UNION CARBIDE

UNION CARBIDE NUCLEAR COMPANY

DIVISION OF UNION CARBIDE CORPORATION

P. O. BOX 1049, GRAND JUNCTION, COLORADO

OFFICIAL FILE COPY O. M. E RECEIVED NOV 29 1963		
DATE	INITIALS	CODE
12/2	[illegible]	800
		170
		220

November 27, 1963

Mr. Frank Johnson
Acting Director
Office of Minerals Exploration
United States Department of the Interior
Washington 25, D. C.

Subject: DMEA-4826
Contract E-1181

DMEA-4494
Contract E-1074

Dear Mr. Johnson:

Thank you for your reply to our telephone request of November 19, 1963. This letter is to confirm our telephone request.

Union Carbide Corporation has taken an Assignment of a Mining Lease from the New Idria Mining Company covering certain mining claims on Beaver Mesa in Mesa County, Colorado.

We have understood that these claims are subject to DMEA Loan No. 1074 and E-1181. It is our understanding that the Contract No. E-1181 has been satisfied by payment from the mining company to the United States Government. However, we understand there is a balance on Contract No. E-1074.

The effective date of our contract on these properties was the 17th of December, 1962. We would appreciate it very much if you could forward to us an accounting in regard to these properties and this contract.

We would appreciate any information you might send us which would aid us in our handling of the royalty due the Government on this property.

Very truly yours,

T. S. Ary (y)

T. S. Ary
Land Manager

Confirmation of Tel. request
Data sent 11/26/63
FEJ

NOV 2 - 1963

AIRMAIL

Union Carbide Corporation
Nuclear Division
Box 1049
Grand Junction, Colorado

Attention: Mr. T. S. Ary

Gentlemen:

This is in response to Mr. T. S. Ary's telephone call to Mr. Frank E. Johnson of this office on November 19, 1963, advising that Union Carbide had assumed the repayment responsibilities under certain DMEA exploration contracts and requesting the amounts of the unpaid balances as of specific dates. The information requested is given below:

DMEA-4826
Contract E-1181 - Repaid in full 3/13/62.

DMEA-4494
Contract E-1074 - Unpaid balance as of 12/17/62 - $10,865.77, Since 12/17/62 additional payments have been made reducing the unpaid balance to $7,535 as of 10/10/63.

DMEA-4713
Contract E-1115 - Unpaid balance as of 8/9/62 - $39,018.72.

Sincerely yours,

George Fumich, Jr.

Acting Director

FEJohnson/bik
11/20/63
cc to: Files
Dir. reading file
DMEA file - 4494
" " - 4713
" " - 4826
Mr. Johnson

Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code

MAR 16 1962

Memorandum

To: Chief, Fiscal Section
Division of Administrative Services
Office of the Secretary

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

Subject: DMEA-4826 (Uranium)
New Idria Mining & Chemical Co., Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract Idm-E1181
and
DMEA-4494 (Uranium)
New Idria Mining & Chemical Co.
Johnnie Mae Group of Claims
Mesa County, Colorado
Contract Idm-E1074

On March 15 the Chief, Division of Field Operations wrote to the Acting Field Officer of Region III regarding a royalty remittance of $644.49 applicable to the subject contracts. A copy of the memorandum was furnished your section.

In the meantime, however, the Acting Field Officer had forwarded his abstract of Remittances No. '62-3-2 under cover of his March 13 memorandum. This abstract includes the $644.49 remittance for credit to the Idm-E1074 contract account.

To correct the status of these accounts, please transfer the $37.00 overpayment of royalty, presently reflected on your Idm-E1181 account, to the credit of Idm-E1074 account.

EDTalbert/cac
March 16, 1962

cc: Director's reading file
CA&Audit div.
Region III (2)
DMEA-4826 and 4494

43683

E Form 7
0-58)

OFFICIAL FILE COPY

Date	Surname	Code
3/15	Talbut	800
	Murphy	500
	[illegible]	500
3/15	[illegible]	120
		110
		100
		210

MAR 1 5 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4826 (Uranium)
New Idria Mining & Chemical Co., Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract Idm-E1181
and
DMEA-4494 (Uranium)
New Idria Mining & Chemical Co.
Johnnie Mae Group of Claims
Mesa County, Colorado
Contract Idm-E1074

As requested in your March 12 memorandum, a review of the recent royalty documents pertinent to the subject contract has been made. Our conclusion is that the March 7 Royalty Payment Statement of the Union Carbide Nuclear Company represents a correct adjustment of the matter.

In effect, Union Carbide is considering the December 8 royalty remittance of $188.95 as being solely applicable to contract Idm-E1181, thereby overpaying by $37.00 the Government's contribution. The March 7 remittance of $644.49 is the net of the $598.40 royalty on liquidation 11595 and $92.09 on liquidation 11493, both correctly applicable to contract Idm-E1074, less the $37.00 overpayment on contract Idm-E1181.

Union Carbide Nuclear Company's $644.49 check should be forwarded to the Department's Fiscal Section under cover of your usual Abstract of Remittances. The abstract should indicate that the $644.49 remittance is to be applied as $681.49 to Idm-E1074 and as a minus $37.00 to Idm-E1181.

letter 3/12 filed in 4494

43683

Upon accomplishment of the foregoing, the answers to your specific questions will be: (1) No further royalty will be due the Government on Idm-E1181; and (2) No further royalty is payable on liquidation 11595. The status of the royalty accounts, before and after adjustment, may be summarized as follows:

	Idm-E1074	Idm-E1181
Contribution Repayable	$33,458.28	$66,808.20
Recorded Repayments	$20,672.98	$66,845.20
Royalty on Liq. 11493	92.09)	
	)	-37.00
Royalty on Liq. 11595	589.40)	
Adjusted Repayments	$21,354.47	$66,808.20

George C. Selfridge

(2/B)

EDTalbert/cac
March 15, 1962

cc: Director's reading file
Dmea 4826
Dmea 4494
CA&A Division
Fiscal Section

NEW IDRIA MINING & CHEMICAL COMPANY
URANIUM DIVISION • 2618 NORTH 12TH STREET CHAPEL 3-2762 P.O. Box 311
GRAND JUNCTION, COLORADO

January 22, 1962

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

Re: DMEA-4826 (Uranium)
New Idria Mining & Chemical Co., Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-E1181

Dear Mr. Fumich:

We have received yours of the 18th of January relative to the release of lien on the above numbered contract and also regarding a press release statement to be issued on February 1, 1962.

Your interest in the repayment of this exploration assistance contract and issuance of the press statement as outlined in your letter is sincerely appreciated and we would have no objection to this statement whatsoever.

Sincerely yours,

NEW IDRIA MINING & CHEMICAL CO.

Dean Nicholson

Dean Nicholson

cc: Mr. C. Hyde Lewis, President
New Idria Mining & Chemical Co.
Idria, San Benito County, California

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

DATE	INITIALS	CODE
1/26		
1-26		200
"		100
		110
		120
1/29		500
1/29	Murphy	
		220

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1/18	Dakan	200
1/18	Talbert	800
1/18	Murphy	500
1/18	Selbrede	1200
"	Johnson	110
1-18	Fumich	100

JAN 18 1962

New Idria Mining and Chemical Company
and
Beaver Mesa Uranium, Inc., a Joint Venture
New Idria Mining and Chemical Company, Agent
P. O. Box 311
Grand Junction, Colorado

Re: DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract Idm-E1181

Gentlemen:

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

Repayment Completed on an Exploration Assistance Contract

The New Idria Mining and Chemical Company and the Beaver Mesa Uranium, Incorporated, a joint venture in an exploration assistance contract administered by the Office of Minerals Exploration have completed repayment of $66,808.20, the Department of the Interior announced today.

According to George Fumich, Jr., Director of the Office of Minerals Exploration, New Idria and Beaver Mesa joined in the contract with the Defense Minerals Exploration Administration in 1958 to explore for uranium in Mesa County, Colorado and completed the work in 1959.

Sincerely yours,

George Fumich, Jr.

Director

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

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1/16	Murphy	500
	Forman	500
1/17	Talbot	800
1/17	Selfridge	220
"	Hubbard	110
1-18	Fumich	100
		220

JAN 18 1962

Mr. Bert Hubbard
Delta, Colorado

Re: DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract Idm-E1181

Dear Mr. Hubbard:

Enclosed is a copy of a self-explanatory letter of today to the Operator's agent under the subject contract.

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you on April 3, 1958.

Sincerely yours,

George Fumich, Jr.
Director

Enclosure

FMMurphy/gla
1-16-62
cc to: Director's Reading File
Region III (2)
Docket
Code 500

Identical letters to:

Mr. Lyman Hubbard, Gateway, Colorado
Mr. Carter W. Elliott, 201 Vereda Del Norte, Palm Springs, California
Mr. Lee Murrin and Mrs. Winifred Murrin, 822 Tremaine St., Los Angeles 5, Calif.
Mr. J. B. Crowley, P. O. Box 1192, Grand Junction, Colorado
Miss Delsie M. Crowley, P. O. Box 1135, Grand Junction, Colorado

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1/16/62	Murphy	500
	Bursnall	500
1/17	Tabbutt	800
1/17	Selmeczy	120
1/17	Dunn	110
1-18	Fumich	100
		220

Mr. Alan M. Simpson
President
Beaver Mesa Uranium, Inc.
Box 567
Grand Junction, Colorado

JAN 18 1962

Re: DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract Idm-E1181

Dear Mr. Simpson:

Enclosed is a copy of a self-explanatory letter of today to the Operator's agent under the subject contract.

This correspondence relates to the three Consents to Lien and Subordination Agreements signed by you on April 3, 1958.

Sincerely yours,

George Fumich, Jr.

Director

Enclosure

FMMurphy/gla
1-16-62
cc to: Director's Reading File
Region III (2)
Docket
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1/16	Murphy	500
	[illegible]	500
1/17	Talbot	800
1/17	[illegible]	120
"	[illegible]	110
1-17	Fumich	100
		220

JAN 18 1962

Mr. J. L. Thompson
P. O. Box 364
Danbury, Connecticut

Re: DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract Idm-E1181

Dear Mr. Thompson:

Enclosed is a copy of a self-explanatory letter of today to the Operator's agent under the subject contract.

This correspondence relates to the two Consents to Lien and Subordination Agreements signed by you on April 3, 1958.

Sincerely yours,

George Fumich, Jr.
Director

Enclosure

FMMurphy/gla
1-16-62
cc to: Director's Reading File
Region III (2)
Docket
Code 500

Identical letters to:

Mr. L. R. Baker, Trustee
132 North 6th, Grand Junction, Colorado
Mr. Cecil S. Haynie
P. O. Box 896, Grand Junction, Colorado

43683

OFFICIAL FILE COPY

Date	Surname	Code
11/30	Talbert	800
	Murphy	500
	on leave	500
12/1	BCS	130
12/1	gad	220

DEC 1 1961

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMRA-4826 (Uranium)
New Idria Mining & Chemical Co., Agent
Hubbard Homestead, Pack Rat, et al., claims
Mesa County, Colorado
Contract Idm-E1181

In your November 28 letter to the New Idria Mining & Chemical Company, agent under the subject contract, $151.95 is stated as the balance shown on your records as repayable by royalty.

You are advised that the amount of $151.95 is correct according to the records of this office. The difference of $37.00 between that balance and the $188.95 stated in the agent's November 25 letter apparently is the amount discussed in my August 9 memorandum.

(S) George C. Selfridge

(HB)

EDTalbert/ama 11-30-61

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

43683

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

DATE	INITIALS	
11/30		800
		700
		700

Building 20 - Federal Center
Denver 25, Colorado

November 28, 1961

Dean Nicholson
New Mexico Mining & Chemical Company
P. O. Box 311
Grand Junction, Colorado

Re: Docket NMMA 4826 (Uranium)
Contract No. Ida E1181
New Mexico Mining & Chemical Co., Agent
(Hubbard Homestead, Pack Rat, et al.)
Mesa County, Colorado

Dear Mr. Nicholson:

Thank you for your letter of November 25, 1961 and the copy of your letter to Mr. D. E. Clark which was attached.

Our records, which are subject to audit, show that $151.95 is the amount due the Government to settle the royalty account on the captioned contract.

You state that according to your records the amount due the Government is $188.95. Should there be an overpayment you may claim a refund.

The Washington office will advise you when the obligation is paid in full and the land involved will no longer be subordinated to the Government.

Yours very truly,

Original signed by

Hugh H. Connors
Acting Field Officer, OME
Region III

cc D. E. Clark, Office Manager
Union Carbide Nuclear Company
P. O. Box 1049
Grand Junction, Colorado
Chief, Division of Field Operations, OME
w/copy of Mr. Nicholson's letter to Region III and copy of Mr. Nicholson's letter to D. E. Clark
Royalty Corres E1181
Chron

NEW IDRIA MINING & CHEMICAL COMPANY
URANIUM DIVISION • P.O. Box 511
GRAND JUNCTION, COLORADO

OFFICIAL FILE COPY

O. M. E
RECEIVED NOV 30 1961

DATE	INITIALS	CODE

OME
DEPARTMENT OF THE INTERIOR
NOV 2 1961
REGION III
COLORADO

November 25, 1961

Office of Minerals Exploration
224 New Customhouse Bldg.
Denver 2, Colorado

Re: Docket No. DMEA 4826 (Uranium)
Contract No. Idm-E1181
New Idria Mining & Chemical Co., Agent
(Hubbard Homestead, Pack Rat, et al.)
Mesa County, Colorado

Dear Sirs:

With respect to the subject DMEA loan, we have forwarded the original of the enclosed copy, which is self-explanatory, to Union Carbide Nuclear Company at Grand Junction.

We assume that your audit will be in the near future and we will be pleased to co-operate in any way.

With the completion of this obligation in full, we would appreciate some form of official release.

Yours truly,

NEW IDRIA MINING & CHEMICAL CO.

Dean Nicholson

Dean Nicholson

cc: New Idria Mining & Chemical Co.
Idria, San Benito County
California

URANIUM DIVISION
NEW IDRIA MINING & CHEM. CO.
P. O. BOX 311
GRAND JUNCTION, COLO.

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

DATE	INITIALS	CODE

November 25, 1961

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

Attn: Mr. D. E. Clark, Office Manager

Re: Docket No. DMEA 4826
Contract No. Idm-E1181
Hubbard Homestead, Pack Rat and
Shakin Quakie Claims
Mesa County, Colorado

Dear Mr. Clark:

We wish to request that you limit future payment to the Office of Minerals Exploration for the account of the subject docket to the amount of $188.95.

This sum, $188.95 according to our records, will clear our obligation to the government on our DMEA loan as noted above.

We assume that the OME will soon audit this account in order that the official status may be determined.

Yours truly,

NEW IDRIA MINING & CHEMICAL CO.

Dean Nicholson

cc: Office of Minerals Exploration
224 New Customhouse Bldg.
Denver 2, Colorado

New Idria Mining & Chemical Co.
Idria, San Benito County
California

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
8/8	Talbert	800
8/8	Murphy	500
	Wardell	500
8/9	[illegible]	130
"	Johnson	110
8/9	Tarian	100
		220

AUG 9 1961

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: Abstract of Remittances No. 61-7-3

The fourth item on the subject abstract is Union Carbide Nuclear Company's check no. 31438 in the amount of $1,152.21, which is stated for application to New Idria Mining and Chemical Company accounts as follows:

Contract	Docket	Amount
Idm-E1074	DMEA-4494	$301.44
" 1181	" 4826	618.11
" 1181	" 4826	195.66

As the listed amounts total $1,115.21 rather than $1,152.21, a difference of $37.00 remains for accounting application. Furthermore, a review of the pertinent settlement sheets indicates that the listed amounts are correct calculations of royalty payable.

By copy of this memorandum the Department's Fiscal Section is being requested to record the $37.00 excess remittance as royalty applicable to contract Idm-E1181. The status of this account will then be as follows:

Government's Contribution Repayable	$66,808.20
Repayments by Royalty	65,276.26
Balance Repayable by Royalty	$ 1,531.94

As this account is nearly paid in full, the application thereto of the excess remittance appears to be the best solution of the matter.

EDTalbert/ama
August 8, 1961

/s/ George C. Selfridge

(HB)

Copy to: Docket - DMEA-4826
Director's Reading File
CA & A Division
Review Committee
Mr. Rothrock

43683

June 16, 1961

OME
DEPARTMENT OF THE INTERIOR

E1181

DMEA-4876

E. A. Fabiani
New Idria Mining & Chemical Company
San Benito County
Idria, California

Re: Settlement 11197 & 11198

Dear Sir:

In checking our records we find we did not deduct the $195.66 royalty due the Defense Minerals Exploration Administration on the April settlement. However, we will deduct this amount from your June settlement.

We are sorry for the inconvenience this error has caused you.

Yours very truly,

UNION CARBIDE NUCLEAR COMPANY

D. E. Clark
Office Manager

DEC/EFD:ab

cc: Defense Minerals Exploration Administration

Selfridge

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 22 1961

DATE	INITIALS	CODE
6/22	gad	220
6/22	[illegible]	800
	[illegible]	500
6/23	Murphy	500
		220

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 25 1961

DATE	INITIALS	CODE
5/25	gad	NVO
5/25	[illegible]	800
	Murphy	~~500~~
		220

May 19, 1961

Union Carbide Nuclear Company
Division of Union Carbide Corporation
Box 1049
Grand Junction, Colorado

Gentlemen:

Re: Docket No. DMEA-4826 (Uranium)
Contract No. Idm-E1181
New Idria Mining and Chemical
Company and Beaver Mesa
Uranium, Inc., (Joint Venture)
(Hubbard Homestead, Jack Rat, et al.)
Mesa County, Colorado

Reference is made to the Royalty Payment Statement dated May 9, 1961 on Liquidation No. 11198 for ore from the captioned property. The Royalty Payment Statement showed 5% of $14,266.32 as being $714.32.

The correct royalty payment on this liquidation should have been 5% of $18,199.69, which is $909.98, which makes a balance due the Government of $195.66.

Will you please forward this office an additional $195.66 from the next ore settlement from the property.

Very truly yours,

Original signed by

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

cc: New Idria Mining and Chemical Co.
P. O. Box 311, Grand Junction, Colo.

Chief, Division of Field Operations, OME, Washington (2)

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/17	Talbert	800
5/17	Murphy	500
	Drennel	500
5/17	GCS	130
	Johnson	110
5/17	gad	220

MAY 1 7 1961

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4826 (Uranium)
New Idria Mining & Chemical Co., Agent
Hubbard Homestead, Pack Rat, et al., claims
Mesa County, Colorado
Contract Idm-E1181

Included in your Abstract of Remittances No. 61-5-3 is a royalty payment of $714.32 applicable to the subject contract. However, the supporting Liquidation No. 11198 of Union Carbide Nuclear Company indicates proceeds of $18,199.69 on which a 5% royalty amounts to $909.98.

It appears that the Operator erroneously has deducted the development allowance of $1,421.72 and haulage allowance of $2,491.65 from the proceeds before computation of the 5% royalty. Accordingly, it is suggested that you advise the Operator of its error and request remittance of the $195.66 balance due on this settlement.

George C. Selfridge

EDTalbert/ama
May 16, 1961

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

43683

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
RECEIVED 1960

December 14, 1960

12/19 cac 210
12/22 Hurshy 500
220

Memorandum

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

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

Subject: Docket No. DMEA-4826 (Uranium)
Contract No. Idm-E1181
New Idria Mining and Chemical Company and
Beaver Mesa Uranium, Inc., (Joint Venture)
(Hubbard Homestead, Pack Rat, et al., claims)
Mesa County, Colorado

Attached is the original Report of Royalty Review on the subject property dated December 5, 1960 covering the period February 4, 1959, through October 31, 1960.

Original signed by

Hugh M. Connors

Attachment
HMC/lm
cc Chief, Division of Field Operations (2)
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. E1181
Chron

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
RECEIVED
29 1960

December 13, 1960

New Idria Mining and Chemical Company
P. O. Box 311
Grand Junction, Colorado

Re: Docket No. DMEA-4826 (Uranium)
Contract No. Idm-E1181
New Idria Mining and Chemical Company and
Beaver Mesa Uranium, Inc., (Joint Venture)
(Hubbard Homestead, Pack Rat, et al., claims)
Mesa County, Colorado

Gentlemen:

Enclosed is a copy of the Report of Royalty Review on the captioned property dated December 5, 1960 covering the period February 4, 1959, through October 31, 1960 which shows that no royalty is due the Government at this time.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

Enclosure

HMC/lm
cc Chief, Division of Field Operations (2)
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. E1074
Chron

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 9 1960

DATE	INITIALS	CODE
11-9	gad	200
11/9	[illegible]	800
11-9	Murphy	500
		220

November 7, 1960

Memorandum

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

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

Subject: DMEA-4826 (Uranium)
New Idria Mining & Chemical Co., Agent
Hubbard Homestead, Pack Rat, et al., claims
Mesa County, Colorado
Contract Idm-E1181
and
DMEA-4073 (Uranium)
Hamilton, et al., and Simpson Mining Company
Beaver Mesa Group
Mesa County, Colorado
Contract Idm-E987

This has further reference to your memorandum dated November 2, 1960.

We find we were in error in our Abstract of Remittance No. 6-2, June 8, 1960, reporting an amount of $1,229.90 as Royalty collected applicable to Contract Idm-E1181, New Idria Mining & Chemical Co.

The collection properly should be applied to Contract Idm-E987 Hamilton, et al., and Simpson Mining Company as the ore was produced from Rajah 11 and 63 claims. We have corrected our records in this office.

Laura L. Montrose
for Hugh M. Connors

lm
cc: Fiscal Section, Division of Administrative Services

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/2	Fisher	800
11/2	Talbut	800
	Marcus	500
11/2	GCS	130
"	Johnson	110
		220

NOV 2 1960

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4826 (Uranium)
New Idria Mining & Chemical Co., Agent
Hubbard Homestead, Pack Rat, et al., claims
Mesa County, Colorado
Contract Idm-E1181
and
DMEA-4073 (Uranium)
Hamilton, et al., and Simpson Mining Company
Beaver Mesa Group
Mesa County, Colorado
Contract Idm-E987

Your Abstract of Remittances No. 6-2, June 8, 1960, reports an amount of $1,229.90 as royalty collected applicable to the first above referenced contract. However, the liquidation statements from Union Carbide Nuclear Co. supporting this remittance show that the ore was produced from Rajah 11 and 63 claims, which are included in the second above referenced contract.

Please advise whether this collection properly should be applied to the second above referenced contract with appropriate adjustment being made in the records of the Department's Fiscal Section.

George C. Selfridge

CEFisher/ama
November 2, 1960

Copy to: Docket - DMEA-4826
Director's Reading File
CA & A Division
Review Committee

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
8/8	Murphy	500
		~~500~~
8/9	Talbert	800
8/9	Selfridge on leave	130
"	Johnson	110
		220
		225

AUG 9 1960

Memorandum

To: Acting Field Officer, Region III

From: ACTING Chief, Division of Field Operations

Subject: DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract Idm-E1181

Reference is made to Mr. J. W. Townsend's memorandum dated December 9, 1959, and our memorandum of December 30, 1959, concerning the possible diversion of ore from the subject claims.

For your information and guidance, we are enclosing two Thermofax copies of the August 4, 1960, memorandum from the Comptroller General of the United States to the Secretary. Should you obtain additional evidence on this matter in the future, as suggested in the last paragraph of this memorandum, you should advise this office.

/s/ W. R. Griswold

Enclosures

FMMurphy/gla
8-9-60
cc to: Director's Reading File
Review Committee
Docket
Chron

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 8 1960

DATE	INITIALS	CODE
8-8	gad	NNO
8/8	[illegible]	800
		~~500~~
8/8	JEA	110
	Murphy	500
		500

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON 25

B-143204

DMEA-48 v 6

August 4, 1960

Dear Mr. Secretary:

Your letter of June 10, 1960, with enclosures, furnishes information regarding the efforts of your Department, the Federal Bureau of Investigation, and the New Idria Mining and Chemical Company to substantiate allegations of ore diversions in connection with Defense Minerals Exploration Administration Project contract No. Idm-E1181. If the allegations of ore diversion were true, it would mean that the Government, New Idria, and other royalty holders had not received proper royalty payments for ore mined from properties in which they had definite contractual interests.

After an investigation costing in excess of $3,000, New Idria was unable to find proof of ore diversion, although some instances of exchange of equal grades of ore were found. This exchange of equal grades did not result in any improper payment of royalties, but it was a violation of New Idria's lease agreement with Beaver Mesa Uranium, Inc., and, as a result, New Idria cancelled the lease and took over from Beaver Mesa as producer.

The Federal Bureau of Investigation reported nothing to substantiate the allegations of ore diversion and considered the matter closed.

Your letter states that the matter is reduced to the unsubstantiated allegations of a discharged mine worker. Although your field experts concede the possibility of ore diversion, no evidence of diversion has been adduced and the likelihood of further evidential development is extremely remote. Your Department has been unable to conclude that a basis exists for the establishment of a financial claim for royalties which might have been lost through diversion. Neither the amount of loss, if any, nor the identity of persons responsible, has been revealed.

Since no financial claims have been developed, we have no objection, on the basis of the present record, to your Department's closing this matter without further action.

IN
AUG 5 1 09 PM '60
INTERIOR
CHIEF CLERK

B-143204

It is understood that if any additional evidence is brought to your attention in the future, you will take appropriate action to protect the interests of the Government.

Very truly yours,

Joseph Campbell

Comptroller General
of the United States

The Honorable
The Secretary of the Interior

DEPARTMENT OF THE INTERIOR
August 8, 1960

Referred to Defense Minerals Exploration Administration, (MME)

Floyd B. Dotson

Chief Clerk

Docket, OME
FILE COPY
Surname:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON 25, D. C.

6/31 Murphy
Campbell
6/1 Selbridge
Sellers
Acct 6/2

JUN 10 1960

Dear Mr. Campbell:

The following case is submitted for your consideration and decision, with respect to the possibility of a claim evolving from a mineral exploration contract to which this Department is a party. The background of such contract and the various field developments of the claim's import are hereafter outlined.

On March 27, 1958, the New Idria Mining and Chemical Company, P. O. Box 311, Grand Junction, Colorado, hereinafter referred to as New Idria, and Beaver Mesa Uranium, Inc., P. O. Box 567, Grand Junction, Colorado, hereinafter referred to as Beaver Mesa, a Joint Venture, entered into Defense Minerals Exploration Administration Project Contract IDx-M1151 (Docket No. DMEA-A886) with the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration. The Office of Minerals Exploration is the successor agency to DMEA.

In general, the contract provided that: (a) New Idria and Beaver Mesa, hereinafter referred to collectively as the Operator, would conduct exploration as outlined in Exhibit "A" of the contract and Amendment No. 1 thereto; (b) the Government would contribute 75 percent of the allowable costs of completed exploration work; and (c) under provisions of Article 8, if the Government certified in writing that a discovery or a development from which production might be made resulted from the exploration work, the Operator, as principal if the producer, or as surety if not the producer, would pay to the Government a percentage royalty on the gross proceeds of any minerals mined or produced from the land described in Article 2 of the contract within ten years from the date of the contract, or until the amount of the Government's contribution to the exploration costs, without interest, was fully repaid, whichever occurred first (Emolument No. 1).

The exploration was conducted on the Hubbard Homestead (Lot 1, sec. 35, T. 51 N., R. 80 W; N. M. P. M., Colorado) owned by Beaver Mesa, Lyman Hubbard of Gateway, Colorado; Bert Hubbard of Delta, Colorado; Carter W. Elliott, 881 Verada Del Norte, Palm Springs, California; and Lee Murrin and Winifred Murrin, in joint tenancy, 822 Tremaine St., Los Angeles 5, California, each of whom executed

a Consent to Lien and Subordination Agreement dated April 3, 1958, and to all or portions of six unpatented lode mining claims. The claims are the Peak Hat Nos. 1 through 3, Shakin Cookie Fraction, and Johnnie Hat Nos. 1 (varying 180 ft.) and 2, situate in sec. 33 and 34, T. 52 N., R. 89 W., N. M. P. M., Mesa County, Colorado. The Peak Hat Nos. 1 through 3 and the Johnnie Hat Nos. 1 and 2 are owned by Beaver Mesa; J. L. Gaddis, P. O. Box 1198, Grand Junction, Colorado; Edwin M. Crowley, P. O. Box 1135, Grand Junction, Colorado; J. L. Thompson, P. O. Box 354, Roxbury, Connecticut; L. R. Baker, Trustee, 132 So. 6th, Grand Junction, Colorado; and Cecil S. Hughes, P. O. Box 698, Grand Junction, Colorado, each of whom executed a Consent to Lien and Subordination Agreement dated April 3, 1958. The Shakin Cookie Fraction is owned by Beaver Mesa; J. L. Thompson; L. R. Baker, Trustee, and Cecil S. Hughes, each of whom signed a Consent to Lien and Subordination Agreement dated April 3, 1958.

Exploration work was started May 12, 1958, and the contract was terminated by a Termination Agreement dated February 27, 1959, as the contract objective had been achieved (Enclosure No. 2).

On May 15, 1959, a Certification of Discovery or Development was issued by the Office of Minerals Exploration based upon the results of the exploration work (Enclosure No. 3).

Once the exploration work had been completed, it was agreed by the Joint Venture that Beaver Mesa would continue the actual mining and selling of the ore under an operating agreement.

With a memorandum dated October 6, 1959, from the Atomic Energy Commission Operations Office, in Grand Junction, Colorado, to the Office of Minerals Exploration in Denver, Colorado, an inquiry stated that William Gordon, a former miner on the subject property, stated that ore from the property had been shipped as production from certain other claims not subordinated under the terms of the contract (Enclosure No. 4).

A letter dated October 22, 1959, from Ben Ninio to the Executive Officer, GSS Field Team, Region III, Denver, Colorado, hereinafter referred to as the Field Team, stated that rumors and complaints of diversion of ore had existed. For this and other reasons, Ben Ninio stated that it had cancelled the operating agreement with Beaver Mesa and was taking over the direct control and supervision of the property (Enclosure No. 5).

With a memorandum dated October 28, 1959, the OME Field Team forwarded the above-mentioned AEC memorandum and the letter from New Idria to the Washington OME Office. The Field Team requested advice on what action it should take regarding the alleged diversion of production. It stated that an inspection of the property was considered but that "mined out and undoubtedly caved portions of the mine would preclude any attempt to make a survey or accurate determination of extent of ore extracted" (Enclosure No. 6).

In a memorandum dated November 6, 1959, to the Field Team, the Washington OME Office recommended that the investigation be continued, outlining some of the procedure to be followed (Enclosure No. 7).

In a letter dated November 12, 1959, the Field Team advised Beaver Mesa that it had information indicating possible diversion of ore from the subject property and requested a statement in the form of an affidavit as to the truth of the matter (Enclosure No. 8).

A letter dated November 12, 1959, from the Field Team to William Scudam requested any additional information he might have relating to the alleged diversion of ore (Enclosure No. 9).

In a letter dated November 12, 1959, the Field Team requested New Idria to advise what action was taken by it regarding the alleged diversion of ore; to submit accurate stope maps if available, and to state the period during which Beaver Mesa was the producer from the subject property (Enclosure No. 10).

In a letter dated November 13, 1959, Mr. Scudam advised the Field Team that he would meet with it and sign a statement of the alleged diversion of ore (Enclosure No. 11).

In a letter dated November 17, 1959, the Field Team advised Mr. Scudam that Mr. Hugh M. Connors, mining engineer, Bureau of Mines, would meet him in Rock Springs, Wyoming, on November 24 to obtain his statement (Enclosure No. 12).

In a letter dated November 16, 1959, Adams, Keskeen, Traylor and Kim, Beaver Mesa's attorneys, to the Field Team, in reply to the letter of November 12, suggested a conference rather than signing an affidavit. The letter also stated that Mr. Scudam had attempted to cause Beaver Mesa trouble with several other agencies, but after investigation, all his efforts so far had been in vain (Enclosure No. 13).

A memorandum dated November 19, 1979, from the Field Team to the Washington GMI Office advised that two representatives of New Idria visited the GMI office and explained the action taken by the company regarding the alleged diversion of ore. They stated that the company's attorneys had advised against court action on the little evidence that was uncovered. The Field Team noted that New Idria and Denver Mass were hesitant to put anything in writing that might in some way be used against them; however, the New Idria representative promised to write a letter outlining the steps the company had taken in an effort to obtain sufficient evidence on which to initiate a court action (Enclosure No. 14).

In a letter dated November 20, 1979, to the Field Team, New Idria summarized the action it had taken since April, 1979, when the matter of ore diversion was first brought to its attention and the conclusions reached as a result of its investigations (Enclosure No. 15).

The Field Team with its memorandum dated November 27, 1979, to the Washington GMI Office (Enclosure No. 15) enclosed copies of a statement dated November 24, 1979, by William Hudson, and a memorandum dated November 27, 1979, by E. M. Sumore covering the conference and Mr. Gordon's background while working in the area. The Field Team noted that Mr. Hudson's statement did not provide any definite facts; however, it did provide a few leads that could be followed if deemed warranted (Enclosure No. 16).

The Field Team with its memorandum of December 4, 1979, to the Washington GMI Office enclosed a copy of a memorandum dated November 8, 1979, by E. M. Sumore. Mr. Sumore outlined the mining procedure on the subject property. He stated that the ARP and the companies (Denver Mass and New Idria) had no stope maps showing ore thickness and grade; therefore, he could see no possible way from maps now available to prove the tonnage mined on ore pillars had been pulled and moved to the stopes was not possible. The Field Team in its memorandum noted that an attempt by the Government to prove the extent of diversion of ore would be deemed to failure as there was no possible way to determine the exact or even approximate tonnage of ore and of waste extracted from any specific property. The Field Team recommended that if further investigation was required, the matter should be turned over to the FBI (Enclosure No. 17).

It appears that the Fenton complaint was reported to the Federal Bureau of Investigation by the Atomic Energy Commission some time in October 1978; however, FBI reported at that time that no action was contemplated. After receipt of the Field Team's memorandum of December 5, 1979 (Enclosure No. 17), the FBI Washington Office prepared a proposed memorandum for legal review informing the Field Team that it believed the case should be dropped without further involving the FBI (Enclosure No. 18).

At this point the entire case was subjected to review at the Departmental level. It was tentatively decided to defer closing the review until the matter had been investigated by the FBI. Before a formal request in this connection was initiated, however, an FBI agent covering an inquiry presumably based on earlier referral of the Fenton complaint by AEC was received in the Department. The FBI report is confined largely of information already available in field reports of GAO. It offers nothing further to substantiate Fenton's allegations. We are advised that the FBI considers the case closed.

The matter, therefore, reduces itself to the sole proposition of the unsubstantiated allegations of a discharged site worker. Although field reports concede the possibility of are diversion, no evidence of diversion has been adduced. As indicated in many of the supporting documents, moreover, the likelihood of further evidential developments is extremely remote. Under these circumstances the Department has been unable to conclude that a basis exists for the establishment of a financial claim for repayment which might have been lost through diversion. Neither the amount of loss, if any, nor the identity of persons responsible has been positively ascertained.

It is our tentative view that the matter may be closed without further action. Because of the possible claims

factors involved, however, we are deferring closure until the benefit of your consideration is obtained. Your advice is requested accordingly.

Sincerely yours,

(sgd) D. Otis Beasley
Administrative Assistant

Assistant Secretary of the Interior

Mr. Joseph Campbell
Comptroller General of the
United States
Washington 25, D. C.

Enclosures

Murphy/Miller/fw/hb/jfg/fm/kb - May 27, 1960
cc to: Secy's file
Secy's reading file
Docket, CMM
SOL
Director of Inspection
Field Team, CMM Region III (2)
CAAA Div., CMM
Director's file
Director's reading file

In reply refer
to: A-[illegible]-1035.1

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

MAY 25 1960

Memorandum

To: Acting Director
Office of Minerals Exploration

From: Associate Solicitor
Division of Mineral Resources

Subject: DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-E1181

We have reviewed the draft submitted with your memorandum of May 6, 1960, in connection with the subject claim. After receiving the suggestions of the Director of Inspection, we have prepared and herewith enclose for your consideration an original and two copies of a revised draft. The Director of Inspection has agreed that the case should be submitted over the signature of the Secretary and we believe that this draft is now in proper form. We will be glad to discuss it further with you.

Charles M. Soller
Associate Solicitor
Division of Mineral Resources

Attachments

1 copy this memorandum and draft to Mr. Selfridge
1 copy draft to Mr. Murphy

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/5	Selfridge	220
5/5	Murphy	500
"	Harrison	"
		110
		220
		225

RECEIVED
MAY 9 1960
ASSOC. SOLICITOR
MINERAL RESOURCES

MAY 6 1960

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Acting Director, Office of Minerals Exploration

Subject: DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-E1181

Attached for final drafting is a rough draft chronologically setting forth the facts relating to the subject docket and allegations concerning possible ore diversion in accordance with the suggestions made at the April 29 meeting in your office with Messrs. Herman, Denit, Selfridge, and yourself.

To clarify the April 6, 1960, note to you from the Solicitor, I wish to state that our proposed memorandum of March 24, 1960, to you was written without the benefit of having copies of the memorandum of January 8, 1960, from the Director of Inspection to the Solicitor or your memorandum of January 11, 1960, to the Solicitor concurring in the suggestion of the Director of Inspection.

(signed) FRANK E. JOHNSON
Acting Director

Attachments *

GCSelfridge/hb (5/4/60)
Copy to: Docket (DMEA-4826)
Director's Reading File
Director's File
Frank E. Johnson
E. Dallas Talbert
G. C. Selfridge

P.S. When so informed, we shall duplicate those enclosures you require.

*Attachments are: Folders 1 & 1A, DMEA-4826
Draft

43683

DRAFT
Fitzgerald/mb (8/5/60)
Ew

Dear Mr. Campbell:

The following case is submitted for your consideration and decision.

On March 27, 1958, the New Idria Mining and Chemical Company, hereinafter referred to as New Idria, a Nevada corporation, with Power of Attorney, dated January 14, 1958, to act as agent, P. O. Box 511, Grand Junction, Colorado, and Beaver Mesa Uranium, Inc., hereinafter referred to as Beaver Mesa, a Nevada corporation, P. O. Box 147, Grand Junction, Colorado, a Joint Venture, entered into Defense Minerals Exploration Administration Project Contract Idm-21181 (Docket No. DMEA-4528) with the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration. The Office of Minerals Exploration is the successor agency to DMEA.

In general, the contract provided that: (a) New Idria and Beaver Mesa, hereinafter referred to collectively as the Operator, would conduct exploration as outlined in Exhibit "A" of the Contract and Amendment No. 1 thereto; (b) the Government would contribute 75 percent of the allowable costs of completed exploration work; and (c) under provisions of Article 8, if the Government certified in writing that a discovery or a development from which production might be made resulted from the exploration work, the Operator, as principal if the producer, or as surety if not the producer, would pay to the Government a percentage royalty on the gross proceeds of any minerals mined or produced from the land described in Article 1 of the contract within ten years from the date of the contract, or until the

amount of the Government's contribution to the exploration costs, without interest, was fully repaid, whichever occurred first (Exhibits No. 1).

The exploration was conducted on the Hubbard Homestead (Lot 1, sec. 18, T. 51 N., R. 20 W.) owned by Beaver Mann, Lyman Hubbard of Gateway, Colorado; Dave Hubbard of Delta, Colorado; Carter F. Elliott, 201 Verada Del Norte, Palm Springs, California; and Lee Martin and Winifred Martin, in joint tenancy, 821 Traverse St., Los Angeles 5, California; all of whom executed a Contract to Lease and Subordination Agreement dated April 3, 1958, (attached to the contract), and on all or portions of 8 unpatented lode mining claims, the Dark Star Nos. 1 through 3, Shaddo Quartz Fraction, and Johnnie Mae Nos. 1 (portions 100 ft.) and 3, situate in Secs. 25 and 36, T. 51 N., R. 20 W., New Mexico Principal Meridian and Base Line, Mesa County, Colorado. The Dark Star Nos. 1 through 3, Johnnie Mae Nos. 1 and 3 are owned by Beaver Mann; J. E. Crowley, P. O. Box 1192, Grand Junction, Colorado; Dalsie M. Crowley, P. O. Box 1193, Grand Junction, Colorado; J. L. Thompson, P. O. Box 364, Danbury, Connecticut; L. H. Baker, Trustee, 132 No. 6th, Grand Junction, Colorado; and Cecil E. Haynie, P. O. Box 594, Grand Junction, Colorado, all of whom executed a Contract to Lease and Subordination Agreement, dated April 3, 1958, (attached to the contract). The Shaddo Quartz Fraction is owned by Beaver Mann; J. L. Thompson; L. H. Baker, trustee; and Cecil E. Haynie (addresses above), all of whom signed a Contract to Lease and Subordination Agreement dated April 3, 1958, (attached to the contract).

Exploration work was started May 11, 1958, and the contract was terminated by a Termination Agreement, dated February 17, 1959, as the contract objective had been achieved (Enclosure No. 2).

On May 15, 1959, a certification of discovery or development was issued by the Defense Minerals Exploration Administration based upon the results of the exploration work (Enclosure No. 3).

When the exploration work had been completed, it was agreed by the Joint Venture that Denver Mine would perform the actual mining and selling of the ore under an operating agreement.

With a memorandum, dated October 6, 1959, from the Atomic Energy Commission Operations Office, in Grand Junction, Colorado, to the Office of Minerals Exploration in Denver, an enclosure advised that William Sowden, a former miner on the subject property, stated that ore from the property had been shipped as production from certain other claims not subordinated under the terms of the contract (Enclosure 4).

A letter, dated October 21, 1959, from New Idria to the Executive Officer, OME Field Team, Region III, Denver, Colorado, hereinafter referred to as the Field Team, stated that rumors and suspicions of diversion of ore had ensued. For this and other reasons, New Idria had cancelled the operating agreement with Denver Mine and was taking over the direct control and supervision of the property (Enclosure No. 5).

With a memorandum dated October 30, 1959, the OME Field Team forwarded the above-mentioned AEC memorandum and the letter from New Idria to the

Washington OME Office. The Field Team requested advice on what action it should take regarding the alleged diversion of production. It stated that an inspection of the property was considered but that "mined out and undoubtedly caved portions of the mine would preclude any attempt to make a survey or accurate determination of extent of ore extracted" (Enclosure No. 6).

In a memorandum dated November 6, 1959, to the Field Team, the Washington OME Office recommended that the investigation be continued, outlining some of the procedure to be followed (Enclosure No. 7).

In a letter dated November 12, 1959, the Field Team advised Beaver Mesa Uranium, Inc., that it had information indicating possible diversion of ore from the subject property and requested a statement in the form of an affidavit as to the truth of the matter (Enclosure No. 8).

A letter dated November 12, 1959, from the Field Team to William Bowden, requested any additional information he might have relating to the alleged diversion of ore (Enclosure No. 9).

In a letter dated November 12, 1959, the Field Team requested New Idria Mining and Chemical Company to advise what action was taken by it regarding the alleged diversion of ore; to submit accurate stope maps if available; and advise the period during which Beaver Mesa Uranium, Inc., was the producer from the subject property (Enclosure No. 10).

In a letter dated November 15, 1959, William Bowden advised the Field Team that he would meet it and sign a statement of the alleged diversion of ore (Enclosure No. 11).

In a letter dated November 17, 1959, the Field Team advised William Sowden that Mr. Hugh M. Conners, mining engineer, Bureau of Mines, would meet him in Rock Springs, Wyoming, on November 24 to obtain his statement (Enclosure No. 12).

In a letter dated November 18, 1959, from Adams, Hackman, Traylor and Ely, Beaver Mesa Uranium, Inc.'s attorneys, to the Field Team, in reply to its letter of November 12, they suggested a conference rather than signing an affidavit. The letter also stated that William Sowden had attempted to cause Beaver Mesa Uranium, Inc., trouble with several other agencies, but after investigation, all his efforts so far had been in vain (Enclosure No. 13).

A memorandum dated November 19, 1959, from the Field Team to the Washington OME Office advised that two representatives of New Idria Mining and Chemical Company visited the OME office and explained the action taken by the company regarding the alleged diversion of ore. They stated that their attorneys had advised against court action on the little evidence that was uncovered. The Field Team noted that New Idria and Beaver Mesa were hesitant to put anything in writing that might in some way be used against them; however, the New Idria representative promised to write a letter outlining the steps they had taken in an effort to obtain sufficient evidence on which to initiate a court action (Enclosure No. 14).

In a letter dated November 20, 1959, to the Field Team, New Idria Mining and Chemical Company summarized the action it had taken since April 1959, when the matter of ore diversion was first brought to its attention and the conclusions reached as a result of its investigations (Enclosure No. 15).

The Field Team with its memorandum dated November 27, 1959, to the Washington OME Office enclosed copies of Enclosure No. 15, a statement dated November 24, 1959, by William Sowden, and a memorandum dated November 27, 1959, by H. M. Connors covering the conference and Mr. Sowden's background while working in the area. The Field Team noted that Mr. Sowden's statement did not provide any definite facts; however, it did provide a few leads that could be followed if deemed warranted (Enclosure No.. 16).

The Field Team with its memorandum of December 9, 1959, to the Washington OME Office enclosed a copy of a memorandum dated December 8, 1959, by H. M. Connors. Mr. Connors outlined the mining procedure on the subject property. He stated that the AEC and the companies (Beaver Mats and New Idria) had no stope maps showing ore thickness and grade; therefore, he could see no possible way to prove the tonnage mined from maps now available as ore pillars had been pulled and access to the stopes was not possible. The Field Team in its memorandum noted that an attempt by the Government to prove the extent of diversion of ore would be doomed to failure as there was no possible way to determine the exact or even approximate tonnage of ore and of waste extracted from any specific property. The Field Team recommended that if further investigation was required, the matter should be turned over to the FBI (Enclosure No. 17).

After receipt of the Field Team's memorandum of December 9, 1959 (Enclosure No. 17), the CMK Washington Office prepared a proposed memorandum for legal review informing the Field Team that it believed the case should be dropped without further involving the FBI (Enclosure No. 18).

After discussion of the proposed memorandum (Enclosure No. 18) with the Office of the Associate Solicitor and the Director of Inspection, the Washington Office of CMK notified the Field Team on December 30, 1959, that a more detailed study of all the data relating to the possible diversion of ore was being made, and that afterward it would be advised on the course of action to be adopted (Enclosure No. 19).

The docket was then referred to the Office of the Director of Inspection for review and comments. The Director in a memorandum dated January 8, 1960, advised the matter should not be closed until it had been investigated by the FBI (Enclosure No. 20).

In a memorandum dated January 11, 1960, to the Solicitor, C. M. Soller, Associate Solicitor, concurred in the Director of Inspection's (Enclosure No. 20) recommendations (Enclosure No. 21).

The Field Team in a memorandum dated March 18, 1960, to the Washington Office of CMK advised that the FBI Denver Office had received instructions from its Washington Office to close its files on the subject case of diversion of ore as there was insufficient direct evidence of fraud to warrant further investigation (Enclosure No. 22).

A memorandum dated March 24, 1960, from the Acting Director, OME, to the Associate Solicitor, Division of Mineral Resources, enclosed a copy of Enclosure No. 22 and suggested that in view of the information the matter be closed and the docket returned to OME (Enclosure No. 23).

A memorandum dated April 7, 1960, to the Solicitor from the Director of Inspection transmitted a copy of an FBI report dated March 24, 1960, entitled "Beaver Mesa Uranium Corporation Alleged Fraud Against the Government," leaving disposition of the FBI communication to the Solicitor's judgment (Enclosure No. 24).

The report, which added nothing new to what was already known, contained neither recommendations nor conclusions and if needed should be available in the Washington FBI Office.

None of the information gathered furnished any reliable figures regarding tonnage or grade of ore that might have been diverted. In fact, the only figure mentioned, "over a hundred tons," was in Bowen's deposition (Enclosure No. 16). As the Government's royalty amounts to approximately $1.50 a ton on Plateau uranium ores, a sum of $150.00 might have been involved in regard to this specific item. Accordingly, the matter can now be brought to a close.

Sincerely yours,

Secretary of the Interior

Hon. Joseph Campbell
Comptroller General of the
United States
Washington 25, D. C.

Enclosures
nb/
Pmmrghy/tv-5/3/60

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

April 25, 1960

Memorandum

To: Acting Director
Office of Minerals Exploration

From: Associate Solicitor
Division of Mineral Resources

Subject: Docket No. DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-E1181

Reference is made to your memorandum dated March 24, to this office enclosing a memorandum of March 18 relating to the alleged diversion of ore from the subject property and recommending that the matter be closed.

As you know, on July 1, 1958, the Comptroller General in a decision (B-136448) held that claims for delinquent royalties on all production under the Defense Minerals Exploration Administration Contracts which had been determined to be administratively uncollectible, should be reported to that office for collection.

In the circumstances, it is believed that your office should prepare, if it is considered administratively advisable to do so, a letter to the Comptroller General setting forth the pertinent facts and circumstances, with supporting data, for consideration and action.

Charles M. Shelley
Associate Solicitor
Division of Mineral Resources

Attachment

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON 25, D. C.

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 29 1960

DATE	INITIALS	CODE
		170

April 7, 1960

Nonsecurity Confidential

Memorandum

To: The Solicitor

From: Director of Inspection

Subject: Docket No. DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-E1181

Herewith referred, for your information, is an FBI communication dealing with the subject hereof. This report relates to the general subject of my memorandum of January 8 and the OME memorandum of March 24. Disposition of the FBI communication is left to your judgment.

/S/ W. Darlington Denit

Attachment

Mr Johnson

Note last page.
Does this FBI statement remain in Omo files?
L Berry

Interior

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to File No.

Denver, Colorado
March 24, 1960

DIV. OF INVESTIGATION
RECEIVED
APR 5 1960
REFERRED TO

BEAVER MESA URANIUM CORPORATION
ALLEGED FRAUD AGAINST THE GOVERNMENT

On October 5, 1959, Mr. ROBERT TOOLE, Atomic Energy Commission (AEC), Grand Junction, Colorado, advised SA HAROLD P. MOSS of the Denver FBI Office that one of his AEC Mining Engineers, MILLARD L. REYNER, Casper, Wyoming, had been contacted by one WILLIAM SOWDEN concerning captioned corporation. Mr. SOWDEN, who then resided at Reliance, Wyoming, stated that he had formerly been employed by the Beaver Mesa Uranium Corporation and was discharged on May 29, 1959, for insubordination. Mr. SOWDEN claimed he had worked as a miner at the Pack Rat and Hubbard Claims of the company. SOWDEN reported that the Beaver Mesa Uranium Corporation took ore which was mined from the Hubbard group claims of that company and had shipped it as coming from claims known as the "Rajah 30 Claim" and from the "Rajah 58 Claim". Mr. TOOLE stated he had checked records of the AEC at Grand Junction and had ascertained none of the claims mentioned had any AEC bonus payments. TOOLE stated therefore that there would be no AEC bonus fraud involved in the transfer of the ore as coming from another claim. He stated that it was his understanding that the Beaver Mesa Uranium Corporation had loans from the Defense Minerals Exploration Administration, which agency is now known as the Office of Minerals and Exploration, located in the Denver Federal Center at Denver.

Mr. TOOLE remarked that most of the agreements entered into by mining organizations with the Office of Minerals and Exploration provided that the U.S. Government is paid a royalty. He added that this royalty might not be paid to the government on appropriate claims as a result of any transfer of ore as coming from another claim.

On November 4, 1959. T. M. ROMSLO, Mining Engineer, Office of Minerals Exploration (OME), Bureau of Mines, U. S. Department of Interior, Building 20, Denver Federal Center, Denver, was contacted by SA WILLIAM J. PEYTON, JR. of the Denver Office of FBI and furnished the following information:

Mr. ROMSLO stated that the records of his agency reflect the Beaver Mesa Uranium Corporation and the New Idria Mining and Chemical Company began a joint-mining venture together in Mesa County, Colorado, southwest of Grand Junction,

Interested agency has been advised of this matter.

Colorado, in March, 1958, with the New Idria Company acting as agent for both companies in dealings with OME. Mr. ROMSLO explained that the purpose of OME is to loan money to mining companies to encourage exploration for minerals in the "critical categories". ROMSLO stated that during the exploration phase of a company's operations, OME loans the mining operator fifty per cent of the cost of exploration until a "discovery" is made at which time a "Certificate of Discovery" is awarded the company when ore bodies suitable for mining are located. Thereafter, the mining operator, upon beginning production, is required to pay back to OME the amount of money loaned for exploration, at the return of a five per cent royalty, until the amount loaned is repaid in full.

Mr. ROMSLO commented that in early 1958, the New Idria Company and the Beaver Mesa Uranium Corporation located ore bodies in Mesa County, Colorado, which were in a group including the Hubbard, Pack Rat, Shaker, Quakie, and Johnny May claims. These claims were all known together as the "Hubbard Homestead Group"; following exploration of the Hubbard Homestead Group claims OME and the New Idria Company (acting as agent for both companies) entered into a ten-year contract in March, 1958, under which contract the New Idria Company would repay within the ten years the amount of $66,808.20 loaned by OME to the New Idria Company and Beaver Mesa Uranium Corporation in early 1958, for exploration of the Hubbard Homestead ore bodies. The five per cent royalty on production was to be paid OME on any and all production from the ore bodies included within the "Hubbard Homestead Group" claims.

Mr. ROMSLO explained that in the event the two companies mined on other claims not included within the "Hubbard Homestead Group", such as the "Rajah" properties, located nearby in Mesa County, no royalty was required to be paid OME from production from claims outside the prescribed boundaries of the "Hubbard Homestead Group". He stated that although New Idria Company has until March, 1968, to pay off the amount loaned by OME for exploration, the New Idria Company, acting as agent for both companies, is far ahead of schedule in making repayment. Mr. ROMSLO explained in this regard that 46.25 per cent of the entire $66,808.20 had been repaid to OME by the end of December, 1958, and that from January, 1959, through October, 1959, another $15,000 had been paid off to OME by the New Idria Company in monthly royalties each month so that at the present time approximately seventy-five percent of the entire amount loaned has been repaid by the New Idria Company as agent for both companies.

Mr. ROMSLO continued that these royalties which have been paid by New Idria Company, as agent for both companies, are all from production from the Hubbard Homestead claims, in accordance with the contract entered into by OME with the New Idria Company in 1958. Mr. ROMSLO remarked that AEC, Grand Junction, Colorado, had furnished the same information to OME, Denver, Colorado, as was furnished the Denver FBI Office by ROBERT TOOLE of AEC, regarding the allegation made by a disgruntled former employee of Beaver Mesa Uranium Corporation one WILLIAM SOWDEN, who was discharged by that company for insubordination in May, 1959.

Mr. ROMSLO stated that from a review of OME records it would not appear that the Beaver Mesa Uranium Corporation or the New Idria Company were involved in any fraud in misrepresenting the origin of ore shipments, in order to avoid payment of five per cent monthly royalties to the OME. ROMSLO pointed out the fact that the New Idria Company, as agent for both companies, had paid off about seventy-five per cent of the original amount loaned by OME for exploration and was far ahead of schedule in making repayment, inasmuch as less than two years of the ten year contractual period has expired. However, he added that in order to resolve for certain the question as to whether any fraud has been committed, the OME Regional Office at Denver planned to inspect the properties being mined by the two companies in question in Mesa County, Colorado, to ascertain whether allegations made by WILLIAM SOWDEN against the Beaver Mesa Uranium Corporation are true or false. He stated that the OME inquiry would be made sometime before the end of the calendar year of 1959, and at the latest would be handled by early January of 1960, so that the matter would be definitely resolved by approximately January 15, 1960.

ROMSLO explained that the operations of both companies in Mesa County were last inspected by OME in February, 1959, and are inspected routinely on a yearly basis; however, in view of SOWDEN's allegations as to possible misrepresentations made by the Beaver Mesa Uranium Corporation, OME would inspect the mining claims in Mesa County prior to 1960 in order to resolve the question as to whether any fraud has been committed. ROMSLO added that the OME inquiry would include inspection of records of ore shipments from Mesa County by both companies, covering the entire period since March, 1958, so that misrepresentations, if any, would be revealed.

ROMSLO remarked that the Beaver Mesa Uranium Corporation has a good record with OME in that this company has paid off to the OME two prior exploration loans in full ahead of schedule and there has never been any reason in the past to suspect this company of any fraud.

ROMSLO suggested the Denver FBI Office contact Mr. JAMES W. TOWNSEND, Executive Officer, Region III, OME, Building 20, Denver Federal Center, U. S. Bureau of Mines, in January, 1960, to determine the outcome of the inquiry by OME in Mesa County, Colorado. He added that although he felt there is little likelihood of any fraud in this matter, the OME inquiry and inspection of company operations should definitely resolve this matter.

On January 15, 1960, JAMES W. TOWNSEND, Executive Officer, Region III, Office of Minerals Exploration (OME), Bureau of Mines. U. S. Department of Interior, Building 20, Denver Federal Center, Denver, was contacted by SA WILLIAM J. PEYTON, JR., and furnished the following the following information from his files concerning the Beaver Mesa Uranium Corporation:

TOWNSEND stated in the first week of December, 1959, H. M. CONNORS, OME mining engineer, Denver, conducted an "on-site" inspection of the mining properties in Mesa County, Colorado, known as the "Hubbard Homestead Group", as well as other nearby mining properties, including inspection of operations on the "Rajah" claims. TOWNSEND related that CONNORS, during his inspection, was unable to prove that any fraud against the government had occurred and had recommended no further investigation be conducted in the matter. TOWNSEND made available Mr. CONNORS' report of his inspection, dated December 18, 1959, from which the following is quoted:

"It appears to me that we cannot definitely prove any ore diverson might have occurred. My inspection indicated that the operator was making every effort to keep the ore properly segregated. I recommend that the search for ore diversion on this property be dropped."

Mr. TOWNSEND stated that following the receipt of Mr. CONNORS' report, TOWNSEND submitted a report to his superior in Washington, D. C. (chairman of the OME Operating Committee), dated December 9, 1959, from which the following pertinent portion is quoted:

"My personal opinion of the matter is that any effort by the Government to prove extent of diversion of ore would be doomed to failure as there is no way possible to determine the exact or even the approximate tonnage of ore and of waste extracted from any specific property."

Mr. TOWNSEND stated mined out and caved portions of the mines in question precluded any attempt by Mr. CONNORS to make an accurate determination of the extent of ore extracted from each of the mining properties inspected, and the exact location of the ore when extracted. He added the ore from a considerable part of the "Hubbard Homestead" claims as well as ore from the nearby "Rajah" claims had been transported to ground surface level through a common tunnel which made it even more difficult to prove there was any ore diversion or misrepresentation of the source of the ore. Mr. TOWNSEND stated that CONNORS had conducted a thorough inspection to determine whether there was any truth to the allegations of WILLIAM SOWDEN, but that CONNORS' inquiries did not disclose any fraud against the government on the part of either Beaver Mesa Uranium Corporation or the New Idria Company, which had acted as agent for both companies. TOWNSEND remarked that during the course of his inspection, CONNORS attempted to locate present and former personnel of the companies in question who would be in a position to substantiate or refute allegations made by SOWDEN against Beaver Mesa Uranium Corporation. However, CONNORS was unable to locate anyone who could substantiate SOWDEN's allegations in any respect; Mr. TOWNSEND added further that based upon the results of his entire "on-site" inspection, CONNORS had, therefore, recommended that search for ore diversion against the subject company be dropped.

PROPERTY OF FBI

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 29 1960

DATE	INITIALS	CODE
		140

April 6, 1960

Note to Assoc. Sol. Soller:

Re: New Idria Mining & Chemical Co., et al

While I had anticipated a follow-up on the attached file, I am now puzzled by the memo of March 24 from the Acting Director of OME.

Mr. Denit is entirely correct in the position he takes in his memo of January 8, 1960, with respect to reference of the entire matter to the Department of Justice. His recommendation happens to reflect compliance with the strategic requirements regarding referrals in all instances where a violation of Federal law is alleged.

/S/

George W. Abbott

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
3/25	Selfridge	120
		~~110~~
		220
3/28	gad	500
~~"~~	~~Murphy~~	~~500~~
		225

MAR 24 1960

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Acting Director, Office of Minerals Exploration

Subject: Docket No. DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-21181

Attached is a copy of a memorandum dated March 18, 1960, from the Executive Officer, OME Field Team, Region III, relating to the alleged diversion of ore from the subject property. Based upon the FBI information, I suggest that the matter be closed and that the docket be returned to us.

(signed) FRANK E. JOHNSON

Acting Director

Attachment

GOSelfridge/hb/fw-3/24/60

NOTE; Original and Assoc. Solicitor's copy hand-carried to Mr. Soller's office 3/25/60.

cc: Director's File
Director's Reading File
W. Darlington Denit, Room 6558
E. Dallas Talbert
Frank E. Johnson
George C. Selfridge

43683

OFFICIAL FILE COPY O. M. E. RECEIVED MAR 22 1960		
DATE	INITIALS	CODE
3/22	RCW	225
		~~120~~
		110
		500

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

Memorandum

March 18, 1960

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA-4826 (Uranium), Contract No. Idm-E1181, New Idria Mining and Chemical Company (Agent), (Hubbard Homestead -- Pack Rat etal claims), Mesa County, Colorado

Reference is made to your memorandum dated December 30, 1959 pertaining to your review of matters in conjunction with alleged diversion of ore from the subject property.

Mr. W. J. Peyton of the Denver Office of the Federal Bureau of Investigation informed me yesterday that his office had been instructed from their Washington Office by letter dated March 10, 1960 to close their files on the case as review of material submitted by Mr. Peyton indicated to them that there was insufficient direct evidence of the fraud to warrant further investigation.

J. W. Townsend

J. W. Townsend

COPY

A-60-1035.1

STANDARD FORM NO. 64

Nonsecurity Confidential

Office Memorandum • UNITED STATES GOVERNMENT

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 29 1960

DATE	INITIALS	CODE
		INO

TO : The Solicitor

DATE: January 11, 1960

Associate Solicitor

FROM : Division of Mineral Resources

Docket No. DMEA-4826 (Uranium)

SUBJECT: New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-E1181

I have reviewed the files in connection with the New Idria Mining and Chemical Company case and I am in full accord with the suggestion of the Director of Inspection that they be referred to the Federal Bureau of Investigation for further and more complete investigation before any communication is issued from this Department suggesting the close of the case.

/S/

Charles M. Soller

OFFICIAL FILE COPY
RECEIVED APR 29 1960

DATE	INITIALS	CODE
4-29	gad	

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON 25, D. C.

January 8, 1960

Immediately Confidential

Memorandum

To: Solicitor
Attention: Associate Solicitor - Mineral Resources

From: Director of Inspection

Subject: Docket No. [illegible] (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Park Hat, et al., Claims
Mesa County, Colorado
Contract No. Ida-[illegible]

The files on the above subject, which you turned over to the Chief, Branch of Investigations, have been reviewed. It is our view that the proposed communication from the Chairman, Operating Committee, OME, to the Executive Officer, OME Field Team, Region III, purporting to close this matter is not consistent with the Government's interest.

The files reveal that a complaint was made to a representative of the AEC at Casper, Wyoming by William Gordon, a former employee of the Beaver Mesa Uranium Corporation, to the effect that this corporation was diverting ore from an area administered by the Government and thus defrauding the Government of royalty payments on this ore. The files further show that this information was submitted by the AEC to the office of the OME in Denver. The files also indicate that this complaint was communicated by someone to the Denver office of the Federal Bureau of Investigation and that an Agent of that Bureau has been in touch with the Executive Officer, OME Field Team, Region III, concerning this complaint. The files do not reveal, however, that any investigation has been conducted by the FBI.

In a communication to the Chairman, Operating Committee, OME, from the Executive Officer, OME Field Team, Region III, dated [illegible], 1959, it was stated that FBI Agent E. J. Payton advised on [illegible] that he would defer any action on this matter for a month or two [illegible]

and would then again contact the [illegible] Bureau [illegible]. We think do not reveal whether this was [illegible].

Since a complaint has been [illegible] against the Government [illegible] the [illegible] investigation has been conducted by a [illegible] agency of the Government, and because the [illegible] has manifested an interest in this complaint, it is [illegible] all the pertinent files relating to this complaint [illegible] made available to the Federal Bureau of Investigation [illegible] investigation and disposition of this [illegible]. In the interim any communication of [illegible] forth the intention to drop or close the [illegible] withhold.

The files are herewith returned.

Attachments

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
12/30	GCS	120
12/31	Murphy	500
12/30	Hassinger	500
12/30	GCS	130
"	Johnson	110
		~~245~~
12/31	RCW	225
		~~500~~

225

DEC 30 1959

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Chairman, Operating Committee, OME

Subject: Docket No. DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-E1181

Thank you for your memorandum of December 9 and attachment of December 8, 1959, by H. M. Connors relating to the possible diversion of ore from the subject claims.

A preliminary examination of all of the submitted material has suggested that a more detailed study should be made. As soon as such a study is completed, we shall inform you of the course of action to be adopted.

/s/ George C. Selfridge (245)

APPROVED:

Frank D. Lamb (245)
Member, Bureau of Mines

Harold Kirkemo (245)
Member, Geological Survey

FMMurphy/gla (12-22-59)
Rewritten by GCSelfridge/hb (12-30-59)
Copy to Director's Reading File
Operating Committee
Mr. Kirkemo, USGS
Contract Adm. & Audit Div.
G. C. Selfridge
Code 500

Enclosure 18

8623

500

MME Form 7
(10-58)

R

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RECEIVED
JAN 11 1960
ASSOC. SOLICITOR
MINERAL RESOURCES

RECEIVED
ASSOC. SOLICITOR
MINERAL RESOURCES

OFFICIAL FILE COPY

Date	Surname	Code
12/22	Murphy	500
12/23	Fisher	800
12/23	GLS	130
		140
		110
		220
		~~500~~
		225

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Chairman, Operating Committee, OME

Subject: Docket No. IMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-Ki181

This is to acknowledge your memorandum of December 9, 1959, and previous correspondence in conjunction with the alleged diversion of ore from the subject claims during the period that Beaver Mesa Uranium, Inc., was the operator for the Joint Venture.

The action taken by the Field Team in investigating this matter has been thorough and commendable in that it has furnished this office with the necessary data to arrive at a decision on the subject case.

In view of the data submitted, we believe that the case should be dropped at this time without involving the Federal Bureau of Investigation. However, the facts disclosed during the Field Team's investigation indicate the need for vigilance in the administration of our certified projects, especially where there are other operating mines in the same area.

/s/ George C. Selfridge

(245)

APPROVED:

Frank D. Lamb (245)
Member, Bureau of Mines

Harold Kirkemo (245)
Member, Geological Survey

RMMurphy/gla 12-22-59
cc to: Director's Reading File
Operating Committee
Mr. Kirkemo, USGS
Contract Adm. & Audit Div.
Code 500

Note: This letter sent to Legal Division was not mailed. Other copies loose in file. — Murphy

Rec'd 4 pm. 1/8/60 Bd Summary Office

50 ★

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
December 9, 1959

OFFICIAL FILE COPY
O M E
RECEIVED DEC 14 1959

DATE	INITIALS	CODE
12-14	gad	220
12/14	[illegible]	800
12/14	[illegible]	500
		225

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4826 (Uranium) Contract Idm-E1181, New Idria Mining and Chemical Co. & Beaver Mesa Uranium, Inc., a Joint Venture - New Idria Mining and Chemical Company, Agent (Hubbard Homestead, Pack Rat, Shakin Quakie Fraction and Johnnie Mae Claims) Mesa County, Colorado

Enclosed are the original and two copies of a memorandum dated December 8, 1959, from H. M. Connors, Mining Engineer, Bureau of Mines covering an on-site inspection of the subject property in conjunction with alleged diversion of ore.

From the signed statement by Mr. Sowden, verbal statements by Mr. Nicholson of New Idria, and the implications in his letters, it appears that there may have been a diversion of ore to some extent between the properties under Contracts Idm-E987 and Idm-E1181. Whether the diversion was intentional or not would have to be proved, as it was also stated by Mr. Nicholson that the ore had been borrowed to fill out truck loads and was subsequently replaced to the bin or source from which obtained.

My personal opinion of the matter is that any effort by the Government to prove the extent of diversion of ore would be doomed to failure as there is no way possible to determine the exact or even the approximate tonnage of ore and of waste extracted from any specific property.

I further believe that the limited investigation of the matter to date has served a good end, in that steps have been taken by New Idria to protect theirs and the Government's common interests in the future, and that all parties concerned will exert greater effort in the future to keep production separate as far as it is feasible.

If you consider that the matter of the alleged diversion of ore must be pursued further, I recommend, on advice from the Solicitor's Office here at the Federal Center, that the investigation be turned over to the F. B. I., so that evidence can be obtained by experts in that field.

J. W. Townsend

J. W. Townsend

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 14 1959

DATE	INITIALS	CODE
12-14	gad	110
12/14	[illegible]	800
		500

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
December 8, 1959

Memorandum

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

From: H. M. Connors, Mining Engineer

Subject: Docket No. DMEA 4826 (Uranium) Contract Idm-E1181, New Idria Mining and Chemical Co. & Beaver Mesa Uranium, Inc., a Joint Venture - New Idria Mining and Chemical Co., Agent (Hubbard Homestead, Pack Rat, Shakin Quakie Fraction and Johnnie Mae Claims) Mesa County, Colorado

If we are not willing to accept the Operator's word that there is no diversion of ore, it would be costly to maintain checkers in the stopes, on the tramming to the bins, on the hauling of the ore from the bins to the mouth of John Browns Canyon where the ore is dumped to be reloaded on larger trucks, and on the larger trucks to the mill. Ore could be diverted at any of these points. Ore from Rajah 11 is hoisted through the Cherokee shaft. It is low in grade and high in lime, and not acceptable at the mill if shipped alone. This low grade material is blended with higher grade ore, low in lime, from the Rajah 63. Rajah 63 ore is trammed through the Pack Rat adit which is approximately a mile from the Cherokee shaft. This blended mixture is shipped as Rajah 11 and 63 ore, and is so shown on the settlement sheets and AEC records. Other ore, not subject to DMEA royalty, is hoisted and trammed through the same mine openings, so a double set of checkers for each mine lot would be required in this case.

The big production from Beaver Mesa has come from Rajah 30 and Rajah 68, neither of which is subordinated to the Government. These two ore bodies produced 212,018 pounds of U_3O_8 in the fiscal year 1959, but are about mined out and presently the pillars are being pulled in both stopes. When these big stopes are mined out there will be less chance for possible ore diversion.

The AEC have no stope maps, and the companies have no stope maps showing ore thickness and grade, and I see no possible way to prove tonnage mined from maps now available, and where pillars have been pulled and access to the stopes is no longer possible.

Mr. Sowden's statement included the following names of men who he said had information regarding certain irregularities:

Willis Kelly, Larry Hart, William Hall, John Srevell, Ted Slane, Junior Custano, Burt Roof, Lowell Horton, Earl Wise

On my visit to the Beaver Mesa properties, I made inquiries concerning the whereabouts of these men, but none of them could be located.

It appears to me that we cannot definitely prove any ore diversion which might have occurred. Chances for possible ore diversion in the future are diminishing as the two big ore bodies, not on subordinated ground, are being mined out. My inspection indicated that the Operator was making every effort to keep the ore properly segregated.

I recommend that the charge of ore diversion on this property be dropped.

H. M. Connors

H. M. Connors

14

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
November 27, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 30 1959

DATE	INITIALS	CODE
11-30	gad	VVO
11/30	[illegible]	800
12/1	Murphy	500
		225

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4826 (Uranium) Contract Idm-E1181, New Idria Mining and Chemical Co. & Beaver Mesa Uranium, Inc., a Joint Venture - New Idria Mining and Chemical Company, Agent (Hubbard Homestead, Pack Rat, Shakin Quakie Fraction and Johnnie Mae Claims) Mesa County, Colorado

Enclosed are the following pertaining to alleged diversion of ore from lands subordinated under the subject contract.

1. Two copies of a letter from Dean Nicholson of New Idria Mining and Chemical Company dated November 20, 1959 in reply to my letter of November 12, 1959.

2. Two copies of a statement from William Sowden.

3. Two copies of a memorandum dated November 27, 1959, from H. M. Connors, Mining Engineer pertaining to Mr. Sowden and his statement under 2 above.

Mr. Sowden's statement does not provide any definite facts; however, it does provide a few leads that can be followed-up if deemed warranted.

An inspection of the properties on Beaver Mesa that are subordinated under DMEA Contracts will be made by an engineer of the Bureau of Mines beginning December 1, and at that time, the engineer will attempt to obtain first hand information from some of the parties named by Mr. Sowden.

J. W. Townsend

J. W. Townsend

Enclosures

42

URANIUM DIVISION
NEW IDRIA MINING & CHEM, CO.
P. O. BOX 311
GRAND JUNCTION, COLO.

OME
DEPARTMENT OF THE INTERIOR
NOV 27 1959
REGION III
DENVER, COLORADO

November 20, 1959

Mr. J. W. Townsend
Executive Officer
OME Field Team, Region III
Building 20, Federal Center
Denver 25, Colorado

Re: Docket No. DMEA 4826 (Uranium)
Contract No. Idm-E1181
New Idria Mining & Chemical Co. and
Beaver Mesa Uranium, Inc., a Joint
Venture - New Idria Mining & Chemical
Co., Agent
(Hubbard Homestead, Pack Rat, Shakin
Quakie Fraction and Johnnie Mae Claims)
Mesa County, Colorado

Dear Mr. Townsend:

Further to my letter of October 12, 1959, and with reference to yours of November 12, 1959, and our conversation in your office on November 17, 1959, I should like to review the efforts made by New Idria to protect its own interest in the subject properties as well as the interests of the others concerned.

New Idria's net position in thesubject properties was such that it was four and one-half times that of the Government while the properties were under lease to Beaver Mesa Uranium. However, now that the lease to Beaver Mesa has been returned to New Idria the Company is operating the properties as the principal. In addition to New Idria and the Government, other royalty holders exist on all subordinated properties.

In April of 1959 it was brought to our attention that there may have been a diversion of ores from the subject properties under lease to Beaver Mesa Uranium, Inc. to the credit of properties owned by Beaver Mesa. If this were found to be so, it would mean that New Idria, the Government and other royalty holders would not be receiving the proper payment from ores mined from properties in which they had a definite legal interest.

After consultation with our attorney, we attempted to make an investigation on our own account in an effort to verify the possible diversion of ores. It was soon apparent that professional assistance in this matter was necessary and the Burns International Detective Agency was retained the latter part of April, 1959. However, they proved to be inept and completely incompetent and we were forced to request that they suspend their

investigation on May 12, 1959.

In the effort to secure competent assistance and also to advise the DMEA of the circumstances I telephoned your Denver office on May 7, 1959, to review the situation for your information. However, I was advised that in view of our very limited information, the DMEA was not in a position to act.

We then approached the Chief of the Grand Junction police force and outlined our need for an investigator and he was kind enough to suggest Mr. John W. Stansfield of Denver. Mr. Stansfield was retained on May 13th and arrived in Grand Junction on May 15, 1959.

The matter was reviewed with Mr. Stansfield and it was suggested that we contact the employees of Beaver Mesa Uranium in an effort to get statements from them. Most of the employees could offer no information on the possible diversion of ores, however, a few did say that there had been exchanges of ores of equal grade on occasion. The occasion being to complete a load of ore, ore bins being too full to add more ore and like instances.

This information was reviewed by our attorney who felt that legal proof of any diversion of ore was very sketchy, however, as commingling and exchanging of ores was in direct violation of the lease agreement, we did have excellent grounds for cancellation of the lease to Beaver Mesa. This lease agreement with Beaver Mesa was then cancelled to be effective June 30, 1959, and they were to be off the property on July 15th with the intervening period to be used for the removal of their equipment.

In addition, it was necessary that the matter be viewed from a point of economics. Should the matter of diversion of ores be taken to Court, it would undoubtedly have entailed a shutdown of the mine for a period of time and it would have been a year or more before the case could have come to trial. In view of the fact that the future of uranium mining is not assured, mining while markets exist is most essential.

The subject properties are the rim claims and, consequently, control access to other properties owned by Beaver Mesa Uranium. Inasmuch as there was a feeling that Beaver Mesa could force an access through a portion of the subordinated properties, an access agreement wasnegotiated with them in return for certain concessions.

As a result of our investigation, we are absolutely certain that the trucker hauling the ore is free and clear of any suspicion of malpractice. They have an excellent internal control system that would complete preclude any such action and also reduces the possibility of unintentional error to an absolute minimum.

While mine surveys are made for the operation of the properties, no effort is made to cube the stopes. The particular type of deposit on the subject ground does not lend itself to this system of mine mapping. Further, it would not be possible at this time to attempt to map the stopes in this manner in order to ascertain the volume of ore removed. These deposits have ore and waste intermingled with the stope and both must be removed in order to complete the mining of the stope with maximum recovery.

Beaver Mesa Uranium was the producer from the subject area from the date of the inception of the contract to July 15, 1959. Since that date New Idria has been the producer from the area.

New Idria feels that they have made every effort to safeguard the interests of all concerned with respect to the alleged diversion of ores. Actually, New Idria's direct cost with respect to their investigation into this matter is substantially in excess of $3,000.00 and while other interest holders have been approached for assistance and financial aid none whatsoever has been forthcoming.

Should you require additional information, we would be pleased to supply what we can.

Very truly yours,

NEW IDRIA MINING & CHEMICAL CO.

Dean Nicholson

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 30 1959

DATE	INITIALS	CODE

Building 20 - Federal Center
Denver 25, Colorado
November 27, 1959

Memorandum

TO: Executive Officer, OME Field Team, Region III

From: Hugh M. Connors, Mining Engineer

Subject: Possible diversion of ore on Contract Ida-1987 and Ida-41181

I met W. H. Sowden at the Post Office in Rock Springs, Wyoming, at 9:00 AM, November 24, 1959, and we went to a restaurant to have coffee and discuss the possible diversion of ore from the subject properties.

His chief gripe against Simpson of Denver Mesa Uranium, Inc., was that he had such a hard time in getting the correct amount of bonus money each pay-day and I had a hard time getting his mind on the track of the misappropriation of ore.

His background consists of coal mining in the Rock Springs area where he was "let go" by the Union Pacific Coal Company because he complained to John L. Lewis about the unfair housing charges of the Union Pacific Coal Company. Sowden was President of the local coal miners union.

After I had convinced myself that he was an unusual character, I took him to a stenographer and decided it would be best to let him give his statement in his own words without any outside guidance whatsoever. This method left much to be desired, but he did provide a few leads which can be followed if deemed advisable. The corrections in the statement made with a pen are those of Sowden.

H. M. Connors

H. M. Connors

HMC:ltm

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

On April 8th, 1959, I went to Junior Custano and I went to his room and asked him a few questions. I asked him what was going on about stealing ore. He told me that he came out of Pack Rat with a train with ten tons of high grade ore. He said he stopped Horten just prior to getting to the switch and probed it and he told Ted to throw the switch with the Pack Rat side. Horten come out of the shack and threw the switch to 68. So they dumped it in 68 bin on March 29th we got off at noon, the next day was Monday the 30th and I asked Burt Roof what was going on, he said, Hell, I don't know, something fishy was going on yesterday. Vernon Lear's trucks, two of them, one White, one International, stopped at Pack Rat Bins and picked up two half ton loads which was approximately nine tons apiece. The guys that were dumping asked how come they were taking two half tons, they said the roads were slippery and they had to have weight to make it up the hill. So after he told me that, I went down that night and told Dan Nickelson, so I asked him to get me a tape recorder, which they did and I got a statement from Burt Roof to that effect. I also got one from Junior Custano. So New Idria Mining Co. hired a detective from Burns Agency and he had an idea to throw soap on the ore and check it at the mill. For some reason or other that didn't work out so they hired an ex FBI man, John Southerland, so him and I and Dan Nickelson proceeded to run down ~~leads~~ that I had give him. We caught Junior Costano in a hotel room. He verified the statement and a few more things. Then Nickelson and Mr. Southerland went to Moab, Utah and talked to one of the boys who worked at Beaver Mesa. They got a statement from him, verifying the same thing. Then they caught Rasy Youngman in jail. He told them everything he knew, which verified the above. Norman Wynn was caught at his mother-in-law's house at midnight and he made a statement verifying quite a bit. One day in March, the latter part, I went down to the shop in the mine to sharpen a piece of steel and on the way back I stopped at a new switch they had just put in and Lowell Herton, the shipper was there. I asked him where they were shipping the ore that came out of this place. He told me the left hand rib was Shakin Quakie, the right hand rib was 68 Property. So they were shipping as 68 but the map proves that all of it was Shakin Quakie, and that they were over a hundred tons of ore shipped from that place that was diverted to 68. Larry Hart and Norman Wynn were working Pack Rat BD114 and they said that there was a lot of hot ore shipped from there and that was shipped by 68.

One day, I don't know the exact date, it was in March, my buddy and I had 3500 grade up until the last two days, the last two days, we got some pretty hot ore out of Pack Rat and when we got our check for it we had fell down to 2900. I asked the Superintendent how come and he said, "we don't know why it fell down that far at the mill." I have heard Lear make the statement and also Allen Simpson that the mill was

cheating them on their grade. They were asked how come they didn't do something about it, they said they couldn't prove it.

On these two half ton loads that were shipped on Rajah 30, Mr. Souther= land, Mr. Nickelson, and m self went out on the highway and stopped Vernon Lear's truck driver and he told them that he had taken the half ton load, him and Joe Cavanger, and they turned in as Rajah 30. I wanted to run Cavanger down to find out how much more he had taken and they didn't want to, they said theyhad enough.

The Assistant Superintendent came to my work place one day and said you are getting took on your grade, you know it, I know it, but you prove it.

A similiar statement was taken from the personel at work, Beaver Mesa Uranium at the mine by New Idria Mining Co. Mr. Nickelson, the Investigator, Mr. Southerland, and a Deputy Sheriff. It was taken by a court reporter and on a tape recorder. The names of guys they can get most of this stuff from, they all know it.

Willis Kelly, Larry Hart, William Hall, John Grevell, Ted Slane, Junior Custano, Burt Roof, Lowell Horton, Earl Wise. All of the above are employees of Beaver Mesa and are tramers and dumpers.

I have read the foregoing, consisting of two typewritten pages and the statement therein contained are as I made them and are true and accurate to the best of my knowledge and belief.

William R Sowden
William Sowden

Witness Hugh M. Connors
Hugh M. Connors

Witness Mary Etcheverry
Mary Etcheverry

Rock Springs, Wyoming Nov. 24, 1959

3-copies

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 20 1959

DATE	INITIALS	CODE
11-20	gad	220
11/22	[illegible]	800
	Murphy	~~800~~
		225

17th Street . . .

—By Robert Murray

San Diego Imperial Corp., which owns Silver State Savings & Loan Assn., Denver, reports net income for the first nine months up to $1,132,573 or 37 cents a share this year from $403,832 or 26 cents a share on a smaller number outstanding in 1958.

Earnings of only two of the firm's 24 associations were included for the full nine months.

Assets increased to $361 million from $65 million during the nine months.

Last month the firm's stock became the first in the savings and loan field to be listed on the New York Stock Exchange.

Dempsey-Tegeler & Co., St. Louis investment firm with offices in Denver, has acquired Burto & MacDonald, Inc., which will become its Kansas City office.

Beaver Mesa Uranium, Inc., Grand Junction, Colo., sold more uranium ore in the latest fiscal year but dollar sales were down.

President Alan M. Simpson said gross for the year ended Aug. 31 was down to $2,035,201 from $2,254,687 the year before.

There was a net loss of $130,196 for the year compared with net income of $240,696 the year before.

The drop in revenue was attributed to discontinuance of haulage premiums by the mills.

Sales of ore were up to 71,567 tons assaying an average of 0.23 pct. uranium oxide and 0.92 pct. vanadium oxide from 66,453 tons.

Present production is at 5,000 tons a month.

DMEA-4073

DMEA Contracts Idm-E 987-Hamilton et al
Idm-E 1181-New Idria Mng. & Chem. Co.
File DMEA-4826

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
November 19, 1959

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

DATE	INITIALS	CODE
11-23	gad	220
"	Murphy	500
		225

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4826 (Uranium) Contract Idm-E1181, New Idria Mining and Chemical Co. & Beaver Mesa Uranium, Inc., a Joint Venture - New Idria Mining and Chemical Company, Agent (Hubbard Homestead, Pack Rat, Shakin Quakie Fraction and Johnnie Mae Claims) Mesa County, Colorado

Enclosed are two copies of a letter dated November 16, 1959, from Charles J. Traylor, of Adams, Heckman, Traylor & Ela, Attorneys at Law for Beaver Mesa Uranium, Inc., which is in reply to my letter to Mr. Alan Simpson, President, Beaver Mesa Uranium, Inc., dated November 12, 1959.

Messrs. Dean Nicholson and Arthur Goring of New Idria Mining and Chemical Company visited this office November 17. They explained the situation regarding the alleged diversion of ore from the subject property, and outlined the steps taken to protect theirs and the Government's interests. Their exhaustive efforts to obtain evidence that would stand up in court were largely fruitless, and as a result, they stated that their attorneys had advised against court action on the little evidence that was uncovered.

Both New Idria and Beaver Mesa are hesitant to put anything in writing that might in some way be used against them; however, Mr. Nicholson did promise to write a letter outlining the steps they had taken in an effort to obtain sufficient evidence on which to initiate court action. If and when such a letter is received, copies will be forwarded to you to keep you informed as to the progress of the matter.

An appointment has been made to meet Mr. Sowden in Rock Springs, Wyoming November 24, to obtain his statement.

Mr. B. L. Kepford, of the Solicitor's Office here at the Federal Center has been consulted regarding the steps we are taking and the letters written.

Any suggestions or instructions you have in the matter will be appreciated.

J. W. Townsend

J. W. Townsend

(2)

ADAMS, HECKMAN, TRAYLOR & ELA
ATTORNEYS AT LAW
P. O. BOX 266
201 ELECTRIC BUILDING
GRAND JUNCTION, COLO.

E. B. ADAMS
SCOTT W. HECKMAN
CHARLES J. TRAYLOR
WM. M. ELA
IVAN P. KLADDER
T. J. HARSHMAN

TELEPHONE
CHAPEL 2-2636

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O. M. E.
RECEIVED NOV 23 1959

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OME
DEPARTMENT OF THE INTERIOR
NOV 18 1959
REGION III
DENVER, COLORADO

16 November 1959

J. W. Townsend
Executive Officer, OME
Field Team, Region III
United States Department of the Interior
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket No. DMEA 4826 (Uranium)
Contract Idm-E1181
New Idria Mining and Chemical Co. &
Beaver Mesa Uranium, Inc., a Joint
Venture - New Idria Mining and
Chemical Company, Agent
(Hubbard Homestead, Pack Rat, Shakin
Quakie Fraction and Johnnie Mae claims)
Mesa County, Colorado

Dear Mr. Townsend:

Mr. Alan Simpson, President of Beaver Mesa Uranium, Inc. has handed us a copy of your letter of November 12, 1959. We recall representing the company in the matter discussed in your letter of November 12th and wish to state that our client did and still does take the position that it accounted to New Idria for all ores mined under its lease.

We recall that there was a compromise settlement involving several matters which were in dispute and, frankly, Beaver Mesa felt that the compromise settlement was very favorable to its company, but in no instance was any consideration paid for misappropriation of ores.

We will be glad to discuss this matter in detail with one of your field men the next time he is in Grand Junction. We feel that he will better understand the problem as a result of the conference, rather than by signing any affidavit.

We understand that Messrs. Goring and Nicholson will be in

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Denver on other business on November 17th and 18th, and that theyplan to confer with you at that time. It is our hope that at the conference with these gentlemen that you will fully understand the situation and there will be no further need for discussion concerning this matter.

We are well aware of the discontent of one of our former disgruntled employees, Mr. Wm. Sowden, for he has attempted to cause our client a great deal of trouble with several other agencies, but after investigation, all of his efforts so far have proved in vain.

Very truly yours,

ADAMS, HECKMAN, TRAYLOR & ELA

Traylor

Charles J Traylor

CJT:ds

(1)

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RECEIVED NOV 20 1959

DATE	INITIALS	CODE
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11/20	[illegible]	800
"	Murphy	~~500~~
		225

Building 20 - Federal Center
Denver 25, Colorado
November 17, 1959

CERTIFIED MAIL

Mr. William Sowden
General Delivery
Reliance, Wyoming

Re: Docket No. RMRA 4826 (Uranium)
Contract No. Km-E1181
New Idria Mining and Chemical Co. &
Beaver Mesa Uranium, Inc., a Joint
Venture - New Idria Mining and
Chemical Company, Agent
(Hubbard Homestead, Pack Rat, Shakin
Quakie Fraction and Johnnie Mae Claims)
Mesa County, Colorado

Dear Mr. Sowden:

Thank you for your letter of November 15, 1959, wherein you advised of your willingness to sign a statement regarding the alleged diversion of ore from the referenced property.

Mr. Hugh M. Connors, Mining Engineer, Bureau of Mines, will meet you at the Post Office in Rock Springs, Wyoming, at 9 a.m., Tuesday, November 24, to obtain your statement.

If the above time and place is not satisfactory to you, please telephone me before 4:30 p.m., Friday November 20. The charges on the call may be reversed. The number to call is MElmont 3-3611, Ext. 598 or 6164.

Very truly yours,

Original signed by

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

JWT:ltm

cc: Chmn. Op. Comm. (2) w/cpy Sowden's
Hasler) ltr. 11/15/59
Roy. Corres. E1181)
Chron.

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 19 1959
225

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
November 16, 1959

file DMEA-4826
NEW DRIA

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4073 (Uranium) Hamilton, et al and Simpson Mining Company (Beaver Mesa Group) Mesa County, Colorado and Grand County, Utah, Contract No. Idm-E937

This responds to your memorandum dated November 13, 1959, on the subject docket. Attached are two copies each of the following:

1. Copy of letter to Beaver Mesa Uranium, Inc., dated November 16, 1959.

2. Copy of letter to Charles V. Woodard dated November 16, 1959.

3. Memorandum from H. F. Robertson to the Executive Officer dated March 20, 1959.

4. Memorandum to H. F. Robertson from the Executive Officer dated March 18, 1959.

5. Letter to Charles V. Woodard from the Executive Officer dated February 18, 1959.

6. Memorandum to the Executive Officer from H. F. Robertson dated March 17, 1959.

7. Memorandum to H. F. Robertson from the Executive Officer dated March 16, 1959.

8. Letter from Charles V. Woodard to the Executive Officer dated February 23, 1959.

After receiving your memorandum of November 6, 1959, relating to Contract Idm-K1181 (DMEA 4886) and other certified projects on Beaver Mesa, it was decided that a visit to this area by an engineer would be arranged at an early date. The engineer who makes the inspection will obtain the answers to your questions in your memorandum of November 13, 1959, and you will be advised.

file

c.v. woodard.

See Lease Rejch #9
Mark 2 = " 31

J. W. Townsend

Rellance, Wyoming
November 15, 1959

Office of Mineral Explorations
Bldg. 20 Federal Center
Denver 25, Colorado

Dear Sir:

In regard to your letter of November 12, I would be willing to sign a statement to the alleged diversion of ore and the tonnage, that I know about. I will also give you names of persons that can give you information about diversion of ore over a period of time.

As I am not at home any certain hour, if you will set a time and place in Rock Springs I will be glad to meet with you. If possible, I'd like to make it within the next week as I am expecting to be called out of town for a job.

Please notify me so I can be available.

Very truly yours,
William Lowden

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O. M. E.
RECEIVED NOV 16 1959

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11/16	[illegible]	800
11-17	Murphy	500
		225

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

CERTIFIED MAIL

Mr. Dean Nicholson
New Idria Mining and Chemical Co.
P. O. Box 311
Grand Junction, Colorado

Re: Docket No. EMMA 4886 (Uranium)
Contract Idm-E1181
New Idria Mining and Chemical Co. &
Beaver Mesa Uranium, Inc., a Joint
Venture - New Idria Mining and
Chemical Company, Agent
(Hubbard Homestead, Pack Rat, Shakin
Quakie Fraction and Johnnie Mae claims)
Mesa County, Colorado

Dear Mr. Nicholson:

Reference is made to your letter of October 21, 1959, and prior conversation by telephone with this office regarding alleged diversion of ore production from the lands subordinated under the referenced contract.

Your letter of October 21, indicates that steps were taken by you to safeguard the interests of those concerned in future production from the property, but it does not make clear what steps were taken by New Idria Mining and Chemical Company to protect its and the Government's interests, or to ascertain the truth in the matter of the alleged diversion of a portion of production in the past.

Please advise as to whether or not surveys were made and accurate stope maps prepared of the area involved to determine the volume of extraction as a check against production records. If no effort was made to determine the extent of extraction, please explain why. If accurate stope maps are available, we will appreciate receiving a complete set for our files.

In addition to the foregoing, please advise the period during which Beaver Mesa Uranium, Inc., was the producer from the area subordinated under the terms of the subject contract.

Very truly yours,

Original signed by

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

JWT:ltm
cc: Chmn. Op. Comm. (2)
Hasler
Roy. Corres. E1181
Chron.

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OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 16 1959

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11/17	Murphy	500
		225

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

CERTIFIED MAIL

Mr. William Bowden
General Delivery
Reliance, Wyoming

Re: Docket No. DMEA 4826 (Uranium)
Contract IAm-E1181
New Idria Mining and Chemical Co. &
Beaver Mesa Uranium, Inc., a Joint
Venture - New Idria Mining and
Chemical Company, Agent
(Hubbard Homestead, Pack Rat, Shakin
Quakie Fraction and Johnnie Mae claims)
Mesa County, Colorado

Dear Mr. Bowden:

This office is responsible for the administration of all matters in conjunction with the referenced contract.

The information you gave to Mr. Rayner, U. S. Atomic Energy Commission, Casper, Wyoming, on September 30, 1959, regarding shipment of ore from the referenced property as having been produced from Rajah claims Nos. 30 and 68, was relayed to this office for appropriate action.

Before further action in the matter can be initiated, the facts of the case must be of record. We will appreciate receiving any additional information you can give us, such as dates of the alleged diversion of ore, tonnage of ore diverted, and the name or names of any other person or persons who may have direct knowledge of the diversion of the ore.

If you are willing to sign a statement giving us all the facts in the case, please advise where and when it will be convenient for an engineer from this office to meet with you to obtain the statement.

Advice from you by return mail regarding the matter will be greatly appreciated.

Very truly yours,

Original signed by

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

JWT:ltm
cc: Chmn. Op. Comm. (2)
Hasler
Roy. Corres. E1181
Chron.

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O. M. E.
RECEIVED NOV 16 1959

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11-17	Murphy	~~500~~
		225

Building 80 - Federal Center
Denver 25, Colorado
November 12, 1959

CERTIFIED MAIL

Mr. Alan M. Simpson, President
Beaver Mesa Uranium, Inc.
Box 567
Grand Junction, Colorado

Re: Docket No. DMEA 4326 (Uranium)
Contract Nbr-E1181
New Idria Mining and Chemical Co. &
Beaver Mesa Uranium, Inc., a Joint
Venture - New Idria Mining and
Chemical Company, Agent
(Hubbard Homestead, Pack Rat, Shakin
Quakie Fraction and Johnnie Mae claims)
Mesa County, Colorado

Dear Mr. Simpson:

We are in receipt of information that production from the referenced property by Beaver Mesa Uranium, Inc., was disposed of as having been produced from the Ralph claims Nos. 30 and 68. Such action, if true, might be considered fraudulent under the terms of DMEA Contract Nbr-E1181, in that it would be an evasion of royalty payments to the Government on production from the subordinated lands.

Further action in the matter is being deferred for sufficient time to enable Beaver Mesa Uranium, Inc., to furnish this office with a statement in the form of an affidavit as to the truth of the matter.

Very truly yours,

Original signed by

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

cc: New Idria Mining & Chem. Co.
P. O. Box 311
Grand Junction, Colorado

JWT:ltm
cc: Chmn. Op. Comm. (2)
Hasler
Roy. Corres. E1181
Chron.

34

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/6	Murphy	500
	Marshall	500
11/6	Talbot	800
11/6	[illegible]	130
11/6	Jensen	110
		220
11/9	RCW	225

500

NOV 6 1959

Memorandum

To: Executive Officer, GMK Field Team, Region III

From: Chairman, Operating Committee, GMK

Subject: Docket No. DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-X1181

Your memorandum, dated October 28, 1959, pertaining to alleged diversion of ore production from the subject property, has been reviewed.

According to our data, Beaver Mesa Uranium, Inc., owns the Rajah No. 30 claim. Under Contract Idm-X812 (DMEA-3649, Simpson Mining Co., et al.), Rajah Nos. 61, 62, 63, 67, and 68 claims were subordinated. All royalties due the Government under the terms of this contract were paid by June 25, 1957. However, Rajah Nos. 61, 62, and 63 were again subordinated under Contract Idm-X987 (Docket No. DMEA-4073, Simpson Mining Co., et al.) which has been certified. This company entered into a mining contract, dated November 7, 1955, with Beaver Mesa Uranium, Inc., as the producer, to extract ore from Rajah Nos. 67 and 68 claims. Payments to Beaver Mesa are based on tonnage and grade of ore shipped.

If Beaver Mesa Uranium, Inc., extracted ore from the area subordinated under Contract Idm-X1181 (Docket No. DMEA-4826, New Idria Mining and Chemical Company and Beaver Mesa Uranium, Inc., Joint Venture), and then sold it to the AEC as having been produced from Rajah Nos. 30, 67, or 68 claims, it was deliberately evading royalty payments due the Government. Therefore, the Field Team should make every effort to determine the truth in this matter.

Possibly New Idria or the AEC has current stope maps of the claims in question. If available, the Field Team could use them to make a rough estimate of the ore mined and compare

32 43683

such tonnages with those shown on the purchaser's settlement sheets. Also, the period during which Beaver Mesa Uranium, Inc., was the producer from the area subordinated under the terms of the subject contract should be ascertained.

Did the F.B.I. question the truck drivers who hauled the ore from the questioned claims? It appears the drivers should have been aware that such ore was being diverted to another account, especially if it was recorded as production from Rajah 30 claim, which should be well known since Beaver Mesa Uranium, Inc.'s operating Rajah shaft is located on this claim.

Mr. Nicholsen's letter of October 21, 1959, indicates that Beaver Mesa Uranium, Inc., is no longer operating on the subject claims; therefore, it appears that such diversion of production is not now possible. However, we have a number of certified projects in the Beaver Mesa area and undoubtedly in the future some of the ore on subordinated land, especially the land subordinated under Contract Idm-E987 (Docket No. DMEA-4073, Simpson Mining Co., et al.), may be mined from shafts or adits on adjacent unsubordinated land. Hence, it is recommended, when members of the Field Team are in the area, that a check on such operations should be made.

/s/ George C. Selfridge

APPROVED:

Frank D. Lamb

Member, Bureau of Mines

Harold Kirkemo

Member, Geological Survey

FMMurphy/gla 11-6-59

cc to: Director's Reading File
Operating Committee
Div. of Contract Adm. & Audit
Harold Kirkemo, USGS
Code 500
Docket DMEA-4826
Chron
Docket DMEA-4073

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
October 28, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 30 1959

DATE	INITIALS	CODE
10/30	gad	220
10/30	Murphy	500
		225

Memorandum

TO: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4826 (Uranium) Contract No. Idm-E1181
New Idria Mining and Chemical Company (Hubbard Homestead, Pack Rat et al, claims) Mesa County, Colorado

Enclosed are the following pertaining to alleged diversion of ore production from the subject property:

1. Original and one copy of a letter dated October 6, 1959, from David D. Baker, AEC, with attached office memorandum dated September 30, 1959 .

2. Original and one copy of a letter dated October 21, 1959, from Dean Nicholson of New Idria Mining and Chemical Company.

Upon receipt of the material under item 1, I contacted Mr. Dean Nicholson of New Idria by telephone to discuss the matter and request advice in writing regarding the situation which resulted in the letter under item 2.

An inspection of the project was considered, but it was decided that it would be a waste of time and money because without more concrete evidence it would be impossible to determine whether or not there was any truth to Mr. Sowden's allegations. Mined out and undoubtedly caved portions of the mines would preclude any attempt to make a survey or accurate determination of extent of ore extracted.

While I was on annual leave during the week of October 19-23, a Mr. W. J. Payton of the local FBI visited this office and advised Mr. Romslo, OME examining engineer, that they had received material identical to that included under item 1 above. Upon my return, I was advised of Mr. Payton's visit and his request that I telephone him regarding the matter, which I did on October 27. After discussing the matter and on learning of the facts we have on the case including Mr. Nicholson's letter of October 21, Mr. Payton advised that they would defer any action for a month or six weeks, and at that time would again contact this office to learn of any developments and whether or not we considered that an investigation for possible fraud against the Government was indicated.

New Idria and Beaver Mesa have regularly made royalty payments on ore produced from the land subordinated under both Contracts Idm-E1074 and Idm-E1181, which to date aggregate $4,091.68 and $39,459.31 respectively.

Since this is an unusual situation which could develop serious complications, the matter is referred to you for advice as to what action if any should be initiated by this office.

J. W. Townsend

J. W. Townsend

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

IN REPLY REFER TO:
PLD:RHT

October 6, 1959

OME
DEPARTMENT OF THE INTERIOR
OCT 12 1959
REGION III
DENVER, COLORADO

Office of Minerals Exploration
Federal Center
Denver, Colorado

Gentlemen:

Attached is a copy of a memorandum which is self explanatory and is sent you because the 5% royalty mentioned indicates that it may concern your agency.

Very truly yours,

David D. Baker

David D. Baker, Director
Production Evaluation Division

Attachment:
As above

30

NEW IDRIA MINING & CHEMICAL COMPANY
URANIUM DIVISION • ~~XXXXXXXXXXXXXXXXXXXXXXXX~~ P. O. Box 311
GRAND JUNCTION, COLORADO

OME
DEPARTMENT OF THE INTERIOR
OCT 26 1959
REGION III
DENVER, COLORADO

October 21, 1959

Mr. J. W. Townsend
Executive Officer
OME Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Docket No. DMEA 4826 (Uranium)
Contract No. Idm-E1181
Hubbard Homestead, Pack Rat, et al, Claims
Mesa County, Colorado
Easement to Beaver Mesa Uranium, Inc.

Dear Mr. Townsend:

As we had reported to you over the telephone, certain differences have existed between New Idria and Beaver Mesa Uranium who were lessees of the above properties. These differences were of long standing in that New Idria did not approve of certain mining practices as conducted by the lessee.

Rumors and suspicions of diversion of ore have existed, however, such practices are extremely difficult to determine as to deliberate procedure and amount even though mistakes may occur on occasion.

In view of the above and other differences between the companies, Beaver Mesa decided to surrender their lease in return for an easement across some of the Pack Rat Claims. As this easement was vital to the operation by Beaver Mesa of some of its properties, Beaver Mesa also made certain other concessions to New Idria to insure the acquisition of the easement.

New Idria feels that they have made every effort to protect the interest of the various royalty holders concerned by taking these steps and will continue to do so by maintaining direct control and supervision of these properties throughout all future operations.

Very truly yours,

NEW IDRIA MINING & CHEMICAL CO.

Dean Nicholson

Dean Nicholson

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 30 1959

DATE	INITIALS	CODE

28

MEMO ROUTE SLIP
Form AEC-93 (Rev. May 14, 1947)

See me about this.	For conference.	✓ For action.
Note and return.	For signature.	✓ For information.

TO (Name and unit)	INITIALS	REMARKS
William Hassler Office of Mineral Exploration U.S.G.S Bldg. 25 - D.F.C.	JHH DATE Oct 9/59	This apparently is the mess between Beaver Mesa Co & New Idria where Beaver Mesa was caught stealing ore from New Idria — I assume Dean Nicholson told you all about it.
TO (Name and unit) Jim Townsend	INITIALS DATE	
TO (Name and unit)	INITIALS DATE	REMARKS

FROM (Name and unit)	REMARKS
AEC Bldg. 40 DFC	

PHONE NO.	DATE
6625	10/8/59

29

USE OTHER SIDE FOR ADDITIONAL REMARKS

16—56667-1 U. S. GOVERNMENT PRINTING OFFICE

GY-REARD FORM NO. 64

DDB ~~DDB~~
RHT 10/6/59

Office Memorandum • UNITED STATES GOVERNMENT

TO : David D. Baker, Director
Production Evaluation Division

DATE: September 30, 1959

FROM : Millard L. Reyner, Chief
Casper Branch

SUBJECT: STORY ABOUT BEAVER MESA URANIUM CORPORATION BY WILLIAM SOWDEN

SYMBOL: PCA:MLR:mms

The following may be nothing new to your office, but I am forwarding it to you for what it is worth.

A man named William Sowden whose address is General Delivery, Reliance, Wyoming came in this morning and related a story which briefly goes as follows: He was fired by Beaver Mesa Uranium Corporation on May 29, 1959 for insubordination. He had been working as a miner on the Pack Rat and Hubbard claims, getting a bonus according to grade and tonnage of ore from these claims.

Sowden states that Beaver Mesa Uranium Corporation took ore from the Hubbard, Pack Rat, Shaken Quakie, and Johnny May claims and shipped it as coming from the Roger 30 and Roger 68 properties. There could be possible fraud against the government if this were true and if the government were entitled to a 5% royalty from this ore as Mr. Sowden claims.

Rajah not Roger

This accusation if true would probably involve payment to OAE rather than AEC.

Note: Rajah Nos. 30 and 68 not included in DMEA 4073-Idm E-987.

Rajah No. 68 in DMEA-3049-Idm 8812 Royalty's all paid. Not included in Idm E-987.

J.M.A.

31

OFFICIAL FILE COPY O. M. E. RECEIVED JUN 11 1959		
DATE	INITIALS	CODE
6/11	G	220
"	FG	110
6/15	[illegible]	800
6/24	[illegible]	700

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration
224 New Customhouse
Denver 2, Colorado
June 8, 1959

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Semiannual Report of Certified Project for the period

DMEA Docket **4826 (Uranium)**
Contract Idm-E **1181**
New Idria Mining & Chemical Co., (also Beaver Mesa Uranium Company)
Pack Rat Mine (Hubbard Homestead, Pack Rat, et al, claims)
Mesa County, Colorado

Enclosed are the original and three copies of the subject report prepared in conformance with instructions contained in memorandum of January 6, 1956 from this office, Memorandum 29, and Special Notice in Minutes of Operating Committee Meeting No. 692.

J. W. Townsend

J. W. Townsend

Enclosures

cc: Semiannual Report File Idm-E**1181**
Chmn. Op. Comm. (4)
Harshman
Robertson
Chron.

Semiannual Report of Certified Projects

Reporting Period **March 27 - December 31, 1958**

Docket and Contract Number **DMEA 4826, Contract Idm-E1181**

Operator **New Idria Mining & Chemical Company (also Beaver Mesa Uranium Company)**

Commodity **Uranium**

Mine Name **Pack Rat Mine (Hubbard Homestead, Pack Rat, et al. claims)**

County and State **Mesa County, Colorado**

Date of Contract **March 27, 1958**

Date of Certification **May 15, 1959**

Expiration Date of Royalty Payments **March 27, 1968**

Date of Examination for this Report **February 17, 1959**

Total Amount of Contract $102,620.00

Total Expenditures under Contract $89,077.79

Amount of Government Participation at 75 %

Royalty Payments this Period $20,510.73

Previous Royalty Payments $10,384.91

Total Royalty Payments to Date $30,895.64 84 CA+AD

% Loan Repayment Completed 46.25

Amount of Royalty Due **None**

Royalty Remarks **The Operator does not stockpile production subject to OME royalty.**

	Tons	U_3O_8	Analysis	V_2O_5
Original Estimate of DMEA Reserve (Field Team Final Report) Mines [ ] Survey [ ] Joint [x]	29,172		0.61%	
Revised Estimate of DMEA Reserves (Field Team) Mines [ ] Survey [ ] Joint [ ]	-		-	-
Increase of Reserves by work performed subsequent to DMEA project work	-		U_3O_8	V_2O_5
Production DMEA ore (This period)				
(Previous)				
(To Date)	* 15,145.301		0.29%	1.21%
" Operator's ore (This period)				
found subsequent (Previous)				
to DMEA work (To Date)				

Percent Revised Reserves Mined 37%

* Through May, 1959

(For Uranium Ores Only)

Initial Production Bonus:

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

Pounds U_3O_8 produced this period eligible for Bonus -

Amount of Bonus paid to Operator this period $ -

Total pounds U_3O_8 produced to date eligible for Bonus -

Total amount of Bonus paid to Operator to date $ -

Bonus Royalty Paid $ -

Bonus Royalty Due $ -

Investment Data

Shafts Size	Shafts Feet	Shafts Cost	Winzes Size	Winzes Feet	Winzes Cost	Drifts & Crosscuts Size	Drifts & Crosscuts Feet	Drifts & Crosscuts Cost
						(Approx.)6x7	400'	$6,000

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

Facilities

Mine Plant Description	Mine Plant Cost	Mill Description	Mill Cost	Roads Description	Roads Cost

Remarks

Production figures are reconciled with AEC records.

Signed H. F. Robertson (Engineer)

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/8	Ching	700
5/8	Kurnal	700
5/18	Taffert	800
5/15	Selfridge	~~130~~ 13
		~~110~~
		220
		700
5/15	Jonyphan	130
5/15	Delegaard	130

MAY 18 1959

New Idria Mining and Chemical Company
and
Beaver Mesa Uranium, Inc., a Joint Venture
New Idria Mining and Chemical Company, Agent
P. O. Box 311
Grand Junction, Colorado

Re: Docket No. DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-E1181

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 subject contract.

By the terms of the Exploration Project Contract, as amended, and of the certification, all minerals mined or produced from March 27, 1958, to March 27, 1968, are subject to the Government's percentage royalty as set forth in the contract until the amount contributed by the Government is repaid. This amount is $66,808.20.

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

You are requested to notify the Executive Officer of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Your attention

43683

is especially called to Article 2(d) of the contract relating to the preservation of the Government's right to a percentage royalty on production. Also, if production ceases at any time for an extended period, please notify the Executive Officer at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

Frank E. Johnson (kw)

Acting Director

Enclosure

MChing/ama
May 7, 1959

Copies to: Docket
Director's Reading File
Mr. Ching
Frank E. Johnson
Operating Committee
Div. of Contract Adm. & Audit
OME Field Team, Region III (2)
T. H. Kiilsgaard
Frank D. Lamb

Copies also sent to all signers of consent to lien as shown on certification except:

Mr. Jesse C. Johnson
Mr. Elton A. Youngberg

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/8	Ching	700
5/8	Kuscher	700
5/12	J. Lynch	140
		~~140~~
5/15	Tafflyt	800
5/15	Selfridge	130
5/15	Johnson	130
5/15	T. Kiilsgaard	130
		~~110~~
		220
		700

MAY 18 1959

Mr. Alan M. Simpson, President
Beaver Mesa Uranium, Inc.
Box 567
Grand Junction, Colorado

Re: Docket No. DMEX-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-E1181

Dear Mr. Simpson:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the three Consents to Lien and Subordination Agreements signed by you on April 3, 1958. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreements signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Frank E. Johnson (for)

Acting Director

Enclosures

MChing/GMcC
May 1, 1959

cc: Docket
Director's Reading File
Operating Committee
OME Field Team, Reg. III (2)
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
Frank E. Johnson
Mr. Ching (2)

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/8	Ching	700
5/8	Knowlton	700
5/12	J. Lynch	140
		~~140~~
5/15	Todfurt	800
5/15	Selfridge	130
5/15	Kiilsgaard	130
Agent		~~110~~
		220
		700

MAY 18 1959

Mr. J. L. Thompson
P. O. Box 361
Danbury, Connecticut

Re: Docket No. DMEX-4526 (Brunham)
New Idria Mining and Chemical Company,
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Ida-21181

Dear Mr. Thompson:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the two Consents to Lien and Subordination Agreements signed by you on April 3, 1958. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreements signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Frank E. Johnson (fw)

Acting Director

Enclosures

MChing/GMcC
May 1, 1959

cc: Docket
Director's Reading File
Operating Committee
OME Field Team, Region III (2)
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
Frank Johnson
Mr. Ching (2)

Identical letter to:

Mr. L. R. Baker, Trustee
132 North 6th, Grand Junction, Colo.
Mr. Cecil S. Haynie
P. O. Box 896, Grand Junction, Colo.

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/8	Ching	700
5/8	Hendrie	700
5/12	J. Lynch	140
		~~140~~
5/15	Jaffrit	800
5/15	Selbridge	130
5/15	Johnson	130
5/15	Kilsgaard	130
		~~110~~
		220
		700

MAY 18 1959

Mr. Bert Hubbard
Delta, Colorado

Re: Docket No. DMEA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Ida-21181

Dear Mr. Hubbard:

Enclosed is a copy of certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you on April 3, 1958. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to admit no act and to assert no claim in conflict with the Government's rights under the agreements signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

Frank E. Johnson (for)

Acting Director

Enclosures

MChing/GMcC
May 1, 1959

cc: Docket
Director's Reading File
Operating Committee
OME Field Team, Reg. III (2)
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
Frank E. Johnson
Mr. Ching (2)

Identical letter to:

Mr. Lyman Hubbard, Gateway, Colo.
Mr. Carter W. Elliott
201 Vereda Del Norte
Palm Springs, Calif.
Mr. Lee Murrin and Mrs. Winifred Murrin
822 Tremaine Street
Los Angeles 5, Calif.
Mr. J. B. Crowley
P.O. Box 1192, Grand Junction, Colo.
Miss Delsie M. Crowley
P. O. Box 1135, Grand Junction, Colo.

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MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/8	Ching	700
5/8	Kuwada	700
5/12	Lloyd	140
		~~140~~
5/15	Tafft	800
5/15	Gallagher	130
5/15	Johnson	130
5/15	Kiilsgaard	130
		~~110~~
		220
		700

MAY 18 1959

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

Re: Docket No. DMRA-4826 (Uranium)
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado
Contract No. Idm-E1181

Dear Mr. Johnson:

I am enclosing one copy of a certification of discovery or development relating to the subject exploration contract.

The contract, dated March 27, 1958, covered an exploration project estimated to cost $102,620.00, with Government participation amounting to 75 percent, or $76,965.00. The total accepted cost of the project was $89,077.59, of which the Government paid $66,808.20.

The project work was carried out on the Hubbard Homestead and all or portions of the Pack Rat Nos. 1, 2, and 3, Shakin Quakie Fraction, Johnnie Mae No. 1, and Johnnie Mae No. 3 unpatented lode mining claims, located in sections 25, 35, and 36, T. 51 N., R. 20 W., N.M.P.M. & B., Mesa County, Colorado. It consisted of 26,660 feet of non-core and 5,074 feet of core drilling in 73 holes.

The exploration work resulted in the discovery of approximately 29,170 tons of indicated and inferred ore containing 0.61 percent U_3O_8. The ore occurs in the upper sandstone unit of the Salt Wash member of the Jurassic Morrison formation.

Sincerely yours,

Frank E. Johnson (for)

Acting Director

Enclosure

cc: Elton A. Youngberg
AEC Grand Junction Operations Office
with copy of certification

MChing/ama
May 8, 1959

cc: Docket
Director's Read. File
Mr. Johnson
Operating Committee
Frank C. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
Mr. Ching
OME FT, Reg. III (2)

43683

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OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 11 1959

DATE	INITIALS	CODE
5/11	G	220
5/12	Ching	700

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
May 4, 1959

Memorandum

To: Chairman, Operating Committee, OME

From: OME Field Team, Region III

Subject: Docket No. DMEA 4826 (Uranium) Contract Idm-E1181, New Idria Mining and Chemical Company, and Beaver Mesa Uranium, Inc., a Joint Venture, (Hubbard Homestead, Pack Rat, et al. claims) Mesa County, Colorado - FINAL SUMMARY REPORT

The original and one copy of the Operator's final report were forwarded by our memorandum of April 13, 1959. The original and two copies of the Joint Final Engineering and Geologic Report dated April, 1959, by J. W. Hasler, Geologist, Geological Survey, and H. F. Robertson, Mining Engineer, Bureau of Mines, were forwarded by memorandum of April 23, 1959.

The contract was terminated before completion of all work originally provided for by Termination Agreement dated February 27, 1959, which was made effective January 28, 1959. Final payment of the Operator's account was processed by this office May 4, 1959, in accordance with the Report of Review of reported project costs by the Contract Administration and Audit Division, OME, dated April 23, 1959, which was released to this office May 4, 1959.

Exploration work completed consisted of the drilling of 73 holes aggregating 26,660 feet of non-core drilling and 5,074 feet of core drilling. Additional work or services incident to the exploration work consisted of 113.5 hours drill crew standby time, 219 hours bulldozing time, analysis of 145 samples for uranium content, and incidental allowance for 31,734 feet of drilling; all at a total accepted cost of $89,077.59, toward which the Government contributed 75 percent or $66,808.20.

Exploration work completed under the contract resulted in the discovery of a significant quantity of uranium ore, therefore certification of the project as a discovery or development was recommended by the OME field examiners, in which this office concurred.

F. I. FINAL REPORT

By J. W. Townsend
J. W. Townsend

By E. N. Harshman
E. N. Harshman

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

224 New Customhouse
Denver 2, Colorado
April 24, 1959

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

DATE	INITIALS	CODE
4/27		220
4/27		130
5-1		130
5-4		130
5/4		220
5/4		800
		700

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4826 (Uranium) Contract Idm-E1181, New Idria Mining and Chemical Company, (Hubbard Homestead, Pack Rat, et al. claims) Mesa County, Colorado

Enclosed are the original and two copies of a Joint Final Engineering and Geologic Report dated April, 1959, by J.W.Hasler, Geologist, Geological Survey, and H. F. Robertson, Mining Engineer, Bureau of Mines, pertaining to work completed under the subject contract. The original and one copy of the Operator's final report were forwarded by our memorandum of April 13, 1959.

Specific recommendations for certification of the project as a discovery or development are not contained in the joint final engineering and geologic report; however, such recommendations by the OME field examiners are contained in a joint memorandum of February 10, 1959, the original and two copies of which were forwarded to you by our memorandum of February 13, 1959.

The Field Team's final summary report will be forwarded as soon as the balance of matters prerequisite to closing the account have been resolved.

J. W. Townsend

Enclosures

Reviewed by
OME OPERATING COMMITTEE
5-1-59
(date)

Checked 4-22-59

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT BY EXAMINING TEAM
REGION III

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

DATE	INITIALS	CODE
5-1	JB	130
		220

DMEA 4826

Contract Idm-E 1181

New Idria Mining and Chemical Company

Hubbard Homestead, Pack Rat, et al., claims

Mesa County, Colorado

OME
DEPARTMENT OF THE INTERIOR
APR 22 1959
REGION III
DENVER, COLORADO

Uranium

Joint final Geologic and Engineering Report

by

J. W. Hasler
U. S. Geological Survey

H. F. Robertson
U. S. Bureau of Mines

April 1959

Reviewed by
OME OPERATING COMMITTEE
5-1-59
(date)

DMEA 4826
CONTRACT Idm-E 1181
NEW IDRIA MINING AND CHEMICAL COMPANY
HUBBARD HOMESTEAD, PACK RAT, et al., CLAIMS
MESA COUNTY, COLORADO

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Joint final geologic and engineering report — Page

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  History and production 5
  Ownership. 6
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The Project. 12
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  Description of work completed. 14
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Summary of Factual Data. 17
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TABLES

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1. Data obtained from diamond drilling under DMEA Docket 4826, New Idria Mining & Chemical Company, Hubbard Homestead etc., Mesa County, Colorado. 20

2. Ore reserve calculations, New Idria Mining & Chemical Company, Hubbard Homestead, Pack Rat, et al., claims, DMEA Docket 4826 (Uranium), Contract Idm-E 1181, Mesa County, Colorado 27

3. Summary of costs incurred during project 29

ILLUSTRATIONS

Figure		Follows page
1.	Index map of part of the Colorado Plateau showing location of Hubbard Homestead, and Johnnie Mae, Pack Rat and Shakin Quakie claims, New Idria Mining and Chemical Co., Mesa County, Colorado	29
2.	Geology and known ore deposits in the vicinity of the Hubbard Homestead, New Idria Mining and Chemical Co., Mesa County, Colorado.	29
3.	Claim map of New Idria Mining and Chemical Company property showing subordinated ground, drill holes, and ore reserve blocks.	29

DMEA 4826
CONTRACT Idm-E 1181
NEW IDRIA MINING AND CHEMICAL COMPANY
HUBBARD HOMESTEAD, PACK RAT, et al., CLAIMS

INTRODUCTION

Summary

The New Idria Mining and Chemical Company, Idria, San Benito County, California, applied for Government assistance on September 5, 1957, to explore for uranium on property in the Beaver Mesa area of Mesa County, Colorado. The property consists of 6 located claims or portions of claims and about 60 acres of adjoining deeded land. A field examination of the property was made on September 23, 1957, by a DMEA team accompanied by Arthur W. Goring, manager of the operator's Uranium Division.

Most of the large uranium deposits on Beaver Mesa occur in the top sandstone unit of the Salt Wash member of the Morrison formation, and are concentrated along a fault which cuts the east-central part of the mesa. Sedimentary and tectonic structures appear to have had some influence over the localization of ore deposits. In the vicinity of ore deposits, the host sandstone is bleached from its normal light-red color to light brown or light gray and the mudstone within and underlying the sandstone is bleached to greenish gray. Ore deposits tend to occur close to the thicker parts of the host sandstone and are intimately associated with zones of abundant carbonaceous material.

The operator proposed a combination core and noncore drilling program which was revised during a subsequent conference with the examining team and in accordance with suggestions of the Field Team. On March 27, 1957, a contract was signed by representative of the DMEA and the operator, authorizing a two-stage exploration program consisting of 6,000 feet of core drilling and 30,640 feet of noncore drilling in 80 holes at a maximum overall cost of $102,620.00. Government participation at 75 percent of the overall cost would be a maximum of $76,965.00.

Work under the contract commenced on May 12, 1958, and progressed continuously until January 28, 1959. During the active period, 40 Stage I holes and 33 Stage II holes were completed to the objective. The 73 drill holes adequately explored the project area within the limitations of the contract specifications, thus no additional drilling was requested by either the operator or the OME. On February 27, 1959, a termination agreement was signed, effective January 28, 1959. A total of 26,660 feet of noncore drilling and 5,074 feet of core drilling at an accepted overall cost of $89,077.59 was required to satisfactorily complete the exploration program. Government participation in the accepted costs was 75 percent of the total, or $66,808.19. The amount of Government participation is tentative, pending the OME Auditor's Report of Review.

Ore-grade material was penetrated by 7 first stage holes and 9 second stage holes, thus indicating the presence of at least 4 substantial ore bodies. A total indicated and inferred reserve of 29,172 tons of ore averaging 0.61 percent U_3O_8 is calculated by use of the drill-hole data. On the basis of the discovered reserves, certification of the project as a discovery or development under an exploration project contract was recommended by the OME examining team on February 10, 1959.

Recommendations

The project area was adequately explored by the drilling approved under the subject contract. Additional holes around the two Hubbard Homestead ore bodies would furnish a basis for more accurately calculating the probable size and grade of the discovered ore reserves. OME policy, with respect to development work, would prevent Government participation in the costs of drilling essentially serving to block out ore deposits.

A part of the indicated and inferred ore reserves can be more easily reached by drifting from present workings in the Pack Rat mine.

No further exploration work which would justify Government participation remains in the area concerned by the subject project.

PROPERTY

Location and Accessibility

The Hubbard Homestead is in sec. 35, T. 51 N., R. 20 W.; the Pack Rat Nos. 1, 2, and 3, Johnnie Mae No. 3 claims, the west 100 feet of the Johnnie Mae No. 1, and the Shakin Quakie Fraction are in parts of unsurveyed secs. 25, 26, and 36, T. 51 N., R. 20 W., New Mexico Principal Meridian. The project area lies at an altitude of about 7,000 feet, partly on top of Beaver Mesa and partly on a bench flanking the east-central portion of the mesa (fig. 2). The claims are in Mesa County, 13 miles west of Gateway, Colorado, and are accessible over a maintained, graveled road to the Cherokee Shaft of Beaver Mesa Uranium, Inc. Gateway is 60 miles southwest of Grand Junction, Colorado, over improved and mostly black-topped State Highway 141. There are no unusual problems of access, ore marketing, labor, supply, water, or power.

Precipitation is moderate in the Beaver Mesa area in normal years but sometimes occurs in sufficient amounts to seriously delay surface operations and vehicle travel. Preparation of drill sites both on the mesa top and the adjoining bench is relatively easy. Some difficulty was experienced in construction of sites for a few of the second stage offset holes due to their location just below the rim of the mesa.

History and Production

Mining for vanadium and radium in the Beaver Mesa area dates from before World War I, but intensive activity did not start until 1948, the date of establishment of the U. S. Atomic Energy Commission's uranium buying program. U. S. Geological Survey exploration work, followed by extensive private and DMEA exploration, has been highly successful and has resulted in the discovery of large deposits which are currently being mined at a substantial rate.

Six DMEA projects have been completed in the immediate vicinity of the subject property (fig. 2). All of them have been certified as discoveries and 2 of the 6 have repaid the Government's portion of the costs of the respective projects. Three of the remaining 4 certified projects are currently making regular payments on the amounts owed to the Government.

Ore from the Pack Rat No. 2 claim, subordinated under the subject contract, is currently being mined and royalty paid by the operator. Two of the second stage ore holes, JS-44 and JS-45, indicated ore deposits near present mine workings and development drifts were immediately driven toward the holes. As of December 16, 1958, a total of 10,898.66 tons of ore, averaging 0.29 percent U_3O_8 and 1.21 percent V_2O_5, had been shipped as a result of this work.

Ownership

The ownership and royalty interests on the property consisting of 6 located claims and 59.33 acres of patented land known as the "Hubbard Homestead" are complicated but agreements and compromises between the various interests have satisfactorily determined the controlling interests in the land included in the DMEA project.

The Hubbard Homestead carries both surface and mineral rights, and is described as Lot 1, sec. 35, T. 51 N., R. 20 W., N.M.P.M. It is owned by Bert and Lyman Hubbard, ranchers, Gateway, Colorado. The minerals lease has been granted to the New Idria Mining and Chemical Company and is in effect until December 16, 1962.

The six unpatented, lode mining claims have been acquired by the operator through various transactions and are all subject to divided royalty interests. The recording data on located claims in the subordinated area are as follows:

Claim Name	Original location			Amended location	
	Book	Page	Date	Book	Page
Pack Rat No. 1	415	329	7-15-43	696	364
Pack Rat No. 2	415	329	7-15-43	696	365
Pack Rat No. 3	549	366	4-23-51	696	366
Johnnie Mae No. 3	415	120	4- 5-43	697	512
Johnnie Mae No. 1	415	42	2-27-43	697	510
Shakin Quakie Fraction	589	54	9- 9-53	--	--

The above claims appear to be valid and are so considered by the U. S. Atomic Energy Commission which has certified them for initial production bonus (Certification No. 162). The full initial production bonus has been paid on the six located claims and the Hubbard Homestead.

The New Idria Mining and Chemical Company retains a 27.5 percent interest in production from the Hubbard Homestead and a 25.0 percent interest in production from the located claims. Beaver Mesa Uranium, Inc., has a 55 percent interest in the production from the entire property by virtue of an operating agreement. Since the Beaver Mesa interest was so large, the DMEA contract was considered a joint venture and both companies signed as "operator." In a separate agreement between the participating companies, New Idria was designated "agent" and all matters relative to the project handled by it.

GENERAL GEOLOGY

The Hubbard Homestead and the Pack Rat, Shakin Quakie, and Johnnie Mae claims are on Beaver Mesa in the Gateway mining district. Beaver Mesa lies on the northeast flank of the La Sal Mountains where sedimentary formations dip as much as 3° northeastward. The Sagers Wash syncline, a very shallow fold, trends northwesterly across the northern end of Beaver Mesa and plunges gently to the northwest. One fault of somewhat major importance is present on Beaver Mesa (fig. 2). This fault trends northeasterly across the central part of the mesa, cutting the northern part of the subject property, and splitting into two closely parallel branches on the western end. The northern side is displaced about 90 feet upward relative to the south side.

Igneous rocks are exposed in the La Sal Mountains, about 9 miles southwest of Beaver Mesa, but no igneous rocks are exposed in the vicinity of the subject property. Sedimentary formations exposed in the vicinity of Beaver Mesa, range in age from Permian to Upper Cretaceous. All known uranium deposits in the Gateway district occur in the Morrison formation of Jurassic age.

The Morrison formation consists of two members, the Brushy Basin member and the underlying Salt Wash member. The Brushy Basin member is about 400 feet thick and is composed of reddish-brown and greenish-gray bentonitic mudstone with minor lenses of sandstone and conglomerate which are more numerous toward the base of the member. Locally, the rocks are thoroughly cemented with silica and classed as sedimentary quartzites. The contact between the Brushy Basin and the underlying Salt Wash member is an interfingering one, as Brushy Basin is intercalated with sandstone lenses forming the top layer of the Salt Wash member. Locally, conglomeratic sandstone lenses of the Brushy Basin member may lie directly on the nonconglomeratic sandstone lenses in the top part of the Salt Wash member.

The Salt Wash member of the Morrison formation consists of interbedded reddish-brown mudstone and broadly lenticular light-red to buff or light-gray, quartzose sandstones. Locally the sandstone contains abundant carbonaceous material and clay pebbles. At the top and bottom of the member, individual sandstone lenses are concentrated so as to overlap and coalesce forming continuous, though highly irregular, layers of sandstone containing thin layers of mudstone. These layers of sandstone range from about 40 to 85 feet in thickness. The central part of the Salt Wash member is dominantly reddish-brown mudstone with scattered broad lenses of sandstone.

Crossbedding and scour-and-fill features in the Salt Wash member indicate that it had a fluvial origin. Locally, thick elongate lenses of sandstone, which probably represent sand fillings of ancient stream channels can be traced for short distances. Such a thickening or "channel," in the top sandstone unit, seems to trend northeastward across the center of the subject property, though as yet there is not sufficient control for a complete understanding of the sedimentary structure involved.

ORE DEPOSITS

All known uranium deposits on Beaver Mesa occur in the Morrison formation. Small deposits are scattered in conglomeratic sandstone lenses at the base of the Brushy Basin member and in sandstone lenses in the bottom two units of the Salt Wash member, but all large deposits are in the top sandstone unit of the Salt Wash member. Most of the deposits are clustered in the vicinity of Lumsden Canyon where Beaver Mesa is traversed by a northeast-trending fault (fig. 2). In the vicinity of Lumsden Canyon, deposits seem to be strung out along the fault and in lines trending southeastward from the fault.

Ore deposits on the Hubbard Homestead and Pack Rat No. 1 and Shakin Quakie claims occur largely as irregular, discontinuous lenticular pods, and that the typical "roll" type ore bodies are rather uncommon. These pods of ore may range up to 100 feet in diameter and up to 8 feet in thickness. Two or more pods may be superposed, but separated by several feet of barren sandstone. Individual pods may or may not be laterally connected by thin layers of mineralized rock.

Vanadium and uranium minerals occur mainly as fillings of interstices and as replacements of carbonaceous material. On the whole, the ore bodies appear to be partly oxidized and intermediate between the oxidized, or carnotite type, and the unoxidized, or uraninite type. The dominant ore minerals are probably corvusite, vanadium clay and doloresite and significant amounts of the relatively unoxidized minerals uraninite, coffinite, and montroseite. The ratio of vanadium oxide to uranium oxide in the ore is approximately 4:1.

In the vicinity of ore deposits, the host sandstone is bleached from its normal light-red color to light brown or light gray and the mudstone within and underlying the sandstone is bleached to greenish gray. Ore deposits tend to occur close to the thicker parts of the host sandstone and are intimately associated with zones of abundant carbonaceous material. Thus, areas of bleached sandstone and mudstone and of thick sandstone containing carbonaceous material are considered favorable for the occurrence of uranium deposits. The subject property is such an area.

Areal distribution of the deposits on Beaver Mesa suggests that the deposits are related to the Lumsden Canyon fault and to thick, southwesterly trending, zones in the host sandstone--features which facilitated the lateral movement of ore fluids. This is not meant to imply that the Lumsden Canyon fault existed previous to mineralization, as evidence in other areas indicates that faults are definitely post-ore. Rather, it is probable that in pre-ore time a zone of fracturing existed along the present site of the Lumsden Canyon fault, and this fracture zone served as a permeable channel-way for lateral movement of fluids.

Because of favorable lithology and inferred structural ore controls, uranium deposits may occur anywhere on the subject property. Exploratory work has shown, however, that the Pack Rat No. 2 claim and the northeastern corner of the Hubbard Homestead are the most likely areas for the occurrence of deposits large enough to be economically mined.

THE PROJECT

The purpose of the project was to explore by means of drilling from the surface, the top sandstone unit of the Salt Wash member of the Morrison formation. The project area is in a geologically favorable area and adjoins a number of properties which have been extensively explored by drilling and underground workings. The claims had been partially explored prior to the DMEA work and are being actively mined at a substantial rate. Surrounding the producers were areas favorable for uranium occurrences--as determined from results of wide-spaced U. S. Geological Survey drilling. These were the areas explored during the subject project.

Original Program and Modifications

The operator originally proposed to explore the project area by means of a two-stage drilling program. The first stage consisted of 43 holes requiring an estimated 15,732 feet of noncore drilling and 3,460 feet of core drilling. On the Hubbard Homestead, holes would be spaced on 300-foot centers (due to the deeper drilling depths). The remainder of the project area would be explored by holes on a 250-foot spacing. The second stage of the operator's proposed program required an estimated maximum of 17,408 feet of noncore drilling and 3,840 feet of core drilling. Hole depths would range from 240 to 655 feet, with the deeper holes being on the Hubbard Homestead.

The operator's proposal was reasonable and, with a few minor changes in drill-hole arrangement, was recommended by the examining team. The modified proposal provided for a two-stage drilling program consisting of 6,075 feet of core drilling and 31,000 feet of noncore drilling at a maximum overall cost of $104,023.75; Government participation at 75 percent would be a maximum of $78,017.81.

The recommended program was further modified by the Washington office, DMEA, (deletion of one proposed hole and its related costs) and incorporated in a contract (Idm-E 1181), effective March 27, 1958, providing for exploration work estimated to cost $102,620.00; toward which the Government would contribute 75 percent, or not more than $76,965.00. The work consisted of a two-stage drilling program providing for the completion of a maximum of 80 holes within the project boundaries. The first stage consisted of 40 holes, drilled at specific locations and aggregating approximately 18,320 feet (15,320 feet of noncore and 3,000 feet of core drilling). The second stage provided for not more than 40 holes to be used as offset holes to any previously drilled holes that penetrated significant mineralization. Stage II hole spacing ranged from 100 to 150 feet, depending on the estimated depth of the ore horizon at proposed hole locations. All holes were to be drilled noncore through the upper formations to a point approximately 5 feet above the Brushy Basin-Salt Wash contact, and then core drilled through the uppermost Salt Wash sandstone unit, through any green mudstone lying immediately below, and into the underlying red mudstone for not more than 10 feet.

The contract was amended only once during the period that the project was active. The amendment is as follows:

> Amendment No. 1, effective December 11, 1958, extended the date fixed for completion of the contract work from November 30, 1958 to January 31, 1959.

Description of Work Completed

Exploration under Contract Idm-E 1181 started on May 12, 1958, and progressed continuously until January 28, 1959. During this period, Stage I and all authorized Stage II drilling were completed.

Stage I, consisting of 40 holes located as shown on figure 3 (drill holes JS-1 through JS-40) was completed during the period May - October 1958. The first stage work satisfactorily explored the entire project area and indicated several specific areas warranting closer spaced drilling. The second stage work was commenced on the eastern portion of the project area in August 1958 and progressed concurrently with Stage I work on the western portion. A total of 33 Stage II holes were required to attain the objective of the exploration program. All holes drilled during the project were radiometrically probed by the operator.

After completion of the offset holes, the operator requested termination of the project without performing the remaining work provided for in the contract. Inasmuch as property boundaries and hole spacing limitations prevented any further offset drilling, termination was recommended by the Field Team and a Termination Agreement, effective January 28, 1959, was signed by both parties of the contract on February 27, 1959.

Drilling data on the 73 project holes are given in Table 1.

ORE RESERVES

The work completed under Exploration Project Contract Idm-E 1181 was successful in discovering several ore bodies of varying size. Briefly, ore reserves were calculated for areas where the drill holes penetrated ore-grade material in sufficient amounts to indicate that mining would be feasible. Reserves classed as "Indicated" include a circle, 50 feet in radius, around each ore hole and are based on the usual characteristics of Beaver Mesa ore bodies. "Inferred" ore reserves are calculated for those deposits penetrated by two or more adjacent ore holes. The proximity of mineralized or barren holes was considered in determining the size of the inferred areas (figure 3, ore bodies 1, 2, 3, and 4). No reserve, other than indicated, was computed for the relatively isolated ore holes (fig. 3, ore bodies 5, 6, 7, and 8), especially since the areas within 100 feet of the holes was tested by either drill holes or mine workings.

A study of the drilling results of the 73 project holes (table 1) reveals that 16 of the holes penetrated material of ore grade and thickness. On consideration of the excessive depth, thinness, and marginal grade of the ore zone in hole No. JS-1--located in the northwest corner of the Hubbard Homestead--no reserves are assigned to this specific hole. The results obtained by surrounding holes also influenced this decision.

U. S. Geological Survey drill hole BV-48 (west side line of Pack Rat No. 1 claim) penetrated 2.5 feet of material assaying 0.05 percent U_3O_8 and 1.26 percent V_2O_5. Although the uranium content of the mineralized zone is subore grade, the relatively high vanadium content warranted the inference that minable ore would probably extend south of DMEA hole JS-53 (fig. 3).

In summary, the DMEA project drilling results permit a calculation of reserves amounting to a total of 29,172 tons of ore averaging 0.61 percent U_3O_8. The discovered ore deposits are essentially contained in two separate groups--one group containing two ore bodies on the Hubbard Homestead and the other group, on the Pack Rat claims Nos. 1 and 2, containing 6 ore bodies. The average thickness of all the above ore bodies is 1.82 feet.

Table 2, in the Annex, presents a breakdown of the indicated and inferred reserves calculated from the drill-hole data.

SUMMARY OF FACTUAL DATA

Work under the subject contract was accomplished between May 12, 1958 and January 28, 1959. All holes were accepted as having conformed with a reasonable interpretation of the contract specifications with respect to noncore drilling depths, core drilled intervals, and total depth of hole. The total footage drilled during the two stages of exploration amounted to 26,660 feet of noncore drilling and 5,074 feet of core drilling. The total cost of drilling only, as accepted by the Government was $77,705.70, averaging $2.45 per foot. The accepted overall cost of the project was $89,077.59 (table 3) and is tentative pending the OME Auditor's Report of Review. The Government's share of the accepted cost of the project was 75 percent of the overall amount or $66,808.19.

As of February 3, 1959, 10,898.66 tons of ore had been produced from the subordinated ground and royalties amounting to $20,510.73 paid by the operator (OME Auditor's Report of Royalty Review dated February 10, 1959). In accordance with the operator's letter to the OME Field Team, Region III, dated January 23, 1959, all ore shipments credited to the Pack Rat claims are subject to the Government's royalty under the subject contract, Idm-E 1181. Other shipments, credited to the "Johnnie Mae" claim are from an adjoining subordinated property (DMEA 4494, Contract Idm-E 1074) and royalty therefrom should be applied to the Idm-E 1074 account.

No equipment was purchased for use on the project. All exploration drilling was done by an independent contractor (Robert J. Colquitt, Grand Junction, Colo.) who furnished all necessary equipment and supplies for the actual drilling operation. All other operating equipment or supplies were either expendable or included in the incidental allowance as a fixed unit cost, thereby leaving no salvage or disposal problems.

CONCLUSIONS

No unusual difficulties were encountered in the completion of the approved exploration drilling. Insufficient data to accurately plot the location of a major fault crossing the project area resulted in excess coring footage in one hole (JS-8) and a complete lack of ore-bearing sandstone in another (JS-64). The remaining holes were not affected by the fault and the estimated noncore depths proved entirely satisfactory.

The project was well supervised and directed and drilling performance by the subcontractor was very satisfactory. Two drill rigs were employed.

The portions of the project area within the most favorable zones have been adequately explored within the limits of Government participation. Some additional drilling, particularly around the ore bodies on the Hubbard Homestead, might be necessary before mining plans are formulated. Government participation in such work, however, is not warranted.

Data obtained by the project drilling permits the calculation of indicated and inferred reserves totaling 29,172 tons of ore averaging 0.61 percent U_3O_8. On the basis of the calculated reserve, the project can be certified as a discovery or development with the expectation that the full repayment of the Government's portion of the project costs will be accomplished well before the expiration date of the Government's lien.

Table 1.--Data obtained from diamond drilling under DMEA Docket 4826, New Idria Mining & Chemical Company, Hubbard Homestead etc., Mesa County, Colo.

Hole No.	Footage Noncore	Footage Core	Total Depth	Footage Interval	Thickness in feet	Percent U_3O_8	Percent V_2O_5	Interval ore-bearing sandstone	Thickness ore-bearing sandstone	Hole classification	Percent eU_3O_8	Thickness in feet
JS- 1	510.0	76.0	586.0	545.5-547.2	1.7	--	0.06	515.8-576.0	60.0	Favorable	--	--
				547.2-550.0	2.8	0.13	1.05	--	--	--	--	--
				550.0-552.0	2.0	0.02	0.22	--	--	--	--	--
				559.3-559.5	0.2	0.04	1.06					
				Gamma-ray log								
				544.0-545.0	--	--	--	--	--	--	0.16	1.0
				545.0-546.0	--	--	--	--	--	--	0.24	1.0
				546.0-547.0	--	--	--	--	--	--	0.22	1.0
				547.0-548.0	--	--	--	--	--	--	0.05	1.0
JS- 2	525.0	88.0	613.0	601.8-602.1	0.3	--	0.03	529.3-601.8	72.5	Favorable	--	--
JS- 3	535.0	90.0	625.0	560.4-560.7	0.3	0.02	1.32	535.0-607.4	72.4	Favorable	--	--
				569.4-570.3	0.9	--	0.04	--	--	--	--	--
				570.3-570.6	0.3	--	0.02	--	--	--	--	--
JS- 4	530.0	74.0	604.0	--	--	--	--	530.0-596.8	66.8	Favorable	Barren	
JS- 5	525.0	70.0	595.0	571.2-572.0	0.8	0.09	0.03	535.0-581.8	46.8	Favorable	Barren	
JS- 6	525.0	90.0	615.0	542.8-543.6	0.8	0.01	0.02	535.7-607.8	72.1	Favorable	--	--
				543.6-543.9	0.3	0.09	0.13	--	--	--	--	--
				--	0.4	Tr	0.03	--	--	--	--	--
JS- 7	535.0	60.0	595.0	563.9-564.5	0.6	0.11	0.26	541.0-585.9	44.9	Favorable	--	--
				564.5-565.3	0.8	0.03	0.03	--	--	--	--	--
				Gamma-ray log								
				561.0-562.0	--	--	--	--	--	--	0.10	1.0
				562.0-562.5	--	--	--	--	--	--	0.05	0.5
				562.5-563.0	--	--	--	--	--	--	0.02	0.1
JS- 8	395.0	181.0	576.0	518.4-519.4	1.0	0.03	0.39	488.4-564.0	75.6	--	--	--
				519.4-520.7	1.3	1.75	0.15	--	--	--	--	--
				520.7-523.3	2.6	0.01	0.03	--	--	--	--	--
				523.3-526.0	2.7	0.04	0.43	--	--	--	--	--
				Gamma-ray log								
				519.0-520.0	--	--	--	--	--	--	0.06	1.0
				520.0-521.0	--	--	--	--	--	--	0.18	1.0
				521.0-522.0	--	--	--	--	--	--	0.52	1.0
JS- 9	535.0	60.0	595.0	584.7-585.6	0.9	0.01	0.05	540.5-586.1	45.6	Favorable	--	--
				Gamma-ray log								
				544.0-545.0	--	--	--	--	--	--	0.16	1.0
				545.0-546.0	--	--	--	--	--	--	0.24	1.0
				546.0-547.0	--	--	--	--	--	--	0.22	1.0
JS-10	530.0	68.0	598.0	--	--	Barren	--	539.6-586.5	46.9	Favorable	--	--
JS-11	555.0	54.0	609.0	580.2-580.8	0.6	0.00	0.02	570.1-600.1	30.0	Favorable	--	--
				580.8-581.4	0.6	8.88	15.27	--	--	--	--	--
				581.4-582.1	0.7	0.03	0.62	--	--	--	--	--
				Gamma-ray log								
				580.0-581.0	--	--	--	--	--	--	0.02	1.0
				581.0-583.0	--	--	--	--	--	--	0.03	2.0
				583.0-585.0	--	--	--	--	--	--	0.03	2.0

Table 1.--Data obtained from diamond drilling under DMEA Docket 4826, New Idria Mining & Chemical Company, Hubbard Homestead etc., Mesa County, Colo.--Continued.

Hole No.	Footage noncore	Footage core	Total depth	Footage interval	Thickness in feet	Percent U_3O_8	Percent V_2O_5	Interval ore-bearing sandstone	Thickness ore-bearing sandstone	Hole classification	Percent eU_3O_8	Thickness in feet
JS-12	565.0	56.0	621.0	589.5-590.8	1.3	0.01	0.07	--	--	Favorable	--	--
				590.8-591.5	0.7	0.08	0.09	--	--	--	--	--
				591.5-592.7	1.2	0.04	0.07	--	--	--	--	--
				Gamma-ray log								
				430.0-431.0	--	--	--	--	--	--	0.02	--
				431.0-432.0	--	--	--	--	--	--	0.03	--
				432.0-433.0	--	--	--	--	--	--	0.15	--
				433.0-434.0	--	--	--	--	--	--	0.08	--
				434.0-435.0	--	--	--	--	--	--	0.03	--
				435.0-436.0	--	--	--	--	--	--	0.02	--
JS-13	565.0	48.0	613.0	--	--	Barren	--	565.0-608.3	43.3+	Favorable	--	--
JS-14	575.0	60.0	635.0	--	--	Barren	--	585.2-624.0	38.8	Favorable	--	--
JS-15	515.0	76.0	591.0	--	--	Barren	--	515.0-580.2	65.2	Favorable	--	--
JS-16	369.0	70.0	439.0	--	--	Barren	--	369.0-433.2	64.2	Favorable	--	--
JS-17	360.0	77.0	437.0	360.0-360.6	0.6	0.09	0.02	360.0-427.5	67.5	Favorable	--	--
				360.6-362.0	1.4	0.03	0.06	--	--	--	--	--
				362.0-363.0	1.0	0.06	0.27	--	--	--	--	--
				373.1-373.6	0.5	0.03	0.55	--	--	--	--	--
				384.5-386.8	2.3	Tr	0.03	--	--	--	--	--
				397.7-398.0	0.3	0.04	0.03	--	--	--	--	--
JS-18	364.0	65.0	429.0	--	--	Barren	--	372.4-425.0	52.6	Favorable	--	--
JS-19	356.0	66.0	422.0	--	--	Barren	--	365.1-418.0	52.9	Favorable	--	--
JS-20	380.0	60.0	440.0	--	--	Barren	--	380.0-423.1	43.1	Favorable	--	--
JS-21	385.0	70.0	445.0	--	--	Barren	--	392.8-445.0	62.2	Favorable	--	--
JS-22	317.0	56.0	373.0	--	--	Barren	--	317.0-362.6	45.6	Favorable	--	--
JS-23	160.0	88.0	248.0	--	--	Barren	--	160.0-241.8	81.8	Favorable	--	--
JS-24	175.0	81.0	256.0	188.1-188.3	0.2	0.01	0.36	175.0-252.8	77.8	Favorable	--	--
				188.3-190.7	2.4	0.02	0.15	--	--	--	--	--
				190.7-191.0	0.3	0.13	4.77	--	--	--	--	--
				195.3-196.9	1.6	Tr	0.27	--	--	--	--	--
				196.9-198.8	1.9	0.93	1.82	--	--	--	--	--
				198.8-201.0	2.2	0.03	0.10	--	--	--	--	--
				201.0-205.4	4.4	0.04	0.23	--	--	--	--	--
				205.4-208.3	2.9	0.02	0.11	--	--	--	--	--
				208.3-210.2	1.9	0.02	0.03	--	--	--	--	--
				Gamma-ray log								
				195.5-196.0	--	--	--	--	--	--	0.06	0.5
				196.0-196.5	--	--	--	--	--	--	0.40	0.5
				196.5-197.0	--	--	--	--	--	--	0.76	0.5
				197.0-197.5	--	--	--	--	--	--	0.80	0.5
				197.5-198.0	--	--	--	--	--	--	0.52	0.5
				198.0-198.5	--	--	--	--	--	--	0.13	0.5
				198.5-199.0	--	--	--	--	--	--	0.04	0.5
JS-25	250.0	75.0	325.0	--	--	Barren	--	256.0-322.0	66.0	Favorable	--	--
JS-26	290.0	50.0	340.0	--	--	Barren	--	293.6-331.3	37.0	Favorable	--	--
JS-27	250.0	60.0	310.0	--	--	Barren	--	250.0-308.4	58.4	Favorable	--	--
JS-28	215.0	60.0	275.0	--	--	Barren	--	224.4-271.5	47.1	Favorable	--	--

Table 1.--Data obtained from diamond drilling under DMEA Docket 4826, New Idria Mining & Chemical Company, Hubbard Homestead etc., Mesa County, Colo.--Continued.

Hole No.	Footage noncore	Footage core	Total depth	Footage interval	Thickness in feet	Percent U_3O_8	Percent V_2O_5	Interval ore-bearing sandstone	Thickness ore-bearing sandstone	Hole classification	Percent eU_3O_8	Thickness in feet
JS-29	250.0	45.0	295.0	--	--	Barren	--	250.0-291.4	41.4	Favorable	--	--
JS-30	315.0	74.0	389.0	339.0-340.7	1.7	0.02	--	339.0-379.5	40.0	Favorable	--	--
				340.7-341.3	0.6	0.05	--	--	--	--	--	--
				341.3-341.7	0.4	0.07	--	--	--	--	--	--
				355.4-357.0	1.6	0.10	--	--	--	--	--	--
				357.0-359.0	2.0	0.90	4.59	--	--	Favorable	--	--
				359.0-361.0	2.0	0.06	0.74	--	--	--	--	--
				361.0-362.5	1.5	0.01	0.05	--	--	--	--	--
				Gamma-ray log								
				339.5-401.2	--	--	--	--	--	--	0.02	1.7
				401.2-403.1	--	--	--	--	--	--	0.02	1.9
				357.7-359.0	--	--	--	--	--	--	0.95	1.3
				359.0-361.9	--	--	--	--	--	--	0.01	2.9
				361.9-362.8	--	--	--	--	--	--	0.03	0.9
JS-31	280.0	75.0	355.0	320.0-320.5	0.5	0.01	0.45	290.4-342.1	51.7	Favorable	--	--
				320.5-321.3	0.8	1.45	14.36	--	--	--	--	--
				321.3-321.6	0.3	0.19	0.14	--	--	--	--	--
				Gamma-ray log								
				315.7-316.6	--	--	--	--	--	--	0.90	0.9
				330.2-331.1	--	--	--	--		--	0.14	0.9
JS-32	185.0	74.0	259.0	217.4-217.8	0.4	0.03	0.80	185.0-251.5	66.5	Favorable	--	--
				217.8-219.2	1.4	0.02	0.04	--	--	--	--	--
				219.2-220.5	1.3	0.06	0.05	--	--	--	--	--
				220.5-221.6	1.1	0.03	0.04					
				Gamma-ray log								
				215.6-216.8	--	--	--	--	--	--	0.04	1.2
				216.8-218.0	--	--	--	--	--	--	0.05	1.2
				218.9-220.1	--	--	--	--	--	--	0.01	1.2
				220.1-221.1	--	--	--	--	--	--	0.01	1.0
JS-33	302.0	70.0	372.0	--	--	Barren	--	319.9-366.0	46.1	Favorable	--	--
JS-34	230.0	63.0	293.0	--	--	Barren	--	234.0-284.7	50.7	Favorable	--	--
JS-35	305.0	75.0	380.0	348.9-349.6	0.7	0.09	1.11	317.0-369.3	52.3	Favorable	--	--
				349.6-350.1	0.5	Tr	None	--	--	--	--	--
				Gamma-ray log								
				347.7-348.6	--	--	--	--	--	--	0.06	0.9
				354.8-355.7	--	--	--	--	--	--	0.01	0.9
				356.3-357.4	--	--	--	--	--	--	0.01	1.1
JS-36	155.0	60.0	215.0	--	--	Barren	--	160.9-207.8	46.9	Favorable	--	--
JS-37	250.0	70.0	320.0	--	--	Barren	--	266.6-313.2	46.6	Favorable	--	--
JS-38	150.0	70.0	220.0	--	--	Barren	--	170.0-217.0	47.0	Favorable	--	--
JS-39	155.0	70.0	225.0	--	--	Barren	--	165.8-214.0	48.2	Favorable	--	--
JS-40	260.0	58.0	318.0	--	--	Barren	--	262.5-311.2	48.7	Favorable	--	--
JS-41	355.0	65.0	420.0	380.0-380.7	0.7	0.03	0.57	359.2-404.4	45.2	Favorable	--	--
				380.7-381.7	1.0	0.12	0.25	--	--	--	--	--
				Gamma-ray log								
				380.0-381.0	--	--	--	--	--	--	0.02	1.0
				381.0-382.0	--	--	--	--	--	--	0.07	1.0
				382.0-383.0	--	--	--	--	--	--		

Table 1.--Data obtained from diamond drilling under DMEA Docket 4826, New Idria Mining & Chemical Company, Hubbard Homestead etc., Mesa County, Colo.--Continued.

Hole No.	Footage noncore	Footage core	Total depth	Footage interval	Thickness in feet	Percent U_3O_8	Percent V_2O_5	Interval ore-bearing sandstone	Thickness ore-bearing sandstone	Hole classification	Percent eU_3O_8	Thickness in feet
JS-42	330.0	57.0	387.0	--	--	Barren	--	330.0-376.6	46.6	Favorable	--	--
JS-43	330.0	57.0	387.0	--	--	Barren	--	330.0-373.3	43.3	Favorable	--	--
JS-44	335.0	70.0	405.0	371.4-375.2	3.8	0.22	0.26	--	--	--	--	--
				375.2-379.0	3.8	0.53	1.06	--	--	--	--	--
				379.0-383.0	4.0	0.46	0.74	--	--	--	--	--
				Gamma-ray log								
				368.0-369.0	--	--	--	--	--	--	0.16	1.0
				369.0-370.0	--	--	--	--	--	--	0.27	1.0
				370.0-371.0	--	--	--	--	--	--	0.48	1.0
				371.0-372.0	--	--	--	--	--	--	0.76	1.0
				372.0-373.0	--	--	--	--	--	--	0.64	1.0
				373.0-374.0	--	--	--	--	--	--	0.59	1.0
				374.0-375.0	--	--	--	--	--	--	0.46	1.0
				375.0-376.0	--	--	--	--	--	--	0.53	1.0
				376.0-377.0	--	--	--	--	--	--	0.99	1.0
				377.0-378.0	--	--	--	--	--	--	0.66	1.0
				378.0-379.0	--	--	--	--	--	--	0.22	1.0
JS-45	320.0	64.0	384.0	354.8-360.0	5.2	1.14	7.09	325.3-373.9	48.6	Favorable	--	--
				360.0-361.2	1.2	0.52	0.08	--	--	--	--	--
				Gamma-ray log								
				351.0-352.0	--	--	--	--	--	--	0.10	1.0
				352.0-353.0	--	--	--	--	--	--	1.00	1.0
				353.0-354.0	--	--	--	--	--	--	1.40	1.0
				354.0-355.0	--	--	--	--	--	--	0.48	1.0
				355.0-356.0	--	--	--	--	--	--	0.37	1.0
				356.0-357.0	--	--	--	--	--	--	1.16	1.0
				357.0-358.0	--	---	--	--	--	--	1.00	1.0
				358.0-359.0	--	--	--	--	--	--	0.52	1.0
				359.0-360.0	--	--	--	--	--	--	0.13	1.0
JS-46	300.0	67.0	367.0	--	--	Barren	--	309.7-355.6	45.9	Favorable	--	--
JS-47	290.0	60.0	350.0	324.5-324.7	0.2	0.30	0.32	293.0-340.8	47.8	Favorable	--	--
				Gamma-ray log								
				324.0-325.0	--	--	--	--	--	--	0.02	1.0
				325.0-325.5	--	--	--	--	--	--	0.13	0.5
				325.5-326.0	--	--	--	--	--	--	0.31	0.5
				326.0-326.5	--	--	--	--	--	--	0.18	0.5
				326.5-327.0	--	--	--	--	--	--	0.06	0.5
JF-48	260.0	54.0	314.0	--	--	Barren	--	260.0-305.6	45.6	Favorable	--	--
JS-49	285.0	49.0	334.0	--	--	Barren	--	285.6-328.5	42.9	Favorable	--	--
JS-50	300.0	60.0	360.0	324.3-324.4	0.1	0.97	0.10	308.0-354.4	46.4	Favorable	--	--
				327.0-328.0	1.0	0.09	0.66	--	--	--	--	--
				328.0-330.2	2.2	0.07	0.28	--	--	--	--	--
				Gamma-ray log								
				326.5-327.0	--	--	--	--	--	--	0.02	0.5
				327.0-327.5	--	--	--	--	--	--	0.15	0.5
				327.5-328.0	--	--	--	--	--	--	0.21	0.5
				328.0-328.5	--	--	--	--	--	--	0.07	0.5
JS-51	135.0	98.0	233.0	--	--	Barren	--	149.3-230.8	81.5	--	--	--
JS-52	195.0	79.5	274.0	--	--	Barren	--	195.0-270.3	75.3	--	--	--

Table 1.--Data obtained from diamond drilling under DMEA Docket 4826, New Idria Mining & Chemical Company, Hubbard Homestead etc., Mesa County, Colo.--Continued.

Hole No.	Footage noncore	Footage core	Total depth	Footage interval	Thickness in feet	Percent U_3O_8	Percent V_2O_5	Interval ore-bearing sandstone	Thickness ore-bearing sandstone	Hole classification	Percent eU_3O_8	Thickness in feet
JS-53	175.0	96.0	271.0	202.3-203.0	0.8	0.03	0.35	181.9-263.4	81.5	Favorable	--	--
				203.0-203.3	0.3	0.30	9.61	--	--	--	--	--
				217.2-217.9	0.7	0.03	0.38	--	--	--	--	--
				217.9-219.5	1.6	0.11	0.62	--	--	--	--	--
				Gamma-ray log								
				201.0-202.0	--	--	--	--	--	--	0.02	1.0
				202.0-203.0	--	--	--	--	--	--	0.03	1.0
				203.0-204.0	--	--	--	--	--	--	0.02	1.0
JS-54	172.0	90.0	262.0	205.1-207.6	2.5	0.18	0.78	--	--	--	--	--
				207.6-209.5	1.9	0.01	0.10	172.0-256.5	84.5	Favorable	--	--
				Gamma-ray log								
				206.0-207.0	--	--	--	--	--	--	0.06	1.0
				207.0-208.0	--	--	--	--	--	--	0.22	1.0
				208.0-209.0	--	--	--	--	--	--	0.55	1.0
				209.0-210.0	--	--	--	--	--	--	0.22	1.0
				210.0-211.0	--	--	--	--	--	--	0.02	1.0
JS-55	165.0	60.0	225.0	198.8-199.1	0.3	0.02	0.16	169.6-219.5	49.9	Favorable	--	--
				Gamma-ray log								
				198.0-199.0	--	--	--	--	--	--	0.07	1.0
				199.0-200.0	--	--	--	--	--	--	0.10	1.0
				200.0-201.0	--	--	--	--	--	--	0.04	1.0
JS-56	190.0	60.0	250.0	--	--	Barren	--	191.9-242.5	50.6	Favorable	--	--
JS-57	190.0	86.0	276.0	225.7-227.9	2.2	0.02	0.37	--	--	--	--	--
				231.6-233.0	1.4	0.05	0.07	--	--	--	--	--
				Gamma-ray log	--							
				231.0-233.0	--	--	--	--	--	--	0.05	2.0
				233.0-234.0	--	--	--	--	--	--	0.19	1.0
				234.0-235.0	--	--	--	--	--	--	0.20	1.0
				235.0-236.0	--	--	--	--	--	--	0.11	1.0
				236.0-237.0	--	--	--	--	--	--	0.02	1.0
JS-58	365.0	79.0	444.0	371.5-372.5	1.0	0.02	0.03	371.5-440.3	68.8	Favorable	--	--
				372.5-373.5	1.0	0.11	0.12	--	--	--	--	--
				373.5-375.5	2.0	0.02	0.48	--	--	--	--	--
				375.5-377.5	2.0	0.01	0.29	--	--	--	--	--
				377.5-379.5	2.0	0.04	0.63	--	--	--	--	--
				Gamma-ray log								
				371.0-372.0	--	--	--	--	--	--	0.10	1.0
				372.0-377.0	--	--	--	--	--	--	0.05	5.0
				377.0-378.0	--	--	--	--	--	--	0.07	1.0
				378.0-380.0	--	--	--	--	--	--	0.10	2.0
				380.0-383.0	--	--	--	--	--	--	0.04	3.0
JS-59	360.0	56.0	416.0	--	--	Barren	--	360.0-402.6	42.6	Favorable	--	--
JS-60	330.0	75.0	405.0	356.2-357.0	0.8	0.01	0.08	330.0-396.2	66.2	Favorable	--	--
				357.0-357.7	0.7	0.04	0.30	--	--	--	--	--
				357.7-359.5	1.8	0.03	0.15	--	--	--	--	--

Table 1.--Data obtained from diamond drilling under DMO Docket 4826, New Idria Mining & Chemical Company, Hubbard Homestead etc., Mesa County, Colo.--Continued.

Hole No.	Footage noncore	Footage core	Total depth	Footage interval	Thickness in feet	Percent U_3O_8	Percent V_2O_5	Interval ore-bearing sandstone	Thickness ore-bearing sandstone	Hole classification	Percent eU_3O_8	Thickness in feet
JS-61	485.0	87.0	572.0	520.8-522.3	1.5	0.07	0.04	496.8-534.8	38.0	Favorable	--	--
				522.3-523.8	1.5	0.17	0.12	544.7-560.9	16.2	Favorable	--	--
				533.0-534.8	1.8	0.01	0.07	--	--	--	--	--
				Gamma-ray log								
				522.0-523.0	--	--	--	--	--	--	0.04	1.0
				523.0-524.0	--	--	--	--	--	--	0.10	1.0
				524.0-526.0	--	--	--	--	--	--	0.11	2.0
JS-62	500.0	84.0	584.0	531.7-532.8	1.1	0.22	2.75	509.8-549.2	39.4	--	--	--
				532.8-533.8	1.0	0.01	0.08	553.3-373.9	20.6	--	--	--
				571.1-571.4	0.3	Tr	0.05	--	--	--	--	--
				Gamma-ray log								
				533.0-534.0	--	--	--	--	--	--	0.17	1.0
				534.0-535.0	--	--	--	--	--	--	0.41	1.0
				535.0-536.0	--	--	--	--	--	--	0.50	1.0
				536.0-537.0	--	--	--	--	--	--	0.08	1.0
				537.0-538.0	--	--	--	--	--	--	0.04	1.0
JS-63	505.0	90.0	595.0	--	--	Barren	--	560.0-604.2	44.2	Favorable	--	--
JS-64	485.0	60.0	545.0	409.8-410.0	--	Barren	--	--	--	Unfavorable	0.72	0.2
JS-65	530.0	89.0	619.0	--	--	Barren	--	530.0-605.9	75.9	Favorable	--	--
JS-66	510.0	55.0	565.0	529.6-531.5	1.9	0.30	2.07	510.0-560.8	50.8	Favorable	--	--
				531.5-533.4	1.9	0.05	0.96	--	--	--	--	--
				533.4-536.2	2.8	0.05	0.11	--	--	--	--	--
				536.2-538.2	2.0	0.31	0.44	--	--	--	--	--
				Gamma-ray log								
				528.0-529.0	--	--	--	--	--	--	0.04	1.0
				529.0-530.0	--	--	--	--	--	--	0.16	1.0
				530.0-533.0	--	--	--	--	--	--	0.07	3.0
				533.0-535.0	--	--	--	--	--	--	0.03	2.0
				535.0-536.0	--	--	--	--	--	--	0.10	1.0
				536.0-537.0	--	--	--	--	--	--	0.13	1.0
				537.0-538.0	--	--	--	--	--	--	0.03	1.0
JS-67	550.0	53.0	603.0	--	--	Barren	--	556.6-592.3	35.7	Favorable	--	--
JS-68	555.0	55.0	610.0	--	--	Barren	--	560.0-604.2	44.2	Favorable	--	--
JS-69	540.0	68.0	608.0	547.5-547.7	0.2	0.13	0.09	547.5-604.5	57.2	Favorable	--	--
				569.2-570.6	1.4	0.21	3.72	--	--	--	--	--
				581.8-585.8	4.0	0.01	0.11	--	--	--	--	--
				Gamma-ray log								
				570.0-571.0	--	--	--	--	--	--	0.02	1.0
				571.0-572.0	--	--	--	--	--	--	0.13	1.0
				572.0-572.5	--	--	--	--	--	--	0.54	0.5
				572.5-573.0	--	--	--	--	--	--	0.27	0.5
				573.0-574.0	--	--	--	--	--	--	0.03	1.0
JS-70	540.0	73.0	613.0	--	--	Barren	--	540.7-604.1	63.4	Favorable	--	--
JS-71	530.0	70.0	600.0	--	--	Barren	--	530.0-590.1	60.1	Favorable	--	--

Table 1.--Data obtained from diamond drilling under DMEA Docket 4826, New Idria Mining & Chemical Company, Hubbard Homestead etc., Mesa County, Colo.--Continued.

Hole No.	Footage noncore	Footage core	Total depth	Footage interval	Thickness in feet	Percent U_3O_8	Percent V_2O_5	Interval ore-bearing sandstone	Thickness ore-bearing sandstone	Hole Classification	Percent eU_3O_8	Thickness in feet
JS-72	460.0	45.0	505.0	476.8-477.8	1.0	0.69	1.00	460.0-494.9	34.9	Favorable	--	--
				482.1-483.0	0.9	0.27	0.11	--	--	--	--	--
				Gamma-ray log								
				477.0-477.4	--	--	--	--	--	--	0.45	0.4
				477.4-481.0	--	--	--	--	--	--	0.03	3.6
				481.0-481.5	--	--	--	--	--	--	0.02	0.5
				481.5-482.0	--	--	--	--	--	--	0.26	0.5
				482.0-482.5	--	--	--	--	--	--	0.32	0.5
				482.5-483.0	--	--	--	--	--	--	0.36	0.5
				483.0-483.5	--	--	--	--	--	--	0.03	0.5
JS-73	460.0	30.0	490.0	467.3-468.2	0.9	0.12	0.10	460.0-482.9	22.9	--	--	--
				472.2-473.8	1.6	Tr	0.03	--	--	--	--	--
				475.2-476.9	1.7	0.05	Tr	--	--	--	--	--
				Gamma-ray log								
				467.0-469.0	--	--	--	--	--	--	0.03	2.0
				469.0-470.0	--	--	--	--	--	--	0.24	1.0
				470.0-471.0	--	--	--	--	--	--	0.36	1.0
				471.0-475.0	--	--	--	--	--	--	0.04	4.0
				475.0-476.0	--	--	--	--	--	--	0.14	1.0
				476.0-477.0	--	--	--	--	--	--	0.08	1.0
				477.0-478.0	--	--	--	--	--	--	0.07	1.0
				478.0-479.0	--	--	--	--	--	--	0.06	1.0
				479.0-480.0	--	--	--	--	--	--	0.02	1.0
Totals 73	26,660.0	5,074.0	31,734.0									

Table 2.--Ore reserve calculations, New Idria Mining & Chemical Company, Hubbard Homestead, Pack Rat, et al., claims, DMEA Docket 4826 (Uranium), Contract Idm-E 1181, Mesa County, Colorado.

	Hole No.	Diameter circle Inf. (ft.)	Area of Block sq. feet	Thickness in feet	Volume (cu. ft.)	Volume ÷ 14 tons out me	Percent U_3O_8	Tons x Grade
Hubbard Homestead Ore Body No. 1 -	JS-11	100	7,854	0.6	4,712.4	336.6	8.88	2,989.0
	JS-66	100	7,854	1.9	14,922.6	1,065.9	0.30	319.7
	JS-66	100	7,854	2.0	15,708.0	1,122.0	0.31	347.8
	JS-69	100	7,854	1.4	10,995.6	785.4	0.21	164.9
	JS-72	100	7,854	1.0	7,854.0	561.0	0.69	387.0
Hubbard Homestead Ore Body No. 2 -	JS- 8	100	7,854	1.3	10,210.2	729.3	1.75	1,276.2
	JS-61	100	7,854	1.5	11,781.1	841.5	0.17	143.0
	JS-62	100	7,854	1.1	8,639.4	617.1	0.22	135.7
Pack Rat Claim No. 1, Ore Body No. 3 -	JS-24	100	7,854	1.9	14,922.6	1,065.9	0.93	991.2
	JS-53	100	7,854	0.3	2,356.2	168.3	0.30	50.4
	JS-53	100	7,854	1.6	12,566.4	897.6	0.11	98.7
Pack Rat Claim No. 2, Ore Body No. 4 -	JS-30	100	7,854	1.6	12,566.4	897.6	0.10	89.7
	JS-30	100	7,854	2.0	15,708.0	1,122.0	0.90	1,009.8
	JS-41	100	7,854	1.0	7,854.0	561.0	0.12	67.32
Ore Body No. 5	JS-54	100	7,854	2.5	19,635.0	1,402.5	0.18	252.4
Ore Body No. 6	JS-31	100	7,854	1.1	8,639.4	617.1	1.11	684.9
Ore Body No. 7	JS-44	100	7,854	11.6	91,106.4	6,507.6	0.40	2,603.0
Ore Body No. 8	JS-45	100	7,854	6.4	50,265.6	3,590.4	1.02	3,662.2
		Average thickness -		2.26		22,888.8 O.K. me.	0.66	15,272.9
INFERRED ORE								
Hubbard Homestead, No. 1			34,184	1.50	51,276.0	3,662.5	0.33	1,208.6
Hubbard Homestead, No. 2			18,838	1.30	24,489.4	1,749.2	0.71	1,241.9
Pack Rat Claim No. 1, Ore Body No. 3			7,492	1.25	9,365.0	668.9	0.52	347.8
Pack Rat Claim No. 2, Ore Body No. 4			1,892	1.50	2,838.0	202.7	0.45	91.2
		Average thickness -		1.38		6,283.3	0.46 ~~0.614~~	2,889.6
						29172	0.61	

Table 2.--Ore Reserve calculations, New Idria Mining & Chemical Co., Hubbard Homestead, Pack Rat, et al., claims, DMEA Docket 4826 (Uranium), Contract Idm-E 1181, Mesa County, Colorado--Continued.

INDICATED ORE RESERVES

Area	Tons	Thickness	$\%U_3O_8$ Grade
Ore Body No. 1	3,870.3	1.38	1.08
Ore Body No. 2	2,187.9	1.30	0.71
Ore Body No. 3	2,131.8	1.26	0.53
Ore Body No. 4	2,580.6	1.53	0.45
Ore Body No. 5	1,402.5	2.50	0.18
Ore Body No. 6	617.1	1.10	1.11
Ore Body No. 7	6,507.6	11.60	0.40
Ore Body No. 8	3,590.4	6.40	1.02
Total Indicated Reserves	22,888.8	2.26	0.66

INFERRED ORE RESERVES

Area	Tons	Thickness	$\%U_3O_8$ Grade
Ore Body No. 1	3,662.5	1.50	0.33
Ore Body No. 2	1,749.2	1.30	0.71
Ore Body No. 3	668.9	1.25	0.52
Ore Body No. 4	202.7	1.50	0.45
Total Inferred Reserves	6,283.3	1.38	0.45
Total Indicated Reserves	22,888.8	2.26	0.66
Total Inferred Reserves	6,283.3	1.38	0.45
Total Reserves	29.172.1	1.82	0.614

Table 3.--Summary of costs incurred during project.
DMEA 4826 Contract Idm-E 1181

Contract Items	Unit	Actual Unit Cost	Claimed Units	Claimed Cost	Accepted Units	Accepted Cost	Contract Maximums Units	Contract Maximums Unit Costs	Contract Maximums Total Cost
Actual Unit Costs									
Stage I									
Noncore drilling									
0-300	foot	$ 2.00	10,755	$21,510.00	10,755	$21,510.00	11,175	$ 2.00	$ 22,350.00
300-600	foot	2.10	3,873	8,133.30	3,873	8,133.30	4,145	2.10	8,704.50
Core drilling									
0-400	foot	4.40	1,465	6,446.00	1,465	6,446.00	1,515	4.40	6,666.00
400-600	foot	4.90	1,233	6,041.70	1,233	6,041.70	1,280	4.90	6,272.00
600-800	foot	6.00	135	810.00	135	810.00	205	6.00	1,230.00
Drill crew standby	hour	12.00	40	480.00	40	480.00	40	12.00	480.00
Bulldozing	hour	12.00	95	1,140.00	95	1,140.00	80	12.00	960.00
Core boxes	each	1.00	0	0.00	0	0.00	300	1.00	300.00
Chemical assays	each	5.00	83	415.00	83	415.00	100	5.00	500.00
Stage II									
Noncore drilling									
0-300	foot	2.00	8,957	17,914.00	8,957	17,914.00	11,175	2.00	22,350.00
300-600	foot	2.10	3,075	6,457.50	3,075	6,457.50	4,145	2.10	8,704.50
Core drilling									
0-400	foot	4.40	1,292	5,684.80	1,292	5,684.80	1,515	4.40	6,666.00
400-600	foot	4.90	896	4,390.40	896	4,390.40	1,280	4.90	6,272.00
600-800	foot	6.00	53	318.00	53	318.00	205	6.00	1,230.00
Drill crew standby	hour	12.00	73½	882.00	73½	882.00	40	12.00	480.00
Bulldozing	hour	11.94	124	1,480.75	124	1,480.75	80	12.00	960.00
Core boxes	each	1.00	0	0.00	0	0.00	300	1.00	300.00
Chemical assays	each	5.00	62	310.00	62	310.00	100	5.00	500.00
Fixed Unit Costs									
Stage I									
Incidental allowance	foot	0.21	17,461	3,666.81	17,461	3,666.81	18,320	0.21	3,847.20
Stage II									
Incidental allowance	foot	0.21	14,273	2,997.33	14,273	2,997.33	18,320	0.21	3,847.20
Totals				$89,077.50		$89,077.59 1/			$102,620.00

1/ Subject to OME Auditor's Report of Review.

Government participation in accepted costs at 75 percent - $66,808.19

Average overall cost of drilling per foot - $ 2.81

U.S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
MARCH 1959. DMEA 4826. Y&M-R 1181

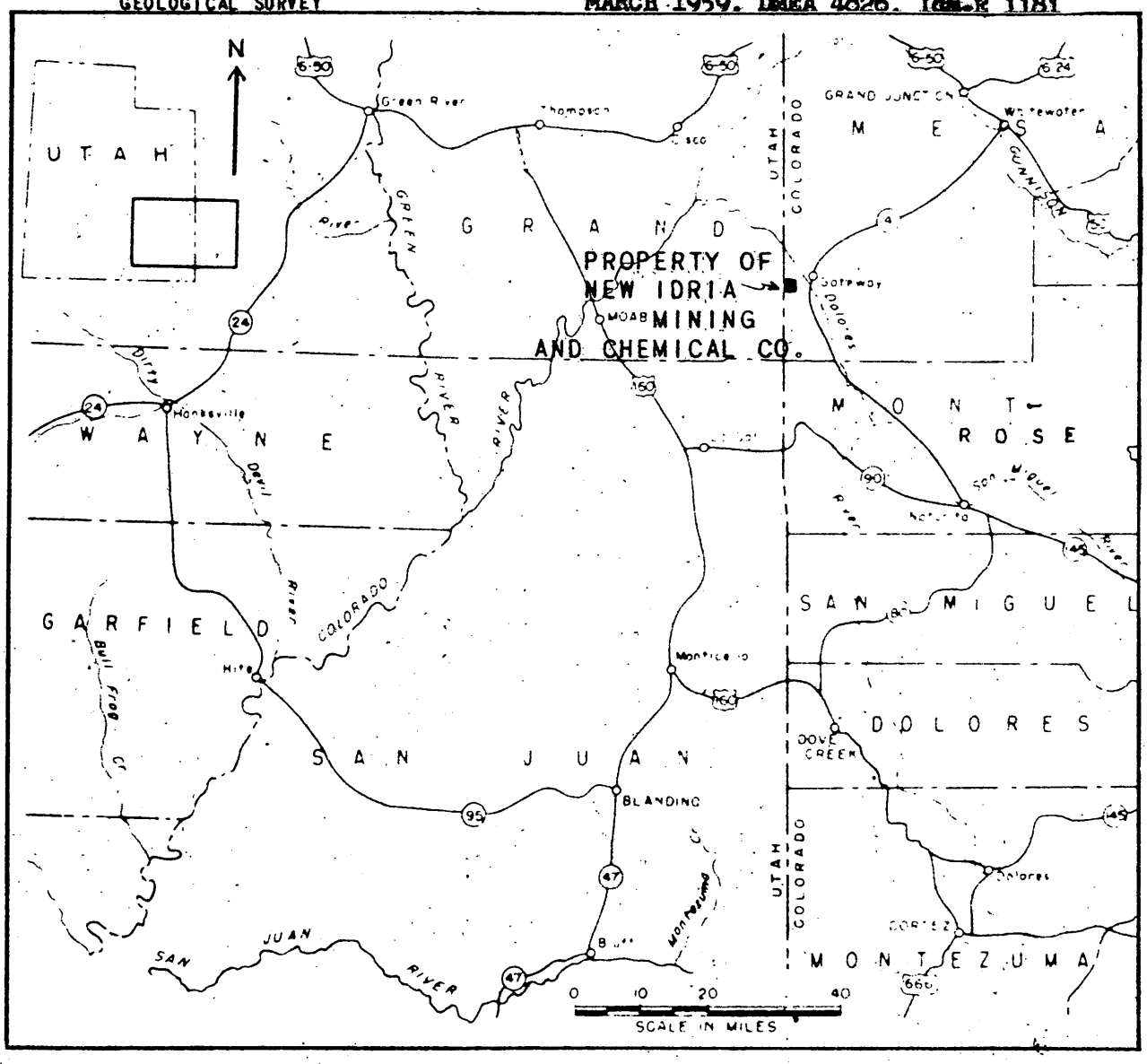
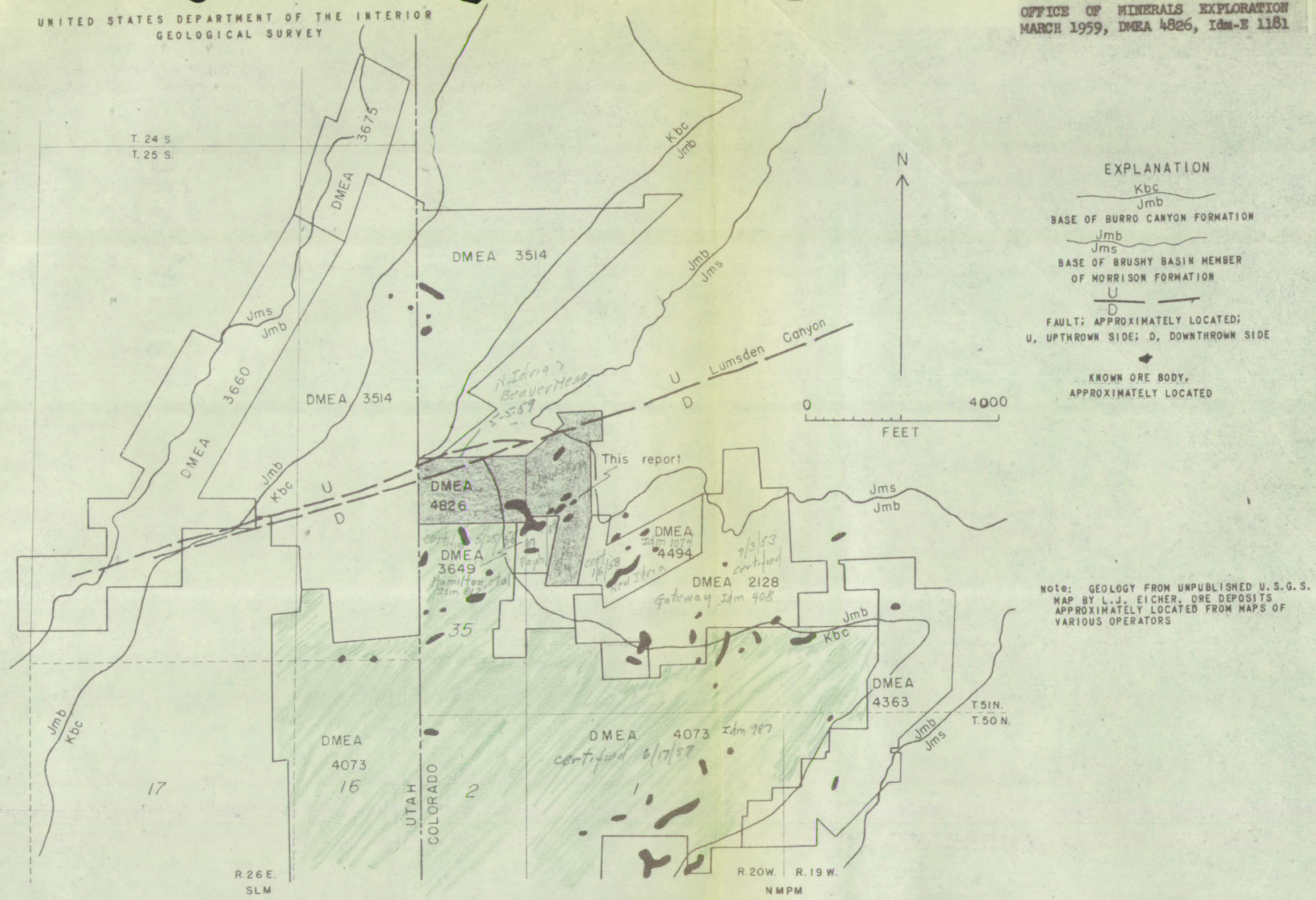


FIGURE 1.--INDEX MAP OF PART OF THE COLORADO PLATEAU SHOWING LOCATION OF HUBBARD HOMESTEAD AND JOHNNIE MAE, PACK RAT AND SHAKIN QUAKIE CLAIMS, NEW IDRIA MINING AND CHEMICAL CO., MESA COUNTY, COLORADO.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
MARCH 1959, DMEA 4826, Idm-E 1181



Note: GEOLOGY FROM UNPUBLISHED U.S.G.S. MAP BY L.J. EICHER. ORE DEPOSITS APPROXIMATELY LOCATED FROM MAPS OF VARIOUS OPERATORS

FIGURE 2.--GEOLOGY AND KNOWN ORE DEPOSITS IN THE VICINITY OF THE HUBBARD HOMESTEAD, NEW IDRIA MINING AND CHEMICAL CO., MESA COUNTY, COLORADO.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
Washington 25, D. C.

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 1 1959

DATE	INITIALS	CODE
5/4	a	220
		700

Date May 1, 1959
DMEA Docket No. 4826
DMEA Contract No. Idm-E1131
Commodity Uranium
Name of Applicant New Idria Mining & Chem. Co.
Location of property Mesa County, Colorado
Estimated cost of project $89,077.19

Memorandum

To: Frederick L. Knouse, Acting Director, OME
Rare and Misc. Minerals Division

From: James Paone, Bureau of Mines Member
Uranium Commodity Committee

Subject: Review of Final Report
(Application, Field Team Report, etc.)

1. Date of subject document: 4/24/59. 2. Date received by reviewer: 4/30/59.

3. Prior reports on this property known to reviewer: Yes ☐ No ☐

4. Prior reports on nearby properties known to reviewer: Yes ☐ No ☐

5. Information available on past production: Yes ☐ No ☐

6. Other pertinent factors known to reviewer: Yes ☐ No ☐

7. Explain items marked 'yes' above:

8. Factors needing special consideration:

a. Location ☐
b. Ownership ☐
c. Evidence of mineralization ☐
d. Geology ☐
e. Proposed exploration method ☐
f. Alternate exploration method ☐
g. Costs
h. _____ ☐

9. Action advised:

a. Obtain information from applicant ☐
b. Refer to Field Team ☐
c. Denial ☐
d. Agree with Field Team ☒
e. Disagree with Field Team ☐
f. Suggest alternate plan ☐
g. Request another examination ☐
h. Approval ☐
i. Consult with Mr. _____ at _____ AEC Office.

10. Remarks: (Use back of page if necessary). Certification as discovery or development recommended.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
4/28	Alley	800
"	"	220
"	Chang	700

APR 28 1959

Memorandum

To: Mr. D. T. Finch, OME Auditor

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

Subject: Docket No. DMEA-4826 (Uranium)
New Idria Mining and Chemical Company
and
Beaver Mesa Uranium, Inc.
Contract No. Idm-21181

Your report of review on the above cited project is acceptable and normal distribution is authorized.

AMAlley/ama
April 28, 1959

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

43683

OFFICIAL FILE COPY O. M. E. RECEIVED APR 23 1959		
DATE	INITIALS	CODE
4/23	G	220
4/23	[illegible]	800
"	[illegible]	700

224 New Customhouse
Denver 2, Colorado
April 20, 1959

Memorandum

To: Donald T. Finch, OME Auditor

From: Executive Officer, OME Field Team, Region III

Subject: Project No. DMEA 4806 (Uranium) Contract Ida-E1181, New Idria Mining and Chemical Company, (Hubbard Homestead, Peak Set, et al. claims) Mesa County, Colorado

The subject contract was terminated before completion of all work originally provided for, by Termination Agreement dated February 27, 1959, which was made effective January 26, 1959. A copy of the Termination Agreement is enclosed for your records.

The Operator's final engineering and geological report has been received, therefore final payment of the Operator's account is now in order, contingent on release to this office of a Certificate and Report of Audit, or Report of Review, of reported project costs, whichever the case indicates.

Work or service completed on a fixed unit cost basis consisted of Incidental Allowance for 31,734 feet of acceptable drilling.

The sum of $500.00 was withheld from reimbursement to the Operator in processing its final Form NF-104, Operator's Monthly Report and Voucher, which was for the period, December, 1958, and January, 1959.

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosure

JWT:hmh

cc: Chem. Op. Comm. (2)
Hershman
Robertson, OME/G.Jct.
Corres.file, Reg. III
Cooper
Green

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

224 New Customhouse
Denver 2, Colorado
April 13, 1959

Memorandum

To: Chairman, Operating Committee

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4826 (Uranium) Contract Idm-E1181, New Idria Mining and Chemical Company, (Hubbard, Homestead, Pack Rat et al. claims) Mesa County, Colorado

Enclosed are the original and one copy of a Final Engineering and Geologic Report, submitted by the Operator pertaining to work completed under the subject contract.

The Operator's final report appears to be satisfactory, therefore we recommend that it be accepted as complying with the provisions of Article 7(c) of the contract.

J. W. Townsend

J. W. Townsend

Enclosures

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 15 1959

DATE	INITIALS	CODE
4/15	C	220
4/15	[illegible]	800
		700

OPR'S FINAL REPORT

NEW IDRIA MINING & CHEMICAL COMPANY

Uranium Division - P.O. Box 311

GRAND JUNCTION, COLORADO

April 4, 1959

OME
DEPARTMENT OF THE INTERIOR
APR 7 - 1959
DENVER, COLORADO

Mr. J. W. Townsend
Executive Officer
OME Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Docket No. DMEA 4826 (Uranium)
Contract No. Idm-E1181
Hubbard Homestead, Pack Rat, et al, Claims
Mesa County, Colorado
Final Report

Dear Mr. Townsend:

Enclosed please find the Final Report on the above numbered project.

This report is a summary of the results obtained and does not repeat the information previously forwarded to you in the monthly reports.

Should any additional information be required, we would be pleased to forward it to you on request.

Very truly yours,

NEW IDRIA MINING & CHEMICAL COMPANY

Dean Nicholson

Dean Nicholson

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 15 1959

DATE	INITIALS	CODE

FINAL REPORT

DOCKET NO. DMEA 4826 (URANIUM)
CONTRACT NO. Idm-E1181
HUBBARD HOMESTEAD, PACK RAT, ET AL, CLAIMS
MESA COUNTY, COLORADO

OPERATOR

New Idria Mining & Chemical Co., Agent
Uranium Division
P.O. Box 311
Grand Junction, Colorado

PROPERTY AND LOCATION

Hubbard Homestead
Pack Rat Claims Nos. 1, 2 and 3
Johnnie Mae No. 3 and west 100 feet of Johnnie Mae No. 1

These properties are contiguous and are located on Beaver Mesa in the Gateway Mining District (unorganized), Mesa County, Colorado.

OUTLINE OF WORK APPROVED IN CONTRACT

Stage I

Prepare access roads and drill sites and drill 40 holes with approximately 18,320 feet of drilling of which 15,320 feet will be non-core drilling and 3,000 feet core drilling.

The locations of the Stage I holes are shown on Map A, Appendix III, and were located in such a manner as to fit in with previously drilled holes under the terms of the contract.

Stage II

Prepare access roads and drill sites and drill 40 offset holes to previously drilled holes showing significant mineralization. The 40 holes to approximate 18,320 feet of drilling of which 15,320 feet was to be non-core drilling and 3,000 feet to be core drilling.

The locations of the approved Stage II holes are as shown on Map A, Appendix III, and the offset distance to be 100 feet on all areas with the exception of the Hubbard Homestead where it is to be 150 feet.

ESTIMATED COST OF PROJECT AS PROPOSED

Total cost	$102,620.00
Government participation at 75%	$76,965.00
New Idria participation at 25%	$25,655.00

OUTLINE OF WORK COMPLETED UNDER CONTRACT

Stage I

Prepared access roads and drilled 40 holes with a total of 17,481 feet of drilling of which 14,648 feet were non-core drilling and 2,833 feet were core drilling.

Stage II

Prepared access roads and drill sites and drilled 33 holes with a total of 14,273 feet of drilling of which 12,032 feet were non-core drilling and 2,241 feet were core drilling.

ACTUAL COST OF PROJECT AS COMPLETED

Total cost	$89,077.59
Government participation at 75%	$66,809.19
New Idria participation at 25%	$22,269.40

DATES OF PROJECT

Date of contract	March 27, 1958
Date of termination of contract	January 28, 1959

DRILLING CONDITIONS ENCOUNTERED

Water was found in all drill holes and was from 20 to 60 feet below the collar. In general, caving was not a problem, but in those holes where caving was found it was excessive. The caving appeared to be localized and could not be predicted or followed as to trend.

Some exceptionally difficult drill sites had to be constructed which required bulldozer work in excess of the original estimates.

Excellent weather continued throughout the entire program which eliminated many of the transportation and access problems that are found during the winter.

SHIPMENTS DURING CONTRACT PERIOD

During the period in which the contract was in force ore with a gross value of $458,869.91 was shipped from the subordinated area and, at 5%, $22,945.50 was paid to the Government to reimburse the Govern-

ment's participation in the program.

Details of this production are shown in Appendix II.

ORE RESERVES

The project produced ore reserves of 79,034 dry tons with a gross value, inclusive of development bonus, but exclusive of haulage allowance, of $4,776,056.65.

Drilling prior to the DMEA project had produced ore reserves of 63,480 dry tons with a gross value, inclusive of development bonus, but exclusive of haulage allowance, of $2,903,916.45.

These ore reserves less shipments through January, 1959, show ore reserves on the subordinated area as of January 31, 1959, of 101,976 dry tons.

Details of the ore reserves are given in Appendix I.

Ore reserve blocks are shown on Map B, Appendix III.

GEOLOGY

All holes drilled were favorable with the exception of JS-64 which is believed to have been drilled into the fault zone passing through the north end of the Hubbard Homestead. No sandstone or green mudstone was recovered in the core from this hole.

The classification of the drill holes according to mineralization is as follows:

Ore holes	13
Ore grade, not mineable thickness	3
Strongly mineralized holes	14
Weakly mineralized holes	11
Barren holes	32
Total holes drilled	73

The geologic trends are shown on Maps C, D, E and F in Appendix III.

It is difficult to form any definite conclusions as to geologic trends, however, there appears to be an indication that conditions are favorable for ore deposition where there exists a change in the thickness of the ore bearing sandstone. In addition, where this change in thickness is underlaid by a thick green mudstone there appears to be a possibility of thicker ore deposits than where the mudstone member is thin or non-existent.

MINING

As the area is being developed by Beaver Mesa Uranium, Inc., the lessee, the reserves shown by the DMEA drilling project are being opened up. Some of the more accessible ore reserves have already been opened and ore was shipped from them during the contract period.

As development continues, the more remote areas of ore reserves will be opened up.

APPENDIX I

ORE RESERVES

1. General (Method of calculation)
2. DMEA Project Drilling
3. Previous Drilling Projects
4. Reserves Remaining

ORE RESERVES

General

The Area of Influence method has been used for the calculations of ore reserves found as a result of this DMEA Drilling Project and the same method has been used to determine the reserves available from previous drilling.

The influence of each ore hole has been extended one-half the distance to the next adjoining hole and, to create a polygon of area of influence about each hole, the perpendicular bisector of the line joining their centers was constructed. These bisectors are extended to intersect the other bisectors thus forming the area polygon which is controlled by that hole.

In the event that a polygon could not be closed due to lack of drill or other information, closure was effected by placing the closure line a distance from the hole equal to the average distance of the other polygon sides.

The thickness of the ore was determined from the wet assay of the core from each ore hole and a thickness and grade determination made that would permit proper mining.

The areas of influence as shown on Map B, Appendix III, were then measured with a planimeter and the following formula applied to determine tons of ore within the block:

$$\frac{\text{Area (sq. in.)} \times \text{Map Scale (ft. to in.)}^2 \times \text{Ore Thickness (ft.)}}{\text{Tons per cu. ft. (14)}} = \text{tons}$$

ORE RESERVES

Table Showing Ore Reserves from DMEA Drilling

Drill Hole	Dry Tons(1)	%U308	%V205	Thick ft.	Value per Ton(2)	Value of Block
JS-8	9,444	0.37	0.22	6.6	$33.36	$315,051.84
JS-11	2,873	2.90	5.05	1.9	315.81	907,322.13
JS-24	3,181	0.48	1.40	3.8	51.28	163,121.68
JS-30	5,589	0.37	1.98	5.6	44.43	249,319.27
JS-31	993	0.77	7.36	1.6	117.13	116,310.09
JS-44	16,913	0.40	0.69	11.6	39.28	664,342.64
JS-45	12,615	1.02	5.76	6.4	132.51	1,671,613.65
JS-54	3,443	0.18	0.78	2.5	19.23	66,208.89
JS-61	2,592	0.17	0.12	1.5	14.34	37,169.28
JS-62	1,931	0.22	2.75	1.1	34.95	67,488.45
JS-66	12,771	0.17	0.81	8.6	18.62	237,796.02
JS-69	3,206	0.20	3.26	1.6	36.21	116,089.26
JS-72	3,483	0.49	0.58	1.9	47.15	164,223.45
Average		0.53	1.96		$60.43	
Total	79,034					$4,776,056.65

Notes:

(1) Dry tons from wet tons at 5.5% moisture.
(2) Inclusive of development bonus and exclusive of haulage allowance.

ORE RESERVES

Table Showing Ore Reserves from Previous Drilling

Drill Hole	Dry Tons(1)	%U308	%V205	Thick ft.	Value per Ton(2)	Value of Block
BD-113	4,007	0.20	0.45	2.8	$18.79	$75,291.53
BD-115	8,937	0.23	0.11	3.4	19.53	174,539.61
BD-118	2,948	0.48	4.75	2.1	72.05	212,403.40
BD-120	1,242	0.34	3.08	1.0	48.40	60,112.80
BV-36	6,237	0.65	1.22	7.0	67.06	418,253.22
BV-48	6,413	0.25(3)	1.26	2.5	28.56	183,155.28
BV-62	3,780	0.25	0.18	5.6	21.87	82,668.60
C-1	2,937	0.93	1.78	6.8	98.54	289,411.98
C-4	1,459	1.12	0.94	2.0	112.33	163,889.47
D-5	2,862	0.68	0.80	3.5	67.46	193,070.52
D-9	3,037	0.62	3.80	5.4	80.06	243,142.22
D-10	445	0.21	0.06	1.5	17.32	7,707.40
H-11	1,332	0.62	1.78	1.7	67.54	89,963.28
H-17	2,940	0.92(3)	4.63	3.3	115.21	338,717.40
H-19	9,331	0.18	0.88	7.2	19.86	185,313.66
H-25	3,683	0.28	1.10	6.2	30.42	112,036.86
H-28	1,890	0.34	1.61	3.5	39.28	74,239.20
Average		0.42	1.40		$45.75	
Total	63,480					$2,903,916.45

Notes:

(1) Dry tons from wet tons at 5.5% moisture.
(2) Inclusive of development bonus and exclusive of haulage allowance.
(3) High vanadium holes from which uranium content was obtained at 1 to 5 ratio.

ORE RESERVES

Summary of Ore Reserves Remaining

Total Drilled Ore Reserves Through End of DMEA Program:

Drilling	Dry Tons	%U308	%V205	Value
DMEA	79,034	0.53	1.96	$4,776,056.65
Previous	63,480	0.42	1.40	2,903,916.45
Total	142,514			$7,679,973.10

Shipped from Drilled Reserves Through January, 1959:

Area	Dry Tons	%U308	%V205	Value(1)
Hubbard Homestead	15,563	0.28	1.03	$466,734.37
Pack Rat	21,660	0.33	1.53	819,614.40
Shakin Quakie	3,315	0.29	0.73	96,400.20
Total	40,538			$1,382,748.97

Ore Reserves Remaining: (January 31, 1959)

Total drilled Ore Reserves	142,514 dry tons
Less total Ore Shipped	40,538
Remaining Ore Reserves	101,976 dry tons

(1) Computed value from tons shipped and inclusive of development bonus, but exclusive of haulage allowance.

APPENDIX II

SUMMARY OF PRODUCTION

CONTRACT PERIOD: MARCH 27, 1958, TO JANUARY 28, 1959

APPENDIX II

SUMMARY OF PRODUCTION

Contract Period: March 27, 1958, to January 28, 1959

(All Sales to Union Carbide Nuclear Company)

Gross Weight, Pounds	26,011,110
Dry Weight, Pounds	24,783,035
Dry Weight, Tons	12,391.52
Average Assays	
U308	0.28
V205	1.20
Pounds U308	69,620.33
Base Payment, U308	$242,944.71
Development Allowance	$34,810.25
Premiums	
Excess of 4 pounds U308 per ton	
Excess pounds U308	20,284.09
Amount at 75¢ per excess pound	$15,143.09
Excess of 10 pounds U308 per ton	
Excess pounds U308	187.61
Amount at 25¢ per excess pound	$46.90
Haulage Allowance	
Number of Wet Tons	13,005.51
Per Ton (Average)	5.76
Amount	$73,794.71
Pounds V205	297,197.55
Payment V205	$92,131.25
Total Value Subject to Royalty at 5%	$458,869.91
Royalty Paid During Contract Period	$22,945.50

APPENDIX III

MAP A: FINAL DRILL PATTERN

MAP B: ORE RESERVES

MAP C: THICKNESS OF ORE BEARING SANDSTONE

MAP D: TOP CONTOUR OF ORE BEARING SANDSTONE

MAP E: BOTTOM CONTOUR OF ORE BEARING SANDSTONE

MAP F: GREEN MUDSTONE BELOW ORE BEARING SANDSTONE

Maps received with Operator's final report
A through F, inclusive
Mr. Townsend's transmittal letter 4/13/59

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 16 1959

DATE	INITIALS	CODE
3/16	C	220
3/16	[illegible]	800
		700

224 New Customhouse
Denver 2, Colorado
March 13, 1959

Mr. Dean Nicholson
New Idria Mining & Chemical Company
P. O. Box 311
Grand Junction, Colorado

Re: Docket No. DMEA 1886 (Uranium)
Contract Idm-Mi181
New Idria Mining & Chemical Company
(Hubbard Homestead, Pack Rat, et al. claims)
Mesa County, Colorado

Dear Mr. Nicholson:

Enclosed is the "Operator's copy" of the Termination Agreement, which has been executed to terminate Contract No. Idm-Mi181, effective January 28, 1959.

Your attention is directed to the provisions of item 3 of the Termination Agreement, relative to your rendering to the Government a final engineering and geologic report, as required under Article 7(c) of the contract form.

We wish to close the account at an early date, therefore, we will appreciate your early attention in submitting the required five copies of your final engineering and geologic report.

Very truly yours,

Original signed by
J. W. TOWNSEND
J. W. Townsend
Executive Officer, OME
Field Team, Region III

JDC:hmh

Enclosures

cc: Chan. Op. Comm. (2) - w/copies of Government's & Audit copies of Termination Agreement
Finance Office, Reg. III)
Marshman) w/copy of Termination
Hasler) Agreement
Robertson, OME/GJ)
Corres. file, Reg. III)
Cooper
Chron

224 New Customhouse
Denver 2, Colorado
March 2, 1959

RECEIVED		
DATE	IN	
3/4	[illegible]	[illegible]0
3/4	[illegible]	[illegible]800
[illegible]	[illegible]	700

Mr. Dean Nicholson
New Idria Mining and Chemical Company
P. O. Box 311
Grand Junction, Colorado

Re: Docket No. [illegible] ([illegible])
Contract Ite[illegible]
New Idria Mining and Chemical Company
(Hubbard Homestead, Pack Rat
et al. claims)
Mesa County, Colorado

Dear Mr. Nicholson:

Enclosed are the Government's, Audit, Finance Office, and Field Team copies of a proposed TERMINATION AGREEMENT, which has been prepared in reference to your request by letter of January 29, 1959, to terminate the captioned contract effective January 28, 1959.

If the proposed Termination Agreement is satisfactory, all copies are to be signed by an official of New Idria Mining and Chemical Company, authorized to sign such an instrument, the signer's title inserted, the corporate seal affixed, and all copies promptly returned to this office; upon receipt of which the "Operator's copy" will be forwarded to you.

Very truly yours,

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

Enclosures

JDC:hmh
cc: Chmn. Op. Comm. (2)
Harshman
Hasler
Robertson, OME/GJ
Corres.file, Reg.III
Cooper
Chron

MME Form 7
(10-58)

FEB 27 1959

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2/2		
2-27	Johnson	110
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3/2	C	220
		700

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Chairman, Operating Committee, OME

Subject: Docket No. DMEA-4826 (Uranium)
Contract No. Idm-E1181
New Idria Mining and Chemical Company, Agent
Hubbard Homestead, Pack Rat, et al., Claims
Mesa County, Colorado

In accordance with your memorandum of February 13, 1959, we are enclosing the original and four copies of a proposed Termination Agreement between the Government and New Idria Mining and Chemical Company, Agent, signed by the Acting Director. Also enclosed are two extra copies of the agreement for the use of the Field Team.

If you and the Operator find the proposed agreement in order, please have the Operator execute it as indicated and make the usual distribution thereafter.

George C. Selfridge

George C. Selfridge (2/2)
Chairman, Operating Committee

APPROVED:

H. G. Iverson (2/6)
Member, Bureau of Mines

N. E. Nelson (2/6)
Member, Geological Survey

MChing/gla 2/24/59
cc to: Director's Reading File
Operating Committee
THKiilsgaard, 5224
MChing

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 24 1959

DATE	INITIALS	CODE
2/24	C	220
"	Chiny	700

224 New Customhouse
Denver 2, Colorado

February 20, 1959

Mr. John W. Ledbetter,
Gibraltar Minerals Company
P. O. Box 35067
Dallas 35, Texas

Re: Docket No. DMEA 4836 (Uranium)
Contract No. DAm-E1182
Gibraltar Minerals Company
(Lookout et al claims)
Saguache County, Colorado

Dear Mr. Ledbetter:

Reference is made to your letter of February 13, 1959 regarding ore settlements No. 7778 dated January 4, 1958, and No. 8626 dated October 3, 1958, and No. 8805 dated November 4, 1958.

You are correct in your interpretation that royalty would not be due the Government on ore settlement No. 7778 which was dated prior to the date of the contract. However, royalty payment to the Government is due on the other two settlements in accordance with Article 8 (b)(1) of the contract. In addition, royalty payment to the Government is due on any other production made from the land subcontracted under the contract from the date of the contract until the expiration of the six months period established under Article 8(a) of the contract.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JWT/ff

cc: Chairman, Op. Comm. (2))
Royalty File, Reg. III) w/ copy of Operator's letter of Febr. 13, 1959.
Buel, OME/DFC)
Chron.

GIBRALTAR MINERALS COMPANY
P. O. BOX 35067
DALLAS 35, TEXAS

OME
DEPARTMENT OF THE INTERIOR
FEB 16 1959
REGION III
DENVER, COLORADO

February 13, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 24 1959

DATE	INITIALS	CODE
2/24	Chiz	700

Mr. J. W. Townsend,
Executive Officer,
United States Department of the Interior,
OME Field Team, Region III,
224 New Customhouse,
Denver 2, Colorado

Dear Mr. Townsend:

Reference is made to your letter dated January 28, 1959 concerning three shipments of ore to the Union Carbide Nuclear mill by Gibraltar Minerals Company from the Lookout claims, Saguache County, Colorado.

DMEA 4836, Contract Idm-E1182, began April 1, 1958 and was terminated by letter July 29, 1958. No ore was discovered by the DMEA exploration contract and the above letter recognized this fact.

The first ore shipment, Ore Settlement No. 7778, dated January 4, 1958, was made prior to the DMEA contract. Shipments on Settlement No's. 8626 and 8805, dated October 3, 1958 and November 4, 1958, respectively, were made after the termination of the contract and resulted from exploration in which the DMEA refused to participate.

As it is our understanding that a royalty is paid only if the contract work leads to the discovery of ore, we would appreciate hearing from you concerning our obligation to pay royalty on the above shipments.

Sincerely yours,

John W. Ledbetter

John W. Ledbetter

JWL:ek

DRAFT
2/18/59
MMing/gla

TERMINATION AGREEMENT

It is agreed this _____ day of _____, 1959, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and New Idria Mining and Chemical Company and Beaver Mesa Uranium, Inc., a Joint Venture, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-21181, Docket No. DMEA-4825, dated March 27, 1956, as amended, hereinafter called the "Contract," that:

1. Effective January 28, 1959, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall not contribute to the cost of any work performed after January 28, 1959.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. All rights of the Government respecting certification of discovery or development, percentage royalty and liens to secure the payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

5. The Operator hereby releases [illegible] agrees to save the Government harmless from all claims a[illegible]ands under or arising [illegible] said Contract, except as otherwise provided in this [illegible]ation Agreement.

IN WITNESS WHEREOF, these parties have executed this Agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Acting Director, Office of
Minerals Exploration

NEW ZINCIA MINING AND
CHEMICAL COMPANY, AGENT

By _____

Title _____

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 16 1959

DATE	INITIALS	CODE
2/18	C	220
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	Chiang	700

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
February 13, 1959

Memorandum

To: Chairman, Operating Committee, OME

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4826 (Uranium) Contract Idm-E1181, New Idria Mining and Chemical Company, (Hubbard Homestead, Pack Rat, et al. claims) Mesa County, Colorado

Enclosed are the original and two copies of a joint memorandum dated February 10, 1959, from H. F. Robertson, Mining Engineer, Bureau of Mines, and J. William Hasler, Geologist, Geological Survey, which is in reference to the Operator's letter of January 29, 1959, requesting the Government's approval to terminate the contract in its present status. Two copies of the Operator's letter were forwarded to you with copies of our memorandum of February 2, 1959, to the field examiners.

The field examiners believe that the property has been adequately explored by the work completed under the contract, and recommend that the contract be terminated in its present status.

The exploration work completed under the contract resulted in the discovery or development of a significant quantity of uranium ore, therefore the field examiners recommend certification of the project as a discovery or development.

We concur with the recommendations of the field examiners, and further recommend that a suitable agreement be prepared to terminate the contract in its present status, and be forwarded through this office for signature by the Operator. Based on information furnished by the Operator, the effective date of termination should be either January 22, 1959, with added provision for Government contribution to incident costs incurred on and subsequent to that date, or January 28, 1959, without the added provision.

J. W. Townsend

FILE COPY
M.O.E.
RECEIVED FEB 16 1959
ENTRIES | CODE

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 360
Grand Junction, Colorado

OME
DEPARTMENT OF THE INTERIOR
FEB 12 1959
REGION III
DENVER, COLORADO

RECEIVED
GEOLOGICAL SURVEY
DENVER, COLORADO

February 10, 1959

Memorandum

To: Executive Officer, OME Field Team, Region III

Through: E. N. Harshman

From: H. F. Robertson
J. W. Hasler

Subject: Docket No. DMEA 4826 (Uranium), Contract No. Idm-E 1181, New Idria Mining and Chemical Company, (Hubbard Homestead, Pack Rat, et al claims), Mesa County, Colorado.

The operator requested termination of the subject contract in its present status without requiring performance of the balance of work originally provided in the contract. All authorized drilling was completed on January 21, 1959, and the last costs applicable to the contract were incurred on January 27, 1959.

The original contract provided for 40 Stage I and 40 Stage II holes to adequately explore the project area. To date, approximately 880 feet of core drilling and 3,000 feet of noncore drilling remain unused in the estimated requirements for Stage I and Stage II. Inasmuch as the 4 Stage II holes, authorized by Amendment No. 1, adequately tested the only remaining favorable part of the project area, OME participation in additional drilling is not warranted. Therefore, the examining team concurs with the operator and recommends that the contract be terminated in its present status.

A total of 73 holes were drilled during the DMEA project. Of the total, 12 holes penetrated material that may be classified as ore holes, 3 holes penetrated material which was ore grade in less than minable thicknesses, 13 holes were strongly mineralized, 11 holes were weakly mineralized, and the remaining 30 holes were barren. The results of the last 4 holes drilled have not been received to date. Tentative computations, based on the results of the project drilling, indicate that a significant ore reserve was discovered and reasonably delineated. Therefore, it is recommended that the project be certified as a discovery or development.

It should be noted that the operator has already repaid $20,510.73 (as of January 31, 1959) through royalty on production from subordinated ground while the project was active.

H. F. Robertson

H. F. Robertson
Mining Engineer

J. William Hasler

J. William Hasler
Geologist

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
2/12	GMcCarthy	800
2/12	[illegible]	800
2/12	C	220
		700

FEB 12 1959

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

Re: Docket No. DMEA-4826 (Uranium)
New Idria Mining and Chemical Company
Contract No. Idm-X1181

Dear Mr. Finch:

Your Report of Royalty Review on the above-referenced project is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

GMcCarthy/GMcC
February 12, 1959

cc: Docket
Director's Reading File
Mr. Chambers

8623

OFFICIAL FILE COPY O. M. E. RECEIVED FEB 5 1959		
DATE	INITIALS	CODE
2/5/59	J. 9	225
2/5/59	[illegible]	800
2/6	[illegible]	700

224 New Customhouse
Denver 2, Colorado

February 2, 1959

Memorandum

To: J. W. Hasler, w/ enclosure
H. F. Robertson, w/ enclosure

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. [illegible] (Uranium), Contract No. Idm-E1181, New Idria Mining and Chemical Company, (Hubbard Homestead) Pack Rat et al claims), Mesa County, Colorado

Enclosed is a copy of a letter dated January 29, 1959 from the subject Operator, requesting Government approval to terminate the contract in its present status without requiring performance of the balance of work originally provided for.

Please review the Operator's request, and submit to this office a joint memorandum containing your recommendations relative to termination of the contract, and also relative to certification of the project as a discovery or development.

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosure
JDC/ff
cc: Chmn. Op. Comm. (2))
Harshman)w/copy Operator's letter of 1/29/59
Corres. File, Reg. III)
Cooper
Chron.

NEW IDRIA MINING & CHEMICAL COMPANY
URANIUM DIVISION • P.O. Box 311
GRAND JUNCTION, COLORADO

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 5 1959
DATE | INITIALS | CODE
OME
DEPARTMENT OF THE INTERIOR
JAN 30 1959
REGION III
DENVER, COLORADO

January 29, 1959

Mr. J. W. Townsend
Executive Officer
OME Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Docket No. DMEA 4826 (Uranium)
Contract No. Idm-E1181
Hubbard Homestead, Pack Rat et al. claims
Mesa County, Colorado

Dear Mr. Townsend:

We wish to request termination of the above numbered contract in its present status inasmuch as all drilling approved by your office has been completed under the terms of the contract.

The drilling was completed on January 21, 1959, and the last costs incident to the contract were incurred on January 27, 1959.

The monthly report for January, 1959, and the Final Engineering and Geologic Report are in the process of preparation and will be forwarded upon completion.

Very truly yours,

NEW IDRIA MINING & CHEMICAL CO.

Dean Nicholson

Dean Nicholson

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 2 1959

DATE	INITIALS	CODE
2/2	C	220
2/2	[illegible]	800
"	[illegible]	700

22d New Customhouse
Denver 2, Colorado
January 26, 1959

Mr. Arthur W. Goring, Secretary-Treasurer
New Idria Mining and Chemical Company
P. O. Box 311
Grand Junction, Colorado

Re: Docket No. DMEX 4886 (Uranium)
Contract 14m-81181
New Idria Mining and Chemical Company
(Ashford Homestead, Tank Hat et al. claims)
Mesa County, Colorado

Dear Mr. Goring:

We have been advised that all approved work under the captioned contract has been completed and that your final engineering and geologic report is in preparation.

Although your final monthly accounting report and voucher has not been received, we believe that considerable core and non-core drilling remains unexpended. This being the case, the contract should be terminated in its present status by mutual agreement of the parties to the contract.

The request for termination should originate with you and should contain advice as to the date the last project work was performed and the date the last costs incident to the work were incurred.

We will appreciate your prompt attention in the matter of requesting Government approval for termination of the contract.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JDC:hmh

cc: Chan. Op. Comm. (2)
Harshman
Robertson, OME/GJ
Corres. file, Reg. III
Cooper
Chron

NEW IDRIA MINING & CHEMICAL COMPANY
URANIUM DIVISION · P.O. Box 311
GRAND JUNCTION, COLORADO

OFFICIAL FILE COPY
O. M. E.
RECEIVED JAN 30 1959

DATE	INITIALS	CODE
1-30	C	220
		700

January 23, 1959

DEPARTMENT OF THE INTERIOR
JAN 26 1959
REGION III
DENVER, COLORADO

Mr. E. N. Harshman
Acting Executive Officer
OME Field Team, Region III
224 New Customhouse Bldg.
Denver 2, Colorado

Docket DMEA-4494 (Uranium)
Contract Idm-E1074
(Johnnie Mae Group of claims)
AND
Docket DMEA-4826 (Uranium)
Contract Idm-E1181
(Hubbard Homestead, Pack Rat, et al. claims)
Mesa County, Colorado

Dear Mr. Harshman:

In answer to inquiries from your office of January 14th and January 19th, the following liquidations should be credited to Contract Idm-E1074 (Docket DMEA-4494): 8302, 8420, 8698, 8782 and 8926.

All repayments based on settlements labeled "Johnnie Mae" should be credited to Contract Idm-E1074 (Docket DMEA-4494) as itemized on the settlement sheet furnished you by Union Carbide Nuclear Co.

Due to lack of bin capacity and ore separating facilities any ore from the western 100 feet of Johnnie Mae No. 1 and Johnnie Mae No. 3 (102 tons to date) is being shipped under the label of "Pack Rat" which, as they are both subordinated under Contract Idm-E1181 (Docket DMEA-4826), would provide proper credit for the repayment.

Very truly yours,

NEW IDRIA MINING & CHEMICAL CO.

Dean Nicholson

Dean Nicholson

cc: Mr. Harry Robertson
U. S. Bureau of Mines
P.O. Box 360
Grand Junction, Colo.

Chmn Op. Comm (2)

Official

EXTRA COPY
O. M. E.
RECEIVED JAN 22 1959

DATE	INITIALS	CODE
1/22	C	220
1/23	[illegible]	800
		780

224 New Customhouse
Denver 2, Colorado
January 19, 1959

Mr. Arthur W. Goring
Manager, Uranium Division
New Idria Mining & Chemical Company
P. O. Box 311
Grand Junction, Colorado

Re: Docket DMEA-4494 (Uranium)
Contract Idm-E1074
(Johnnie Mae group of claims)
AND
Docket DMEA-4636 (Uranium)
Contract Idm-E1181
(Hubbard Homestead, Pack Rat, et al. claims)
Mesa County, Colorado

Dear Mr. Goring:

This has further reference to our letter to you of January 14, 1959. We have since received a settlement sheet for Liquidation No. 8926 from the "Johnnie Mae" claim.

Will you please advise which Johnnie Mae claim this production was from so we may credit the proper contract account.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

HMC:jy
cc: Chm. Op. Comm. (2)
Harshman
Robertson, OME/G.Jct. (2)
Finch
Roy. File E1074
Roy. File E1181
Chron.

EXTRA COPY
O. M. E.
RECEIVED JAN 19 1959

DATE	INITIALS	CODE
1/19/59	Chuck	

20A New Customhouse
Denver 2, Colorado
January 14, 1959

Mr. Arthur W. Goring
Manager, Uranium Division
New Idria Mining & Chemical Company
P. O. Box 311
Grand Junction, Colorado

Re: Contract [illegible]-High (Uranium)
Contract [illegible]-2107A
(Johnnie Mae group of claims)
AND
Contract [illegible]-A1026 (Uranium) - file
Contract [illegible]-2118A
(Hubert Homestead, Peak Rat, et al. claims)
Mesa County, Colorado

Dear Mr. Goring:

The following mining claims are subordinated to the Government under Contract [illegible]-2107A:

Johnnie Mae No. 1	Johnnie Mae No. 5
Johnnie Mae No. 2	Johnnie Mae No. 6
Johnnie Mae No. 4	

Under Contract [illegible]-2118A, the following claims are subordinated to the Government:

Peak Rat No. 1	Shaklin Quickie Fraction
Peak Rat No. 2	Johnnie Mae No. 1
Peak Rat No. 3	(Western 100 feet)
	Johnnie Mae No. 3

There has been considerable production from both contracts, and unless the claim number is shown on the settlement sheet, we have no knowledge which contract should be credited with the shipment. All of the following settlement sheets show the mine claim "Johnnie Mae":

Liquidation No.	Liquidation No.
8787	8840
8694	8900

Will you please advise which contract should be credited with the foregoing shipments; and in the future, will you please instruct the mill to put the claim number on the settlement sheet so that we may determine the account to be credited.

Very truly yours,

Original signed by
E. N. HARSHMAN

E. N. Harshman
Acting Executive Officer
OME Field Team, Region III

HMC:jy

cc: Chm. Op. Comm. (2)
Harshman
Robertson, OME/G.Jct. (2)
Finch
Roy. File E1074
Roy. File E1181
Chron.

OFFICIAL FILE COPY
O. M. E.
RECEIVED JAN 9 1959

DATE	INITIALS	CODE
1-9	C	220
	[illegible]	700

224 New Customhouse
Denver 2, Colorado
January 5, 1959

Mr. C. F. Glos
New Idria Mining & Chemical Company
Idria, San Benito County
California

Re: Docket No. DMEA 4826 (Uranium)
Contract No. Idm-E1181
(Hubbard Homestead, Pack Rat)
et al claims), Mesa County,
Colorado

Dear Mr. Glos:

We are advised that two shipments have been made from the Johnnie Mae claim on which the Government has not received either settlement sheets or the amount of royalty due. These two shipments were as follows:

Date 1958	Union Carbide Liquidation Settlement No.	Pounds U_3O_8 Johnnie Mae Claim
August 28	8420	199.37
October 31	8698	282.60
	Total Pounds U_3O_8	481.97

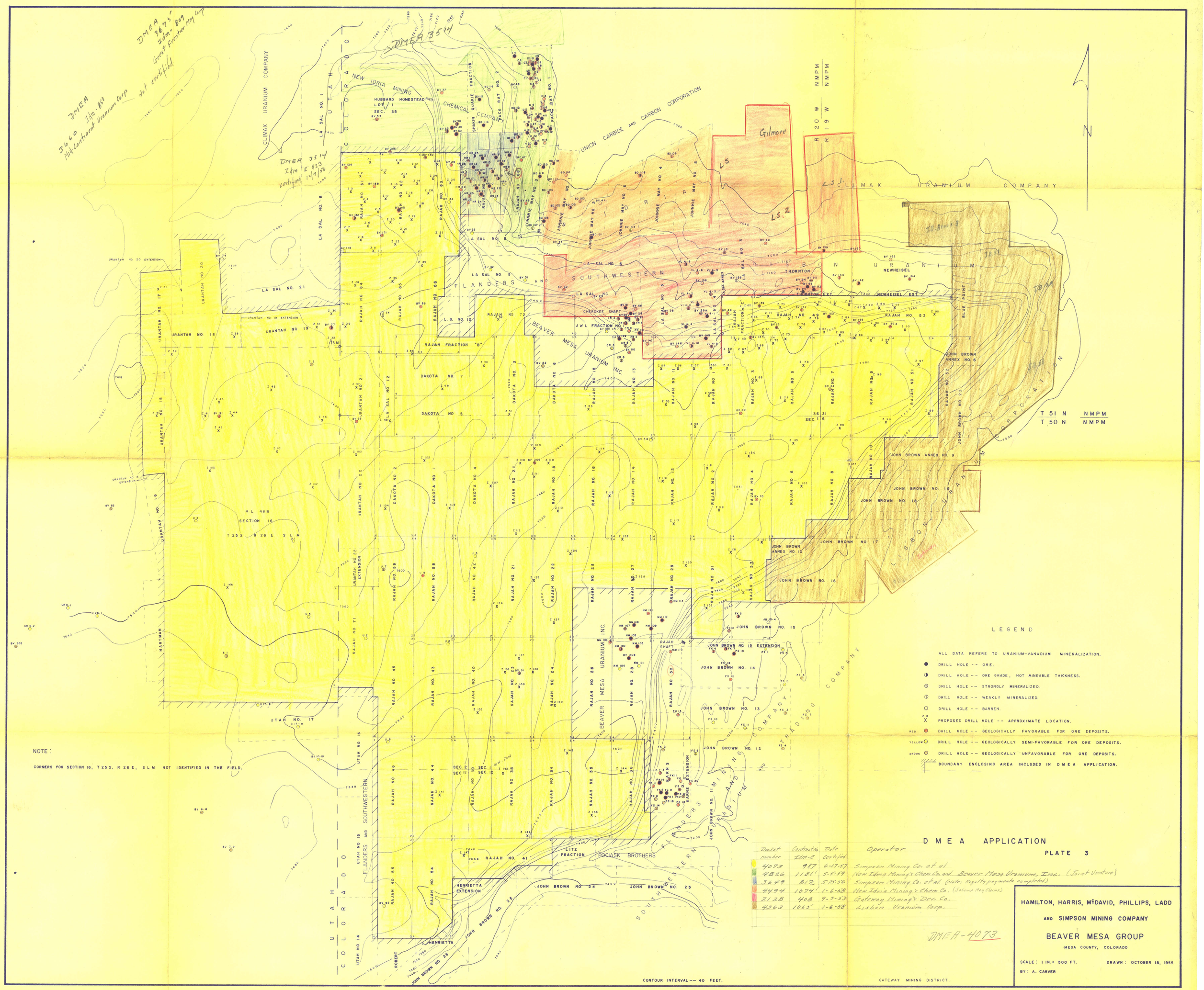
Will you please forward this office three copies each of the above noted settlement sheets so that we may complete the royalty review.

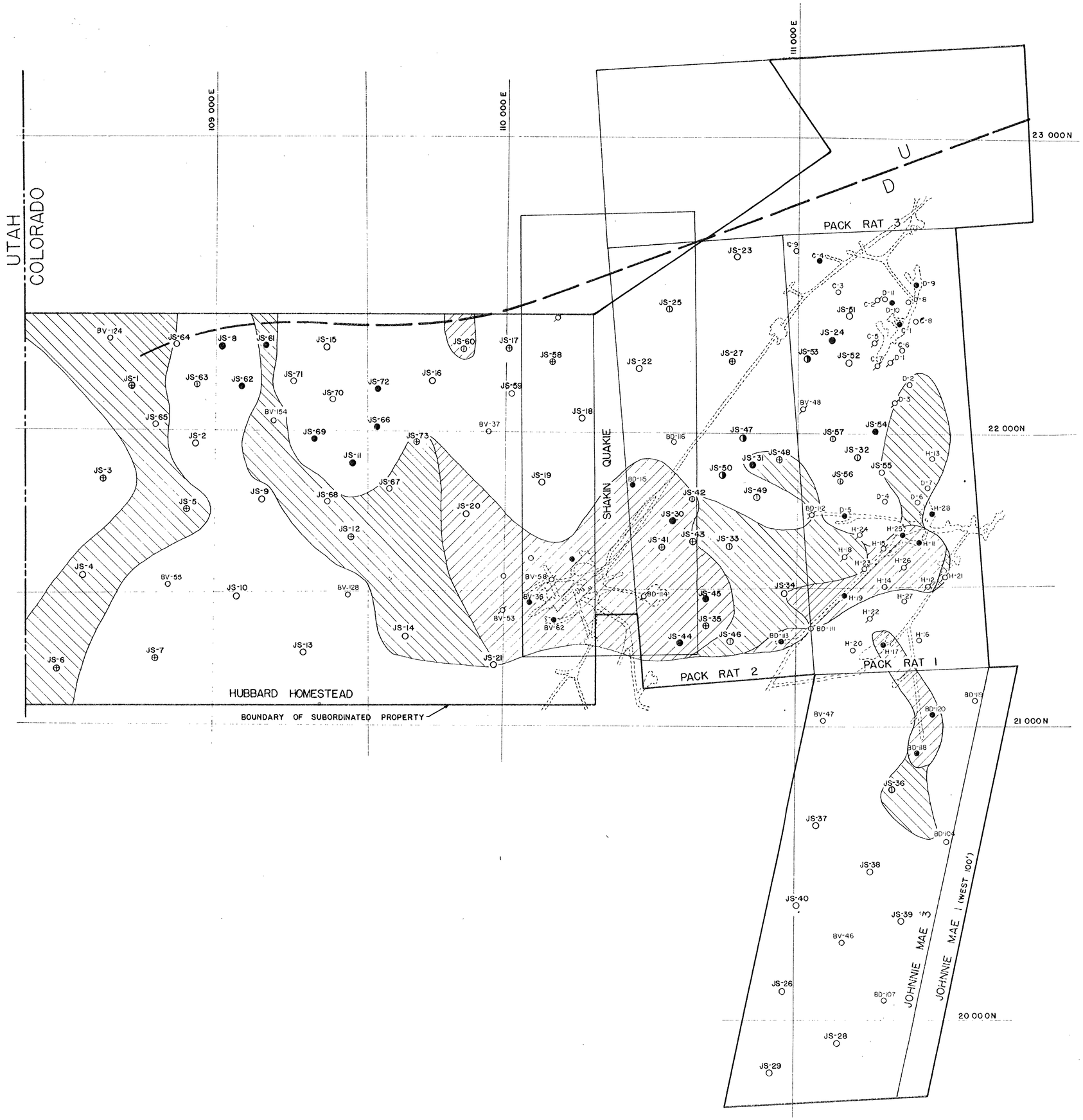
Very truly yours,

Original signed by
J. W. TOWNSEND

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

HMC/ff
cc: Chmn. Op. Comm. (2)
Royalty file E-1181
Harshman
Robertson/GJ
Hasler/GJ
Finch
Chron


DMEA 3514
DMEA 3675 Idm-809 Great Frontier Mng Corp
DMEA 3660 Idm-880 Mid Continent Uranium Corp not certified
DMEA 3514 Idm E 823 certified 1-7-56
COLORADO
UTAH
CLIMAX URANIUM COMPANY
NEW IDRIA MINING AND CHEMICAL COMPANY
UNION CARBIDE AND CARBON CORPORATION
HUBBARD HOMESTEAD LOT 1 SEC. 35
SHAKIN QUAKIE FRACTION
JACK RAT NO. 1
PACK RAT NO. 1
LA SAL NO. 1
LA SAL NO. 6
LA SAL NO. 8
LA SAL NO. 9
LA SAL NO. 21
JOHNNIE MAY NO. 4
JOHNNIE MAY NO. 5
JOHNNIE MAY NO. 6
JOHNNIE MAY NO. 7
JOHNNIE MAY NO. 8
Gilmore
LS
LS 2
L.S.
R 20 W NMPM
R 19 W NMPM
CLIMAX URANIUM COMPANY
SOUTHWESTERN
FLANDERS AND
BEAVER MESA URANIUM INC.
LISBON URANIUM CORPORATION
THORNTON
NEWHEISEL
THORNTON EXT.
NEWHEISEL EXT.
CHEROKEE SHAFT
JWL FRACTION NO. 1
L.S. NO. 10
RAJAH FRACTION "B"
RAJAH NO. 72
RAJAH NO. 53
RAJAH NO. 49
BLUE POINT
JOHN BROWN ANNEX NO. 6
JOHN BROWN NO. 20
JOHN BROWN ANNEX NO. 9
JOHN BROWN NO. 19
JOHN BROWN NO. 18
JOHN BROWN NO. 17
JOHN BROWN ANNEX NO. 10
JOHN BROWN NO. 16
JOHN BROWN NO. 15
JOHN BROWN NO. 15 EXTENSION
JOHN BROWN NO. 14
JOHN BROWN NO. 13
JOHN BROWN NO. 12
JOHN BROWN NO. 11
JOHN BROWN NO. 24
JOHN BROWN NO. 23
JOHN BROWN NO. 26
URANTAH NO. 20 EXTENSION
URANTAH NO. 20
URANTAH NO. 17
URANTAH NO. 18
URANTAH NO. 19 EXTENSION
URANTAH NO. 19
URANTAH NO. 15
URANTAH NO. 16 EXTENSION
URANTAH NO. 16
URANTAH NO. 22 EXTENSION
URANTAH NO. 21
URANTAH NO. 22
HARTMAN
DAKOTA NO. 7
DAKOTA NO. 5
DAKOTA NO. 1
DAKOTA NO. 2
DAKOTA NO. 4
M.L. 4818
SECTION 16
T 25 S R 26 E S.L.M.
36 31
SEC. 16
RAJAH SHAFT
UTAH NO. 17
UTAH NO. 16
UTAH NO. 15
UTAH NO. 14
SEC. 2
SEC. 11
SEC. 12
LITZ FRACTION
POCIASK BROTHERS
RAJAH NO. 41
HENRIETTA EXTENSION
HENRIETTA
ROBERT
T 51 N NMPM
T 50 N NMPM
N
LEGEND
ALL DATA REFERS TO URANIUM-VANADIUM MINERALIZATION.
DRILL HOLE -- ORE.
DRILL HOLE -- ORE GRADE, NOT MINEABLE THICKNESS.
DRILL HOLE -- STRONGLY MINERALIZED.
DRILL HOLE -- WEAKLY MINERALIZED.
DRILL HOLE -- BARREN.
PROPOSED DRILL HOLE -- APPROXIMATE LOCATION.
RED DRILL HOLE -- GEOLOGICALLY FAVORABLE FOR ORE DEPOSITS.
YELLOW DRILL HOLE -- GEOLOGICALLY SEMI-FAVORABLE FOR ORE DEPOSITS.
BROWN DRILL HOLE -- GEOLOGICALLY UNFAVORABLE FOR ORE DEPOSITS.
BOUNDARY ENCLOSING AREA INCLUDED IN D M E A APPLICATION.
NOTE:
CORNERS FOR SECTION 16, T 25 S, R 26 E, S L M NOT IDENTIFIED IN THE FIELD.
CONTOUR INTERVAL -- 40 FEET.
GATEWAY MINING DISTRICT.
D M E A APPLICATION
PLATE 3
Docket number | Contract No. Idm-E | Date Certified | Operator
4073 | 987 | 6-17-57 | Simpson Mining Co. et al
4826 | 1181' | 5-5-59 | New Idria Mining & Chem. Co. and Beaver Mesa Uranium, Inc. (Joint Venture)
3649 | 812 | 5-25-56 | Simpson Mining Co. et al (Note: royalty payments completed)
4494 | 1074' | 1-6-58 | New Idria Mining & Chem. Co. (Johnnie May Claims)
2128 | 408 | 9-3-53 | Gateway Mining & Dev. Co.
4363 | 1063' | 1-6-58 | Lisbon Uranium Corp.
DMEA-4073
HAMILTON, HARRIS, McDAVID, PHILLIPS, LADD
AND SIMPSON MINING COMPANY
BEAVER MESA GROUP
MESA COUNTY, COLORADO
SCALE: 1 IN. = 500 FT.
DRAWN: OCTOBER 18, 1955
BY: A. CARVER



LEGEND

- FAULT
- UNDERGROUND WORKINGS
- BARREN HOLES
- PREVIOUSLY DRILLED MINERALIZED HOLES
- JS SERIES WEAKLY MINERALIZED HOLES
- JS SERIES STRONGLY MINERALIZED HOLES
- HALF ORE HOLES, ORE GRADE, NOT MINEABLE THICKNESS
- ORE HOLES
- MS 3' TO 5' THICK
- MS MORE THAN 5' THICK

NOTE:

FIRST STAGE HOLES: JS-1 TO JS-40, INCL.

SECOND STAGE HOLES: JS-41 TO JS-73, INCL.

FINAL REPORT

THICKNESS OF GREEN MS UNDER OBSS

URANIUM DIVISION
NEW IDRIA MINING & CHEMICAL COMPANY

P.O. BOX 311, GRAND JUNCTION, COLORADO

DMEA DOCKET NO. 4826 (URANIUM)
CONTRACT NO. IDM-E1181
HUBBARD HOMESTEAD, PACK RAT, ET AL., CLAIMS
MESA COUNTY, COLORADO

SCALE: 1" = 200'
BY: D.N.
MARCH 1959

LEGEND

- FAULT
- UNDERGROUND WORKINGS
- BARREN HOLES
- PREVIOUSLY DRILLED MINERALIZED HOLES
- JS SERIES WEAKLY MINERALIZED HOLES
- JS SERIES STRONGLY MINERALIZED HOLES
- HALF ORE HOLES, ORE GRADE, NOT MINEABLE THICKNESS
- ORE HOLES

NOTE:

FIRST STAGE HOLES: JS-1 TO JS-40, INCL.

SECOND STAGE HOLES: JS-41 TO JS-73, INCL.

FINAL REPORT

BOTTOM CONTOURS OF OBSS

URANIUM DIVISION
NEW IDRIA MINING & CHEMICAL COMPANY

P.O. BOX 311, GRAND JUNCTION, COLORADO

DMEA DOCKET NO. 4826 (URANIUM)
CONTRACT NO. IDM-E1181
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MESA COUNTY, COLORADO

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MARCH 1959