E-577

For royalty payment of $45.86, dated August 21, 1964, see transmittal letter file.

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

August 20, 1964

Mr. M. W. Balsley
Box 95
Moab, Utah

Re: DMEA 2771 (Uranium)
Contract Idm-E577
Gremlich Exploration Co.
(Brown's Hole Area)
San Juan County, Utah

Dear Mr. Balsley:

Thank you for your letter of August 18, 1964. All of our dealings have been most pleasant to me and I sincerely hope that you find an even better mine than the one you have worked out.

I will be happy to forward the Certified Project Information Forms to the OME Washington office.

Very truly yours,

ORIGINAL SIGNED BY

Hugh M. Connors
Acting Field Officer, OME
Region III

cc: G. C. Selfridge
E. D. Talbert
E577
Chron

Form 63 attached.

OME
DEPARTMENT OF THE INTERIOR

AUG 2 J 1964
REGION III
DENVER, COLORADO

Moab, Utah, August 18, 1964.

Mr. Hugh M. Connors,
Acting Field Officer,
OME Region III,
Building 20, Federal Center,
Denver 25, Colorado 80225

Re: DMEA 2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Co.,
(Brown's Hole Area)
San Juan County, Utah.

Dear Mr. Connors:

Herewith you will please find a statement covering the two ore settlements I have received from the Climax Uranium Company for the months of May and June. These two cover the only shipments of ore from the property since I last reported to you, namely, on May 14:

Liquidation No.	Period Covered	Gross Amount of Settlement	Royalty Owing Acc't DMEA Loan
6211	5/1/64 to 5/31/64	$474.12	$23.71
6252	6/1/64 to 6/30/64	443.03	22.15
		$917.15	$45.86

My check No. 1869, for the said amount due you is respectfully inclosed herewith.

So far as I know, Mr. Connors, this property is worked out. Nobody is operating any portion of it at this time and, as of now, I know of no one who would be interested in taking a lease on any part of it.

I am also handing to you two copies of the form entitled "Request For Information on Certified Project and Project Under Royalty Agreement", which forms were sent to me by Mr. George C. Selfridge, from your Washington office. I am assuming that you will kindly forward these forms on to Mr. Selfridge, along with a statement showing that royalty settlement, up to date, has been effected with you.

Our mutual friend, Mr. Ray A. Bennett, has told me, on several occasions, that you are a very fine person; in fact, he pointed you out to me at the last Colorado Mining Association Convention, in Denver, last February, and said he would introduce me to you, but we lost you in the crowd. We'll try again.

Thanking you for your courteous manner of dealing with me, I am

Very cordially yours,

H. W. Balsley

H. W. Balsley
Box 95
Moab, Utah

Copy to
G.C. Selfridge
E.D. Talbert.

5 Inclosures.

E-577

For royalty payment of $174.41, dated May 15, 1964, see transmittal letter file.

E-577

For royalty payment of $245.09, dated January 27, 1964, see transmittal letter file.

800

Building 20 - Federal Center
Denver, Colorado 80225

January 15, 1964

Mr. Howard W. Balsley
Box 95
Moab, Utah

Re: DMEA-2771 (Uranium)
Contract Idm-E577
Grenlich Exploration Company
(Brown's Hole Area)
San Juan County, Utah

Dear Mr. Balsley:

As you know, royalty is due the Government on all shipments of uranium ore from the subject property subsequent to the shipment covered by liquidation no. 5699, dated June 10, 1963.

Please furnish two copies of the settlement sheet for each shipment, together with your check to this office.

We would appreciate receiving all royalty payments in the future at monthly intervals.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

TMR/lm
cc Chief, Division of Field Operations, OME
Royalty Corres. E577
Chron

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E577, Docket DMEA-2771 (uranium), dated August 6, 1953, with

Gramlich Minerals, Inc.
and its assignee
Gramlich Exploration Company
Box 435
Moab, Utah

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Brown's Hole Area located in San Juan County, Utah, during the period October 1, 1961, through August 12, 1963.

A certification of discovery or development was issued on May 22, 1956, and, in accordance with Annex II which by Amendment No. 3 was substituted for Article 6 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 11 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated August 1, 1956, indicated accepted costs under the exploration contract amounting to $33,880.89 with the Government's contribution on a 90 percent basis being $30,492.80.

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

This review found the total sales subject to the Government's royalty for the period to be $21,991.57. Royalty payable to the Government at the rate specified in the contract is $1,099.58.

A prior Report of Royalty Review found the sales subject to the Government's royalty through September 30, 1961, to be $101,395.03, which added to the sales for this subsequent period make a total of $123,386.60. The royalty account as of September 30, 1961, was:

Total Royalty Payable	$5,069.74
Total Royalty Paid	5,069.74
Balance of Royalty Due	$ -0-

As of August 12, 1963, the royalty account of this project was found to be:

Total Royalty Payable	$6,169.32
Total Royalty Paid	6,169.32
Balance of Royalty Due	$ -0-

E. D. Talbert

August 13, 1963

E. D. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the 60 unpatented mining claims located in sec. 28, T. 28 S., R. 23 E., S.L.B. & M., Brown's Hole Area. At the time the contract was executed the Operator was in possession of the property under three separate leases as follows:

Lessor	Claims
(a) Samuel V. Gramlich -	Golden West and Golden West Nos. 1 through 11 Canary and Canary Nos. 1 through 10 San Juan Nos. 1 through 6
(b) Irene S. Gramlich -	Red Rocks Nos. 1 through 11 Mary Jo Nos. 1 through 11 Blue Goose Nos. 1 and 2
(c) Howard Balsley -	Sunset, Red Bird, Blue Bird, Blue Jay, Pine Tree, Big Chief, and Sunnyside.

In consideration of the contract, an assignment thereof, and amendments thereto, the several lessors executed Owner's Consents to Lien during August 1954.

A few days after entering into the exploration project contract the Operator, a Colorado corporation, assigned the lease to Gramlich Exploration Company, a trade name owned and used by J. W. Gramlich, Sr. On February 17, 1954, the Government consented to the assignment of the exploration project contract.

Exploration work under the contract was completed during June 1955. Production during the exploration period and thereafter through September 30, 1961, was covered by Reports of Royalty Review dated November 21, 1956, and February 1, 1962. All such production came from the Blue Jay, Pine Tree, and Sunnyside claims.

This review included the tabulation and recomputation of copies of settlement sheets received in support of royalty remittances since the period covered by the prior Reports of Royalty Review. The

tabulation is filed with my audit work papers and is summarized below, together with the aggregate findings of the prior reviews:

	Prior Reviews	This Review	Totals
Production Sold:			
Ore - SWT	1,750.30	470.09	2,220.39
SDT	1,648.13	439.34	2,087.47
Contents, Lbs. - U_3O_8	15,247.90	3,553.07	18,800.97
V_2O_5	53,548.55	13,678.32	67,226.87
Proceeds:			
U_3O_8 Base	$ 53,273.66	$12,435.78	$ 65,709.44
Premiums	7,127.62	3,538.94	10,666.56
Development	7,624.12	1,776.57	9,400.69
Haulage	2,800.75	-	2,800.75
Bonus	15,672.98	-	15,672.98
V_2O_5	16,600.04	4,240.28	20,840.32
Deductions	-1,704.14	-	-1,704.14
Total	$101,395.03	$21,991.57	$123,386.60
Royalty @ 5%	$ 5,069.74	$ 1,099.58	$ 6,169.32

During the period covered by this review production through April 1962 was sold in the name of J. W. Gramlich, Sr. Thereafter, production was sold in the name of H. W. Balsley, with 77½% of the proceeds going to John H. Schuman, lessee and producer. All production during the period of this review came from the Blue Jay claim and was sold to Climax Uranium Company. The last settlement included was liquidation 5699, dated June 10, 1963, covering lot 3867 shipped during May 1963, for which H. W. Balsley remitted royalty on August 6, 1963.

The Operator surrendered its lease of the claims owned by Howard Balsley during the summer of 1962. In an August 5, 1963, reply to an inquiry, the Operator further advised that all other claims, i.e., those owned by Samuel V. Gramlich and Irene S. Gramlich, had been purchased by the Operator and leased to the Union Carbide Nuclear Company and that drilling thereon was in process.

The findings of this review are subject to revision in the event of future audit of the Operator's or producers' records or examination of the property.

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

(1) The files indicate that all sales of production have been reported and proper royalty thereon paid; and

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

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY

O. M. E
RECEIVED AUG 22 1963

DATE	INITIALS	COMMENTS
		800

August 19, 1963

Gramlich Minerals, Inc.
and its assignee
Gramlich Exploration Company
Box 435
Moab, Utah

Re: BMEA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company
(Brown's Hole Area)
San Juan County, Utah

Gentlemen:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated August 13, 1963, covering the period October 1, 1961, through August 12, 1963, which shows that the royalty account is in balance as of the date of the Report of Royalty Review.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosure

cc: Chief, Division of Field Operations
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E577
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

August 19, 1963

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMEA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company
(Brown's Hole Area)
San Juan County, Utah

Attached is the original Report of Royalty dated August 13, 1963, on the subject property covering the period October 1, 1961, through August 12, 1963.

Original signed by

Hugh M. Cosmore

Attachment

cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres Idm-E577
Chron
HMC/lm

AUG 1 3 1963

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-2771 (Uranium)
Gramlich Exploration Company
Brown's Hole Area
San Juan County, Utah
Contract Idm-E577

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

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, U. S. Department of the Interior, Washington 25, D. C.;
(b) One copy for the Operator; and
(c) One copy for your files.

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

Enclosures

EDTalbert/ama 8-13-63

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

AUG 12 1963

Memorandum

To: Acting Field Officer, Region III

From: ACTING Chief, Division of Field Operations

Subject: DMEA-2771 (Uranium)
Gramlich Exploration Company
Brown's Hole Area
San Juan County, Utah
Contract Idm-E577

Enclosed for your files is a copy of the Operator's August 5 reply to the Director's letter of July 23.

W. E. Grewold

Enclosure

EDTalbert/ama 8-12-63

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

E-577

For royalty payment of $803.60, dated August 9, 1963, see transmittal letter file.

800

Moab, Utah, August 6, 1963.

Mr. Hugh M. Connors,
Acting Field Officer,
OME Region III,
Building 20, Federal Center,
Denver 25, Colorado.

Re: DMEA-2771 (Uranium
Gramlich Exploration Co.,
Brown's Hole Area,
San Juan County, Utah
Contract IdmOE577.

Dear Mr. Connors:

Reference is hereby made to my letter of July 17, in the above-designated matter, which said letter was addressed to Mr. Frank E. Johnson, of your Washington Office, in response to his letter of June 21 to me. (A copy of my said letter was sent to you for your information). Under date of July 23, I received a letter from Mr. George Furmich, Jr., also of your Washington office, in answer to my said letter of July 17. In case you were not furnished a copy of Mr. Furmich's letter, I am handing to you herewith a copy thereof.

Following is an itemized statement, which I believe to be complete, showing the respective ore settlements which have come into my possession since the last settlement was made with your office:

Liquidation No.	Period Covered	Gross Amt. of Settlement	Amount due DMEA
5412	11/1/62 to 11/30/62	$1306.42	$ 65.32
5429	12/1/62 to 12/31/62	1420.61	71.03
5979	1/1/63 to 1/31/62	1759.60	87.98
5610	2/1/63 to 2/28/63	5292.57	264.63
5637	3/1/63 to 3/31/63	3264.73	163.24
5662	4/1/63 to 4/30/63	2248.48	112.42
5699	5/1/63 to 5/31/63	779.63	38.98
		$16,072.04	$803.60

A copy, in duplicate, of each of the seven ore settlement sheets listed above is herewith, together with my check No. 1549, for the sum of $803.60, which is the amount apparently due the Government as of this date.

Please note that Mr. Furmich states in his letter that I promised to make this settlement by August 1. Here is what I said: "I feel quite sure that by August 1", I could submit the necessary data and my check to your office. It was physically impossible for me to meet the August 1 date.

Very cordially yours,

H. W. Balsley
Box 95
Moab, Utah

9 Inclosures

Answering yours Jul 23rd

Smith River, Calif.

Aug 5, 1963

U. S. Dep't Interior
Attention: Geo Fumich Jr.
Washington 25, D. C.

Re: DMEA 2771
Gramlich Exploration Co.
Contract Idm 8577.

Dear Mr. Fumich:

Your records show that the 5% deductions for DMEA were made on all shipments by us. Climax Uranium Co was authorized to make such deductions and fwd directly to you.

The termination of lease applies to all the Balsley claims as listed by you.

The Irene S. Gramlich and Samuel V. Gramlich claims and other claims in name of J. ~~A~~ W. Gramlich, Sr., Philip F. Gramlich and John ~~A~~ W. Gramlich, Jr., which were included in DMEA above have been leased to Union Carbide Nuclear Co.

The San Juan claims Nos. 1 to 6 are included in above DMEA. San Juan claim was located after date of DMEA & does not apply.

The Irene S. and S. V. Gramlich claims are now under ownership of J. A. Gramlich, Jr. - having been pd. for under contract.

Trust this answers your inquiry.

Sincerely yours,

's/ J. ~~A~~ W. Gramlich, Sr.

Union Carbide is now drilling and there will be no ore shipped in near future except possibly from San Juan claim.

JUL 23 1963

Mr. J. W. Gramlich, Sr.
Box 95
Moab, Utah

Re: [redacted]-2771 (Uranium)
Gramlich Exploration Company
Brown's Hole Area
San Juan County, Utah
Contract Idm-2577

Dear Mr. Gramlich:

By letter dated June 21 receipt was acknowledged of your June 15 response to our [redacted] Form 63 inquiry regarding the status of the property and production under the referenced contract and your attention was invited to your continuing obligation for payment of royalty. Furthermore, our letter requested your confirmation that four liquidations, as listed therein, represented the entire production during operation of the property by your son Phil. To date we have not had a reply.

In your response to our [redacted] Form 63 inquiry, you stated that, since April 1962, "Lease has been terminated and is now in name of H. W. Balsley and his new lessee John Schuman". We assume that your response applies to the six claims (Blue Jay, Pine Tree, Blue Bird, Sunnyside, Sunset, and Red Bird). What is the status of the other claims under the referenced contract, i.e., the Red Rocks, Mary Jo, and Blue Goose group of claims held by you under bond and lease from Irene S. Gramlich, and the Golden West, Canary, and San Juan group of claims held under bond and lease from Samuel V. Gramlich? Do you still hold the leases? Has there been any production on which the Government's royalty has not been paid?

In order to clarify the records on this contract, your prompt reply to the above questions is requested.

Sincerely yours,

George Fumich, Jr.

Director

EDTalbert/ama 7-22-63

cc:
Docket
Director's Reading File
CA & A Division
Region III

JUL 23 1963

Mr. Howard W. Balsley
Box 95
Moab, Utah

Re: DMEA-2771 (Uranium)
Gramlich Exploration Company
Brown's Hole Area
San Juan County, Utah
Contract Idm-E577

Dear Mr. Balsley:

Receipt is acknowledged of your July 17 letter confirming that, since April 1962, production from claims owned by you and included in the referenced contract has been sold. We are sorry to hear of your misfortune, but gratified at your promise to account for the sales and to pay the royalty due thereon by August 1.

Your letter further states that you were not aware that the royalty repayment period was eleven years and, further, you have no description of the property involved. Amendment No. 3 and the Annex II attached thereto, both of which you state Mr. Gramlich recently gave you, provide the royalty terms of the contract including the specification that it is "for a period of eleven years from August 6, 1953".

Enclosed is a thermofax copy of an Owner's Consent to Lien, together with an attached Annex III, which you executed on August 10, 1954, in connection with Amendment No. 3. The six claims, upon which you specifically granted the Government a lien for a maximum of "eleven" years, are listed therein by names and recording data.

Please submit the past due royalty payment, with two copies of each settlement sheet involved, to Mr. Hugh M. Connors, Acting Field Officer, OME Region III, Building 20, Federal Center, Denver 25, Colorado, by August 1 as promised. Thereafter, your prompt submission to Mr. Connors of royalty and settlement sheets on future sales of production is solicited.

Sincerely yours,

Director

Enclosures

cc: Docket
Director's Reading File
CA & A Division
Region III (w/cy inc. ltr.)

EDTalbert/ama
7-22-63

[illegible] ly 17, 1963. 800

Mr. Frank [illegible] Johnson,
Acting Director
Office of Mineral Exploration,
Department of the Interior,
Washington, D. C.

[illegible] (Uranium)
[illegible] Exploration Co.,
[illegible] Area,
[illegible] County, Utah
[illegible].

[illegible]

[illegible] with reference to [illegible]

[illegible] responding to your letter, but [illegible] delay [illegible] mostly physical-- [illegible] control.

I do [illegible] question the correctness [illegible] stated in your letter, and, while I [illegible] or not [illegible] was actually expended upon my several claims [illegible] in your letter, [illegible] very of ore was made thereon as a result of the drilling [illegible] said [illegible]. The fact remains that my claims are apparently liable for repayment [illegible] DMEA loan. My claims are virtually [illegible] the property of W. Gramlich, Sr., or the Gramlich [illegible] Company.

Frank [illegible] contract. Quite recently, Mr. Gramlich [illegible] from Gramlich Minerals, Inc., [illegible] exploration [illegible] by your Denver office [illegible] contract, and a copy of Annex [illegible] contain a description of the [illegible] of having signed [illegible] those of Mr. Gramlich or [illegible].

If it [illegible] final contract, together with [illegible] mentioned above, that would be [illegible] this particular DMEA contract [illegible] under the impression that these [illegible] were for [illegible] involved in several others, [illegible] contract has been for ten years.

For [illegible] for my apparent laxity in reporting [illegible], I [illegible] following: During the [illegible] years, there was stolen from my home [illegible] including hunting [illegible] descriptions, including [illegible], $30,000 worth of [illegible] deeds, [illegible] transferred into my name, plus [illegible] complete record of every [illegible] sheet, and every [illegible] I ever had a copy of [illegible] stolen safe.

Although I have repeatedly offered a substantial reward, via radio and newspapers, for the return of the contents of the safe, less the cash therein, and have had a private detective and the local sheriff's office and police force working on the case ever since the theft took place, no trace whatever of the contents of said safe has been forthcoming. Incidentally, a new clue has developed within the week.

Nevertheless Mr. Johnson, I have always made it a rule to not attempt to avoid any of my just obligations and, inasmuch as it is apparent that I am liable for the payment to the Government of its proper share of any income I may have derived from the Blue Jay claim since the Gramlich Exploration Company surrendered its lease, the date of which I do not know, you can count on an early and satisfactory settlement.

In the absence of most of my original records, I think I now have assembled a copy of each ore-settlement sheet that has accrued since the property came back to me, and I assure you that funds are on hand with which to promptly settle this account with the Government in full just as soon as I can work out the amount due. While my affairs are in a pretty deplorable condition, because of the loss of my many records, together with the large amount of negotiable documents, etc., I feel quite sure that by August 1, I can submit to your department duplicate copies of each settlement for which I am obligated to account to you, together with a check for the amount found to be due.

I trust you folks will bear with me just a little longer in this matter, upon my assurance that, within the limitation of my rather limited physical and distraught mental capacities, I will work diligently to bring this matter up-to-date as quickly as possible.

To help corroborate the story I have depicted above, regarding my safe, I am inclosing one of the reward notices clipped from the local newspaper.

Respectfully submitted,

H. H. Belsley
Box 95
Moab, Utah.

1 Inclosure.

C/C to Mr. Hugh M. Connors, Acting Field Officer, G.M., Region III, Denver, Colo.

REWARD

10/25/62

HUNTERS - MINERS - STOCKMEN:
Please be on the lookout for my missing safe — light grey in color. For the return of the contents of said safe, less cash, in usable condition, I will pay a reward of $500 and no questions asked.

Howard Balsley

Building 20 - Federal Center
Denver 25, Colorado

O. M. F.

800

July 1, 1963

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: DMEA-2771 (Uranium)
Contract Ldm-E577
Gramlich Exploration Company
(Brown's Hole Area)
San Juan County, Utah

This responds to your memorandum dated June 21, 1963 on the subject contract.

I have checked the AEC records for the second and third quarters of 1962 and the first quarter of 1963. The records for this period show no production of ore from this property.

Original signed by

Hugh M. Connors

JUN 21 1963

Memorandum

To: Acting Field Officer, Region III

From: ACTING Chief, Division of Field Operations

Subject: DMEA-3771 (Uranium)
Gramlich Exploration Company
Brown's Hole Area
San Juan County, Utah
Contract Ldm-2377

Enclosed are copies of the Director's letters of this date to J. W. Gramlich, Sr. and Howard W. Balsley and MMK Form 63, the reply portion of which was executed by Mr. Gramlich on June 15, 1963.

Will you please review the A.E.C. purchase records available to you and ascertain whether any additional sales to those listed in the letter to Mr. Gramlich were made and what, if any, sales on which royalty is due have been made by the subsequent lessee? If the records disclose sales on which royalty has not been paid, please request the purchaser to furnish copies of the liquidations.

Enclosures

CEFisher/mm
6/21/63
cc: Director's Reading File
CA&A Division
Docket

CA&A Division

Mr. J. W. Gramlich, Sr.
Box 95
Moab, Utah

JUN 21 1963

Re: DMEA-2771 (Uranium)
Gramlich Exploration Company
Brown's Hole Area
San Juan County, Utah
Contract Idm-E577

Dear Mr. Gramlich:

Thanks for your response dated June 13, 1963, with respect to information pertaining to the referenced contract requested by our MMS Form 63. We shall request information regarding production and sales from the property since April 1962 from Mr. Balsley and the Climax Uranium Company.

Your attention is directed to paragraph (2) of Annex XI attached to Amendment No. 3 of the contract which makes the Operator (Gramlich Exploration Company) liable for royalty due to the Government, 5% minimum if the producer, or 4% minimum if not the producer, on all production from the property for a period of 11 years from August 6, 1953, or until the Government's contribution to exploration costs have been repaid without interest, whichever occurs first. Although we shall attempt to collect any royalty due to the Government from the producer of the minerals, such effort shall not be construed as a waiver of the Government's right to look to you for payment of the royalty in the event our efforts should prove unsuccessful.

In a letter dated January 17, 1962, you advised our Acting Field Officer, Denver, Colorado, that the mine was then being operated by your son Phil and that the ore was being shipped by Gramlich Exploration Company. Our records indicate that the Government has received royalty on four sales to Climax Uranium Company made in the name of J. W. Gramlich, Sr. during the early part of 1962, as follows:

Liquidation No.	Date	Gross Price	Government Royalty
5036	Jan. 3, 1962	$ 1,360.50	$ 68.03
5087	Feb. 8, 1962	1,918.02	95.90
5122	March 6, 1962	766.03	38.30
5163	May 2, 1962	1,874.98	93.75

Will you please advise whether these liquidations represent the entire production during the period of your son's operation of the property?

Sincerely yours,

(signed) FRANK E. JOHNSON

ACTING Director

CFisher/ms
6/21/63
cc: Director's Reading File
Docket
Region III
CA&A Division

Mr. Howard W. Bailey

Moab, Utah

JUN 21 1963

Re: DMEA-2771 (Uranium)
Grunlich Exploration Company
Brown's Hole Area
San Juan County, Utah
Contract Ldm-2577

Dear Mr. Bailey:

This office has been advised that the lease of certain claims owned by you to J. W. Gunnlich, Sr. and included in the property on which exploration work was accomplished under the referenced contract has been terminated and a lease entered into with John Schumann and, further, that Mr. Schumann has shipped ore to Climax Uranium Company since April 1962.

Your attention is directed to Owner's Consent to Lien dated January 25, 1954, wherein you granted to the Government a lien for percentage royalty on production from the Blue Jay, Pine Tree, Blue Bird, Bonnyside, Sunset, Red Bird, and Big Chief claims as provided for under terms of the exploration contract, or any amendment thereof. Amendment No. 3 to the contract provided that, in the event the Government certified a discovery or development resulted from the exploration work, the royalty payment would be for a period of eleven years from August 6, 1953, or until the amount of the Government's contribution had been fully repaid without interest, whichever occurred first. A certification of discovery or development was issued on May 22, 1956.

We have no record of any royalty having been received applicable to production and sales by Mr. Schumann since April 1962. Will you please confirm or correct our understanding with respect to present operations of the property and whether any provision was made in any lease with Mr. Schumann whereby the Government's royalty interest was set forth and provision was made for the payment of such royalty? If payments have been made please advise as to the gross proceeds and liquidation numbers, if known.

Sincerely yours,

(signed) FRANK E. JOHNSON

ACTING Director

CKFisher/mm
6/21/63
cc: Director's Reading File
CAAA Division
Region XXI
Docket

E-577

For royalty payment of $93.75, dated May 11, 1962, see transmittal letter file.

E-577

For royalty payment of $38.30, dated March 13, 1962, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

March 5, 1962

RECEIVED

800

J. A. Gramlich, Sr.
Gramlich Minerals, Inc. and its Assignee
Gramlich Exploration Company
P. O. Box 435
Moab, Utah

Re: Docket DMSA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Dear Mr. Gramlich:

Please accept my apology for mistaking the origin of the ore recently shipped from the Blue Bird claim. I was not aware that there were two Blue Bird claims in the same mining district and I make every effort to collect the royalty due the Government.

I hope that you, as a taxpayer, appreciate my efforts.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
Idm E577 Royalty Corres
Chron

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

February 21, 1962

P.S. 3/1/62
Was in to see Lemay & Co.
today. The ore in question was shipped
by Bob Dimmett from a Blue Bird
claim near Monticello, Utah.
Lemay can give you the Supt. the No. of
your desire.
Punk. Note enclosed from Lemay
J.G.G.

CERTIFIED MAIL

Gramlich Minerals, Inc. and its Assignee
Gramlich Exploration Company
P. O. Box 435
Moab, Utah

Re: Docket DMEA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Gentlemen:

This has further reference to my letter dated February 14, 1962.

The royalty due the Government is $7.18 on liquidation No. 4861 on ore shipped from the Blue Bird claim.

Please forward this office your check for $7.18 to bring this royalty account into balance.

OME
DEPARTMENT OF THE INTERIOR
MAR 1962
REGION III
DENVER, COLORADO

Yours very truly,

Hugh M. Connors

Hugh M. Connors
Acting Field Officer, OME
Region III

Note 2/28/62
As explained in previous letter: we are not & have not been producing from our Blue Bird claim — There are other Blue Bird claims under other ownership please investigate.
J. L. Gramlich Jr.

Building 20 - Federal Center
Denver 25, Colorado

February 21, 1962

EXTRA COPY
O. M. E.
RECEIVED
DATE FEB 1962
800

CERTIFIED MAIL

Gramlich Minerals, Inc. and its Assignee
Gramlich Exploration Company
P. O. Box 435
Moab, Utah

Re: Docket DMEA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Gentlemen:

This has further reference to my letter dated February 14, 1962.

The royalty due the Government is $7.18 on liquidation No. 4861 on ore shipped from the Blue Bird claim.

Please forward this office your check for $7.18 to bring this royalty account into balance.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
Royalty Corres E577
Chron

E-577

For royalty payment of $95.90, dated February 14, 1962, seetransmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

EXT. COPY
O. M. E
RECEIVED FEB 1962
DATE
800

February 14, 1962

Climax Uranium Company
P. O. Box 989
Grand Junction, Colorado

Re: Docket DMEA-2771 (Uranium)
Contract IAm-E577
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Gentlemen:

Will you please forward this office two copies of liquidation No. 4061 for ore shipped to your mill by Carl Dimmant from the Blue Bird claim during the third quarter of 1961.

If the shipper has made any more shipments to your mill from the Blue Bird claim, will you please forward this office two copies of each settlement sheet as this claim is subordinated to the Government under the captioned contract.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
Royalty Corres. E577
Chron

Building 20 - Federal Center
Denver 25, Colorado

EXT. COPY
O. M. E
RECEIVED FEB 1 1962
DATE TIME
800

February 14, 1962

Gremlich Minerals, Inc. and its Assignee
Gremlich Exploration Company
P. O. Box 435
Moab, Utah

Re: Docket DMRA-2771 (Uranium)
Contract Idm-E577
Gremlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Gentlemen:

It has come to our attention that Mr. Carl Dismant has been shipping ore from the Blue Bird claim on which no royalty has been paid to the Government.

Will you please forward this office a copy of Mr. Dismant's agreement with you to mine and remove ore from this property.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME (2)
Royalty Corres Idm E577
Chron

E-577

For royalty payment of $68.03, dated January 12, 1962, see transmittal letter file.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Ids-E577, Docket DMEA-2771 (uranium), dated August 6, 1953, with

Gramlich Minerals, Inc.
and its assignee
Gramlich Exploration Company
Box 435
Moab, Utah

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Brown's Hole Area located in San Juan County, Utah, during the period November 23, 1960, through September 30, 1961.

A certification of discovery or development was issued on May 22, 1956, and, in accordance with Annex II which by Amendment No. 3 was substituted for Article 6 of the contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 11 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated August 1, 1956, indicated accepted costs under the exploration contract amounting to $33,880.89 with the Government's contribution, on a 90 percent basis being $30,492.80.

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

This review established the total sales of uranium ore for the period to be $30,274.03. Royalty payable to the Government at rates specified in the contract is $1,513.68.

A prior Report of Royalty Review found the sales subject to Government royalty through November 22, 1960, to be $71,121.00 which added to the sales for this subsequent period make a total of $101,395.03. The royalty account as of November 22, 1960, was:

Total Royalty Payable	$3,556.06
Total Royalty Paid	3,626.77
Overpayment of Royalty	$ 70.71

As of September 30, 1961, the royalty account of this project was found to be:

Total Royalty Payable	$5,069.74
Total Royalty Paid	5,069.74
Balance of Royalty Due	$ -0-

E D Talbert

February 1, 1962 E. D. Talbert, OME Auditor

Idm-E577 Gramlich Exploration Company DMEA-2771

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

During the period covered by this review uranium ores produced from the Blue Jay and Sunnyside claims by John H. Schuman and Secrest Bros., respectively, were shipped to the Vanadium Corporation of America, Durango, Colorado, and the Climax Uranium Company, Grand Junction, Colorado, in the name of J. W. Gramlich, Sr. The producers operated under informal lease agreements and received 70% of the net proceeds. The Gramlich Exploration Company is a trade name, owned and used by J. W. Gramlich, Sr., as an individual.

This review included the tabulation and recomputation of copies of all liquidation statements received in support of royalty remittances since the period covered by the prior Report of Royalty Review. The tabulation is filed with my audit work papers and is summarized below, together with the findings of the prior review:

	Through 11/20/60	11/21/60 to 9/30/61	Through 9/30/61
Production Sold:			
Ore - SWT	969.41	780.89	1,750.30
SDT	915.34	732.79	1,648.13
Content - U_3O_8	9,762.60	5,485.30	15,247.90
V_2O_5	34,112.85	19,435.70	53,548.55
Proceeds:			
U_3O_8 - Base	$34,100.38	$19,173.28	$ 55,273.66
Premiums	5,148.75	1,978.87	7,127.62
Development	4,881.40	2,742.72	7,624.12
Haulage	1,712.09	1,088.66	2,800.75
Bonus	15,672.98	-	15,672.98
V_2O_5 Payments	10,574.98	6,025.06	16,600.04
Deductions	-969.58	-734.56	-1,704.14
Total	$71,121.00	$30,274.03	$101,395.03
Royalty Payable	$ 3,556.06	$ 1,513.68	$ 5,069.74
Royalty Paid	3,556.06	1,513.68	5,069.74
Balance Due	$ -0-	$ -0-	$ -0-

The $70.71 overpayment of royalty set forth in the prior Report of Royalty Review was refunded during January 1961. The last settlement included in this review was Climax Uranium Company's liquidation 4836 dated August 2, 1961, covering lots nos. 596 and 622

shipped during July 1961. Thereafter, the lessees quit and the mine was operated by Phil Gramlich, son of J. W. Gramlich, Sr., but the first shipment of ore was subsequent to the period covered by this review.

Under a provision of Annex II, the Operator is obligated, as principal if the producer or as surety if not the producer, to pay the Government's percentage royalty on all minerals produced from the sixty unpatented claims covered by the contract. The Government also holds liens on the claims and any mineral production therefrom by virtue of the execution during August 1954 by each of the three landowners (Irene S. Gramlich, Samuel V. Gramlich, and Howard W. Balsley) of an Owner's Consent to Lien.

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

(1) Sales for the period covered by this review have been checked by the Acting Field Officer, OME Region III, with the AEC production records;

(2) All sales of production were reported promptly and proper royalty thereon paid; and

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

MME Form 22
Dec. 60

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name and Address

Gramlich Exploration Company

Moab, Utah

Contract No.	Docket No.
Idm E577	**DMEA-2771**

Prepared by (Signature)	Date
Original signed by **Hugh M. Connors**	**1-22-62**

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

8. Current status of property. (Check one).

- [X] Operating.
- [ ] Inactive.
- [ ] Abandoned.

Date of last production if not operating.

Comment on items 1(b), 2(b), 3(b), and 4 to 6, if answer is No:

The AEC production records have been checked through the third quarter of 1961. Please note attached letter from the Operator.

84861-60

Smith River, Calif.
Jan 17, 1962

Office of Minerals Exploration
Bldg 20, Federal Center
Denver 25, Colo.
Attention: Hugh M. Connors

Re: OMEC-277
contract Ident E577
Jan 8-62

Dear Mr. Connors.

I am now in Smith River Calif doing a little fishing & enjoying the moderate climate. Did not get your mentioned letter of Dec 8, 61., Your certified letter No 90524 was fwd to me here.

The Blue Jay mine is being mined by my son P. Lee & Ore being shipped by Granlick Exploration Co - Schuman ran out of ore & is terminated - Secrets also quit - No ore

Hope this answers your questions &

Best Wishes for now & the New year!

J. H. Granlick Sr.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
RECEIVED
DATE
1962
CODE
800

February 7, 1962

Grenalich Minerals, Inc. and its Assignee
Grenalich Exploration Company
P. O. Box 435
Moab, Utah

Re: Docket DMRA-2771 (Uranium)
Contract Idm-E577
Grenalich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Gentlemen:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated February 1, 1962 covering the period November 23, 1960, through September 30, 1961.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosure

HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres Idm E577
Chron

Building 20 - Federal Center
Denver 25, Colorado

February 7, 1962

Memorandum

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

From: Acting Field Officer, OME, Region III

Subject: Docket DMEA-2771 (Uranium)
Contract IDm-E577
Gremlich Minerals, Inc. and its assignee
Gremlich Exploration Company
(Brown's Hole Area)
San Juan County, Utah

Attached is the original Report of Royalty Review on the subject property dated February 1, 1962 covering the period November 25, 1960, through September 30, 1961.

Original signed by

Hugh N. Connors

Attachments

HNC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres E577
Chron

FEB 2 - 1962

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-2771 (Uranium)
Gramlich Exploration Company
Brown's Hole Area
San Juan County, Utah
Contract Idu-8577

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

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.;
(b) One copy for the Operator; and
(c) One copy for your files.

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

Enclosures

EDTalbert/ama 2-2-62

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

800

Building 20 - Federal Center
Denver 25, Colorado

January 8, 1962

CERTIFIED MAIL

Mr. J. W. Gremlich, Sr., President
Gremlich Exploration Co.
Moab, Utah

Re: Docket DMEA-2771 (Uranium)
Contract Idm-E577
Gremlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Dear Mr. Gremlich:

I have received no reply to my letter to you dated December 8, 1961 in which I requested information on the present status of the captioned property.

Will you please furnish the names of the present lessees if the lease arrangements with John H. Schuman and the Secrest Bros. have been discontinued.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME (2)
E577
Chron

EXTRA COPY
O. M. E
RECEIVED DEC 12 1961

DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado

December 8, 1961

Mr. J. W. Gramlich, Sr., President
Gramlich Exploration Co.
Moab, Utah

Re: Docket DMEA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Dear Mr. Gramlich:

A review of the files on the subject contract disclosed that the last reported shipment from the Blue Jay claim is covered by Climax Uranium Company's August 2, 1961, liquidation 4836. Also, the last reported shipment from the Sunnyside claim is covered by the Climax Uranium Company's June 5, 1961, liquidation 4799.

In view of the cessation of shipments, you are requested to advise this office as to the status of the property under the contract. Please advise whether or not the property has been active since the above reported shipments. Also, furnish names of present lessees if the lease arrangements with John H. Schumann and the Searest Bros. have been discontinued.

An early reply will be appreciated.

Yours very truly,

Original signed by TMR

for
Hugh M. Cummors
Acting Field Officer, CMX
Region III

TMR/lm
cc Chief, Division of Field Operations (2)
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
E577
Chron

NOV 2 9 1961

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-2771 (Uranium)
Gramlich Exploration Company
Brown's Hole Area
San Juan County, Utah
Contract Idm-8577

A review of the files on the subject contract disclosed that the last reported shipment from the Blue Jay claim is covered by Climax Uranium Company's August 2, 1961, liquidation 4836. Also, the last reported shipment from the Sunnyside claim is covered by Climax Uranium Company's June 5, 1961, liquidation 4799.

The cessation of shipments indicates the possibility that the Operator's informal lease arrangements with John H. Schuman and the Secrest Bros. may have been discontinued and that the property is now inactive. If this is so, a Report of Royalty Review would appear to be in order.

It is suggested that appropriate inquiry be addressed to the Operator as to the status of the property under the contract. Upon determination of the status, please submit to this Division an original and one copy of MME Form 22, Check Sheet of Examining Engineer, with an explanatory statement under item 8.

EDTalbert/ama 11-29-61

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

E-577

For royalty payment of $84.92, dated August 11, 1961, see transmittal letter file.

E-577

For royalty payment of $85.65, dated July 11, 1961, see transmittal letter file.

E-577

For royalty payment of $153.15, dated June 26, 1961, see transmittal letter file.

E-577

For royalty payment of $71.63, dated June 13, 1961, see transmittal letter file.

E-577

For royalty payment of $71.04, dated May 26, 1961, see transmittal letter file.

E-577

For royalty payment of $103.10, dated May 12, 1961, see transmittal letter file.

E-577

For royalty payment of $153.25, dated April 28, 1961, see transmittal letter file.

E-577

For royalty payment of $53.07, dated April 11, 1961, see transmittal letter file.

E-577

For royalty payment of $85.25, dated March 28, 1961, see transmittal letter file.

E-577

For royalty payments of $81.68 and $35.15, dated March 13, 1961, see transmittal letter file.

E-577

For royalty payment of $49.56, dated February 28, 1961, see transmittal letter file.

E-577

For royalty payment of $66.84, dated February 14, 1961, see transmittal letter file.

E-577

For royalty payment of $31.94, dated January 26, 1961, see transmittal letter file.

E-577

For royalty payment of $68.10, dated January 13, 1961, see transmittal letter file.

E-577

For refund of overpayment of royalty of $70.71, dated January 9, 1961, see transmittal letter file.

EXTRA COPY
O. M. E
RECEIVED 1961 3 JAN

DATE	INITIALS	CODE

Building 20 - Federal Center
Denver 25, Colorado

December 29, 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: Docket DMEA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah
Royalty Review Overpayment $70.71

Attached is the original and one copy of a letter received from the Operator of the captioned project requesting refund.

Original signed by

Hugh M. Connors

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

1/5/61 The original of the letter from the Operator, which was attached, was given to Fiscal Section in exchange for a copy.

EDT

Moab Utah
12/12

EXTRA COPY
O. M. E
RECEIVED 1961 3 JAN

DATE	INITIALS	CODE

Office of Minerals Exploration
Bldg 20 - Federal Center
Denver 25, Colo.
Attention: Mr Hugh M. Connors OME Reg 3

Re: Permit OMEA 2771
Contract Ind 5577
Browns Hole Area San Juan Co Utah.

From your royalty review, I am advised of an over paid to O.M.E. in the amt of 70.71 & am filing this as a claim for return of same.

Thank you
Granlich Exploration Co
By J. E. Granlich Sr.

OI
DEPARTMENT C
DEC 2
REG
DENVER.

OME
DEPARTMENT OF THE INTERIOR
DEC 2 1960
REGION III
DENVER, COLORADO

E-577

For royalty payment of $94.97, dated December 23, 1960, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

FILE COPY
O. M. E
RECEIVED DEC 27 1960

DATE		
12/27	cae	210 806

December 20, 1960

Mr. J. H. Gramlich, Sr., President
Gramlich Exploration Co.
Moab, Utah

Re: Docket [illegible]A-277[illegible] (Uranium)
Contract Idm-F[illegible]77
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Dear Mr. Gramlich:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated November 29, 1960 covering the period November 16, 1[illegible] through November [illegible], 1[illegible].

You will note that $70.71 is the amount of overpayment of royalty. If you submit a claim to be for that amount [illegible] royalty will be refunded to you.

Yours very truly,

[illegible]

Mark H. Connors
Acting Field Auditor
Contract Division 271

Enclosure
HMC/lm
cc: Chief, Division of Field Operations (2)
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. E577
Chron

Building 20 - Federal Center
Denver 25, Colorado

December 19, 1960

Memorandum

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

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

Subject: Docket No. [illegible]A-2771 (Uranium)
Contract Idm-5577
Gramlich Exploration Company
(Brown's Hole Area)
San Juan County, Utah

Attached is the original Report of Royalty Review on the Subject property dated November 29, 1960 covering the period November 16, 1956, through November 22, 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. E577
Chron

EXTRA COPY
O. M. E.
RECEIVED DEC [illegible] 1960

For royalty payment of $44.06, dated December 15, 1960, see transmittal letter file.

DEC 15 1960

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-2771 (Uranium)
Gramlich Exploration Company
Brown's Hole Area
San Juan County, Utah
Contract Idm-8377

Returned are the original and two copies of the Report of Royalty Review on the subject contract. This report has been corrected in accordance with the suggestions in your December 9 memorandum.

The amount of royalty indicated as paid through November 15, 1956, has been corrected to $1,116.66 and notation has been made at the bottom of Exhibit "A" to indicate that liquidation No. 4647 was the last included in the computation of royalty received and deposited through November 22, 1960. Thanks for calling our attention to these matters.

Future Reports of Royalty Review will indicate the last remittance included in the computations made.

Attachments

EDTalbert/ama
December 15, 1960

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

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

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 13 1960

DATE	INITIALS	
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		800

Cy sent to 500

December 9, 1960

Memorandum

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

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

Subject: Docket DMEA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Returned herewith is the Report of Royalty Review on the subject project dated November 29, 1960. It appears that a typographical error was made on the total " royalty paid" on the first Report of Royalty Review. I believe the figure should be $1,116.66.

It would be a great help to this office and I am sure it would also be helpful to the Operator, if the Report of Royalty Review would state the last liquidation No. which is included in the Report of Royalty Review. The statement "at November 22, 1960 the Royalty account was found to be . . . ." is meaningless unless the last lot No. or liquidation No. is also shown.

If liquidation No. 4647 is the last lot covered by this Report of Royalty Review and $1,116.66 is correct, our records check.

Hugh M. Connors

Hugh M. Connors

Attachment add to Exhibit "B"

Note:
The last royalty receipt included in the above tabulation returned to Climax Uranium Company liquidation No. 4657 dated November 21, 1960

E-577

For royalty payment of $180.32, dated November 28, 1960, see transmittal letter file.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E577, Docket No. DMEA-2771 (Uranium), dated August 6, 1953, with

Graulich Exploration Company
Moab, Utah

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Brown's Hole Area located in San Juan County, Utah, during the period November 16, 1956, through November 22, 1960.

A certification of discovery or development was issued on May 22, 1956, and, in accordance with Annex II made part of Amendment No. 3, of the contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract from April 12, 1954, for a period of 11 years from the date of the contract (August 3, 1953) or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final audit dated August 1, 1956, indicated accepted costs under the exploration contract amounting to $33,880.89 with the Government's contribution, on a 90 percent basis, being $30,492.80.

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

This review established the total sales of uranium ore for the period to be $50,205.01. Royalty due the Government at rates specified in the contract is $2,510.26.

A prior Report of Royalty Review found the sales subject to Government royalty through November 15, 1956, to be $20,915.99 which added to the sales for this subsequent period make a total of $71,121.00. The royalty account as of November 15, 1956, was:

Total Royalty Due	$1,045.80
Total Royalty Paid	1,116.66
Overpayment of Royalty	$ 70.86

At November 22, 1960, the royalty account of this project was found to be:

Total Royalty Due	$3,556.06
Total Royalty Paid	3,626.77
Overpayment of Royalty	$ 70.71

C. E. Fisher

C. E. Fisher, OME Auditor

November 29, 1960

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

My review included the tabulation and recomputation of copies of all liquidation statements, including applicable AEC initial production bonus, received in the Washington office in support of royalty remittances by the Operator. This tabulation is filed with my audit work papers and is summarized on the attached Exhibit "A".

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

(1) Inspection reports by field representatives of the Government and other information contained in the Washington office files indicates that all production from the property since April 12, 1954, subject to Government royalty has been accounted for and proper royalty has been received except as indicated on Exhibit "A"; and

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

Exhibit "A"

Idm-E577 | Gramlich Exploration Company | DMEA-2771

Summary of Production, Sales and Royalty

	4/12/54 thru 11/15/56	11/16/56 thru 11/22/60	4/12/54 thru 11/22/60
Production:			
Ore - Short Wet Tons	215.040	754.367	969.407
Ore - Short Dry Tons	205.511	709.831	915.342
U_3O_8 - Pounds	2,282.13	7,480.47	9,762.60
U_3O_8 - Pounds in excess 4#/SDT	1,486.55	4,641.12	6,127.67
U_3O_8 - Pounds in excess 10#/SDT	897.57	1,313.94	2,211.51
V_2O_5 - Pounds	8,033.08	26,079.77	34,112.85
Sales:			
U_3O_8 - Base payments	$ 7,918.63	$26,181.75	$34,100.38
U_3O_8 - Excess 4#/SDT	1,114.92	3,480.92	4,595.84
U_3O_8 - Excess 10#/SDT	224.40	328.51	552.91
Development allowances	1,141.07	3,740.33	4,881.40
Haulage allowances	437.14	1,274.95	1,712.09
V_2O_5	2,490.25	8,084.73	10,574.98
Penalty for excessive lime	(222.81)	(743.77)	(966.58)
Sampling fee	(3.00)	-0-	(3.00)
Total Receiving Stations	$13,100.60	$42,347.42	$55,448.02
AEC Production Bonus	7,815.39	7,857.59	15,672.98
Total value subject to royalty	$20,915.99	$50,205.01	$71,121.00
Royalty Due	$ 1,045.80	$ 2,510.26	$ 3,556.06
Royalty Paid	1,116.66	2,510.11	3,626.77
Overpayment of royalty	$ 70.86	$(.15)	$ 70.71

Schedule of Royalty Overpayment

Prior Report of Royalty Review

AS&R Co. Liquidation 6127		$ 86.58	
VCA Liquidation 72485		(15.72)	$ 70.86

Current Review

Climax Uranium Co. Liq. 3047 (Amended)			
Gross proceeds	$332.71		
Royalty Due		$16.64	
Royalty Paid		16.49	(.15)
Net overpayment			$ 70.71

Note: The last royalty receipt included in the above tabulation pertained to Climax Uranium Company liquidation No. 4647 dated November 7, 1960.

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Gramlich Exploration Co.

Address Moab

Utah

Exploration Contract No. Idm-E577

Docket No. DMEA 2771

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

Property is in production and royalty is received every month.

Original signed by

11/22/60
Date

Mining Engineer
Hugh M. Connors

E-577

For royalty payment of $184.09, dated November 14, 1960, see transmittal letter file.

E-577

For royalty payment of $120.75, dated October 28, 1960, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY O. M. E. RECEIVED OCT 19 1960		
DATE	INITIALS	CODE
		800

October 17, 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: Docket DMEA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

This has further reference to your memorandum dated September 1, 1960 on the subject project.

Enclosed is a copy of a settlement sheet for liquidation No. 3047, amended, forwarded to this office by the Climax Uranium Company.

A letter from Mr. J. W. Gramlich, Sr., dated September 30, 1960, enclosed a check of which $16.49 royalty was credited to liquidation No. 3047. It appears the correct amount due was $16.64. Since the Report of Royalty Review is being prepared on this project, other errors will be found, so I have not requested the 15 cents due on this liquidation from the Operator.

Original signed by

Hugh M. Connors

Attachment

E-577

For royalty payments of $19.09, $26.42, and $114.26, dated October 10, 1960, see transmittal letter file.

E-577

For royalty payments of $16.49 and $63.62, dated October 5, 1960, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY O. M. E RECEIVED OCT 7 1960		
DATE	INITIALS	CODE

October 5, 1960

Climax Uranium Company
749 Main Street
Grand Junction, Colorado

Re: Docket DMEA-2771 (Uranium)
Contract Idm-E577
Gremlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Gentlemen:

In December, 1956 the Operator of the captioned property shipped a lot of ore to you from the Sunnyside claim and according to his statement the liquidation number was 3047.

Will you please forward this office two copies of the settlement sheet for liquidation No. 3047.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc: Chief, Division of Field Operations (2)
Royalty Corres E577
Chron

E-577

For royalty payment of $25.71, dated September 23, 1960, see transmittal letter file.

E-577

For royalty payments of $34.90, $23.24, $114.85, and $9.13, dated September 16, 1960, see transmittal letter file.

E-577

For royalty payment of $15.26, dated September 14, 1960, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E
RECEIVED 9
DATE
800

September 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: Docket DMEA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

This responds to your memorandum dated September 1, 1960 on the subject project.

Attached are two copies of a letter to Mr. Gramlich requesting settlement sheets and a check for Royalty due on liquidation No. 3047. Our Royalty cards and settlement sheets show that the only Bonus Royalty due is that on liquidation No. 3-0-82 for ore shipped from the Blue Jay claim during the month of March 1960. As you know, production after March 31, 1960 is not subject to bonus payments.

Original signed by

Hugh M. Connors

Attachments
HMC/lm
cc: Royalty Corres E577
Chron

Building 20 - Federal Center
Denver 25, Colorado

September 7, 1960

EXTRA COPY
O. M. E
RECEIVED 9 1960
DATE | INITIALS | CODE

Mr. J. W. Gramlich, Sr., President
Gramlich Exploration Company
Moab, Utah

Re: Docket DMEA-2771 (Uranium)
Contract Idm-E577
Gramlich Exploration Company, Assignee
(Brown's Hole Area)
San Juan County, Utah

Dear Mr. Gramlich:

Your letter dated December 15, 1959 stated that you would forward this office a check for Royalty due on liquidation No. 3047. This check has not been received by this office.

It is also noted that on liquidation No. 3-0-82 for ore received at the mill during the month of March 1960, the Bonus Royalty due the Government amounts to $63.62.

Will you please forward this office two copies of the settlement sheet for liquidation No. 3047 and a check for the amount of Royalty due the Government on that liquidation. Also please forward your check for $63.62 for Bonus Royalty due on ore shipped from the Blue Jay claim during March 1960.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc Chief, Division of Field Operations (2)
Royalty Corres. E577
Chron

SEP 1 1960

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMRA-2771 (Uranium)
Gramlich Exploration Company, Assignee
Brown's Hole Area
San Juan County, Utah
Contract Idm-8577

Our Contract Administration and Audit Division is in the process of preparing a Report of Royalty Review relating to this project and has noted the possibility of additional royalty being due from the Operator.

With a letter dated December 15, 1959, Mr. Gramlich forwarded his check for royalty due on production bonus applicable to 8 sales of U_3O_8 from Blue Jay Claims. He also stated that royalty would be paid applicable to liquidation No. 3047 listed in Mr. Townsend's letter dated November 16, 1959, and explained why he was not liable for royalty on the other liquidations listed in that letter. We have no record of receipt of royalty applicable to liquidation No. 3047.

A letter dated November 10, 1959, from the AEC stated that 1,673.42 pounds of U_3O_8 remained eligible for bonus payments. Although production from the Sunnyside Claims are not eligible for such bonus, it is noted that royalty has been received on 11 liquidations applicable to the Blue Jay Claims on which we have no record of bonus royalty having been paid to the Government.

Your advice in the matter will be appreciated.

George C. Selfridge

CEFisher/ama
August 31, 1960

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

E-577

For royalty payment of $102.59, dated August 12, 1960, see transmittal letter file.

E-577

For royalty payment of $86.59, dated July 26, 1960, see transmittal letter file.

E-577

For royalty payment of $71.44, dated July 12, 1960, see transmittal letter file.

E-577

For royalty payment of $84.40, dated June 27, 1960, see transmittal letter file.

E-577

For royalty payment of $31.27, dated June 15, 1960, see transmittal letter file.

E-577

For royalty payment of $118.14, dated May 25, 1960, see transmittal letter file.

E-577

For royalty payment of $26.15, dated May 11, 1960, see transmittal letter file.

E-577

For royalty payment of $24.09, dated April 25, 1960, see transmittal letter file.

E-577

For royalty payment of $91.97, dated April 11, 1960, see transmittal letter file.

E-577

For royalty payment of $38.01, dated March 17, 1960, see transmittal letter file.

TRIPLICATE Treasury Department Circular No. 94
Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 19
by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

2-11-60 (Date sent)

79 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 313

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colorado

(3) The Sum of $ 4,016.35

Deposited with Federal Reserve Bank of Kansas City, Mo., Denver, Colo.
(Name and location of depositary)

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 4,016.35		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
~~[illegible]~~ 14-23-040
Office of Minerals Exploration
224 New Custom House
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Churchill
(Authorized signature)

FEB 11 1960
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

E-1181 New Idria	33.25
E-987 Hamilton, et al & Simpson	200.15
E-987 Hamilton, et al & Simpson	455.42
E-1181 New Idria	1,321.69
E-1074 New Idria	311.57
E-987 Hamilton & Simpson, et al	1,018.15
E-969 American Leduc	43.95
E-791 W.A. Greer	605.22
E-577 J.W. Gramlich	26.95
	4,016.35

FEDERAL RESERVE BANK
1956 FEB 11 AM 10 55
MAIL DEPT-2

E-577

For Certificate of Deposit No. 74, dated January 28, 1960, giving royalty payment of $42.47, see E-345.

TRIPLICATE Treasury Department Circular No. 945
Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957
by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

Identification of Accountable Officer Affected

(Date sent)	(Deposit No.)	(1) Office Deposit Symbol:	(2) For Consolidated Abstract of Treasury Regional Office at (city and state):
1/13/60	69	313	Denver, Colorado

Deposited with Federal ReserveBank of KansasCity, Mo., Denver, Colo.
(Name and location of depositary)

(3) The Sum of $ 1,085.30

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 1,085.30		$

E-577

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Office of Minerals Exploration
224 New Custom House
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

JAN 13 1960
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

E-791 W. A. Greer	350.50
E-577 Gramlich Exploration, Co.	145.24
+ E-1181 New Idria Mining Corp.	.97
E-1180 Rex Uran. Corp.	332.54
E-969 American Laduc Corporation	37.29
	866.54

E-1[illegible]1 Correction of liquidation to prior month.

DENVER BRANCH
FEDERAL RESERVE BANK
1960 JAN 13 AM 11 56
MAIL DEPT-2

E-577

For Certificate of Deposit No. 64, dated December 23, 1959, giving royalty payment of $329.26, see E-381.

EXTRA COPY
O. M. E.
RECEIVED DEC 18 1959

DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
December 15, 1959

CERTIFIED MAIL

Mr. J. W. Gramlich, Sr., President
Gramlich Exploration Company
Moab, Utah

Re: Docket No. DMEA 2771 (Uranium)
Contract No. Idm-E577
(Brown's Hole Area)
San Juan County, Utah

Dear Mr. Gramlich:

We have not received a reply to our letter of November 16, 1959, in which we requested three copies of settlement sheets for ore shipped from the San Juan, Sunny Side and Blue Goose claims on which royalty to the Government has not been paid.

Will you please give this matter your immediate attention.

Very truly yours,

Original signed by

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

HMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Correc. E577
Chron.

EXTRA COPY
O. M. E
RECEIVED DEC 18 1959

DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
December 15, 1959

CERTIFIED MAIL

Mr. J. W. Gremlich, Sr., President
Gremlich Exploration Company
Moab, Utah

Re: Docket No. DMEA 2771 (Uranium)
Contract No. I4m-E577
(Brown's Hole Area)
San Juan County, Utah

Dear Mr. Gremlich:

We have not received a reply to our letter of November 16, 1959, wherein we requested the payment of $329.26 in bonus royalty due the Government for ore from the Blue Jay claim.

If we do not receive the royalty due the Government before January 15, 1960, we will have no recourse but to refer the matter to the Washington Office for such action as they deem necessary.

Very truly yours,

Original signed by

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

HMC:ltm

cc: Chmn. Op. Comm. (2)
Reg. Corres. E577
Chron.

Received
12/23/59

EXTRA COPY O. M. E. RECEIVED NOV 19 1959		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
November 16, 1959

Mr. J. W. Gramlich, Sr., President
Gramlich Exploration Company
Moab, Utah

Re: Docket No. DMEA 2771 (Uranium)
Contract No. EMu-E577
(Brown's Hole Area)
San Juan County, Utah

Dear Mr. Gramlich:

Bonus payments totaling $6,585.13, have been paid you by the Atomic Energy Commission on ore from the Blue Jay claim through Liquidation No. 9-0-51.

The Government's royalty on this bonus amounts to $329.26. Will you please forward this office your check in that amount.

Very truly yours,

Original signed by

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

HMC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres. E577
Chron.

EXTRA COPY O. M. E. RECEIVED NOV 19 1959		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
November 16, 1959

Mr. J. W. Gramlich, Sr., President
Gramlich Exploration Company
Moab, Utah

Re: Docket No. DMEA 2771 (Uranium)
Contract No. Ida-8377
(Brown's Hole area)
San Juan County, Utah

Dear Mr. Gramlich:

We have information that the following ore has been shipped on which the Government has not received royalty:

Date	Liquidation Number	Producer	Claim	Pounds U3O8
1956				
December	3047	J. W. Gramlich, Sr.	Sunny Side*	62.50
1957				
June	0068	Gramlich Minerals	San Juan**	109.75
July	-	" "	"	115.96
August	0153	" "	"	150.27
October	0097	" "	"	518.44
November	-	" "	"	109.92
December	0082	" "	"	511.22
1958				
January	0095	" "	"	287.00
February	-	" "	"	798.59
"	-	San Fl Uranium	Blue Goose*	6.79
"	4021	Moreno Uranium Corp.	"	50.62
March	0087	Gramlich Minerals	San Juan	389.86
"	4056	" "	"	183.86
April	4095	" "	"	171.32
"	4132	" "	"	79.23
May	-	" "	"	106.80
"	4211	" "	"	40.94
"	4212	" "	"	155.66
June	4243	" "	"	119.87
"	4265	" "	"	159.25
July	-	" "	"	87.12
August	-	" "	"	206.09
September	-	" "	"	207.86
"	8546	" "	"	162.40
October	8666	" "	"	138.38
November	8730	" "	"	88.69
"	8806	" "	"	162.37

Date	Liquidation Number	Producer	Claim	Pounds U_3O_8
1958				
December	*	Gremlich Minerals	San Juan	290.52
1959				
January	*	" "	"	188.69
February	0038	" "	"	172.99

* Not certified for production bonus

** Production bonus paid in full prior to the production listed here

Please forward this office three copies of each settlement sheet for each liquidation listed above, and we will compute the amount of royalty due and advise you.

Very truly yours,

Original signed by

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

HMC:ltm

cc: Chmn. Op. Comm. (2) w/cpy
Erdahl's ltr.
Roy. Corres. E577)
Chron.

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

OME
DEPARTMENT OF THE INTERIOR
NOV 13 1959
REGION III
DENVER, COLORADO

November 10, 1959

IN REPLY REFER TO:

FD:CDK

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

Re: Docket No. DMRA 2771 (Uranium)
Contract Ida-2577
Gramlich Exploration Company
(Brown's Hole area)
San Juan County, Utah

Dear Mr. Townsend:

Bonus payments totaling $6,585.13 have been made on the liquidations listed in your letter of October 15, 1959. The remaining eligible balance for bonus payments is 1,673.42 pounds U308.

Our records show additional production from the claims listed in your letter for the period November 16, 1956, through September 30, 1959, which is detailed on the attached schedule.

Very truly yours,

Leland G. Erdahl, Chief
Contract Finance Branch
Finance Division

Enclosure:
As above

SCHEDULE OF ORE PRODUCTION FROM SELECTED MINES

Date	Liquidation Number	Producer	Claim	Pounds U308
1956				
December	3047	J. W. Gramlich, Sr.	Sunny Side *	62.50
1957				
June	0068	Gramlich Minerals	San Juan **	109.75
July	-	" "	"	115.96
August	0133	" "	"	150.27
October	0097	" "	"	518.44
November	-	" "	"	109.92
December	0082	" "	"	511.22
1958				
January	0095	" "	"	287.00
February	-	" "	"	798.59
"	-	Ken Fl Uranium	Blue Goose *	6.79
"	4021	Moreno Uranium Corp.	"	30.62
March	0087	Gramlich Minerals	San Juan	389.86
"	4056	" "	"	183.86
April	4095	" "	"	171.32
"	4132	" "	"	79.23
May	-	" "	"	106.80
"	4211	" "	"	40.94
"	4212	" "	"	155.66
June	4243	" "	"	119.87
"	4265	" "	"	159.25
July	-	" "	"	87.12
August	-	" "	"	206.09
September	-	" "	"	207.86
"	8546	" "	"	162.40
October	8666	" "	"	138.38
November	8730	" "	"	88.69
"	8806	" "	"	162.37
December	-	" "	"	290.52
1959				
January	-	" "	"	188.69
February	0038	" "	"	172.99

* Not certified for production bonus

** Production bonus paid in full prior to the production listed here

EXTRA COPY O. M. E. RECEIVED OCT 19 1959		
DATE	INITIALS	CODE
		800

Building 20 - Federal Center
Denver 25, Colorado
October 15, 1959

Mr. Robert W. Scott, Chief
Accounting Branch, Finance Division
U. S. Atomic Energy Commission
Grand Junction Operations Office
Grand Junction, Colorado

Re: Docket No. DMEA 2771 (Uranium)
Contract Em-E577
Gramlich Exploration Company
(Brown's Hole area)
San Juan County, Utah

Dear Mr. Scott:

The DMEA contract on the captioned property subcontracted the following unpatented claims to the Government; Gold West 1-11, Canary 1-10, San Juan 1-6, Red Rocks 1-11, Mary Jo 1-11, Blue Goose 1-2, Sunset, Red Bird, Blue Bird, Blue Jay, Pine Tree, Big Chief, Sunny Side.

Royalty and bonus royalty have been paid through and including Liquidation No. 72483, September 15, 1956. Since that time, 5 percent royalty has been paid but no bonus royalty has been paid the Government on the following liquidation numbers:

Liq. No.	Date	Liq. No.	Date
3-0-40	3/27/59	7-0-35	7/27/59
4-0-43	4/27/59	8-0-14	8/15/59
5-0-55	5/27/59	8-0-44	8/27/59
6-0-47	6/27/59	9-0-51	9/27/59

Will you please advise the amount of bonus that has been paid the Operator on the liquidations listed above and the number of pounds of U_3O_8 remaining which would be eligible for bonus payment.

We will also appreciate advice as to whether or not AEC records show any production from any of the claims listed in the first paragraph, since November 16, 1956, other than the liquidation numbers listed above.

Very truly yours,

Original signed by

J. W. Townsend
Executive Officer, GME
Field Team, Region XIX

JWC:ltm

cc: Chmn. Op. Comm. (2)
Roy. Corres. E577
Chron.

TRIPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

Identification of Accountable Officer Affected

(Date sent)	(Deposit No.)	(1) Office Deposit Symbol:	(2) For Consolidated Abstract of Treasury Regional Office at (city and state)
10/14/59	43	9013	Denver, Colorado

Deposited with Federal Reserve Bank of KansasCity,Mo.,Denver,Colo.
(Name and location of depositary)

(3) The Sum of $ 807.43

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 807.43		$ E-577

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5) 14-23-040
Office of Minerals Exploration
224 New Custom House
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Shisler
(Authorized signature)

OCT 1 4 1959
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

E-577 J. W. Gramlich	28.81
E-[illegible]1 W. A. Greer	483.91
E-969 American Leduc Uranium Corporation	3[illegible].11
E-1181 New Idria Mining	257.60
	807.43

OCT 14 PM 12 33
MAIL DEPT-2
OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 19 1959

DATE	INITIALS	CODE
		800

QUADRUPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

9/10/59 (Date sent)

29 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colorado

(3) The Sum of $ 1,009.05

Deposited with Federal ReserveBank of Kansas City,Mo.,Denver,Colo.
(Name and location of depositary)

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$1,009.05		$

E-577

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Office of Minerals Exploration
224 New Custom House
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Schesher
(Authorized signature)

SEP 1 0 1959
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor.

E-577 J.W. Gramlich 111.72
E-791 W.A. Greer 897.33
1,009.05

LEGAL DEPARTMENT
FEDERAL RESERVE BANK

1959 SEP 10 PM 12 17

MAIL DEPT-2

SEP 14 1959
O.M.E.

QUADRUPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

Identification of Accountable Officer Affected	
(1) Office Deposit Symbol: 9013	(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colorado

8/25/59 (Date sent)

23 (Deposit No.)

Deposited with Federal Reserve Bank of Kansas City, Mo., Denver, Colo. (Name and location of depositary)

(3) The Sum of $ 820.43

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 820.43		$ E 577

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Office of Minerals Exploration
224 New Custom House
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Hugs (Authorized signature)

AUG 25 1959 (Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor.

E-577 J W Grambich 32.76
E-969 Jamison Lecture 37.69
E-1092 Four Corners 747.98
820.42

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O. M. E.
RECEIVED AUG 28 1959

DATE	INITIALS	CODE
		800

DENVER BRANCH
FEDERAL RESERVE BANK
1959 AUG 25 AM 11 41
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QUADRUPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

8/11/59 (Date sent)

17 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office and Code: Denver, Colorado

Deposited with Federal Reserve Bank of Kansas City, Mo., Denver, Colo.
(Name and location of depositary)

(3) The Sum of $ 3,017.13

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 3,017.13		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Office of Minerals Exploration
224 New Custom House
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Donnett
(Authorized signature)

AUG 1 1 1959
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor.

E-577 Gramlich 36.96
E-791 W.A. Greer 667.64
E-1166 Uran. Research & Development Co. 39.41
E-866 Foothills Mining 322.73
E-984 Pinnacle Exploration 1,950.39

3,017.13

E -866 F oothills Min.	322.73
E-577 Gramlich	36.96
E-791 W.A. Greer	667.64
E-1166 Uranium Research & Development Company	39.41
E-984 Pinnacle Exploration	1,950.39
	3,017.13

1959 AUG 10 PM 12 23
MAIL DEPT
FEDERAL RESERVE BANK

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O.M.E.
RECEIVED AUG 14 1959

DATE	INITIALS

23100

QUADRUPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colorado

7/10/59 (Date sent)

3 (Deposit No.)

Deposited with Federal ReserveBank of Kansas City,Mo.,Denver, Colo. (Name and location of depositary)

(3) The Sum of $ 1,736.35

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 1,736.35		$ E-577

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Office of Minerals Exploration
224 New Custom House
Denver 2, Colorado

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Stanley Margrave
(Authorized signature)

JUL 1 0 1959
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor.

E-1074 - Nordberg
Mining & Chem - 834.27

E-791 W. A. Greer 846.43

E-577 Grambich 55.65

1,736.35

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O. M. E.
RECEIVED JUL 13 1959

DATE	INITIALS	CODE

DENVER BRANCH
FEDERAL RESERVE BANK

1959 JUL 10 AM 11 53

MAIL DEPT-2

TRIPLICATE
Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957
by Treasury Department, Fiscal Service.

Treasury Department Circular No. 945 -

CERTIFICATE OF DEPOSIT
Standard Form 219

6/10/59 (Date sent)

158 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colo.

(3) The Sum of $ 2,625.06

Deposited with Federal Reserve Bank of Kansas City, Mo., Denver, Colo.
(Name and location of depositary)

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$2,581.26		$
143572	43.80		
	2,625.06		

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
14-23-040
Office of Minerals Exploration
224 New Customhouse
Denver 2, Colo.

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Stanley Margrave
(Authorized signature)

JUN 10 1959
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

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O. M. E.
RECEIVED JUN 15 1959

DATE	INITIALS	CODE

DENVER BRANCH
FEDERAL RESERVE BANK
1959 JUN 10 AM 11 59
MAIL DEPT 2

E-984	Pinnacle Exploration	2,058.77
E-969	American Leduc	9.58
E-791	W. A.Greer	95.10
E-577	Gramlich	54.90
E-606	Gordon R. French	
Ray Lead Silver Mine)		362.91
**E-606	Misc.	
Receipts 143572		43.80
		2,625.06

TRIPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

5/13/59 (Date sent) 147 (Deposit. No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colo.

(3) The Sum of $ 3,338.21

Deposited with Federal Reserve Bank of Kansas City, Mo., Denver, Colo.
(Name and location of depositary)

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 3,338.21		$

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5) 14-23-040
Office of Minerals Exploration
224 New Customhouse
Denver 2, Colo.

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Stanley Morgrane
(Authorized signature)

MAY 13 1959
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 18 1959

DATE	INITIALS	CODE
		8.00

E-1124	Leadville Lead	166.75
E-1099	Four Corners	694.56
E-987	Simpson Mining	228.50
E-823	Climax Uran.	1,610.08
E-649	Camoose Uranium	417.73
E-577	Gramlich	35.05
E-791	W. A. Greer	155.45
E-969	American Leduc	30.09
		3,338.21

1959 MAY 13 PM 12 20
DENVER BRANCH
FEDERAL RESERVE BANK

TRIPLICATE Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

4/10/59 (Date sent)

134 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 9013

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Denver, Colo.

Deposited with Federal Reserve Bank of Kansas City, Mo., Denver, Colo.
(Name and location of depositary)

(3) The Sum of $ 318.25

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 318.25		$ E-577

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5) 14-23-040
Office of Minerals Exploration
224 New Customhouse
Denver 2, Colo.

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Brenda [illegible] (Authorized signature)

APR 1 0 1959 (Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

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O. M. E.
RECEIVED APR 13 1959

DATE	INITIALS	CODE
4-13	C	220
		800

E-577 Gramlich Minerals, Inc. 167.88

E-791 W. A. Greer 150.37

318.25

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, DMEA Field Team, Region III, Denver, Colorado, pertaining to Contract Idm-E577, Docket No. DMEA-2771, including Amendments Nos. 1 through 5, (Uranium), dated August 6, 1953, with

Gramlich Exploration Company
Formerly Gramlich Minerals, Inc.
Moab, Utah

for the purpose of determining the amount of royalties due the U. S. Government on sales of Uranium and Vanadium ores from property involving 60 claims in San Juan County near Moab, Utah, and commonly referred to as the Brown's Hole Area, during the period April 12, 1954 to November 15, 1956.

My review included a tabulation and recomputation of all ore sales settlement sheets, confirmation of royalty receipts recorded by the Regional Finance Officer and reconciliation of total pounds of U_3O_8 sold, with the records of the Field Operations Office of the Atomic Energy Commission, Grand Junction, Colorado.

A Certification of Discovery or Development was issued May 22, 1956, and Annex II, Amendment No. 3 to the Exploration Contract provides for percentage royalty on all minerals mined from April 12, 1954, for a period of eleven years from August 6, 1953, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of a final audit dated August 1, 1956 indicated accepted costs under the Exploration Contract amounting to $33,880.89, with the Government's contribution on a 90 percent basis being $30,492.80.

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

(a) The Examining Engineer is of the opinion that all sales of ore produced during the period April 12, 1954 to November 15, 1956, for which settlement sheets have been released, have been properly accounted for.

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

The review established the total net sales of Uranium and Vanadium ores to be $20,915.99, as summarized in Exhibit A, attached. Royalty due the U. S. Government at the contract rate of 5% is $1,045.80. The royalty paid and balance due are as follows:

Total Royalty Due	$1,045.80
Total Royalty Paid	1,116.66
Overpayment (See Exhibit B)	$ 70.86

November 21, 1956

Donald T. Finch
Donald T. Finch, Auditor

Exhibit A

GRAMLICH EXPLORATION COMPANY
FORMERLY GRAMLICH MINERALS, INC.
MOAB, UTAH

Contract Idm-E577 | Docket No. DMEA-2771

SCHEDULE OF PRODUCTION AND ROYALTIES - PERIOD APRIL 12, 1954 THROUGH AUGUST 6, 1956

A.E.C. Purchasing Agent	A.S.& R. Co.	Climax Ur.	V. C. A.	Total
Dates	5/19/54 to 3/8/55	5/18/54 to 5/23/55	3/28/55 to 9/15/56	4/12/54 to 11/15/56
A.E.C. License No.	P-116	P-116	P-116	P-116
Gross Weight, Pounds	208,260	4,559.50	217,260	430,079.5
Dry Weight, Pounds	197,272	4,152	209,597	411,021
Dry Weight, Tons	98.636	2.0760	104.7985	205.5105
Average Assays				
U_3O_8 (Uranium)	.2877	22.1187	.3703	.55523
V_2O_5 (Vanadium)	1.6337	14.8642	2.0005	1.95442
Pounds, U_3O_8	587.58	918.37	776.18	2,282.13
Base Payment U_3O_8	$1,987.68	$3,214.30	$2,716.65	$7,918.63
Development Allowance	$ 293.77	$ 459.19	$ 388.11	$1,141.07
Premiums				
Excess of 4 lbs. U_3O_8 per ton				
Excess lbs. U_3O_8	219.52	910.05	356.98	1,486.55
Amount @ 75¢ per lb.	$164.63	$682.54	$267.75	$1,114.92
Excess of 10 lbs. U_3O_8 per ton				
Excess lbs. U_3O_8		897.57		897.57
Amount @ 25¢ per lb.		$224.40		$224.40
Haulage Allowance				
Per Wet Ton (Average)	2.20	22.00	1.46	2.03
Number of Wet Tons	104.1300	2.27975	108.6300	215.03975
Amount of Haulage Allowance	$228.83	$50.15	$158.16	$437.14
Pounds, V_2O_5	3,222.92	617.16	4,193.00	8,033.08
Amount of V_2O_5 Payment @ 31¢ per lb.	$999.10	$191.32	$1,299.83	$2,490.25
Penalty for Excessive Lime	$152.86		$69.95	$222.81
Sampling Fee	$ 3.00			$ 3.00
Total Receiving Station Payment	$3,518.15	$4,821.90	$4,760.55	$13,100.60
A.E.C. Bonus Payments	1,884.44	3,214.30	2,716.65	7,815.39
Total Value Subject to DMEA Royalty	$5,402.59	$8,036.20	$7,477.20	$20,915.99
Average Value per Ton	$ 54.77	$3,871.00	$ 71.35	$ 101.77
Royalty Percentage	5%	5%	5%	5%
DMEA Royalty Due	$270.13	$ 401.80	$373.87	$1,045.80
DMEA Royalty Received	356.71	401.80	358.15	1,116.66
Overpayment	$ 86.58	--	$ 15.72	$ 70.86

Last Settlement Sheet: V.C.A. 72483 dated 9/15/56.

Exhibit B

GRANLICH EXPLORATION COMPANY
FORMERLY GRANLICH MINERALS, INC.
MOAB, UTAH

Contract Idm-E577 Docket No. DMEA-2771

SCHEDULE OF ROYALTY OVERPAYMENT

American Smelting and Refining Company Liquidation Settlement No. 6127, dated September 22, 1954, included production from San Juan Claim and Pine Tree Claim. The San Juan Claim is not subordinated to the Exploration Contract.

Total Royalty Paid for this Liquidation	$104.81	
Royalty due Pine Tree Claim only was 5% of $364.51, or	18.23	
Overpayment Liquidation Settlement No. 6127		$86.58

Less:

Royalty due on Vanadium Corporation of America Liquidation Settlement No. 72483 for Period Aug. 28, 1956 to Sept. 15, 1956	$ 42.40	
Royalty Received this Statement	26.68	
Balance of Royalty Due		$15.72
Net Overpayment		$70.86

004-26

Check Sheet of Examining Engineer

DMEA
Rec'd.
AUG 23 1956
BUREAU OF MINES
Denver, Colorado

Operator's Name Gramlich Exploration Company

Address Moab, Utah

Exploration Contract No. Idm-E577 Docket No. DMEA-2771

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

Date Aug. 21, 1956
Nov. 21, 1956
W.E.Y.

W. E. Young
Mining Engineer

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

NOV 26 1956

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

Re: Report of Royalty Review
Gremlich Exploration Company
Idm-F 577, DMEA-2771

Dear Mr. Finch:

Receipt is acknowledged of the Washington copies of your Report of Royalty Review covering the above-cited project.

The Report is acceptable and normal distribution is authorized.

Sincerely yours,

E. D. Talbert

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

WBorovies/wb
November 26, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

Denver, Colo.

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO. 14-23-040-43

For credit of 413 Treasury Regional Office, Denver, Colo. 9/28/56
(Name, title, and disbursing or o[illegible] identification symbol of accountable officer) [illegible]e sent)

deposited with Federal Reserve Bank of Kansas City, Mo. Denver, Colo.
(Name and location of depositary)

$ 146.72

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		146.72

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

9/28/56 (Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

Joseph W. Walsh E-915	19.08
Gramlich Exploration E-577	26.68
Camoose Uranium Mines of Am. E-597	43.66
Camoose Uranium Mines of Am. E-649	57.30
	146.72

Denver, Colo.

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO.
14-23-040-4

For credit of 413 Treasury Regi[redacted]l Office, Denver, Colo. 7/10/[redacted]
(Name, title, and disbursing or [redacted] identification symbol of accountable officer) [redacted]e sent)

deposited with Federal Reserve Bank of KansasCity, Mo. Denver,Colo.
(Name and location of depositary)

$ 281.61

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		281.61

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

B. Giacomozzi
(Authorized signature)

7/10/56 JUL 10 1956
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

1956 JUL 10 PM 12 02
MAIL DEPT.

E-577	Gramlich	6.65
E-660	Southwest Manganese	213.08
E-703	Neptune	61.88
		281.61

RECEIVED
JUL 12 1956

E-577

For Certificate of Deposit No. 129, dated May 17, 1956, giving royalty repayment of $43.26, see E-381.

Denver, Colorado

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO. 14-23-040-112

For credit of 413 Treasury Regional Office, Denver, Colorado 4/11/56
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

deposited with Federal Reserve Bank of Kansas City, Mo. Denver, Colo.
(Name and location of depositary)

$ 24.10

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401		24.10

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
224 New Custom House
Denver 2, Colorado

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

4/11/56 J Joyce
(Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

16—59680b-1 GPO

E-577 Gramlich 24.10

E-577

For Certificate of Deposit No. 108, dated March 30, 1956, giving royalty repayment of $49.48, see E-53.

For Certificate of Deposit No. 29, dated August 31, 1955, giving royalty repayment of $158.73, see E-4.

For Certificate of Deposit No. 13, dated July 29, 1955, giving royalty repayment of $23.31, see E-53.

E-577

For Certificate of Deposit No. 124, dated June 14, 1955, giving royalty repayment of $61.18, see E-4.

E-577

For Certificate of Deposit No. 119, dated June 7, 1955, giving royalty repayment of $120.30, see E-4.

E-577

For Certificate of Deposit No. 114, dated May 24, 1955, giving royalty repayment of $333.84, see E-370.

For Certificate of Deposit No. 104, dated May 5, 1955, giving royalty repayment of $149.83, see E-53.

For Certificate of Deposit No. 101, dated April 28, 1955, giving royalty repayment of $44.54, see E-4.

For Certificate of Deposit No. 97, dated April 20, 1955, giving royalty repayment of $55.62, see E-4.

E-577

For Certificate of Deposit No. 80, dated March 11, 1955, giving royalty repayment of $19.14, see E-4.

REPORT

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED
AUG 13 1956

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Gramlich Exploration Company
(Formerly Gramlich Minerals, Inc.)
Moab, Utah

pertaining to Exploration Project Contract No. Idm-2777, Docket No. DMEA-2771, including Amendments Nos. 1 through 5, for the months of June, 1954 to June, 1955, inclusive, covering a project for the exploration of Uranium on property known as Brown's Hole Area located in San Juan County, approximately 22 miles south of Moab, Utah.

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

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

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

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

Total cost as billed by Contractor		$34,809.55
Exceptions: (Schedule attached)		
By DMEA Finance Officer	$917.26	
Herewith	11.40	928.66
Total Accepted Cost		$33,880.89

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Thirty thousand, four hundred ninety-two and 80/100ths Dollars

** $30,492.80 **

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

August 1, 1956

Donald T. Finch
Donald T. Finch, Auditor

RECEIVED
AUG 13 1956

GRAMLICH EXPLORATION COMPANY
(FORMERLY GRAMLICH MINERALS, INC.)

CONTRACT IDM-E577

DOCKET NO. DMEA-2771

SCHEDULE OF EXCEPTIONS

Exceptions by DMEA Finance Officer			
251.8 Feet of diamond drilling @ $3.89 per foot applicable to Stage No. 3 Drill Hole No. 17, which was not located in conformance with the exploration contract		$979.50	
Less Operator's error on MF-104 report for months of March, April, May, June, 1955			
Total diamond drilling footage for Stage 3 Holes Nos. 11 through 20			
According to drill logs was	2,018.2 Feet		
Operator claimed	2,002.2 "		
Under Claim	16.0 "		
Amount under claimed 16 feet @ $3.89 per foot		$ 62.24	
Net disallowance by Certifying Officer upon recommendation of Examining Engineer and approval of Executive Officer, DMEA Field Team, Region III			$917.26
Exceptions Herewith			
5.5 Feet of diamond drilling @ $3.89 per foot which was in excess of maximum footage allowed for Stage No. 1		$ 21.40	
Less Operator's error in addition in cumulative total to date shown on MF-104 for months of March, April, May, June, 1955		10.00	11.40
Total Exceptions			$928.66

On August 1, 1956 all of the foregoing exceptions were reviewed with the Executive Officer of the DMEA Field Team, Region III. Both the Executive Officer and the Auditor concur in these exceptions.

RECEIVED
OCT 18 1956

224 New Customhouse
Denver 2, Colorado

October 12, 1956

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA 2771 (Uranium) Contract Idm-E577,
Gramlich Exploration Company (Brown's Hole area)
San Juan County, Utah - FINAL PAYMENT

Reference is made to our memorandum dated July 12, 1955 whereby we transmitted final Form MF-104, Operator's Monthly Report and Voucher, for the period March, April, May and June, 1955 and requested that you withhold the amount of $500.00 from reimbursement to the Operator pending receipt of the Operator's final report.

The Operator's final report was received in this office October 11, 1956; therefore, we recommend that final payment to the Operator be made on the following basis, which is in conformance with the Report of Review of contract expenditures by the Contract Administration and Audit Division dated August 1, 1956, which was released to this office August 27, 1956.

Basis for Final Payment

Total accepted cost -	$33,880.89
Government participation at 90 percent - - - - - - - - -	30,492.80
Total prior payments -	30,012.05
Balance due the Operator	$ 480.75

E. N. Harshman

E. N. Harshman

480.75

JDC:jy
cc: MF-104 File E577
Corresp. File
Sec. Op. Comm. (2)
Wilson
Harshman
Townsend
Chron.

10/17/56

Form MF 104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

U. S. Bureau of Mines
RECEIVED
JUN 30 1955
Salt Lake City, Utah

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Mar. Apr., May, June 5 1955 Docket No. DMEA 2771 RECEIVED Contract No. Tum E577
Operator's Name Gramlich Exploration Co. JUL 21 1955 Minerals Uranium
Address Box 435 Moab, Utah
Contract Amount, $ 35,300 Government Participation: 90 % Amount, $ 31,770.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	7778.56	26,593.99	34,372.55			
Bulldozing	320.00	60.00	380.00			
Crosscutting						
Drifting						
Sample analysis	42.00	15.00	57.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
		26,668.99				
TOTALS	8,150.56		34,809.55	7233.30	26668.99	33,902.29

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 6/24/55 *Payee J. E. Gramlich Sr.
Per _____ Title Owner Lessee

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$ 6,509.97
Signature _____ (Authorized Certifying Officer)
Date 7/14/55 Vou. No. OMA-56-5
(See other side)

1 500.00 withheld on Jan. & Feb report reinstated
3 500.00 withheld on this report

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Adm-E577 in accordance with the terms of the contract.

Signature W. E. Young Jr. Title Mining Engineer Date July 5, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Berk.

Signature W. M. Inman Title Executive Officer Date JUL 12 1955

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
JUL 21 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Mr., April, May, June

Month of 195 5 Docket No. DMEA 2771 Contract No. Idm E577

Operator's Name Gramlich Exploration Co. Minerals Uranium

Address Box 435 Moab, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core		7,778.56	2,002.2	34,372.55	8838.70	3.89	8880	3.89
Bulldozer Churn	hrs.	320.	32.	380.				
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Sample analysis		42.	14	57.				
TOTAL DISTRIBUTED COSTS				34,809.55				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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

Date 6/26/55 Operator J. W. Gramlich Sr.

Per Title owner lessee

REMARKS:

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

(Instructions on reverse)

(For Government use only)

W. E. Young
Mining Engineer

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED

JUL 21 1955

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

Administrative Audit Difference Statement

Granlich Exploration Company
Lost, Utah

Date: July 18, 1955
Payee's Reference: March thru June 1955

Gentlemen:

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

Amount Claimed $ 8,212.50

Difference $ 972.50

Amount Approved $ 7,239.50

The reason for the difference was due to:

252.5 feet at 3.50 per foot disallowed because as hole No. 111-17 does not come within the terms of the contract. -972.50

$500.00 withheld from the January-February report submitted herewith +500.00

$500.00 withheld on this report pending action on a proposed request for additional funds or receipt of your final report. -500.00

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

July 12, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 2771 (Uranium), Contract Idm-E577, Gramlick Exploration Company, San Juan County, Utah - Operator's Monthly Progress Report for the period March through June, 1955

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

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

Amount claimed for drilling Hole No. III-17 is to be disallowed in its entirety as this hole is located 260 feet from the nearest approved location, and is therefore not within the terms of the contract. This disallowance will amount to 251.8 feet at $3.89 per foot, or $979.50.

Reinstate the amount of $500.00 which was withheld from the January-February 1955 report pending approval of Stage III work and withhold a like amount of $500.00 from payment due on this report pending action on a proposed request for additional funds or receipt of the Operator's final report and release of the final Report of Review by the Contract Administration and Audit Division.

Remarks:

Date of Report.....June 26, 1955
Date Received in Field Office.....June 30, 1955
Date Received in Region Office.....July 8, 1955

RDB:sr

cc Sec. Op. Comm. (2)
Subject
Wilson
Townsend w/copy Engr. Report
Enclosures
Chron

W. M. Traver

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

DMEA
Date Rec'd
JUL 8 1955
BUREAU OF MINES
Denver, Colorado

July 6, 1955

Memorandum

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

From: Stephen R. Wilson

Subject: Docket No. DMEA-2771 (Uranium), Contract 14m-2977, Gramlich Exploration Co., San Juan County, Utah. MF-104 forms for the period March through June 1955

The attached copies of the subject operator's report cover work accomplished during the period March through June 1955. The diamond drilling was accomplished under Stage III and completes work allowed by contract. The operator has reported that a request will be made for additional funds.

The property was inspected by W. E. Young June 16, 1955. A total of 2,018.2 feet of drilling was verified by the inspecting engineer. The operator has reported 2,002.2 feet of drilling. This discrepancy and the total costs are mentioned in the inspecting engineer's report. It is recommended that the operator be reimbursed for the Government's share of expenditures as shown in the inspecting engineer's memorandum. Inasmuch as work allowed by contract has been completed, it appears advisable to withhold the required funds until action is complete upon a request for additional funds, or until receipt of a final engineering and geologic report from the operator.

The MF-104 forms were received in this office June 30, 1955.

Stephen R. Wilson
Stephen R. Wilson

Enclosure

cc: J. B. Clemmer

S. R. Wilson July 5, 1955

W. E. Young

Docket No. DMEA-2771 (Uranium), Contract Idm-2577, Grenlich Exploration Co., San Juan County, Utah. Progress report and MF-104 forms for March, April May and June 1955.

The above property was inspected on March 22, 1955 and again on June 16, 1955. Drilling of Phase III had been completed June 15. Drill-hole sites were observed and cores of holes were inspected. No mineralization of any consequence was encountered. Completed holes were in the process of being logged by the U.S.G.S. portable probe trucks. Bulldozer work had been completed.

The operator's narrative report is considered adequate, although in error in total footage drilled. A map submitted shows the locations of holes drilled. Hole No. 17 is beyond the limit of the area designated under letter of April 22, 1955. All other holes fall within allowable limits of the designated areas.

The footage submitted on MF-104a is 2,002.2 feet. The correct total, as shown by logs of holes, is 2,018.2 feet. Calculations submitted on MF-104 and 104a are also incorrect. The correct amount for 2,018.2 feet at $3.89 per foot is $7,850.80. The correct total drilling cost to date is $34,444.78. The correct total units to date are 8,854.7 feet. Totals for bulldozing and for sample analyses are correct. The correct total distributed costs are $34,861.78.

Work accomplished during the period was done in accordance with a reasonable interpretation of the contract.

Payment is approved for $7,391.52. This is 90 percent of $8,212.80, the total project expenditures during March, April, May and June 1955, under Phase III of the contract.

W. E. Young

W. E. Young

NARRATIVE REPORT
for March, April, May and June, 1955

Gramlich Exploration Co. DMEA 2771 IDM E577

During this period holes 11 to 20 Third phase were drilled. No ore of any consequence was encountered, however had we been allowed to drill this on fifty foot centers, probably could have gotten into it. One hundred feet is too far apart in this roll and log area to get results.

The footage drilled now totals 8838.70 feet which leaves 41 feet on the contract. We deem it useless to start a new hole on this footage and not be allowed to finish it.

Sample analysis from cores Second and Third phase are enclosed herewith.

Considerable work was required on this phase as I had not previously built roads to this area.

We are compiling data and application for extension of present contract (as per previous conversation in DMEA Denver office), this will be forwarded to you at an early date.

Very truly yours,

J. W. Gramlich Sr.

J. W. Gramlich, Sr.

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

Granite Exploration

June 21, 1955

SAMPLE DESCRIPTION		% U_3O_8	% V_2O_5	%	%
Hole	Third Phase				
10	193.5 - 194.3	0.945	4.00		
10	194.3 - 196.3	0.092	0.52		
10	196.3 - 197.7	0.062			
13	107.8 - 108.7	0.125	2.31		
14	116.6 - 118.1	0.016	1.18		

TOTAL CHARGES $.....

J. Earl Smith
Chemist

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

Drambuie Exploration
Moab
Utah

January 21 1955

SAMPLE DESCRIPTION	% U_3O_8	% V_2O_5	%	%
Second Phase				
Hole 7 - 118 - 120.5	0.198			
11 — 122.4 - 123.7	0.226			
11 - 123.7 - 124	0.144			
12 - 117.8 — 118.6	0.057			
15 117.4 - 117.9	0.238			
15 117.9 - 119.4	0.175			
16 112.6 - 113.8	0.756	3.88		
20 124 - 125	0.682	2.76		
20 125 - 128.8	0.585			

TOTAL CHARGES $.....

J. Earl Smith
Chemist

NARRATIVE REPORT - April, May & June

GRAMLICH EXPLORATION CO. DEMA 1771 IDM - E 577

Phase #III - Hole #11

0'	to	24.8'	White Sand Coarse
24.8	to	59.4'	Red and blue Clay & Hard ribs
59.4'	to	90.6'	White Sand
90.6'	to	95.6'	Brown mineralized sand
95.6'	to	131.2'	Red and blue Clay & Hard ribs
131.2'	to	135.5'	Red Sand
135.5'	to	145.2'	White Sand
145.2'	to	161.1'	Red & Blue Shale & Hard ribs
161.1'	to	189.1'	White Sand & Some Carbon
189.1'	to	192.2'	Red Clay & Hard ribs

Hole finished March 23, 1955
6500 gals water used
19.2' Core lost

III-12 - March 23, 1955

0'	to	20.2'	Course white sand & brown specks
20.2'	to	53.9'	Red and blue clay with hard ribs
53.9'	to	88.3'	Dirty white sand
88.3'	to	92.2'	Brown mineralized sand
92.2'	to	128.9'	Red & blue shale with Hard ribs
128.9'	to	133.6'	Red sand
133.6'	to	143.1'	White hard sand
143.1'	to	154.0'	Red, blue & black clay with hard ribs
154.0'	to	156.0'	Red sand
156.0'	to	179.4'	Good white sand
179.4'	to	183.0'	Red & blue clay

Hole finished March 27, 1955
6.9' core lost
5200 gals water used

Phase III - H ole #13

0'	to	29'	Red and blue clay &Hard ribs
29'	to	58.8'	Course white sand
58.8'	to	92.2'	Red and blue clay & Hard ribs
92.2'	to	107.6'	White sand
107.6'	to	109.2'	V_2O_5 & U_3O_8. Fair
109.2'	to	124.0'	White sand
124.0'	to	129.5'	Brown min. sand
129.5'	to	164.8'	Red and blue clay & Hard ribs
164.8'	to	194.7I	White hard sand
194.7'	to	197.5'	Red clay
197.5I	to	222.2'	White sand, green clay & carbon
222.2'	to	222.5'	V_2O_5
222.5'	to	223.5'	White hard sand
223.5'	to	240.0'	Blue and red clay.

Hole finished April, 1955
19.5' core lost
9950 Gals. water used

Phase III - Hole #14

0'	to	5'	Blue clay
5'	to	35'	Red and blue clay and hard ribs
35'	to	65'	White course sand
65'	to	95.8'	Red and blue clay and hard ribs
95.8'	to	116.7'	White sand and blue clay
116.7'	to	118.3'	V_2O_5
118.3'	to	129.5	Brown min. sand
129.5	to	133.5'	Hard white sand
133.5	to	174.7'	Red and blue clay and hard ribs
174.7'	to	185.1'	White sand
185.1'	to	201.2'	Red and blue clay
201.2'	to	214.0'	White sand
214.0'	to	219.0	Red clay

Hole finished April 9, 1955
26' core short
1' core short on V_2O_5 run
12,000 gals. water used

Phase III - Hole 15

0'	to	12'	Red clay and hard ribs
12'	to	29.8'	Course white speckled sand
29.8'	to	64.6'	Red and blue clay and hard ribs
64.6'	to	86.9'	White sand brown specks
86.9'	to	87.8'	V_2O_5
87.8'	to	103.3	White sand
103.3'	to	140.7'	Red and green clay with hard ribs
140.7'	to	163.1'	White and pink sand
163.1'	to	173.8'	Blue and red clay and hard ribs
173.8'	to	191.1'	White sand and carbon
191.1'	to	193.5'	Red clay

Hole finished May 13
16.8' core lost
12,000gals. water used

New bits installed

Phase III Hole # 16

0'	to	24.9'	Blue clay and course white sand
24.9'	to	60.4'	Red and blue clay and hard ribs
60.4'	to	76.8'	Hard white sand
76.8'	to	77.1'	Possible V_2O_5
77.1'	to	105.1'	White sand; brown specks
105.1'	to	135.4'	Red and blue clay
135.4'	to	136.4'	Red sand
136.4'	to	148.0'	White sand hard
148.0'	to	169.3'	Red and blue clay and hard ribs
169.3'	to	182.5'	White sand
182.5'	to	183.5'	Gray sand hard
183.5'	to	184.0'	Red mud stone

20.2 core lost
8,500 gals. water used
Hole finished May 18

Phase III Hole #17

0'	to	24.0'	Red mud stone
24.0'	to	44.0'	Soft white sand greenish tint
44.0'	to	94.0'	Red and blue clay and hard ribs
94.0'	to	105.1	White sand
105.1	to	216.5'	Red and blue clay and hard ribs
216.5'	to	221.9'	Hard sand
221.9'	to	251.8'	Red and blue clay and hard ribs

54.5' core lost
14,500 gals water used
Hole finished May 30

Phase III Hole #18

0'	to	23.5'	Course white sand
23.5'	to	52.8'	Red and blue clay and hard ribs
52.8'	to	94.3'	White sand
94.3'	to	158.1'	Red and blue clay and hard ribs
158.1'	to	179.1'	White sand
179.1	to	179.6'	Red Slay (bottom)

21.0' core lost
Hole finished June 7

Phase III Hole #19

0'	to	14.4'	White sand
14.4'	to	46.4'	Red and blue clay
46.4'	to	70.3'	White sand
70.3'	to	71.6'	Brown min, sand and carbon
71.6'	to	86.6'	White sand
86.6'	to	122.2'	Red and blue clay and hard ribs
12222'	to	134.0'	White sand
134.0'	to	146.5'	Red and blue clay
146.5'	to	169.4'	White sand
169.4'	to	171.6'	Red and blue clay

14.8' core lost
3,250 gals. water lost
Hole finished June 10

Phase III Hole #20

0'	to	23.6'	Red and blue clay and hard ribs
23.6'	to	43.8'	White course sand
43.8'	to	76.6'	Red and blue clay and hard ribs
76.6'	to	106.0'	White dand
106.6'	to	135.5'	Brown min. sand
135.5'	to	139.8'	White sand green clay buttons
139.8'	to	187.1'	Red and blue clay and hard ribs
187.1'	to	199.8'	White sand (dirty)
199.8'	to	203.5'	Red clay

10.5' core lost
12,500 gals. water used
Hole finished June 15

41.3 feet remaining

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

U. S. Bureau of Mines
RECEIVED
APR 17 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Jan. & Feb., 1955 Docket No. DMEA 277 Sal Contract No. 1-277
Operator's Name Cranfich & Lonsdon Co. Minerals Manganese
Address Box 435 Moab, Utah
Contract Amount, $5,320 Government Participation: 90 % Amount, $1,770.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	6293.47	20,294.52	26,593.99			
Bulldozing		60.00	60.00			
Crosscutting						
Drifting						
Sample Analysis		15.00	15.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	6299.47	20,369.52	26,668.99 *	6299.47	20,369.52	26,668.99

I certify that the above bill is correct and just and that payment therefor has not been received.
Date March 16, 1955 *Payee Cranfich & Lonsdon Co.
Per A. Cranfich Sr. Title Owner

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

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

* $500.00 withheld
100.00 reinstated

(Instructions on reverse)

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

$5369.52

Signature [illegible]
(Authorized Certifying Officer)

Date 3/30/55 Vou. No. DMA 55-77

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMP-E577 in accordance with the terms of the contract.

Signature W. E. Young Title Mining Engineer Date Mar. 24, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Berk.

Signature Wm. Graves Title Executive Officer Date MAR 28 1955

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

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

U. S. Bureau of Mines
RECEIVED
MAR 17 1955
Salt Lake City, Utah

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Jan. Feb. 195 Docket No. DMEA 271 Contract No. DMC-577
Operator's Name Franklin Exploration Co. Minerals Uranium
Address Box 435 Moab, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core		6,299.47	1,(1940)	26,593.99	(1036.50)	3.69	(800)	3.69
Churn								
Bulldozer Auger	hrs.	—	—	60.00	6.00	10.00	45	10.00
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Sample Analysis			—	15.00	5.00	3.00	102	3.00
TOTAL DISTRIBUTED COSTS		6,299.47		26,668.99				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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

Date March 14, 1955 Operator Franklin Exploration Co.

Per J. E. Franklin Jr. Title Owner

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
APR 14 1955

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

Administrative Audit Difference Statement

Date: March 30, 1955
Payee's Reference: Jan. & Feb. 1955

Gremlich Minerals, Inc.
Moab, Utah

Gentlemen:

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

Amount Claimed	$ 6,299.47
Difference 9090	$
Amount Approved	$ 5,699.52
	- 400.00
	5,269.52

The reason for the difference was due to:

$500.00 is withheld from payment pending resolution of StageIIII drilling. $100.00 which was withheld from payment on the October - November 1954 report is reinstated.

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

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

224 New Customhouse
Denver 2, Colorado

March 28, 1955

Memorandum

To: T.A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 2771 (Uranium), Contract Idm-2577, Gramlich Exploration Co., San Juan County, Utah - Operator's Monthly Progress Report for the period January and February 1955

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

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

An amount of $500.00 is to be withheld from the payment due the operator pending resolution of Stage III drilling. Please also reinstate the amount of $100.00 which was withheld from payment on the October-November 1954 report.

Remarks:

Date of Report.....March 14, 1955
Date Received in Field Office.....March 17, 1955
Date Received in Region Office....March 28, 1955

W. M. TRAVER

W. M. Traver

Enclosures
RDB:jp
cc Subject
Chron
Sec. to Op. Comm. (2)
Wilson
Townsend

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

March 28, 1955

Memorandum

To: W. H. Travor, Executive Officer, DMEA Field Team, Region III

From: Stephen R. Wilson

Subject: Docket No. DMEA-2771 (Uranium), Contract Ida-2977, Gramlich Exploration Co., San Juan County, Utah. MP-104 forms for the period January and February 1955

Attached are the required copies of the subject operator's monthly report covering work accomplished during January and February 1955. An inspection of the property was made by W. H. Young January 30, 1955, and also on March 22, 1955. The operator reports that drilling was resumed January 9, 1955.

Ten holes drilled under Stage III have been reported on the MP-104 forms. Additional drilling under this stage is awaiting proper approval from DMEA.

Stage III drilling disclosed mineralization in holes III-7 and III-13, but the remaining holes under the stage were barren. Hole III-18 was drilled in an area that appears to be along the mineralized trend. This hole cut 1 to 2 feet of high-grade uranium mineralization and 4 feet of low-grade vanadium mineralization.

Work reported by the operator is in conformance with a reasonable interpretation of contract terms. Recommendation is made that the operator be reimbursed by 90 percent of the total reported expenditures.

The MP-104 forms were received in this office March 17, 1955. Total delay in transmitting the forms to Denver resulted from absence of the inspecting engineer from Salt Lake.

Stephen R. Wilson
Stephen R. Wilson

Enclosure

DMEA
Date Rec'd.

MAR 28 1955

BUREAU OF MINES
Denver, Colorado

R. R. Wilson March 24, 1966

W. E. Young

Docket No. DMEA-2771 (Uranium), Contract Lim-2277, Grenlich Exploration Co., San Juan County, Utah. Progress report for January and February 1966

The above property was inspected on January 20, 1966, and again on March 22, 1966. Drilling was resumed on January 9, 1966. Drill-hole sites were observed and cores of the holes were inspected.

Ten holes of Stage III were completed during the period. Work was temporarily suspended awaiting recommendations on site locations.

Completed holes were in the process of being logged by the U.S.B.M. portable probe trucks. All holes of Stage III were barren except holes III 7 and III 10. Hole III 7 showed 18 inches of low-grade V_2O_5 at 20.5 feet. Hole III 10 showed 1 to 2 feet of high-grade V_2O_5 and 4 feet of low-grade V_2O_5, at 192 feet.

The operator's narrative report is considered adequate. A revised map has been submitted showing locations of drill-hole sites with collar elevations. Proposed locations for future holes are also included on the map. The expenditures shown on RF-104 and RF-104A forms are correct. The work accomplished during the period was done in accordance with a reasonable interpretation of the contract.

Payment is approved for $5,[illegible].52. This is 50 percent of $8,[illegible].47, the total project expenditures during January and February 1966.

William E. Young

William E. Young

[illegible] Co. [illegible] 271 [illegible]-3577

During Dec., 1954 no DDH drilling was done as we were held up pending USGS geological study. During this period we tried to drill two deep holes on Carney No. 5 claim, but were forced to abandon them due to caving, did not reach predictive horizons.

On Jan. 9, DDH drilling was resumed. Weather and road conditions were very unfavorable and slowed down normal progress.

The first nine holes, executing No. III-7 (which showed 16 feet gentle mineralization in upper sand) were negative on cores recovered.

In hole No. III-10, four and three tenths feet of core was recovered which the driller logged as Uraninite, (core showed no yellow color). Upon probing this hole, we found this ore to be Uranophite, the upper 1 to 2 feet being high grade and the total thickness to be five feet, all of above average commercial grade. The foot of core was short on the ore run so it is evident the highest grade ore was soft and was washed away. Therefore, assay on recovered core will be much below actual grade of ore drilled thru.

Today, March 14, we are having prepared holes surveyed, our property to drafting maps and data necessary for completion of the 3rd phase and end of present contract footage. (Will be fwd'd very soon).

Also, we are presently formulating an extension or addition to above contract for you consideration, so please hold open.

Drilling will be resumed immediately upon your O. K. of above program to be submitted.

John W. Gramlich Jr.
PRESIDENT Ry Sr.

J. W. Gramlich Sr.
V. PRES

GRANTS EXPLORATION CO.

113 to 125.3 White sand & blue clay
125.3 to 127.3 Blue clay

7.3 feet core lost 7100 gal water used Fin. Nov. 7

Phase # II Hole # 20 Nov. 8
0 to 24 White sand
24 to 24.5 L.G. V_2O_5
24.5 to 32.2 Brown sand
32.2 to 45.5 White sand
45.5 to 81.7 Red & blue clay & hard ribs
81.7 to 91.9 White sand
91.9 to 102.6 Red & Blue clay
102.6 to 124.8 White sand Some U_3O_8 stain
124.8 to 128.5 U_3O_8 & V_2O_5
128.5 to 130.7 Blue clay

2.1 feet core lost 4,000 gal water used Fin Nov. 14

Phase III Hole # I Jan. 9
0 to 14.8 White sand & carbon
14.8 to 32.5 Brown min. sand
32.5 to 40.4 White sand
40.4 to 41.4 Green clay
41.4 to 90.1 Red & green clay & hard ribs
90.1 to 116 White sand
116 to 119 Red Clay

2600 gal water used Fin Jan. 10

Phase # III Hole # 2 Jan. 11
0 to 36 W.S. & G.C. ribs
36 to 102.7 R & B.C. & hard ribs
102.7 to 116.1 White sand
116.1 to 118 Red & green clay

10 feet core lost 7,000 gal water used Fin Jan. 13

Phase # III Hole # 3 Jan. 13
0 to 36.2 White sand
36.2 to 90 R & B.C. & Hard ribs
90 to 93 Red Sand
93 to 113.9 White sand with carbon
113.9 to 114.6 Green clay

114.6 to 117.3 Red clay & Hard ribs

5.7 feet core lost 3900 gal water used Fin Jan. 16

Phase # III Hole # 4 Jan. 17

0	to	9.6	Red clay
9.6	to	42.1	White sand
42.1	to	72.3	Red & blue clay & hard ribbs
72.3	to	90.1	~~XXXXXXXXXXXXXX~~ White sand
90.1	to	100.1	Brown Min. sand
100.1	to	173.1	R & B Clay & hard ribbs
173.1	to	188.2	White sand. Some carbon
188.2	to	189.7	Red clay

24.3 feet core lost 9,750 gal water used Fin. Jan. 25

Phase # III Hole # 5 Jan 26

0	to	37.9	White sand Course
37.9	to	67.5	R.&.B. clay & hard ribbs
67.5	to	104.7	White sand & B.C. buttons
104.7	to	161.8	R.&.B. clay & hard ribbs
161.8	to	168.1	White sand
168.1	to	168.3	Possible L.G. V_2O_5
168.3	to	187.2	White sand & carbon
187.2	to	191.3	R.&.B.clay & hard ribbs

4.5 feet core lost 9,750 gal water used Fin. Jan. 28

Phase # III Hole # 6 Jan. 30

0	to	12	Red clay & Hard ribbs
12	to	37.8	Course White sand
37.8	to	72.8	Red & blue clay & hard ribbs
72.8	to	106.2	White sand & some carbon
106.2	to	170.3	R.&.B. clay & hard ribbs
170.3	to	192.3	White sand good
192.3	to	197.4	Red & blue clay

12.2 feet core lost 9,750 gal water used Fin. Feb. 1

Phase # III Hole # 7 Feb. 3

0	to	4.9	Blue clay
4.9	to	35.9	White sand
35.9	to	64.8	R.&.B. C. & hard ribbs
64.8	to	83.5	White sand

Hole	1	119.00
	2	118.00
	3	117.30
	4	189.70
	5	191.30
	6	197.40
	7	194.20
	8	133.00
	9	156.20
	10	202.50
Total		1,619.40

SIGNED

[illegible] OVER-[illegible]

NOTE

APPARENT ERROR

FROM OCT. & NOV. REPORT CORRECTED

ACT $20,304.52 should be
20,294.52 figure used JAN. FEB.
10.00

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

JAN 5 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Oct. - Nov., 1954 Docket No. DMEA 2771 Contract No. DM E577
Operator's Name Gramlich Exploration Co. Minerals Uranium
Address
Contract Amount, $ 35,300 Government Participation: 90 % Amount, $ 31,770

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	5330.86	14963.66	20,304.52			
Bulldozing	30.00	30.00	60.00			
Crosscutting						
Drifting						
Sample analysis		15.00	15.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	5360.86	15008.66	20,379.52	5360.86	15008.66	20,369.52

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

Date Dec. 28, 1954 *Payee Gramlich Exploration Co.

Per J. E. Gramlich Sr. Title Owner

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

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

(Instructions on reverse)

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

$ 4724.77

Signature Randell R. Cooper
(Authorized Certifying Officer)

Date 1-11-55 Vou. No. DMA-5551

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E-577 in accordance with the terms of the contract.

Signature Millard M. Gilbert Jr. Title Mining Engr. Date 1/6/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W H King Title Executive Officer Date JAN 10 1955

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Oct. - Nov. 1954 Docket No. DMEA2771 Contract No. IDME577
Operator's Name Gramlich Exploration Co. Minerals Uranium
Address Moab, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	5,330.86	1,370.40	20,304.52	5217.10	3.89	8880	3.89
Churn								
Bulldozer ~~Auger~~	hr.	30.00	3	60.00	6.00	10.00	45	10.00
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Sample analysis				15.00	5	300	102	3.00
TOTAL DISTRIBUTED COSTS		5360.86		20,379.52				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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

Date Dec. 28, 1954 Operator Gramlich Exploration Co.

Per J. E. Gramlich Sr. Title Owner

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 872894

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

224 New Customhouse
Denver 2, Colorado

January 10, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2771 (Uranium), Contract Idm-E577, Gramlich Exploration Company, San Juan County, Utah - Operator's Monthly Progress Report for the months of October and November 1954

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

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 90 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report, except that the amount of $100.00 is to be withheld from reimbursement to the Operator pending resolution of matters relative to the performance of work under Stage III of the contract and the Operator so advised.

Remarks:

Date of Operator's Report.....December 28, 1954
Date report received in B.O.M. field office..January 5, 1955
Date report received in Regional office.....January 10, 1955

W. H. King

Encls.

JWT:jp
cc Subject
Chron
Sec. Op. Comm. (2)
Wilson
Townsend

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

January 7, 1954

Memorandum

To: Executive Officer, MEEA Field Team, Region IV

From: Stephen R. Wilson

Subject: Docket No. MEEA-2771 (Uranium), Contract Idm-2577, Gramlich Exploration Co., San Juan County, Utah. MF-104 forms for October and November 1954

Attached are the necessary copies of the subject operator's report covering exploration during October and November 1954. An inspection of the project site was made by N. M. Gilbey December 18, 1954. Work accomplished during the period consisted of diamond drilling a total of 1,370.4 feet in 11 holes. The work reported completes Stage II as described in Amendment No. 1 of the contract.

Work reported is considered to be in conformance with the contract and amendments thereto. It is recommended that the operator be reimbursed by 90 percent of the expenditures for the period as noted in the inspecting engineer's report.

The MF-104 forms were received from the operator January 5, 1955.

Stephen R. Wilson
Stephen R. Wilson

Enclosure

S. R. Wilson January 8, 1954

M. M. Gilkey

Docket No. RMEA-2771 (Uranium), Contract Idm-2577, Gramlich Exploration Co., San Juan County, Utah. Progress report for October and November 1954

An inspection of the subject property was made December 16, 1954. Sites of the holes drilled during the reporting period were observed and cores of the holes were inspected.

Work accomplished during the reporting period consisted of the drilling of Stage II holes numbers 10 through 20, or a total of 1,370.4 feet, and 2 hours of bulldozer operation. This completes Stage II work as described under contract amendment No. 1.

Significant uranium mineralization was encountered in holes numbers II-11, II-13, II-15, II-16, II-17 and II-20.

The operator's narrative report is considered to be adequate. The map submitted with the report shows the location and collar elevations of holes drilled to date, and remarks on mineralization encountered.

Forms MP-194 and 194-A agree as to project expenditures for the reporting period. The charge for drilling is computed at the contract unit price of $8.50 a foot, and for bulldozing, at the specified price of $10 an hour. An error is noted, however in the "Totals to date" column. On form MP-194, the cost of drilling for the present period, plus the total drilling cost previously reported, is shown as $20,324.52. This should be corrected to $20,324.52, and the figure for total project expenditures to date should be changed from $20,279.52 to $20,[illegible].52.

The work accomplished during the reporting period was done in accordance with a reasonable interpretation of the terms of the contract.

Stage III drilling is expected to be started during the present month (January), after the operator has received drilling recommendations from Gordon Weir, USGS geologist, Grand Junction, Colo.

It is recommended that the operator be reimbursed in the amount of $4,324.77, or 90 percent of $5,[illegible].[illegible], the total project expenditure during October and November 1954.

M. M. Gilkey

M. M. Gilkey

P1

NARRATIVE REPORT FOR OCT. NOV. 1954

GRAMLICH EXPLORATION CO. DMEA 2771 IDM-E577

Mr. Gilkie advised that since this would finish the second phase and only three holes carried over into Nov., it could be covered by one report, hence the combination.

Total drilled this period is 1,370.4 ft and includes Holes, No's. II-10 to II-20 of which, No's. 11-12-15-16-17 showed Uranium and Vanadium of commercial grade, although some is too thin to mine. We can naturally expect rolls of sufficent thickness near these accurances. To cause further exploration by tunnel which is presently headed toward hole II 7.

Since completing this phase early in Nov. we have been waiting for U.S.G.S. geologist to advise where we will be allowed to proceed with phase three. They advise this will be arrived at in the near future.

However, personally, I would prefer to move east approx. 500 ft (where an erasion has eliminated from 30 to 60 ft of overburden), drill a line of test holes at 100 ft. intervals in a North and South direction to find where the belt or belts cross and then fill in with holes in most favorable part. This would eliminate a closer grid over the entire area.

From last ore holes, proceeding east, it is vaguely apparent that the ore belt is making a possible split in that direction, which would at some distance east-leave the possability of converging again to form a wider belt.

Logs of holes follows.

J. W. Gramlich Sr.

NARRATIVE REPORT FOR OCT. NOV. 1954

GRAMLICH EXPLORATION CO. DMEA 2771 IDM-E577

Phase II Hole # 10 Sept. 30

0	to	22	White Sand
22	to	35	Brown Sand
35	to	35.5	Blue Clay
35.5	to	37.5	Brown Sand
37.5	to	39.6	Blue Clay
39.6	to	45	White Sand
45	to	102	Red & Blue clay & hard ribs
102	to	110.2	White sand & carbon
110.2	to	111	Low Grade V_2O_5
111	to	114	Brown sand & carbon
114	to	115.5	Red & blue clay

10' core lost 4,000 gal water used

Hole # 11 Oct. 7

0	to	17	White s. & B.C. streaks
17	to	17.7	V_2O_5
17.7	to	30	White Sand
30	to	32.4	Brown sand with carbon
32.4	to	44.4	White sand
44.4	to	73.8	Red & B. Clay & Hard ribs
73.8	to	95.8	White sand
95.8	to	109.4	Red & B. Clay & Hard ribs
109.4	to	122.3	White Sand
122.3	to	123.3	W_3O_8 & V_2O_5
123.3	to	127.7	Gray & Brown S. Mixed
127.7	to	128.5	Blue Clay

12.1 Core Lost 5200 gal water used Fin Oct. 10

J. W. Gramlich Jr.

R3

NARRATIVE REPORT FOR OCT. NOV. 1954

GRANLICH EXPLORATION CO. DMEA 2771 IDM-E577

Hole #12 Oct. 12

0	to	27.7	White Sand
27.7	to	29.7	Brown S. & Carbon
29.7	to	41.7	White Sand
41.7	to	71	Red & B. Clay & H. Ribs.
71	to	75.4	Red white sand
75.4	to	106	Red & blue C. & H. ribs.
106	to	117.8	White sand
117.8	to	119.1	V^2O^5 & V^3O^8
119.1	to	125.7	Brown Sand
125.7	to	126.9	White sand
126.9	to	135.2	Blue clay & Hard ribs.

12.8 ft. core lost 9,750gal water used Fin. Oct. 14

Hole # 13 Oct. 14

0	to	18.6	White sand
18.6	to	26	Brown Sand
26	to	47.2	Gray sand
47.2	to	106	Red & blue clay & hard ribs
106	to	115.4	White sand
115.4	to	120.8	Red clay

8.8 ft core lost 7,700 gal water used Fin. Oct. 18

Hole # 14 Oct. 18

0	to	16	White sand
16	to	30.5	Lite Yellow & brown sand
30.5	to	37.5	Gray sand
37.5	to	71.7	Red & blue clay & Hard ribs
71.7	to	94.8	White sand
94.8	to	108	Red & blue clay & hard ribs
108	to	117.7	White sand & carbon
117.7	to	118.1	V^2O^5
118.1	to	126.5	White sand
126.5	to	128.1	Red clay

4.6 ft core lost 6,500 gal water used Fin Oct. 20

J. W. Granlich Jr.

P4

NARRATIVE REPORT FOR OCT. NOV. 1954
GRAMLICH EXPLORATION CO. DMEA 2771 IDM-2577

Hole 15 Oct. 20

0	to	17	White sand
17	to	20.5	Brown sand
20.5	to	39.5	Lite brown sand
39.5	to	73.5	Red & blue clay & hard ribs
73.5	to	75.5	Red sand
75.5	to	96.6	White sand
96.6	to	104.1	Red and blue clay
104.1	to	117.1	Hard white sand
117.1	to	117.8	V^2O^5 & U^3O^8
117.8	to	122.5	Brown sand
122.5	to	123.1	Blue clay Bottom

7.5 ft core lost 5850 gal water used Fin. Oct. 21

Hole # 16 Oct. 22

0	to	35.8	White sand
35.8	to	68	Red & blue clay and hard ribs
68	to	79.5	White sand
79.5	to	93	Red & blue clay
93	to	101.2	White sand
101.2	to	105	Red clay & hard riba
105	to	111.4	White sand
111.4	to	114.9	V^3O^8 & V^2O^5
114.9	to	118.2	White s & b.c. ribbs

12.6 ft core lost 6.500 gal water used Fin Oct. 26

Hole # 17 Oct. 28

0	to	20.6	W.S. G.C. buttons
20.6	to	33	Brown sand lite.
33	to	100	Red & blue c. & H. ribbs
100	to	106.5	white sand
106.5	to	.07	V^2O^5
107	to	116.5	White sand & carbon
116.5	to	120	Red clay
			Bottom

8.3 ft core lost 11,050 gal water used Fin. Oct. 30

H. O. Gramlich Sr.

NARRATIVE REPORT FOR OCT. NOV. 1954

GRAMLICH EXPLORATION CO. DMEA 2771 IDN-E587

Hole # 18 Nov. 3

0	to	20	White sand
20	to	39	Brown & yellow sand
39	to	73.3	Red & blue clay & hard ribs
73.3	to	90.6	Red & white sand
90.6	to	106.7	Red & blue clay
106.7	to	120.4	White sand
120.4	to	121.4	White sand & carbon
121.4	to	122.7	Gray &and & Carbon
122.7	to	123	Blue clay

3.3 ft core lost 5850 gal water Fin Nov. 4

Hole # 19 Nov. 4

0	to	22.5	White sand
22.5	to	23	U_3O_8 & V_2O_5
23	to	44	Brown & lite yellow s.
44	to	81	Red & blue clay & hard ribbs
81	to	84	Red sand
84	to	90.5	White sand
90.5	to	113	Red & blue clay
113	to	125.3	White sand & blue clay
125.3	to	127.3	Blue clay

7.3 ft. core lost 7100 gal water used Fin. Nov. 7

Hole # 20 Nov. 8

0	to	24	White sand
24	to	24.5	L.G. V_2O_5
24.5	to	32.2	Brown sand
32.2	to	45.5	White sand
45.5	to	81.7	Red & blue clay & hard ribs
81.7	to	91.9	White sand
91.9	to	102.6	Red & blue clay
102.6	to	124.8	White sand some U_3O_8 stain
124.8	to	128.5	U_3O_8 & V_2O_5
128.5	to	130.7	Blue clay

2.1 ft core lost 4,000 gal water used Fin Nov. 14

J. E. Gramlich Sr.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
NOV 26 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September 195 4 Docket No. DMEA 2771 Contract No. 14m-2377
Operator's Name Grunlich Exploration Co. Minerals Uranium
Address Box 435, Moab, Utah
Contract Amount, $ 35,000 Government Participation: 90 % Amount, $ 31,770

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:	4,073.61	10,890.05	14,963.66			
Drilling	—	30.00	30.00			
Bulldozing						
Crosscutting						
Drifting						
Sample Analysis	15.00	—	15.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	4,088.61	10,920.05	15,008.66			

I certify that the above bill is correct and just and that payment therefor has not been Oct. 15, 1954 Grunlich Exploration Co.
Date *Payee

Per J. Grunlich Sr. Title Owner

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

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

(Instructions on reverse)

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

$ 3679.75

Signature
(Authorized Certifying Officer)

Date 12/9/54 Voucher 55-38

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E517 in accordance with the terms of the contract.

Signature N. K. Thurber, Jr. Title Mining Eng Date Nov. 26, 1954

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

Signature W. H. King Title Executive Officer Date DEC 3 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 195 4 Docket No. DMEA 2771 Contract No. Ida-2577

Operator's Name Gramlich Exploration Co. Minerals Uranium

Address Box 435, Moab, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	4,073.61	1,047.20	14,963.66	3,848.70	3.89	5,000	3.89
Churn								
Auger								
Bulldozer	Hr.	--	--	30.00	3.00	10.00	45	10.00
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Sample Analysis		15.00	5	15.00	5	3.00	102	3.00
TOTAL DISTRIBUTED COSTS		4,088.61		15,008.66				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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

Date Oct. 15, 1954 Operator Gramlich Exploration Co.

Per J. W. Gramlich Sr. Title Owner

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

December 3, 1954

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2771 (Uranium) Contract Idm-E577, Gramlich Exploration Co., San Juan County, Utah. Operator's Monthly Progress Report for the period September 1954.

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

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

Remarks:

Date of Report	October 15, 1954
Date Received in Field Office	November 26, 1954
Date Received in Region Office	December 3, 1954

W. H. King

Enclosures'

RDB:dm

cc: Sec. to Oper. Comm. (2)
Subject
SRWilson
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

December 1, 1954

Memorandum

To: W. H. King, Executive Officer, RMEA Field Team, Region IV

From: Chief, Minerals Development Branch, Mining Division, Region IV

Subject: Docket No. RMEA-2771 (Uranium), Contract Idm-2577, Gramlich Exploration Co., San Juan County, Utah. MF-104 forms for September 1954

Attached are the original and four copies of the subject operator's monthly report for September 1954. The project was inspected by H. K. Thurber October 8, 1954. Sites of diamond drill holes completed during the month were observed and cores of the holes were inspected.

Drilling accomplished during the period consisted of 1,047.30 feet in eight holes. Mineralization of significance was encountered in hole II-7. This mineralization appears to be an extension of ores mined in the easternmost underground workings.

All drilling accomplished during the month is in conformance with the contract. It is recommended that the operator be reimbursed for the Government's share of expenditures as noted in the inspecting engineer's memorandum

The MF-104 forms were originally received from the operator October 19, 1954. It was necessary to return the forms to the operator for correction. The corrected forms were received November 26, 1954. A delay of 10 days in transmitting the forms to Denver resulted from assignment of the inspecting engineer on other work. The remaining delay was caused by the operator's making corrections and returning the forms to this office.

Stephen R. Wilson
Stephen R. Wilson

Enclosure

Stephen R. Wilson

November 28, 1954

N. K. Thurber, Jr.

Docket No. DMEA-2771 (Uranium), Contract Idm-2577, Gramlich Exploration Co., San Juan County, Utah. Monthly progress report and MP-104 forms for September 1954

An inspection of the subject property was made on October 5, 1954, in company with John W. Gramlich, Jr., driller and son of the operator. Sites of holes drilled during the reporting period were observed and the cores of the holes inspected. Sites of proposed holes were visited.

Work accomplished during the reporting period consisted of the drilling of Holes II-2, II-3, II-4, II-5, II-6, II-7, II-8 and II-9, a total of 1,047.30 feet. The core recovered was 88 size.

Significant uranium mineralization was encountered in Hole II-7. Mineralization 2.2 feet thick, termed ore by the operator, was penetrated between 117.2 and 120.5 feet. This represents an extension of the ore which was mined in the courtesmont extension of the underground workings. Assays of the core are not as yet available.

Conversation with Gordon Weir, USGS geologist, Grand Junction, Colo., reveals that he or his assistant has visited the drilling area at least once every 2 weeks. Weir believes that the holes thus far drilled under the contract have been properly placed on logical sites. Weir's recommendations for Stage III drilling will be made after preparation of a map by the operator showing the collar elevations of the holes completed under Stage II and after some study of the results can be made.

The MP-104 forms for the reporting period correctly reflect the expenditures under the contract, and the narrative report is sufficient in describing the difficulties encountered and results accomplished. The map presented shows the holes in their proper relationship and indicates collar elevation.

It is recommended that the operator be reimbursed in the amount of $2,044.15, 50 percent of $4,088.31, the total expenditures under the contract for the reporting period.

N. K. Thurber, Jr.

N. K. Thurber, Jr.

NARRATIVE REPORT PER SEPT. 1954

GRAMLICH EXPLORATION CO. DMEA 1771 IDM -E577

Thru this month, better progress was made, total drilled being 1,047.20 ft. However, much drilling time was lost in waiting for water truck, ground is badly fractured and it was impossible to get any cirulation. Also, by having to core the barren shales between top and middle ore sands, time was lost. If this barren horizon could be plug drilled, we could make much faster progress.

Mr. Weir, US.G.S. selected the cores to be assayed and also ordered test of Vanadium and $C.A.Co^3$, therefore we are entering under assaying the charge of $25.00 Form. M F 104.

As of now, 0 to 20, we are nearing complition of 2nd phase and if under phase 3, we are allowed to proceed in an easterly direction from where phase 1 and 2 ended, my belief is that if we can proceed for enough, larger and better ore bodies will be encountered.

However, in said eastorly direction the holes will be some deeper with remnants of Brushy Basin on top. This we should be permitted to plug bit-as well as the approx. 60 ft. between top and middle sands as previously mentioned. Also about every tenth hole should be drilled thru the first sand above Entrada some places in this general are. Ore will be encountered there. Also . In Hole II 7 about three ft. of commercial ore was encountered at 117.2 ft. Progress is presently being made on a new tunnel headed for this area. To be driven south of and parallel to the old tunnen. This is necessary from both the standpoint of air and also some ore is expected to be encountered.enroute.

J. W. Gramlich Sr

NARRATIVE REPORT FOR SEPT. 1954

GRAMLICH EXPLORATION CO. DMMA 1771 IDM-E577

HOLE # II 2

0	to	24	Mud
24	to	37.7	Red & Blue Clay
37.7	to	64	Gray sand with brown shale
64	to	97.5	Red & Blue Clay & hard ribs.
97.5	to	101.5	White Sand
101.5	to	122	Red & Blue Clay
122	to	152	White Sand
152	to	162	Red & Blue Clay & hard ribs.

HOLE # II 3

0	to	23	Mud
23	to	28.5	Red Clay
28.5	to	29	Green Clay
29	to	44.3	White Sand
44.3	to	51.3	Brown Sand
51.3	to	122.6	Red & Green Shale with Hard Ribs.
122.6	to	124.7	Brown Sand
124.7	to	143	White Sand
143	to	143.3	Green Clay
143.3	to	144	R. & G. Clay

Short 29.1 ft of core
Water Head 5.00 gal.

[illegible] 1954

J. H. Gramlich Jr

Sept.

Hole # II 4

0	to	23	Clay
23	to	31	White Sand
31	to	31.1	R.S. & Y.S. and White Sand
31.1	to	32.2	White Sand
32.2	to	51.4	Brown Sand
51.4	to	54	G.S. & Sand ribs
54	to	84.4	R.S. & Gr. & Sand ribs
84.4	to	85.5	Red Sand
85.5	to	90	White Sand
90	to	91	Red Sand
91	to	95.5	White Sand
95.5	to	107.5	L.S.G. Clay
107.5	to	115	Green Clay
115	to	136.3	White Sand and Green Clay Patches
136.3	to	137	Green Clay

11.3 feet of core missing
11,500 gal water
Finished Sept. 12

Hole # II 5

0	to	20	Clay
20	to	24	Red to Sand
24	to	29.7	White Sand
29.7	to	31.2	V.S.S. &
31.2	to	50.1	Brown Sand
50.1	to	83.5	R.S. & Red Sand
83.5	to	102.6	White Sand
102.6	to	115	Red & R. Sand
115	to	131.1	White Sand
131.1	to	137.5	L. S. Clay

12.9 Feet of core missing
6,500 gal. water
Fin. Sept. 16

Hole # II 6

0	to	34	White & S. Sand
34	to	70.3	Red & Red Clay & Sand ribs
70.3	to	76.3	Red & White S.
76.3	to	97.3	Red & R. White & Sand ribs
97.3	to	105.8	Grey Fine sand
105.8	to	107.3	White S. & spots of V.S.S
107.3	to	115.8	Brown Sand

J. H. Gramlich Jr.

Sept.

Hole #II 6 [illegible]'t

110.8 to 116.2 Green C. & H. Ribs
Dotton Sept. 20
13.5 feet short on core
11,000 gal. water
Finished Sept. 20

HOLE # II 7

0	to	12	White Sd & Blue Clay
12	to	15.7	Gray Sd.
15.7	to	18.2	V205
18.2	to	41	White & Brown Sand.
41	to	72.6	D.B. Shale & Hard Ribs
72.6	to	82.7	Red Sand
82.7	to	93.2	White Sand
93.2	to	106.7	Red Clay
106.7	to	117.2	Very White Sand & core D.C.
117.2	to	120.5	V^3O^5 & Good V^2O^5 ?
120.5	to	124.5	Brown Sand & Carbon
124.5	to	127.5	Blue Clay

12.5 feet of core short
Hole Finished Sept. 22
11,700 Gal. water used

HOLE # II 8

0	to	8.4	Yellow Sand
8.4	to	35.3	[illegible] Brown Specks
35.3	to	99.5	R.D. Clay & Hard Ribs
99.5	to	106.6	White Sand
106.6	to	113	Brown S. Clay, White
113	to	115.2	Blue Clay

Hole Finished Sept. 27
8 Ft. Core lost
13,000 Gal water used

HOLE #II 9

0	to	4.8	Blue Clay
4.8	to	26	White Sand
26	to	35	Lt Brown Sand
35	to	95.2	Red & D.G. & Hard Ribs
95.2	to	103.1	White Sand
103.1	to	103.6	Pentoide Lt. V^2O^5
103.6	to	105.1	White Sand
105.1	to	108.4	Brown S. And Carbon
108.4	to	111.2	Gray Hard Sand
		111.2 to 111.8	Blue Clay

H. W. Franzlich Jr.

Sept.

Hole # II 9 Con't

9.3 Foot Core Lost
14,300 Gal Water Used

Finished Sept. 29

J. W. Franklin Jr.

Smith's Laboratory

CHEMIST AND ASSAYER

MOAB, UTAH

Walter Gramlich
Moab
Utah

Sept. 10, 1954

Sample Description	% U_3O_8	% V_2O_5	% CaO_3	%	%	%			
DDII-1 (42.4' - 43.5'	0.024	0.46	2.15						
DH II-1 (141 - 143.4	0.685	6.45	8.20						
DH #10 (110.2' - 111.4'	0.182	1.03	1.95						
DH #12 (34' - 34.9'	0.268	1.21	2.05						
DH #12 (132.5' - 133.5'	0.805	3.84	4.30						

TOTAL CHARGES $ 25.00

J. Earl Smith
CHEMIST

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED NOV 2 6 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August 195 4 Docket No. DMEA 2771 Salt Lake City, Utah Contract No. Idm-2577

Operator's Name Gramlich Exploration Co. Minerals Uranium

Address Box 435, Moab, Utah

Contract Amount, $ 35,300 Government Participation: 90% Amount, $ 31,770

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling	3,080.88	7,809.17	10,890.05			
Bulldozing		30.00	30.00			
Crosscutting						
Drifting						
Sample Analysis	—	—	—			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	3,080.88	7,839.17	10,920.05			

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

Date Oct. 15, 1954 *Payee Gramlich Exploration Co.

Per A. Gramlich Jr. Title Owner

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

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

(Instructions on reverse)

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

$ 2772.79

Signature [illegible]
(Authorized Certifying Officer)

Date 12/9/54 Voucher No. 2774 SS-39

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E577 in accordance with the terms of the contract.

Signature W. H. Thurber, Jr. Title Mining Eng. Date Nov. 26, 1954

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

Signature W. H. King Title Executive Officer Date DEC 3 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
OCT 20 1954

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1954 Docket No. DMEA 2771 Contract No. Idm-E577

Operator's Name Gramlich Exploration Co. Minerals Uranium

Address Box 435, Moab, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	3,080.88	792	10,890.05	2,799.50	3.89	8,800	3.89
Churn								
Auger								
Stripping Bulldozing	Hr.	---	---	30.00	3.00	10.00	45	10.00
Trenching								
Test Pits								
Roads and Trails								
Sample Analysis		---	---	---	---	---	102	3.00
TOTAL DISTRIBUTED COSTS		3,080.88		10,920.05				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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

Date Oct. 15, 1954 Operator Gramlich Exploration Co.

Per J. W. Gramlich Sr Title Owner

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

December 3, 1954

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2771 (Uranium), Contract Idm-E577, Gramlich Exploration Co., San Juan County, Utah. Operator's Monthly Progress Report for the month of August 1954.

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

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

Remarks

Date of Report	October 15, 1954
Date Received in Field Office	November 26, 1954
Date Received in Region Office	December 3, 1954

W. H. King

Enclosures

RDB:dm
cc: Sec. to Oper. Comm. (2)
Subject
SRWilson
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

December 1, 1954

Memorandum

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

From: Chief, Minerals Development Branch, Mining Division, Region IV

Subject: Docket No. DMEA-2771 (Uranium), Contract Idm-2577, Gramlich Exploration Co., San Juan County, Utah. MF-104 forms for August 1954

Attached are the necessary copies of the subject operator's report covering work accomplished during August 1954. Work reported consists of 792 feet of diamond drilling in five holes.

The work was inspected by H. K. Thurber September 2, 1954. Examination of the core disclosed ore-grade uranium mineralization in hole II-1. Mineralization in this hole appears to be an extension of the ore encountered in hole 18. Hole 17 also shows slight vanadium and uranium mineralization.

Diamond drilling completed during the period is in conformance with contract terms. It is recommended that the operator be reimbursed in the manner outlined in the inspecting engineer's progress report.

The MF-104 forms were originally received from the operator October 19, 1954. It was necessary to return the forms to the operator for correction. The corrected forms were received November 20, 1954. A delay of 10 days in transmitting the forms to Denver resulted from assignment of the inspecting engineer on other work. The remaining delay was caused by the operator's making corrections and returning the forms to this office.

Stephen R. Wilson
Stephen R. Wilson

Enclosure

S. R. Wilson

November 26, 1954

DIVISION OF URANIUM
Atomic Energy Commission
RECEIVED

M. K. Thurber, Jr.

Docket No. DMEA-2771 (Uranium), Contract Ign-2577, Granlich Exploration Co., San Juan County, Utah. Monthly progress report and MF-104 forms for August 1954

An inspection of the subject property was made on September 2, 1954, in company with Mr. J. W. Granlich, the operator. The areas of holes drilled during the reporting period were visited and the cores from these holes were observed. Sites of proposed holes were also visited and progress of drilling discussed.

The work accomplished during August consisted of drilling 768 feet of hole, recovering BX core. This footage was comprised of Holes 16, 17, 18, 19 and II-1 drilled at sites shown on the map attached to the September MF-104 forms. Hole 19 completed the drilling under Stage I and Hole II-1 represents the first hole under Stage II.

Hole 17 showed slight vanadium and uranium mineralization. Hole II-1 discovered strong mineralization at 42.4 feet to 48.5 feet, and ore at 140.6 feet to 142.7 feet which contained 0.085 percent U_3O_8 determined by chemical assay. This is an extension of the ore encountered in Hole 13 reported in July and noted in the narrative for August. Hole 17 may indicate the eastward limit of this particular trend.

Conversation with Gordon Weir, U. S. G. S. geologist, Grand Junction, Colo., indicates that he or his assistant has visited the drilling area at least once every 2 weeks and has conferred with the operator or his representative on the placement of the holes. Weir believes that the holes drilled to date under the first two stages are on logical sites.

The MF-104 forms for the reporting period properly reflect the expenditures under the contract, and the narrative report is sufficient in describing the work done. The map included with the September MF-104 forms shows the holes in proper relationship and the collar elevations.

It is recommended that the operator be reimbursed in the amount of $2,772.79, 90 percent of $3,080.88, the total expenditures for the reporting period.

M. K. Thurber, Jr.

NARRATIVE REPORT FOR AUG. 1954

GRAMLICH EXPLORATION CO. DMEA 1771 IDM-E577

During this month only 792 ft. was cored. Our driller quit, without notice, to go mining Uranium on his own. Hohn W. Gramlich, Jr., his helper, was put in as driller and proceeded cautiously until becoming more familiar with the rig. This caused some slow down of progress. He is now doing nicely.

As preciously reported, Hole # 12 (July report) encountered one in both the upper and middle salt wash members (copies of assay reports attached herewith). However, it was reported that one foot of core was short on the run thru ore at 140 ft. Had Barnaby truck test this hole and they found that the missing foot was soft highgrade that they estimated would run at least 10 % Uranium. (Ten per cent)

Hole No. II 1 of Second phoase also encorntered ore. L.G. V at 42 ft. and good commerical ore from 140.8 to 143.7 (Assay sheets herewith). Barnaby checked closely with assay on this hole.

In Sept. some time will be lost in installing new motor and general reconditioning of drill rig, however we anticipate better footage.

J. W. Gramlich Sr.

RECEIVED

NARRATIVE REPORT FOR AUG. 1954

GRAMLICH EXPLORATION CO. DMEA 1771 IDM-E577

GRAMLICH EXPLORATION CO. DMEA 1771IDM-E577

HOLE # II 1

0	to	23	Plug
23	to	31	Red and Blue Clay &OB
31	to	42	Lt. SS. B.C. & CL.St.
42	to	43	ORE
43.9	to	58	Br. S.S. Ch.St.
58	to	83	Red & Blue Clay & Sh.
83	to	113	Red & Blue Clay & Sh. with H.R.
113	to	114	Red clay & Sh.
114.	to	140.8	Lt. S.S.
140.8	to	143.7	ORE
143.7	to	144	Blue Sh.

JWG

Plug.

HOLE # 16

0	to	12	Br. S.S.
12	to	14.3	Lt. Gr. Cn S.S. & Blue Clay
14.3	to	15.8	Lt. S.S.
15.8	to	16.4	Blue Clay
16.4	to	26	Lt. S.S.
26	to	31	Br. S.S. Cb. St.
31	to	47.6	Lt. Br. S.S. B.C. Brs. & Cb. St.
47.6	to	49.8	~~XXXXX~~Blue Clay & Hd. Ribs
49.8	to	81.7	Red & Blue Clay & Sh.
81.7	to	91	Lt. S.S.
91	to	103.7	Lt. S.S.
103.7	to	104.9	Red Clay & Sh.
104.9	to	114	Blue Black Sandy Sh.
114	to	115	Lt. Md. S.S.
115	to	120.1	Red S.S.
120.1	to	123	Red & Blue Clay & Sh.
123	to	125.5	Lt. Md. S.S.
125.5	to	127.5	Blue Clay & Sh.
127.5	to	128	Red Clay & Sh.

HOLE # 17

0	to	34	Plug
34	to	40	Plug
40	to	42.3	Red Clay & Sh.
42.3	to	43	Blue Sh.
43	to	72	Lt. Br. S.S. B.C. Brs.
72	to	75.3	Br. S.S. Min.
75.3	to	76.9	Lt. S.S.
76.9	to	104	Red & Blue Clay & Sh. with H.R.
104	to	138.3	Red & Blue Clay & sh.
138.3	to	163	Lt. S.S.
163	to	169.4	Blue Clay & Sh.
169.4	to	174	Red Sh. & Ribs.

DEPARTMENT OF THE INTERIOR
Geological Survey Administration
RECEIVED
[illegible]

Aug.

HOLE # 18

0	to	30	Plug
30	to	34	Red Clay & Sh.
34	to	35	Blue Clay
35	to	42	Lt. S.S.
42	to	58.8	Br. S.S. B.C. St.
58.8	to	91	Red & Blue Clay & Sh.
91	to	92.5	Red S.S.
92.5	to	110.6	Lt. S.S.
110.6	to	113.5	Red Sandy Sh.
113.5	to	115	Red & Blue Clay
115	to	123.3	Blue Clay & Sh.
123.3	to	125.5	Red & Blue Clay & Sh.
125.5	to	132	Lt. Rd. S.S. Broken
132	to	142	Lt. S.S. Br. Clay Bns &Cb. St.
142	to	152	Red Clay & Sh.

HOLE # 19

0	to	60	Plug
60	to	70.8	Red & Blue Clay & Sh.
70.8	to	94	Lt. S.S. Cb. St.
94	to	106.5	Lt. Br. S.S. B.C. Bns. & Cb. St.
106.5	to	109.2	Lt. Rd. S.S.
109.2	to	127	Red & Blue Clay & Sh.
127	to	129.7	Reddish Rd S.S.
129.7	to	154	Red & Blue Clay & Sh.
154	to	158.5	Lt. S.S. Cb. St.
158.5	to	163.1	Red & Blue Clay & Sh.
163.1	to	167.6	Lt. & Reddish S.S. Red & Blue St.
167.6	to	187.7	Lt. S.S. B.C. Bns.
187.7	to	194	Red Sh.

J. L. Gramlich Jr.

Form MF-104 (Rev.)
(April 1954)

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
2771 RECEIVED
SEP 13 1954

AUG 16 1954
Salt Lake City, Utah

Month of July, 1954 Docket No. DMEA Contract No. Idm-E477
Operator's Name Gramlich Exploration Co. Minerals Uranium
Address Box 435, Moab, Utah
Contract Amount, $ 35,300 Government Participation: 90% Amount, $ 31,700

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	5842.78	1966.39	7809.17			
Bulldozing		30.00	30.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	5842.78	1996.39	7839.17			

I certify that the above bill is correct and just and that payment therefor has not been received.
Date August 9, 1954 Payee Gramlich Exploration Co.

Per H. Gramlich, Jr. Title OWNER

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

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

(Instructions on reverse)

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

$ 5258.50

Signature Randel R. Cooper
(Authorized Certifying Officer)

Date 8-27-54 Vou. No. DMA-55-15

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E577 in accordance with the terms of the contract.

Signature Millard M. Gillespie Title Mining Engr Date 8/18/54

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

Signature W. H. King Title Executive Officer Date AUG 25 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

SEP 13 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1954 Docket No. DMEA 2771 Contract No. Jdm-E577
Operator's Name Gromlich Exploration Co. Minerals Uranium
Address Box 435, Moab, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	5,842.78	1502	7839.17	2007.5	3.89	8,800	3.89
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
								TOTAL COSTS AUTHORIZED BY CONTRACT
TOTAL DISTRIBUTED COSTS								
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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

Date August 9, 1954 Operator Gromlich Exploration Co.

Per J. E. Gromlich Sr. Title OWNER

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

(Instructions on reverse)

REMARKS:

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

August 25, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2771 (Uranium), Contract No. Idm-E577, Gramlich Exploration Company, San Juan County, Utah. Operator's Monthly Progress Report for the month of July 1954.

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

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

Remarks:

Date of Report	August 9, 1954.
Date Received in Field Office	August 16, 1954.
Date Received in Region Office	August 23, 1954.

W. H. King

W. H. King

Enclosures

RDB:cwm

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

August 19, 1954

Memorandum

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

From: Chief, Minerals Development Branch, Mining Division, Region IV

Subject: Docket No. DMEA-2771 (Uranium), Contract Idm-E577, Gramlich Exploration Co., San Juan County, Utah, MF-104 forms for July 1954.

Attached are the requisite copies of the subject operator's report covering work accomplished during July 1954. An inspection of the project was made by M. M. Gilkey, August 12, 1954.

The operator has reported a total of 1,502 feet of diamond drilling in 11 holes during July. Holes drilled during June and July include 8 holes showing some mineralization. Only one hole, No. 12, penetrated mineralization considered to be of minable thickness and grade.

Exploratory work reported by the operator for July 1954 is in conformance with the contract and amendments. It is recommended that the operator be reimbursed for the Government's share of the expenditures as shown in the inspecting engineer's report.

The MF-104 forms were received in this office August 16, 1954.

Stephen R. Wilson

Stephen R. Wilson

S. R. Wilson August 19, 1954

M. M. Gilkey

Docket No. DMEA-2771 (Uranium), Contract 14m-2877, Granlich Exploration Co., San Juan County, Utah. Progress report for July 1954

The subject property was inspected August 13, 1954.

The operator reports completion of 11 diamond drill holes during July, or a total of 1,502 feet of drilling for the month. The reported footage is verified as correct. An adequate description of the work is presented in the operator's narrative report and maps. It will be noted that the spacing of the drill holes does not conform exactly to specifications of the project contract which call for spacing on a 100-foot grid pattern. The holes drilled to date are spaced at distances ranging from 75 to 150 feet, because of the irregular terrain.

On the date of inspection, 19 holes had been drilled on the Blue Jay claim and total footage amounted to 2,[illegible] feet. This completes the work under Stage 1 which is limited to a maximum of 2,000 feet. Stage 2 drilling, expected to begin about August 20, also is limited to a maximum of 2,000 feet and is to be done on offsets of 50 feet from mineralized and favorable holes drilled under Stage 1. Mineralized holes include holes number 3, 4, 5, 10, 11, 12, 14 and 15. Of these, only hole No. 12 penetrated ore considered to be of minable thickness and grade.

Forms MF-104 and 104A agree as to project costs for July and total cost to date. The expenditure for the month is computed at $2.39 a foot, the contract unit price for drilling.

It is recommended that the operator be reimbursed by $3,588.30, or 90 percent of $3,643.73, the cost of the project for July 1954.

M. M. Gilkey

M. M. Gilkey

COLT LOG [illegible] CO. DELA 1771 Mn-1577

DRILLING RECORD FOR JULY 1954

HOLE NO. 5

0 to 37 Gray Sand Blue Clay Streaks (Top Salt Much)
37 to 61.2 Red and Blue Clay and Shale
61.2 to 73 Red and Blue Cly and Shale
73 to 87 Gray Sand
87 to 102 Red and Blue Clay and Shale
102 to 106 Red Shale and Hard Ribs
106 to 112 Gray Sand with Blue Clay Streaks
112 to 119.6 Gray Sand
119.6 to 120.6 Ore Low Grade
120.6 to 122.8 Mineralized
122.8 to 126 Blue Shale
126 to 132 Hard Sand Stone
132 to 138 Red Shale

HOLE NO. 6

0 to 24 Gray Sand
24 to 39 Brown Sand
39 to 42 Gray Sand
42 to 43.5 Gray Sand
43.5 to 92 Red and Blue Clay and Shale with Hard Ribs
92 to 113 Red and Blue Shale with Hard Ribs
113 to 123 Gray Sand
123 to 127 Blue Shale
127 to 128 Red Shale

HOLE NO. 7

0 to 20 Gray Sand Blue Clay Streaks
20 to 41 Brown Sand Stone
41 to 72.6 Red and Blue Clay and Shale
72.6 to 74 Red Sand Stone
74 to 89 Gray Sand
89 to 91 Gray Sand
91 to 101 Red and Blue Clay and Shale
101 to 102 Red Shale
102 to 109 Gray Sand
109 to 113 Red Sandy Shale
113 to 120 Gray Sand
120 to 125.4 Brown Sand Stone
125.4 to 129 Blue Shale
129 to 131 Red Shale

JWG Jr

HARRIVS REPORT FOR JULY (Con't)

GRAMLICH EXPLORATION CO. DMEA Idm-E577

HOLE NO. 8

0 to 29 Gray Sand Blue Clay Streaks
29 to 29.5 Blue Clay
29.5 to 33 Hard Ribs
33 to 67.5 Red and Blue Clay and Shale
67.5 to 71 Gray Sand
71 to 82 Gray Sand
82 to 95 Red and Blue Shale
95 to 104 Reddish Sand Stone and Red Shale
104 to 119.4 Gray Sand Carbon Streaks and Blue Clay Buttons
119.4 to 121 Red Shale

HOLE NO. 9

0 to 22.1 Gray Sand Blue Clay Buttons
22.1 to 49 Red and Blue Clay and Shale with Hard Ribs
49 to 91.6 Red and Blue Clay and Shale
91.6 to 104.4 Gray Sand Blue Clay Buttons
104.4 to 110 Red Shale

HOLE NO. 10

0 to 19.5 Gray Sand Blue Clay Buttons
19.5 to 21 Brown Sand Stone
21 to 37.6 Brown Sand Stone
37.6 to 37.8 Blue Clay
37.8 to 39.6 Gray Hard SAND Stone
39.6 to 70.7 Red and Blue Clay Shale with Hard Ribs
70.7 to 83 Gray Sand
83 to 83.6 Manganese
83.6 to 91.7 Red and Blue Clay and Shale
91.7 to 101.7 Gray Hard Sand
101.7 to 106.6 Red Sandy Shale
106.6 to 108.4 Blue Clay
108.4 to 110.6 Mineralized
110.6 to 112.3 Gray Sand Stone
112.3 to 113 Blue Clay
113 to 114 Red Clay

JWG Jr.

[illegible] 1954 (Cont'd) Stat 1772 Idn-2577

HOLE NO. 11

0	to	17	Gray Sand Blue Clay Streaks
17	to	40.3	Brown Sand Stone Blue Clay Buttons
40.3	to	77.5	Red and Blue Clay and Shale with Hard Ribs
77.5	to	78.5	Red Sand Stone
78.5	to	83	Gray Hard Sand Stone
83	to	85	Gray Sand
85	to	93	Gray Hard Sand Stone
93	to	105.4	Red and Blue Clay and Shale
105.4	to	115	Gray Sand Blue Clay Streaks
115	to	123	Gray Sand Stone Blue Clay Streaks
123	to	124	Mineralized
124	to	129	Blue Clay and Shale
129	to	131	Red Clay and Shale

HOLE NO. 12

0	to	23	Red and Blue Clay and Shale with Hard Ribs
23	to	32.9	Gray Sand
32.9	to	35	Ore High Grade Van. and Uranium
35	to	37	Mineralized
37	to	51.2	Gray Sand Blue Clay Streaks
51.2	to	90.5	Red and Blue Clay and Shale with Hd. Ribs
90.5	to	104	Blue Clay and Shale
104	to	112	Red and Blue Clay and Shale
112	to	132.4	Gray Sand Stone
132.4	to	136.4	Ore HG V. & U 17" (lot core short on ore run)
136.4	to	143.2	Blue Shale
143.2	to	150.5	Gray Hard Sand Stone
150.5	to	182	Red and Blue Clay and Shale with Hd. Ribs
182	to	192	Br. C S.S. (Bottom Salt Wash)

HOLE NO. 13

0	to	22	Plug - Clay, Shale and Hard Ribs
22	to	31.8	Red and Blue Clay and Shale
31.8	to	57.8	Gray Sand Blue Clay
57.8	to	84	Red and Blue Clay and Shale with Hard Ribs
84	to	120.6	Red and Blue Clay and Shale
120.6	to	121.6	Reddish Sand Stone
121.6	to	143.8	Gray Sand Stone Blue Clay Buttons
143.8	to	144	Blue Clay
144	to	151	Red Clay and Shale

J.W.G.L.

INTERVIEW BY [illegible] JULY 1954 (Con't)
[illegible] EXPLORATION CO. DIGI 1771 Idn-1577

HOLE NO. 14

0	to	33	Plug (Clay, Shale, & Hard Pibo)
33	to	33.2	Red Clay
33.2	to	35.2	Reddish Sand Stone
35.2	to	41.2	Grey Sand
41.2	to	41.5	Ore Low Grade Vein L. G. U.
41.5	to	61.1	Grey Sand
61.1	to	62.5	Blue Clay and Shale
62.5	to	92	Red and Blue Clay and Shale
92	to	94.3	Reddish Sand Stone
94.3	to	105.8	Grey Sand
105.8	to	106.8	Manganese
106.8	to	123	Red and Blue Clay and Shale
123	to	145.5	Grey Sand
145.5	to	154	Red and Blue Clay and Shale

HOLE NO. 15

0	to	20	Plug
20	to	22.8	Red and Blue Clay and Shale
22.8	to	33.8	Grey Sand Blue Clay Streaks
33.8	to	34.8	Ore L G Van - L G Uranium
34.8	to	54	Brown Sand Stone
54	to	84	Red and Blue Clay and Shale with Hard Pibo
84	to	101	Grey Sand
101	to	104	RedShale
104	to	114	Blue Shale
114	to	116.7	Red Shale
116.7	to	130	Grey Sand
130	to	132	Red Shale

J. W. G.

CAPITOL [illegible] CO. MSHA Idn-2577

MONTHLY REPORT FOR JUNE 1954 (Con't)

SUMMARY SHOWING FOOTAGE FOR JULY

		Depth
Lolo	No. 5	130
"	No. 6	128
"	No. 7	131
"	No. 8	121
"	No. 9	110
"	No. 10	114
"	No. 11	131
"	No. 12	192
"	No. 13	151
"	No. 14	154
"	No. 15	132
		1,502

Signed:

Karl E. Kraft
PRESIDENT

J. E. Gramesch Jr.
MINE - OPERATOR

GRANTON [illegible] CO. [illegible] -577
NARRATIVE REPORT [illegible] JULY 1924 (Con't)

Through the month of July drilling for the most part progressed satisfactorily.

Hole No. 12 is the only one in which good grade of Commercial Ore was encountered, both in the upper and middle salt wash members.

From our experience in mining the Blue Sky Stain, most ore was encountered in narrow rolls and bedding with thin Vanadium near by. Any holes showing Vanadium in the middle member of salt wash, should be near rolls of commercial ore. Drilling these areas on 50 ft. offsets should do much toward giving a clue to location of rolls and encourage drifting on in.

The core from Hold 12, showing about 15" high grade on top of core then about 2" to 3" good ore about three feet below indicates by angle of bedding that hole was in edge of roll that will have high grade ore of a thickness of from four to five feet in perpendicular thickness near by.

First Phase of contract will be finished today August 11th.

As we progress in an easterly direction more brushy basin begins to build up on top of top salt wash and we should have permission to plug hole drill this to near top of Sand stone member.

Between first and second phases of contract we should devote about one or two days to check over and repair drill. Will then be ready to proceed.

GRANTON EXPLORATION CO.
by
J. W. Granlick Jr.
Owner - Operator

[redacted]4 (Rev.)
[redacted] 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
AUG 16 1954
DEPARTMENT OF THE INTERIOR
Salt Lake City, Utah
Defense Minerals Administration
RECEIVED
SEP 20 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1954 Docket No. DMEA 2771 Contract No. Idm-E477
Operator's Name Gramlich Exploration Co. Minerals Uranium
Address Box 435, Moab, Utah
Contract Amount, $ 35,300 Government Participation: 90% Amount, $ 31,770

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	1,966.39	—	1,966.39			
Bulldozing	30.00	—	30.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1,996.39	—	1,996.39			

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

Date July 14, 1954 *Payee Gramlich Exploration Co.

Per H. Gramlich Sr. Title OWNER

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

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

(Instructions on reverse)

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

$ 1796.25

Signature Randel R. Cooper
(Authorized Certifying Officer)

Date 8-27-54 Vou. No. DMA-55-15

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idg-E577 in accordance with the terms of the contract.

Signature Millard M. Gillespie Title Mining Engr Date 8/18/54

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

Signature W H King Title Executive Officer Date AUG 24 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1954 Docket No. DMEA 2771 Contract No. Idm-E577
Operator's Name Gramlich Exploration Co. Minerals Uranium
Address Box 435, Moab, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	Ft.	1,966.39	5055	1,966.39	5055	3.89	8,800	3.89
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails (Bulldozer)	Hr.	30.00	3	30.00	3	10.00	45	10.00
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1,9969.39		1,9969.39				

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

Date July 14, 1954 Operator Gramlich Exploration Co.

Per J. E. Gramlich Sr. Title OWNER

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

August 24, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 2771 (Uranium), Contract No. Idm-E577, Gramlich Exploration Company, San Juan County, Utah. Operator's Monthly Progress Report for the month of June 1954.

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

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

Remarks:

Date of Report	July 14, 1954.
Date Received in Field Office	August 16, 1954.
Date Received in Region Office	August 23, 1954.

Forms were returned to Operator for corrections.

W. H. King

Enclosures

RDB:cwm

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

SEP 20 1954

August 19, 1954

Memorandum

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

From: Chief, Minerals Development Branch, Mining Division, Region IV

Subject: Docket No. DMEA-2771 (Uranium), Contract Idm-E577, Gramlich Exploration Co., San Juan County, Utah. MF-104 forms for June 1954.

Enclosed are the necessary copies of the subject operator's monthly report covering expenditures made during June 1954. Contract work was started June 7, 1954. An inspection of the work was made by M. M. Gilkey July 15, 1954.

During the reporting period, four diamond drill holes totaling 505.5 feet were completed on the property. Three hours of bulldozer work was also completed during the month.

Vanadium mineralization was encountered in holes No. 2 and No. 4. Little uranium is present with the vanadium. Total core recovery is estimated at 95 percent.

Work reported by the operator conforms with terms of the contract. Recommendation is made that the operator be reimbursed for the Government's share of the expenditure in the manner shown in the inspecting engineer's progress report.

The operator's report for June was received in this office August 16, 1954. The report had been previously submitted but because of errors and omissions was returned to the operator for correction.

Stephen R. Wilson

Stephen R. Wilson

S. R. Wilson August 18, 1954

M. M. Gilkey

Docket No. [illegible]-2771 (Uranium), Contract Idm-2577, Granlich Minerals Inc., San Juan County, Utah. Progress report for June 1954

Work under amended Contract Idm-2577 was begun June 7, 1954. The project was inspected July 15, 1954.

The operator reports completion of four diamond drill holes during June, or a total of 386.5 feet of drilling. Three hours of bulldozer work is also reported for June. It is verified that the work reported has been done in conformance with the terms of the short-form contract.

Forms RP-104 and 104A agree as to project costs for the period. The expenditure for diamond drilling is computed at the contract unit price of $3.80 a foot and for bulldozing roads and drill sites at the specified unit price of $18.00 an hour.

The operator's narrative report is considered to be adequate.

On the date of inspection eight holes had been completed and drilling on the ninth was in progress. The holes are drilled on a grid pattern of approximately 100-foot spacing. As noted in the hole logs included in the narrative report, vanadium mineralization was encountered in two of the holes, hole No. 2 and hole No. 4. Low radiometric count indicates that little uranium is present with the vanadium. Core recovery to date is estimated at 95 percent, with most of the loss in the mudstone (shale). The core is size NC, which is approximately 1-7/8 inches in diameter.

Stage I of the project is limited to a maximum of 2,000 feet of drilling. Average depth of the first eight holes drilled is approximately 135 feet. The operator has been instructed by Gordon Weir, USGS geologist stationed at Monticello, Utah, to proceed with drilling on the present pattern until 16 holes have been completed.

It is recommended that the operator be reimbursed by $1,796.75, or 90 percent of $1,994.30, cost of the project for June 1954.

M. M. Gilkey

M. M. Gilkey

NARRATIVE REPORT [illegible]R JUNE 1954

GRAMLICH EXPLORATION CO. DMEA 1771 Idm-E577

HOLE No. I

0 to 32 Top salt wash B.C. G.s Br.S Carbon
32 to 106 Blue and red shale S.S. Ribs
106 to 115 Soft grey sand 2nd salt wash
115 to 130.5 Blue and red shale S.S. ribs.
130.5 ————NO ORE

HOLE No. 2

0 to 10 O.G.s B.C.R.G.
10 to 30 Lt Br S.S. B.C. Buttons
30 to 30.5 B.C. Top S.Wash
30.5 to40 Lt Brass
40 to 103 B.C. R.C. S.S. Ribs Middle salt wash
103 to 118.6 G.S.
118.6 to 119 ORE Van L.G.U.
119 to 120 G.S.
120 to 125 B.C.
125 to 132 R shale. bottom
132 ————

HOLE No. 3

0 to 26 B.C. Br.S
26 to 27 Br.S with carbon seams
27 to 32 Br.S Top Salt wash ↑
32 to 90 B. shale R. shale
90 to 106 G.S. B.C.
106 to 111 Br.S. with carbon seams Middle
111 to 115 B.C. s wash
115 to 121 Red shale hard ribs
121

HOLE No. 4

0 to 3.8 B.C.
3.8 to 5 G.S.with Carbon to B.C.
5 to 7.2 G.S. Top Salt wash
7.2 to 9.7 ORE Vanadium L.G.U.
9.7 to 22 G.S.
22 to 32 G.S. Br.S.
32 to 67 B.C. R.C.
67 to 85 G.S.
85 to 86.4 L.G.manganese
86.4 to 102.5 Red and blue clay R.S.
102.5 to 119.1 G.S.
119.1 to 122 R.shale
Bottom

J.W.G.

NARRATIVE REPORT F[redacted] JUNE CONT'D
GRAMLICH EXPLORATION CO. DMEA Mm-E577

Total footage drilled June

No.I	130.5
No.2	132
No.3	121
No.4	122
	505.5

Signed

Karl E. Kraft
DRILLER

H. W. Gramlich Sr
OWNER - OPERATOR

Had considerable trouble and delay, during this period due to worn parts in drill. However, now we have made replacements and work is progressing nicely.

At first, was unable to secure services of engineer to do survey and map work. It was eventually completed at $13.50 per hr.

Five copies of map showing holes 1 to 4 for June and showing holes 5 to 15 for July will be attached here to.

signed Gramlich Exploration Ltd
By J.W. Gramlich Sr.

SEP 1 1 1964

Gramlich Exploration Company
Box 435
Moab, Utah

Re: UMEA-2771 (Uranium)
Gramlich Exploration Company, Assignee
Brown's Hole Area
San Juan County, Utah
Contract Idm-2577

Gentlemen:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated May 22, 1956, all minerals mined or produced from August 6, 1953, to August 6, 1964, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

Acting Director

MMerrithew/mm (9/10/64)
cc: Mr. Howard W. Balsley, Box 95, Moab, Utah
Miss Irene S. Gramlich, Naturita, Colorado
Mr. Samuel V. Gramlich, Naturita, Colorado
Director's Reading File
Region III w/cy of incoming Form 63
CA&A Division
Docket
Code 120M

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

SEP 17 1956

Mr. T. H. Brading & D. T. Finch
DMEA Auditors
224 New Customhouse Building
Denver 2, Colorado

Dear Mr. Brading and Mr. Finch:

You doubtless will recall that we discussed the project with the Gramlich Exploration Company, Docket DMEA-2771, Contract IDM-E577, in regard to their period for royalty payment as set forth in Amendment No. 3.

It was indicated to me that the Washington office had written this amendment without the recommendation of the Field Team. Upon my return to Washington, I investigated the matter and found that on June 14, 1954, W. H. King, then Executive Officer, recommended the amendment and urged the processing of such as follows:

> "If it is at all possible it appears in this case that the operator should be relieved of the payment of royalties on ore produced from the property described in the contract prior to the date work was commenced.
>
> "We will appreciate a ruling on the matter at your earliest convenience."

On July 6, 1954, apparently Mr. King had not received his answer and he teletyped the Operating Committee as follows:

> "REFERENCE DOCKET 2771, CONTRACT IDM-E577, GRAMLICH EXPLORATION COMPANY, OUR MEMORANDUM OF JUNE 14, 1954 TO THE ADMINISTRATOR. PLEASE TELETYPE ADVICE AS TO YOUR DECISION RELATIVE TO ROYALTY PAYMENTS."

On June 9, 1954, Mr. Wilson of Salt Lake City wrote a memorandum to W. H. King in which he set forth all the reasons why the project had not been started earlier. While the contract was amended to start the royalty payments on April 12, 1954, the period of years under which payment would be made was increased to 11 years from the date of the contract in order to make the payment period the customary 10 years.

I am sending this information prior to attending to other matters which we discussed because I thought you might have some particular reason for the information.

I might add here for Mr. Brading's benefit that copies of all the incoming letters in regard to the Arizona Copper Mines, Inc., will be sent to him in the near future.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JLChambers/wb
September 17, 1956

Copy to: Docket DMEA-2771
Admr. Reading File
Mr. Chambers

Contract Division

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

To: Gramlich Exploration Co.

Moab, Utah

Pursuant to the provisions of Exploration Project Contract No. Idm-E577, dated August 6, 1953, Docket No. DMEA-2771, hereinafter called the "contract", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

Diamond core drilling in the vicinity of the Blue Jay mine intersected uranium-vanadium mineralization of ore grade. The ore occurs as irregularly distributed bodies in a sandstone lens of the Salt Wash member of the Jurassic Morrison formation.

Dated: MAY 2 2 1956

cc to: Operator (original)
Samuel V. Gramlich
Irene S. Gramlich
Howard W. Balsley
Contract Adm. & Audit Division
DMEA Field Team, Region III (2)
Finance Officer
Docket
Rare and Misc. Metals Division
Admr.'s Reading File
Operating Committee
Robert W. Geehan, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
F. E. Johnson
Mr. Ching

THE UNITED STATES OF AMERICA

By C. Mittendorf
Administrator, Defense Minerals
Exploration Administration

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

Mr. J. W. Gramlich, Sr., President
Gramlich Exploration Co.
Moab, Utah

MAY 22 1956

Re: Docket No. DMEA-2771 (Uranium)
Contract No. Idm-E577
Pyramid Hole Area
San Juan County, Utah

Dear Mr. Gramlich:

Enclosed is a "Certification by the United States of America of a Discovery or Development Under an Exploration Project Contract." This certification covers all the land described in Article 2 of the above-described contract.

By the terms of the Exploration Project Contract, as amended, and of the certification, all uranium and other valuable minerals produced from the claims described in Article 2 of the contract, from August 6, 1953, the date of the contract, are subject to the Government's percentage royalty as set forth in the contract until the sum which the Government has advanced as its participating interest is repaid, or until August 6, 1964, whichever occurs first.

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

You are requested to notify Mr. Traver of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if production ceases at

any time for an extended period, please notify Mr. Traver at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

Copies to: Samuel V. Grundich
Irene S. Grundich
Howard W. Baisley

MThing/gia
5-15-56

cc to: Adm.'s Reading File
Operating Committee
Robert W. Cochran, Rm. 3608
T. H. Killingsord, Rm. 5[illegible]
Field Team, Region III (2)
Docket
Rare & Misc. Metals Division
Contract Adm. & Audit Division
F. E. Johnson
Mr. Thing

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

MAY 22 1956

Miss Irene S. Gramlich
Naturita
Montrose County, Colorado

Re: Docket No. DMEA-2771 (Uranium)
Contract No. Idm-2577
Gramlich Exploration Company
Brown's Hole Area
San Juan County, Utah

Dear Miss Gramlich:

For your information, a certification of discovery or development has been issued to the Operator as a result of the exploration program under the above-referenced contract.

The property as set forth in the contract covers the property referred to in the Owner's Consent to Lien, dated August 9, 1954, which was signed by you.

We are enclosing the following for your records:

1. A copy of a "Certification by the United States of America of a Discovery or Development Under an Exploration Project Contract."

2. A copy of the transmittal letter to Mr. J. W. Gramlich, Sr., President, Gramlich Exploration Company, Moab, Utah.

Sincerely yours,

G. O. Mittendorf

Administrator

Identical letter sent to Samuel V. Gramlich, *Naturita, Montrose County, Colorado
Similar letter sent to Howard W. Balsley, Moab, Utah (Consent to Lien dated August 10, 1954)

MCHing/izm 5-15-56

cc to: Docket
Contract Adm.& Audit Div.
Operating Committee
Admr.'s Reading File
Field Team, Reg. III (2)
Rare & Misc. Metals Div.
F. E. Johnson
Mr. Ching
T. H. Kiilsgaard, Rm. 5224
Robert W. Geehan, Rm. 3608

C
O
P
Y

July 6, 1956

Memorandum

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

From: Donald T. Finch, Auditor

Subject: Contract Idm-E577, Docket DMEA-2771, Uranium
Gramlich Exploration Co., Assignee of Gramlich Minerals, Inc.

1. Reference is made to our discussion July 6, 1956 concerning the claims listed on Page 2 of Annex II attached to the Exploration Contract. Under the name "Howard Balsley of Moab, Utah - Lessor" there appears a list of seven claims. Included in this list are:

Blue Bird	Recorded in Book No. R1	Page 466
Blue Bird	Recorded in Book No. R	Page 419

2. A review of the correspondence for this contract in your files indicates that Annex II of the contract should have been corrected to show claim Big Chief recorded in Book No. R Page 420 in place of Blue Bird Recorded in Book R Page 419. See letter copy dated 3-1-54 to W. H. King signed J. W. Gramlich, Sr., J. W. Gramlich and countersigned by H. W. Balsley. See also letter to Chairman, Operating Committee, D.M.E.A. from Executive Officer, D.M.E.A. Field Team, Region IV dated March 5, 1954.

3. The project was certified by certificate May 22, 1956.

4. It is my understanding from our conference that your office will undertake to determine if a correction should be made of Annex II of the Exploration Contract. Completion of the Report of Review will be deferred pending your determination and advice to me.

Donald T. Finch

7-6-56

CC TO: DOCKET
ELLIS
7/9/56

6-95 (Revised)
(April 1955)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REFERENCE SLIP

Route to:	Name	Room
1.	Chief Contract Administration	
2.	and Audit Division, DMEA	
3.		
4.		
5.		

For:

..... Action	..... Record of .....
..... Approval	..... Referring to .....
..... Comment	..... Reply for signature of .....
..... Conference	..... Rewriting
..... Consideration	..... See or call me
..... Filing	..... Signature
..... Initials	..... Suggestions
..... Instructions	..... Surname
..... Investigation	X Your information
..... Mailing	
..... Note and return	
..... Previous correspondence	
..... Recommendation	

Remarks:
Attached is one Copy of Memo 7-6-56 to W. M. Fraser from Donald T. Fenich Re: Contract IP M E 577, Docket DMEA 2771 Uranium Gromlich Exploration Co. assignee Gromlich Minerals, Inc.

From (Name) Donald T. Fenich

Date 7-6-56

Division—Office—Address

Ext: Room:

over!

U. S. GOVERNMENT PRINTING OFFICE 16—71726-1

Sorry but there was
no stenographer available
today. I hope you can
read my scrawl.

Don,

Memorandum:

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

From: Donald T. Finch, Auditor

Subject: Contract IDME-577, Docket DMEA 2771, Uranium - Grandlich Exploration Co., Assignee of Grandlich Minerals, Inc.

1. Reference is made to our discussion July 6, 1956 concerning the claims listed on Page 2 of Annex II attached to the Exploration Contract. Under the name "Howard Balsley of Moab, Utah - Lessor" there appears a list of seven claims. Included in this list are:

Blue Bird Recorded in Book No. R1 Page 466
Blue Bird Recorded in Book No. R Page 419

2. A review of the correspondence for this Contract in our files indicates that Annex II of the Contract should have been corrected to show claim Big Chief recorded in Book No. R Page 420 in place of Blue Bird recorded in Book R Page 419. See letter copy dated 3-1-54 to W. H. King signed J. W. Grandlich, Jr., J. W. Grandlich

and Countersigned by H. W. Dalsby. See also letter to Chairman, Operating Committee, D M E a from Chairman Offices, D M E a Field Team, Region IV dated March 5, 1954.

3. The project was certified by Certificate May 22, 1956.

4. It is my understanding from our Conference that your office will undertake to determine if a correction should be made of Annex II of the Exploration Contract. Completion of the Report of Review will be deferred pending your determination and advice to me.

7-6-56 Donald J. Francis

RECEIVED
JUL 9 - 1956

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 29 1955

224 New Customhouse
Denver 2, Colorado

April 22, 1955

Mr. J. W. Gramlich, Sr.
Gramlich Exploration Company
Moab, Utah

Re: Docket DMEA 2771 (Uranium)
Contract Idm-E577

Dear Mr. Gramlich:

Consistent with the stipulation in Contract Idm-E577 relative to the authorization of drilling under Stage III, and confirming verbal approval of March 29, 1955, the remaining footage under Stage III will be expended in drilling holes at the locations shown on the map attached hereto and made a part of this confirmation of work approval.

After the holes at locations indicated by the symbol /x/ have been drilled, the remaining footage may be expended in drilling holes at any of the locations indicated by the symbol ⊕. The selection of locations of holes indicated by the latter symbol will be those indicated to be most favorable based on the results of prior drilling.

Nothing in this work authority shall be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum".

Very truly yours,

DMEA Field Team, Region III

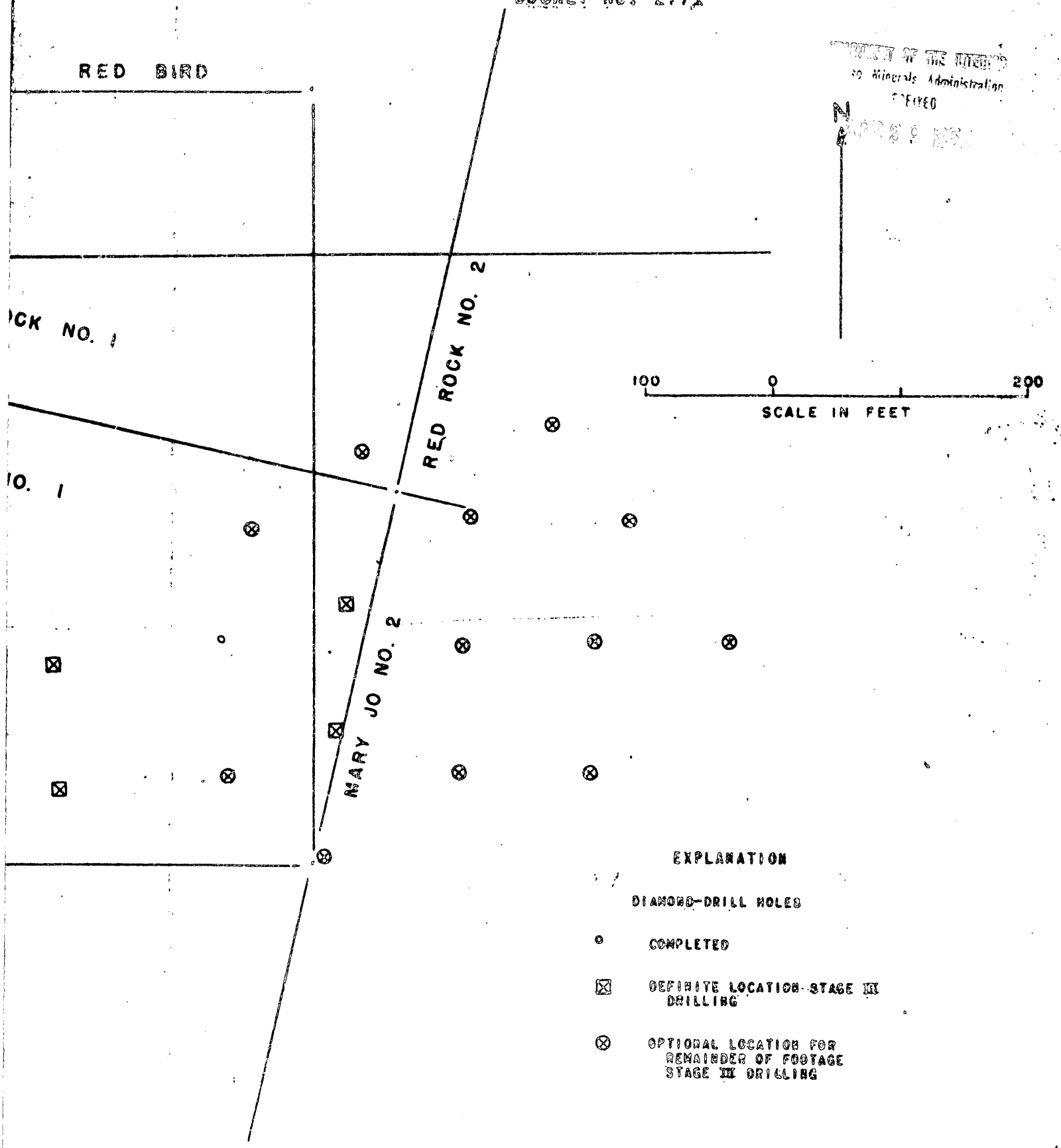
By W. M. TRAVER
W. M. Traver

By E. N. Harshman
E. N. Harshman

JWT:jp
cc Chairman, Op. Comm. (4)
Harshman
Williams
Wilson
Christensen
Amendment File
Subject
Chron
Townsend

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 2771

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 2 9 1956



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

IN REPLY REFER TO:
DMEA
Date Rec'd.
APR 11 1955
BUREAU OF MINES
Denver, Colorado

April 8, 1955

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
APR 26 1955

Memorandum

To: Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket 2771 (Uranium), Contract IAm-E 577, Gremlich Exploration Company, San Juan County, Utah

Enclosed are 10 copies of a memorandum report by G. W. Weir, U. S. Geological Survey, outlining the remaining holes to be drilled under stage 3 of the above subject contract.

The memorandum is self-explanatory and includes a map showing the locations of the proposed holes and a summary of the Burmaby logs of holes No. 1 to No. 10, inclusive. On March 29, 1955, Gremlich was given verbal authority to proceed with the drilling outlined by Weir.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (10)

EHHarshman:arh

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P.O. BOX 360
GRAND JUNCTION, COLORADO

March 29, 1955

Memorandum

To: E. N. Harshman, DMEA Field Team, Region III

From: G. W. Weir Through: W. P. Williams

Subject: Location of holes for remaining footage of stage 3 of DMEA 2771 (Uranium), Gramlich group of claims, Brown's Hole area, San Juan County, Utah

Drilling of the first 10 holes of stage 3 at the Gramlich group of claims has been completed. The preliminary geologic results of this work suggests that potentially ore-bearing area may be extended to the east from the area previously drilled and, therefore, I recommend that the Operator be authorized to proceed at once with the remainder of stage 3 drilling.

According to the Operator, 2043.5 feet remain to be drilled in stage 3. Drilling depths are estimated to average slightly less than 200 feet, allowing a maximum of 10 or possibly 11 holes yet to be drilled. The recommended location of 4 holes to be drilled are specified on the accompanying map. Because the detailed geology of this area is difficult to predict, it is recommended that the remaining 6 or 7 holes be selected by the Operator from the 12 optional hole locations shown on the accompanying map. The locations should be selected by the Operator on the basis of the geologic information developed by drilling the first 4 holes of this final drilling.

G. W. Weir

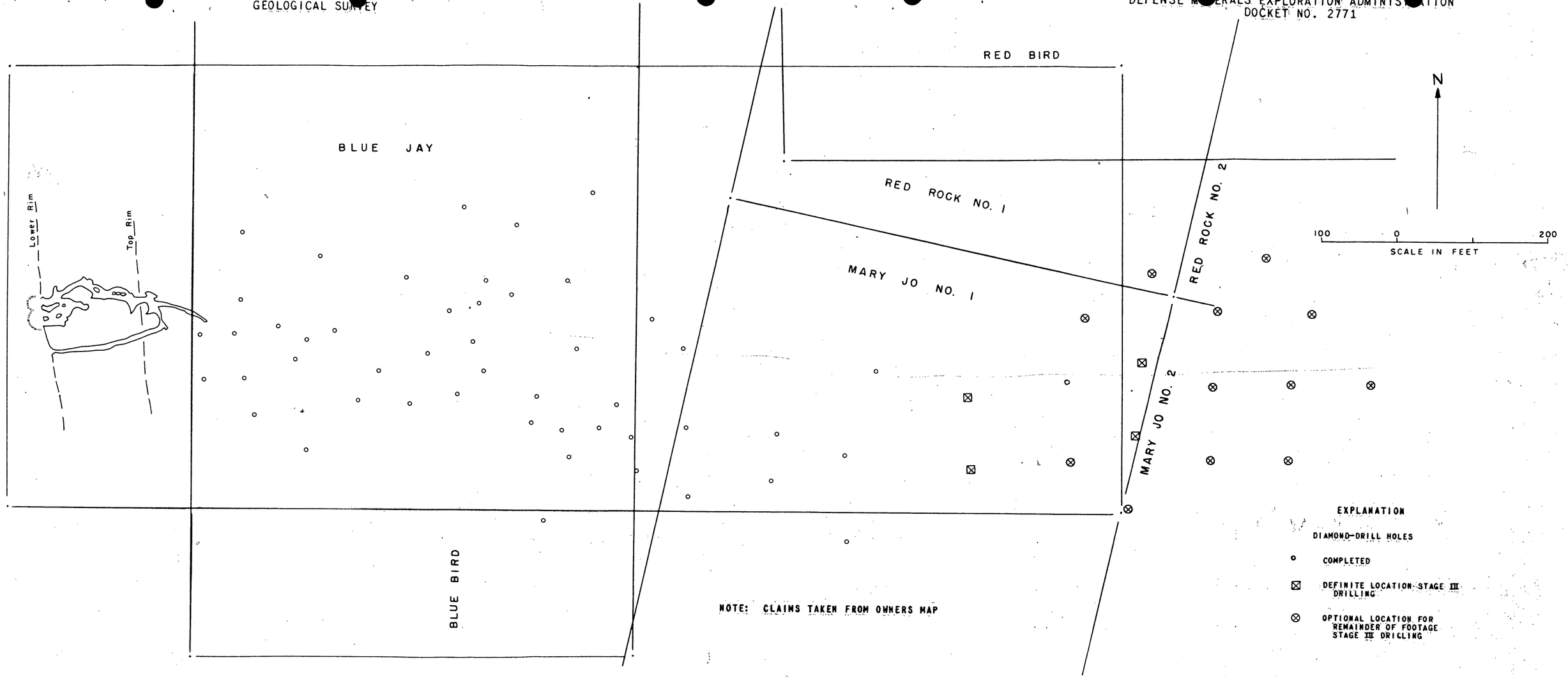
G. W. Weir,
Geologist

GWW/mlr

Enclosure

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 2771



MAP SHOWING HOLES DRILLED IN STAGE I, STAGE II AND PART OF STAGE III AND PROPOSED DRILL HOLE LOCATIONS FOR REMAINDER OF STAGE III
BLUE JAY CLAIMS, GRAMLICH MINERALS INC., SAN JUAN COUNTY, UTAH

GAMMA-RAY LOG INTERPRETATION Blue Jay - Gramlich Group
San Juan County, Utah -- DMEA

Hole No.	Depth Drilled	Depth Cased	Depth Logged From* To	Anomaly Detected From* To	Anomaly Thickness	Counts per minute	CPM Corrected for Casing	CPM Corrected for G-M Tube	Grade $\%_eU_3O_8$	Remarks
1	120.0	0.0-	3.3-119.1	14.2 - 20.7	6.5	240			<0.005	
				23.0 - 24.0	1.0	300			<0.010	
				24.2 - 25.6	1.4	200			<0.005	
				37.6 - 39.1	1.5	200			<0.005	
				72.3 - 73.5	1.2	200			<0.005	
				85.6 - 86.4	0.8	200			<0.005	
2	117.7	0.0	3.8-117.1	5.4 - 6.1	0.7	200			<0.005	
				44.0 - 44.5	0.5	200			<0.010	
				80.2 - 80.5	0.3	240			<0.010	
				81.6 - 82.2	0.6	220			<0.010	
				90.8 - 91.8	1.0	200			<0.005	
3	120.0	0.0	5.1-117.5	Barren						
4	189.7	0.0	1.6-186.3	52.1 - 52.8	0.7	200			<0.005	
				70.7 - 72.7	2.0	200			<0.005	
				136.3 - 137.1	0.8	200			<0.005	
				148.0 - 148.8	0.8	240			<0.010	
				149.7 - 150.1	0.4	200			<0.010	
				164.2 - 165.0	0.8	200			<0.005	
				165.6 - 167.2	1.6	200			<0.005	
				167.2 - 168.1	0.9	400			<0.010	
5	191.3	0.0	3.7-187.0	Barren						
6	197.4	0.0	2.0-194.6	Barren						
7	194.7	0.0	5.4-169.8	84.8 - 85.5	0.7	2200			0.084	
8	133.8	0.0	6.4-133.0	Barren						
9	156.2	0.0	6.9-155.3	Barren						
10	202.5	0.0	5.2-197.6	193.4 - 194.3	0.9	30,500			1.1	
				194.3 - 196.4	2.1	1200			0.023	
				196.4 - 197.6	1.2	2200			0.059	

* From top to bottom depths

DMEA
Data Rec'd.

MAR 30 1955

BUREAU OF MINES
Denver, Colorado

Colorado Plateau District
P. O. Box 360
Grand Junction, Colorado

March 29, 1955

DEPT. OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
APR 29 1955

Mr. W. M. Traver, Executive Officer
DMEA Field Team, Region III
284 New Customhouse Bldg.,
Denver 2, Colorado

Re: DMEA 2771, contract Idm-2 577
Stage III hole locations

Dear Mr. Traver:

Please consider this as my request for permission to complete 2043.5 feet of drilling in the final phase of stage III of the subject contract. The drill holes will be located as shown on the attached map. The hole locations on the map have been discussed with G. W. Weir, C. L. Dodson, and W. P. Williams of the U.S.G.S. The drilling plan has my concurrence and agreement.

Sincerely yours,

J. W. Gramlich

J. W. Gramlich

cc: E. N. Harshman

DMEA
Date Rec'd.
MAR 17 1955
BUREAU OF MINES
Denver, Colorado

Moab, Utah
March 15, 1955

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
APR 29 1955

DMEA
Date R
MAR
BUREAU
Den

Mr. W. M. Traver
Executive Officer, D. M. E. A.
Field Team, Region III
224 New Custom House
Denver 2, Colorado

Re: Docket DMEA- 2771 (Uranium)
Contract - IDM-E- 577

Dear Sir;

As per your letter of March 9, 1955, submitted here with are six copies of a map showing locations of proposed holes to cover balance of phase three (2043.5 ft.).

It is proposed to drill holes III - 11 to III - 16 Inclusive where shown on the map.

The location of holes III - 17 to III - 20 inclusive will be determined after the results of the III - 11 to III - 16 are determined.

Yours very Truly,

John W. Gramlick Sr.

John W. Gramlick, Sr.

cc W. P. Williams
US Geological Survey,
Grand Junction, Colorado

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
APR - 7 1955

No. 5

AMENDMENT OF CONTRACT: No. Idm-E577

Contract Docket No. DMEA 2771, dated August 6, 1953, between the United States of America and Gramlich Exploration Company is hereby amended as follows, effective February 28, 1955:

> Referring to "Article 3. Exploration project" of Exploration Project Contract form MF-200(A) (February 1952), following the words "and shall bring the project to completion prior to", the date of "March 1, 1955" as provided by Amendment No. 4 is hereby changed to read "June 30, 1955".

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

Dated APR 5 1955

GRAMLICH EXPLORATION COMPANY

By John W. Gramlich
John W. Gramlich, Sr.
President

UNITED STATES OF AMERICA

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

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse
Denver 2, Colorado

March 8, 1955

Re: Docket DMEA 2771
Contract Idm-E577

Dear Mr. Traver:

In reference to your letter of March 8, 1955, it is estimated that an additional four months will be required to complete the exploration work under Contract Idm-E577, therefore this constitutes my request that the period for completion of the project work be extended an additional four months.

Very truly yours,

GRAMLICH EXPLORATION COMPANY

J. W. Gramlich Sr.

J. W. Gramlich, Sr.

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

224 New Customhouse
Denver 2, Colorado

January 12, 1955

Mr. John W. Gramlich, Sr.
Gramlich Exploration Company
Moab, Utah

Re: Docket DMEA 2771 (Uranium)
Contract Idm-E577

Dear Mr. Gramlich:

Consistent with the stipulations in Contract Idm-E577 relative to the authorization of work under Stage III, and confirming DMEA Field Team, Region IV approval by telephone of January 5, 1955, you are authorized to perform the drilling of 10 drill holes under Stage III of the contract at the location shown on the map, Figure 1, entitled "Map of Preliminary Results of Holes Drilled in Stages I and II and Proposed Drill Hole Locations for Stage III, Blue Jay Claim, Gramlich Minerals, Inc. Group of Claims, Brown's Hole Area, San Juan County, Utah" which is attached hereto and made a part of this confirming work approval.

The approval of additional holes to be drilled under Stage III of the contract will be contingent on the results and conditions encountered in drilling the first 10 holes outlined above.

Upon completion of the 10 holes approved hereby, it will be necessary for you to request in writing approval of any additional holes, such request to contain a map showing the additional holes requested in relation to the prior drilling, and furnish an analysis of the results of the prior drilling.

Nothing in this work authority shall be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum".

Very truly yours,

W. H. King

E. N. Harshman

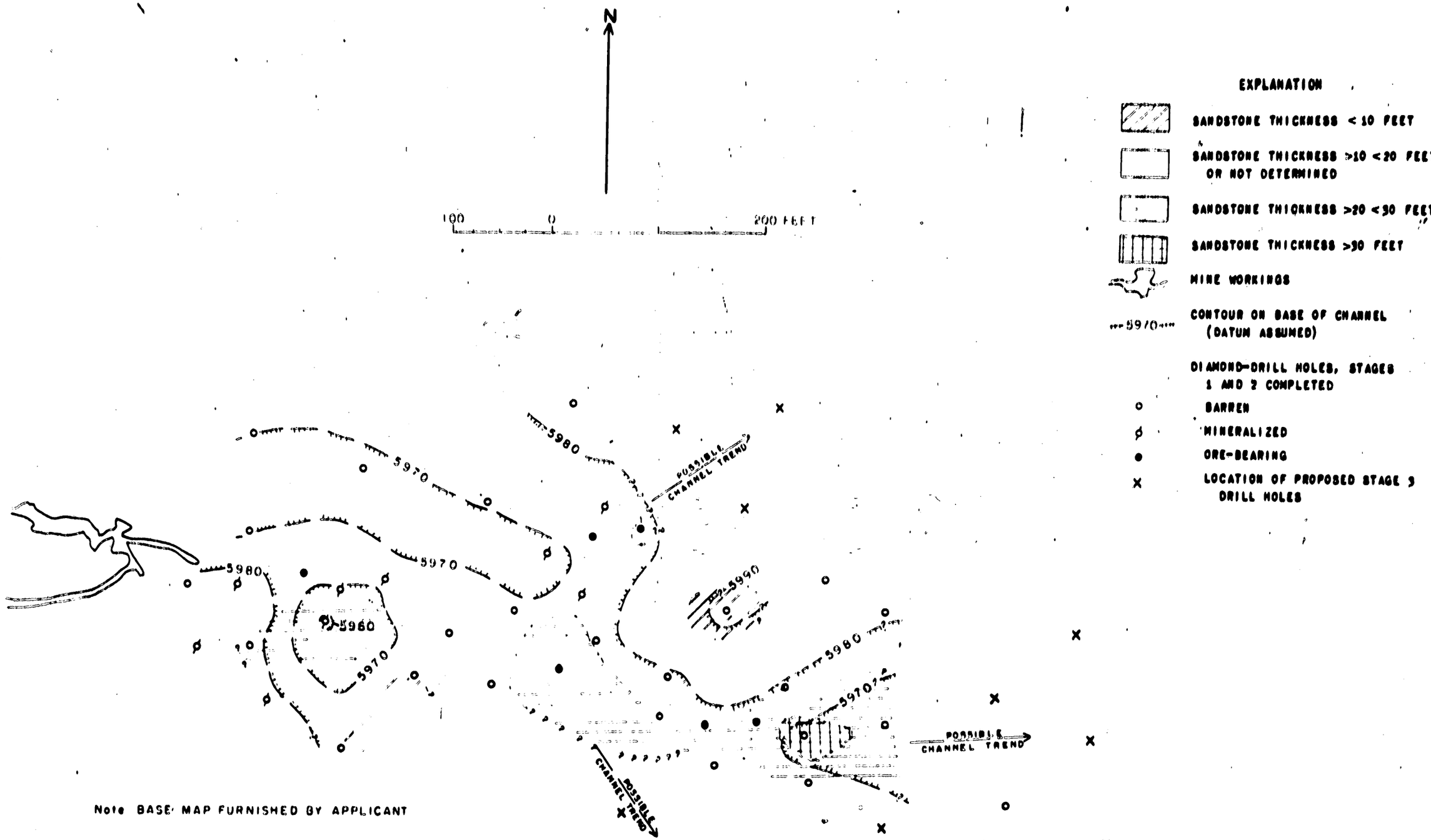
E. N. Harshman

DMEA Field Team, Region IV

JWT:jp
cc Chairman, Op.Comm. 3)
Harshman) w/encl
Williams)
Wilson)
Christensen
Subject
Amdt.
Chron
Townsend

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 2771



Note BASE MAP FURNISHED BY APPLICANT

Figure 1. MAP SHOWING PRELIMINARY RESULTS OF HOLES DRILLED IN STAGES 1 AND 2, AND PROPOSED DRILL HOLE LOCATIONS FOR STAGE 3
BLUE JAY CLAIM, GRAMLICH MINERALS INC. GROUP OF CLAIMS, BROWNS HOLE AREA, SAN JUAN COUNTY, UTAH

Bureau of Mines Administration
RECEIVED
JAN 14 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

Date Rec'd.
JAN 13 1955
BUREAU OF MINES
Denver, Colorado

January 11, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Stephen R. Wilson

Subject: Docket No. DMEA-2771 (Uranium), Contract Idm-E577, Gramlich Exploration Co., San Juan County, Utah

The subject project was inspected by M. M. Gilkey December 16, 1954. As of the inspection date, diamond drilling permitted under Stage II was complete. The operator was awaiting recommendations concerning Stage III as of the inspection date.

This office is in accord with diamond-drilling recommendations for Stage III submitted by the Geological Survey, Grand Junction, Colorado.

Stephen R. Wilson
Stephen R. Wilson

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Date Rec'd
JAN 11 1955
BUREAU OF MINES
Denver, Colorado

Defense Minerals Exploration Administration
Denver Federal Center
Denver 2, Colorado

RECEIVED

January 10, 1955

Memorandum

To: Field Team, Region IV

From: E. N. Harshman

Subject: DMEA Docket 2771 (uranium) Gramlick Minerals Inc., Browns Hole area, San Juan County, Utah; Contract Idm-E 577

Enclosed are 10 copies of a memorandum report by Gordon W. Weir, U. S. Geological Survey, covering work completed in stages 1 and 2 of the above subject contract, and recommending approval of work under stage 3.

As shown on Figure 1, accompanying the memorandum report, ore was discovered by a number of holes drilled in stages 1 and 2. Weir's recommendation that additional exploration be authorized to explore for ore in possible channel extensions appears justified.

Verbal permission for proceeding with exploration under stage 3 was authorized by the Field team on January 5, 1954. Confirmation by letter to the operator is in order.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures 10

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
COLORADO PLATEAU DISTRICT
GRAND JUNCTION, COLORADO

January 6, 1955

DEPARTMENT OF THE INTERIOR
Loans Minerals Administration
RECEIVED
JAN 24 1955

Memorandum

To: E. N. Harshman, DMEA Field Team, Region IV

From: W. P. Williams

Subject: DMEA 2771, Gramlich Minerals, Inc. Contract Idm-E 577

Attached hereto is a memo report by Gordon W. Weir, covering exploration work performed under the subject contract. The operator has requested permission to commence stage 3 of the contract and Weir concludes that since results obtained in stages 1 and 2 were favorable, that permission be granted by the Field Team to allow the operator to perform stage 3 under the contract. I concur with Weir's recommendations.

On January 5, 1955, I was given permission by the DMEA Field Team to give verbal permission to the operator to commence stage 3 drilling under the contract. Contract Idm-E 577 calls for written permission from the DMEA Field Team. Written permission should, therefore, be granted the operator.

W P Williams

W. P. Williams,
Geologist

WPW/mlr

Enclosures

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
COLORADO PLATEAU DISTRICT
GRAND JUNCTION, COLORADO
P. O. BOX 360

December 31, 1954

Bureau of Land Management
RECEIVED

Memorandum

To: E. N. Harshman, DMEA Field Team, Region IV

From: G. W. Weir Through: W. P. Williams

Subject: DMEA 2771 (Uranium). Gramlich group of claims, Browns Hole area, San Juan County, Utah

Drilling of stages 1 and 2 at the Gramlich group of claims has been completed. The preliminary geologic results of this work are presented in figure 1. These results are judged favorable and I, therefore, recommend that the operator be authorized to proceed at once with stage 3 drilling.

Stage 3 work is described in the amended contract as "Diamond drill a maximum of 3,580 feet of holes on the Blue Jay or adjacent claims on a grid pattern of 100 feet with a minimum of 50-feet spacing from any hole drilled under stage 1 or stage 2". The recommended locations of the first 10 holes of stage 3 drilling are shown on figure 2. These holes are located so as to give information concerning possible extensions of the channel system with which the uranium ore appears to be associated. On the basis of information furnished by the first 10 holes of stage 3, subsequent holes up to the maximum allowed footage should be located so as to continue to extend known channel trends. The locations of the remaining holes of stage 3 work are to be subject to the prior approval of the Government and will depend largely on the results of the first 10 holes and conditions encountered as drilling progresses.

Gordon W. Weir

GWW/mlr

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 2771

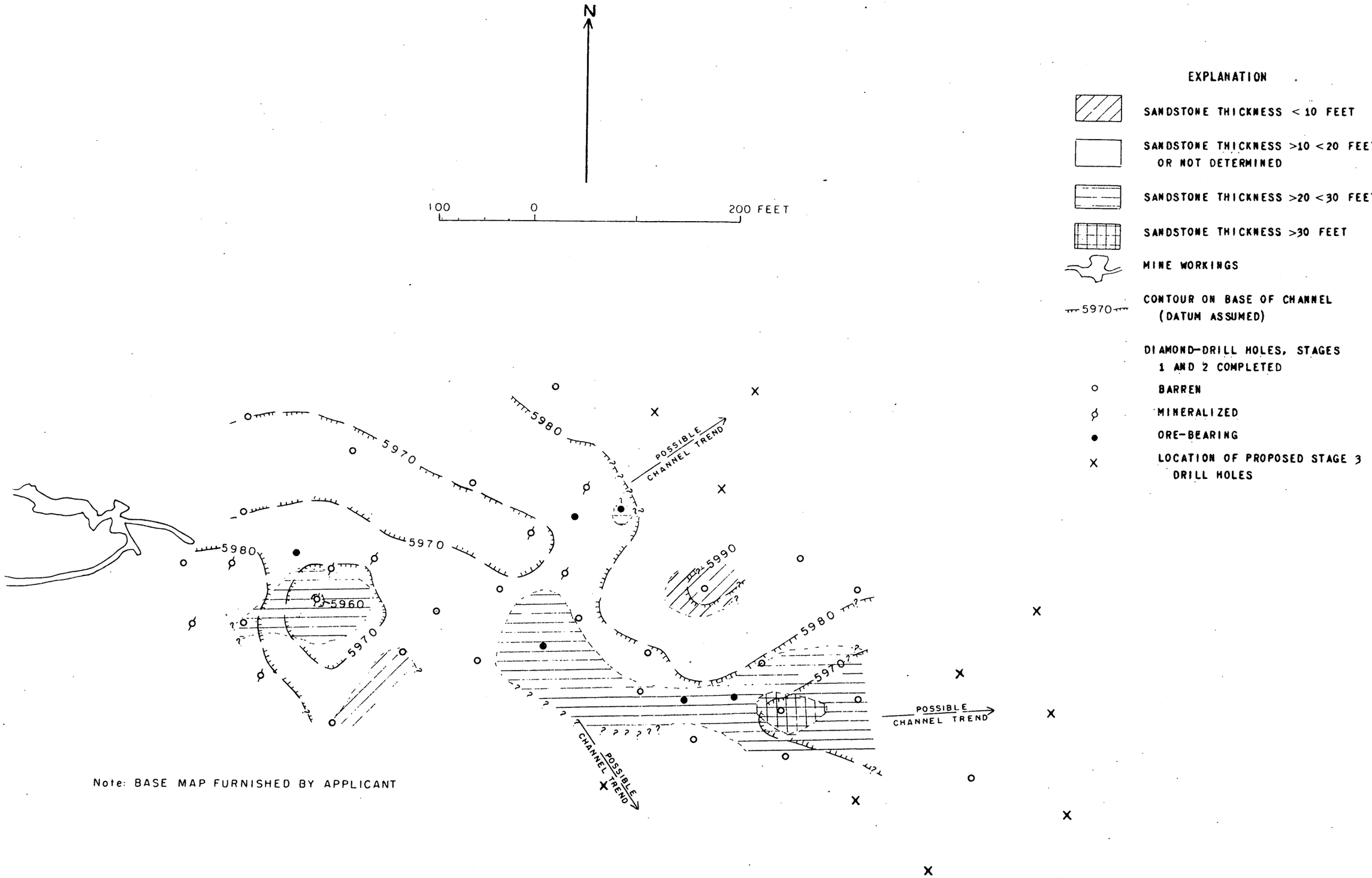


Figure 1. MAP SHOWING PRELIMINARY RESULTS OF HOLES DRILLED IN STAGES 1 AND 2, AND PROPOSED DRILL HOLE LOCATIONS FOR STAGE 3
BLUE JAY CLAIM, GRAMLICH MINERALS INC. GROUP OF CLAIMS, BROWNS HOLE AREA, SAN JUAN COUNTY, UTAH

noted JH

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 8 - 1954

No. 4

AMENDMENT OF CONTRACT: No. Idm-E577

Contract Docket No. DMEA 2771, dated August 6, 1953, between the United States of America and Gramlich Exploration Co. is hereby amended as follows, effective October 1, 1954:

> Referring to "Article 3. Exploration Project" of Exploration Project Contract Form MF-200 (A) (February 1952) as amended by Amendment No. 1, following the words "and shall bring the project to completion prior to" delete "October 1, 1954" and in lieu thereof substitute "March 1, 1955."

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

Dated OCT 25 1954

GRAMLICH EXPLORATION CO.

By John W. Gramlich Sr.
John W. Gramlich, Sr., President

UNITED STATES OF AMERICA

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 8 - 1954

Moab, Utah,
October 1, 1954.

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

Re: Docket DMEA 2771 (Uranium)
Contract IDM-E577

Dear Mr. King:

Reference is respectfully made to your letter of September 28, in the above-entitled matter:

I must confess that I had overlooked the fact that the date stipulated for the completion of the work under this project was upon us, and I hasten to make application for an extension of time within which to finish this job.

Inasmuch as we have encountered various obstacles which have retarded the progress of our drilling it has been physically impossible to complete this undertaking by the date specified, although I do feel that we have made a pretty good showing for the time we have been able to carry on actual drilling operations.

Inasmuch as winter is apparently near at hand and so many things can happen to slow up drilling operations, it would be very much appreciated if we could have a six months' extension of time, or until March 31, 1955, within which to complete this project. However, I assure you that we will push for completion at the earliest possible date.

Thanking you for the favorable consideration I trust you will give this application and for all past assistance, I we are

Yours very truly,

Gramlich Exploration Co.,

By J. W. Gramlich Sr.

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

224 New Customhouse
Denver 2, Colorado

August 24, 1954

Mr. J. W. Gramlich, Sr.
Gramlich Exploration Company
Moab, Utah

Re: Docket DMEA 2771 (Uranium)
Contract Idm-E577

Dear Mr. Gramlich:

Reference is made to Amendment No. 1 to Contract Idm-E577 which amended EXHIBIT "A" attached to Exploration Project Contract Form MF-200(A) (February 1952), further referring to sub-item, Stage 2, of said Amendment No. 1.

Consistent with the stipulations pertaining to the authorization of work under said Stage 2 and confirming DMEA Field Team, Region IV, approval by telephone of August 17, 1954, you are authorized to perform not to exceed a maximum of 2650 feet of drilling described under said Stage 2 at locations shown on the map titled "Map Showing Holes Drilled in Stage 2 and Proposed Drill Hole Locations for Stage 2, Blue Jay Claims, Gramlich Minerals, Inc., San Juan County, Utah" which is attached hereto and made a part of this work approval.

In the event insufficient footage remains within the maximum allowable to enable completion of a hole to its objective, the hole will not be started.

Nothing in this work authority shall be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum".

Very truly yours,

W H King
W. H. King

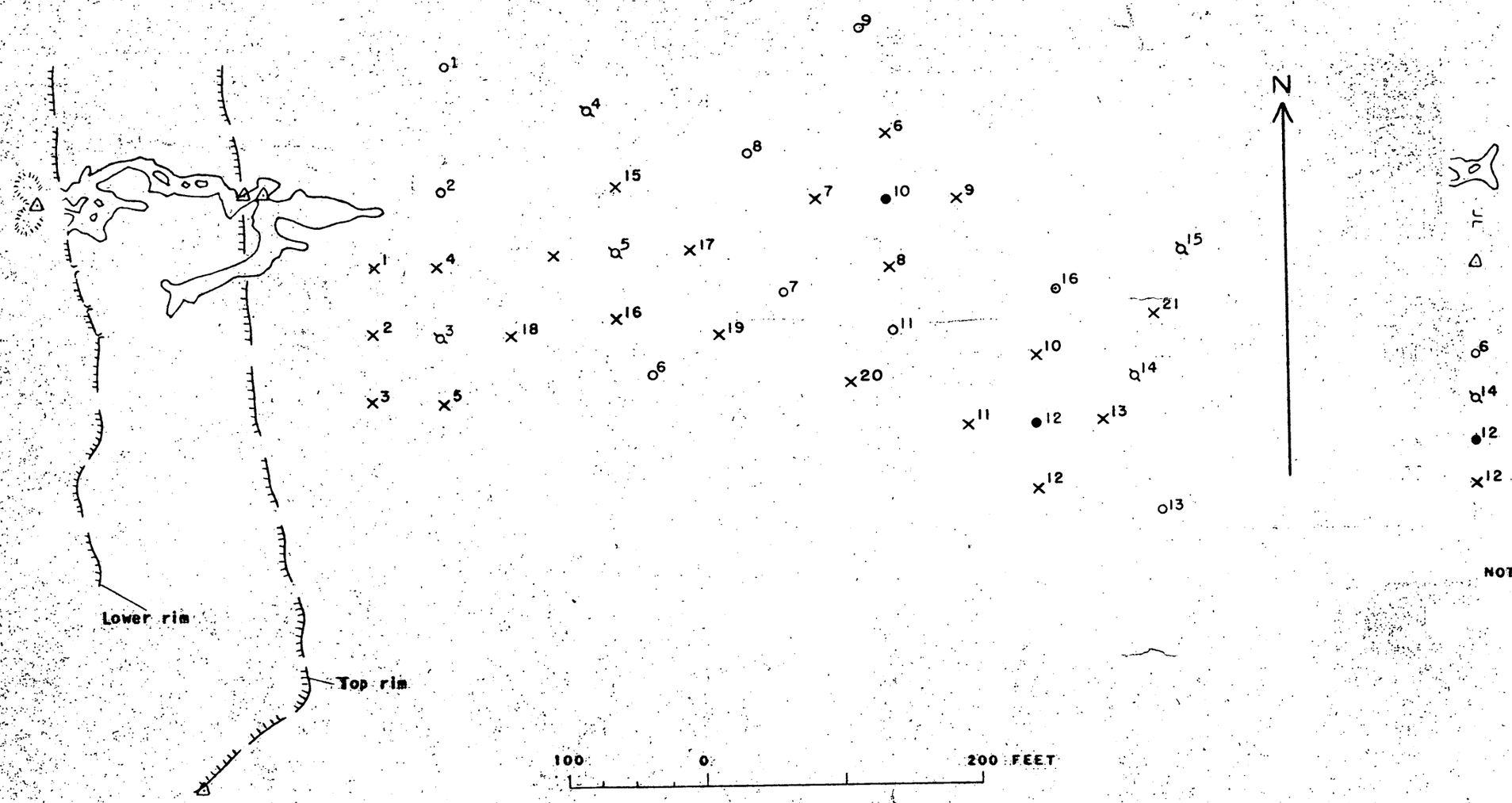
A. H. Koschmann
A. H. Koschmann

DMEA Field Team, Region IV

JWT:jp
Enclosure
cc Subject
Amendment
Chron
AHKoschmann w/encls
SRWilson w/encls
ABrokaw w/encls & copy of Amdt 1
TAChristensen
Chairman, Oper. Comm.
JWTownsend

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 2771



EXPLANATION

MINE WORKINGS, UNDERGROUND

ADIT

CONTROL POINT

DIAMOND-DRILL HOLE COMPLETED ON STAGE 1

BARREN

WEAKLY MINERALIZED

ORE-BEARING

APPROXIMATE LOCATION OF STAGE 2 DRILL-HOLE (HOLES NOS. 1 THRU 13 ARE TO BE COMPLETED BEFORE HOLES 14 THRU 21)

NOTE: BASE FROM MAP BY SAN JUAN ENGINEERING CO.

MAP SHOWING HOLES DRILLED IN STAGE 1 AND PROPOSED DRILL HOLE LOCATIONS FOR STAGE 2.
BLE JAY CLAIMS, GRAMLICH MINERALS, INC., SAN JUAN COUNTY, UTAH

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
COLORADO PLATEAU DISTRICT
P. O. BOX 360
GRAND JUNCTION, COLORADO

August 18, 1954

Memorandum

To: A. H. Koschmann, DMEA Field Team, Region IV E.M.H. for AHK

From: W. P. Williams

Subject: DMEA 2771, Gramlich Minerals, Inc., Uranium, San Juan County, Utah

I am sending you herewith eleven copies each of 1) a memorandum to the DMEA Field Team, Region IV, from Gordon W. Weir, USGS, recommending that Stage II of the subject contract be approved, and 2) a letter to me from Gordon Weir, giving some of the details of Stage I drilling and reasons for approving Stage II drilling under the subject contract.

On August 17, 1954, verbal consent was given to me by the Field Team, Region IV, allowing the operator to proceed with Stage II of the contract. This verbal consent was relayed by me to the operator. Since the amended exhibit "A" of the subject contract stipulates that written permission must be given the operator by the Field Team, I assume that such written permission will be forthcoming.

We are also enclosing herewith nine extra copies of the map accompanying Gordon Weir's memorandum. Please note that the proposed locations of drill holes to be drilled under Stage II are located 50 feet from any other existing drill hole.

We are also sending copies of the memorandums and maps to Steve Wilson in Salt Lake City, in accordance with your instructions.

W P Williams

W. P. Williams
Geologist

WPW/mlr

Enclosures

cc: S. R. Wilson

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

August 16, 1954

Memorandum

To: DMEA field team, Region 4

From: G. W. Weir, U. S. Geological Survey /s/ G. W. Weir

Subject: DMEA 2771 (Uranium), Gramlich group, Brown's Hole area, San Juan County, Utah

On the basis of results of Stage I work at the Gramlich Group, it appears advisable to proceed at once with Stage 2 drilling. The approximate position of Stage 2 holes is shown on the accompanying map. Holes nos. 1 through 13 should be drilled first. If these do not cut any ore, the remaining footage would be allotted to a later stage of drilling.

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

Monticello, Utah
August 16, 1954

Mr. Bill Williams
U. S. Geological Survey
Box 360
Grand Junction, Colorado

Dear Bill:

Stage I of the Gramlich Claim, DMEA 2771, was completed Wednesday, August 11. Nineteen holes accounting for an aggregate of 2655 feet were drilled. Two holes, nos. 10 and 12, contained material believed to be of ore grade and thickness. Five holes, nos. 3, 4, 5, 14, and 15, showed traces of mineralized rock (vanadium). The logs of all holes of Stage I drilling will be sent to Grand Junction by the end of the month. Mineralized rock is found at three horizons, one near the surface (hole no. 4), at about 35 feet, and at about 125 feet. The lower horizon appears to be that of the Blue Jay mine and is the one probably offering the greatest possibilities. All holes, however, should be cored their entire depth.

The enclosed map is one supplied by Mr. Gramlich. Holes nos. 17, 18, and 19 are not shown; they are barren and not essential to plans for Stage 2; they lie east of holes nos. 14 and 15. The approximate location of holes 1 through 21 of Stage 2 is shown. Holes 1 through 13 should be drilled first and if these do not cut ore, the remaining footage in my opinion would be better allotted to Stage 3. I trust that the map plus the accompanying memo will satisfy DMEA requirements. Please have the map redrafted and the original returned to me.

I told Mr. Gramlich that you would try to get Stage 2 work authorized immediately by telephone to Denver, and would if possible contact him by telephone through Mr. Howard Balsey, Moab, Utah. Hope you can.

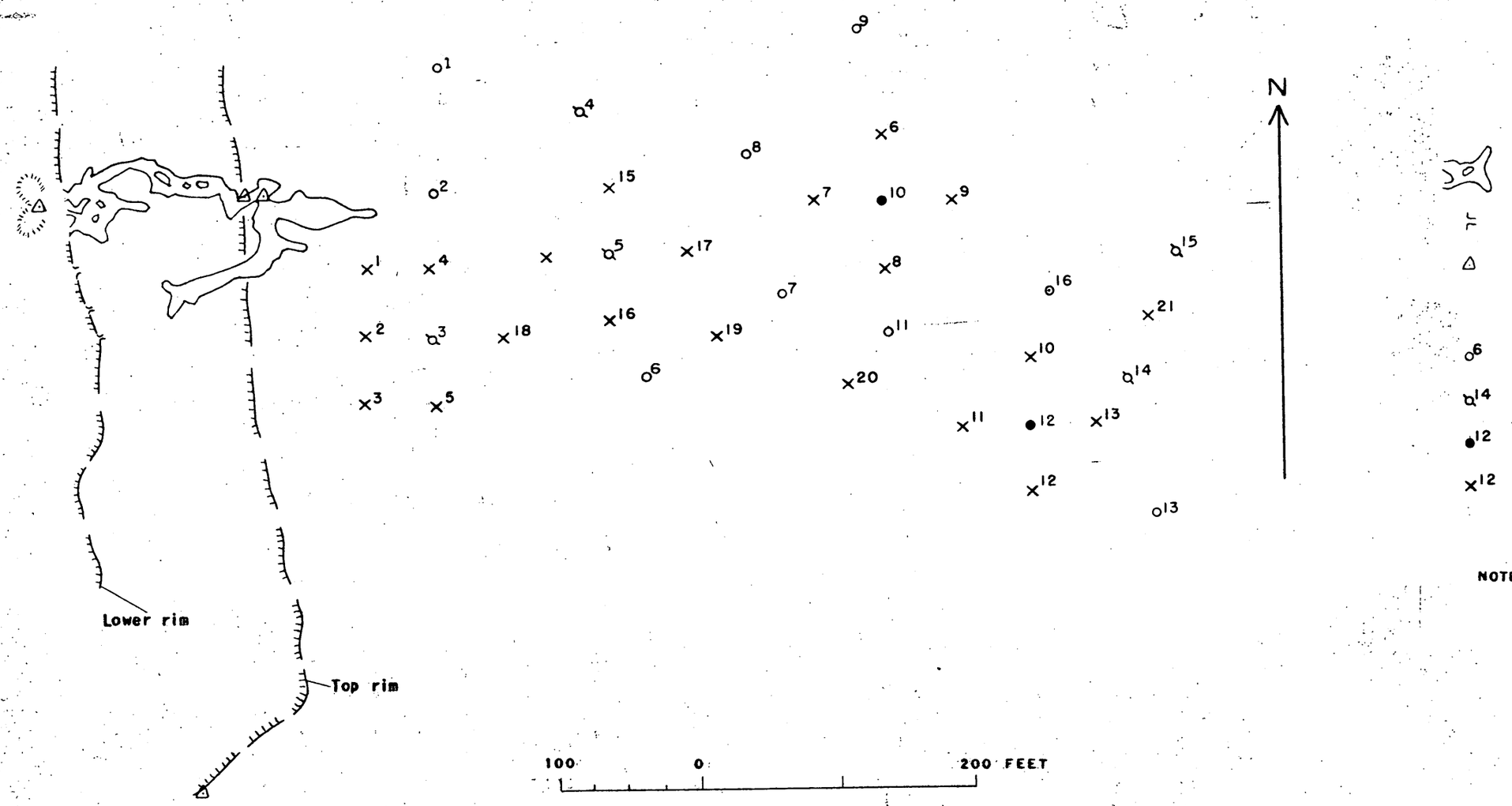
Regards,

/s/ Gordon
Gordon W. Weir

P. S. Please send three copies of the map to Steve Wilson. Mr. Gilkey, USBM, was present when I conferred with Gramlich and approved the general plan of Stage 2 work.

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 2771



EXPLANATION

MINE WORKINGS, UNDERGROUND

ADIT

CONTROL POINT

DIAMOND-DRILL HOLE COMPLETED ON STAGE 1

BARREN

WEAKLY MINERALIZED

ORE-BEARING

APPROXIMATE LOCATION OF STAGE 2 DRILL-HOLE (HOLES NOS. 1 THRU 13 ARE TO BE COMPLETED BEFORE HOLES 14 THRU 21)

NOTE: BASE FROM MAP BY SAN JUAN ENGINEERING CO.

MAP SHOWING HOLES DRILLED IN STAGE I AND PROPOSED DRILL HOLE LOCATIONS FOR STAGE 2.
BLE JAY CLAIMS, GRAMLICH MINERALS, INC., SAN JUAN COUNTY, UTAH

Government's Copy

EXPLORATION PROJECT CONTRACT
GRAMLICH EXPLORATION COMPANY
DOCKET NO. DMEA-2771

AMENDMENT NO. 3

It is agreed this 29th day of July, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Gramlich Exploration Company, that Exploration Project Contract Idm-E577 (Docket No. DMEA-2771), dated August 6, 1953, as amended, hereinafter called the "Contract," is further amended as follows:

Annex I attached to the Contract is cancelled, and Annex II (in which the periods for payment of royalty to the Government are redefined) attached hereto and made a part hereof is substituted for the provisions of Article 6.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mitchell
Administrator, Defense
Minerals Exploration
Administration

GRAMLICH EXPLORATION COMPANY

By J. W. Gramlich Jr.

_____

EXPLORATION PROJECT CONTRACT
GRAMLICH EXPLORATION COMPANY
DOCKET NO. DMEA-2771

ANNEX II

The following provisions are in lieu of Article 6 :

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

b. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, (from the date of the contract)* until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, (for a period of ten years from the date of the contract)** or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

* In paragraph "b" line 6, the words "from the date of the contract" are deleted, and the words "from April 12, 1954" are substituted.

** In paragraph "b" lines 11 and 12, the words "for a period of ten years from the date of the contract" are deleted, and the words "for a period of eleven years from August 6, 1953" are substituted.

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

d. Unsold production.--If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

f. Lien for payment.--To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

g. Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

58694

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Utah, County of San Juan, described as follows:1/

Red Rocks, Mary Jo, and Blue Goose group of claims, more specifically described in ANNEX I attached.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Gramlich Exploration Company

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract or any amendment thereof shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ~~ten~~* years have elapsed from the date of the contract, whichever occurs first. *Substitute eleven for the word "ten".

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

(OVER)

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

_____

_____

_____

Dated this 9 day of August, 1954.

Irene S. Gramlich [Seal]
Irene S. Gramlich

_____ [Seal]

_____ [Seal]

MF-203 (Revised July 1, 1954)
OWNER'S CONSENT TO LIEN

ANNEX I

Claim	Recorded in Book	Page
Red Rocks I	R-2	595
Red Rocks II	R-2	595
Red Rocks III	R-2	596
Red Rocks IV	R-2	596
Red Rocks V	R-2	596
Red Rocks VI	R-2	597
Red Rocks VII	R-2	597
Red Rocks VIII	R-2	597
Red Rocks IX	R-2	598
Red Rocks X	R-2	598
Red Rocks XI	R-2	598
Mary Jo I	R-2	599
Mary Jo II	R-2	599
Mary Jo III	R-2	599
Mary Jo IV	R-2	600
Mary Jo V	R-2	600
Mary Jo VI	R-2	600
Mary Jo VII	R-2	601
Mary Jo VIII	R-2	601
Mary Jo IX	R-2	601
Mary Jo X	R-2	602
Mary Jo XI	R-2	602
Blue Goose I	R-3	281
Blue Goose II	R-3	281

All recorded in the San Juan County Court House, San Juan County, Utah

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Utah, County of San Juan, described as follows:1/

Golden West, Canary, San Juan group of claims, more specifically described in ANNEX II attached.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Gramlich Exploration Company

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract or any amendment thereof shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ~~ten~~*years have elapsed from the date of the contract, whichever occurs first. *Substitute eleven for the word "ten".

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

(OVER)

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

_____

_____

_____

Dated this 9 day of August, 1954.

X Samuel V. Gramlich [Seal]
Samuel V. Gramlich

_____ [Seal]

_____ [Seal]

MF-203 (Revised July 1, 1954)
OWNER'S CONSENT TO LIEN

ANNEX II

Claim	Recorded in Book	Page
Golden West	R-3	283
Golden West I	R-2	602
Golden West II	R-2	602
Golden West III	R-2	603
Golden West IV	R-3	604
Golden West V	R-2	604
Golden West VI	R-3	604
Golden West VII	R-2	605
Golden West VIII	R-3	605
Golden West IX	R-3	609
Golden West X	R-3	606
Golden West XI	R-3	606
Canary	R-3	283
Canary I	R-3	606
Canary II	R-3	607
Canary III	R-3	607
Canary IV	R-3	607
Canary V	R-3	608
Canary VI	R-3	608
Canary VII	R-3	608
Canary VIII	R-3	609
Canary IX	R-3	609
Canary X	R-3	609
San Juan I	R-3	610
San Juan II	R-3	610
San Juan III	R-3	610
San Juan IV	R-3	281
San Juan V	R-3	283
San Juan VI	R-3	284

All recorded in the San Juan County Court House, San Juan County, Utah.

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Utah, County of San Juan, described as follows:1/

Big Chief ?

Blue Jay, Pine Tree, Blue Bird, Sunnyside, Sunset, and Red Bird claims, more specifically described in ANNEX III attached.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Gramlich Exploration Company

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract or any amendment thereof shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ~~ten~~ *years have elapsed from the date of the contract, whichever occurs first. *Substitute eleven for the word "ten".

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

(OVER)

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

_____

_____

_____

Dated this 10th day of August, 1954.

Howard W. Balsley [Seal]
Howard W. Balsley

_____ [Seal]

_____ [Seal]

MF-203 (Revised July 1, 1954)
OWNER'S CONSENT TO LIEN

ANNEX III

Claim	Recorded in Book	Page
Blue Jay	R	416
Pine Tree	R	417
Blue Bird	R	419
Sunnyside	R	419
Sunset	R	
Red Bird	R-1	467
Blue Bird	R-1	466

COPY

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

July 16, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. E. W. Ellis

From: Acting Assistant Solicitor, Defense Minerals

Subject: Gramlich Exploration Company, Docket No. DMEA-2711 (Uranium), Contract ~~Idm~~-E577

Attached is Amendment No. 3 to the above-captioned contract in satisfactory legal form for execution, subject to the attachment of Owners' Consents to Lien on the form revised July 1, 1954.

A justification of the Amendment, for the file, is also attached.

/s/ J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments 7

HCRubin:lm

Copies to: Solicitor Docket
DMEA Docket
Mr. Ellis (2)
Mr. Hofflund
Mr. Rubin
Chron
Mr. Chambers
Finance Office
Field Team

COPY

EXPLORATION PROJECT CONTRACT
GRAMLICH EXPLORATION COMPANY
DOCKET NO. DMEA-2771

JUSTIFICATION OF AMENDMENT NO. 3

1. The United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Gramlich Exploration Company are parties to Exploration Project Contract Idm-E577 (Docket No. DMEA-2771), dated August 6, 1953. Article 3 of the Contract, prior to amendment, required the Operator to commence work within 90 days from the date of the Contract.

2. In September 1953, before any work on the project was begun, the Operator visited Field Team representatives and proposed a project of exploration that differed substantially from the project described in Exhibit "A" of the Contract. Shortly after the Operator's visit, the property was reexamined by the Field Team representatives and reports were rendered by them concerning the Operator's new proposal. There reports resulted in extensive correspondence between the Field Team and the Operator and between the Field Team and Washington, resulting eventually in the execution on April 12, 1954, of Amendment No. 1. In the meantime, no work on the project was performed, nor was it contemplated that any work be performed pending a new agreement as to the project work. However, during this 10-month period, the Operator, independent of the Contract, had produced some minerals from the land described in the Contract.

3. Annex I of the Contract provided that all production from the land described in Article 2 of the Contract, from the date of the Contract, is subject to the Government's percentage royalty, within the limitations of time specified in that annex.

4. As the project work was suspended almost from the inception of the Contract by informal agreement of the parties, and as it was not intended by the parties that during this period of suspension, in which no Contract costs were incurred, the Operator be required to pay royalty in advance against future contributions by the Government to the costs of project work, the parties executed Amendment No. 3 which formalized their real understanding and in which the periods for payment of the Government's percentage royalty are redefined.

No. 2

AMENDMENT OF CONTRACT: No. Idm-E577

Contract Docket No. DMEA 2771, dated August 6, 1953, between the United States of America and Gramlich Exploration Company is hereby amended as follows, effective May 1, 1954:

> Referring to Amendment No. 1, dated April 12, 1954, item "1." which amended "Article 3." of the contract form, change "prior to May 1, 1954" to read "prior to June 1, 1954."

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

Dated MAY 21 1954

GRAMLICH EXPLORATION COMPANY

By John W. Gramlich Sr.
John W. Gramlich, Sr., President

UNITED STATES OF AMERICA

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

May 11, 1954

Memorandum

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

From: Chief, Minerals Development Branch, Mining Division, Region IV

Subject: Docket No. DMEA 2771 (Uranium), Contract Idm-E577, Gramlich Exploration Co., San Juan County, Utah

Attached are six copies of a letter received from the subject operator requesting an extension of time to begin operations under the contract. An explanatory memorandum prepared by H. K. Thurber, the inspecting engineer, is also attached. It is recommended that the operator's request be granted.

Stephen R. Wilson
Stephen R. Wilson

Enclosure

S. R. Wilson May 10, 1954

H. K. Thurber, Jr.

Docket No. DMEA 2771 (Uranium), Contract Idm-E577, Gremlich Exploration Co., San Juan County, Utah. Operator's request for deferment of start of project

Discussion with the operator concerning his inability to start project work reveals that the company-owned drill intended to be used in the proposed work is not equipped to recover core. The operator has ordered the necessary adaptors and related equipment, but has not received the material as yet. Delivery is anticipated within the next two weeks and drilling will be started as soon as the necessary parts are installed. The machine is at present being used at Cisco, Utah.

It is not believed that a delay of one month in starting the proposed drilling will affect the efficiency of the project work. In view of this, it is recommended that the operator be allowed to start work under the subject contract on or before June 1, 1954, as requested in his letter of May 4, 1954.

H. K. Thurber, Jr.

H. K. Thurber, Jr.

Moab, Utah,
May 4, 1954.

U. S. Department of the Interior,
Bureau of Mines,
Attention: Mr. Steve Wilson,
1600 E. First South St.,
Salt Lake City, Utah.

Re: UMRA - 2771
No. Idm - E 577

Dear Mr. Wilson:

We had planned on commencing drilling by May 1 on the above-designated project but we are still awaiting delivery of some additional parts and equipment necessary in converting our Failing drill to diamond-core work. We now anticipate being able to start operations in the immediate future; however, in order to be safe, we respectfully ask for deferment until June 1 to start drilling instead of May 1, as per our contract.

Thanking you kindly for this and previous cooperation, we are

Very truly yours,

Gramlich Exploration Co.,

By J. C. Gramlich Sr.

Government's Copy

EXPLORATION PROJECT CONTRACT
GRAMLICH EXPLORATION COMPANY
DOCKET NO. DMEA-2771

AMENDMENT NO. 1

It is agreed this 12th day of April, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Gramlich Exploration Company, that Contract Idm-E577 (Docket No. DMEA-2771), dated August 6, 1953, is amended, effective as of August 6, 1953, as follows:

1. In Article 3 of the contract form, delete "within 90 days from the date of this contract" and in lieu thereof substitute "prior to May 1, 1954"; and delete "within a period of 6 months from the date of this contract" and in lieu thereof substitute "prior to October 1, 1954."

2. Delete EXHIBIT "A" in its entirety, including the map (Figure 2) attached thereto, and in lieu thereof substitute the following:

EXHIBIT "A"

Description of the Work

The object of this project is to explore for uranium ore by means of not to exceed 8,880 feet of AX (minimum size) diamond drill holes. The drilling will be performed in four stages. The location, inclination, direction, and extent of work under Stages 2, 3, and 4 will depend on the results of the work performed under Stage 1 and will require the written approval of the DMEA Field Team, Region IV, prior to the commencing of any work under Stages 2, 3, and 4.

The locations of the first five holes and the tentative location of the sixth hole to be drilled under Stage 1 are shown on the map titled "Figure 2 - Gramlich Minerals, Inc. Lease, Brown's Hole Area, San Juan County, Utah," dated June 12, 1953. The general location of the work under all four stages is shown on the map titled "Figure 3 - Claim Map of Gramlich Minerals, Inc., Lease, Showing Areas Recommended for Drilling under Proposed Amendment to Contract." The above-cited maps, Figure 2 and Figure 3, are attached hereto and made a part of this amendment.

A D-6 Caterpillar tractor-dozer, or its equivalent, shall be used not in excess of 45 hours to prepare necessary roads and drill sites.

The work to be performed under the four separate stages is further described as follows:

Stage 1

Diamond drill a maximum of 2,650 feet of holes on a grid pattern of 100-foot spacing, back of the rim on the Blue Jay claim. The first five holes to be drilled are shown on Figure 2. The locations, directions, inclinations, and extent of successive holes are subject to the prior approval of the Government, which will depend on the results of the first five holes and conditions encountered as the drilling progresses.

Stage 2

Diamond drill a maximum of 2,650 feet of holes on the Blue Jay claim on offsets of 50 feet from mineralized and favorable holes drilled under Stage 1.

Stage 3

Diamond drill a maximum of 3,580 feet of holes on the Blue Jay or adjacent claims on a grid pattern of 100 feet with a minimum of 50-feet spacing from any hole drilled under Stage 1 or Stage 2.

If the Government considers that the results of drilling under Stages 1 and 2 are favorable, and drilling under Stage 3 is authorized, any unexpended footages remaining under Stages 1 and 2 may be used for drilling under Stage 3, and work under Stage 4 will not be authorized.

Stage 4

In the event that the Government considers the results of drilling under Stage 1 or Stage 2 unsatisfactory and Stage 2 or Stage 3 work is not authorized in whole or part, the drilling footage and funds unexpended thereunder will be transferred to drilling under Stage 4 on the Pine Tree and Sunny Side claims.* Prior to authorization of any

---

* No holes drilled under this stage shall be closer than 50 feet to any other hole drilled under Stage 4.

drilling under Stage 4, the Operator will furnish the Government with an adequate map or maps showing the Pine Tree and Sunny Side claims, said map or maps to incorporate all known workings and jackhammer holes to indicate the trend of the mineralization back of the rim on those claims.

Specifications Relevant to Diamond Drilling

All holes will be cored their entire length and will be bottomed in the first red mudstone below the ore-bearing sandstone strata. All cores will be boxed and marked with hole reference and depth and properly stored for examination by the Government. If cores are split for analysis purposes, one-half shall be retained for the use of the Government.

At the completion of the work authorized under each stage and before work under the successive stage will be authorized, the Operator will furnish the Government with an adequate map showing the locations, hole numbers, and collar elevations of all holes drilled under the particular stage, accompanied by logs of the holes drilled, certified by the Operator as being correct.

Agreed Unit Costs

Stage 1

Bulldozing—45 hours @ $10.00/hr. 1/	$450.00	
Diamond drilling—2,650 feet @ $3.89/ft. 3/	10,308.50	
Sample analysis—33 samples @ $3.00/ea. 2/	99.00	
Total Stage 1		$10,857.50
Government Participation Stage 1 @ 90%		9,771.75

1/ For actual operating time only, which constitutes the total charge for performing the work. Time unexpended on Stage 1 work may be expended on work benefitting the successive stages, provided the drilling thereunder is authorized.

2/ The unexpended portion of the allowable charge for sample analysis under any stage may be transferred to successive stages for use thereunder.

3/ See page 5.

Stage 2

Diamond drilling—2,650 feet @ $3.89/ft. 3/	$10,308.50	
Sample analysis—33 samples @ $3.00/ea. 2/	99.00	
Total Stage 2		$10,407.50
Government Participation Stage 2 @ 90%		9,366.75

Stage 3

Diamond drilling—3,580 feet @ $3.89/ft. 3/	$13,926.20	
Sample analysis—36 samples @ $3.00/ea. 2/	108.00	
Total Stage 3		$14,034.20
Government Participation Stage 3 @ 90%		12,630.78

Stage 4

That unexpended portion of drilling footage and funds remaining from work not performed on prior stages may be expended in performing drilling on the Pine Tree and Sunny Side claims contingent on prior written approval by the DMEA Field Team, Region IV.

Agreed Estimated Total Cost of Project (rounded to)	$35,300.00
Government Participation @ 90% (rounded to)	$31,770.00

2/ The unexpended portion of the allowable charge for sample analysis under any stage may be transferred to successive stages for use thereunder.

3/ See page 5.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

GRAMLICH EXPLORATION COMPANY

By John W. Gramlich Sr.
John W. Gramlich, Sr., President

(Seal)

3/ This includes also the cost of (1) the services of a full-time foreman to supervise the project, prepare drill sites, fix the location of drill holes, collect samples, store cores, and maintain records; (2) the services of a consulting engineer, approved by the Government (working a minimum of five days per month) who shall perform the necessary engineering and surveying services, prepare all maps and write all required reports; (3) the cost of all necessary casing and reaming, and core and sludge recovery; and (4) the cost of drill core boxes, and a pick-up truck, including the cost of a driver and all costs of operations of the truck.

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Utah, County of San Juan, described as follows:1/

The Golden West, Canary, and San Juan groups of claims, further described in Annex II of Exploration Project Contract Idm-E577, Docket No. DMEA-2771, dated August 6, 1953, hereinafter called the "contract,"

~~which is the subject of a proposed exploration project contract, hereinafter called the "contract",~~ between the United States of America, hereinafter called the "Government", and

2/ Gramlich Minerals, Inc., as Operator, which contract the Operator proposes to assign to Gramlich Exploration Co., subject to the written consent of the Government;

~~hereinafter called the "Operator",~~ and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said assignment ~~contract~~ and as an inducement to the Government to consent to ~~enter into~~ same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

Dated this 3rd day of February, 1954.

Samuel V. Gramlich [Seal]
Samuel V. Gramlich

_____ [Seal]

_____ [Seal]

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

RELEVANT CONTRACT PROVISION

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

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

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

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

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

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

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

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

Interior--Duplicating Section, Washington, D. C. 47318

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Utah, County of San Juan, described as follows:1/

The Red Rocks, Mary Jo, and Blue Goose groups of claims, further described in Annex II of Exploration Project Contract Idm-E577, Docket No. DMEA-2771, dated August 6, 1953, hereinafter called the "contract,"

~~which is the subject of a proposed exploration project contract, hereinafter called the "contract",~~ between the United States of America, hereinafter called the "Government", and

2/ Gramlich Minerals, Inc., as Operator, which contract the Operator proposes to assign to Gramlich Exploration Co., subject to the written consent of the Government;

~~hereinafter called the "Operator";~~ and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said assignment ~~contract~~ and as an inducement to the Government to consent to ~~enter into~~ same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

Dated this 3rd day of February, 1954.

Irene S. Gramlich [Seal]
Irene S. Gramlich

_____ [Seal]

_____ [Seal]

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

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RELEVANT CONTRACT PROVISION

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

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

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

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

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

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

Interior--Duplicating Section, Washington, D. C. 47318

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Bureau of Land Management
RECEIVED
FEB 8 - 1954

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Utah, County of San Juan, described as follows:1/

The Blue Jay, Pine Tree, Blue Bird, Sunnyside, Sunset, Red Bird, Big Chief claims, further described in Annex II of Exploration Project Contract Idm-E577, Docket No. DMEA-2771, dated August 6, 1953, hereinafter called the "contract,"
~~which is the subject of a proposed exploration project contract, hereinafter called the "contract",~~
between the United States of America, hereinafter called the "Government", and

2/ Gramlich Minerals, Inc., as Operator, which contract the Operator proposes to assign to Gramlich Exploration Co., subject to the written consent of the Government;
~~hereinafter called the "Operator",~~ and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said assignment ~~contract~~ and as an inducement to the Government to consent to ~~enter into~~ same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions _____

Dated this 25th day of January, 1954.

Howard W. Balsley [Seal]
Howard W. Balsley

_____ [Seal]

_____ [Seal]

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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RELEVANT CONTRACT PROVISION

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

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

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

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

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

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

Interior--Duplicating Section, Washington, D. C. 47318

COPY

February 16, 1954

U. S. Department of the Interior
Defense Minerals Exploration Admin.
224 New Customhouse
Denver 2, Colorado

Attention: W. H. King

Re: Docket No. DMEA-2771 (Uranium), Contract No. Idm-E577

Dear Mr. King:

This will acknowledge receipt of your letter of February 9, 1954 in which you request that I accept the proposed amendment to the above Contract; and this is to advise you that I agree to the proposed amendment as suggested by Mr. R. P. Fischer.

For your information, the Gramlich Exploration Company is a trade name and is owned exclusively by the undersigned, J. W. Gramlich, Sr.

I am also enclosing six copies of the Assignment from Gramlich Minerals, Inc. as requested in your letter of January 19th . I failed to note that part of the letter where this transfer be furnished.

If there is any further information that I can furnish, please advise me.

Yours very truly,

GRAMLICH EXPIORATION COMPANY

By /s/ J. W. Gramlich, Sr.

CH:JWG:ts

Encl. 6

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
Denver Federal Center
Denver 2, Colorado

December 4, 1953

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 2771, Gramlich Minerals, Inc., Brown's Hole, San Juan County, Utah, Amendment to Contract Idm-E577

Enclosed are 11 copies of a memorandum report by G. W. Weir of the U. S. Geological Survey covering the application for amendment to Contract Idm-E577.

A. H. Koschmann

A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Enclosures (11)

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. BOX 360
GRAND JUNCTION, COLORADO

September 29, 1953

Memorandum

To: A. H. Koschmann
DMEA Field Team, Region IV

From: R. P. Fischer
Colorado Plateau District Office

Subject: Amendment to contract Idm-E 577, Docket 2771, Gramlich Minerals, Inc., Brown's Hole, San Juan County, Utah

Transmitted herewith are eleven copies of a memorandum by G. W. Weir regarding the application for amendment to contract Idm-E 577, Docket 2771, Gramlich Minerals, Inc., Brown's Hole, San Juan County, Utah. This memorandum is prepared after a joint field examination with H. K. Thurber, USBM; J. W. Gramlich, applicant; A. L. Brokaw, USGS, and myself.

On the basis of the presently available information and Weir's analysis of the size and distribution of uranium deposits in the area of the applicant's claims, it appears that the area offers little chance of yielding much ore, perhaps not enough to be commensurate with the cost of the exploration contracted for. Nevertheless, it was assumed by the examining team that since a contract had been prepared and signed by both the Government and the applicant, it would be necessary to plan a program that would utilize the total footage and cost already contracted for. Weir proposes a plan of exploration that appears to offer the best possible use of the footage contracted for, and I concur with his plan.

R. P. Fischer

R. P. Fischer
Acting District Supervisor

Enclosures (11)

RPF/mlr

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

September 30, 1953

MEMORANDUM

To: Defense Minerals Exploration Administration, Field Team, Region IV

From: G. W. Weir, examining geologist, Geological Survey

Subject: Geological report on application for amendment to Contract, Docket No. DMEA 2771 (Uranium), Gramlich Minerals Inc., Brown's Hole Properties, San Juan County, Utah

INTRODUCTION AND SUMMARY

Mr. J. W. Gramlich acting for Gramlich Minerals, Inc., lessees of the Brown's Hole properties, DMEA 2705, San Juan County, Utah, has requested an amendment to their contract that involves a change in location, spacing, and pattern of diamond drill holes.

Messrs. H. K. Thurber, Bureau of Mines, and C. J. Tillman and B. F. Sorensen, Geological Survey, have previously submitted a report based on an examination by them in January 1953. Their report discusses the general geology of the Brown's Hole properties and recommends an exploration program of diamond drilling on a grid pattern of 500 foot centers (Thurber, H. K., and others, 1953, fig. 2).

The Brown's Hole properties were examined in connection with the proposed amendment on September 17, 1953, by H. K. Thurber, Bureau of Mines, J. W. Gramlich acting for Gramlich Minerals, Inc.,

the lessees, and by G. W. Weir, R. P. Fischer, and A. L. Brokaw, Geological Survey. This report briefly reviews the geology of the ore deposits with emphasis on the exploration possibilities of the Blue Jay and neighboring claims and the Pine Tree and Sunset claims. For the general geology of the area of the Brown's Hole claims, the reader is referred to the more detailed report by Thurber and others (1953).

The contract signed by Gramlich Minerals, Inc., involves bulldozing, sampling, and 8,880 feet of diamond drilling. Total agreed unit cost of the project is $35,300; Government participation at 90 percent is $31,770.

The amendment requested by the lessees and recommended by the field team involves changing the location, pattern, and spacing of the diamond drilling program, which is to be done in four stages, so as to concentrate the initial stages of drilling in the lens or channel-fill in which the Blue Jay mine is located. If the initial stages of drilling are unsuccessful, it is recommended that the remaining footage be allotted to drilling on the Pine Tree and Sunnyside claims. The recommended program is described in this report.

GEOLOGY AND ORE DEPOSITS

General.--The ore deposits of the Brown's Hole area are in the first and second and third sandstone beds below the top of the Salt Wash member of the Morrison formation. The Salt Wash member consists of thick-bedded sandstone and thin-bedded mudstone and is estimated to be about 350 feet thick in the Brown's Hole area. The overlying Brushy Basin member consists mainly of thin-bedded mudstone and sandstone and is estimated to be about 400 feet thick.

The Brown's Hole area has a long history of sporadic production of uranium-vanadium ore dating back to the early 1910's. However, past production and tonnage and grade of reserves have not been sufficient to encourage extensive development and exploration, partly because drilling depths generally exceed 100 feet. Total production of the Brown's Hole area is estimated to be on the order of 2,000 tons of medium-grade ore. Since the U. S. Atomic Energy Commission began buying uranium-vanadium ore in 1948, the production of the Brown's Hole area has totaled about 400 tons of carnotite-type ore averaging about 0.40% U_3O_8 and 1.45% V_2O_5.

The deposits are generally similar in habit to other carnotite-type deposits in the Salt Wash member of the Morrison formation on the Colorado Plateau. The Brown's Hole area differs from some carnotite-producing areas in Colorado in that the deposits are not found in one major ore-bearing sandstone bed, but occur in three and possibly four sandstone beds in the Salt Wash member. Areas of mineralized ground as indicated by existing mine workings are relatively small and probably average less than 500 feet in diameter. Ore bodies within the deposits probably generally do not exceed 100 feet in their longest dimension.

Blue Jay deposit.--The Blue Jay deposit (figs. 2 and 3) is in the third sandstone bed in the Salt Wash member below the Salt Wash-Brushy Basin contact. The deposit is in a lens in the ore-bearing sandstone which thickens from less than 10 feet to about 25 feet at the mine. At the outcrop, the thicker part of the lens is about 200 feet wide and the deposit is slightly less than 200 feet wide and does not extend beyond the thicker part of the

lens. Grayish green claystone at the base of the sandstone, which has proved a reliable guide to favorable sandstone elsewhere on the Colorado Plateau, thickens beneath the deposit and does not extend far beyond its edge. The length of the lens and the length of the deposit are not known, but experience with other lenses in the Salt Wash member elsewhere on the Plateau suggests that such small lenses are generally discontinuous. It is expected that the deposit will not exceed the limit of the lens. The trend of the lens and of the ore deposit are approximately east, but the trend of the ore bodies within the deposit appear to be south of east. Exposures in the mine workings suggest that most of the ore bodies do not exceed 50 feet in diameter and are from 1 to 4 feet thick.

Production from the Blue Jay claim from January 1948 through June 1953 has totaled 290.21 tons of ore with an average grade of 0.43% U_3O_8 and 1.38% V_2O_5. The mine is currently producing. Although the average ore in the Blue Jay deposit is medium grade, high-grade ore bodies consisting of fossil trees richly replaced by carnotite or uraninite have been mined. The possibility of finding high-grade ore bodies in the Blue Jay deposits by exploration partly offsets the probability that the deposit is not extensive.

Pine Tree deposits.--The Pine Tree (fig. 3) deposits occur in the first and second sandstone beds below the top of the Salt Wash member. The larger deposits are found in the second sandstone bed, which is about 20 feet thick at the mine. This sandstone

may thin laterally from the mine, but exposures are poor and relations are not clear. Exposures at the outcrop and in the mine workings suggest that areas of mineralized ground are less than 100 feet in diameter; ore bodies are probably less than 60 feet in diameter and are from 1 to 4 feet thick.

The deposit in the first sandstone, according to Union Mines Development Corp. map (Wardwell, 1946, fig. 10), is near the pinch-out of a lens about 15 feet thick. The area of mineralized ground is about 100 feet wide; the length is unknown. Mine workings and jackhammer drilling behind the rim (W. C. Gramlich, personal communication) suggests that this deposit contains little material of ore grade and thickness.

The main mine workings, which are in the second sandstone, are located about 200 feet west of the Lisbon Valley fault, which in this area probably has a throw of more than 100 feet. No deposits have been found on the fault and the increased depth required for drilling the downthrown (eastern) side of the fault has discouraged wildcat exploration.

Production from the Pine Tree claim from January 1948 through June 1953 has totaled 61.65 tons of ore with an average grade of 0.22% U_3O_8 and 2.05% V_2O_5. Most of this production probably came from the deposit in the second sandstone. There are no indications of high-grade material occurring in this deposit. The mine has been inactive since 1951.

Sunnyside deposit.--The Sunnyside (fig. 3) deposit occurs in the first and second sandstone beds below the top of the Salt Wash member. The larger deposits are found in the first sandstone

bed, which is about 25 feet thick at the mine. The width of this thick sandstone is more than 200 feet. Exposures on the outcrop and in the mine workings suggest that the width of the areas of mineralized ground is about 200 feet; ore bodies are probably less than 50 feet in diameter and are from 1 to 4 feet thick. The length and trend of the thick sandstone is not known. Exposures on the outcrop and in the mine workings suggest that the deposit may have an easterly or southeasterly trend.

Recent development work has exposed a deposit in the second sandstone bed. The mineralized ground appears to be about 75 feet wide and contains some material of ore grade and thickness.

There has been no production from this claim since 1948 and the mine is currently inactive. Production from this claim prior to 1948 is estimated to be on the order of 400 tons of low- and medium-grade ore.

PROPOSED EXPLORATION

The contract signed by Gramlich Minerals, Inc. involves bulldozing, sampling, and 8,880 feet of diamond drilling. Total agreed unit cost of the project is $35,300; Government participation at 90 percent of the total cost is $31,770.

On the basis of the field examination and discussion with Mr. J. W. Gramlich, acting for the applicants, Gramlich Minerals, Inc., the following program is recommended. This program is essentially that proposed by the applicants except that the work is divided into four stages. The fourth stage will be begun only if the first or second stages discover little or no mineralized

ground and ore. This modification is agreeable to the applicants.

Stage 1.--Diamond drilling on the Blue Jay claim on grid pattern of 100 foot spacing back of rim on Blue Jay claim. The average depth of drill holes of stage 1 is estimated to be about 125 feet. The total footage allotted for stage 1 is 2,650 feet which will probably allow about 21 holes to be drilled. The 100-foot grid pattern should be about 200 feet wide and should be planned to follow the trend of the thicker part of the sandstone lens, which is believed favorable to ore. Only the initial five holes, and the possible location of the sixth hole, are shown on figure 2. Other holes should be planned to follow the trend of the thicker part of the sandstone lens. Because there is the possibility that ore may occur in any sandstone in the Salt Wash member, all holes should be cored their entire length. Holes should be bottomed in the first red mudstone below the ore-bearing sandstone of the Blue Jay deposit.

The primary purpose of this first stage is to determine areas and trends of favorable ground. Guides to favorable ground that may be shown by drill cores include thickness of the ore-bearing sandstone (about 20 feet or more), presence of grayish green claystone at the base of the ore-bearing sandstone, and presence of carbonaceous material. The applicants should be required to furnish at the end of each stage of drilling an adequate map showing the location and collar elevations of all holes drilled and adequate logs of all the cores. All cores should be carefully marked and stored for examination by the

DMEA team. Work of stage 2 should not be begun until stage 1 work is completed so that the project can be re-evaluated in the light of additional geologic information obtained and so that recommendations can be made as to advisability of beginning stage 2 work.

Stage 2.--Diamond drilling on the Blue Jay claims on offsets of 50 feet from mineralized and favorable holes of stage 1. The mechanics of the drilling program of stage 2 should be the same as in stage 1. The average depth of drill holes of stage 2 is estimated to be about 125 feet. The total footage allotted for stage 2 is 2,650 feet which will probably allow about 21 holes to be drilled. The purpose of this stage of drilling is to find ore in the areas of mineralized and favorable ground outlined by stage 1 drilling. If little or no mineralized or favorable ground is found in stage 1 drilling, stage 2 and stage 3 drilling should not be begun. If stage 2 drilling is approved by the field team, this stage should be completed before stage 3 drilling is begun, so that the project may be re-evaluated in the light of additional geologic information obtained and so that recommendations as to the advisability of stage 3 drilling can be made.

Stage 3.--Diamond drilling on the Blue Jay or adjacent claims on a grid pattern of 100 feet spacing with offset of 50 feet on mineralized holes. The mechanics of the drilling program should be the same as stage 1 and stage 2. The average depth of stage 3 drill holes is estimated to be about 200 feet. The total footage allotted for stage 3 is 3,580 feet, which will probably allow about 16 holes to be drilled. The purpose of stage 3 is to find

an extension eastward of the favorable and mineralized ground discovered in stage 1 and stage 2 and to find ore bodies by offsetting mineralized holes of stage 3. If results of drilling in stage 1 or stage 2 is unsatisfactory, stage 3 drilling should not be begun, and footage allotted for stage 3 drilling should be transferred to stage 4.

Stage 4.--Diamond drilling on the Pine Tree and Sunnyside claims on a grid pattern with 100 foot spacing and offsets with 25 to 50 foot spacing from mineralized holes. If the results of stage 1 or stage 2 drilling should be unsatisfactory, the remaining footage should be allotted to the Pine Tree and Sunnyside claims. The purpose of this stage of drilling is to find favorable and mineralized ground and to find mineable ore bodies by offsetting mineralized holes. The mechanics of drilling of stage 4 should be in most respects similar to that of stage 1. On the Pine Tree claim the initial drill holes should be placed around the deposit back of the rim so as to determine the trend of favorable ground. Guides to favorable ground are the same as those mentioned for stage 1 drilling. Holes on the Pine Tree claim should be cored their entire length and should be bottomed in the first red mudstone below the sandstone containing the main workings of the Pine Tree deposit. However, before stage 4 work is begun on the Pine Tree claims, the applicants should submit a map showing the location of workings, previous jackhammer holes with an indication of their results, and elevations of the drilling ground behind the Pine Tree mine.

On the Sunnyside claim the initial drill holes should be placed around the deposit behind the rim so as to determine the trend of favorable ground. Holes on the Sunnyside claim should be cored their entire length and should be bottomed in the first red mudstone below the sandstone containing the main Sunnyside mine workings. Before stage 4 work is begun on the Sunnyside claim, the applicant should submit a map showing the location of the workings, the position of the ore-bearing sandstone beds and the elevation of the ground behind the Sunnyside claim. The presence of a colluvial layer of quartzite blocks on the ground behind the Sunnyside claim may possibly hamper drilling of this ground. The amount of footage allotted for stage 4 drilling depends on the results of stage 1 and/or stage 2 drilling; if these find ore deposits, all remaining footage will be allotted to stage 3 drilling and stage 4 drilling will not be performed.

SUMMARY AND CONCLUSIONS

Uranium-bearing rock occurs in three and possibly four sandstone beds on the Gramlich Minerals, Inc., lease in the Brown's Hole area, San Juan County, Utah. Total production of the Brown's Hole area including several mines not on the Gramlich Minerals, Inc. lease is estimated to be on the order of 2,000 tons of medium grade ore. It is recommended that applicants proposal for an amendment which involves changing the location, spacing and pattern of drill holes be approved. The drilling is to be done in four stages.

Initial stages will be concentrated on the Blue Jay claim. If results of the initial stages reveal no ore or mineralized ground it is recommended that the remaining footage be allotted to exploration of the Pine Tree and Sunnyside claims.

REFERENCES CITED

Thurber, H. K., Jr.; Tillman, C. G.; and Sorensen, B. F.; 1953, DMEA Docket 2771, Engineering and geologic report, Gramlich Minerals, Inc., Brown's Hole property, San Juan County, Utah: unpublished report, U. S. Geological Survey files.

Wardwell, H. R., 1946, Report on Moab district, Green River Desert area: unpublished report, Union Mines Development Corp., (in U. S. Geological Survey files, Grand Junction, Colo.)

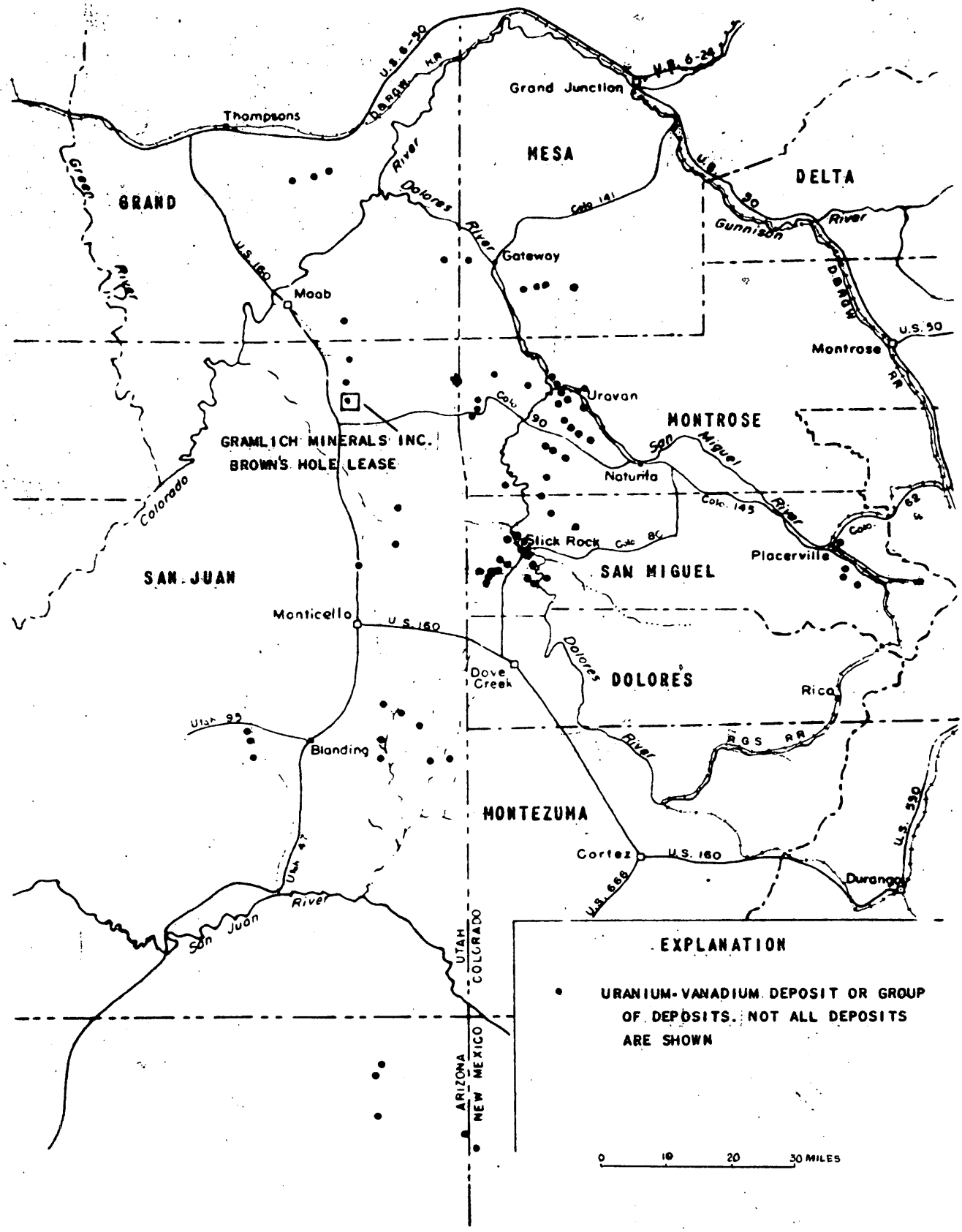

Figure 1. INDEX MAP SHOWING APPROXIMATE LOCATION OF THE GRAMLICH MINERALS INC. LEASE, BROWN'S HOLE LEASE, SAN JUAN COUNTY UTAH

Government's Copy

ASSIGNMENT OF CONTRACT
ASSIGNEE'S ACCEPTANCE
GOVERNMENT'S CONSENT

WHEREAS, Gramlich Minerals, Inc., a Colorado corporation (hereinafter called the "Operator"), entered into an Exploration Project Contract, Idm-E577, Docket No. DMEA-2771, dated August 6, 1953 (hereinafter called the "Contract"), with the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration (hereinafter called the "Government"); and

WHEREAS, no work under the contract has been performed, and the Operator has transferred its interests in the three (3) leases to the sixty (60) unpatented mining claims which are the subject of the Contract to the Gramlich Exploration Co. (hereinafter called the "Assignee"), _____ _____ _____; and

WHEREAS, the Operator and the Assignee desire that the Contract be assigned to the Assignee and the Assignee substituted as the Operator as of the date of the Contract;

NOW THEREFORE, the Operator, in consideration of the sum of $1.00 and other good and valuable consideration received from the Assignee, does hereby assign, transfer, and convey to the Assignee all of its right, title, and interest in the Contract as of August 6, 1953.

The Operator agrees to release and hereby releases the Government from any and all claims arising out of the Contract.

This Assignment is subject to the written acceptance of the Assignee; to assumption by the Assignee of the terms, provisions, and conditions of the Contract; and to the written consent of the Government.

Dated Feby 4, _____, 1954.

GRAMLICH MINERALS, INC.

By J. W. Gramlich Sr.
Pres.

I, J. W. Gramlich, Sr., certify that I am the President of the corporation named as Operator herein; that J. W. Gramlich, Sr., who signed this Contract on behalf of the Operator, was then President of said corporation; that said Contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

J. W. Gramlich Sr. [Corporate Seal]

ASSIGNEE'S ACCEPTANCE

The Assignee, this 4 day of Feb, 1954, hereby accepts the above Assignment and assumes and agrees to be bound by the terms, provisions, and conditions of the Contract.

GRAMLICH EXPLORATION CO.

By J. W. Gramlich Sr.

I, J. W. Gramlich, Sr., certify that I am the sole owner (fill in title) of the company named as Assignee herein; that J. W. Gramlich, Sr. Moab, Utah who signed this Acceptance of Assignment on behalf of the company, was (were) then sole owner (fill in title) of said company; that said Acceptance of Assignment was duly signed for and in behalf of said company with proper authorization, and is within the scope of its powers.

J. W. Gramlich Sr.

GOVERNMENT'S CONSENT

The Government, this 17th day of February, 1954, hereby consents to the above Assignment and agrees to the substitution of the Assignee named therein in the place and stead of the Operator named therein, without releasing the Operator from any claims or demands that the Government may have against the Operator on or prior to the date of this Consent.

THE UNITED STATES OF AMERICA

By C O Mitchell
Administrator, Defense
Minerals Exploration
Administration

Contract No. Idm-E 277

Docket No. 2771

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
August 6, 1953	III	Utah	Uranium

Name and Address of Operator: Greenlich Minerals, Inc. Moab, Utah

	Reserve	Obligation
Prior Amount	0	631,770.00
Increase	0	0
Decrease	0	1,277.20
Revised Amount	0	0 30,492.80

Remarks:

(Name)

Allen G. Baker, Chief
Operations Control and
Statistics Division

(Title)

Date Delivered to Bureau of Mines, Washington 6/31/56

98963

Docket No. DMEA 2771

Commodity Uranium

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

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

Contract No. Idm-E 527

Date of Contract ~~or Amendment~~: August 6, 1953

Name and Address of Operator:

Gramlich Minerals, Inc.
Moab, Utah

Amount of Government participation $ 31,770.00

Percent of Government participation 90 %

Region: IV State: Utah

(Name)

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

(Title)

Date Delivered to Bureau of Mines, Washington. August 6, 1953

13808

MF-200 (A)
(February 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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DOCKET NO. DMEA 2771

COMMODITY Uranium

Government's Copy
IDM-E 577

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 6th day of August, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Gramlich Minerals, Inc. - a corporation duly organized and existing under and by virtue of the laws of the State of Colorado Moab, Utah

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Utah, County of San Juan, described as follows: 60 unpatented mining claims located in sections 27,28, 33 and 34 of T.28S.,R.23 E. and in section 3 of T.29S.,R.23 E. Salt Lake Meridian, further described in Annex II and shown on map labeled "Fig. 2, DMEA Docket 2771 Claim Map, Geology and Proposed Drilling - Gramlich Minerals, Inc. Lease", both attached hereto and made a part hereof.

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession, and the Consents to Lien are attached: the following claims [illegible]~~:

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the ~~Consent~~ Owners' Consents to Lien are attached.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within 90 days from the date of this contract shall commence work on a project of exploration for[5] Uranium

in or upon the described land; and shall bring the project to completion within a period of 6 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $31,770.00 which is 90 percent of $35,300.00 the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Gramlich Minerals, Inc.
(Operator)

By John W. Gramlich Sr. Pres

By O. Mittendorf
Administrator, Defense Minerals Exploration Administration

I, John W Gramlich Jr, certify that I am the Vice pres. & secretary of the corporation named as Operator herein; that John W Gramlich Sr President, who signed this contract on behalf of the Operator, was then of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

John W Gramlich Jr [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
GRAMLICH MINERALS, INC.
DOCKET NO. DMEA-2771

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT - 9 1953

ANNEX I

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

If the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after a sufficient, complete, final report and final account referred to in the contract has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development, The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2, as follows: (1) Regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
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EXPLORATION PROJECT CONTRACT
GRAMLICH MINERALS, INC.
DOCKET NO. DMEA-2771

EXHIBIT "A"

Description of the Work

The object of this project is to explore for uranium ore by means of 8,880 feet of AX diamond drill holes at the locations indicated on Figure 2. The drilling shall be done in two stages and be subject to Government approval. A D-6 Caterpillar tractor-dozer or its equivalent shall be used not in excess of 45 hours to prepare necessary roads and drill sites. Recovered cores and sludge shall be stored and the Operator shall provide any samples required by the Government. The method of recovering diamond drill core and sludge, and the method and extent of sampling shall be subject to Government approval. Not in excess of 57 sample analyses in Stage I and 45 in Stage II shall be made by Government approved laboratories.

Stage I

In this stage, red colored holes Nos. 1 to 10 inclusive, for Area A, and 1 to 9 inclusive, for Area B, shall be drilled. The average depth of holes in Area A, shall be approximately 220 feet and in Area B 320 feet. The maximum space between drill holes shall be 400 feet and the minimum, 300 feet.

Stage II

In this stage, blue colored holes Nos. 11 to 20 inclusive, in Area A and 11 to 15 inclusive, in Area B shall be drilled unless the Field Team directs otherwise, but no hole shall be drilled less than 150 feet from the next nearest hole.

Agreed Unit Costs

Stage I

Bulldozing--45 hours @ $10.00/hr. 1/	$ 450.00

1/ For actual operating time only, including the cost of rental, material, supplies, and operator.

Irene S. Gramlich - Lessor

Name of Claim	Recorded in Book No.	Page No.
Red Rocks 1	R-2	595
" 2	"	"
" 3	"	596
" 4	"	"
" 5	"	"
" 6	"	587
" 7	"	597
" 8	"	"
" 9	"	598
" 10	"	"
" 11	"	"
Mary Jo 1	"	599
" 2	"	"
" 3	"	"
" 4	"	600
" 5	"	"
" 6	"	"
" 7	"	601
" 8	"	"
" 9	"	"
" 10	"	602
" 11	"	"
Blue Goose 1	R-3	281
" 2	"	"

Howard Balsley of Moab, Utah - Lessor

Sunset	R	
Red Bird	R-1	467
Blue Bird	R-1	466
Blue Jay	R	416
Pine Tree	R	417
Blue Bird	"	419
Sunnyside	"	419

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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OCT - 9 1958

EXPLORATION PROJECT CONTRACT
GRAMLICH MINERALS, INC.
DOCKET NO. DMEA-2771

ANNEX II

Property Rights

The following 60 unpatented mining claims, in the Brown's Hole Area, are held under three separate leases. The location certificates of these claims are registered in the office of the County Clerk and Recorder of San Juan County, Utah.

Samuel V. Gramlich - Lessor

Name of Claim		Recorded in Book No.	Page No.
Golden West		R-3	283
"	1	R-2	602
"	2	"	"
"	3	"	603
"	4	R-3	604
"	5	R-2	"
"	6	R-3	"
"	7	R-2	605
"	8	R-3	"
"	9	"	609
"	10	"	606
"	11	"	"
Canary		R-3	283
"	1	"	606
"	2	"	607
"	3	"	"
"	4	"	"
"	5	"	608
"	6	"	"
"	7	"	"
"	8	"	609
"	9	"	"
"	10	R-2	"
San Juan	1	R-3	610
"	2	"	"
"	3	"	"
"	4	"	281
"	5	"	283
"	6	"	284

Diamond Drilling--4980 feet @ $3.89/ft.2/-	$19,373.00	
Sample Analyses--57 @ $3.00/ea. 3/	171.00	
Total Stage I		$19,994.00
Stage II		
Diamond Drilling--3900 feet @ $3.89/ft.2/	15,171.00	
Sample analyses--45 @ $3.00/ea. 3/	135.00	
Total Stage II		$15,306.00
Total Agreed Unit Cost of Project		$35,300.00
Government Participation @ 90%		$31,770.00

2/ This includes also the cost of (1) the services of a full-time foreman to supervise the project, prepare drill sites, fix the location of drill holes, collect samples, store cores, and maintain records; (2) the services of a consulting engineer, approved by the Government (working a minimum of five days per month) who shall perform the necessary engineering and surveying services, prepare all maps and write all required reports; (3) the cost of all necessary casing and reaming, and core and sludge recovery; and (4) the cost of drill core boxes, and a pick-up truck, including the cost of a driver and all costs of operations of the truck.

3/ This includes all costs of transportation.

MF-203

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Utah, County of San Juan, described as follows:1/

Golden West, Canary, San Juan group of claims, more specifically described in ANNEX II attached.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Gramlich Minerals, Inc.

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ ~~XXXXXXXXX~~ 31,770.00 DPG, or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 23 day of June, 1953.

Samuel V. Gramlich [Seal]

_____ [Seal]

_____ [Seal]

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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MF-203 OWNER'S CONSENT TO LIEN

ANNEX II

Claim	Recorded in Book	Page
Golden West	R-3	283
Golden West I	R-2	602
Golden West II	R-2	602
Golden West III	R-2	603
Golden West IV	R-3	604
Golden West V	R-2	604
Golden West VI	R-3	604
Golden West VII	R-2	605
Golden West VIII	R-3	605
Golden West IX	R-3	609
Golden West X	R-3	606
Golden West XI	R-3	606
Canary	R-3	283
Canary I	R-3	606
Canary II	R-3	607
Canary III	R-3	607
Canary IV	R-3	607
Canary V	R-3	608
Canary VI	R-3	608
Canary VII	R-3	608
Canary VIII	R-3	609
Canary IX	R-3	609
Canary X	R-3	609
San Juan I	R-3	610
San Juan II	R-3	610
San Juan III	R-3	610
San Juan IV	R-3	281
San Juan V	R-3	283
San Juan VI	R-3	284

All recorded in the San Juan County Court House, San Juan County, Utah.

DEPARTMENT OF THE INTERIOR
Office Minerals Administration
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MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Utah, County of San Juan, described as follows:1/

Red Rocks, Mary Jo, and Blue Goose group of claims, more specifically described in ANNEX I attached.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Gramlich Minerals, Inc.

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ ~~XXXXXXXXXXX~~ 31,770.00 I.L.B., or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 23rd day of June, 1953.

Irene S. Gramlich [Seal]

_____ [Seal]

_____ [Seal]

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

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

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
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MF-203 OWNER'S CONSENT TO LIEN

ANNEX I

Claim	Recorded in Book	Page
Red Rocks I	R-2	595
Red Rocks II	R-2	595
Red Rocks III	R-2	596
Red Rocks IV	R-2	596
Red Rocks V	R-2	596
Red Rocks VI	R-2	597
Red Rocks VII	R-2	597
Red Rocks VIII	R-2	597
Red Rocks IX	R-2	598
Red Rocks X	R-2	598
Red Rocks XI	R-2	598
Mary Jo I	R-2	599
Mary Jo II	R-2	599
Mary Jo III	R-2	599
Mary Jo IV	R-2	600
Mary Jo V	R-2	600
Mary Jo VI	R-2	600
Mary Jo VII	R-2	601
Mary Jo VIII	R-2	601
Mary Jo IX	R-2	601
Mary Jo X	R-2	602
Mary Jo XI	R-2	602
Blue Goose I	R-3	281
Blue Goose II	R-3	281

All recorded in the San Juan County Court House, San Juan County, Utah.

MF-203

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Utah, County of San Juan, described as follows:1/

Blue Jay, Pine Tree, Blue Bird, Sunnyside, Sunset, and Red Bird claims, more specifically described in ANNEX III attached.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Gramlich Minerals, Inc.

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/ 31,770.00 SWB., or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 20th day of June, 1953.

Howard W. Balsley [Seal]

[Seal]

[Seal]

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

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

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

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

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

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

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

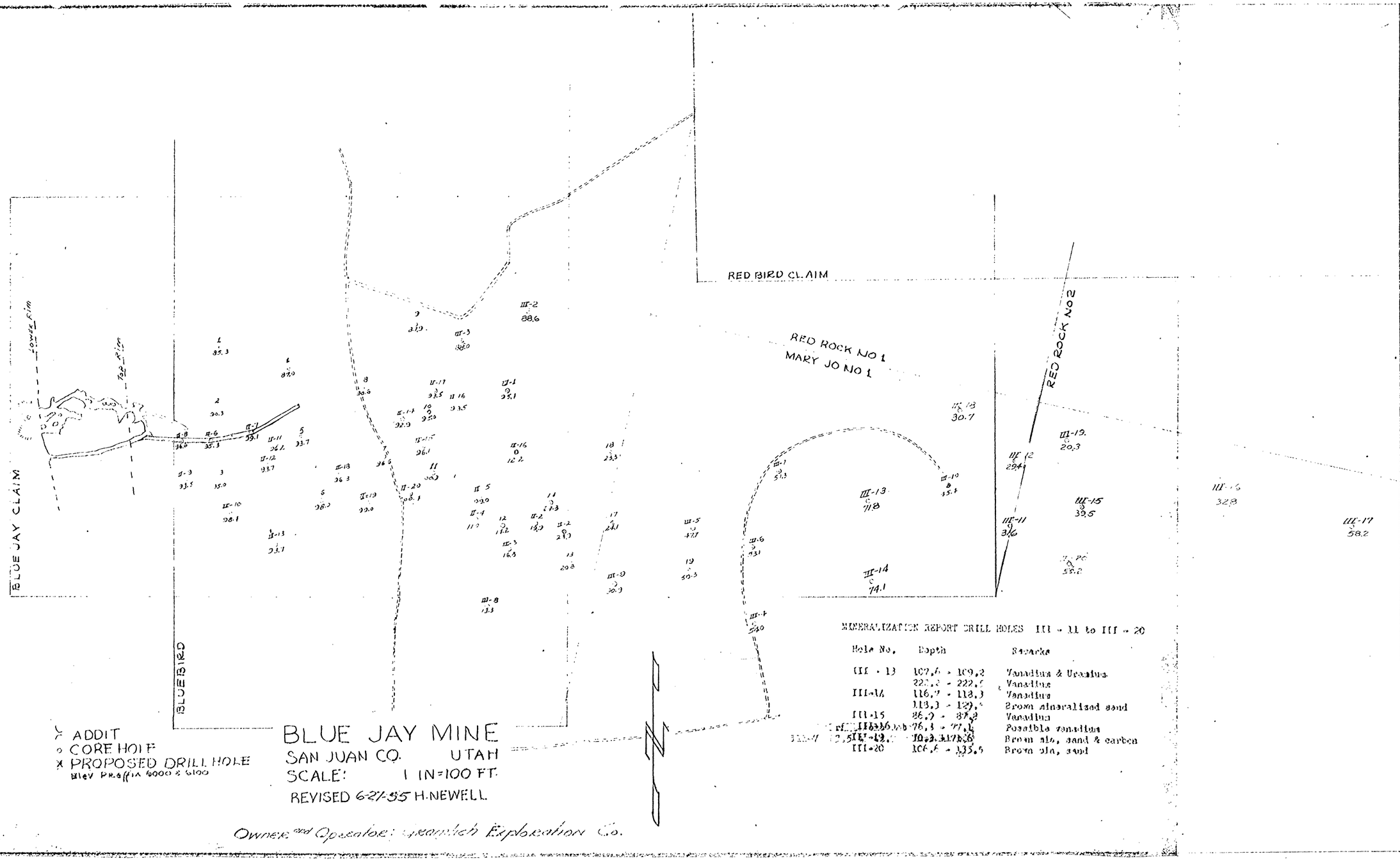
(d) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

MF-203 OWNER'S CONSENT TO LIEN

ANNEX III

Claim	Recorded in Book	Page
Blue Jay	R	416
Pine Tree	R	417
Blue Bird	R	419
Sunnyside	R	419
Sunset	R	
Red Bird	R-1	467
Blue Bird	R-1	466



MINERALIZATION REPORT DRILL HOLES III - 11 to III - 20

Hole No.	Depth	Remarks
III - 13	107.6 - 109.2	Vanadium & Uranium
	221.2 - 222.5	Vanadium
III-14	116.7 - 118.3	Vanadium
	118.3 - 129.[illegible]	Brown mineralized sand
III-15	86.[illegible] - 87.[illegible]	Vanadium
III-16	76.3 - 77.[illegible]	Possible vanadium
III-17	[illegible] - 117.[illegible]	Brown sla, sand & carbon
III-20	106.6 - 135.5	Brown sla, sand

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 2771

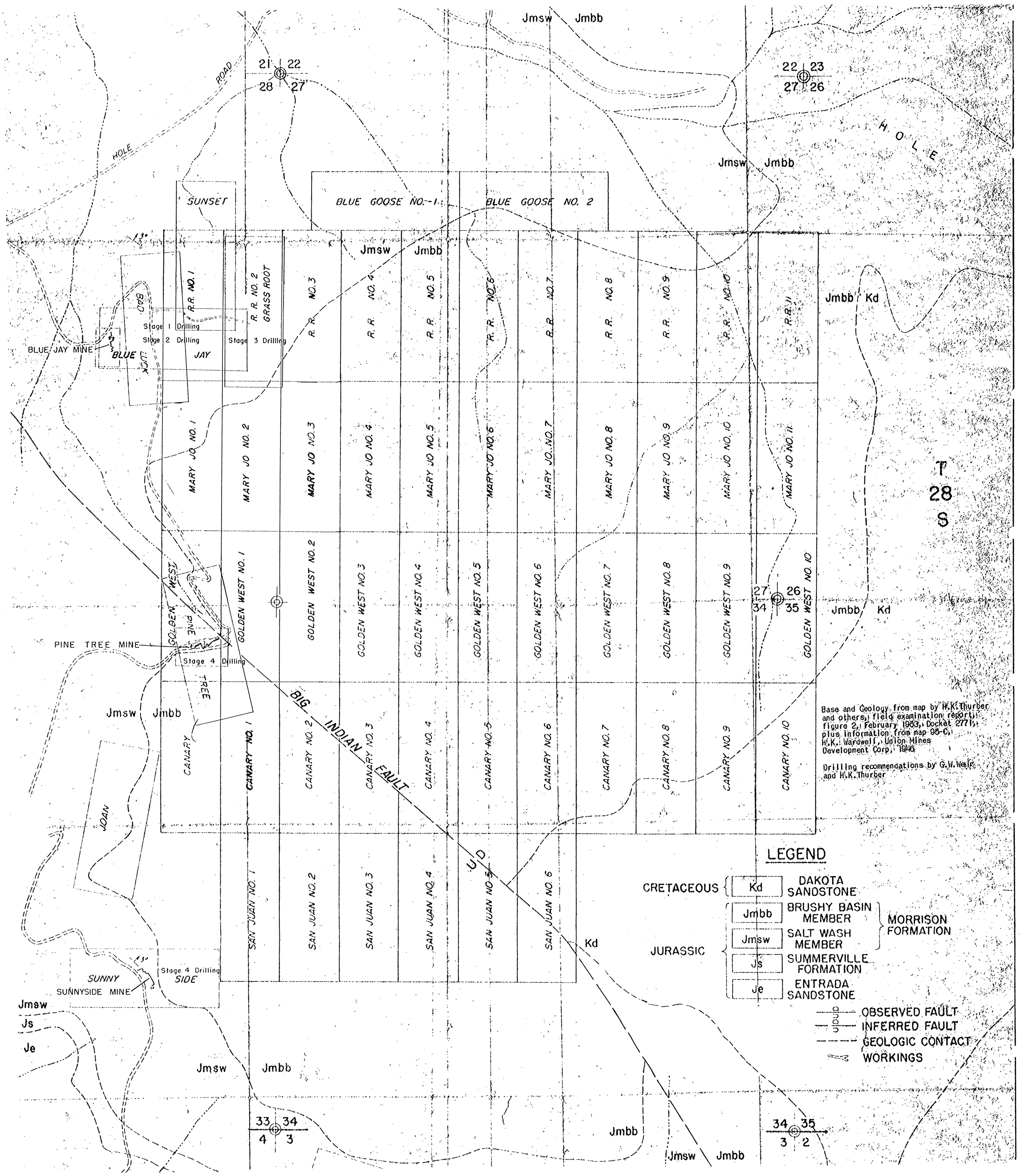


Figure 3. CLAIM MAP OF GRAMLICH MINERALS, INC., LEASE, SHOWING AREAS RECOMMENDED FOR DRILLING UNDER PROPOSED AMENDMENT TO CONTRACT

UNITED STATES DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

DEFENSE MINERALS

EXPLORATION ADMINISTRATION

DOCKET 2771

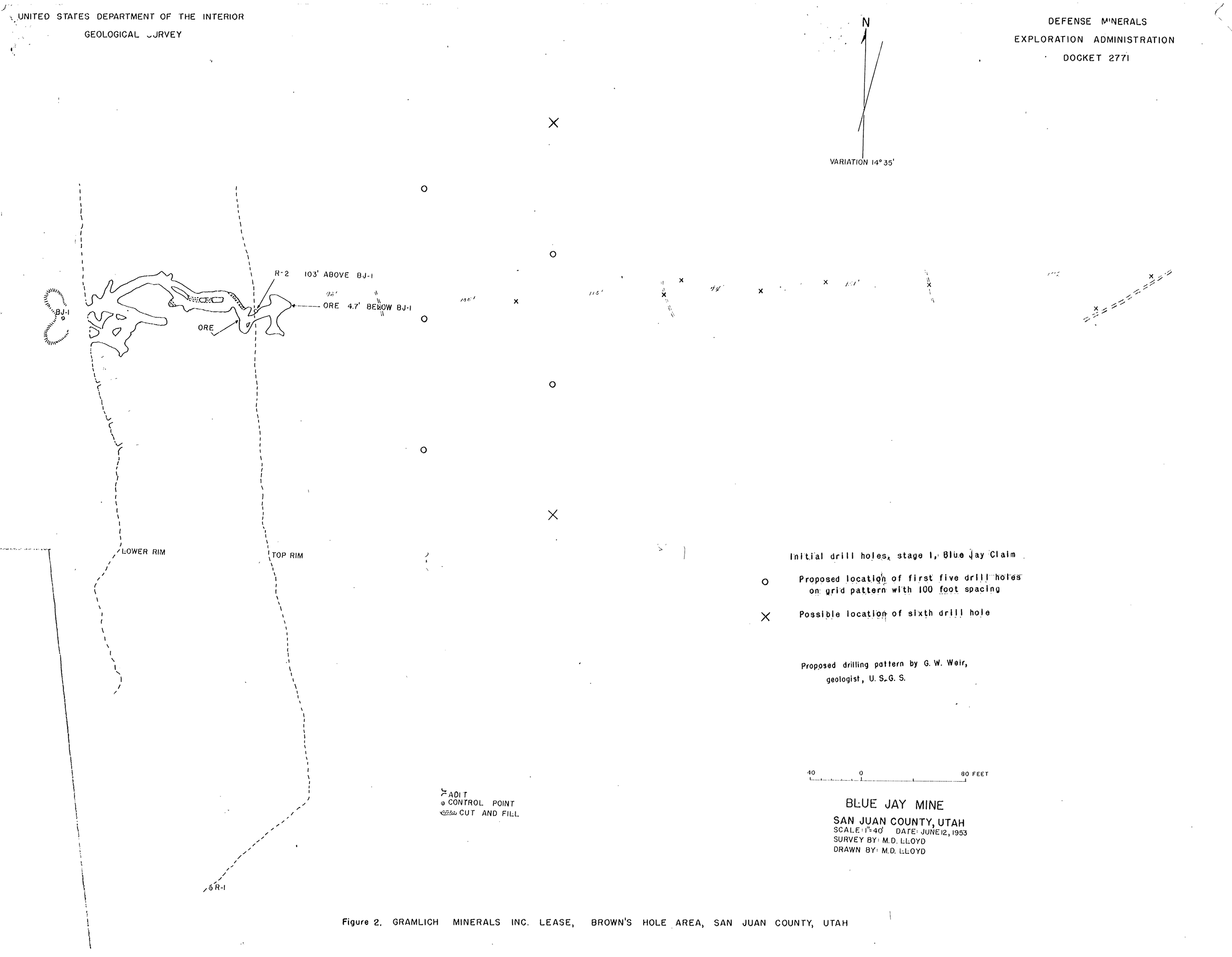


Figure 2. GRAMLICH MINERALS INC. LEASE, BROWN'S HOLE AREA, SAN JUAN COUNTY, UTAH

UNITED STATES DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DOCKET 2771

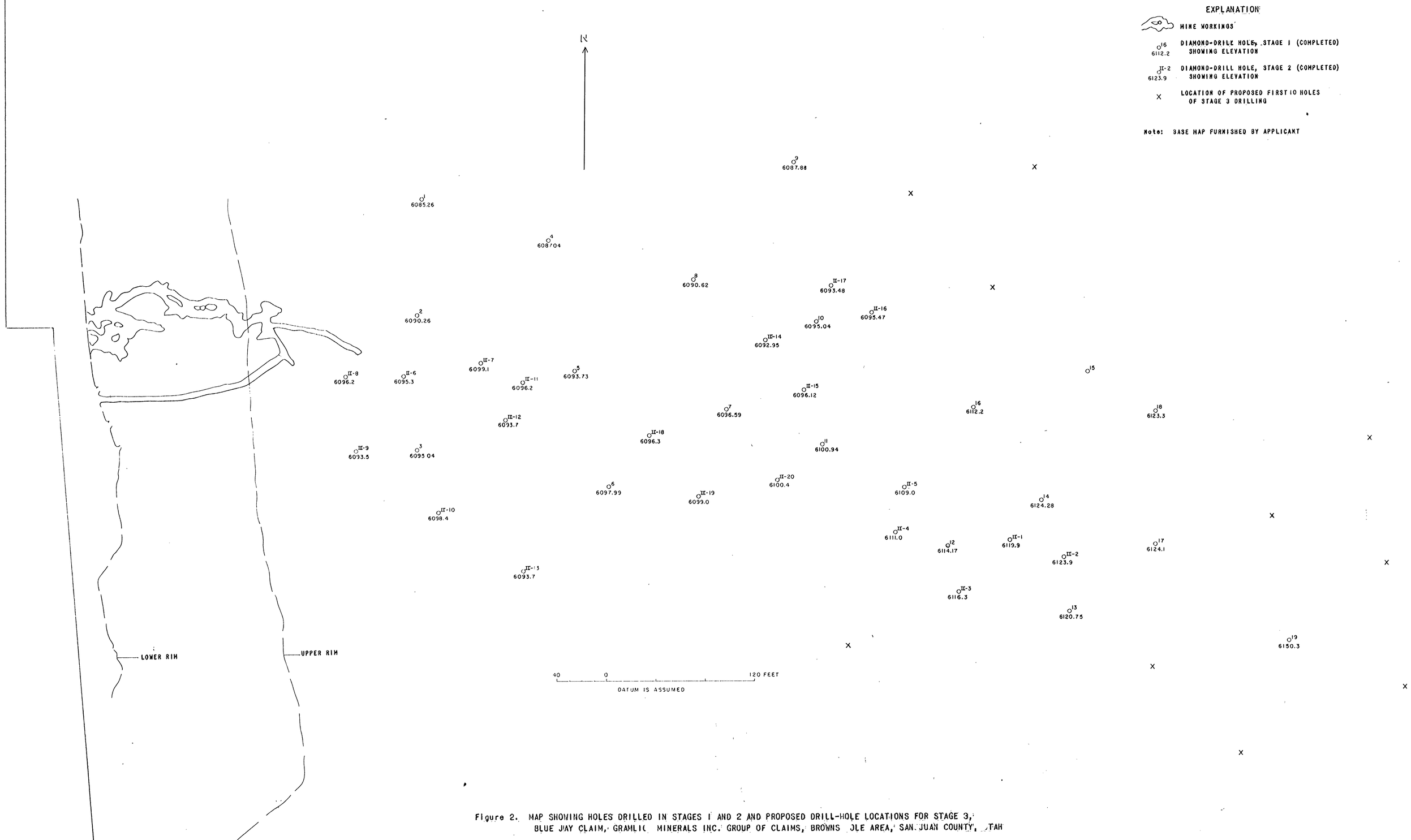
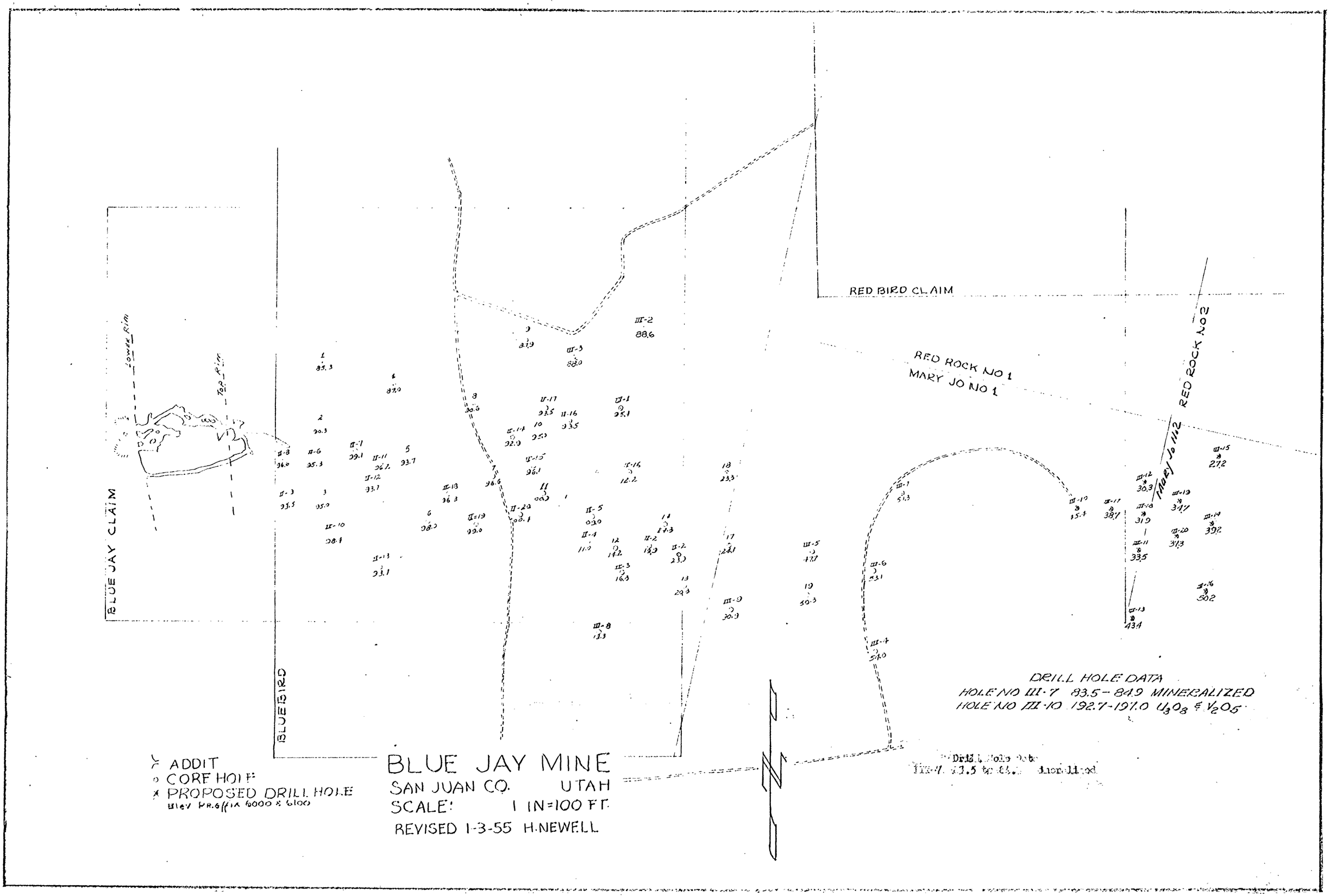
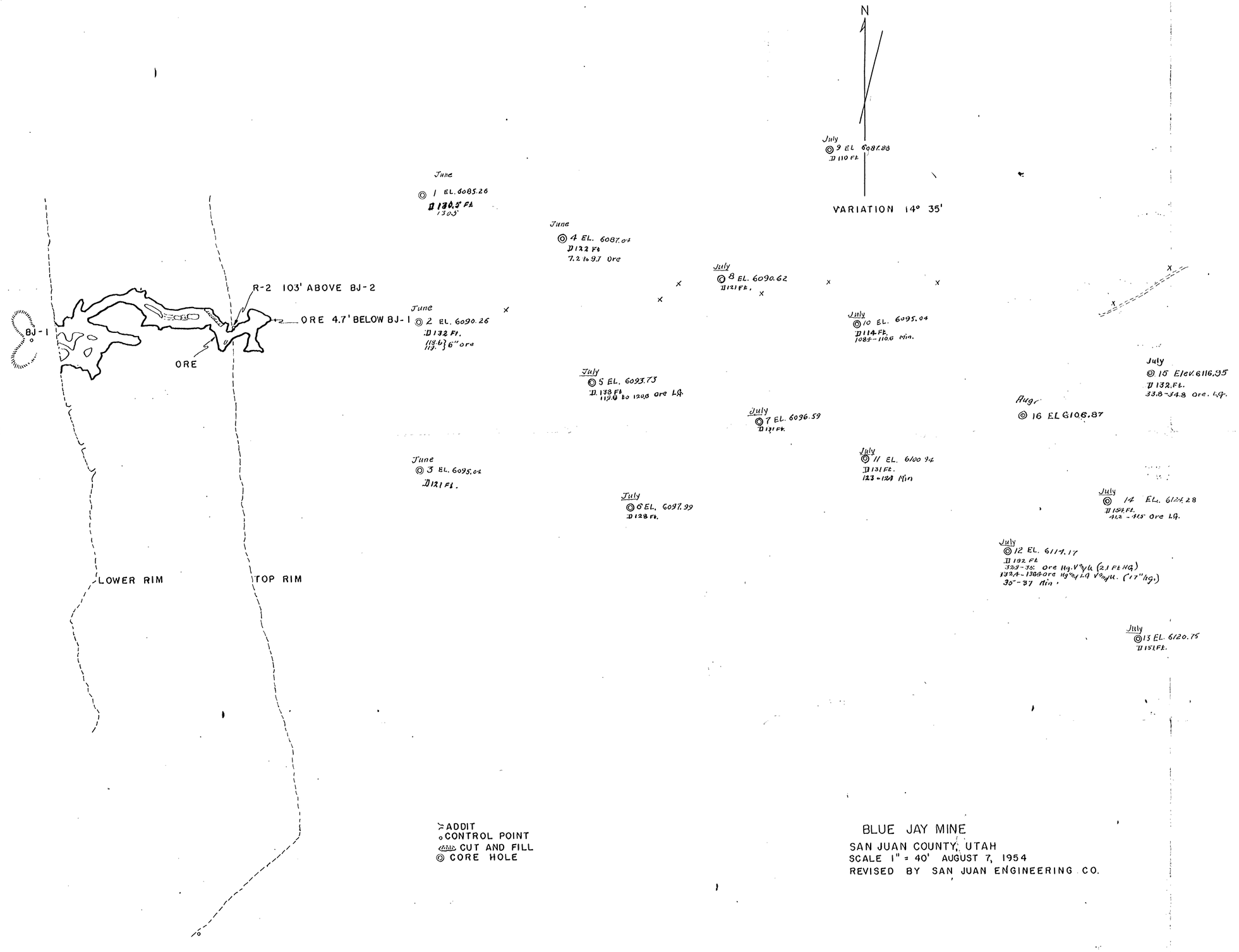


Figure 2. MAP SHOWING HOLES DRILLED IN STAGES 1 AND 2 AND PROPOSED DRILL-HOLE LOCATIONS FOR STAGE 3, BLUE JAY CLAIM, GRAMLIC MINERALS INC. GROUP OF CLAIMS, BROWNS HOLE AREA, SAN JUAN COUNTY, UTAH


RED BIRD CLAIM
RED ROCK NO 1
MARY JO NO 1
RED ROCK NO 2
MARY JO NO 1
BLUE JAY CLAIM
BLUE BIRD
LOWER RIM
TOP RIM
DRILL HOLE DATA
HOLE NO III-7 83.5 - 84.9 MINERALIZED
HOLE NO III-10 192.7-197.0 U_3O_8 & V_2O_5
ADDIT
CORE HOLE
PROPOSED DRILL HOLE
Elev PROGRAM 6000 x 6100
BLUE JAY MINE
SAN JUAN CO. UTAH
SCALE: 1 IN=100 FT.
REVISED 1-3-55 H.NEWELL

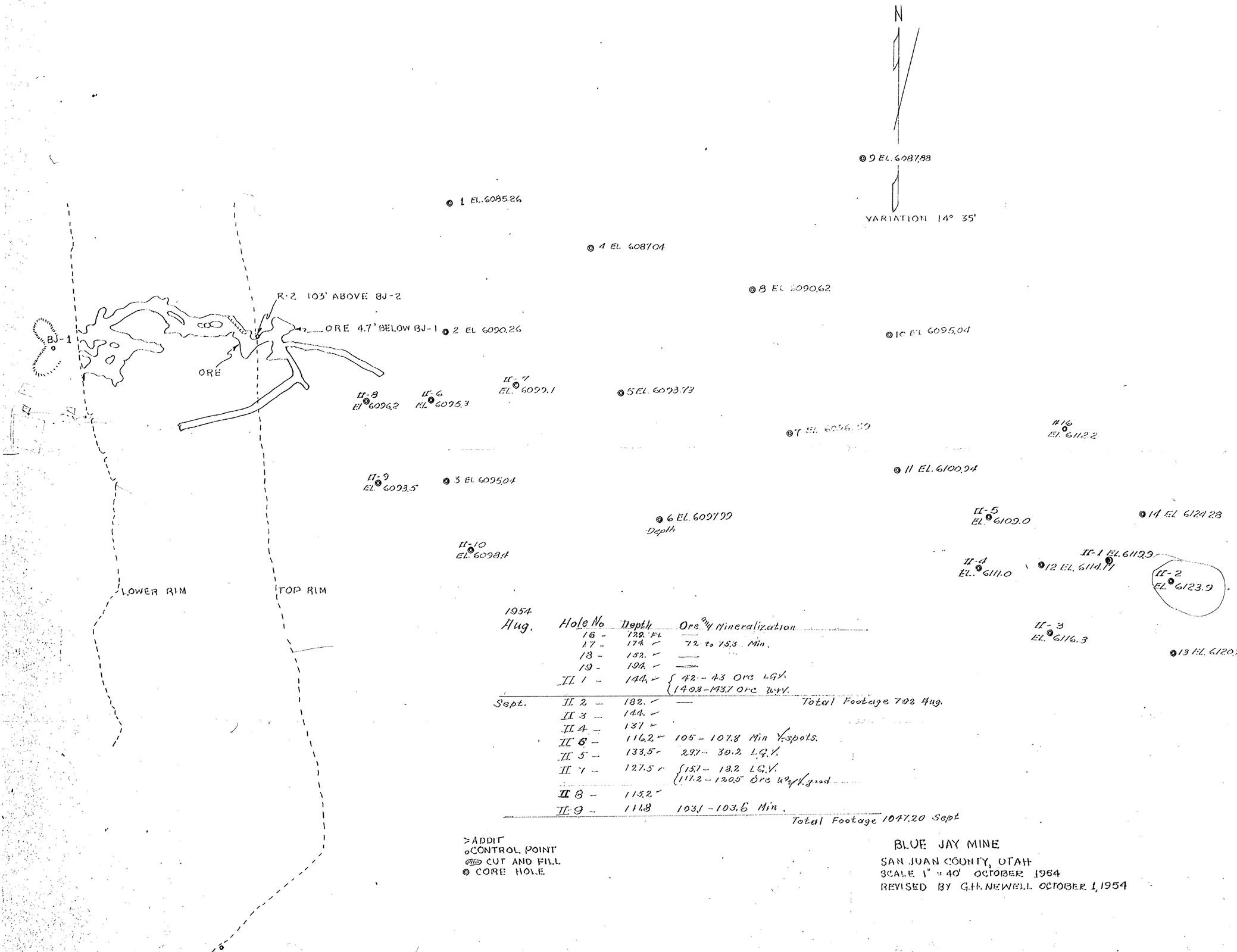


BLUE JAY MINE

SAN JUAN COUNTY, UTAH

SCALE 1" = 40' AUGUST 7, 1954

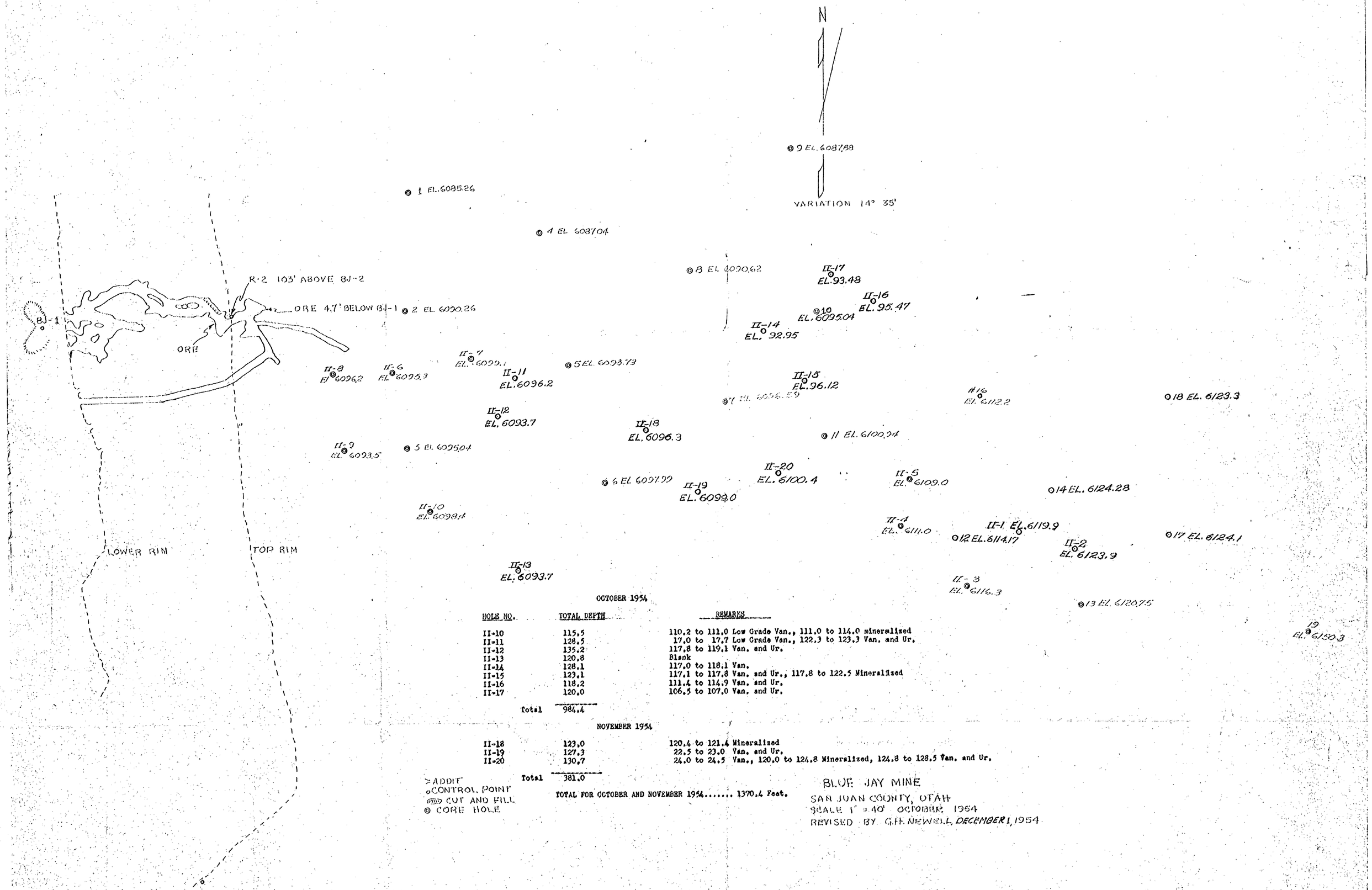
REVISED BY SAN JUAN ENGINEERING CO.



	Hole No	Depth	Ore & Mineralization
1954 Aug.	16 -	129. FL	—
	17 -	174 ✓	72 to 75.3 Min.
	18 -	152. ✓	—
	19 -	194. ✓	—
	II 1 -	144. ✓	42 - 43 Ore LGV. / 140.8 - 143.7 Ore W.V.
			Total Footage 792 Aug.
Sept.	II 2 -	182. ✓	—
	II 3 -	144. ✓	
	II 4 -	137 ✓	
	II 6 -	116.2 ✓	105 - 107.8 Min V.spots.
	II 5 -	133.5 ✓	29.7 - 30.2 LGV.
	II 7 -	127.5 ✓	15.7 - 13.2 LGV. / 117.2 - 120.5 Ore W.V. good
	II 8 -	115.2 ✓	
	II 9 -	114.8	103.1 - 103.6 Min.
			Total Footage 1047.20 Sept

≥ ADIT
∘ CONTROL POINT
CUT AND FILL
◎ CORE HOLE

BLUE JAY MINE
SAN JUAN COUNTY, UTAH
SCALE 1" = 40' OCTOBER 1954
REVISED BY G.H. NEWELL OCTOBER 1, 1954



OCTOBER 1954

HOLE NO.	TOTAL DEPTH	REMARKS
II-10	115.5	110.2 to 111.0 Low Grade Van., 111.0 to 114.0 mineralized
II-11	128.5	17.0 to 17.7 Low Grade Van., 122.3 to 123.3 Van. and Ur.
II-12	135.2	117.8 to 119.1 Van. and Ur.
II-13	120.8	Blank
II-14	128.1	117.0 to 118.1 Van.
II-15	123.1	117.1 to 117.8 Van. and Ur., 117.8 to 122.5 Mineralized
II-16	118.2	111.4 to 114.9 Van. and Ur.
II-17	120.0	106.5 to 107.0 Van. and Ur.
Total	984.4	

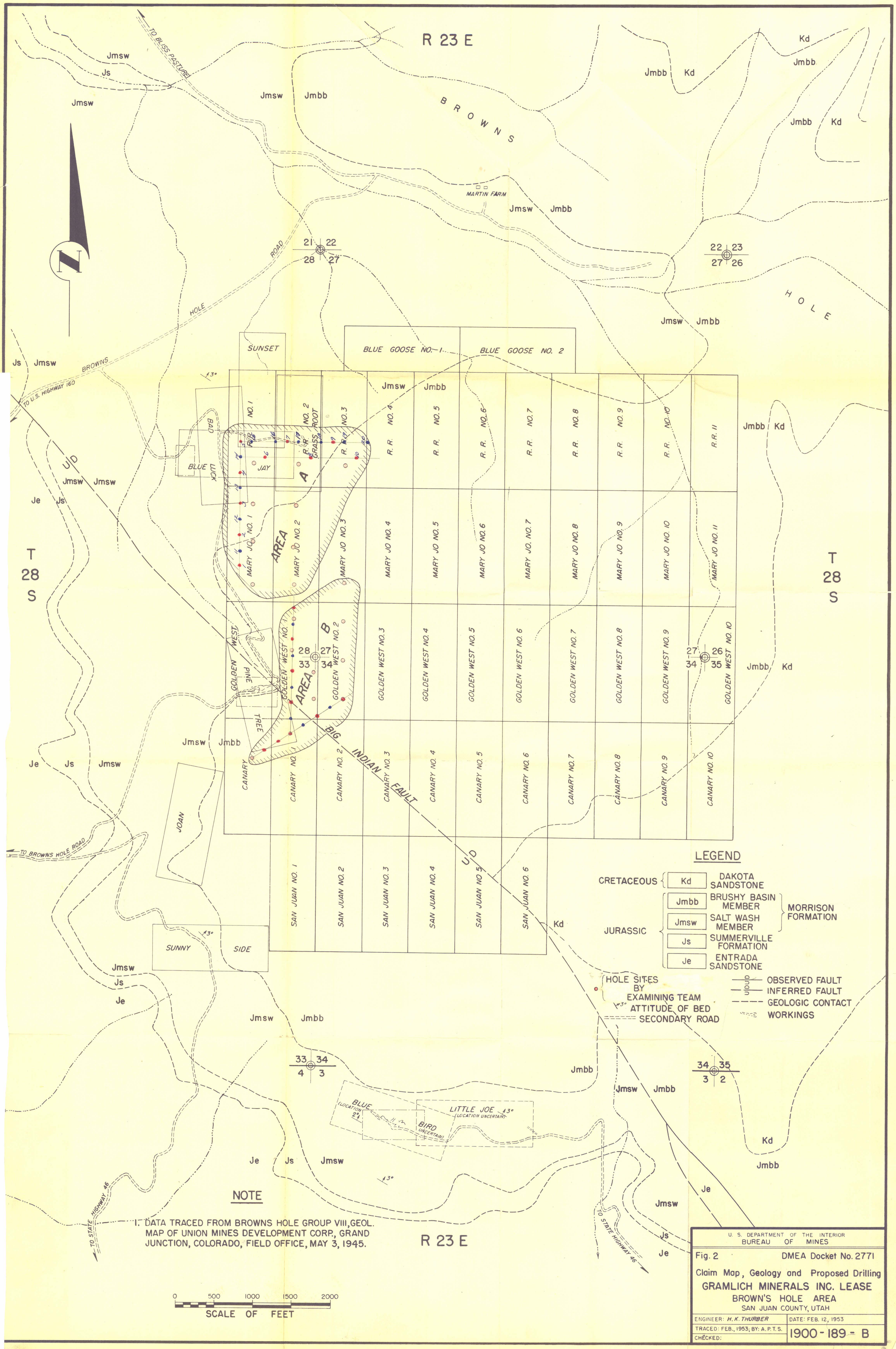
NOVEMBER 1954

II-18	123.0	120.4 to 121.4 Mineralized
II-19	127.3	22.5 to 23.0 Van. and Ur.
II-20	130.7	24.0 to 24.5 Van., 120.0 to 124.8 Mineralized, 124.8 to 128.5 Van. and Ur.
Total	381.0	

TOTAL FOR OCTOBER AND NOVEMBER 1954..... 1370.4 Feet.

ADIT
CONTROL POINT
CUT AND FILL
CORE HOLE

BLUE JAY MINE
SAN JUAN COUNTY, UTAH
SCALE 1" = 40' OCTOBER 1954
REVISED BY G.H. NEWELL, DECEMBER 1, 1954


R 23 E
TO BLISS PASTURE
BROWNS
MARTIN FARM
HOLE
ROAD
BROWNS
TO U.S. HIGHWAY 160
SUNSET
BLUE GOOSE NO. 1
BLUE GOOSE NO. 2
BAD LUCK
JAY
AREA A
AREA B
GOLDEN WEST PINE TREE
CANARY
JOAN
SUNNY SIDE
BIG INDIAN FAULT
U D
TO BROWNS HOLE ROAD
TO STATE HIGHWAY 46
BLUE (LOCATION 2°)
BIRD (LOCATION UNCERTAIN)
LITTLE JOE (LOCATION UNCERTAIN)
T 28 S
LEGEND
CRETACEOUS
Kd DAKOTA SANDSTONE
JURASSIC
Jmbb BRUSHY BASIN MEMBER
Jmsw SALT WASH MEMBER
MORRISON FORMATION
Js SUMMERVILLE FORMATION
Je ENTRADA SANDSTONE
HOLE SITES BY EXAMINING TEAM
ATTITUDE OF BED
SECONDARY ROAD
OBSERVED FAULT
INFERRED FAULT
GEOLOGIC CONTACT
WORKINGS
NOTE
1. DATA TRACED FROM BROWNS HOLE GROUP VIII, GEOL. MAP OF UNION MINES DEVELOPMENT CORP., GRAND JUNCTION, COLORADO, FIELD OFFICE, MAY 3, 1945.
0 500 1000 1500 2000
SCALE OF FEET
U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
Fig. 2
DMEA Docket No. 2771
Claim Map, Geology and Proposed Drilling
GRAMLICH MINERALS INC. LEASE
BROWN'S HOLE AREA
SAN JUAN COUNTY, UTAH
ENGINEER: H. K. THURBER
DATE: FEB. 12, 1953
TRACED: FEB., 1953; BY: A. P. T. S.
CHECKED:
1900-189-B