MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

Wash

DMEA
Date Rec'd. AUG 24 1956
BUREAU OF MINES
Denver, Colorado

Withdrawn ack. 10/17/56
4442

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. 4442
Metal or Mineral
Date Received
Estimated Cost
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: RIO DE ORO URANIUM MINES, INC., a Delaware Corporation, 207 Sunshine Building, Albuquerque, New Mexico; W. Rodney DeVilliers, President 508 Alvarado, N. E., Albuquerque; A. B. Willis, Vice President, 2523 Tangley Road, Houston, Texas; R. F. Deacon Arledge, Sec'y-Treas. 602 Sunshine Bldg. Albuquerque, N.M.

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Southwest Quarter, Section 11, Township 14 N., Range 10 W., McKinley County, New Mexico

(*b*) State any mine name by which the property is known. Dysart #1

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Owner 5% royalty Mining Operator, Owner 40% interest in production under contract

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property. Owner of royalty therefore additional contract not herewith submitted.

(*e*) If you own the land, describe any liens or encumbrances on it No liens on the land as such.

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. Fee Ownership

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Uranium Ore

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc. See attached Map

(*c*) The work will start within 15 days and be completed within 3 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations. See attached "5-d"

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings: Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)? Yes

(*b*) How do you propose to furnish your share of the costs? Money, equipment and other.

[X] Money [X] Use of equipment owned by you [X] Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated August 22, 1956

RIO DE ORO URANIUM MINES, INC.
(Applicant)

By W. Rodney DeVilliers
W. Rodney DeVilliers, President

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

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

TELEPHONE 3-6621-2

RIO DE ORO URANIUM MINES, INC.

P. O. BOX 897

ALBUQUERQUE, NEW MEXICO

August 22, 1956

Attachment for Application for Aid, DMEA

4-a: The mine workings, insofar as accesibility is concerned, are located on the north flank of the Dysart Dome in the Southwest Quarter of Section 11. We have complete surface installations consisting of:

1. Electric Generating Plant
2. Bunk House
3. Hoist House
4. 78' Head Frame
5. 500 Ton Ore Hoppers above ground
6. Change and Shower House
7. Pulverizer Shed
8. Sampling Shed
9. Complete underground installations including a two compartment shaft with additional Man-Way.
10. Automatic underground loading facilities.

We have driven approximately 2,000 feet of development drifting. Our interest in the operation is the full charge of the operations with all monies expended in development returned out of the first profit with a subsequent participation in 40% of the net profits and in addition we own 5% royalty on gross production.

4-b: We are now producing 150 tons of ore per day. We have produced and raised approximately 8,000 tons of uranium ore of an average grade of .32%. The ore reserves proven are slightly in excess of 440,000 tons of average grade of .20%.

4-c: The mineralization of this property is a thick and wide disseminated ore deposits in the West Water member of the Morrison formation.

4-d: The access road is a branch road off New Mexico 53, and the property ;is located approximately 26 miles north of Grants, New Mexico.

4-e: Manpower, materials, supplies, equipment, water and power are available.

TELEPHONE 3-6621-2

RIO DE ORO URANIUM MINES, INC.

P. O. BOX 897

ALBUQUERQUE, NEW MEXICO

5-d: We have in our company Mr. C. R. "Buffalo" Kennedy, formerly the owner and operator of the Navajo Uranium Company which was subsequently sold to Kerr-McGee Oil Industries and which serves as the back-bone of their operations at Shiprock, New Mexico. Mr. Kennedy later served as the Director of Uranium Exploration for the Kerr-McGee Company. In addition we have Mr. Clyde E. Osborne, former manager of the Kerr-McGee processing mill at Shiprock, New Mexico. We have Mr. Ray Reynolds, Superintendent of our mining operations, a man with some 25 years experience in underground mining, and Mr. Dean Crossland, formerly employed by the Homestake Mining Company, in charge of grade control.

6-a: Since the price for contract drilling in this area is more favorable than that existing in any other area in the Colorado Plateau Region we intend to and will contract this work at $1.00 per lineal foot, which will include the cost of coring.

6-b: We have our own geologist and exploration personnel and these will be furnished if necessary on a cost price per hour basis on time actually spent on the project.

6-c,d
e,f,g,
h : None required.

7-a: We will furnish our share of the money as required and in addition any equipment located at our operation and any personnel necessary will likewise be provided upon request.

COPY

RIO DE ORO URANIUM MINES, INC.
P. O. Box 897
Albuquerque, New Mexico
August 22, 1956

Executive Officer
Defense Minerals Exploration Administration
Field Team
224 New Custom House Building
Denver, Colorado

Dear Sir:

Mr. J. William Hasler, geologist, from your Grand Junction office instructed me to file the standard form MV-103 with your office; accordingly, I am herewith enclosing this form for your consideration.

As you may or may not know, the property on which we are making application for DMEA assistance is the first property in actual physical production in the Ambrosia Lake Area in McKinley County, New Mexico. We have completed a vertical shaft to the depth of 400 feet and are now driving underground development drifts and have driven some 2,000 feet of this type of drifting to date. We have produced and raised to the surface approximately 8,000 tons of uranium ore of an average grade of .32%.

The reason I am writing you this letter in narrative form is to more fully acquaint you with our problems. Since our drilling indicated that we had sufficient tonnages of ore blocked to justify a shaft development, we stopped our drilling in order that we might complete the shaft and surface installations with the limited finances available to us. This we have accomplished. We have been informed by the AEC that were it not for the fact that our efforts had proven what otherwise would be unknown factors in Ambrosia Lake, that the AEC would probably have been required to underwrite a good portion of the actual physical development of this important area.

At the present time we are faced with a limited market for our ore, which does not provide sufficient monies for us to continue mining operations and the same time drill the remainder of our property in an effort to discover and block additional tonnages. In order to facilitate an increased market, through the establishment of our own or additional processing facilities in the Grants Area, it is necessary that immediate drilling be done in order to prove additional tonnages.

We have retained Colonel Wendell W. Fertig, consultant with Ball Associates of Denver, Colorado, to draw up and counsel with us on the over-all mining development of our property. Since he is in Denver, I am sure he will be glad to lend you any cooperation necessary on the investigation of our application. In addition to Colonel Fertig, Mr. Clyde E. Osborne is in charge of our proposed

processing mill and he likewise, I am sure, will be of any assistance he can to expedite the processing or investigation of our application.

There have been other DMEA applications approved in the immediate area, notably the project on the United Western - San Jacinto property located in Section 32, Township 14, Range 9. Therefore, I am assuming that your representatives are familiar with the general area. I am also enclosing a reprint copy of an article on our operation which appeared in the August issue of "Mining World," and a map of our underground ore drift. We have a copy of a report on our property made by Mr. John Q. St. Clair of Grand Junction, but since we have only one copy of this report I have not enclosed it with the application.

It is my suggestion that the investigation and approval of this application would be facilitated by the actual presence of your representatives at the property where all data of every detail, kind and description which we have, will be made available to them. I would appreciate your prompt consideration.

Very truly yours,

RIO DE ORO URANIUM MINES, INC.

By /S/ W. Rodney DeVilliers
President

WRDV/rm
encls.

700

FILE COPY
Surname: Ching
Ellis

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

OCT 17 1956

Mr. W. Rodney DeVilliers, President
Rio De Oro Uranium Mines, Inc.
Post Office Box 897
Albuquerque, New Mexico

Re: Docket No. DMEA-4442 (Uranium)
SW¼, sec. 11, T. 14 N., R. 10 W.
McKinley County, New Mexico

Dear Mr. DeVilliers:

Reference is made to your letter of October 8, 1956, addressed to our Denver office, advising that you wish to withdraw your above-docketed application.

Accordingly, we are considering your application for aid in the proposed exploration project as having been withdrawn as of October 8, 1956, and are closing our records on this case.

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

MChing/izm 10-16-56
cc to: Docket
Mr. Ching
Admr.'s Reading File
DMEA Field Team, Reg. III (2)
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

R.S.S.

OCT 12 1956

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

RECEIVED
OCT 1 3 1956

224 New Customhouse
Denver 2, Colorado

October 9, 1956

Memorandum

To: Secretary to the Operating Committee

From: Acting Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 4442 (Uranium) Rio De Oro Uranium Mines Inc. (Dysart No. 1) McKinley County, New Mexico

Enclosed are the original and one copy of the letter from the Applicant, requesting withdrawal of the subject application.

E. N. Harshman

E. N. Harshman

(7)

H.W.L.

TELEPHONE 3-6621-2

RIO DE ORO URANIUM MINES, INC.

P. O. BOX 897

ALBUQUERQUE, NEW MEXICO

RECEIVED

OCT 12 1956

DMEA

DEPARTMENT OF THE INTERIOR

OCT 9 1956

REGION III

DENVER, COLORADO

October 8, 1956

U. S. Department of Interior
Defense Minerals Exploration Administration
224 New Customhouse
Denver, Colorado

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

re: Rio De Oro Uranium Mines, Inc.,
DMEA application Docket No. 4442

Dear Mr. Traver:

Receipt of your letter of October 5, is acknowledged. This is to advise that we hereby request withdrawal of the application filed with you, above referred to.

You may close your file on this subject, but I want to thank you very much for your consideration.

Very truly yours,

RIO DE ORO URANIUM MINES, INC.

By W. Rodney DeVilliers
W. Rodney DeVilliers
President

WRDV/rm

10/9/56 gla

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

RECEIVED
OCT - 8 1956

224 New Customhouse
Denver 2, Colorado

October 5, 1956

DMEA-4442

Mr. W. Rodney DeVilliers, President
Rio De Oro Uranium Mines, Inc.
P. O. Box 897
Albuquerque, New Mexico

Re: Rio De Oro Uranium Mines, Inc.,
DMEA application Docket No. 4442

Dear Mr. DeVilliers:

This has further reference to the captioned DMEA application you submitted under date of August 22, 1956, my letter of August 29, and telephone conferences we have had locally with your associate, Mr. Wendell Fertig.

Mr. Fertig stated on September 29 that, while he has received no written confirmation of the fact, it was his understanding that you intended to request withdrawal of the application.

If it is your intention to request withdrawal of the application, will you please do so promptly by letter in order that we may close our files on the subject. Otherwise, please furnish this office with four copies of the supplemental information requested in our letter of August 29 in order that we can continue processing the application.

Very truly yours,

W. M. TRAVER,

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

WMT/pw

Copy to: Mr. Wendell Fertig
c/o Ball Associates
C. A. Johnson Building
Denver 2, Colorado

cc: Harshman
Hasler
Shaw
Docket 4442
Chron
Sec.Op.Comm. (2).

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

RECEIVED
SEP 18 1956

September 7, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: E. N. Harshman

From: Field Team, Region III

Subject: Docket DMEA 4402 (Uranium) Rio De Oro Uranium Mines, Inc., (Dysart #1) McKinley County, New Mexico

This replies to the memorandum from J. William Hasler dated September 4, 1956 on the subject docket.

The Applicant's representative telephoned this office today, and he was advised to obtain all available data on the north half of Section 11, T. 10 W., R. 14 N. which is presently owned by the Entrada Oil and Copper Mining Company.

The Applicant's representative assured us that he will make every effort to obtain the requested information and will submit it with the previously requested information.

DMEA Field Team, Region III

W. M. TRAVER,

By W. M. Traver
Executive Officer

WMC:ab

cc: Sec. Op. Comm. (2)
Hasler
Shaw (2)
Docket 4402
Chron.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

MINERAL DEPOSITS
DMEA
RECEIVED
SEP 6 1956

RECEIVED
SEP 12 1956
GEOLOGICAL SURVEY
DENVER, COLORADO

DMEA
DEPARTMENT OF THE INTERIOR
SEP 6 1956
REGION III
DENVER, COLORADO

P. O. Box 360
Grand Junction, Colorado

September 4, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: E. N. Harshman *Per Gp EIVIA*

From: J. William Hasler

Subject: Request for additional information on DMEA application, Rio De Oro Uranium Mines, Inc., (Dysart #1), McKinley County, New Mexico

In requesting the information necessary to appraise the applicant's property, it would be advisable to obtain all available data on the north half of sec. 11, T. 10 W., R. 14 N. This half of sec. 11 is presently owned by the Entrada Oil & Copper Mining Company and the Rio De Oro Uranium Mines may be able to obtain this information in helping with the possibility of using it to appraise the southern half which is owned by the applicant. Many of the companies in the Grants area are exchanging exploration data quite freely. According to L. M. Hilpert of the U. S. Geological Survey, we have data for nearly all of the sections surrounding sec. 11 and we would like to obtain the material referred to above.

Frank M. Byers, Jr.
For J. William Hasler,
Geologist

JWH/mlr

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

RECEIVED
SEP 1 3 1956

September 7, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: E. N. Harshman

From: Field Team, Region III

Subject: Docket DMEA 4402 (Uranium) Rio De Oro Uranium Mines, Inc., (Dysart #1) McKinley County, New Mexico

This replies to the memorandum from J. William Hasler dated September 4, 1956 on the subject docket.

The Applicant's representative telephoned this office today, and he was advised to obtain all available data on the north half of Section 11, T. 10 W., R. 14 N. which is presently owned by the Entrada Oil and Copper Mining Company.

The Applicant's representative assured us that he will make every effort to obtain the requested information and will submit it with the previously requested information.

DMEA Field Team, Region III

W. M. TRAVER,

By W. M. Traver
Executive Officer

HMC:ab

cc: Sec. Op. Comm. (2)
Hasler
Shaw (2)
Docket 4402
Chron.

IN REPLY REFER TO:

MINERAL DEPOSITS

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA
RECEIVED
SEP 5 1956

RECEIVED
SEP 10 1956
GEOLOGICAL SURVEY
DENVER, COLORADO

DMEA
DEPARTMENT OF THE INTERIOR
SEP 6 1956
REGION III
DENVER, COLORADO

P. O. Box 360
Grand Junction, Colorado

September 4, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: E. N. Harenhan for E N H

From: J. William Hasler

Subject: Request for additional information on DMEA application, Rio De Oro Uranium Mines, Inc., (Dysart #1), McKinley County, New Mexico

In requesting the information necessary to appraise the applicant's property, it would be advisable to obtain all available data on the north half of sec. 11, T. 10 N., R. 14 W. This half of sec. 11 is presently owned by the Entrada Oil & Copper Mining Company and the Rio De Oro Uranium Mines may be able to obtain this information in helping with the possibility of using it to appraise the southern half which is owned by the applicant. Many of the companies in the Grants area are exchanging exploration data quite freely. According to L. H. Hilpert of the U. S. Geological Survey, we have data for nearly all of the sections surrounding sec. 11 and we would like to obtain the material referred to above.

Frank M. Byers, Jr.
For J. William Hasler,
Geologist

JWH/mlr

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

RECEIVED
SEP - 7 1956

Date 9/7/56

DMEA Docket No. 4442
DMEA Contract No.
Commodity Uranium
Name of applicant Rio De Oro Uranium Mines, Inc.
Name of property Dysart #1
Location of property McKinley County, New Mexico
Estimated cost of project

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee
From: John E. Crawford, Bureau of Mines Member
Uranium Commodity Committee
Subject: Review of Application
(Application, Field Team Report, etc.)

1. Date of subject document: 8/22. 2. Date received by reviewer: 9/5.

3. Prior reports on this property known to reviewer: Yes [ ], No [x].

4. Prior reports on nearby properties known to reviewer: Yes [ ], No [x].

5. Information available on past production: Yes [ ], No [x].

6. Other pertinent factors known to reviewer: Yes [ ], No [x].

7. Explain items marked yes above:

8. Factors needing special consideration:
- a. Location [ ]
- b. Ownership [x]
- c. Evidence of mineralization [ ]
- d. Geology [ ]
- e. Proposed exploration method [x]
- f. Alternate exploration method [ ]
- g. Costs [ ]
- h. Map showing present workings [x]

9. Action advised:
- a. Obtain information from applicant [x]
- b. Refer to Field Team [x]
- 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. Gordon at Grand Junction AEC office.

10. Remarks: (Use back of page if necessary)

Mr. J. D. Hosted, Washington representative of the Atomic Energy Commission, assisted in the review. Additional information should be supplied prior to a field examination.

8/31/56

IN REPLY REFER TO:

RECEIVED
AUG 31 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

August 31, 1956

Memorandum

To: E. W. Ellis, Defense Minerals Exploration Administration

From: W. P. Williams, U. S. Geological Survey

Subject: Review of application, DMEA 4442, Rio De Oro Uranium Mines, Inc., SW1/4 sec. 11, T. 14 N., R. 10 W., McKinley County, New Mexico

The applicant proposes to explore for uranium ore deposits on a quarter section of land in the Ambrosia Lake area of the Grants district. Large ore reserves are known to exist in the Westwater Canyon member of the Morrison formation in the vicinity of Ambrosia Lake.

The applicant states he is presently producing 150 tons of ore per day and that the Company's proved ore reserves are about 440,000 tons with an average grade of 0.28 percent U_3O_8.

The application is incomplete. No definite exploration proposal is given, nor are cost estimates submitted. Adequate maps do not accompany the application.

Judging solely from the property's location it seems that a field examination is definitely warranted with strong possibility of ensuing favorable action. As in other similar cases it would be reasonable to ask the applicant to complete his application by submitting further information. Time and expense on everyone's part might be saved, however, if the suggestion of the applicant (letter, dated Aug. 22, 1956, from W. R. De Villiers, Pres., to Executive Officer, Region III) is taken and the additional information obtained by the examining team at the applicant's property in New Mexico.

I recommend that the application be immediately referred to the Field Team for field examination and report.

W. P. Williams

W. P. Williams

COPY

224 New Customhouse
Denver 2, Colorado

August 29, 1956

RECEIVED
SEP - 4 1956

Mr. W. Rodney DeVilliers, President
Rio De Oro Uranium Mines, Inc.
P. O. Box 897
Albuquerque, New Mexico

Re: Rio De Oro Uranium Mines, Inc.,
DMEA Application

Dear Mr. DeVilliers:

I advised you during a telephone conversation this morning regarding some of the deficiencies in the captioned application for Government assistance which you submitted to this office under date of August 22, 1956. As I stated, the application has been forwarded to the Washington D. C. DMEA office for consideration.

For your further information, there are enclosed a pamphlet of Questions and Answers on the Defense Minerals Exploration program and copies of DMEA Order 1 Amended with attached Amendment No. 2 and Amendment No. 3. You probably already received copies of these with the application forms. Attached is a list of the General Requirements with respect to applications that it might be well for you to consider.

You stated over the telephone that you intended to file a supplement to your original application to take care of the deficiencies. If so, you should also include in this case four copies of your Agreement with the property owners mentioned under Items 3 (c) and (d) of the MF-103 you submitted August 22, 1956.

We trust this information will reach you before you complete and mail the supplement to your application.

Very truly yours,

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

Enclosures
Copy to: Mr. Wendell Fertig
Ball Associates
C. A. Johnson Bldg.
Denver 2, Colo.

cc-Sec. Op. Comm. (2)
Harshman
Hasler
Shaw
DMEA Docket
Chron.

GENERAL REQUIREMENTS

RECEIVED
SEP - 4 1956

Defense Minerals Exploration Administration
Applications for Exploration Assistance

An application consists of four copies of Form MF-103, completed in detail, and the fifth copy is for your file. If the ore deposit or mining property is located in Region III, it is requested that the application be sent direct to 224 New Customhouse, Denver 2, Colorado rather than to Washington.

Each copy of the application form submitted should answer all questions in detail, since incomplete or inadequate applications require considerably longer for processing. This will require supplemental sheets attached to the forms and referred to the specific questions. The applicant should include four copies of legal documents in proof of his right of possession of the land involved; if mining claims, give the place of recording, together with book, page and date of recording and also a scale map or sketch showing owned or controlled property tied to a section corner or other permanent monument and in addition the following:

1. Location and extent of mineralized exposures, such as vein outcrops, ore trends, rims, and geologic feathres that may have a bearing on the proposed program.

2. Location of any samples taken of the mineralized exposures with chemical assays supported by certified copies of assay certificates.

3. Location and extent of previous work performed on the property. If drill holes are included, suitable geologic and radiometric logs should be provided with certified copies of any assays of cores and cuttings.

4. Location of your proposed exploration, such as drill holes, tunnels, shafts, etc.

Both the prior and the proposed exploration work should be shown on the map or sketch in relation to property boundaries.

A narrative justifying the program and describing the mineralized exposures should be included, stating the length, width, and type of mineralization, etc. Also an itemized breakdown of estimated costs of performing your proposed work is required. If any type of drilling is contemplated, the costs can best be supported by the attachment of bids from three independent contractors.

Note: DMEA Order 1 Amended, Section 2, (Definitions) states that loans are not available for prospecting, development of known ore reserves, for mining, or preparation for mining.

August 29, 1956

Rio De Oro Uranium Mines, Inc.
207 Sunshine Bldg.
Albuquerque, N. M.

Subject: DMEA-442
Re: Exploration Assistance
Dgsart #1

Gentlemen

The receipt of your application dated August 22, 1956 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-442 and referred to the Rare & Misc. Metals Division.

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

Sincerely yours,

Allen S. Dakan
~~XXXXXXXXXXXXXXXX~~, Chief
Operations Control and
Statistics Division

August 29, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region III.

DMEA
- 4442 Rio De Oro Uranium Mines, Inc.
Dysart #1

Robert E. Adams
Chief, Operation's Control
and Statistics Division

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

August 27, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Application for DMEA Aid (Uranium) Rio De Oro Uranium Mines, Inc., (Dysart #1) McKinley County, New Mexico

Enclosed are two copies of the subject application.

No copy of the St. Clair report mentioned in the Applicant's letter of transmittal accompanied the application. The application is also lacking in the following respects:

1. No Agreement with the property owners has been included.

2. No drill bids were submitted.

3. No exploration program with estimated costs has been submitted by the Applicant.

4. One copy of a map showing Sections 10-15, inclusive, and 22-25, inclusive of T. 14 N., R. 10 W., showing ore bodies and projected ore bodies and one copy of a map of the underground workings.

The above-mentioned maps are being forwarded with a copy of the application to the Grand Junction Office, DMEA, for their review and recommendations concerning the advisability of a field examination.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

RECEIVED
AUG 30 1956

Enclosures

COPY

RIO DE ORO URANIUM MINES, INC.
P. O. Box 897
Albuquerque, New Mexico
August 22, 1956

Executive Officer
Defense Minerals Exploration Administration
Field Team
224 New Custom House Building
Denver, Colorado

Dear Sir:

Mr. J. William Hasler, geologist, from your Grand Junction office instructed me to file the standard form MV-103 with your office; accordingly, I am herewith enclosing this form for your consideration.

As you may or may not know, the property on which we are making application for DMEA assistance is the first property in actual physical production in the Ambrosia Lake Area in McKinley County, New Mexico. We have completed a vertical shaft to the depth of 400 feet and are now driving underground development drifts and have driven some 2,000 feet of this type of drifting to date. We have produced and raised to the surface approximately 8,000 tons of uranium ore of an average grade of .32%.

The reason I am writing you this letter in narrative form is to more fully acquaint you with our problems. Since our drilling indicated that we had sufficient tonnages of ore blocked to justify a shaft development, we stopped our drilling in order that we might complete the shaft and surface installations with the limited finances available to us. This we have accomplished. We have been informed by the AEC that were it not for the fact that our efforts had proven what otherwise would be unknown factors in Ambrosia Lake, that the AEC would probably have been required to underwrite a good portion of the actual physical development of this important area.

At the present time we are faced with a limited market for our ore, which does not provide sufficient monies for us to continue mining operations and the same time drill the remainder of our property in an effort to discover and block additional tonnages. In order to facilitate an increased market, through the establishment of our own or additional processing facilities in the Grants Area, it is necessary that immediate drilling be done in order to prove additional tonnages.

We have retained Colonel Wendell W. Fertig, consultant with Ball Associates of Denver, Colorado, to draw up and counsel with us on the over-all mining development of our property. Since he is in Denver, I am sure he will be glad to lend you any cooperation necessary on the investigation of our application. In addition to Colonel Fertig, Mr. Clyde E. Osborne is in charge of our proposed

processing mill and he likewise, I am sure, will be of any assistance he can to expedite the processing or investigation of our application.

There have been other DMEA applications approved in the immediate area, notably the project on the United Western - San Jacinto property located in Section 32, Township 14, Range 9. Therefore, I am assuming that your representatives are familiar with the general area. I am also enclosing a reprint copy of an article on our operation which appeared in the August issue of "Mining World," and a map of our underground ore drift. We have a copy of a report on our property made by Mr. John Q. St. Clair of Grand Junction, but since we have only one copy of this report I have not enclosed it with the application.

It is my suggestion that the investigation and approval of this application would be facilitated by the actual presence of your representatives at the property where all data of every detail, kind and description which we have, will be made available to them. I would appreciate your prompt consideration.

Very truly yours,

RIO DE ORO URANIUM MINES, INC.

By /S/ W. Rodney DeVilliers
President

WRDV/rm
encls.

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

DMEA
Date Rec'd. AUG 24 1956
BUREAU OF MINES
Denver, Colorado

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. 4442
Metal or Mineral Uranium
Date Received 8-29-56
Estimated Cost Not given
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: RIO DE ORO URANIUM MINES, INC., a Delaware Corporation, 207 Sunshine Building, Albuquerque, New Mexico; W. Rodney DeVilliers, President 508 Alvarado, N. E., Albuquerque; A. B. Willis, Vice President, 2523 Tangley Road, Houston, Texas; R. F. Deacon Arledge, Sec'y-Treas. 602 Sunshine Bldg. Albuquerque, N.M.

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Southwest Quarter, Section 11, Township 14 N., Range 10 W., McKinley County, New Mexico

(*b*) State any mine name by which the property is known. Dysart #1

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Owner 5% royalty Mining Operator, Owner 40% interest in production under contract

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property. Owner of royalty therefore additional contract not herewith submitted.

(*e*) If you own the land, describe any liens or encumbrances on it No liens on the land as such.

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. Fee Ownership

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

16—66551-1

RECEIVED
AUG 29 1956

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Uranium Ore

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc. **See attached Map**

(*c*) The work will start within 15 days and be completed within 3 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations. **See attached "5-d"**

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)? **Yes**

(*b*) How do you propose to furnish your share of the costs? **Money, equipment and other.**

[X] Money [X] Use of equipment owned by you [X] Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated August 22, 1956

RIO DE ORO URANIUM MINES, INC.
(Applicant)

By W. Rodney DeVilliers
W. Rodney DeVilliers, President

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

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

TELEPHONE 3-6621-2

RIO DE ORO URANIUM MINES, INC.
P. O. BOX 897
ALBUQUERQUE, NEW MEXICO

August 22, 1956

Attachment for Application for Aid, DMEA

4-a: The mine workings, insofar as accesibility is concerned, are located on the north flank of the Dysart Dome in the Southwest Quarter of Section 11. We have complete surface installations consisting of:

1. Electric Generating Plant
2. Bunk House
3. Hoist House
4. 78' Head Frame
5. 500 Ton Ore Hoppers above ground
6. Change and Shower House
7. Pulverizer Shed
8. Sampling Shed
9. Complete underground installations including a two compartment shaft with additional Man-Way.
10. Automatic underground loading facilities.

We have driven approximately 2,000 feet of development drifting. Our interest in the operation is the full charge of the operations with all monies expended in development returned out of the first profit with a subsequent participation in 40% of the net profits and in addition we own 5% royalty on gross production.

4-b: We are now producing 150 tons of ore per day. We have produced and raised approximately 8,000 tons of uranium ore of an average grade of .32%. The ore reserves proven are slightly in excess of 440,000 tons of average grade of .28%.

4-c: The mineralization of this property is a thick and wide disseminated ore deposits in the West Water member of the Morrison formation.

4-d: The access road is a branch road off New Mexico 53, and the property ;is located approximately 26 miles north of Grants, New Mexico.

4-e: Manpower, materials, supplies, equipment, water and power are available.

TELEPHONE 3-6621-2

RIO DE ORO URANIUM MINES, INC.

P. O. BOX 897

ALBUQUERQUE, NEW MEXICO

5-d: We have in our company Mr. G. R. "Buffalo" Kennedy, formerly the owner and operator of the Navajo Uranium Company which was subsequently sold to Kerr-McGee Oil Industries and which serves as the back-bone of their operations at Shiprock, New Mexico. Mr. Kennedy later served as the Director of Uranium Exploration for the Kerr-McGee Company. In addition we have Mr. Clyde E. Osborne, former manager of the Kerr-McGee processing mill at Shiprock, New Mexico. We have Mr. Ray Reynolds, S Superintendent of our mining operations, a man with some 25 years experience in underground mining, and Mr. Dean Crossland, formerly employed by the Homestake Mining Company, in charge of grade control.

6-a: Since the price for contract drilling in this area is more favorable than that existing in any other area in the Colorado Plateau Region we intend to and will contract this work at $1.00 per lineal foot, which will include the cost of coring.

6-b: We have our own geologist and exploration personnel and these will be furnished if necessary on a cost price per hour basis on time actually spent on the project.

6-c,d e,f,g, h : None required.

7-a: We will furnish our share of the money as required and in addition any equipment located at our operation and any personnel necessary will likewise be provided upon request.

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

August 27, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: J. W. Hasler

From: Field Team, Region III

Subject: Application for DMEA Aid (Uranium) Rio De Oro Uranium Mines, Inc. (Dysart #1) McKinley County, New Mexico

Enclosed is one copy of the subject application.

Please discuss this application with the Bureau of Mines representative in the Grand Junction office and the AEC and forward this office nine copies of your recommendations concerning the advisability of making a field examination.

DMEA Field Team, Region III

W. M. TRAVER,

By W. M. Traver
Executive Officer

Enclosure

HMC:ab

cc: Sec. Op. Comm. (2)
Harshman
Shaw (2)
Docket
Chron.

9-5-56

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SEP - 4 1956

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

August 31, 1956

224 New Customhouse
Denver 2, Colorado

DMEA-4442

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Application for DMEA Aid (Uranium) Rio De Oro Uranium Mines Inc. (Dysart #1) McKinley County, New Mexico

Enclosed are the original and three copies of a review of the subject application by J. William Hasler of the Grand Junction Office, DMEA. Also enclosed are four copies of our letter to the Applicant dated August 29, 1956.

The property undoubtedly warrants further exploration, and a field examination is definitely justified when the Applicant submits the required information.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

Enclosures

MINERAL DEPOSITS
RECEIVED
AUG 30 1956
U. S. GEOLOGICAL SURVEY DENVER, COLORADO

IN REPLY REFER TO: DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 360
Grand Junction, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
AUG 31 1956
REGION III
DENVER, COLORADO

August 29, 1956

Memorandum

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SEP - 4 1956

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

Through: E. N. Harshman EMH

DMEA 4442

From: J. William Hasler

Subject: Advisability relative to a field examination, application for DMEA aid (Uranium), Rio De Oro Uranium Mines, Inc., (Dysart #1), McKinley County, New Mexico

The Rio De Oro Uranium Mines, Inc., has applied for assistance on their property in sec. 11, T. 14 N., R. 10 W., McKinley County, New Mexico.

The application consists of a narrative report by the president of the company outlining their accomplishments to date, but does not include any plan of exploration. The applicant indicates that the company is in need of funds for further blocking out of inferred tonnages, but does not stress an exploration phase of work. The property undoubtedly warrants further exploration, and a field examination is definitely indicated. However, this cannot be done until the applicant submits a well integrated plan of exploration, with supporting data such as results of previous diamond drilling, costs of exploration and other data pertinent to the appraisal of the property. It is requested that the applicant submit this required information with supporting maps and geologic reports before an examination is attempted.

We will retain the application until further orders from Washington.

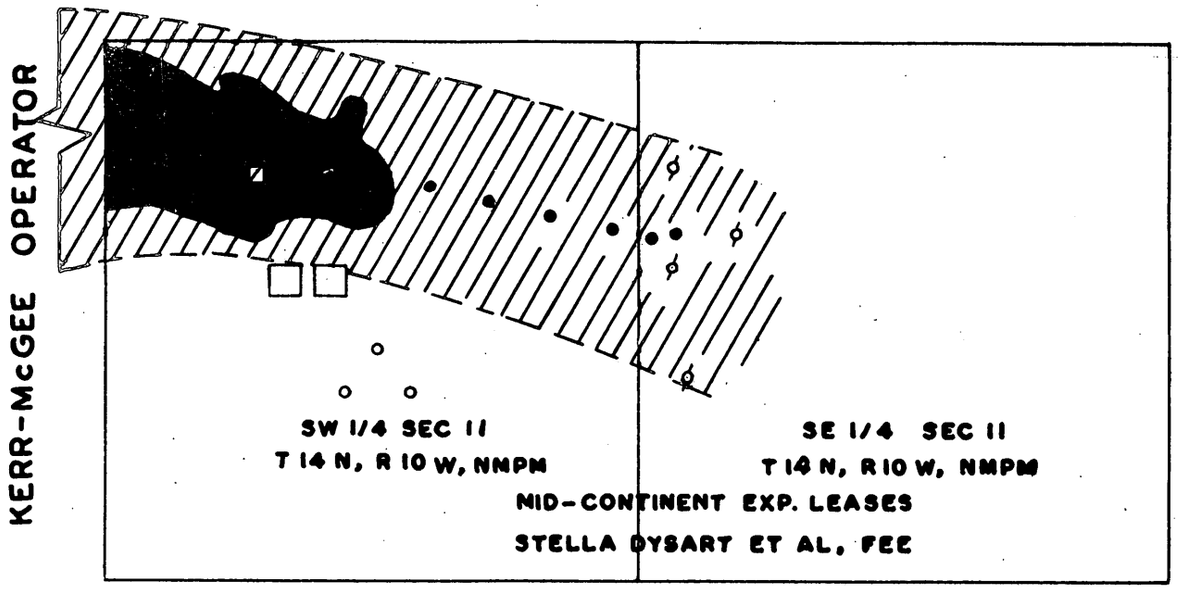
J. William Hasler
J. William Hasler,
Geologist

JWH/mlr

MAP OF RIO DE ORO URANIUM MINES INC

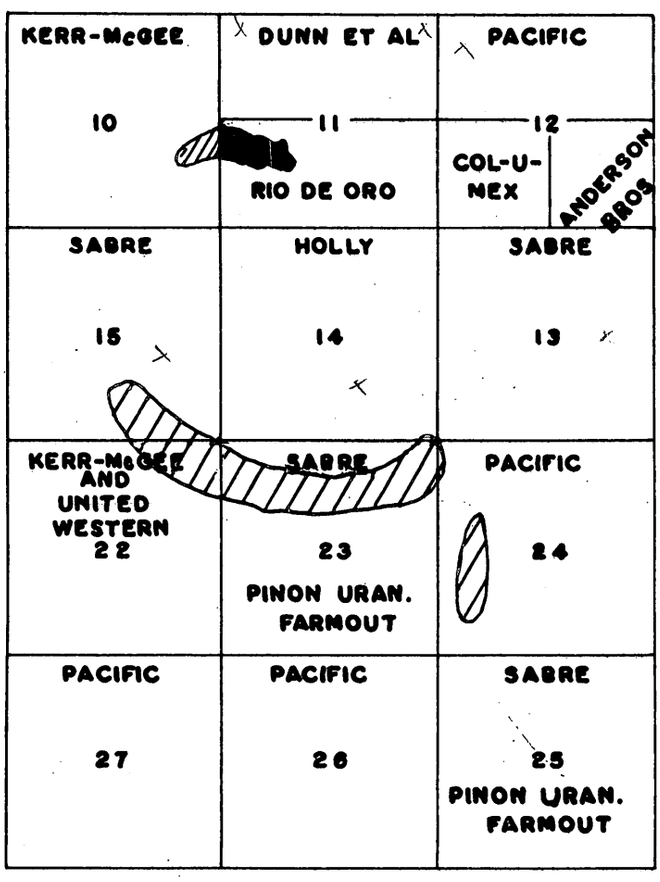
AMBROSIA LAKE DEVELOPMENT OF OREBODY & PROJECTIONS

FEBRUARY 21, 1956



- ORE HOLE
- MINERALIZED HOLE
- BARREN HOLE
- OREBODY
- PROJECTED OREBODIES AND/OR MINERALIZATION
- BUILDINGS
- MINE SHAFT

0 — 1/2 MILES



0 — 1/2 — 1 MILES

RIO de ORO URANIUM MINES, INC.
P. O. Box 897
ALBUQUERQUE, NEW MEXICO
February 21, 1956

To: The Stockholders of RIO de ORO URANIUM MINES, INC.

Since our report to you of November 25, 1955, great progress has been made in the development of our mining property.

The shaft has been completed to a depth of 400 feet and an ore station cut at 350 feet where the shaft ran into ore not shown in our previous drilling. The ore storage and loading pockets of 400 tons capacity have been cut and one pillar around the shaft completed.

Underground work was stopped shortly before Christmas in order to install production machinery. We have completed a new headframe which is 80 feet high with two 250-ton orebins in order to provide adequate storage for the full production of the mine. The boarding house and bunk house is complete and ready for use, as well as a shower and change house for the miners. A water well has been completed, along with underground concrete storage tanks which will provide adequate water for both mining and camp facilities.

A new Vulcan double drum hoist has been installed to replace the single drum hoist used in sinking the shaft, along with ore skips and cages. This equipment was designed and built for us by Vulcan Iron Works of Denver, Colorado.

We have also completed our other aboveground installations, including three large diesel driven power units. The field office and laboratory building will be completed shortly.

At the same time that these physical developments were being carried on, the company has been doing development coring within the orebody in order to conclusively prove the size and quality of the orebody around the shaft and to furnish information necessary for the most economic and optimum exploitation of the mine. Information derived from this coring not only proved our past conception of the size and quality of the orebody, but considerably increased it. This information has made it possible for our engineering staff to plan a systematic and economical long range mining program which we believe will result in the maximum recovery of ore at the cheapest mining cost.

We have had Mr. John St. Clair of Grand Junction, Colorado, a well known independent mining geologist, evaluate all of our logs and core records and write a report with appropriate maps and cross-sections. Mr. St. Clair was assisted in this work by Mr. Parkinson, Head of the Department of Mining Engineering at the Colorado School of Mines. Mr. Parkinson concurs in Mr. St. Clair's conclusions.

As shown by the map accompanying this report to the stockholders, our orebody has not been delineated to the North, South or East. The management feels that too many inflammatory reports have been issued by other uranium companies about their probable reserves and, as a result, we have adopted the policy of refraining from this type of publicity. The estimate of reserves made by Mr. St. Clair indicates that the company has developed reserves large enough in quantity to justify the construction of at least a 500-ton daily uranium processing mill. Our reason for this assumption is that we have, by exploratory drilling, extended the orebody to the East with a line of holes, as shown on the map, approximately 2,000 feet. Development drilling around these holes should conclusively prove that we have more than doubled the size of our orebody. There is good geological evidence that this orebody will continue to the Eastern edge of our lease and prove up an orebody which will compare favorably with any yet discovered in this country.

We think it worthwhile to mention here that Rio de Oro is very fortunate in that we have not, as yet, encountered water in our underground workings and drilling which will make our mining problems much simpler and cheaper than some of the other companies in this area whose orebodies are both deeper and reported to be saturated with underground water of undertermined volume.

The company expects to have the mine on limited production within the next few weeks. Initial production of the mine will be confined to the ore produced incidental to conducting our development drifting.

Rapid progress is being made by the Atomic Energy Commission on their ore buying station at Grants which is less than one mile from the millsite we have under option. Communications from the Atomic Energy Commission indicate that they will be ready to purchase ore by April 1, 1956.

We are also very pleased to be able to announce to the shareholders that Rio de Oro has entered into a partnership agreement with Foley Bros., Inc., for the negotiation of a mill contract with Atomic Energy Commission and the immediate construction of a uranium processing mill. The metallurgical research has been completed and the preliminary engineering and design work will be finished within the near future. Foley Bros., Inc., is a well known international metallurgical construction firm and are presently constructing an ore processing plant in conjunction with the Chas. Steen interests at Moab, Utah. We hope to be able to announce the successful consummation of this A.E.C. contract within a very short time. The successful completion of this proposed project should prove a most valuable asset to Rio de Oro and we will then be the first independent uranium company actively engaged in the intergrated mining and processing business.

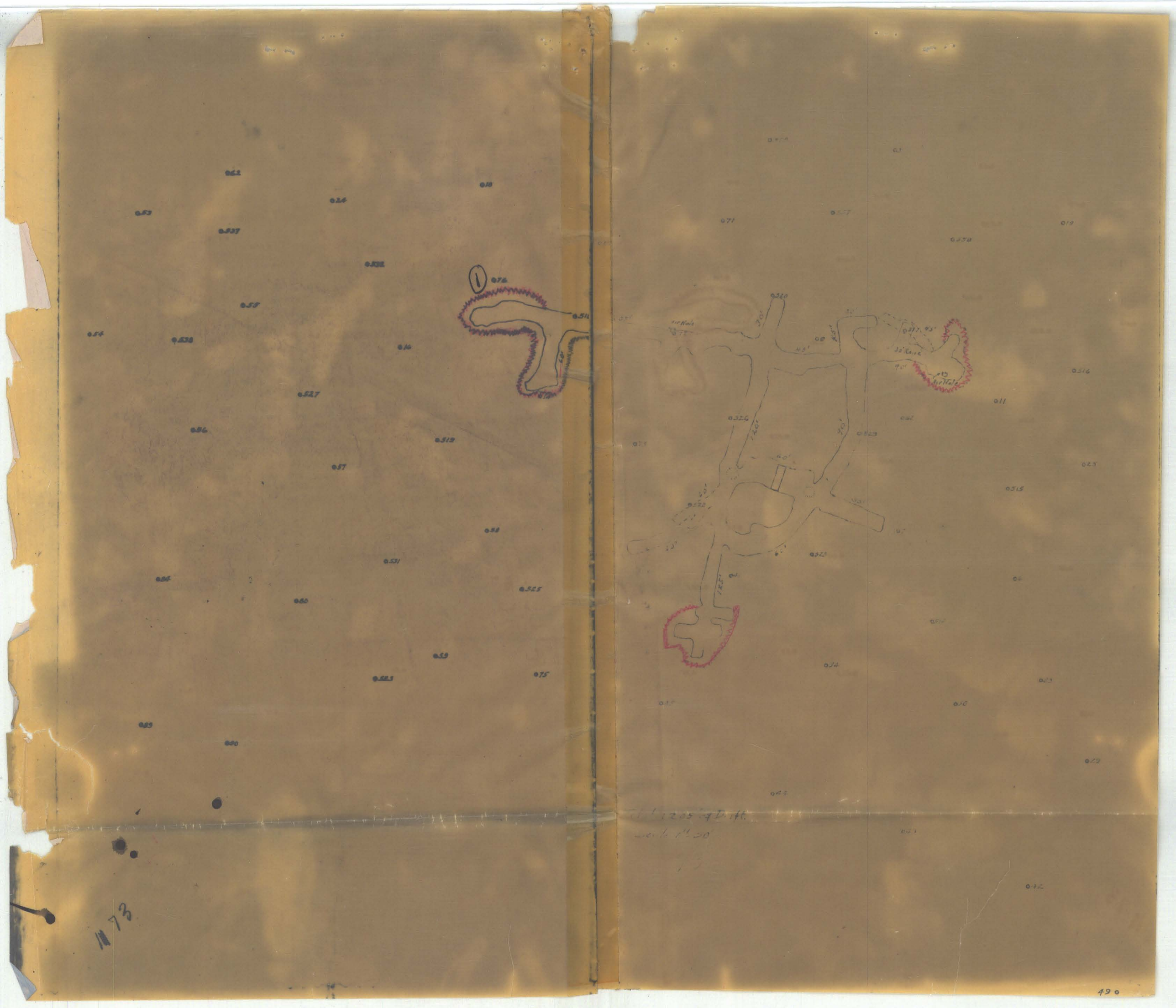
We are confident that you will recognize the soundness of your investment in our company during 1956.

Very truly yours,

RIO DE ORO URANIUM MINES, INC.

W. Rodney DeVilliers

W. Rodney DeVilliers
President


1
1205 Drift
Lat. 11.30
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