OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E653, Docket DMEA-3078 (thorium), dated January 4, 1954, with

George D. Schweigert and Pete Cowan
780 Magnolia Street
Denver 20, Colorado

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the GW and Antrim Claims, located in Custer County, Colorado, during the period June 16, 1959, through April 13, 1962.

A certification of discovery or development was issued on September 20, 1954, and, in accordance with Article 6 and Annex I of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated May 14, 1954, indicated accepted costs under the exploration contract amounting to $2,886.95 with the Government's contribution on a 90 percent basis being $2,598.26.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through June 15, 1959. Accordingly, as of April 13, 1962, the royalty account of this project was found to be:

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

May 7, 1962

E. D. Talbert
E. D. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operators or their successors in interest shall pay to the Government a percentage royalty on all minerals produced from the two patented lode mining claims (GW and Antrim) located in secs. 9 and 10, T. 22 S., R. 71 W., 6th P.M., Hardscrabble Mining District. At the time the contract was executed each of the partners held an undivided one-half interest in the property through a tax sale deed from the County. The contract contains the so-called "abandonment" provision.

Exploration work under the contract was completed during April 1954. No minerals were produced during the exploration period. Subsequent examinations of the property and inquiries have disclosed that the property has remained inactive since completion of the exploration work.

On December 30, 1954, the Thorium Development Company (a Colorado corporation with George D. Schweigert as president) acquired 100% ownership of the property through a series of six deeds, as follows:

(1) An undivided 45% interest from George D. Schweigert to the Corporation,
(2) An undivided 20% interest from Pete Cowan to the Corporation,
(3) An undivided 10% interest from George D. Schweigert and Pete Cowan to John L. Schweigert,
(4) An undivided 10% interest from John L. Schweigert to the Corporation,
(5) An undivided 25% interest from Pete Cowan to Aylwin L. Smith, and
(6) An undivided 25% interest from Aylwin L. Smith to the Corporation.

Each of these six deeds included a provision to the effect that conveyance was subject to the Government's rights under the exploration project contract.

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

(1) The files indicate that the property has been inactive during the period covered by this review; and
(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
RECEIVED

800

May 14, 1962

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMEA-3078 (Thorium)
Contract Idm-E653
Schweigert and Cowan
(GM and Antrim Claims)
Custer County, Colorado

Attached is the original Report of Royalty Review on the subject property dated May 7, 1962 covering the period June 16, 1959, through April 13, 1962.

Original signed by TMR
for
Hugh M. Connors

Attachments
HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres Idm-E653
Chron

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-3078 (Thorium)
Schweigert and Cowan
GW and Autrin Claims
Custer County, Colorado
Contract Idm-6653

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

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

(b) One copy for your files.

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

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

Enclosures

EDTalbert/ama 5-7-62

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

EXTRA COPY
O. M. E.
RECEIVED FEB 8 1960
CODE
900

Building 20 - Federal Center
Denver 25, Colorado
February 2, 1960

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 3076 (Thorium) Contract No. Idm-E653
George D. Schweigert (G.W. & Antrim Lodes) Custer
County, Colorado

Enclosed is a copy of a letter returned by Mr. Schweigert giving the status of the captioned property. Also enclosed are six indentures transferring title in the G.W. and Antrim Lodes to the Thorium Development Company.

Original signed by

J. W. Townsend

HNC:ltm

cc: Roy. Corres. E653
Chron.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

JUN 19 1959
O.M.E.

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado pertaining to Contract Ldm-8653, Docket No. DMEA 3078, dated January 4, 1954, with

George D. Schweigert, 780 Magnolia St., Denver, Colorado, and
Pete Cowan, Westcliffe, Colorado

for the purpose of determining the amount of royalties due the U. S. Government on the sales of Thorium, from property referred to as GW and Antrim Lodes, located in Custer County, Colorado, during the period January 4, 1954 to June 15, 1959.

A Certification of Discovery or Development was issued on September 20, 1954 and accordingly royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of Final Cost Audit dated May 14, 1954, indicated accepted costs under the exploration contract amounting to $2,886.95, with the Government's contribution on a 90 percent basis being $2,598.26.

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

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

(a) According to the Field Team's Semi-Annual Report of certified project for the period July 1, 1954 to December 31, 1954, operation ceased about April 30, 1954; no ore has been shipped since January 4, 1954, (The date of the exploration contract). Subsequent semi-annual reports of the Field Team during the period January 1, 1955 to December 31, 1958, indicate the property inactive and no operations or ore shipments are anticipated in 1959.

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

June 15, 1959

Donald T. Finch
Donald T. Finch
OME Auditor

JUN 18

Memorandum

To: Mr. Donald T. Finch, OME Auditor

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

Subject: Docket No. DMEA-3078 (Thorium)
George D. Schweigert and Pete Cowan
Contract No. Idu-E653

Your Report of Royalty Review on the subject contract is acceptable for regional distribution after correction, in the first paragraph, of the second mentioned address to "Westcliffe, Colorado" and the first mentioned lode claim to "Ow". These corrections have been made on the Washington copies.

EDTalbert/ama
June 19, 1959

Copies to: Docket
Director's Reading File
Code 800

REPORT
OF REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

George D. Schweigert, 780 Magnolia St., Denver, Colorado
and Pete Cowan, Westcliffe, Colorado
a joint venture

pertaining to Exploration Project Contract No. Idm-E653, Docket No. DMEA 3078, including Amendment Nos. 1 and 2, for the months of February 1954 to April 1954, inclusive, covering a project for the exploration of Thorium on property, known as GW and Antrim Lodes located in Custer 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 Government's representative who visited the property, 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 reason:

> 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 Contractor	$2,886.95
Exceptions	-0-
Total Accepted Cost	$2,886.95

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 Two Thousand Five Hundred Ninety-Eight and 26/100ths Dollars,

$2,598.26

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.

T. H. Brading, Auditor

May 14, 1954

Form MF-101 (Rev.)
(April 1952)

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

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

Month of April, 1954 Docket No. DMEA 3078 Contract No. Idm-E553
Operator's Name Pete Cowan & George D. Schweigert Minerals Thorium
Mailing Address 780 Magnolia St-Denver 20, Colo
Contract Amount, $ 2888.00 Government Participation: 90 % Amount, $ 2599.20
~~(As ammended-$2883.95)~~ (As ammended-$2598.25)

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:						
Sinking Shaft	none	650.00	650.00			
~~Bulldozing~~ Road		72.00	72.00			
Crosscutting	402.15	766.00	1168.15			
Drifting						
Trenching	123.20	873.60	996.80			
(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	525.35	2361.60	2883.95	525.35	2361.60	2888.95

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

Date Apr. 30, 1954 *Payee Pete Cowan & George D. Schweigert

Per Geo D. Schweigert Title Partner

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

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

(Instructions on reverse)

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

$472.92

Signature [illegible]
(Authorized Certifying Officer)

Date 5/17/54 Voucher DMA 54-124

(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. IaW-E653 in accordance with the terms of the contract.

Signature W. H. Salsbury #472.81 Title Mining Engineer Date May 10, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature John F. Shaw for W. H. KING Title Executive Officer Date MAY 14 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-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 1954 Docket No. DMEA 2070 Contract No. 34n-2353

Operator's Name Pete Cowan & George D. Schwolgert Minerals Thorium

Mailing Address 700 Magnolia St-Denver 20, 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	ft.	402.15	10.5	1138.15	30.5	38.30	30.5	38.30
Raising								
Shafts	ft.	none	none	650.00	10	65.00	10	65.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching	ft.	132.00	11	231.00	60	11.00	60	11.00
Test Pits								
Roads and Trails	Job	none	none	72.00	none	none	Job	72.00
TOTAL DISTRIBUTED COSTS		535.35	21.5	2093.05				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								2000.00
Initial Rehabilitation and Repairs					As approved			2093.05
New Buildings, Improvements, etc.								
TOTAL COSTS		535.35						

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

Date Apr. 30, 1954 Operator Pete Cowan & George D. Schwolgert

Per George D. Schwolgert Title Partner
George D. Schwolgert

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 83-38475

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

224 New Customhouse
Denver 2, Colorado

May 19, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA-3078 (Thorium), Contract No. Idm-E653, George D. Schweigert and Pete Cowan, Custer County, Colorado.

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data pertaining to work under the subject contract for the month of April 1954.

Also enclosed are two copies of a memorandum to Mr. T. A. Christensen, dated May 14, 1954, relative to final payment under the terms of the subject contract.

Final payment to the Operator in the amount of $472.82 has now been made in conformance with the Report of Review by the Contract Administration and Audit Division dated May 14, 1954.

W H King
W. H. King

Enclosures

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

224 New Customhouse
Denver 2, Colorado

May 14, 1954

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 3078 (Thorium), Contract Idm-E653, George D. Schweigert and Pete Cowan, Custer County, Colorado - Form MF-104 Operator's Monthly Progress Report and Voucher for the month of April 1954 - FINAL PAYMENT

Enclosed are the original and four copies of Forms MF-104 and 104A, narrative report, and engineer's report for the above period, which constitute the operator's final accounting report under the terms of the contract.

Work has been accomplished as authorized in the contract and the operator has complied with all requirements. Final payment is recommended as follows, which is in conformance with the report of review by the Contract Administration and Audit Division dated May 14, 1954:

Basis for Final Payment

Total accepted cost (as per report of review)	$2,886.95
Government participation at 90%.....	2,598.26
Total prior payments.....	2,125.44
Balance due the operator.....	$ 472.82

Reconciliation with operator's final MF-104 Report for the month of April 1954

Gross amount of operator's claim.....	$ 525.35
Government participation at 90%.....	472.82
Amount due the operator.....	$ 472.82

John F. Shaw
John F. Shaw
For W. H. King

JWT:jp

Enclosures

cc Contract
Chron
Sec. to Oper. Comm. (2)
WMTraver
JWTownsend

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
May 11, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Reg. IV

Subject: DMEA 3078, Contract Idm-R653 (Thorium), George D. Schweigert and Pete Cowan (GW and Antrim lodes), Custer County, Colorado--Progress report for April 1954

Enclosed are the original and four copies of the subject progress report, the third and final one--forms MF-104 and MF-104A, with narrative and sketch map--and 6 copies of M. H. Salsbury's memorandum covering his inspection of the completed surface and underground work, and checking of the reporting forms. The contract and amendments are unit cost prepared on short form MF-200(A) and no documentation is required.

Salsbury made a progress and final inspection of the project May 6, 1954, and confirms the completion satisfactorily of 10.5 feet of crosscutting at the bottom of the 10 foot shaft and 11.0 feet of trench as shown on the MF-104A forms. The operator completed additional shaft sinking, crosscutting, and surface trenching, not authorized by the contract, nor claimed. The narrative is more in the nature of a final report than a progress report, failing to mention the accomplishments in April. All work was in accordance with the terms of the contract or amendments No. 1 and No. 2, and entries and extensions on the reporting forms are correct.

Payment is approved and certified on the MF-104 forms of $472.81 or 90 percent of the total claimed by the contractor.

With completion of the contract in a satisfactory and workmanlike manner, if the operator's April narrative is satisfactory to you as a final report, the contract can be closed after an audit report by a representative of the Contract Administration and Audit Division. The engineer is prepared to submit a final engineering report recommending Certification of Discovery or Development when you so instruct, and when assay returns are received on samples taken during the final inspection.

F. D. Everett, for
W. M. Traver

enclosures
cc: 4

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
May 11, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Reg. IV

From: M. H. Salsbury

Subject: DMEA 3078, Contract Idm-8653 (Thorium), George D. Schweigert and Pete Cowan (GW and Antrim lodes) Custer County, Colorado--Progress report for April 1954

Progress under the subject contract was inspected on May 6, 1954, in company with Pete Cowan, one of the partners representing the contractors.

All work was done in accordance with the terms of the contract and amendments. The project has been completed.

The amounts claimed are as follows:

Crosscutting 10.5 feet at $38.30 per foot	$402.15
Trenching 11 feet at $11.20 per foot	123.20
Total claimed in April 1954	$525.35

Under the short-form contract and amendments, the items claimed bring the total amounts claimed to the allowable maximums. Work accomplished exceeds the footages claimed for shaft-sinking, crosscutting, and trenching. The additional crosscutting in April did not encounter any significant mineralization. Trench T-1 was deepened to 10 feet although it was not required. Trench T-3 was deepened to 9.0 feet, so as to be satisfactory to the DMEA representative. Evidence of radioactivity previously noted in these trenches was substantiated by the additional depth. Trench T-5, 8 feet long and 3 feet deep was dug between the shaft and trench T-3. A flat dipping radioactive layer about 2.5 feet wide was cut in the overburden. Bedrock was not reached, and the radioactive material cannot be satisfactorily correlated with other exposures. Trench T-6 was not authorized, nor was payment claimed by the contractor.

Five samples were taken by the inspecting engineer at exposures in the new work, bringing to 12 the total number of samples from the property sent to the Region IV Salt Lake City Metallurgical Division for analyses.

From the results of the exploration project, it must be concluded that the thorium occurrences are small lenses and stringers occupying fractures in an altered syenitic dike. There is no evidence indicating a large or continuous ore body. From the narrow widths of ore in place as actually seen in trench T-1, and at the bottom of the shaft, it is evident that the width of mineralization, as indicated by radiometric readings at surface and in the overburden in trench T-3, is probably not a good index of the true width of the ore ocurrences. The downward extent of the deposits was not determined.

The contractor's claims are not in excess of allowable maximums and are approved.

A tabulation of the work accomplished during the project follows:

Item	Description	Actually performed	Allowable maximum	Amount claimed
1	Clearing access road with bulldozer	job	job	job
2	Sinking shaft at test pit No. 2	12.5 feet	10.0 feet	10.0 feet
3	Crosscutting at bottom of shaft	41.5 feet	30.5 feet	30.5 feet
4	Trenching (Authorized)			
	Trench T-1 - 25 feet			
	Trench T-3 - 26 feet			
	Trench T-4 - 24 feet			
	Trench T-5 - 14 feet			
	Total authorized	89.0 feet	89.0 feet	89.0 feet
	Trenching (unauthorized)			
	Trench T-2 - 10 feet			
	Trench T-6 - 8 feet			
	Total unauthorized	18.0 feet	0	0

The contractor submitted a combined final report and narrative report for April 1954, sketch map, and forms MF--104 and MF-104A in quintuplicate, all of which are satisfactory.

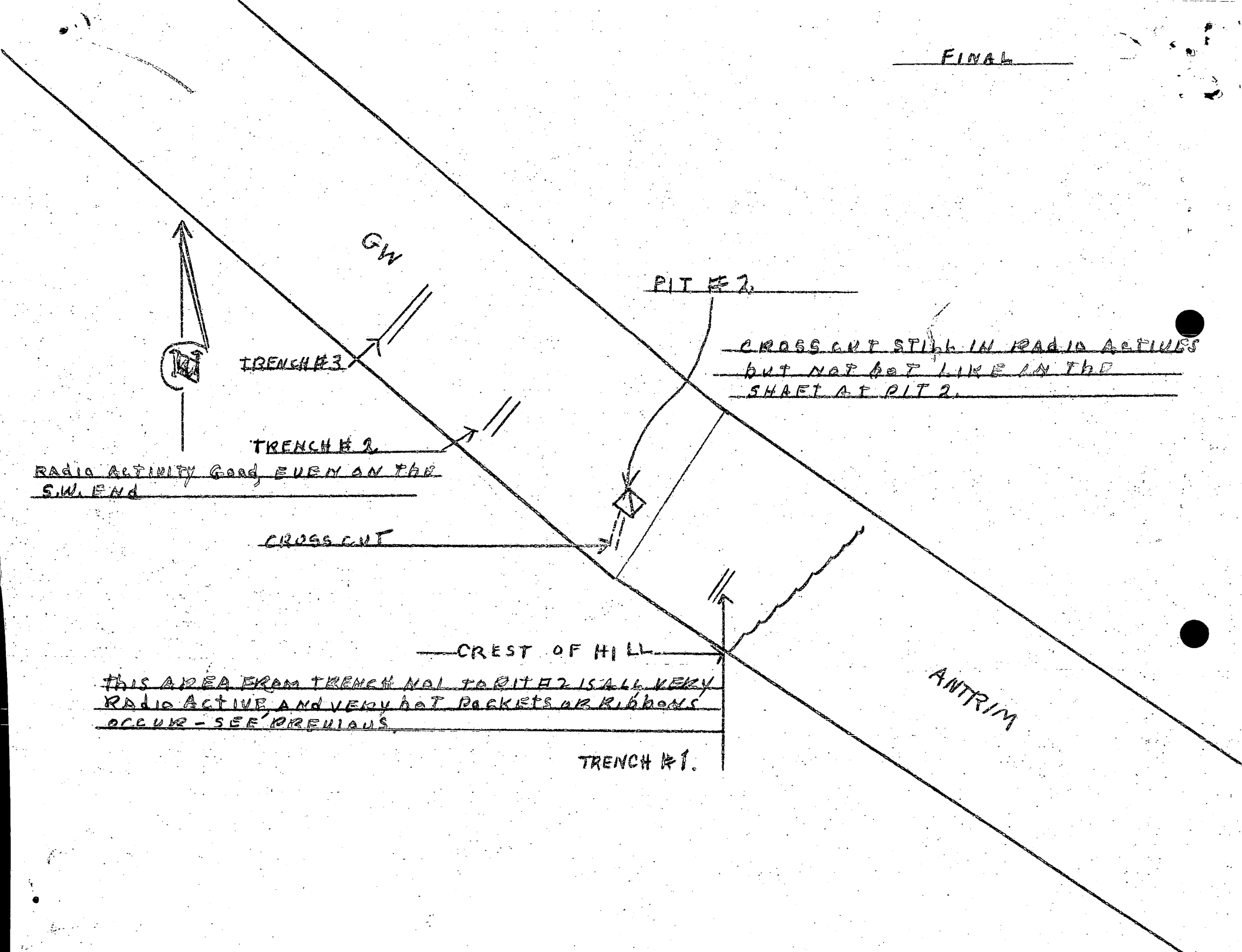
Totals entered on forms MF-104 and MF-104A for April 1954 are correct. Payment of $472.81, or 90 percent of the amount claimed, $525.35, is approved, subject to final audit.

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

cc: 6

MHS/ici

FINAL


GW
PIT #2.
CROSS CUT STILL IN RADIO ACTIVES BUT NOT HOT LIKE IN THE SHAFT AT PIT 2.
TRENCH #3
TRENCH #2
RADIO ACTIVITY GOOD, EVEN ON THE S.W. END
CROSS CUT
CREST OF HILL
THIS AREA FROM TRENCH NO1 TO PIT #2 IS ALL VERY RADIO ACTIVE, AND VERY HOT POCKETS OR RIBBONS OCCUR - SEE PREVIOUS.
TRENCH #1.
ANTRIM

George D. Schweigert
780 Magnolia Street
Denver, Colorado

April 30, 1954

Docket #DMEA 3078
Contract #Idm-E653

FINAL REPORT

We have now completed the project by finishing the crosscutting from the bottom of the shaft at pit #2 and deepening trenches where suggested. Although we have crosscutted the 25½ feet in a southernly direction, we still hit into radio actives, which might indicate the formation here is wider than we had figured, judging from trench #1 at the crest of the hill, or it might be a somewhat different formation than we have knowledge to pass upon.

Where we deepened trench #2, good indications were apparent as the trench is very radio active throughout and was hot on the southwest end which might again be an indication the formation here too is bigger than we at first supposed. It is my personal opinion at present that if the ores we have uncovered in this surface exploration are considered of commercial quality, there is a large amount available near the surface, and the indications would be that it could be much better at depth. It would necessitate tunneling, drilling or something of that nature and on a larger scale, to really prove the extent of the ore body. We desire to thank all those that aided in taking an interest in this small project, and would like to make mention of the business like and prompt manner in which things have been handled, and whether it proves to be commercial or not, we consider it a job well done.

By Geo D Schweigert
George D. Schweigert

Form MF-10 (Rev.)
(April 1952)

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

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

Month of March, 1954 Docket No. DMEA 3078 Contract No. Idm-E353
Operator's Name Pete Cowan & George D. Schweigert Minerals
Mailing Address 780 Magnolia St-Denver 20, Colo
Contract Amount, $ 2888.00 Government Participation: 90% Amount, $ 2599.20

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:						
Sinking Shaft	97.50	552.50	650.00			
Road		72.00	72.00			
Crosscutting	736.00	none	736.00			
Drifting						
Trenching	425.60	448.00	873.60			
(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	1289.10	1072.50	2361.60	1289.10	1072.50	2361.60

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

Date Mar. 31 1954 *Payee Pete Cowan & George D. Schweigert

Per Geo D. Schweigert Title Partner

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

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

(Instructions on reverse)

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

$ 1160.19

Signature [illegible]
(Authorized Certifying Officer)

Date 4/15/54 Vou. No. DMA 54-109

(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. IdmF653 in accordance with the terms of the contract.

Signature W.H. Salabury $160.19 Title Mining Engineer Date April 12, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: R.D.B.

Signature John F. Kline for W.H. King Title Executive Officer Date APR 15 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 MFR-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

Defense Minerals Administration
RECEIVED
APR 22 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 195[illegible] Docket No. DMEA 3078 Contract No. [illegible]-B155
Operator's Name Poto Cowen & George D. Schweigert Minerals Thorite
Mailing Address 700 Magnolia St. Denver 20, 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	ft.	730.00	30	730.00	30	30.30	30	30.30
Raising								
Shafts	ft.	87.50	1.5	350.00	10	35.00	10	35.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping Trenching	ft.	605.00	58	873.30	78	11.20	125	11.20
Trenching								
Test Pits								
Roads and Trails	Job			72.00			Job	72.00
Total Distributed Costs		1260.10	59.5	2331.30				Total Costs Authorized by Contract
Operating Equipment Purchased								2000.00
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		1260.10						

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

Date Mar. 31, 1954 Operator Poto Cowen & George D. Schweigert

Per George D. Schweigert Title Partner
George D. Schweigert

→ 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)

Remarks:

(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.

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

224 New Customhouse
Denver 2, Colorado

April 15, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3078 (Thorium), Contract Idm-E653, George D. Schweigert and Pete Cowan (GW and Antrim lodes), Custer County, Colorado. Operator's Monthly Progress Report for the period March 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.

Remarks:

Date of Report	March 31, 1954.
Date Received in Field Office	April 8, 1954.
Date Received in Region Office	April 15, 1954.

John F. Shaw
For W. H. King

Enclosures

RDB:cwm

cc: Contract
Secretary to the Oper. Comm. (2)
WMTraver
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 13, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3078, contract Idm-E653 (Thorium), George D. Schweigert and Pete Cowan (GW and Antrim lodes), Custer County, Colorado - Progress report for March 1954

Enclosed are the original and four copies of the above progress report, the second one--forms MF-104 and MF-104A, with narrative and sketch maps, one by the contractor and one by the engineer--and the original and six copies of M. H. Salsbury's memorandum covering his inspection of the work accomplished and checking the reporting forms. The contract is a unit cost one prepared on short form MF-200(A) and documentation is not required.

Salsbury confirms the completion of 20 feet of crosscutting, 38 feet of trenching, and 1-1/2 feet of shaft sinking to the depth allowed by contract, as reported in the narrative, shown on the operators' sketch, and entered on the MF-104A forms. He calls attention to a difference in the designations on the operators' sketch and his sketch which in no way affects the claim and otherwise describes the results of the month's work satisfactorily stating that work is in conformance with the terms of the contract with entries and extensions on the reporting forms correct reflecting the previous disallowance.

Payment is approved and certified on the MF-104 forms of $1,160.19, or 90 percent of the total $1,289.00 claimed by the contractor.

W. M. Traver

W. M. Traver

enclosures

cc 4
E653
DMEA Chron.

WMT/pam

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 13, 1954

Memorandum

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

From: M. N. Salsbury

Subject: DMEA 3078, contract Idm-8653 (Thorium), George D. Schweigert and Pete Cowan (GW and Antrim lodes), Custer County, Colorado - Progress report for March 1954

Progress under the subject contract was inspected on March 31, 1954, in company with Pete Cowan, one of the contractors, and E. N. Harshman of the Geological Survey.

The contractors claim the following items in March 1954 under the short-form contract (amended):

(1)	Shaft sinking 1.5 feet at $65.00 per foot	$ 97.50
(2)	Crosscutting 20 feet at $38.30 per foot	766.00
(3)	Trenching 38 feet at $11.20 per foot	425.60
		$1,289.10

At the time of the inspection, the following work had been completed during the months indicated:

(1) Clearing access road with bulldozer (February 1954)
(2) Sinking 12.5 feet of shaft at pit No. 2 (February and March)
(3) Crosscutting 5.5 feet northeast and 20.5 feet southwest (March 1954)
(4) Trench No. 1 - 40 feet long, maximum depth 9 feet (February)
Trench No. 2 - 10 feet long, maximum depth 9 feet (March)
Trench No. 3 - 26 feet long, maximum depth 6.5 feet (March)
Trench No. 4 - 24 feet long, maximum depth 9 feet (March)
Trench No. 5 - 14 feet long, maximum depth 7 feet (March)

All of this work was done in accordance with the terms of the contract and Amendment No. 1 thereto, with the exception of 2.5 feet of

shaft sinking and 6.0 feet of crosscutting in excess of allowable maximums, 10 feet of trenching at trench No. 2, not done at an approved location, and trench No. 3 which was not deep enough to be satisfactory to the DMEA representative. Trenching to date which could be approved totals 78 feet.

The contractors' claims are not in excess of allowable maximums and are approved.

The narrative report, sketch map, and forms MF-104 and MF-104A submitted are satisfactory. On the sketch map, the contractors do not show trench T 2 (figure 1) which is not claimed, and their trenches Nos. 2 and 3 correspond to trenches T 3 and T 4, respectively, shown on the sketch.

In the five trenches dug, the formation in place was reached in only trench T 1. Definite radioactivity was noted in trenches T 1 and T 3, although that in T 3 did not appear to be from rock in place.

Radioactivity encountered in the shaft proved to be a flat-lying stringer about 1.5 feet thick in the southeast end of the shaft rather than a possible continuation of the vein in trench T 1. The northeast and southwest crosscuts encountered no radioactive material. The southwest crosscut encountered a rhyolite dike in the last 6 to 8 feet which might correspond to the rhyolite exposed in trench T 1 on the northeast side of the thorium-bearing vein. It appears possible that a continuation of the crosscut might cut a continuation of the thorium vein and a requested amendment substituting crosscutting for 36 feet of trenching was recommended by a Region IV examining team.

Seven samples of radioactive material have been taken and sent to the Region IV Salt Lake City Metallurgical Division for analyses.

Totals entered on forms MF-104 and MF-104A for March 1954 are correct. Payment of $1,160.19, or 90 percent of the amount claimed, $1,289.10, is approved.

F. H. Everett, for
M. H. Salsbury
Mining Engineer

cc 6
E653
DMEA Chron.

MHS/pam

Pete Cowan & George D. Schweigert
780 Magnolia Street
Denver 20, Colorado

March 31, 1954

Docket #DMEA 3078
Contract #Idm-E653

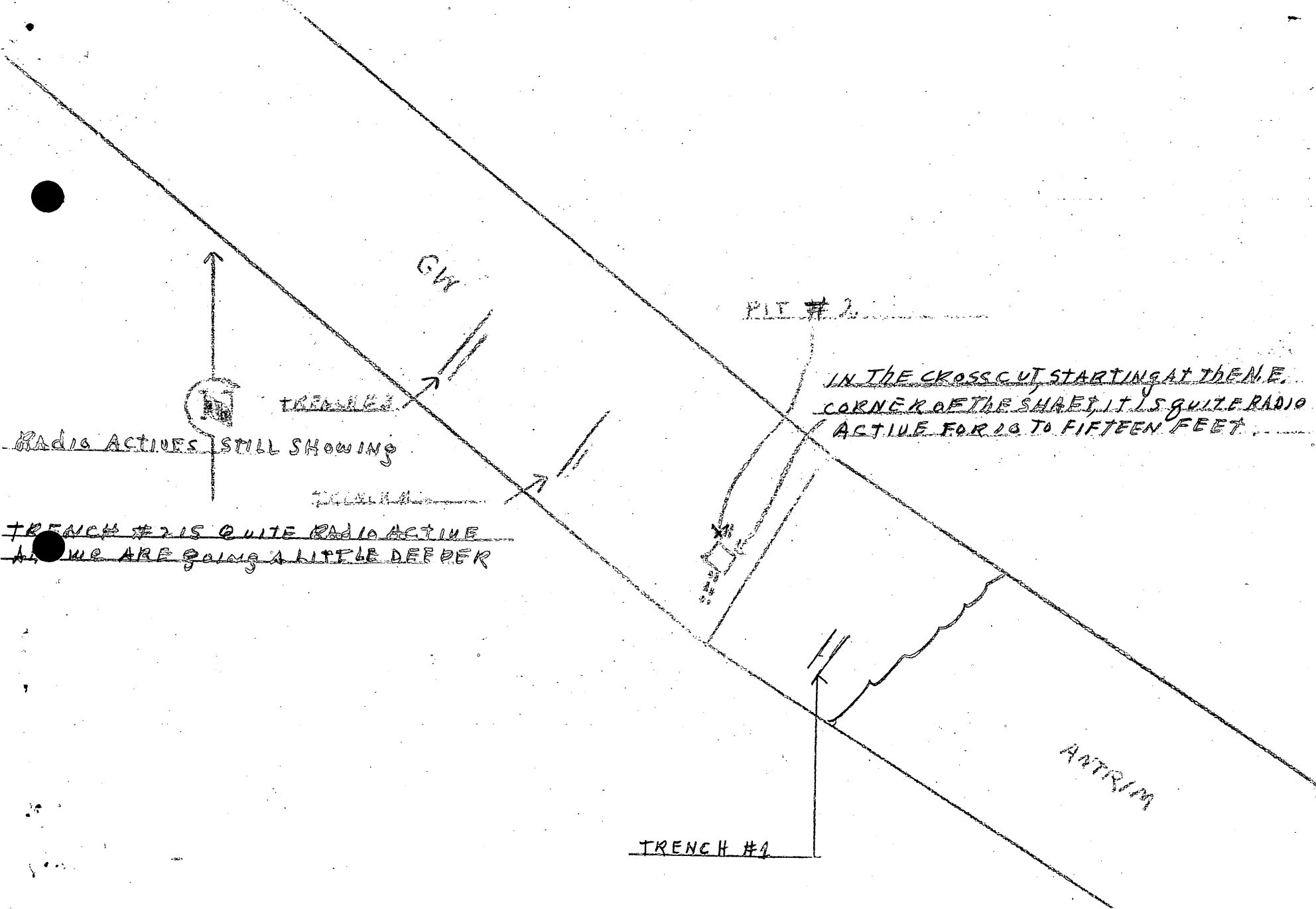
We have completed the shaft to the required depth.

We have completed 5 feet of crosscutting in a northerly direction, and 15 feet of crosscutting in a southerly direction.

We have completed at least 38 feet more of trenching, but are deeponing trench #2 as the instruments gave good indications.

Radio activity also continues in trench #3.

By Geo D Schweigert


GUY
PIT #2
IN THE CROSSCUT STARTING AT THE N.E. CORNER OF THE SHAFT, IT IS QUITE RADIO ACTIVE FOR 10 TO FIFTEEN FEET
TRENCHES
RADIO ACTIVES STILL SHOWING
TRENCH #2 IS QUITE RADIO ACTIVE AS WE ARE GOING A LITTLE DEEPER
ANTRIM
TRENCH #1

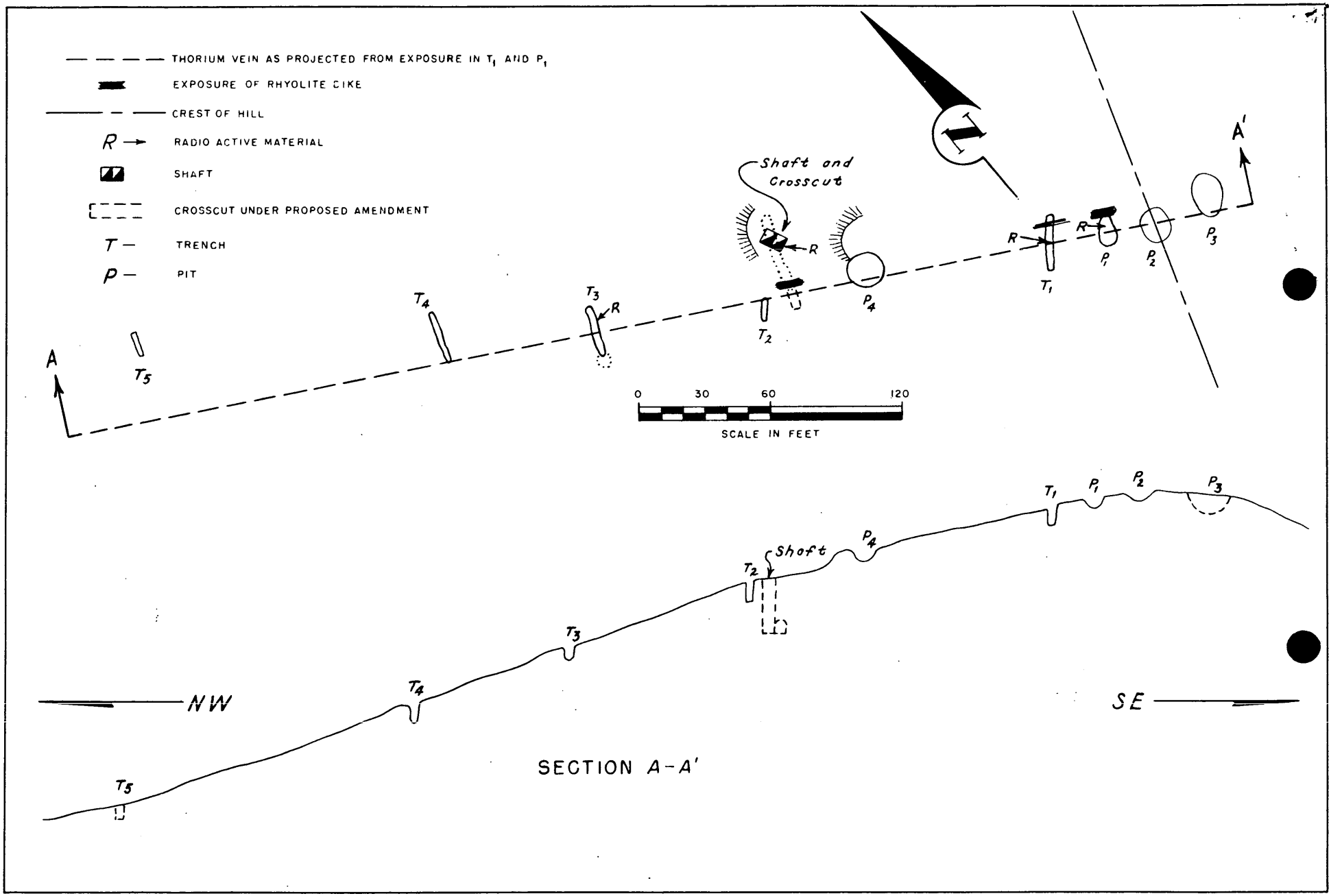


FIGURE 1 - PLAN AND SECTION OF SURFACE AND SHAFT WORKINGS, GW AND ANTRIM CLAIMS
CUSTER COUNTY, COLO. (DMEA 3078, CONTRACT Idm E653)

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

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

RECEIVED
MAR 22 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1954 Docket No. DMEA 2079 Contract No. Idm-2353
Operator's Name Pete Cowan & George D. Schweigert Minerals Thorium
Address 780 Magnolia St., Denver, Colorado
Contract Amount, $ 2800.00 Government Participation: 80% Amount, $ 2500.00

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 Contractors: Short Form						
Drilling: Short Claim	557.50	None	557.50	552.50		552.50
Bulldozing: Road	72.00	None	72.00			
Crosscutting						
Drifting						
Trenching	448.00	None	448.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1077.50		1077.50	1072.50		1072.50

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

Date 27 Feb 1954 *Payee Pete Cowan & Geo. D. Schweigert

Per Geo D Schweigert Title Partner

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

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

(Instructions on reverse)

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

$ 965.25

Signature [illegible] (Authorized Certifying Officer)

Date 3/19/54 Voucher No. DMA 54-91

(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-E653 in accordance with the terms of the contract.

Signature W. H. Salsbury $6525 Title Mining Engineer Date March 9, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. H. Ring Title Executive Officer Date MAR 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-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February 1954 Docket No. DMEA 1078 Contract No. [illegible]
Operator's Name Pete Cowan & George D. Schweigert Minerals Thorium
Mailing Address 780 Magnolia St., Denver, Colorado

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting	Ft.						10.	20.00
Raising								
Shafts	Ft.	557.50	8.5	557.50	8.5	65.00	10.	65.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching	Ft.	440.00	40 Ft.	440.00	40 Ft.	11.00	125.	11.00
Test Pits								
Roads and Trails	Job	72.00	72.00	72.00			Job	72.00
								TOTAL COSTS AUTHORIZED BY CONTRACT
TOTAL DISTRIBUTED COSTS		1077.50		1077.50				
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS 1077.50								2000.00

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 27 Feb 1954 Operator Pete Cowan and George D. Schweigert

Per Geo D. Schweigert Title Partner
George D. Schweigert

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)

REMARKS:

(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 83-38475

COPY

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

Administrative Audit Difference Statement

MAR 29 1954

Date: March 19, 1954
Payee's
Reference: Progress Report

February, 1954

George Schweigert
780 Magnolia St.,
Denver, Colo
Idm-E653

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

Amount Claimed $ 1077.50

Difference $ 5.00

Amount Approved $ 1072.50

The reason for the difference was due to:

$8\frac{1}{2}$ feet of shaft sinking at $65.00 per foot equals $552.50 instead of $557.50

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

March 16, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3078 (Thorium), Contract Idm-E653, George D. Schweigert and Pete Cowan, (G. W. and Antrim Lodes), Custer County, Colorado. Operator's Monthly Progress Report for the period February 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 per cent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Eight and one-half feet of shaft sinking at $65.00 a foot equals $552.50 instead of $557.50. Therefore, the $5.00 difference is disallowed.

Remarks:

Date of Report	February 27, 1954.
Date Received in Field Office	March 9, 1954.
Date Received in Region Office	March 15, 1954.

W H King
W. H. King

Enclosures

RDB:cwm

cc: Contract; Secretary to the Oper. Comm. (2); WMTraver; Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 12, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3078, Contract Idm-E653 (Thorium), George D. Schweigert and Pete Cowan (GW and Antrim Lodes), Custer County, Colorado--Progress report for February 1954

Transmitted herewith are the original and four copies of the above progress report, the initial one--forms MF-104 and MF-104A, with narrative, sketch map--and the original and six copies of M. H. Salsbury's memorandum covering inspection of the work accomplished and his review of the reporting forms. The contract is unit cost on short form MF-200(A) and documentation is not required.

Salsbury verifies satisfactory completion of the work reported in the narrative and entered on the MF-104A forms--namely, 8-1/2 feet of shaft sinking, 40 feet of trenching, and the job of road work. The work was performed in conformance with the terms of the contract, and entries and extensions on the reporting forms are correct, except for the contractor's faulty arithmetic. Eight and one-half feet of shaft sinking at $65.00 a foot equals $552.50 instead of $557.50; and consequently, $5.00 is disallowed from the total claimed, reducing the claim to $1,072.50 instead of $1,077.50. Of the amount allowed, $1,072.50, $965.25, or 90 percent, is recommended for payment and certified on the MF-104 forms.

W. M. Traver

W. M. Traver

enclosure

WMT/kp

cc 4
E653
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 9, 1954

Memorandum

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

From: M. E. Salsbury

Subject: DMEA 3078, Contract Idm-8653 (Thorium), George D. Schweigert and Pete Cowan (GW and Antrim Lodes), Custer County, Colorado--Progress report for February 1954

The exploration project under the subject contract was inspected on March 3, 1954, in company with Pete Cowan, one of the contractors. Cowan and two other men are employed.

At the time of the visit, work was being carried on in the shaft which had been sunk to a point 16 feet below the collar. The pit was 7.5 feet deep before work was started so that 8.5 feet of sinking has been accomplished. Forty feet of trenching at the location near pit No. 1 at the west of the hill had been completed. The trench is from 5.5 to 9 feet deep and exposes shattered rock which appears to be in place. It was excavated by hand. A deeper trench at this point is not feasible or necessary.

The contractors claim the following items under the short-form contract:

(1)	Clearing access road with bulldozer	$ 70.00
(2)	Sinking 8.5 feet of shaft at $65.00 per foot	557.50
(3)	Trenching 40 feet at $11.20 per foot	448.00
	Total claimed	$1,077.50

The work done was verified and is approved. There is a $5.00 arithmetical error in computing 8.5 feet of shaft sinking at $65.00 per foot. The correct amount should be $552.50, and the total claim should be $1,072.50.

There was appreciable radioactivity for a width of 15 feet in the trench at pit No. 1, and over a width of 4 feet in the fairly solid rock in the southeast corner of the shaft at 13 to 16 feet below the collar. Two samples were taken and are being held for analysis at a later date.

Excellent workmanship is evidenced in the operation.

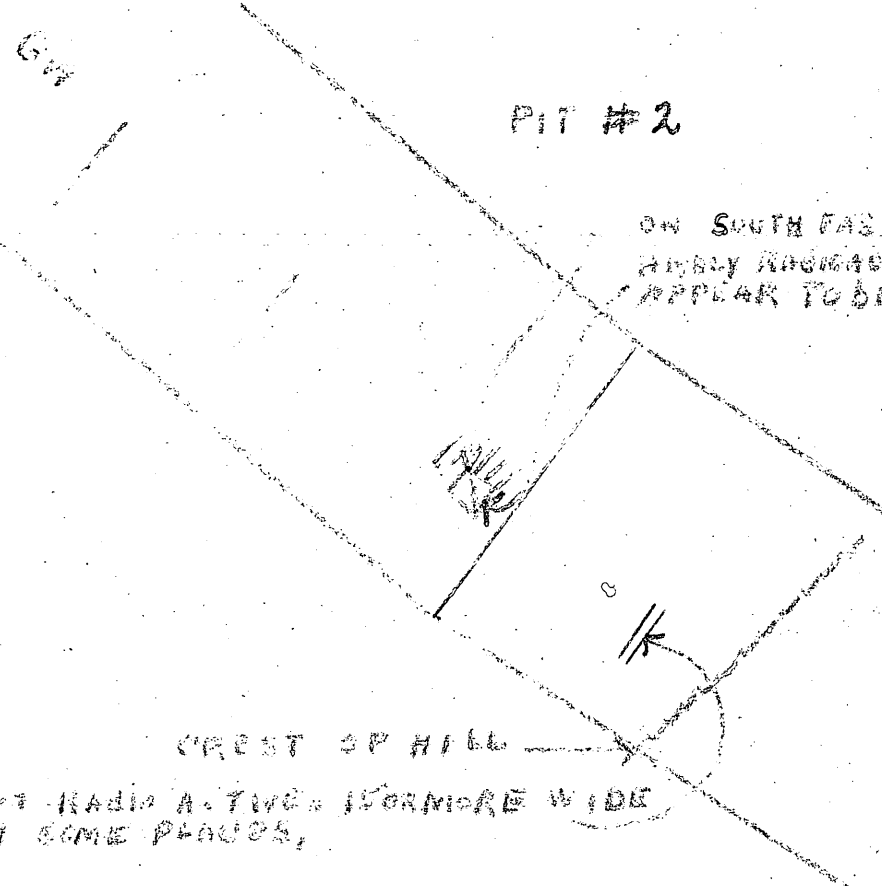
All work was done in accordance with the terms of the contract.

Totals entered on forms MF-104 and MF-104A for February 1954 are correct except for the $5.00 error noted, and the narrative report is adequate. Payment of $965.25, or 90 percent of the amount claimed, $1,077.50, less $5.00, is approved.

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

MHS/kp

cc ✓6
E653
Chron



ON SOUTH EAST WALL OF SHAFT HAVE FOUND AN HIGHLY RADIOACTIVE ORE TO DEPTH OF 17' APPEAR TO BE ON A CONTACT LYING N.E.

IN 40' TRENCH WE CUT RADIO ACTIVE 15' OR MORE WIDE TRENCHED 8' DEEP IN SOME PLACES,

February 27, 1954

On February 13, 1954, we started work on exploration project Lm-2253, Docket #2073. At the end of February the status is as follows: A trench 40 ft. long was dug at the place of beginning and is completed. This trench cut through at least 15 feet of radio active material and as we have had no assays from here cannot tell if it is of commercial value. It seems to grade off into less radio active substance, or to put it in other words, richer pockets of ore encountered in places. It can be considered much wider than the 15 feet if the less radio actives are taken into consideration. I am informed by Pete Cowan we went to 8 feet in depth in some places.

The access road is cleared so a car can drive to the crest of the hill.

We moved in on pit #3 and have squared it out and the shaft is all timbered and sunk to a depth of at least 6½ feet below its original bottom. We encountered very radio active material as we sunk the shaft. The south east end of the shaft appears to be quite solid in this material. I enclose a rough map enlarged from the original.

by Geo L Schwegler

800

Building 20 - Federal Center
Denver, Colorado 80225

January 30, 1964

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: DMEA-3078 (Thorium)
Contract Idm-E653
Schweigert and Cowan
(GW and Antrim Claims)
Custer County, Colorado

I talked to Mr. George D. Schweigert by telephone today. He informs me that no production of thorium has ever been made from the subject property and that no work has been accomplished on the property since the DMEA work was completed.

I recommend that our books be closed on this contract.

Original signed by

Hugh M. Connors

Mr. George D. Schweigert and
Mr. Pete Cowan
780 Magnolia Street
Denver 20, Colorado

Re: DMEA-3078 (Thorium)
Schweigert and Cowan
GW and Antrim Claims
Custer County, Colorado
Contract Idm-2653

Gentlemen:

Thank you for returning the completed Form 63's mailed on January 9, 1964.

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated September 20, 1954, all minerals mined or produced from January 4, 1954, to January 4, 1964, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records 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 contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

Acting Director

MMarrithew/mm
1/23/64
cc: Director's Reading File
C&A Division
Region III w/cy of Form 63 dated 1/9/64
Docket
Code 500

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

GOVERNMENT COPY

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

To Mr. George D. Schweigert
780 Magnolia Street
Denver 20, Colorado
and
Mr. Pete Cowan
Westcliffe, Colorado

Pursuant to the provisions of Exploration Project Contract No. Idm-1653, dated January 4, 1954 (Docket No. DMEA-3078), hereinafter called the "Contract," between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon 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

Trenching, shaft sinking, and crosscutting on the outcrop of one or more veins in a shear zone on the property described in Article 2 of the Contract resulted in the discovery of a deposit of thorium ore of significant proportions.

Dated: SEP 2 0 1954

THE UNITED STATES OF AMERICA

MChing:ep 9-3-54

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

Copy to: Docket
Administrator
Admr's Reading File
Operating Committee
Field Team, Reg. IV (2)
Finance Officer
Mr. Chambers
Mr. J. H. Hedges, Rm. 4604
Mr. Thor H. Kiilsgaard, Rm. 5227
Mr. J. O. Hosted, 3210, OSA
Code 700 (Division)
Mr. Ching

70

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

SEP 21 1954

Messrs. George D. Schmeigert
780 Magnolia Street
Denver 20, Colorado
and
Pete Cowan
Westcliffe, Colorado

Re: Docket No. DMEA-3078 (Thorium)
Contract No. Ida-[illegible]653
GW and Anterin Lode Claims
Custer County, Colorado

Gentlemen:

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 above-described contract.

By the terms of the Exploration Project Contract, as amended, and of the certification, all thorium and other valuable minerals produced from the claims described in Article 2 of the contract, from January 1, 1954, the date of the contract, are subject to the Government's percentage royalty as set forth in the contract until the sum of $2,598.26 is paid, or until January 1, 1964, whichever occurs first.

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

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

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
ACTING Administrator

Enclosure

Code 700
Mr. Ching
Mr. Chambers
Mr. J. H. Hedges, Rm. 4604
Mr. Thor H. Kilsgaard, Rm. 5227
Mr. J. O. Hosted, 3210, GSA
Finance Officer
Admr's Reading File
Operating Committee
Field Team, Reg. IV (2)
Mr. F. E. Johnson

MChing:ep 9-3-54

Copy to: Docket
Administrator

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

SEP 21 1954

Mr. Irving Gumbel
Acting Director, Materials Division
Emergency Procurement Service
General Services Administration
Seventh and D Streets, S. W.
Washington 25, D. C.

Re: Docket No. DMEA-3078 (Thorium)
Contract No. Idm-E653
George D. Schweigert and Pete Cowan
GW and Antrim Lode Claims
Custer County, Colorado

Dear Mr. Gumbel:

Enclosed is a copy of a certification of discovery or development of the captioned project.

The contract, dated January 4, 1954, covers an exploration project estimated to cost $2,888.00, with Government participation to the extent of 90 percent, or $2,599.20. Work under the project was started in February 1954 and completed in April. An auditor's report of review shows total expenditures during the life of the contract were $2,886.95, with Government participation amounting to $2,598.26.

The contract, as amended, provided for the clearing of an access road by bulldozer, deepening a small shaft by 10 feet, crosscutting from the bottom of the shaft a total distance of 30.5 feet to explore the full width of the vein, and surface trenching across the vein at favorable points, an aggregate distance of 89 feet.

The work completed was in accordance with contract provisions. The Operator, for his own account, sank the shaft an additional 2.5 feet to a point 20 feet below the collar, drove the crosscut an additional 11 feet, and did 18 feet of additional trenching.

The work exposed a thorium vein or veins with an average width of 3.25 feet, an average content of 0.53 percent ThO_2, and an indicated length of 200 feet. A tentative calculation of ore reserves resulted in a figure of 2,700 tons of inferred ore.

The economic exploitation of this small ore body may not be feasible at this time; however, because of the possible use of thorium ore as a source of fissionable material, a certification of discovery or development is considered in order.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

Code 700
Mr. Ching
Mr. F. E. Johnson
Mr. J. H. Hedges, Rm. 4604
Mr. Thor H. Kiilsgaard, Rm. 5227
Mr. J. C. Hosted, 3210, GSA
Operating Committee
Field Team, Reg. IV (2)
Finance Officer
Mr. Chambers
Docket
Administrator
Admr's Reading File

MCdingcp 9-3-54
Copy to:

No. 2

AMENDMENT OF CONTRACT: No. Idm-E653

Contract Docket No. DMEA 3078, dated January 4, 1954, between the United States of America and a joint venture consisting of George D. Schweigert and Pete Cowan is hereby amended as follows, effective April 1, 1954:

> Referring to EXHIBIT "A" attached to Exploration Project Contract Form MF-200(A) (February 1952), captions "Description of the Work" and "Estimated Costs of the Project" and with further reference to Amendment No. 1 dated March 10, 1954, which amended said EXHIBIT "A" caption "Description of the Work", said EXHIBIT "A" captions "Description of the Work" (amended) and "Estimated Costs of the Project" are further modified and amended as follows:
>
> > In lieu of performing 125 feet of surface trenching and an aggregate of 20 feet of crosscutting from the bottom of the shaft, an aggregate of 89 feet of surface trenching and 30.5 feet of crosscutting from the bottom of the shaft will be performed instead, at the rates established in said EXHIBIT "A" for that type of work, total cost of the two types of work not to exceed $2,166.00.

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 APR 13 1954

GEORGE D. SCHWEIGERT
and PETE COWAN

By George D. Schweigert
George D. Schweigert, Agent

UNITED STATES OF AMERICA

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

George D. Schweigert
780 Magnolia Street
Denver 20, Colorado

April 1, 1954

Mr. W. H. King
Executive Officer, DMEA
Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Re: Docket DMEA 3078 (Thorium)
Contract Idm-E353

Dear Mr. King:

As the 30 feet of crosscutting from the bottom of the shaft at pit #2 has been completed and we do not appear to have crossed the formation in the southerly direction, it would appear that the best way to expose as much of the full width as possible would be to continue to crosscut in a southerly direction.

We therefore request that the last sentence in amendment #1 be made to read: Total aggregate crosscutting not to exceed 30 & ½ feet, and the crosscutting in a southerly direction be continued another 10 & ½ feet, or a total of 25 & ½ feet in the southerly direction, as 5 feet has already been completed in a northerly direction.

The total amount of trenching, as required in paragraph 3 of exhibit A, be reduced to 89 feet and so eliminate the cost of the 33 feet of trenching at $11.20 a foot, or a total of $403.20, and in lieu thereof, complete the additional 10 & ½ feet of crosscutting at $38.30 a foot, or a total of $402.15.

By Geo D Schweigert

April 6, 1954

Memorandum

To: A. H. Koschmann AHK

From: E. N. Harshman

Subject: DMEA Docket 3078, Contract Idm-E653, George Schweigert, Antrim and G. W. Lode Claims, Custer County, Colorado

The subject property was examined on March 31, 1954, in company with M. H. Salsbury, U. S. Bureau of Mines. At the time of the examination five trenches had been excavated, a 20-foot shaft had been sunk, and 26 feet of crosscut had been driven in an attempt to ascertain the length, width, and thorium content of small vein on the property (figure 1).

Exploration to date has not been encouraging. Bedrock was reached in Trench No. 1 and a vein of thorium ore 5 to 6-feet wide is exposed. Trench No. 2 reached bedrock but no vein material is exposed in this excavation. In the area of Trenches Nos. 3, 4, and 5, the overburden proved to be thick and it has not been possible to reach bedrock in these hand-dug excavations.

In a 20-foot shaft, excavated between Trenches Nos. 1 and 3 (figure 1), a narrow, poorly defined, thorium-bearing vein is exposed in the southeast wall from a point 15 feet below the collar to the bottom of the shaft. It does not appear to be the vein exposed in Trench No. 1 but may be a split from it.

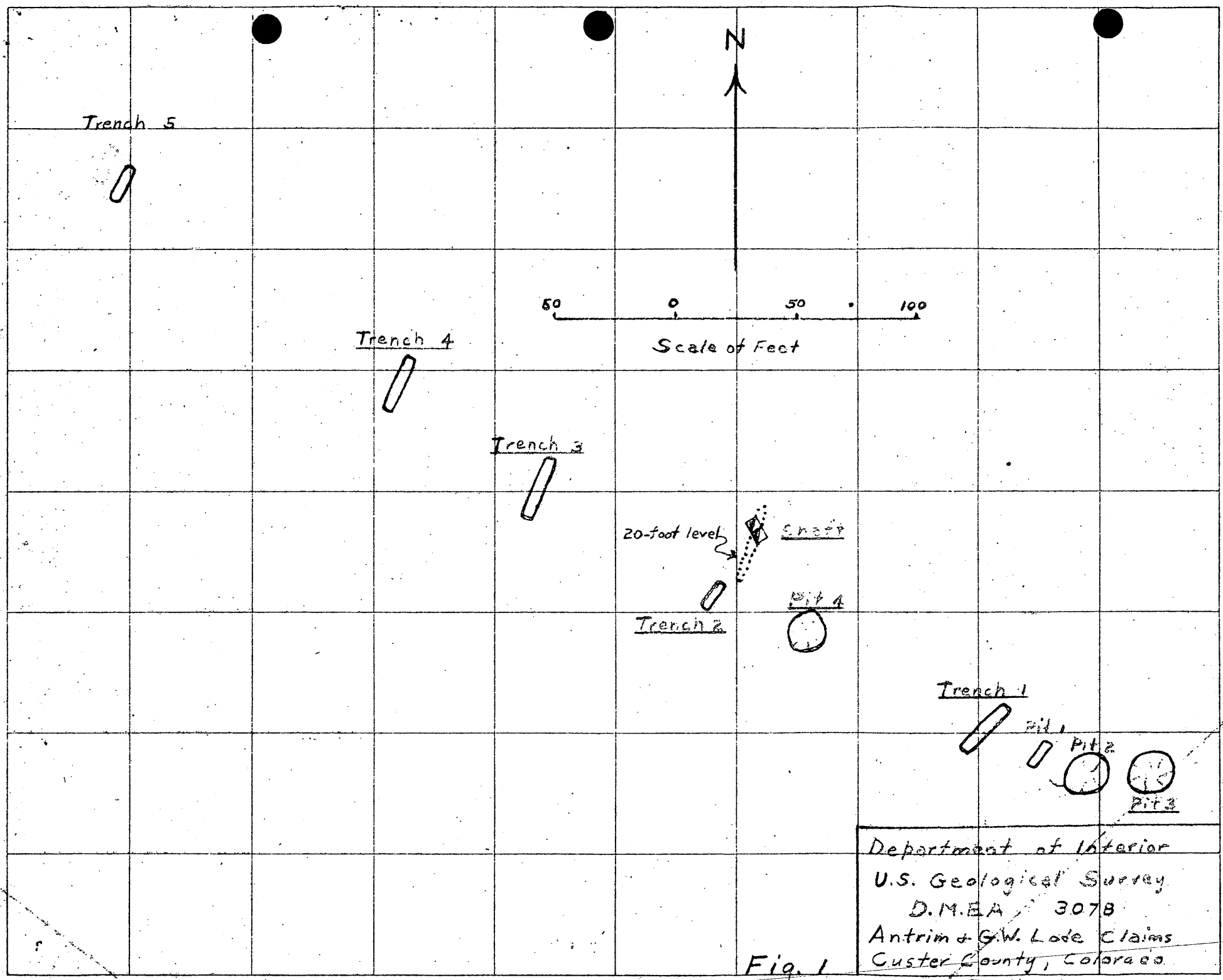
A short crosscut, driven northeast from the bottom of the shaft, is entirely in gneiss; a southwesterly crosscut is in gneiss for the first 15 feet and in a rhyrolite dike for the last 6 feet. At the face, crosscut appears to be entering altered gneiss.

In Trench No. 1 the thorium-bearing vein lies parallel to and about 3 feet southwest of a rhyolite dike. Assuming similar geologic conditions in the southwest crosscut, the vein should be 3 to 5 feet

southwest of the present face. Extension of the southwest crosscut therefore appears warranted.

All funds allotted for crosscutting under the contract have been expended. There remains, however, about $403.20 to be expended for trenching and it is the operator's belief that this sum should be expended in extending the southwest crosscut.

It is concluded that additional trenching will add little to our knowledge of the deposit but that an extension of the southwest crosscut should expose the thorite bearing vein which is the exploration objective. It is, therefore, recommended that the contract be amended to permit the unexpended funds to be used in extending the southwest crosscut.



Department of Interior
U.S. Geological Survey
D.M.E.A. 3078
Antrim & G.W. Lode Claims
Custer County, Colorado

Fig. 1

E.N. Harshman 3-31-54

"ALBANENE" NO. 195M K&E CO., N.Y.

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 6, 1954

Memorandum

To: Executive Officer, DMRA Field Team, Region IV

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

Subject: DMRA 3078, Contract Idm-E653 (Thorium), George D. Heinweigert and Pete Cowan (GW and Antrim Lodes), Custer County, Colorado

Enclosed are the original and seven copies of M. H. Salsbury's memorandum recommending the substitution of drifting from the bottom of the present shaft for the surface trenching remaining uncompleted. Funds left of $403.26 will permit approximately 10.5 feet of additional drifting southwest at the contract unit price of $38.30 a foot which will be considerably more informative than trenching.

The recommendation has my approval.

W. M. Traver

W. M. Traver

enclosure

WMT/kp

cc ✓7
E653
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 2, 1954

Memorandum

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

From: M. H. Salsbury

Subject: DMMA 3078, Contract I&m-8653 (Thorium), George D. Schweigert and Pete Cowan (GW and Antrim Lodes), Custer County, Colorado--Request for amendment

Progress under the subject contract was inspected on March 31, 1954, in company with E. N. Marshman of the Geological Survey, and Pete Cowan. The contractors' request to substitute further crosscutting at the bottom of the shaft for the remainder of the trenching allowed by contract was also investigated.

The contractors have completed 89 feet of trenching out of a total of 125 feet allowed under Exhibit A of the contract, and 12.5 feet of shaft sinking and 26 feet of crosscutting, exceeding the maximum of 10 feet of shaft sinking and 20 feet of crosscutting allowed. The attempt to determine the length and width of the deposit has been only partly successful. Five trenches have been excavated, starting with trench T1 just northwest of the crest of the hill and numbered consecutively going northwest down the hill, ending with trench T5 (fig. 1). Trenches T1, T3, T4, and T5 were completed under the contract. Trench T2 and some excavation in pit 1 at the crest of the hill were not done or payment claimed under the contract.

Only the shaft and trench T1 have reached the formation in place. In trench T1, the thorium-bearing vein with a width of 5 feet is definitely exposed. None of the other trenches have reached bedrock and only one, T3, shows definite radioactivity which, however, is general and may come from radioactive material in the wash.

The shaft was sunk in an old pit where good radioactive material, which appeared to be in place, was found. It was assumed that this location was on the vein outcrop. Exploration has shown

that this ore is only a stringer not over 2 feet wide which may or may not be connected with a continuous vein deposit. No more ore was encountered in crosscutting from the shaft 5.5 feet northeast, and 20.5 feet southwest. However, in the end of the southwest crosscut, a rhyolite dike has been cut which appears to be the same one showing on the northeast side of the ore in trench T1 and pit 1 at the crest of the hill. If this is the case, the southwest crosscut should encounter a continuation of the vein within the next 10 feet.

Thirty-six feet of trenching at $11.20 per foot, or $403.26, could be done without exceeding the maximum allowed under the contract. Because of the depth of the wash on the northwest slope and the scattered evidence of radioactivity on the southeast slope, completion of the limited amount of trenching left would not be likely to result in information of any value, and is not recommended.

A Brunton survey tieing in the various trenches, pits, and shaft workings was made and five samples of radioactive material taken.

An amendment to the contract, permitting substitution of a maximum of 10.5 feet of crosscutting, at a cost not to exceed $403.26, to extend the present southwest crosscut which has been driven a distance of 20.5 feet, is recommended.

L. H. Everitt, for
M. H. Salsbury
Mining Engineer

MHS/kp

cc ✓7
R653
Chron

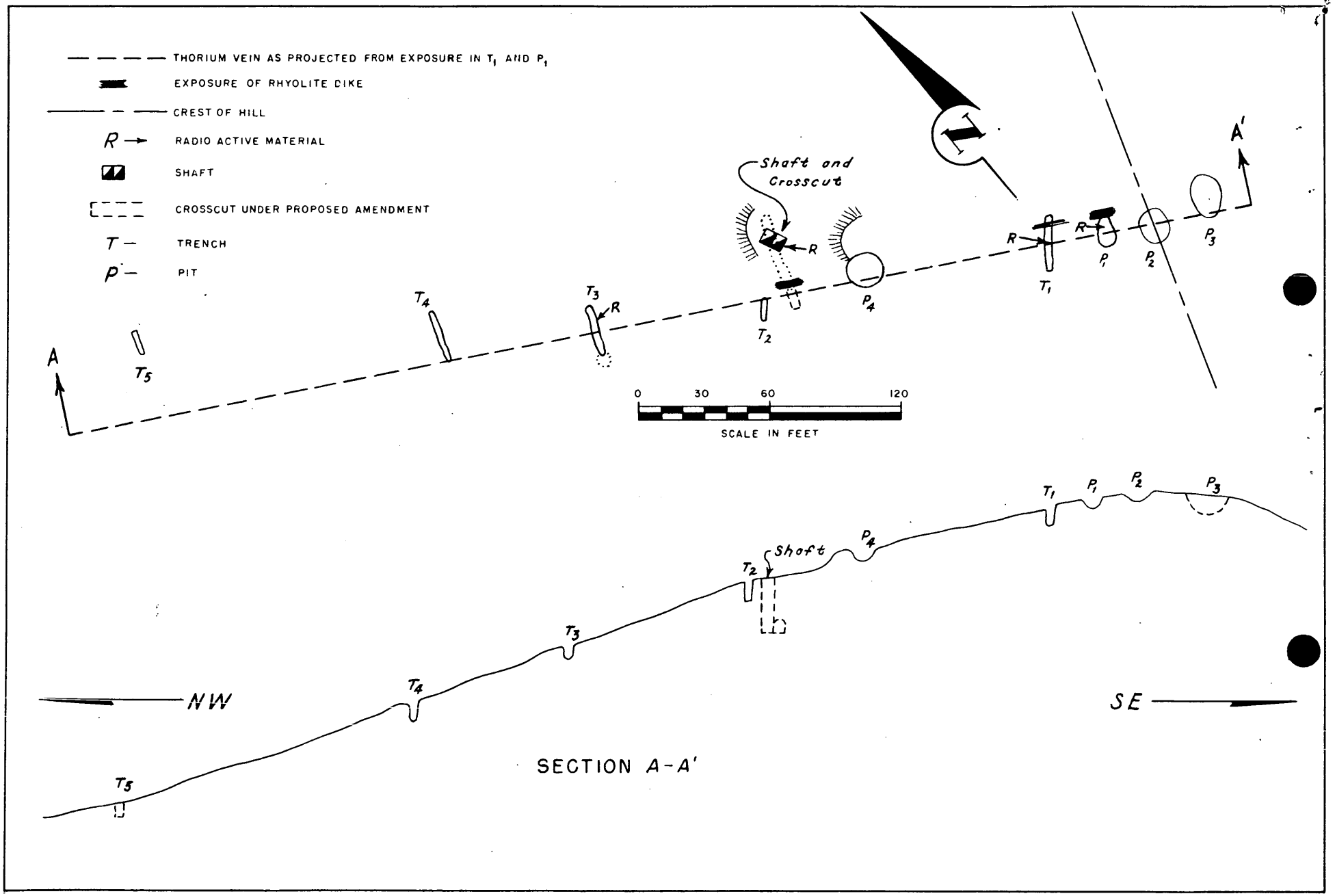


FIGURE 1 - PLAN AND SECTION OF SURFACE AND SHAFT WORKINGS, GW AND ANTRIM CLAIMS
CUSTER COUNTY, COLO. (DMEA 3078, CONTRACT Idm E653)

No. 1

AMENDMENT OF CONTRACT: No. Idm-E653

Contract Docket No. DMEA 3078, dated January 4, 1954, between the United States of America and a joint venture consisting of George D. Schweigert and Pete Cowan is hereby amended as follows, effective as of the date of said contract:

> Referring to EXHIBIT "A" attached to Exploration Project Contract Form MF-200(A) (February 1952) caption "Description of the Work", second paragraph, delete the last sentence beginning with the words "From the bottom of the shaft..." and in lieu thereof substitute the following:
>
> "From the bottom of the shaft crosscut northerly and southerly approximately at right angles to the strike of the vein to expose the full width of the vein, total aggregate crosscutting in both directions not to exceed 20 feet. The extent of crosscutting in either direction must be acceptable to the Government."

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 _____ 1954

GEORGE D. SCHWEIGERT AND PETE COWAN

By George D. Schweigert
George D. Schweigert, Agent

UNITED STATES OF AMERICA

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 3, 1954

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMEA 3078, contract Idm-E653 (Thorium), George D. Schweigert and Pete Cowan, Custer County, Colorado - Request for amendment

Enclosed are the original and seven copies of a memorandum by M. H. Salsbury recommending the subject amendment request. The recommendation has my approval.

W. M. Traver

enclosures

cc 5
E653
DMEA Chron.

WMT/pam

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 2, 1954

Memorandum

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

From: M. H. Salsbury

Subject: DMEA 3078, contract Idm-E653 (Thorium), George D. Schweigert and Pete Cowan, Custer County, Colorado - Request for amendment

In a letter to the Executive Officer DMEA Field Team, Region IV, dated February 25, 1954, George D. Schweigert requested an amendment to the subject contract permitting a change in direction of crosscutting from the bottom of the shaft being sunk on the vein. He suggests changing the wording in the contract as follows: "From the bottom of the shaft crosscut in a northerly and southerly direction to endeavor to expose more of the full width of the vein. Total aggregate footage of crosscutting not to exceed 20 feet."

The intent of the work is to expose the width of the vein, and, in order to do so by crosscutting, the opening would have to be driven northeast or southwest in order to cut the vein at right angles. The strike of the vein, as indicated by the several exposures, is about N. 50° W. Thus an opening driven south or north would not crosscut the vein at right angles. It is the opinion of the examining team that the crosscuts should be driven approximately at right angles. However, it is recommended that the total of crosscutting be allowed either southwesterly or northeasterly, according to the mineralization encountered.

If the limit of mineralization is encountered on one side of the shaft in less than 10 feet, crosscutting on the opposite side should be permitted for more than 10 feet, not exceeding the maximum of 20 feet for both crosscuts. It is not definitely known that the shaft is on the centerline of the vein.

An amendment permitting the above change is recommended, making it clear that the crosscuts are to be driven approximately at right angles to the vein.

for W. M. Brown
M. H. Salsbury
Mining Engineer

cc 7
E653
DMEA Chron.

MHS/pam

March 2, 1954

Memorandum

To: A. H. Koschmann AHK

From: E. N. Harshman

Subject: DMEA Docket 3078 (thorium), Contract Idm-E653, George D. Schweigert and Pete Cowan, Custer County, Colorado

The Field Team's letter of March 1, 1954, requests comments on a request for amendment to Contract Idm-E653, made by the applicant in a letter of February 25, 1954.

The requested change in wording from southwest and northeast to southerly and northerly is entirely appropriate with the limitation that the crosscut shall be at right angles to the strike of the vein. The total aggregate footage of crosscut should not exceed 20 feet but may be distributed unequally in crosscutting northerly or southerly to explore the full width of the vein.

George D. Schweigert
700 Kendall Street
Denver 10, Colorado

February 28, 1954

Mr. W. H. King
Executive Officer, DMS
Field Team, Region IV
and New Customhouse
Denver 2, Colorado

Docket #2073

Dear Mr. King:

In going over the workings February 20, 1954 we were about 4 feet below the original bottom of pit #2. We hit into very radio active material on the south end of shaft. We therefore think it would be better to drift across the vein in a southerly direction and offer the following change in the contract for your consideration.

Delete the last sentence of paragraph 2. In lieu thereof, substitute the following. Change the last sentence of the final paragraph of exhibit A to read: From the bottom of the shaft crosscut in a northerly and southerly direction to endeavor to expose more of the full width of the vein. Total aggregate footage of crosscutting not to exceed 70 feet.

Very truly yours

George D. Schweigert

Docket No. DMEA - 2078

Commodity Thorium

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 653

Date of Contract ~~or Amendment~~: Jan. 4, 1954

Name and Address of Operator:
Schroigert and Cowan
700 Magnolia St., Denver 20, Colo.

Amount of Government participation $ 2,599.20

Percent of Government participation 50 %

Region: IV State: Colorado

Note: Please release .94 ; Advice Contract Administration and Audit Division

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

(Title)

Date Delivered to Bureau of Mines, Washington.

5/25/54

54458

Doc[illegible] No. DMEA 2078

Commodity Thorium

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 653

Date of Contract ~~or Amendment~~: January 4, 1954

Name and Address of Operator:

George D. Schweigert,
750 Magnolia Street, Denver 20, Colo and
Pete Cann,
Westcliffe, Colorado (joint venture)

Amount of Government participation $ 2,599.20

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. 1/5/54 13908

MF-200 (A)
(February 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1954

DOCKET NO. DMEA 3078

COMMODITY Thorium

Idm-E653

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 4th day of January, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] a joint venture consisting of George D. Schweigert, 780 Magnolia Street, Denver 20, Colorado and Pete Cowan, Westcliffe, Colorado

hereinafter called the "Operator," as follows: and as set forth in Annex I attached hereto and made a part hereof.

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 Custer, described as follows:[3] Two patented mining claims located in Sections 9 and 10, T. 22 S., R. 71 W., GW Lode, U.S. Survey No. 16533A, and Antrim Lode, U.S. Survey No. 16141.

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] Thorium

in or upon the described land; and shall bring the project to completion within a period of 125 days 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 $2,599.20, which is ninety (90) percent of $2,888.00, 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: See Annex I, substituted for that part of 6(a) preceding the colon

(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.

Geo L Schweigert
J Pete Cowan
(Operator)

By _____

THE UNITED STATES OF AMERICA

By W S 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

EXHIBIT A

Description of the Work

Clear the access road by bulldozing from the L. E. Herington ranch to the property, a distance of approximately one mile.

Exploration at pit Number 2 will consist of sinking a shaft on the vein a distance of 10 feet below the present bottom of the pit to expose less weathered and less disturbed bedrock. From the bottom of the shaft crosscut a maximum of 10 feet both to the northeast and southwest to expose the full width of the vein.

Excavate three trenches across the vein to expose its full width to permit thorough and accurate sampling. The maximum total length of trenching is 125 feet and the location, direction, and depth of each trench is to be determined by the DMEA representative. The location of all the work is shown on Figure 2 which is attached and made a part of Exhibit A.

ESTIMATED COSTS OF THE PROJECT

Clearing access road with bulldozer 1/	$72.00
Sinking shaft at pit Number 2, 10 feet at $65.00 per foot	650.00
Crosscutting 20 feet from bottom of shaft at $38.30 per foot	766.00
Trenching 125 feet at $11.20 per foot	1,400.00
Total estimated cost	2,888.00
Government participation 90%	2,599.20

1/ The entire work constitutes the unit of work.

The above estimated costs include any and all costs incurred in the completion of the work.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1954

ANNEX I

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If 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 a sufficient, complete, final report and final account referred to in the contract 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. 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, 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 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 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:

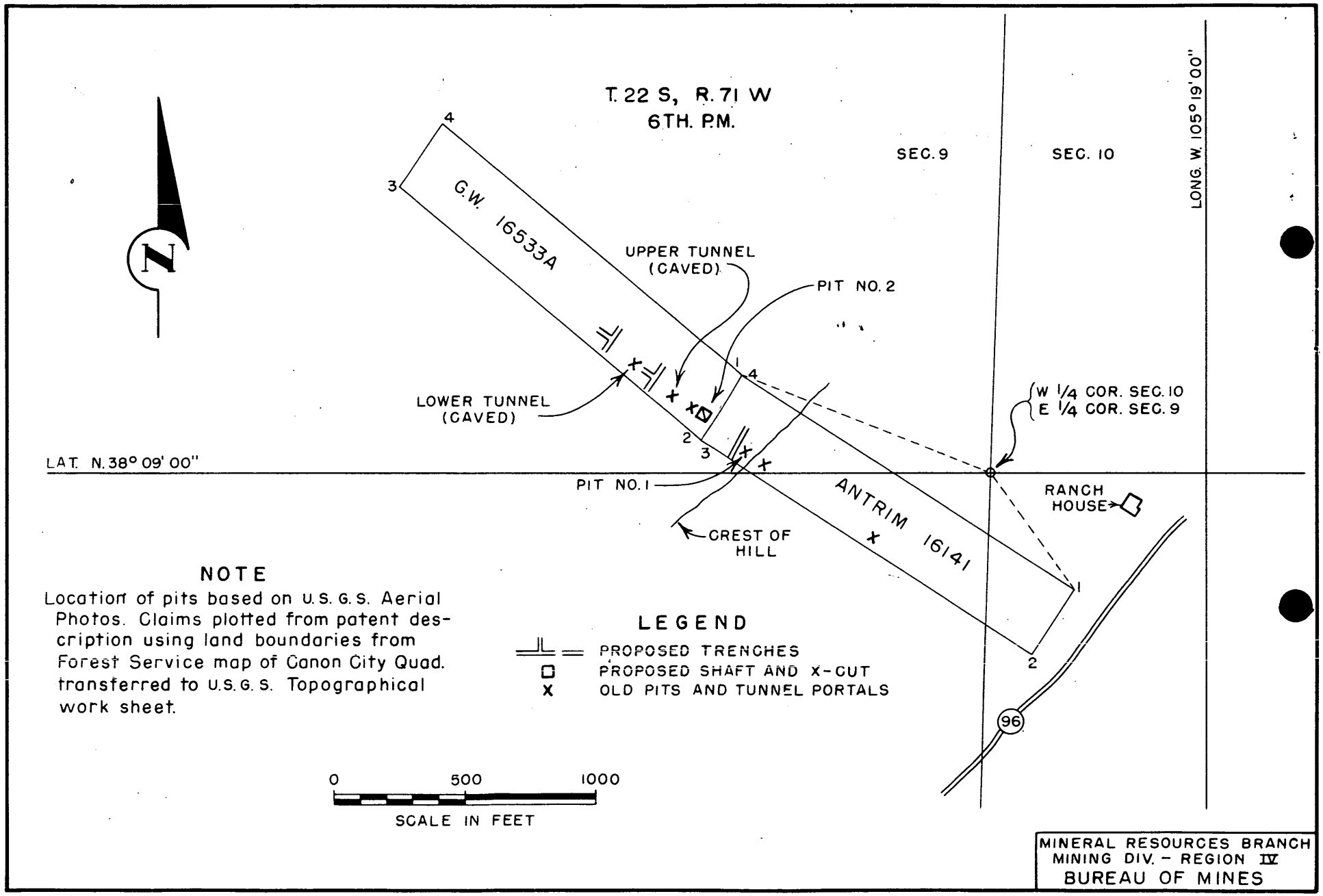


FIGURE 2 - PLAN MAP OF GW AND ANTRIM LODE CLAIMS, CUSTER COUNTY, COLO. (DMEA 3078)