploration method ☐
   f. Alternate exploration method ☐
   g. Costs ☐
   h. _____ ☐

9. Action advised:
   a. Obtain information from applicant ☐
   b. Refer to Field Team ☐
   c. Denial ☐
   d. Agree with Field Team ☒
   e. Disagree with Field Team ☐
   f. Suggest alternate plan ☐
   g. Request another examination ☐
   h. Approval ☒ of modified program
   i. Consult with Mr. _____ at _____ AEC office.

10. Remarks: (Use back of page if necessary)

IN REPLY REFER TO:

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

| | | |
|---|---|---|
| 226 | C | 226 |
| 1 | F-MM | 700 |

Memorandum

February 25, 1958

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

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

Subject: Review of field examination report, DMEA 4889 (uranium), Balboa Mining and Development Company, Laymon lease, Crook County, Wyoming.

The subject property has been somewhat explored by drilling by the AEC and Shannon Oil Company under DMEA 3762, Contract Idm-E870. The past drilling was successful in that an estimated 10,000 tons of indicated and inferred ore was found. The former DMEA project was certified as a discovery on May 25, 1956.

The examining team believe that geologic conditions on the property are favorable enough to warrant additional exploration. They propose a drilling project, modified from the applicant's proposal, that would further delineate ore deposits discovered under Contract Idm-E870 and explore trends of mineralization inferred from the AEC drilling.

From the examining team's report it appears that the proposed work would have a good chance for success. I agree with the Field Team's recommendation for approval of the application.

W. P. Williams

W. P. Williams

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

FILE COPY
DMEA
RECEIVED FEB 21 1958

| DATE | | CODE |
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| 2/21 | C | 220 |
| 2/24 | 2B | 130 |
| 2/24 | C | 220 |
| 2/25 | FMM | |

224 New Customhouse
Denver 2, Colorado

February 19, 1958

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket No. DMEA 4889 (Uranium) Balboa Mining and Development Company (Laymon Lease) Crook County, Wyoming - Joint Report of Examination.

Enclosed are the original and two copies of the Joint Report of Examination on the subject property.

Based on geologic data and the results of the previous DMEA drilling program. The Field Examiners conclude that additional exploration is warranted. They recommend a two stage drilling program at a total cost of $26,187.21, government participation $13,093.60.

We concur in this recommendation.

Also enclosed are eight extra copies of a map showing the recommended exploration on the Laymon Lease for use in the preparation of the contract.

W H King
W. H. King

E. N. Harshman
E. N. Harshman

ON-SITE EXAM. REPORT

Reviewed by
DMEA OPERATING COMMITTEE
2-24-58
(date)

WJK
HMC

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA
DEPARTMENT OF TH
FEB 19 1958
REGION III
DENVER, COLORADO

2/24 2/B 130 220

DMEA 4889

Balboa Mining and Development Company

Laymon Lease (Thorn Ridge)

Crook County, Wyoming

TRANSMITTED
FEB 19 1958

Uranium

Joint Engineering and Geologic Report

by

Donald H. Richter, Geologist
Geological Survey

E. O. Binyon, Mining Engineer
Bureau of Mines

February 17, 1958

Reviewed by
2-24-58

CONTENTS

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Introduction..... 1

Summary of the exploration under DMEA 3762; Contract Idm-E870.. 3

Present status..... 5

Applicant's proposed exploration program..... 6

Recommended exploration program and costs..... 9

Conclusions and recommendations..... 15

ILLUSTRATIONS

Follows page

Map showing recommended exploration, Laymon Lease, Balboa Mining and Development Company, Crook County, Wyoming. DMEA 4889..... 15

DMEA 4889

BALBOA MINING AND DEVELOPMENT COMPANY
LAYMON LEASE (THORN RIDGE)
CROOK COUNTY, WYOMING

## INTRODUCTION

Balboa Mining and Development Company, P. O. Box 861, Grand Junction, Colorado, a Colorado Corporation, has applied to the Defense Minerals Exploration Administration for assistance to do additional exploratory drilling for uranium on the Laymon property in the West 1/2 of the NE 1/4 and E 1/2 of the NW 1/4 section 27, T. 52 N., R. 66 W., 6th principal meridian, Crook County, Wyoming. A field examination was not believed to be necessary and was not made.

The property has been previously explored by the A.E.C. and under DMEA Contract Idm-E 870 (DMEA Docket 3762) with the Shannon Oil Company, 603 Midland Savings Building, Denver 2, Colorado. Both exploration projects were designed to explore, by non-core and core drilling, the formations of the Inyan Kara group of Cretaceous age. This group in order of increasing age consists of the Fall River sandstone, the Fuson mudstone and the Lakota formation. The group has an average thickness of about 260 feet and consists chiefly of fluviatile sediments. The Lakota, or lowermost formation of the Inyan Kara group, which contains the known uranium

deposits in the area, averages approximately 110 feet thick and consists of an upper and lower sandstone unit separated by mudstone.

Under the drilling program conducted by the A.E.C., 27 holes on approximate 500-foot centers were drilled through the contact between the Lakota formation and underlying Morrison formation to a depth of approximately 270-280 feet. Of the 27 holes, 11 showed significant mineralization, 6 of which contained material assaying more than 0.10 percent $U_3O_8$. The mineralization was encountered in the two sandstone units of the Lakota formation, the depth of the upper being from about 175 to 195 feet below the collar and the lower at depths ranging from about 260 to 280 feet.

In October and November 1955 Shannon Oil Company under DMEA Contract Idm-E 870 (DMEA Docket 3762), drilled 18 non-core and core, 50-foot offset holes around 5 of the A.E.C. holes in an effort to further explore and determine the extent of the mineralization. The Stage I, 50-foot offset drilling, was approved only on the insistence of the applicant as a possible means of determining the size of the individual deposits which may be encountered in the subsequent stages of exploration. However, with the completion of the 18 offset holes which did not adequately delineate the ore deposits, the operator requested termination of the contract. With reservations the Defense Minerals Exploration Administration, on August 20, 1956, terminated the contract effective May 25, 1956. Certification of discovery was issued May 25, 1956.

SUMMARY OF THE EXPLORATION UNDER DMEA 3762; CONTRACT Idm-E 870

Drilling under Stage I of the exploration program disclosed significant mineralization (greater than 0.02 percent $U_3O_8$) in 13 of the 18 50-foot offset holes drilled, and of these, 5 encountered material that assayed more than 0.10 percent $U_3O_8$ over a thickness of 1-foot or more (see accompanying map). Pertinent information on the 5 ore-grade DMEA holes and the 5 A.E.C. holes, which were offset, are given in the table below:

| Hole No. | Drilled by | Total depth (ft.) | Drilling non-core (ft.) | Drilling core (ft.) | Core recovery (%) | Mineralized Interval & depth (ft.) | Thickness (ft.) | $U_3O_8$ (%) |
|---|---|---|---|---|---|---|---|---|
| 746 | AEC | 287 | ? | ? | 11.5 | 179-182 | 3.0 | 0.103 |
| | | | | | | (181-182 | 1.0 | 0.230) |
| | | | | | | 186-188.4 | 2.4 | 0.180 |
| | | | | | | (186-187 | 1.0 | 0.390) |
| 7461 | DMEA | 284 | 240 | 44 | 45.0 | 185-190 | 5.0 | 0.140 |
| 7463 | DMEA | 279 | 240 | 39 | 65.0 | 184-192 | 8.0 | 0.360 |
| 708 | AEC | 285 | - | - | 42.4 | 180-183 | 3.0 | 0.110 |
| 7083 | DMEA | 256 | 224 | 32 | 62.0 | 176-180 | 4.0 | 0.180 |
| 735 | AEC | 281 | - | - | 69.3 | 271-272 | 1.0 | 0.050 ($eU_3O_8$) |
| 7351 | DMEA | 280 | 252 | 28 | 60.0 | 267-268 | 1.0 | 0.180 |
| 7354 | DMEA | 280 | 252 | 28 | 55.0 | 265-266 | 1.0 | 0.300 |
| 743 | AEC | 255 | - | - | 73.4 | 188-191 | 3.0 | 0.126 |
| | | | | | | 192-196.5 | 4.5 | 0.192 |

Core recovery for the DMEA holes in the upper and lower Lakota sandstone units averaged 64 and 19 percent respectively.

As mentioned previously, no Stage II work was undertaken and although the results of Stage I drilling are inconclusive with respect to the over-all exploration program that was to be undertaken, the number of drill holes encountering ore-grade material justified certification to protect the Government's interest. Ore reserves in these partially delineated deposits are estimated to be 10,322 tons of indicated and inferred (combined) with a grade of 0.20 percent $U_3O_8$.

Total expenditures for the work done under Contract Idm-E 870 amounted to $11,461.51 and of this the Government's share at 75 percent was $8,596.13. Two reports have been made on the property; the original examination report by N. P. Cuppels and E. O. Binyon and the final report by N. P. Cuppels and W. D. McMillan in which the detailed results of the work under DMEA are given.

## PRESENT STATUS

Other than the exploratory drilling done by the A.E.C. and the Shannon Oil Company under DMEA Contract Idm-E 870 no other work has been done on the property.

The applicant, Balboa Mining and Development Company, has submitted an Assignment and Agreement from Shannon Oil Company as well as copies of the Mining Lease between Frank E. and Anna M. Laymon and Shannon Oil Company, and an Agreement and Lease between Edwin F. Thorn and Shannon Oil Company. These legal instruments appear to be in order.

## APPLICANT'S PROPOSED EXPLORATION PROGRAM

The applicant's proposed exploration of the property is designed to explore the upper and lower sandstones of the Lakota formation in three favorable areas found by the A.E.C. and DMEA drilling. Area 1 extends through A.E.C. mineralized holes 756, 743, 900, 903, 746, and 708 as shown on map accompanying the application. Area II includes holes 735, 905, and 704 and Area III is around hole 751. Both shallow (200 feet) and deep holes (270 feet) are proposed in Area I, and only deep holes in Areas II and III.

Exploration is to be by non-core rotary drilling (the type of drilling was not specifically mentioned in the application) and will be done in two stages. Stage I is to consist of 40 holes on a 100- x 200-foot diamond grid spaced not less than 100 feet from pre-existing DMEA or A.E.C. holes for a total drilling footage of 8,980 feet. Under Stage II 24 holes are proposed for a total of 5,500 feet. It is estimated that 280 samples would be taken during Stage I and 168

during Stage II. All holes of both stages or a total footage of 14,480 feet are to be logged radiometrically.

Estimated cost of the applicant's proposed program are as follows:

| | | |
|---|---|---|
| Independent Contracts | | |
| 4,480 of drilling at $2.25 per ft. | | $32,580.00 |
| Personal Services | | |
| 1 - Supervisor and geologist at $750/mo. for 4-1/2 months | $ 3,375.00 | |
| 1 - geologist's assistant at $450/mo. for 4-1/2 months | 2,025.00 | |
| | | $ 5,400.00 |
| Operating Materials and Supplies | | |
| 448 sample bags at $0.02 | | $ 8.96 |
| Operating Equipment | | |
| 1 - 1957 jeep, 3,000 miles at $0.15/mile | $ 450.00 | |
| 1 - Babbel counter, probe and recorder at $0.05 per foot for 14,480 feet | 724.00 | |
| | | $ 1,174.00 |
| Initial rehabilitation and repairs | | None |
| New buildings, fixtures and installations | | None |
| Miscellaneous | | |
| 448 chemical assays, 7 per hole at $5.00 per assay | $ 2,240.00 | |
| Accounts at $25.00 per month 4-1/2 | 112.50 | |
| Workman's compensation | 270.00 | |

| | | |
|---|---|---|
| Social security | $ 121.50 | |
| Unemployment compensation | 162.00 | |
| Maintenance of 2 men in field for 135 days at $10.00 per day | 2,700.00 | |
| | | $ 5,606.00 |
| Total costs | | $44,768.96 |

## Recapitulation

| | | |
|---|---|---|
| **Stage I** | | |
| 8,980 feet of drilling at $2.25 | $20,205.00 | |
| 8,980 feet logging at $0.05/ft. | 449.00 | |
| 280 chemical assays at $5.00/assay | 1,400.00 | |
| Incidental allowance at $0.64/ft. | 5,747.20 | |
| Total Stage I costs | | $27,801.20 |
| Government's share at 50 percent | | $13,900.60 |
| **Stage II** | | |
| 5,500 feet of drilling at $2.25 per ft. | $12,375.00 | |
| 5,500 feet of logging at $0.05 | 275.00 | |
| 168 chemical assays at $5.00/assay | 840.00 | |
| Incidental allowances at $0.64 per ft. | 3,520.00 | |
| Total Stage II costs | | $17,010.00 |
| Government's share at 50 percent | | $ 8,505.00 |
| Total cost Stage I and Stage II | | $44,811.20 |
| Government's share at 50 percent | | $22,405.60 |

Estimated time for completion based on a drilling rate of 125 to 150 feet per day is 90 days for Stage I and 45 days for Stage II or a total of 4.5 months (using a 30-day month). The application states that the project can be started within 30 days of the signing of the contract.

## RECOMMENDED EXPLORATION PROGRAM AND COSTS

The examiners believe, that with the information now available on the subject property, the applicant's program is too elaborate and therefore not justified in its entirety. However, the examiners do believe that additional work, as discussed in the DMEA final report, is necessary and hence have modified the applicant's exploration proposal.

The recommended modified exploration program consists of two stages and is designed to (1) delineate the partially outlined ore deposits discovered under the earlier DMEA contract and (2) to explore with a limited number of holes possible trends of mineralization that are inferred from A.E.C. drill hole data and subsurface geologic structure. Exploration along these trends has been, and still is, a strong recommendation of N. P. Cuppels, geologist, U. S. Geological Survey. The subsurface geologic structure referred to, is a pre-Cretaceous collapse feature, which appears, at least in part, to coincide with Cuppels' mineral trends, and which according to M. Bergendahl, geologist, U. S. Geological Survey may be a potential trap for uranium-bearing solutions.

Stage I of the recommended program consists of 21 non-core drill holes totaling 4,980 feet of which 17 (no's. 3-19), are designed primarily to aid in delineating the ore zones now known, and the remaining 4 (no's. 1, 2, 20, & 21) shall explore the apparent mineral and structural trends.

The location and depth of the individual holes are given below and the locations are plotted on the map accompanying this report.

| Recommended hole | Holes being offset | Location | Approximate maximum depth (ft.) | |
|---|---|---|---|---|
| 1 | | 200' N of No. 743 | 280 | lower sandstone bed |
| 2 | | 140' S of No. 743 | 280 | |
| 3 ) | | 140' N of No. 746 | 210 | upper ss. bed |
| 4 ) | 746 | 190' NE of No. 746 | 210 | |
| 5 ) | 7461 | 140' E of No. 746 | 210 | |
| 6 ) | 7462 | 140' S of No. 746 | 210 | |
| 7 ) | 7463 | 190' SW of No. 746 | 210 | |
| 8 ) | | 140' W of No. 746 | 210 | |
| 9 ) | | 140' N of No. 708 | 200 | upper ss. bed |
| 10 ) | 708 | 190' NE of No. 708 | 200 | |
| 11 ) | 7081 | 140' E of No. 708 | 200 | |
| 12 ) | 7082 | 140' S of No. 708 | 200 | |
| 13 ) | 7083 | 190' SW of No. 708 | 200 | |
| 14 ) | | 140' W of No. 708 | 200 | |
| 15 ) | | 140' W of No. 735 | 280 | |
| 16 ) | 735 | 190' NW of No. 735 | 280 | |
| 17 ) | 7351 | 140' N of No. 735 | 280 | |
| 18 ) | 7354 | 190' NE of No. 735 | 280 | |
| 19 ) | | 140' E of No. 735 | 280 | |
| 20 | | 350' SE of No. 735 | 280 | |
| 21 | | 350' SE of No. 708 | 280 | |
| Totals 21 | | | 4980 | |

With the exception of hole no. 3, all recommended holes are 100 feet or more from any known pre-existing hole. Hole no. 3, which is necessary to adequately delineate one of the mineralized areas, is approximately 70 feet south of the old A.E.C. hole no. 903.

Stage II consists of approximately 5,000 feet of non-core drilling to be used essentially as 100-foot offset holes contingent upon the results of Stage I.

The following items are included for contract preparation:

(1) All deep holes should be drilled not more than 10 feet below the base of the Lakota, or an approximate depth of 280 feet.

(2) Samples should be taken at 2-foot intervals and checked for radioactivity. Those samples showing significant anomalous radioactivity or containing visible uranium minerals should be quartered, split, and assayed chemically for $U_3O_8$.

(3) All holes should be probed immediately after completion and should be paid for on the basis of probed footage.

(4) Maps showing location and other data such as collar elevations as well as copies of radiometric and lithologic logs of all holes shall be submitted with the monthly progress reports.

On February 14, 1958, the applicant, after a brief discussion, concurred with the examiners modifications, of the proposed exploration program.

Based on an estimated drilling rate of 150 feet per drill rig per day, the time that will be required to complete Stage I and

Stage II drilling is 2.6 months and allowing 0.4 month for miscellaneous work and the final report, the total time for completion of the program will be 3 months.

Estimated cost of the recommended program, allowing 3 months for completion are as follows:

| | | |
|---|---|---|
| **Independent Contracts** | | |
| Rotary non-core drilling<br>Stage I and Stage II 9,980 feet at<br>$2.25 per foot 1/ | $22,455.00 | |
| Standby time (probing) 42 holes<br>1/2 hr. per hole 21 hours at<br>$14.00 per hour | 294.00 | |
| Total Independent Contracts | | $22,749.00 |
| **Incidental Allowances** | | |
| Labor, Supervision & Consultants | | |
| Labor | None | |
| Supervision-Geologists at $600.00<br>per mo. for 3 mos. | $ 1,800.00 | |
| Total Labor, Supervision & Consultants | | $ 1,800.00 |
| Operating Materials and Supplies | | |
| Sample sacks 500 at $10/M | $ 5.00 | |
| Total Operating Materials and Supplies | | $ 5.00 |

1/ Due to an increase in drilling costs, the low bid of $2.25 per foot for drilling--an increase of $0.50 per foot over the drilling costs under Idm-E 870--submitted by Sprague and Henwood, Inc., to the applicant, appears reasonable and justifiable.

| | | |
|---|---|---|
| Operating Equipment | | |
| 1 - Vehicle 2,600 miles at $0.07 per mile | $ 182.00 | |
| Radiometric logging equipment with counter $40.00 per month (use allowance) for 2.6 months | 104.00 | |
| Total Operating Equipment | | $ 286.00 |
| Initial Rehabilitation & Repairs | | None |
| New Buildings, Fixtures, and Installations | | None |
| Miscellaneous | | |
| Accounting & office expense $50.00 per month for 3 months | $ 150.00 | |
| Workman's compensation Social Security etc. at 5.2% of $1,800.00 | 93.60 | |
| Total Miscellaneous | | $ 243.60 |
| Contingencies | | |
| 10 percent of $534.60 rounded | $ 54.00 | |
| Total Contingencies | | $ 54.00 |
| Total Incidental Allowances | | $ 2,388.60 |
| Total Incidental Allowances per foot (9,980 feet) $ 0.2393 | | |
| Analyses (Actual Cost) | | |
| Stage I 105 samples at $5.00 per sample (maximum) | $ 525.00 | |
| Stage II 105 samples at $5.00 per sample (maximum) | 525.00 | |
| Total Analyses | | $ 1,050.00 |
| Total estimated cost of project | | $26,187.60 |
| Government participation at 50 percent | | $13,093.80 |

Stage I

Independent Contracts

| | | |
|---|---|---|
| Rotary non-core drilling, 4,980 feet at $2.25 per ft. | $11,205.00 | |
| Standby time (probing) 21 holes at 1/2 hr. per hole--10-1/2 hrs. at $14.00 per hour | 147.00 | |
| Total Independent Contracts | | $11,352.00 |

Incidental Allowances

| | | |
|---|---|---|
| 4,980 feet rotary non-core drilling at $0.2393/ft. | $ 1,191.71 | |
| Analyses 105 samples at 5.00 per sample (maximum), actual cost | 525.00 | |
| Total Stage I | | $13,068.71 |
| Government participation at 50 percent | | $ 6,534.35 |

Stage II

Independent Contracts

| | | |
|---|---|---|
| Rotary non-core drilling 5,000 feet at $2.25 per ft. | $11,250.00 | |
| Standby time (probing) 21 holes at 1/2 hr. per hole--10-1/2 hrs. at $14.00 per hour | 147.00 | |
| Total Independent Contracts | | $11,397.00 |

Incidental Allowances

| | | |
|---|---|---|
| 5,000 feet rotary non-core drilling at $0.2393 | $ 1,196.50 | |
| Analyses 105 samples at $5.00 per sample (maximum), actual cost | 525.00 | |
| Total Stage II | | $13,118.50 |
| Government participation at 50 percent | | $ 6,559.25 |

## Summary of cost

| | | | |
|---|---|---|---|
| Stage I | 9 holes at 280 feet 2,520 ft. ) | | |
| | 6 holes at 210 feet 1,260 ft. ) | $13,068.71 | |
| | 6 holes at 200 feet 1,200 ft. ) | | |
| Stage II | 21 holes (approx.) 5,000 ft. | $13,118.50 | |
| | Total Stage I and Stage II--9,980 ft. | | $26,187.21 |
| | Government participation at 50 percent | | $13,093.60 |

## CONCLUSIONS AND RECOMMENDATIONS

Based on geologic data and the results of the previous DMEA exploration program it is concluded that additional exploration as outlined in this report is warranted.

It is recommended that the two-stage drilling program as proposed by the examining team at a total cost of $26,187.21 (Government participation at 50 percent $13,093.60) be approved.

**Balboa Mining and Development Company**
Post Office Box 861
Grand Junction, Colorado
January 27, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 29 1958
DATE CODE
1/29 95 220

Mr. Frank E. Johnson
Acting Administrator
Defense Minerals Exploration Adm.
U.S. Department of the Interior
Washington 25, D. C.

Re: Docket DMEA 4889 (Uranium)
Laymon Property
Crook County, Wyoming

Dear Mr. Johnson:

Pursuant to your letter of January 8, 1958, we enclose five (5) Consent to Lien and Subordination Agreement forms executed by Mr. Marvin L. Laymon. Attached to each form is a copy of an Assignment of Interests wherein Frank E. and Anna M. Laymon convey to Marvin L. Laymon.

We trust that you will find these documents in order.

Very truly yours,

BALBOA MINING AND DEVELOPMENT CO.

William M Spencer

William M. Spencer

WMS:b
encl.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

| Date | Surname | Code |
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| 1-7 | Murphy | 700 |
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JAN 8 1958

INTERIOR DEP
JAN 7 - 1958
SOLICITOR

Mr. William M. Spencer, President
Palboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

Re: Docket No. DMEA-4889 (Uranium)
Laymon Property
Crook County, Wyoming

Dear Mr. Spencer:

Under Docket No. DMEA-3762, Contract No. Idm-2870 between the Government and Shannon Oil Company, a Consent to Lien and Subordination Agreement signed by the lessors of the subject property, Frank E. and Anna M. Laymon, is an integral part of the contract. However, in the event your above-referenced application results in a contract we will require another Consent to Lien and Subordination Agreement signed by the same lessors.

Enclosed are six Consent to Lien and Subordination Agreement forms MF-205 prepared for execution and insertion of their addresses by the lessors. Please submit five executed copies; the lessors may retain one copy. Although our request does not imply that a contract has been approved, early submission of the executed forms will expedite the processing of your application.

Also, in the event a contract is approved, it will contain a provision obligating your company to assume and to pay the royalty due from Shannon Oil Company in the amount of $8,596.13. Notwithstanding this provision DMEA will not release Shannon Oil Company from its liability. We are enclosing a self-explanatory letter of this date to the latter company relating to this possible provision.

Sincerely yours,

(for)

ACTING Administrator

FMMurphy/izm 1-7-58
cc: Mr. Murphy
Admr.'s Reading File
DMEA FT Reg. 3 (2)
Docket No. DMEA -3762
THKiilsgaard, 5224

RECEIVED
JAN 8 1958
ASSOC. SOLICITOR
MINERAL RESOURCES

8623

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

Mr. R. S. Shannon, Jr., General Partner
Shannon Oil Company
603 Midland Savings Building
Denver 2, Colorado

Re: Docket No. DMEA-3762 (Uranium)
Contract No. Lim-4870
Layman Lease
Crook County, Wyoming

Dear Mr. Shannon:

This is with reference to an application (Docket No. DMEA-4889) for aid in an exploration project submitted by Balboa Mining and Development Company.

The application includes an assignment of the Layman lease wherein the Applicant assumes Shannon Oil Company's royalty obligations under DMEA Contract No. Lim-4870.

We wish to advise you that despite Balboa Mining and Development Company's assumption of the royalty obligation, in the event a contract results from its application for aid, DMEA will not release Shannon Oil Company from such liability.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

FMMurphy/ism 1-7-58
cc: Mr. Murphy
Admr.'s Reading File
DMEA Docket No. 4889
DMEA FT Reg. 3 (2)
TMKiilsgaard, 5224

Copy to: Mr. Spencer, Balboa Mining and Development Company

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

JAN 6 1958

Memorandum

To: Administrator, Defense Minerals Exploration Administration
Attention: Chief, Division of Rare and Miscellaneous Metals

From: Associate Solicitor, Division of Mineral Resources

Subject: Application DMEA-~~8779~~ 4889 (Uranium)
Balboa Mining and Development Company
Layman Property
Crooks County, Wyoming

Pursuant to Mr. Ellis' request, we have examined the documents regarding the above application. In order to insure the Government's right to royalties arising from the second contract, another consent to lien should be obtained from the lessors of the mineral rights, Frank E. and Anna M. Layman.

In the event a contract is prepared, a provision should be included obligating the applicant to assume and to pay the royalty due from Shannon Oil Company in the amount of $8,596.13. A letter should also be directed to the latter company advising it, that despite Balboa's assumption of Shannon's royalty obligations under DMEA Contract No. Idm-2870 as provided in the assignment of lease, DMEA does not release Shannon from such liability.

Robert P. Dwyer

Copy to: Solicitor's Docket (2)
DMEA Docket
E. W. Ellis (2)
R. P. Dwyer
chron

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DMEA
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1-2-58 | C | 220
~~11 | GMM | 700~~

224 New Customhouse
Denver 2, Colorado

December 31, 1957

Memorandum

To: E. N. Harshman - with enclosures
DMEA/DFC (Binyon) - " "

From: DMEA Field Team, Region III

Subject: Docket No. DMEA 4889 (Uranium) Balboa Mining and Development Company (Laymon Property) Crook County, Wyoming

Enclosed is the following material relating to the subject docket: -

(1) Copy of application for Government assistance in exploration work under the DMEA program.

(2) Memorandum of Review by James Paone, USBM.

(3) Memorandum of Review by N. E. Nelson, USGS.

(4) Letter of transmittal of the foregoing to this office, dated December 20, 1957, from the Chairman, Operating Committee, DMEA.

(5) Routing Control Sheet.

A field examination of the property and a joint report of findings and recommendations pertaining to the Applicant's work proposal are requested.

If the field examiners recommend Government participation in the proposed exploration program, please submit eleven extra copies of each map used in the joint report, which show the land to be subordinated and the location and extent of recommended work relative to property boundaries.

Please return the Routing Control Sheet with the joint examination report.

Original signed by
W. H. KING

W. H. King
Executive Officer.

HMC:bh
cc: Sect., Op. Comm.(2)
Docket
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

December 30, 1957

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Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4889 (Uranium), Balboa Mining and Development Company (Laymon Property) Cook County, Wyoming

This has further reference to our memorandum to you, dated December 27, 1957, on the subject docket.

In today's mail we received the two bound copies of the application, including copies of the Assignment and Agreement dated December 12, 1957, and transmittal from the applicant dated December 17.

The package which contained the two copies of the application was marked, "Damaged in handling in the Postal Service."

W H King
W. H. King

DMEA FORM 6 REFERENCE SLIP

REV. 12-56 DEFENSE MINERALS EXPLORATION ADMINISTRATION

| TO: | INITIALS | DATE |
|---|---|---|
| 1. 700 | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |
| FROM: | | |

FOR: Check items for action desired

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

The copies of appln' were sent on the 23rd of December, seperate from the letters referring it to field.

C. C. No answer needed

INT.-DUP. SEC., WASH., D.C. M8278

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

December 27, 1957

RECEIVED
DATE
12/30 C 220

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-4889 (Uranium), Balboa Mining and Development Company (Laymon Property), Cook County, Wyoming

Your letter of December 20, 1957, on the subject docket was received in this office December 23, but the two bound copies of the application, including copies of the Assignment and Agreement dated December 12, 1957, and transmittal from the Applicant dated December 17, were not enclosed as mentioned in the second paragraph of your letter, and have not been received to date.

Will you please investigate the loss of this material.

W H King

W. H. King

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

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INTERIOR DEPT
DEC 23 1957
SOLICITOR

December 9, 1957

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Ernest Wm. Ellis, Director
Division of Rare and Miscellaneous Metals

Subject: Application DMEA-4889 (Uranium)
Balboa Mining and Development Co.
Laymon Property
Crooks County, Wyoming

A contract to explore the above-named property was granted to Shannon Oil Company, Docket No. DMEA-3762, Contract No. Idm-E870.

It is possible that the subject application may receive favorable consideration. (See justification in file).

Will you kindly review the above-referenced dockets and advise this office as to what guarantees are needed to protect the Government's interest in the event a contract with Balboa Mining and Development Company is approved.

Ernest Wm. Ellis

Ernest Wm. Ellis

FMMurphy/izm 12-9-57
cc: Mr. Murphy

Rec'd
12/23/57
J W Min Res

8623

Form 7
(12-56)

OFFICIAL FILE COPY

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| 12/20 | Murphy | 700 |
| " | [illegible] | 700 |
| 12/20 | Selfridge | 130 |
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| " | Mittendorf | 100 |
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DEC 20 1957

Mr. William M. Spencer
Balboa Mining and Development Company
Post Office Box 861
Grand Junction, Colorado

Re: Docket No. DMEA-4889 (Uranium)
Laymon Property
Crook County, Wyoming

12/20 Lamb
12/20 Nelson 130

Dear Mr. Spencer:

Your letter of December 17, 1957, containing three copies of Assignment and Agreement, dated December 12, 1957, between Shannon Oil Co., The Fremont Petroleum Company, and your company, has been received. Your application is now being referred to Mr. W. H. King, Executive Officer, DMEA Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado, for further consideration.

The Regional Office will contact you at an early date if additional information is required.

Sincerely yours,

C. O. Mittendorf (for)
Administrator

FMMurphy/gla
12-20-57
cc to: Admr.'s Reading File
FMMurphy
DMEA Field Team, Region III (2)

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

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| " | Ellis | 700 |
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| " | Hetteydon | 100 |
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DEC 20 1957

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

Re: Docket No. DMEA-4889 (Uranium)
Balboa Mining and Development Company
Laymon Property
Crook County, Wyoming

Dear Mr. King:

The captioned application is referred to Region III Field Team for review, a field examination if deemed advisable, and recommendations.

Enclosed are copies of memoranda, dated December 5 and 11, 1957, by N. E. Nelson, USGS, and James Paone, USBM, respectively, relating to the application. Also enclosed, for Field Team use, are two bound copies of the application, including copies of the Assignment and Agreement, dated December 12, 1957, and transmittal letter from the Applicant, dated December 17.

The question of suitable guarantees to protect the Government's interest, in the event a contract results from the subject application, has been referred to our Legal Division. This office will advise the Field Team and Applicant of the Solicitor's findings within a few weeks.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GLB)

Enclosures

FMMurphy/gla 12-20-57
cc to: Admr.'s Reading File
Operating Committee
THKiilsgaard, 5224
FMMurphy

APPROVED:

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

N. E. Nelson (GLB)
Member, Geological Survey

8623

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

Date December 11, 1957

Mat. Project No. 4889
Mat. Co. Project No.
Commodity Uranium
Name of applicant Balboa Mining and Development Co.
Name of property Laymon Lease
Location of property Crook County, Wyoming
Estimated cost of project $44,811.20

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

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

Subject: Review of Application
(Application, Field Team Report, etc.)

1. Date of subject document: 12/2/57 2. Date received by reviewer: 12/4/57

3. Prior reports on this property known to reviewer: Yes [ ] No [ ]

4. Prior reports on nearby properties known to reviewer: Yes [ ] No [ ]

5. Information available on past production: Yes [ ] No [ ]

6. Other pertinent factors known to reviewer: Yes [ ] No [ ]

7. Explain items marked yes above:

8. Factors meeting special consideration:
a. Location [ ]
b. Ownership [ ]
c. Evidence of mineralization [ ]
d. Geology [ ]
e. Proposed exploration method [ ]
f. Alternate exploration method [ ]
g. Costs [ ]
h. _____ [ ]

9. Action advised:
a. Obtain information from applicant [ ]
b. Refer to Field Team [x]
c. Denial [ ]
d. Agree with Field Team [ ]
i. Consult with Mr. _____ at _____ AEC office.
e. Disagree with Field Team [ ]
f. Suggest alternate plan [ ]
g. Request another examination [ ]
h. Approval [ ]

10. Remarks: (Use back of page if necessary) Field Team may have enough information on the property to forgo an examination.

December 9, 1957

Memorandum

To: The File

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

Subject: Justification for consideration of application
Docket No. DMEA-4889 (Uranium)
Balboa Mining and Development Co.
Lymon Property
Crook County, Wyoming

The above property is the same land that was covered by application DMEA-3762, Contract No. Idm-E870, Shannon Oil Company.

The contract was set up in three stages. The Operator completed the 18 holes allowed under Stage I, however, it refused to participate in the Stage II and III work recommended by the field team.

Work completed indicated four ore bodies averaging 0.20% $U_3O_8$, all at some distance from each other. The indicated ore deposits referred to as A, B, C, and D in the Field Team's report were estimated to contain 6,174, 2525, 886, and 737 tons, respectively.

The Operator stated that the ore bodies were too small, scattered, and low-grade to be minable and requested that the contract be terminated. In a letter, dated June 12, 1956, to the Operator, the Administrator (DMEA) recommended that work under Stage II and possibly Stage III should be undertaken. Sine the Operator did not answer to this letter and a significant amount of ore had been discovered the project was certified May 25, 1956. On August 20, 1956, the project was terminated by mutual agreement.

The Field Team and Washington staff agreed that the subject property was inadequately explored and that additional exploration might indicate other mineralized areas between the known ore deposits. If this proved true then there would be no doubt that the deposits could be economically mined.

Without further exploration, it is quite possible that the project area will not be exploited. Therefore, to protect the Government's interest in the previous work on the project area, it is recommended that application DMEA-4889 by Balboa Mining and Development Co., should receive favorable consideration.

The work proposed under the new application is essentially the same as that contemplated under Stage II and III of the Shannon Oil Company's contract.

F M Murphy

F. M. Murphy

IN REPLY REFER TO:

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 6 1957

| DATE | INITIALS | CODE |
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| 12/6 | O | |
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EWE

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

December 5, 1957
Re: DMEA 4889
Balboa Mining and Development Company
Laymon Lease
Crook County, Wyoming
$44,811.20 - Uranium

Memorandum

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

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application

The applicant requests assistance in continuing the exploration of a tract underlain by the Lakota formation. The exploration was begun by the A.E.C. and carried onward by Shannon Oil Co. under contract Idm-E870, DMEA 3762.

The A.E.C. in 1954 and 1955 drilled 27 holes on 500 foot centers. Five holes indicated ore grade material. The Shannon Oil Co. drilling of 1955 consisted of 18 holes, which offset at 50 feet the 5 DMEA "shows". Four of the Shannon holes showed ore grade material and 2 small orebodies are indicated as "735" and "746". Six holes failed to confirm the light show in A.E.C. 708 and the fair show in A.E.C. 704. Four Shannon holes failed to support the 3 feet of 0.24% $U_3O_8$ show of A.E.C. 743, and 2 gave little better than negative assists to A.E.C. 735, but 2 holes do sustain the 8 feet of 0.25% $U_3O_8$ in Hole 735.

The accrued royalty resulting from the certification under Idm-E870 is $8,596.13, a considerable sum in view of the size and distance to the 2 small and rather widely separated orebodies. However, the 2 orebodies are not delimited and at least some of the Stage I work proposed is warranted.

I recommend that the application be referred to the Field Team. Probably a field examination will not be necessary.

N. E. Nelson

N. E. Nelson

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

December 4, 1957

Balboa Mining and Development Company
P. O. Box 861
Grand Junction, Colorado

Gentlemen: Subject: DMEA-4889

Your application for exploration assistance, dated November 27, 1957 submitted to our office at Denver, Colorado has been assigned Docket Number DMEA-4889 and referred to the Rare and Miscellaneous Metals Division in the Washington office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Director
Operations Control and
Statistics Division

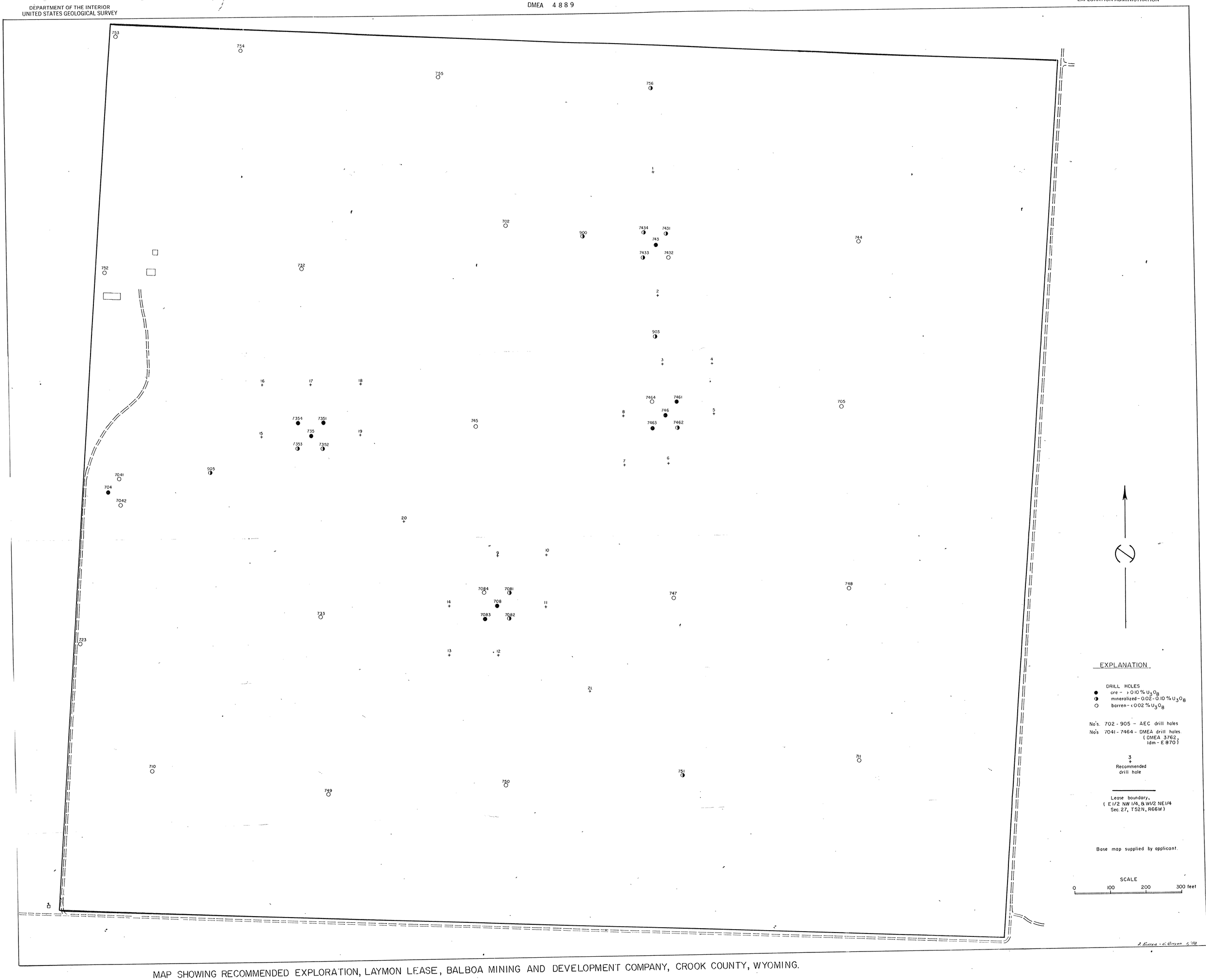
Copy to:

Region III

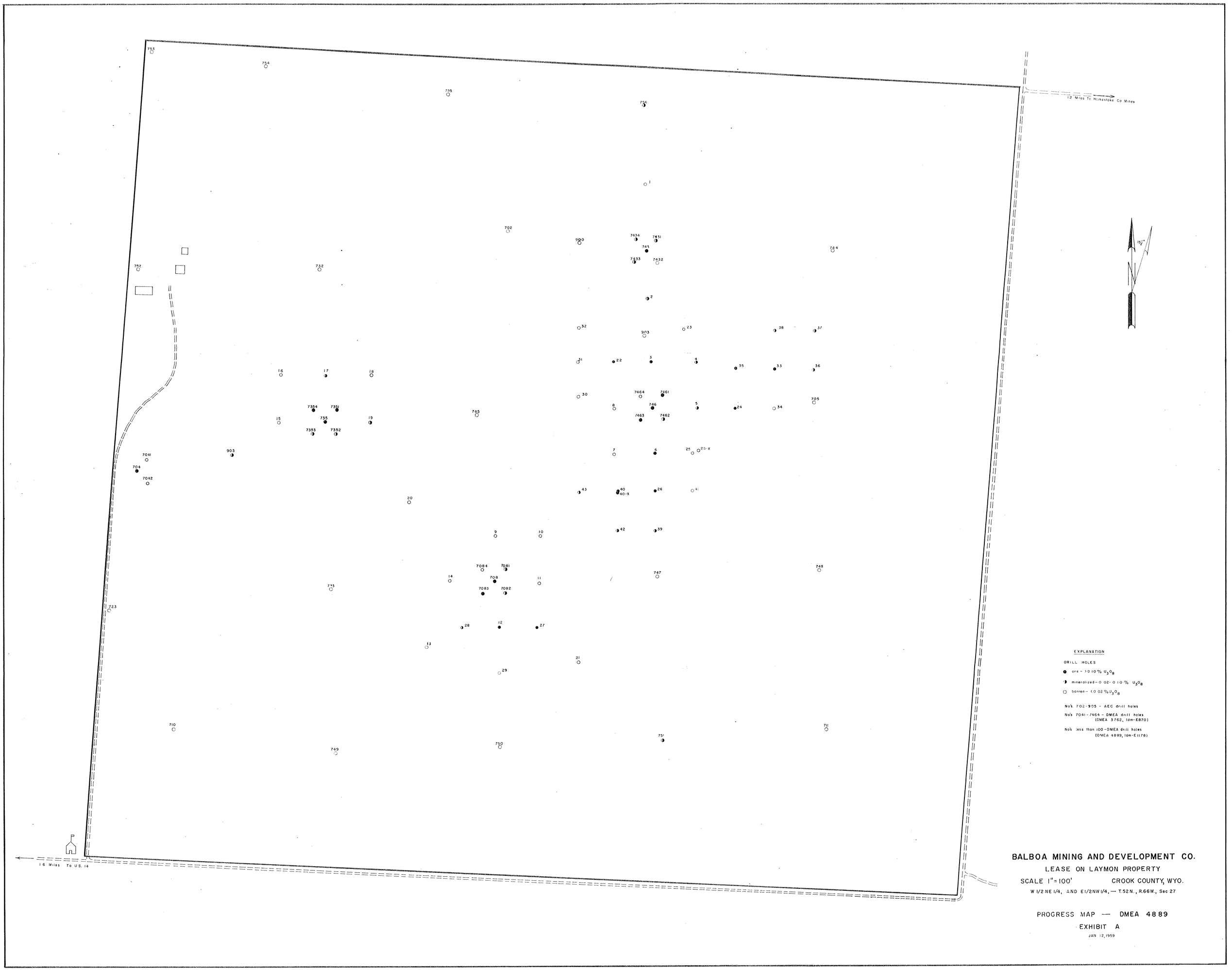
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

EXAMINATION REPORT
DMEA 4889

PREPARED FOR
DEFENSE MINERALS
EXPLORATION ADMINISTRATION




MAP SHOWING RECOMMENDED EXPLORATION, LAYMON LEASE, BALBOA MINING AND DEVELOPMENT COMPANY, CROOK COUNTY, WYOMING.


12 Miles To Homestake Co Mines
16 Miles To U.S. 14
EXPLANATION
DRILL HOLES
ore - >0.10% $U_3O_8$
mineralized - 0.02-0.10% $U_3O_8$
barren - <0.02% $U_3O_8$
No's 702-905 - AEC drill holes
No's 7041-7464 - DMEA drill holes (DMEA 3762, Idm-E870)
No's less than 100 - DMEA drill holes (DMEA 4889, Idm-E1178)
BALBOA MINING AND DEVELOPMENT CO.
LEASE ON LAYMON PROPERTY
SCALE 1" = 100'
CROOK COUNTY, WYO.
W 1/2 NE 1/4, AND E 1/2 NW 1/4, — T. 52 N., R. 66 W., Sec 27
PROGRESS MAP — DMEA 4889
EXHIBIT A
JAN 12, 1959

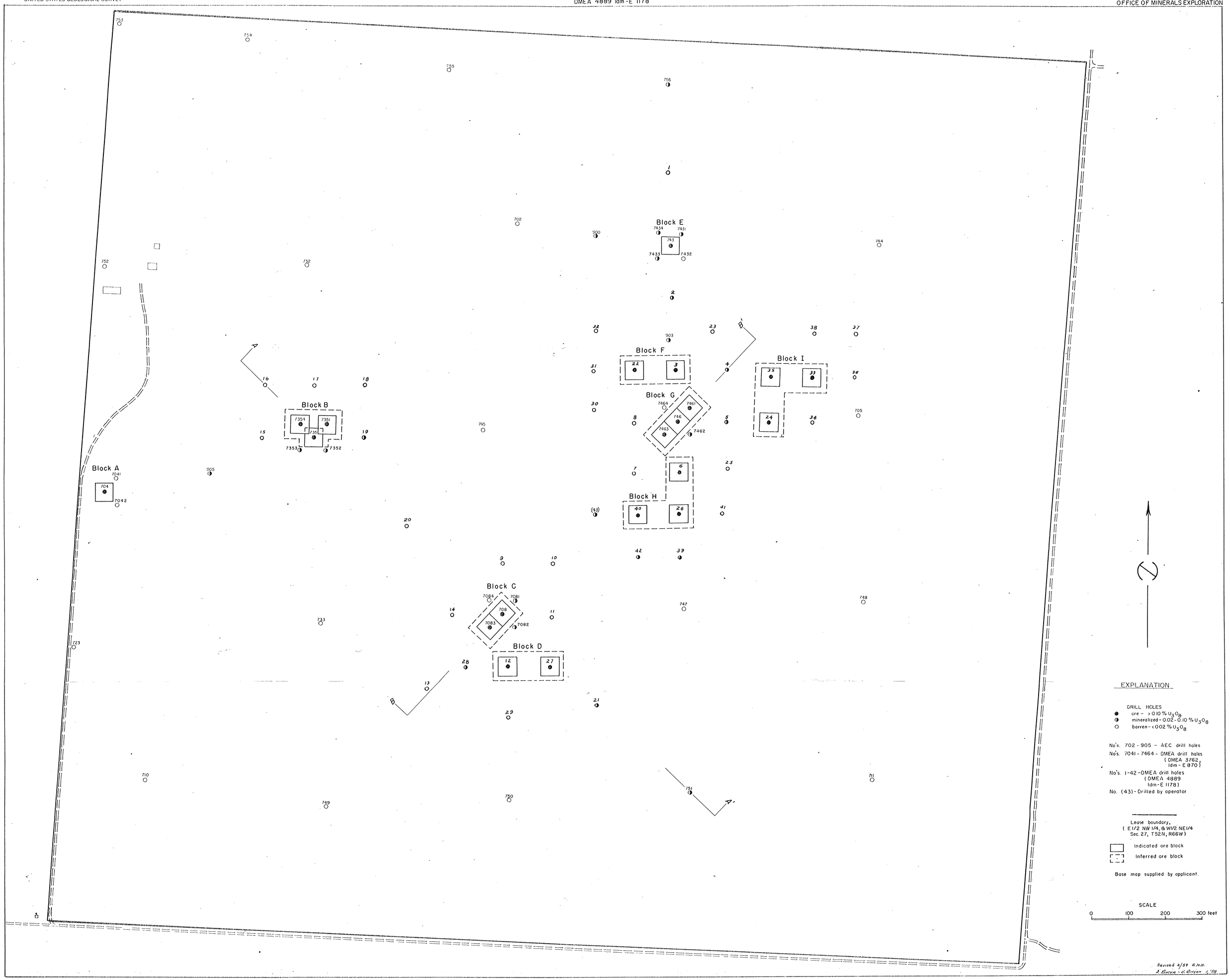
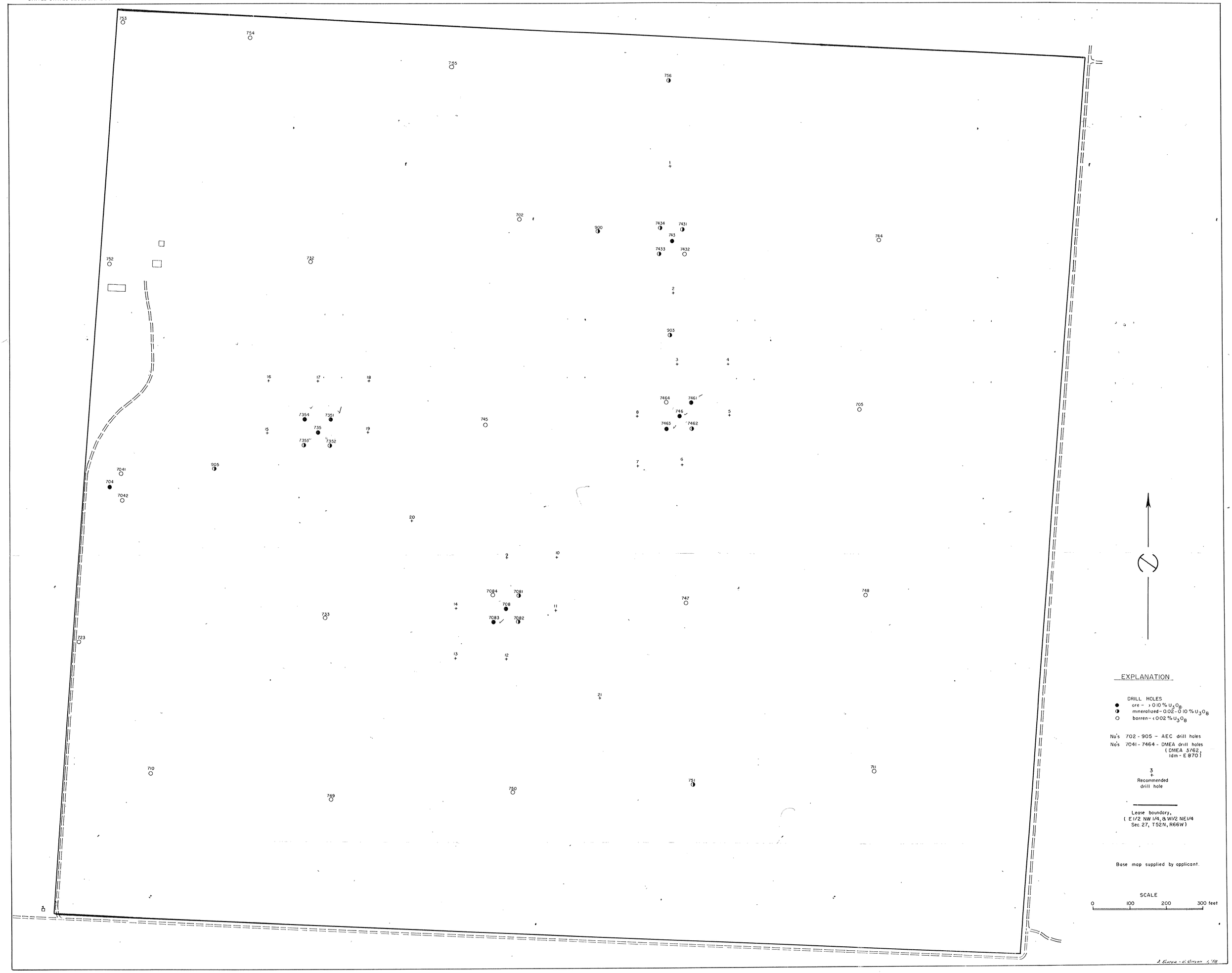



FIGURE 2—MAP SHOWING AEC AND DMEA EXPLORATION, LAYMON LEASE, BALBOA MINING AND DEVELOPMENT COMPANY, CROOK COUNTY, WYOMING.




MAP SHOWING RECOMMENDED EXPLORATION, LAYMON LEASE, BALBOA MINING AND DEVELOPMENT COMPANY, CROOK COUNTY, WYOMING.