DEFENSE MINERALS EXPLORATION ADMINISTRATION

CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED

SEP - 1 1955

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Woodrow E. Gripe
P. O. Box 225,
Naturita, Colorado

pertaining to Exploration Project Contract No. Idm-E569, Docket No. DMEA-2846, including Amendment Nos. 1 through 6, for the months of September to December, 1954, inclusive, and Termination Notice dated June 15, 1955, covering a project for the exploration of Uranium on property known as Sunnyside Claims, located in San Miguel County, Colorado.

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

This review was made in lieu of a final audit of the Operator's accounts and records for the following reasons:

All of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed.

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

Total cost as billed by Contracter		$9,626.80
Exceptions: (Schedule attached)		
By DMEA Finance Officer	$1,902.40	
Herewith	0.00	1,902.40
Total Accepted Cost		$7,724.40

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Six thousand, nine hundred fifty-one and 96/100ths Dollars

** $6,951.96 **

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Donald T. Finch

August 24, 1955

Donald T. Finch, Auditor.

SCHEDULE OF EXCEPTIONS

Woodrow E. Gripe Docket No. DMEA-2846 Contract Idm-X569

Exceptions by DMEA Finance Officer:

464 Feet of Drilling @ $4.10 per foot $1,902.40

The foregoing disallowance was recommended by the examining engineer and concurred in by the Executive Officer, DMEA Field Team, Region III, because of the improper location of Drill Hole No. 2. The Auditor agrees with the disallowance.

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

224 New Customhouse
Denver 2, Colorado

August 24, 1955

Mr. E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D.C.

Re: Woodrow E. Gripe, Docket DMEA 2846
(Uranium), Contract Idm-E569

Dear Mr. Talbert:

Reference is made to your letter dated August 23, 1955, concerning the release of the Final Report of Review for the subject contract.

This report has been held up at the specific request of the Executive Officer of the DMEA Field Team, Region III. Until today I was under the impression that the Executive Officer's request was based on his opinion there was some doubt as to the finality of the Field Team's disallowance of $1902.40 applicable to Drill hole No. 2 which was reported as being improperly located.

Subsequent to the receipt of your letter the entire matter has been reviewed with the Executive Officer and the Report of Review is being released to the stenographic department today.

Since the receipt of the copy of Mr. Chamber's letter to Mr. Mavor, this auditor has not with held release of audit reports or reports of review for the reasons outlined in that letter.

Sincerely,

Donald T. Finch

Donald T. Finch
Auditor

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

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

Re: Woodrow E. Gripe
Docket No. DMEA-2846 (Uranium)
Contract No. Idm-E569

Dear Mr. Finch:

The Monthly Work Load Reports for May, June, and July have indicated that your Report of Review in lieu of a final audit, covering the referenced project contract, was being held for additional information.

It has been presumed that the additional information required was the confirmation by the Field Team of the acceptable units of work performed. However, a memorandum dated August 19, 1955, addressed to the Chairman of the Operating Committee by the Executive Officer states that the final Geological Survey report and the final Bureau of Mines report were received on February 1 and March 8, respectively. This memorandum further indicates that this Division is withholding release of the Report of Review pending receipt or waiver of the Operator's final engineering and geological report.

In this connection your attention is invited to Mr. Chambers' letter of December 8, 1953, addressed to Mr. George Mayer, DMEA Auditor, in reference to contract Idm-E455, docket DMEA-1953, Frank Bullock. This letter, a copy of which was furnished all DMEA auditors for their instruction and guidance, states in part:

> "It is, however, not your responsibility to enforce submission by the Operator of his final report, which serves no purpose in your audit. This responsibility is with the Executive Officer of the DMEA Field Team."

Mr. Chambers' letter further advises that, in releasing Reports of Review, both the Executive Officer and the Certifying Officer should be advised to withhold complete payment until all contractual requirements are fulfilled.

Accordingly, it appears that this Report of Review should be released for normal distribution.

Sincerely yours,

(Signed) E. D. Talbert

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

EDTalbert/wb 8/23/55

Copy to: Docket
Admr. Reading File
Mr. Ellis
Mr. Chambers

UNITED STATES DEPARTMENT OF THE INTERIOR

RECEIVED
SEP 1, 1955

224 New Customhouse
Denver 2, Colorado

September 2, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2846 (Uranium), Contract Idm-569, Woodrow S. Grice, Sunnyside and Basin Claim, San Miguel County, Colorado - FINAL PAYMENT.

Reference is made to our memorandum of February 17, 1955, whereby we transmitted the final Form MF-104, Operator's Monthly Progress Report and Voucher for the period of November and December 1954, and instructed you to withhold the amount of $500.00 from reimbursement to the Operator pending receipt of the Operator's final report and release of the final Report of Review by the Contract Administration and Audit Division.

We have received approval from Washington, by letter dated August 29, 1955, to waive the requirement for the Operator's final report. We now recommend that final payment to the Operator be made on the following basis which is in conformance with the Report of Review by the Contract Administration and Audit Division released to this office on August 29, 1955.

Basis for Final Payment

Total Accepted Costs as per Report of Review	$7,724.40
Government Participation at 90 Percent	6,951.96
Total Prior Payments	6,451.96
Due the Operator	$ 500.00

As instructed by the Operator, payment due should be mailed to the First National Bank of Grand Junction, Colorado.

W. M. TRAVER,

W. M. Traver

Paid $500.00
RRC

Randel R. Cooper
Authorized Certifying Officer
9-7-55 DMA-56-24

WD:jy
cc: MF-104 File Idm-E569
Sec. Opr. Comm. (2)
Shaw (2)
Townsend
Chron.

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

RECEIVED
SEP 16 1955

224 New Customhouse
Denver 2, Colorado

September 13, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 2846 (Uranium), Contract Idm-569, Woodrow E. Gripe, Sunnyside and Basin Claim, San Miguel County, Colorado - FINAL PAYMENT.

Enclosed are two copies of a memorandum to T. A. Christensen, dated September 2, 1955, relative to final payment under the terms of the subject contract.

W. M. Traver

W. M. Traver

Enclosures

Form MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

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

Month of November 4 to December 17, 1954 Docket No. DMEA 2846 Contract No. Iam-E569

Operator's Name Woodrow R. Gripe Minerals Uranium

Address Box 225, Naturita, Colorado

Contract Amount, $10,250.00 Government Participation: 90 % Amount, $9,225.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling 983 feet	4030.30	5,596.50	9,626.80			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	4030.30	5,596.50	9,626.80	4030.30	5596.50	9626.80
					*1903.40	1903.40
					3694.10	7724.40

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

Date 1-14-55 *Payee Woodrow R. Gripe

Per _____ Title _____

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: $3127.27

Signature Randell R. Cooper (Authorized Certifying Officer)

Date 2-24-55 Vou. No. DMA-55-65 (See other side)

* Previous disallowance

** 500.00 withheld this report

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMEE569 in accordance with the terms of the contract.

Signature [illegible] 3627 27 FS Title Mngeng. Date 2/9/55.

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Berk.

Signature [illegible] Title Executive Officer Date FEB 17 1955

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1953)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Nov. 4 to Dec. 17, 1954 Docket No. DMEA 2346 Contract No. Idm-E569

Operator's Name Woodrow E. Gripe Minerals Uranium

Address Box 225, Naturita, Colo.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	4030.30	983	9,626.80	2,348	4.10	2500	4.10
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		4030.30		9,626.80				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		4030.30		9,626.80				10,250.00

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

Date 1-14-55 Operator Woodrow E. Gripe

Per _____ Title _____

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

DEPARTMENT OF THE INTERIOR
Bureau Mines Library
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Administrative Audit Difference Statement

Date: February 24, 1955
Payee's
Reference: Contract No. 26n 5369

Nov. & Dec. 1954

First National Bank
Grand Junction, Colo.

Gentlemen:

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

Amount Claimed	$ 4,039.50
Difference	$
Amount Approved	$ * 3,627.27

The reason for the difference was due to:

* $500.00 withheld pending receipt of final report and the report of review by the RMA auditor.

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

Very sincerely yours,

N.E.Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

February 17, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 2846 (Uranium), Contract Idm-E569, Woodrow E. Gripe (Sunnyside Nos. 3 and 4 Claims), San Miguel County, Colorado -- Operator's Monthly Progress Report for the period November and December 1954

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

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 90 percent of the amount reported by the operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

An amount of $500.00 is to be withheld from payment to the operator pending receipt of the operator's final report and release of the final Report of Review by the Contract Administration and Audit Division. Driller's logs submitted will be retained in this office.

Remarks:

Date of Report.....Jan. 14, 1955
Date Received in Field Office.....Jan. 17, 1955
Date Received in Region Office....Feb. 14, 1955

ENCLS.
RDB:jp
cc Subject
Chron
Sec. to Op. Comm. (2)
Shaw
Townsend

W. M. Traver

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DMEA
Date Rec'd
FEB 14 1955
BUREAU OF MINES

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
February 11, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw JFS

From: Glen Walker

Subject: DMEA 2846, Contract Idm-E569 (Uranium) Woodrow E. Gripe (Sunnyside Nos. 3 and 4 claims) San Miguel County, Colorado - Progress report for November and December 1954

On January 4, 1955, the operator was contacted by phone to learn the whereabouts of cores from No. 4 and 5 holes. He stated that although he had met the drill crew on the highway moving the rig he did not know where the cores were. A. L. Bush, of the U. S. Geological Survey, stated by phone that he had taken the cores to his office in Grand Junction and was in the process of examining them.

Information from both the operator and Bush indicated that drilling of the last hole (No. 5) was completed on December 17, 1954, to a total depth of 530 feet. The operator's statement that hole No. 4 was finished in the "Red Beds" at 453 feet is corroborated by the driller's log, which also showed that coring started at 325 feet in Hole No. 4,and No. 5 was cored from 250 feet to the bottom.

The operator states that both holes were probed radiometrically with negative results.

When the drill rig was removed from theproject on December 18, 1954, a total of 2,348 feet had been drilled; however, 464 feet included in hole 2"B" was disallowed by the Government, which makes an allowable total of 1,884 feet.

The footage and cost shown on MF-104 for November and December 1954 appear correct from available information. The figure under "Cost to Date" is incorrect by the amount disallowed by the Government in the previous period.

It is recommended that payment in the amount of $3,627.27, which is 90 percent of that claimed, be made to the operator, contingent upon authorization of the Region III Field Team.

cc 6

Glen Walker
Glen Walker
Mining Engineer

DMEA 2846
Contract No. Idm-E569
- Uranium

NARRATIVE REPORT
Nov. 4 to Dec. 17, 1954

Hole No. 4

Location: As on map, Figure No. 1
Dates: Begun Nov. 4; finished Nov. 20
Depth: 453 feet.
Formations: (According to 11/20 drill report)
425-440 Entrada sandstone
440-453 "red beds"

Comment: Probed, but no showing of ore.
Cores taken 11/15 to 11/20 -- see drill reports.

Hole No. 5

Location: No. 6 on map, Figure No. 1
Dates: Nov. 21 to Dec. 17, 1954
Depth: 530 feet.
Formations: 12/15 drill report--"red beds" at 530 ft.

Comment: I think this hole was across the fault line from the previous hole, and that they never got down to the Entrada sandstone. I was there when they cored 505 to 515 feet, which did not look to me like Entrada sandstone. I have not had a chance to see the cores from there on down, but would like to do so for my own information, if you will please tell me where I could see them.

This hole was probed, but there was no showing of ore.

Dated January 14, 1955

Woodrow K. Gripe
Woodrow K. Gripe
Operator

Form MF-10[illegible] (R[illegible])
(April 195[illegible])

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Defense Minerals Administration
RECEIVED
JAN 10 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

[illegible] October, October, 1954

Month of [illegible] 1-3, 195[illegible] Docket No. DMEA 2846 Contract No. 10-[illegible]
Operator's Name Woodrow E. Gripe Minerals Uranium
Address Box 225, Naturita, Colo.
Contract Amount, $10,250.00 Government Participation: 90 % Amount, $9,225.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts: 1,305 ft.						
Drilling	5,596.50	- 0 -	5,596.50			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	5596.50	- 0 -	5,596.50	5596.50		5,596.50

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

Date 11-22-54 *Payee Woodrow E. Gripe

Per _____ Title _____

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

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

(Instructions on reverse)

1,902.40 1,902.40
Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 3,694.10
3,694.10

$3324.69

Signature Randel R. Cooper
(Authorized Certifying Officer)

Date 12-17-54 Vou. No. DMA-55-41

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm E-569 in accordance with the terms of the contract.

Signature G.H. Walker 5036 85 Wmt Title Manager Date 11/29/54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W.H. King Title Executive Officer Date DEC 16 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-101A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

September, October, and

Month of Nov. 1-3 195 4 Docket No. DMEA 2846 Contract No. 14-2569

Operator's Name Woodrow B. Gripe Minerals Uranium

Address Box 225, Saguache, Colo.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	5596.50	1,365	5,596.50	1,365	4.10	2500	4.10
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		5596.50		5,596.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		5596.50		5,596.50				10,250.00

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

Date 11-22-54 Operator Woodrow B. Gripe

Per _____ Title _____

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

DEPARTMENT OF THE INTERIOR
Solid Minerals Administration
RECEIVED
JAN 10 1955

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

Administrative Audit Difference Statement

Date: Dec. 30, 1954
Payee's
Reference: Rept. Oct. 6
Nov. 1954

[illegible] D. [illegible]
Box 225
[illegible], Colo.
[illegible]

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

Amount Claimed	$ 3,[illegible].00
Difference	$ 2,[illegible].10
Amount Approved	$ 3,[illegible].10

The reason for the difference was due to:

Drill hole #[illegible] not drilled at the location specified in the contract - 65 feet at $1.10 per foot. $2,[illegible].10

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

Very sincerely yours,

N.E.Stokes
Audit Section

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

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

RECEIVED

224 New Customhouse
Denver 2, Colorado

December 16, 1954

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2846 (Uranium), Contract Idm-E569, Woodrow E. Gripe, Sunnyside Nos. 3 & 4 claims, San Miguel County, Colorado. Operator's Monthly Progress Report for the period August 1, 1954, through November 3, 1954.

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

Only a portion of the work reported by the Operator has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 90 per cent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report, except for the following disallowance:

Disallowance	
Drill hole #2-B not drilled at the location specified in the contract--464 feet at $4.10 per foot - - - - - - - - - - - - -	$1,902.40

Remarks	
Date of Operator's report	11-22-54
Date report received in B.O.M. Branch Office	11-26-54
Date report received in Regional office	12-1-54

Note - Operator's check is to be sent to the First National Bank, Grand Junction, Colorado.

W H King
W. H. King

Enclosures

JWT:dm
cc: Sec. to Oper. Comm. (2)
Subject
WMTraver JWTownsend Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
November 30, 1954

Memorandum

To: Executive Officer, Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMSA 2846, Contract Idm-E569 (Uranium), Woodrow E. Gripe (Sunnyside Nos. 3 and 4 claims), San Miguel County, Colorado - Progress reports for August, September, October and November 1-3, 1954

Enclosed are the original and 4 copies of the subject progress report, the initial one, forms MF 104 and MF 104A with narrative, one copy of sub-contractor's drill logs and the original and 6 copies of Glen Walker's memorandum covering inspections of project work and review of the reporting forms. The contract is unit cost on short-form MF 200(A) and documentation is not required.

Walker's memorandum is definite and detailed regarding project operations and you are also receiving a memorandum from Al Bush of the Geological Survey with further information on the subject.

The report was returned to the operator for revision by my transmittal letter of November 16, 1954, of which you have a copy. That letter also instructed him regarding change of program and extension of the expiration date, if desired. His report is now correct insofar as entries, narrative, etc., are concerned.

If the contract is interpreted literally, there is probably no basis for a claim for reimbursement by the contractor for any of the work performed. However, as a result of radiometric logging by the Geological Survey, the objectives of the program are partly attained, although they are negative.

Whether reimbursement should be made is considered an Administrative problem, and this office is certifying the MF 104 forms, subject to approval by the Region IV Auditors and the Field Team. The amount certified is $5,036.85 or 90 percent of the total $5,596.50 claimed by the contractor.

W. M. Traver

W. M. Traver

WMT/dj
cc: 5
E569
Chron
enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
November 29, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: Glen Walker

Subject: DMEA 2846, Contract Idm-E569 (Uranium), Woodrow E. Gripe (Sunnyside Nos. 3 and 4 claims), San Miguel County, Colorado - Progress reports for August, September, October and November 1-3, 1954.

On September 8, 1954, contact was made with the core drilling operation on the subject property. The first hole drilled by the new sub-contractor (Minerals Engineering Co.) was reported to be 316 feet deep. No attempt had been made to save core, although drilling was reported to be with a coring bit. Circulation had been lost two days prior to the inspection; none was noted at that time of inspection and advance was very slow.

On another inspection, October 6, 1954, the drill operator reported that hole No. 1 was bottomed at 505 feet and although he cored from 460 feet to the bottom, no core was saved, as it was all in the "Red Beds" which are below the ore horizon. At the time, hole No. 2 was 297 feet deep. It was drilled approximately 100 feet northwest of hole No. 1 at a location not indicated on the map included with Exhibit "A" of the contract. Mr. Gripe's home was contacted by phone and instructions left for No. 2 hole to be cored beginning at 350 feet and No. 3 to be cored from the collar.

On November 3, 1954, Mr. Gripe had a U.S.G.S. recording scintillometer rig probe the first three holes. Hole No. 3 was completed on November 2, 1954, at a depth of 396 feet in the "Red Beds". Hole No. 2 was reported to be 464 feet deep. Hole No. 1 showed some radioactivity from 407-1/2 to 409 feet and No. 2 had 8 inches of slight activity at 394 feet; hole No. 3 showed no radioactivity. Hole No. 2 was cored from 400 feet to the bottom and hole No. 3 was cored from about 100 feet to the bottom, according to the drill operator. One copy of the daily driller's logs are enclosed.

Although the total footage and the cost indicated on the MF-104 appear by the driller's reports to be correct and have been approved, it should again be pointed out that hole No. 2 was not located in its proper position in accordance with Exhibit "A" of the contract.

It is recommended that payment in the amount of $5,036.85, which is 90 percent of the amount claimed, be made to the contractor, contingent upon review of information available and authorization by the Region IV Field Team.

Glen Walker

Glen Walker
Mining Engineer

GW/dj

cc: 6
E569
Chron

DMEA 2846
Contract No. Idm-E569
- Uranium

NARRATIVE REPORT
FOR September, October, and
November 1-3, 1954

Hole No. "2-A"

Location: 10 ft. East of No. 2 hole on map (Figure No. 1)
Dates: begun Aug. 26; finished Sept. 19.
Depth: 505 ft.
Depth of formation tops: (according to drill reports, unless cores indicated) 63 "sandstone"; 93 "red-blue mud"; 130 "___ rusty sandstone"; etc. ... 402 "ore-bearing rock"; 409 Entrada SS; 460 "red beds" (core) (Wingate?)

Comment: When the original hole No. 2 was drilled by Leon Whatley of Norwood, under contract with me, to a depth of 470 feet in October, 1953, the last core was taken at 455 ft. while Mr. Al Bush of the U.S.G.S. was present, helping to supervise the drilling. That hole was abandoned when Whatley quit drilling for me, at 470 ft., with no core taken. So we didn't know we had reached the red beds under the Entrada -- the Wingate formation? For this reason, I had the Minerals Eng'g Co. drill this offset hole; and because we assumed that adequate cores had been taken from the original hole down to 455 ft., no cores were taken down to that depth. The first core we took, 455 to 465, showed the top of the red beds at 460 ft.; and in order to be sure the Entrada had been passed, drilling was continued to 505 ft., all in the red beds, and Al Bush OK'd stopping there.

A probe showed .07% uranium ore from 404 to 411 ft., and the AEC has since, about Nov. 1, run a Barnaby on it, and are supposed to send you a copy.

Hole No. "2-B"

Location: about 100 ft. WNW of No. 2 hole on map (Fig. 1)
Dates: begun Sept. 20; finished Oct. 13.
Depth: 464 ft.
Formation top depths: 400' - Entrada; 454 - "red beds"

Comment: When the drill crew finished the previous hole, No. "2-A", Mr. Al Bush was not available to consult as to the best location of the next hole; so I had them drill this one to the West of No. 2 in order to bracket No. 2, with No. 1, because of the ore showing in No. 2-A.

The AEC also ran a Barnaby on this and will send you a copy.

Hole No. 1

Location: as on map, Figure No. 1
Dates: begun Oct. 18; uncompleted as of Nov. 3.
Depth: 396 ft. on Nov. 3.
Formation top depths: 356 - Entrada ss.; 386 - "red beds"

Drill Reports on all three holes are enclosed herewith.

November 9, 1954

Woodrow E. Gripe
Woodrow E. Gripe, Operator

C
O
P
Y

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

October 12, 1955

Mr. Woodrow E. Gripe
P. O. Box 225
Naturita, Colorado

Re: Docket No. DMEA-2846 (Uranium)
Contract No. Idm-E569
Sunnyside and Basin Claims
San Miguel County, Colorado

Dear Mr. Gripe:

Reference is made to your terminated exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the period indicated.

Your interest in the DMEA exploration program and participation therein are fully appreciated.

Sincerely yours,

/s/ Frank E. Johnson

Acting Administrator

Government's Copy

RECEIVED
JUN 20 1955

NOTICE OF TERMINATION

To: Woodrow E. Gripe
P. O. Box 225
Naturita, Colorado

Operator under Exploration
Project Contract Idm-E569,
Docket No. DMEA-2846,
dated July 13, 1953.

1. The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereby terminates the subject contract under the termination provisions thereof on the following ground:

In the opinion of the Government operations up to the time of this notice have not indicated the probability of making any worthwhile discovery, and in the opinion of the Government further operations are not justified.

2. Upon receipt of this notice you are required by the contract -

(a) To provide the Government with an adequate geological and engineering report (five copies), including an estimate of ore reserves resulting from the exploration work; and

(b) To render the Government a final account and statement of work performed.

Dated this 15th day of June, 1955.

THE UNITED STATES OF AMERICA

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

No. 6

AMENDMENT OF CONTRACT: No. Idm-E569

Contract Docket No. DMEA 2846, dated July 13, 1953, between the United States of America and Woodrow E. Gripe is hereby amended as follows, effective November 13, 1954:

> Referring to "Article 3. Exploration project" of Exploration Project Contract Form MF-200(A), as amended by Amendment No. 5, dated July 21, 1954, delete the following: "within a period of sixteen (16) months from the date of this contract" and in lieu thereof substitute the following: "prior to December 31, 1954".

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum".

Dated DEC 29 1954

UNITED STATES OF AMERICA

Woodrow E. Gripe

Woodrow E. Gripe

By W H King
W.H. King, Executive Officer
DMEA Field Team, Region IV

No. 5

AMENDMENT OF CONTRACT: No. Idm-E569

Contract Docket No. DMEA 2846, dated July 13, 1953, between the United States of America and Woodrow E. Gripe is hereby amended as follows, effective July 1, 1954:

> Referring to "Article 3. Exploration project" of Exploration Project Contract Form MF-200(A) (February 1952) as amended by Amendment No. 4, dated May 10, 1954, following the words "and shall bring the project to completion within a period of", delete "fifteen (15) months" and in lieu thereof substitute "sixteen (16) months". Further referring to said Amendment No. 4, second paragraph, change the ending date of "July 1, 1954" to read "August 1, 1954".

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum".

Dated July 1, 1954

UNITED STATES OF AMERICA

Woodrow E. Gripe

Woodrow E. Gripe

By W H King

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

Naturita, Colorado
July 6, 1954

Mining Division
Date Rec'd.
JUL 7 - 1954
BUREAU OF MINES
Denver, Colorado

W. H. King
224 New Customhouse
Denver 2, Colorado

Dear Sir;

Due to the assessment work on most of the mining property in the Colorado Plateau being left until the last of the year I have been unable to get a reliable company to drill my claims. I signed a contract with Minerals Engineering June 25. Their to be in and drill as soon as possible but I allowed them 30 days to commence work. The road slid in in places but we have started opening said road up.

Yours truly,
Woodrow C. Hope

No. 4

AMENDMENT OF CONTRACT: No. Idm-E569

Contract Docket No. DMEA 2846, dated July 13, 1953, between the United States of America and Woodrow E. Gripe is hereby amended as follows, effective April 1, 1954:

> Referring to "Article 3. Exploration project" of Exploration Project Contract Form MF-200(A) (February 1952) as amended by Amendment No. 3, dated February 19, 1954, following the words "and shall bring the project to completion within a period of", delete "one year" and in lieu thereof substitute "fifteen (15) months".
>
> Further, referring to said Amendment No. 3, item "1", change the date of "April 1, 1954" to read "July 1, 1954".

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum".

Dated MAY 10 1954

UNITED STATES OF AMERICA

Woodrow E. Gripe

Woodrow E. Gripe

By W H King

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

COPY

Naturita, Colo.

April 20, 1954

W. H. King

Denver 2

Colo.

Dear Sir:

I would like to have extension of recess period of time on or before May fifteenth (15) 1954. Due to the depth of drilling I thought it might be advisable to get a lease on the Frasior Claims and drift in on the ore belt that carries along the fault. I have been unable to work out a satisfactory lease so far as there are about eight (8) men involved in this mine. If I can't get a satisfactory lease, it will still allow us time for our drilling program before exploration date.

Your truly

Woodrow E. Gripe

P.S. While I have been delayed on this drilling program I have been trying to get some one to drill at a reasonable price - while I have been trying to get a lease on the Frasior claims.

No. 3

AMENDMENT OF CONTRACT: No. Idm-E569

Contract Docket No. DMEA 2846, dated July 13, 1953, between the United States of America and Woodrow E. Gripe is hereby amended as follows, effective November 3, 1953:

> Referring to "Article 3. Exploration project" of Exploration Project Contract Form MF-200(A) (February 1952), as amended by Amendment No. 3 made effective July 13, 1953, following the words "and shall bring the project to completion within a period of", delete "seven (7) months" and in lieu thereof substitute "one year".
>
> Referring to the work operations under said Contract Idm-E569 it is mutually agreed between the parties executing this document that said work operations will be recessed beginning November 3, 1953, contingent on the following conditions:
>
> 1. Work operations will be resumed under the terms of the contract on or before April 1, 1954.
>
> 2. The operator agrees to save harmless the Government from all claims and demands under the terms of the contract during the period operations are recessed.
>
> 3. Whereas the work performed to date has not been completed to the extent which validates a claim for reimbursement under the terms of the contract, said work performed to date is deemed to be for the sole account of the operator and the Government will not contribute to the costs thereof under the terms of the contract.

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum".

Dated FEB 19 1954

WOODROW E. GRIPE

By Woodrow E. Gripe
Woodrow E. Gripe, Operator

UNITED STATES OF AMERICA

By W H King
W. H. King
Executive Officer, DMEA
Field Team, Region IV

Government's Copy

EXPLORATION PROJECT CONTRACT
WOODROW E. GRIPE
DOCKET NO. DMEA-2846

AMENDMENT NO. 2

It is agreed this 23d day of November, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Woodrow E. Gripe, each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract Idm-E569, Docket No. DMEA-2846, dated July 13, 1953, as amended, between the parties hereto, be further modified and amended as follows:

1. Effective date of this amendment is July 13, 1953.

2. Article 2 of the contract, as amended by Amendment No. 1, dated September 21, 1953, is further amended by adding the two unpatented lode mining claims, Basin and Basin No. 1, situated partially in Sec. 24, T. 43 N., R. 11 W., and Sec. 19, T. 43 N., R. 10 W., and recorded in the County Courthouse, San Miguel County, Telluride, Colorado, in Book No. 175 at Pages 184 and 185, respectively.

3. In Article 3 of the contract form, the words "four (4) months" are deleted and the words "seven (7) months" are substituted.

4. Article 6 of the contract is deleted and in lieu thereof, the provisions of Annex I, attached hereto and made a part hereof, are substituted.

5. In lieu of Exhibit "A" and the map Fig. 2, attached thereto, the following is substituted.

EXHIBIT "A"

Description of the Work

Bulldoze approximately 3/4 mile of access road to, and prepare drill sites for, the diamond drilling hereinafter described.

Starting with drill hole #1, drill a maximum of 2500 feet of vertical diamond drill holes as shown on the attached map, Figure 1, to explore the ore bearing Entrada sandstone, with the following exceptions:

1. Drill hole #6 shall not be started unless the unexpended footage within the total approved footage is sufficient to guarantee completion to its objective.

2. The location as indicated for drill hole #6 is tentative and may be changed to another location within the boundaries of the ground described under Article 2 of the contract as amended, depending on conditions encountered in drilling the first five holes. The location of the hole is subject to prior approval of the DMEA Field Team, Region IV.

Diamond drill holes must not be drilled smaller than AX size and be drilled with equipment and in a manner to provide a maximum of core recovery consistent with acceptable core drilling practices.

All drill cores will be split and one-half retained and properly stored in acceptable core boxes for the use of the Government.

Monthly progress reports (Form MF-104) must be accompanied by certified drill logs for the holes or portions of holes for which reimbursement is claimed.

Estimated Costs of the Project

1/2500 feet of diamond drilling at an overall unit cost of $4.10/ft.	$10,250.00	
Total cost of the project		$10,250.00
Government participation @ 90%		$ 9,225.00

1/ Includes cost of access roads, drill site preparation and all other costs incurred in completing the work.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government will be required to contribute, nor the agreed unit cost of any item of work.

THE UNITED STATES OF AMERICA

By C O Mitchendon
Administrator, Defense
Minerals Exploration
Administration

WOODROW E. GRIPE

Woodrow E. Gripe
(Operator)

DEPARTMENT OF THE INTERIOR
Land and Minerals Administration
RECEIVED
1 - 8 1954

ANNEX I

The following provisions are in lieu of Article 6 :

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(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 of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by this contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

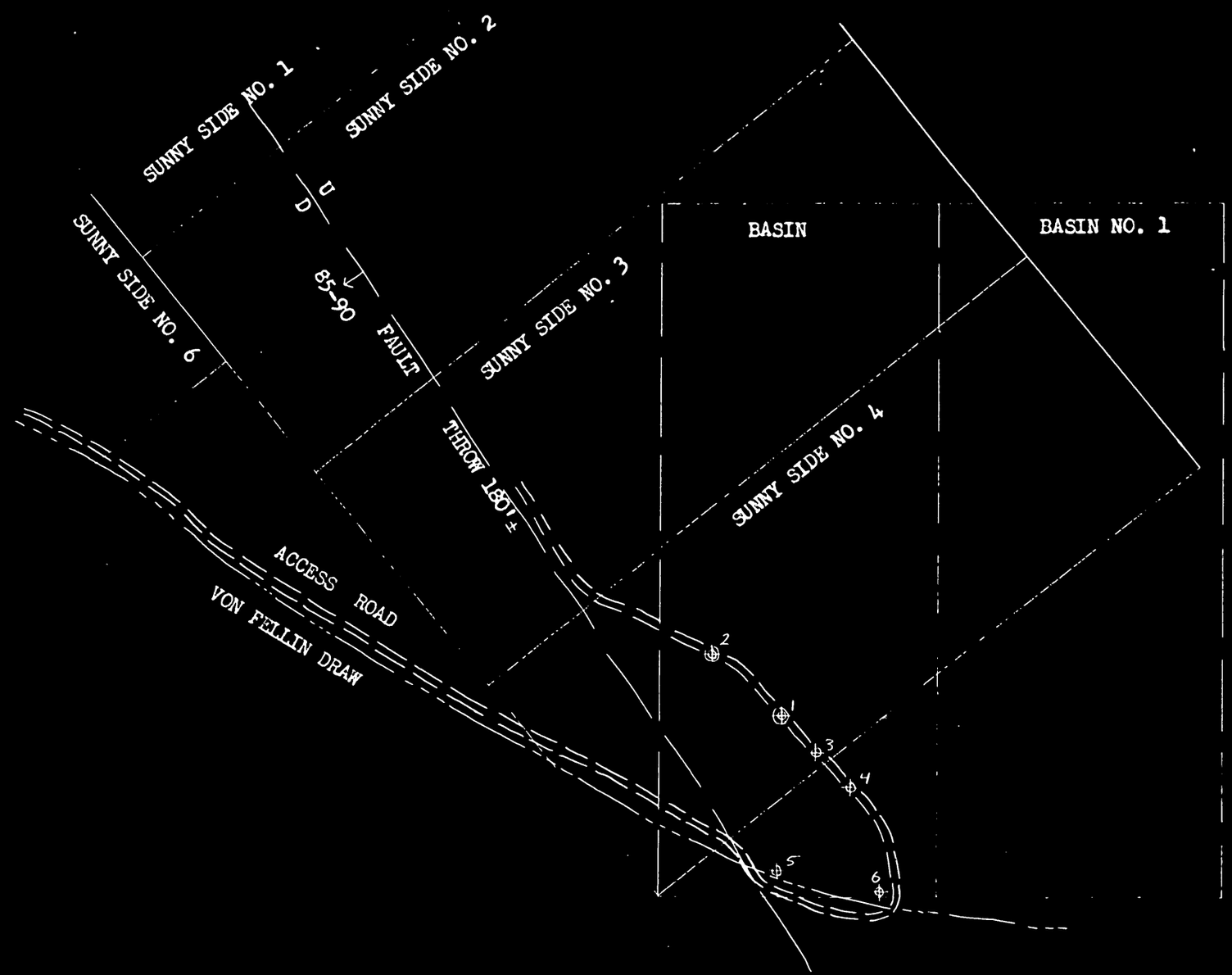
d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DMEA DOCKET 2846



EXPLANATION

CLAIMS ORIGINALLY INCLUDED IN DMEA DOCKET 2846, LOCATED ACCORDING TO MAP SUPPLIED BY W. E. GRIPE

CLAIMS TO BE ADDED TO DMEA DOCKET 2846, APPROXIMATELY LOCATED

DIAMOND-DRILL HOLE (VERTICAL) RETAINED FROM ORIGINAL PLAN

DIAMOND-DRILL HOLE (VERTICAL) ADDED UNDER REVISED PLAN

SCALE

FIGURE NO.1 — SKETCH MAP OF SUNNY SIDE CLAIM GROUP (FROM MAP SUPPLIED BY W. E. GRIPE, OWNER) SHOWING APPROXIMATE LOCATION OF THE BASIN CLAIM GROUP, TO BE ADDED TO DMEA DOCKET 2846 (URANIUM), AND REVISED LOCATION OF DIAMOND-DRILL HOLES

COPY

January 29, 1954

W.H.King
224 New Customhouse
Denver 2, Colorado

Dear Sir:

Please authorize a recess of operations from Nov. 3, 1953 to on or before April 1, 1954. Please give me an extension period for completion of work from Feb. 13, 1954 to on or before July 1, 1954. Please find enclosed signed dockets.

Yours truly,

/s/ Woodrow E. Gripe

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

C
O
P
Y

224 New Customhouse
Denver 2, Colorado

January 11, 1954

Mrmorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 2846 (Uranium), Contract Idm-E569,
Woodrow E. Gripe, San Miguel County, Colorado

Enclosed for your information are copies of the following correspondence relative to work under the subject project:

1. Letter from this office to the operator dated December 4, 1953, transmitting the original and four copies of Amendment No. 2.

2. Letter from the operator dated January 9, 1954, requesting an extension of time from the 1st of April to the 1st of July.

3. Letter from this office to the operator dated January 11, 1954, acknowledging the operator's letter of January 9, 1954, and requesting compliance with instructions in our letter of December 4, 1953.

/s/ W. H. King

Enclosures

December 4, 1953

224 New Customhouse
Denver 2, Colorado

Mr. Woodrow E. Gripe
Naturita
Colorado

Re: Docket DMEA-2846
Contract Idm-E569

Dear Mr. Gripe:

Enclosed are the original and four copies of Amendment No. 2 to Contract Idm-E569 which was prepared in Washington and has been executed by the Administrator for the Government. This amendment authorizes inclusion of the Basin and Basin No. 1 mining claims under article 2 of the contract, amends article 3 of the contract to extend the period for completion of the project work from four months to seven months, amends article 6 of the contract by inclusion of Annex I, and amends Exhibit "A" attached to the contract relative to the location and extent of diamond drilling. The amendment was prepared in conformance with your letters of August 20, 1953 and October 10, 1953.

The original and four copies of the amendment should be signed by you and returned to this office, upon receipt of which we will forward you your copy of the amendment.

Regarding the matter of an increase in the estimated cost of performing the diamond drilling under the terms of the contract, as requested by your letter of November 17, 1953, the matter must be forwarded to our Washington office for their consideration and appropriate action, which will involve a delay of approximately 30 days before you can be advised in the matter.

Very truly yours,

/s/ W. H. King
Executive Officer, DMEA
Field Team, Region IV

Enclosures

C
O
P
Y

Naturita, Colorado
Jan. 9, ,954

W. H. King
224 Customhouse
Denver 2, Colorado

Exploration Project Contract No. Idm-E569
Docket No. IMEA-2846

Dear Sir:

Due to the weather conditions this time of the year it is impossible to complete the drilling until spring. I would like to have an extension of time from the 1st of April to the last of July.

Very truly yours,

Woodrow E. Gripe

C
O
P
Y

224 New Customhouse
Denver 2, Colorado

January 11, 1954

REGISTERED

Re: Docket DMEA-2846
Contract Idm-E569

Dear Mr. Gripe:

Receipt is acknowledged of your letter dated January 9, 1954, wherein you request an extension of time from the 1st of April to the 1st of July.

In the matter of amending Contract Idm-E569, reference is made to our letter of December 4, 1953, whereby we forwarded the original and four copies of Amendment No. 2 which was prepared in Washington and was executed by the Administrator for the Government to add additional ground under article 2 of the contract, extend the period for completion of the project work from four months to seven months, amend article 6 of the contract by inclusion of Annex I, and amend Exhibit "A" attached to the contract relative to the location and extent of diamond drilling.

The records in this office indicate that you have not returned the signed original and four copies of the amendment as instructed in our letter of December 4. Amendment No. 2 extended the period for completion of the project work from four months to seven months, or to a completion date of February 13, 1954. Without amendment No. 2 the contract would expire November 13, 1953. Before any action can be taken by this office relative to further extending the completion period of the contract it is necessary that Amendment No. 2 be signed by you and returned to this office. In addition, your request for a further extension of the completion period should conform to the dates established by Amendment No. 2. In support of a further extension please submit a statement as to the extent of work completed under the contract to date.

Very truly yours,

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

Government Copy

No. 1

AMENDMENT OF CONTRACT: No. Idm-E569

Contract Docket No. DMEA-2846, dated July 13, 1953, between the United States of America and Woodrow E. Gripe, is hereby amended as follows, effective as of the date of said contract:

Referring to "Article 2. Operator's property rights" of Exploration Project Contract Form MF-200(A), delete the following: "Two unpatented lode mining claims in Sec. 24, T. 43 N., R. 11 W., as follows: Sunnyside No. 3 and Sunnyside No. 4 recorded at the County Courthouse in Telluride in Book Number 175 on pages numbered 180 and 181", and in lieu thereof substitute the following:

"Seven unpatented lode mining claims situated in Section 19, T. 43 N., R. 10 W., and Section 24, T. 43 N., R. 11 W., recorded at the County Courthouse in Telluride, Colorado, as follows:

Claim Name	Book No.	Page No.
Sunny Side	175	179
Sunny Side No. 1	175	179
Sunny Side No. 2	175	180
Sunny Side No. 3	175	180
Sunny Side No. 4	175	181
Sunny Side No. 5	175	181
Sunny Side No. 6	175	182

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum".

Dated SEP 21 1953

UNITED STATES OF AMERICA

Woodrow E. Gripe

Woodrow E. Gripe, Operator

By Frank E. Johnson

ACTING Administrator, Defense Minerals Exploration Administration

POWER OF ATTORNEY BY INDIVIDUAL FOR THE COLLECTION OF CHECKS DRAWN ON DMEA 2846, (I.D.M. E-569) (URANIUM) GRIPE CLAIM, SAN MIGUEL COUNTY, COLORADO, UNITED STATES DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, Woodrow E. Gripe, of Naturita, Colorado, does hereby appoint First National Bank, of Grand Junction, Colorado, as his attorney to receive, endorse, cash and collect checks payable to the order of the undersigned, drawn on DMEA 2846 (I.D.M. E-569), for whatever account, and to execute in the name and on behalf of the undersigned, all bonds, indemnities, applications, or other documents, which may be required by law or regulation to secure the issuance of substitutes for such checks, and to give full discharge for same, granting to said attorney full power of substitution and revocation, hereby ratifying and confirming all that said attorney, or his substitute, shall lawfully do or cause to be done by virtue hereof.

WITNESS the signature and seal of the undersigned, this 14th day of September, 1954.

Woodrow E. Gripe (SEAL)
Woodrow E. Gripe

Personally appeared before me the above-named Woodrow E. Gripe known or proved to me to be the same person who executed the foregoing instrument and acknowledged to me that he executed the same as his free act and deed.

WITNESS my signature, official designation, and seal.

G M Eddy
Signature of attesting officer)

Notary Public
(Official designation)

Dated at Gr. Joh. Colo, this 14th day of September, 1954

My commission expires My Commission expires October 14, 1956, 19__

Docket No. 2846

Commodity Uranium

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 569

Date of Contract ~~or Amendment~~: July 13, 1953

Name and Address of Operator:

Woodrow E. Gripe
P. O. Box 225
Saturita, Colorado

Amount of Government participation ____ $ 9,225.00

Percent of Government participation 90 %

Region: III State: Colorado

Note: Please release 08,273.04

E. H. Talbert
(Name)
for J. L. Chambers, Chief
Contract Administration and
Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington.

9/12/55

54458

Docket No. DMEA 2846

Commodity Uranium

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 569

Date of Contract ~~or amendment~~: July 13, 1953

Name and Address of Operator:

Woodrow E. Gripe,
P. O. Box 225
Naturita, Colorado

Amount of Government participation $ 9,225.00

Percent of Government participation 90 %

Region: IV State: Colorado

(Name)

J. L. Chambers,
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. July 14, 1953

13908

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2846

COMMODITY Uranium

Idm-E569

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 20 1953

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 13th day of July, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Woodrow E. Gripe
P. O. Box 225
Naturita, Colorado

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Colorado, County of San Miguel, described as follows:[3] Two unpatented lode mining claims in Sec. 24, T. 43N. R. 11 W. as follows: Sunnyside No. 3 and Sunnyside No. 4 recorded at the County Courthouse in Telluride in Book Number 175 on Pages numbered 180 and 181,

the Operator represents and undertakes:[4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:

None

(*b*) ~~That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.~~
The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within sixty (60) days from the date of this contract shall commence work on a project of exploration for[5] Uranium

in or upon the described land; and shall bring the project to completion within a period of four months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay ninety (90) percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $9,225.00, which is Ninety (90) percent of $10,250.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or 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 ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided*, that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

Woodrow W. Grigg
(Operator)

By _____

THE UNITED STATES OF AMERICA

By W. H. King
Executive Officer, DMEA
Field Team, Region IV

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—66329-1

RECEIVED
JUL 20 1953

EXHIBIT "A"

Description of the Work

Bulldoze approximately 3/4 mile of access roads and roads to drill sites on the Sunnyside No. 3 and Sunnyside No. 4 claims.

Starting on the Sunnyside No. 4 claim, diamond drill a single row of holes parallel to and in the footwall side of the fault. The holes are to be spaced at intervals of 100 feet and are to extend through the ore horizon in the upper Entrada sandstone. The holes are to be drilled alternately vertical and inclined to 60 degrees to the northeast to obtain two roughly parallel rows of holes in the ore horizon.

The location of eight proposed holes is shown on Figure 2 which is attached and made a part of this exhibit. If the total authorized footage of 2500 feet has not been used in drilling these eight holes, additional holes may be authorized. The location, depth and inclination of any additional holes must have the prior written approval of the DMEA representative.

Diamond drill holes must not be drilled smaller than AX size.

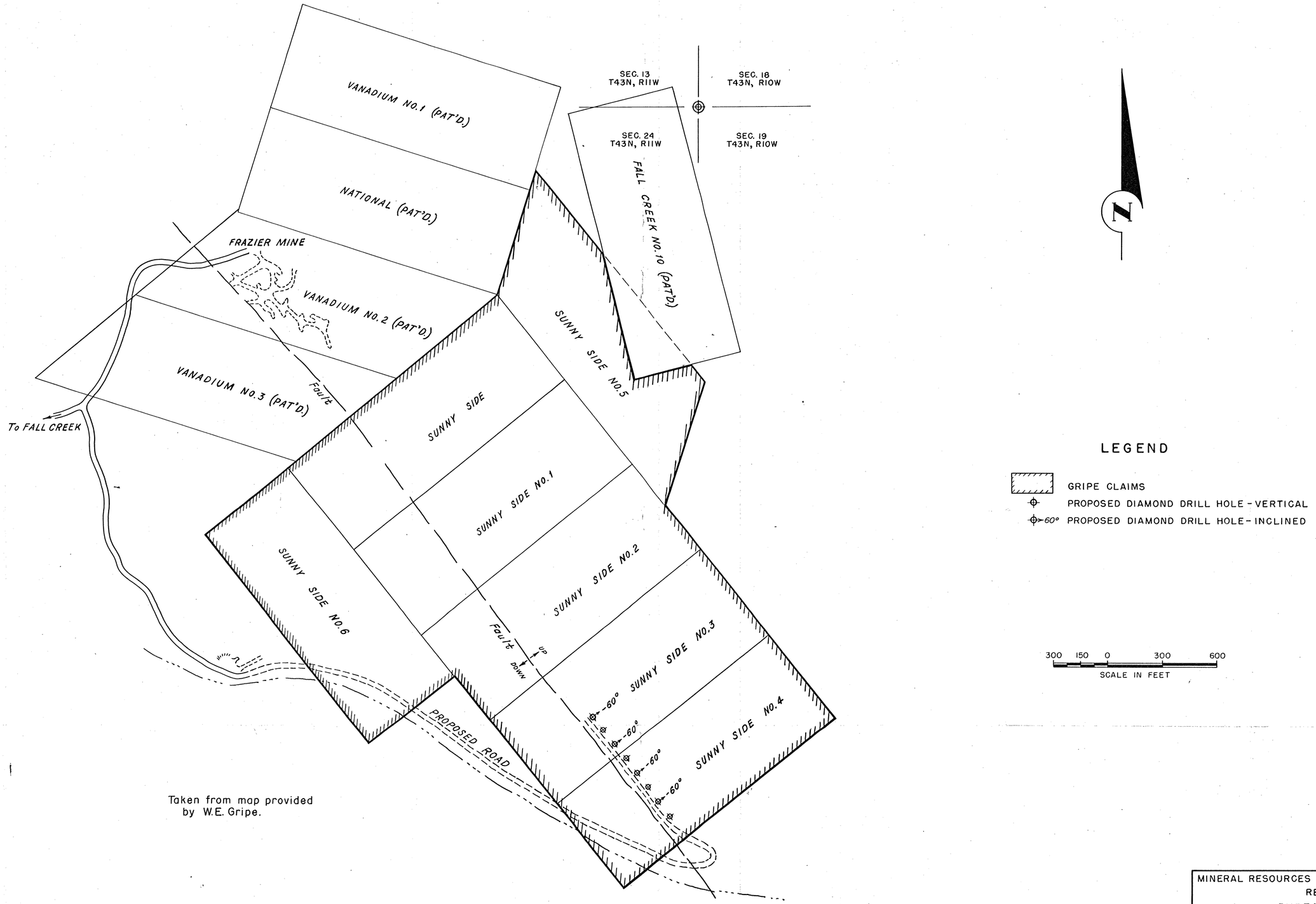
All drill cores should be split and one-half retained for the use of the DMEA.

Monthly progress reports must be accompanied by certified drill logs.

Estimated Costs of the Project

1/ 2500 feet of diamond drilling through the ore horizon of the Upper Entrada sandstone at an over-all unit cost of $4.10 per foot -	$10,250.00
Total Cost of Project -	$10,250.00
Government Participation at 90% -	$ 9,225.00

1/ Includes access road, roads to drill sites, drill site preparation, and all other costs incurred in the completion of the work.



MINERAL RESOURCES BRANCH - MINING DIVISION
REGION IV
BUREAU OF MINES

FIGURE 2 - PROPOSED DIAMOND DRILLING, GRIPE CLAIMS, SAN MIGUEL COUNTY, COLO. (DMEA 2846)