DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Idm-E NO. 3093

DMEA NO. 641

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [x] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [x] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [x] Project summary (final)
- [x] Work Comoleted analysis (final)

All other material filed in chronological order including the following reports if checked:

- [x] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab)
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [x] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 2 : Reports
- [x] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

X SETTLEMENT SHEETS

Right Side

- [x] Field Team Semi-Annual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No. _____ : Maps (Use pocket folder or envelope)

Folders No. _____ : ~~Settlement Sheets~~

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

17963

GOVERNMENT COPY

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

To: Mr. Donald T. Adams, Partner
Red Canyon Mines
Monticello, Utah

Pursuant to the provisions of Exploration Project Contract No. Idm-E641, dated November 16, 1953 (Docket No. DMEA-3093), hereinafter called the "Contract", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the Contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

On the land described in Article 2 of the Contract a drift driven in Shinarump conglomerate filling a channel in the Moenkopi formation encountered a large fairly high-grade uranium ore deposit. The principal ore mineral, pitchblende, is associated with calcite and copper sulfides.

Dated: SEP 1 5 1954

THE UNITED STATES OF AMERICA

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

MChing:am 9-8-54
cc to: Operator (original)
Contract Adm. & Audit
Field Team, Reg. IV(2)
Finance Officer
Rare & Misc. Metals Div.
Docket
Mr. Irving Gumbel, Actg. Dir., Materials Div., EPS
Admr. Reading File
Ope[redacted]
Mr[redacted]
Mr[redacted]
F.[redacted]
M.[redacted]
Operator (6 cc for partners)
Code 700

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Red Canyon Mines
c/o Donald T. Adams, Attorney
Monticello, Utah

pertaining to Exploration Project Contract No. Idm-E041, Docket No. DMEA 3093, including Amendment Nos. 1 and 2, for the months of January 1954 to May 1954 inclusive, covering a project for the exploration of Uranium on property known as Red Canyon Mine, located in San Juan County, Utah, about 75 miles west of Blanding.

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, conference with the Executive Officer in charge of the project, and a determination of the reasonableness and propriety of the costs.

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

All costs were incurred 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:		$27,755.00
Exceptions:		
By DMEA Finance Officer	None	
Herewith (Error in addition)	$5.00	5.00
Total Accepted Cost		$27,750.00

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 Twenty-four Thousand Nine Hundred Seventy-five and no/100ths Dollars

- $24,975.00 -

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.

Date: June 25, 1954

Donald T. Finch

Donald T. Finch, Auditor

No. 2

AMENDMENT OF CONTRACT: No. Idm-E641

Contract Docket No. DMEA 3093, dated November 16, 1953, between the United States of America and Red Canyon Mines, a partnership consisting of Donald T. Adams, Leon Adams, Preston Redd, J. Wiley Redd, Robert Redd, Lyman Redd, and John Redd, as amended by Amendment No. 1, dated March 26, 1954, is hereby further amended as follows:

1. The figure and word "800 feet" wherever stated or referred to in said Amendment No. 1 or EXHIBIT "A" attached to Exploration Project Contract Form MF-200(A) is changed to read "925 feet".

2. Referring to said EXHIBIT "A", caption "Estimated Cost of the Project", delete all matter thereunder and in lieu thereof substitute the following:

Drifting 925 feet at $30.00 per foot, including supervision, sampling, sample analysis, and any and all expense incurred in the completion of the work..... $27,750.00

Government participation at 90%..... $24,975.00

3. Referring to "Article 4. Costs of the project" of Exploration Project Contract Form MF-200(A) (February 1952) delete the figures "21,600.00" and in lieu thereof substitute the figures "24,975.00"; delete the figures "24,000.00" and in lieu thereof substitute the figures "27,750.00".

Executed and made effective this 15th day of April, 1954.

RED CANYON MINES

By Donald T. Adams
Donald T. Adams
Attorney in fact

UNITED STATES OF AMERICA

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

MAR 29 1954

AMENDMENT OF CONTRACT: No. Idm-E641 No. 1

Contract Docket No. DMEA 3093, dated November 16, 1953, between the United States of America and Red Canyon Mines, a partnership consisting of Donald T. Adams, Leon Adams, Preston Redd, J. Wiley Redd, Lyman Redd, and John Redd, is hereby amended as follows, effective March 11, 1954:

Referring to EXHIBIT "A" attached to Exploration Project Contract Form MF-200(A) (February 1952), caption "Description of the Work", the work description under said caption is modified as follows:

WHEREAS, the ground conditions encountered in performing the described work prohibit extending the drift northward to its objective of diamond drill hole No. BL-13 as originally planned, it is now therefore agreed that the course of the exploration drift will be changed as follows:

Referring to Figure 1 attached hereto and made a part of this amendment, the exploration drift presently driven will be abandoned from a point approximately 266 feet from its point of beginning to 403 feet, the face at the time the heading became untenable, and a new drift will be driven from a point approximately 266 feet in from the start of the exploration drift to connect with or in the proximity of drill hole BL-12, thence the drift will be turned to head in the direction of Diamond drill hole BL-13. The aggregate total drifting including the portion abandoned shall not exceed 800 feet.

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 MAR 26 1954

RED CANYON MINES

By Donald T. Adams
Donald T. Adams
Attorney in fact

UNITED STATES OF AMERICA

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

By John F. Shaw
John F. Shaw
Acting Executive Officer,
DMEA Field Team, Region IV

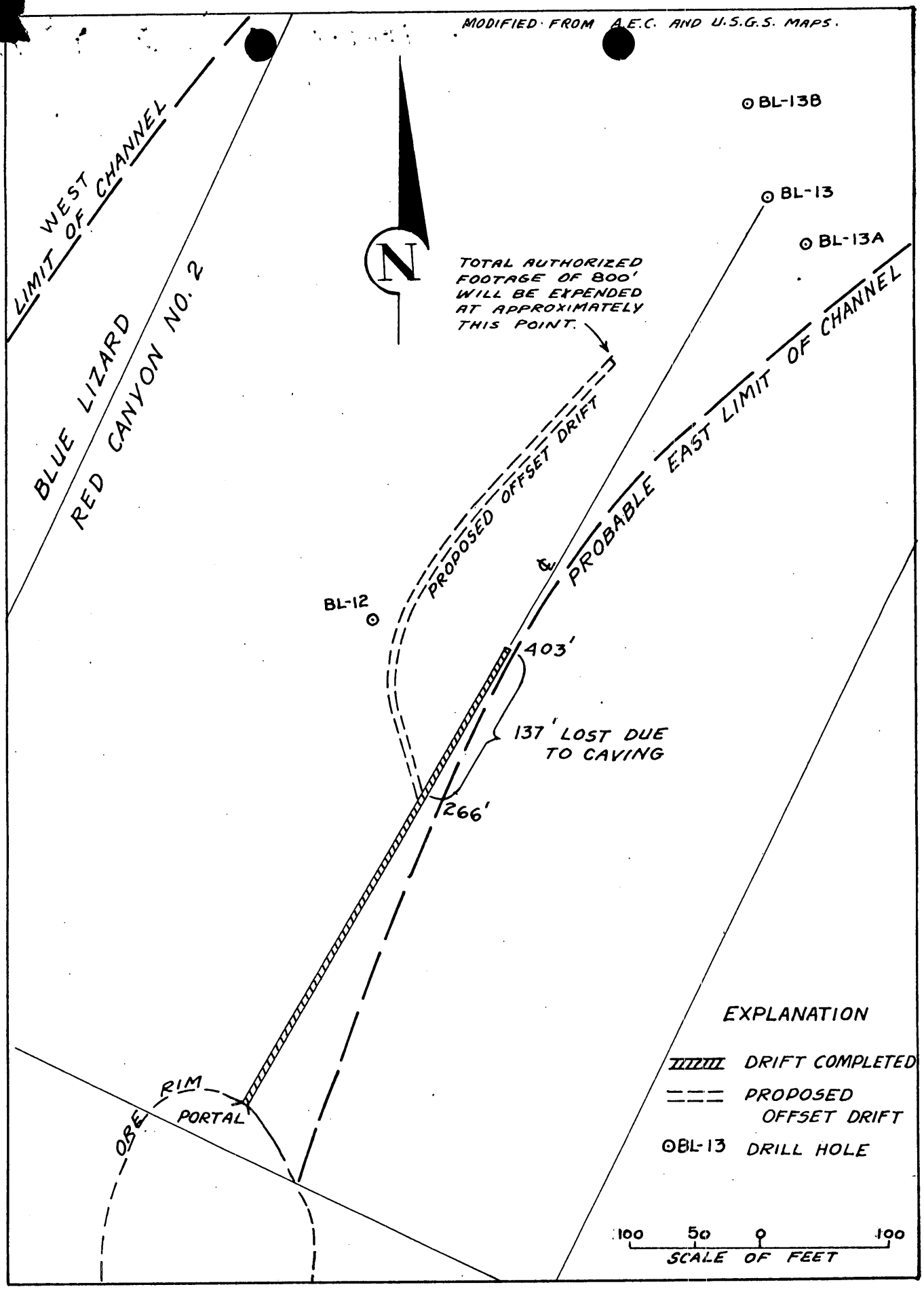

Fig. 1, Proposed offset drift, Red Canyon Mines, San Juan County, Utah
DMEA 3093, Contract Idm-E 611

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3093

COMMODITY Uranium

Idm-E641

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 27 1953

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 16th day of November, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Red Canyon Mines, a partnership consisting of Donald T. Adams and Leon Adams, Monticello, Utah; Preston Redd, J. Wiley Redd, Robert Redd, and Lyman Redd, Blanding, Utah; John Redd, Paradox, Colorado.

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

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Utah, County of San Juan, described as follows:[3] Two unpatented lode mining claims, Red Canyon No. 2 Claim recorded in Book R-2, page 107, and the Blue Lizard Claim recorded in Book R, page 559, in the official records of the County Recorder, San Juan County, Utah.

the Operator represents and undertakes:[4]

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

None

~~(*a*) That the Operator is a lessee, in possession and entitled to possession, and the owner's consent to lease is attached.~~

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

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

in or upon the described land; and shall bring the project to completion within a period of ten (10) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay ninety (90) percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $21,600.00, which is ninety (90) percent of $24,000.00 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.

Red Canyon Mines

By Donald T. Adams
By Jean Adams
By Buster Reed
By J. Wiley Reed
By Lemuel N. Reed
By Robert H. Reed
By [illegible]

(Operator)

THE UNITED STATES OF AMERICA

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

I, _____, certify that I am the secretary of the corporation named as Operator herein; that _____, who signed this contract on behalf of the Operator, was then _____ of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____ [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

DMEA-3093

EXHIBIT "A"

Description of the Work

Drive an exploratory drift approximately 800 feet in length starting at the channel exposure near the south end line of Red Canyon No. 2 Claim and extending northward to terminate at diamond drill hole BL-13, as shown on Figure 2 which is attached and made a part of Exhibit "A".

Estimated Cost of the Project

Drifting 800 feet at $30.00 per foot, including supervision, sampling, sample analyses, and any and all other expense incurred in the completion of the work.....	$24,000.00
Government participation 90%.....	$21,600.00

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:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 6 1953

224 New Customhouse
Denver 2, Colorado

November 4, 1953.

Memorandum

To: Administrator, Defense Minerals Exploration Administration
Attention: 200

From: Field Team, Region IV

Subject: Report of Examination - DMEA Docket 3093 (Uranium), Red Canyon Mines, San Juan County, Utah.

Exploration assistance in the amount of $24,000.00 has been approved and the contract will be prepared by this office.

Four copies of the report will be forwarded you when the contract is executed.

Two copies of Form 3b are attached.

W. H. King
W. H. King

E. N. Harshman
for A. H. Koschmann

FHA LOAN APPLICATION
RED CANYON MINES
c/o Donald T. Adams, Attorney at Law
Monticello, Utah
June 19, 1953

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MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Not to be filled in by applicant

Docket No. DMEA - 3093
Metal or Mineral
Date Received 6-29-53
Estimated Cost
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: RED CANYON MINING c/o Donald T. Adams, Attorney at Law, Monticello, Utah---Partnership--- Preston Redd, J. Wiley Redd, Robert Redd, and Lyman Redd, Blanding, Utah, John Redd, Paradox, Colorado, Donald T. Adams and Leon Adams, Monticello, Utah.

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract two 600' x 1500' mining claims located in what will probably be the NE 1/4 Sec 19 of the unsurveyed township, T 37 S, R 15 E of the Salt Lake Base and Meridian. (For general location, see Exhibit "A") (For descriptions as shown on the location notices, see the attached supplemental sheet.)

(*b*) State any mine name by which the property is known. RED CANYON NO.2 and BLUE LIZARD CLAIMS

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Owner of unpatented mining claims.

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property. Not applicable.

(*e*) If you own the land, describe any liens or encumbrances on it None.

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. Red Canyon No.2-Book R-2, Page 107----Blue Lizard-Book R, Page 559-- In the office of the County Recorder, San Juan County, Monticello, Utah.

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

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades See Sup. Sheet, par.4(b)

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you. See Sup. Sheet, par. 4(c) and Exhibit "B", Sketch No.1.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points. See Sup. Sheet, par 4(d)

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.
See Sup. Sheet, par 4(e)

16—66551-1

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

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc. See Sup. Sheet, par. 5(b) and Exhibit "B", Sketch No. 1

(*c*) The work will start within 15 days and be completed within 8 months from the date of an exploration project contract.

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

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

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

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

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

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

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

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

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

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

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs. See Supplemental Sheet, par. 6(a) to 6(h) for Cost Estimates

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

(*b*) How do you propose to furnish your share of the costs?

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated June 20, 1953

Red Canyon Mines
(Applicant)

By Donald T. Adams
Partner

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

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

D.M.E.A. LOAN APPLICATION
Supplemental Sheet
RED CANYON MINES
c/o Donald T. Adams
Attorney at Law
Monticello, Utah

3.(a) Blue Lizard Claim is located 2 1/2 miles west of Bedrock Springs on the north rim of Red Canyon---Description: Beginning at the discovery monument; thence easterly 300 feet to corner No. 1; thence northerly 1500 feet to corner No. 2; thence westerly 600 feet to corner No. 3; thence southerly 1500 feet to corner No. 4; thence easterly 300 feet to the discovery monument.

Red Canyon No.2 Description: Beginning at the discovery monument; thence easterly 300 feet; thence northerly 1500 feet; thence westerly 600 feet; thence southerly 1500 feet; thence easterly 300 feet to the point of beginning.

4.(a) The area has been drilled under a regular A.E.C. drilling program, a limited amount of mining has been done by the owners, access roads built into the area by the owners have been extended throughout the area to accomodate their drilling operations, and mineralized ore has been discovered and exposed along the ore rim. All work is easily accessable for inspection. See Exhibit "B" for location of drill holes, mine workings etc.

(b) Approximately 35 tons of ore have been shipped from the workings indicated on Exhibit "B", Sketch No.1. Assays showed an average content of 0.21% U_3O_8 and 2.0% copper.

(c) The ore is found in the Chinarump Formation. This formation outcrops on the front of the claims as indicated by the line noted as "Ore Rim" on Exhibit "B", Sketch No. 1. The occurrence of copper as well as Uranium is common as shown by drill and assay results.(See Exhibit "C"). Because of a large slide area made up talus rock, the drilling program recently completed by the A.E.C. produced inconclusive results. Holes had to be abandoned, cores were lost, and drilling at desirable locations could not be attempted. However, Drill Hole BL-19 had a good showing of ore indicating that additional exploration work would be justified. Since additional drilling would be prohibited by the nature of the overburden the construction of an exploration tunnel is proposed as the most feasible means of determining the probable extent of the deposit.

(d) Access Roads have been constructed to the site of the proposed work. Monticello, Utah the location of the closest mill accepting this type of ore is located approximately 100 miles northeast of the site. Monticello is also the main supply center. Blanding, Utah, the closest town, is approximately 75 miles away.

(e) Manpower is adequate and materials, equipment, and supplies are readily available on short notice. A good water supply is available at Bedrock Springs, 2 1/2 miles from the site. No public source of power is available in the vicinity.

5.(b) The work, as proposed, would consist of 800 lineal feet of exploration tunnel excavated from a point on the exposed ore rim to an intersection with drill hole BL-19. The tunnel cross-section would be 7 feet by 6 feet. As work progressed a limited amount of cross-cutting may be required to obtain adequate information. The work outlined above and further described on Exhibit "B", Sketches No.1 and No.2 is the most feasible means of exploring the area under the talus slide area.

(d) The various partners are experienced in mining and mine operation, having operated other mines successfully over the past several years. The partner who will supervise operations is an experienced miner and mine operator.

6. COST ESTIMATES

(a) Independent Contracts

1. Furnishing all labor, equipment, materials and supplies required to construct and complete a 6 feet by 7 feet exploration tunnel from a point on the ore rim a distance of 800 feet along the ore-bearing strata to A.E.C.

Supplementary Sheet Continued

Drill Hole EL-13. Plan, profile and typical tunnel section are shown by sketches on enclosed Exhibit "B".

800 lineal feet of tunnel @ $25.00/Ft.------$20,000

(b) Supervision and Consultants

Supervision and inspection of contract work.

One man part-time 8mo. @ $175.00----------$1,400

Engineering- lines, grades surface and underground mapping.

10 Field-Party-days @ $80.00---------- $800

- office calculations, maps and drawings.

30 man-hours @ $3.00 ---------- $90

Total Engineering $890

Geology ---------- $300

(c) Operating materials and supplies--furnished by contractor

(d) Operating equipment--furnished by contractor

(e) Rehabilitation and repairs--none required

(f) New buildings, improvements and installations--none required

(g) Sampling, assays, and testing----------$192

Accounting----------$200

Workmens Compensation--responsibility of contractor

Liability Insurance--responsibility of contractor

Payroll taxes (supervisor)----------$18

Total Miscellaneous $410

(h) Contingencies

Possible limited group-cutting to explore ore bodies----------1,000

TOTAL ESTIMATED COST OF PROJECT $22,000

...ncisco 2, Calif.

OFFICIAL BUSINESS

SAN FRANCISCO, CALIF.
JUN 16
630PM
1953
RINCON ANNEX

1

Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

FIRST CLASS

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 3093

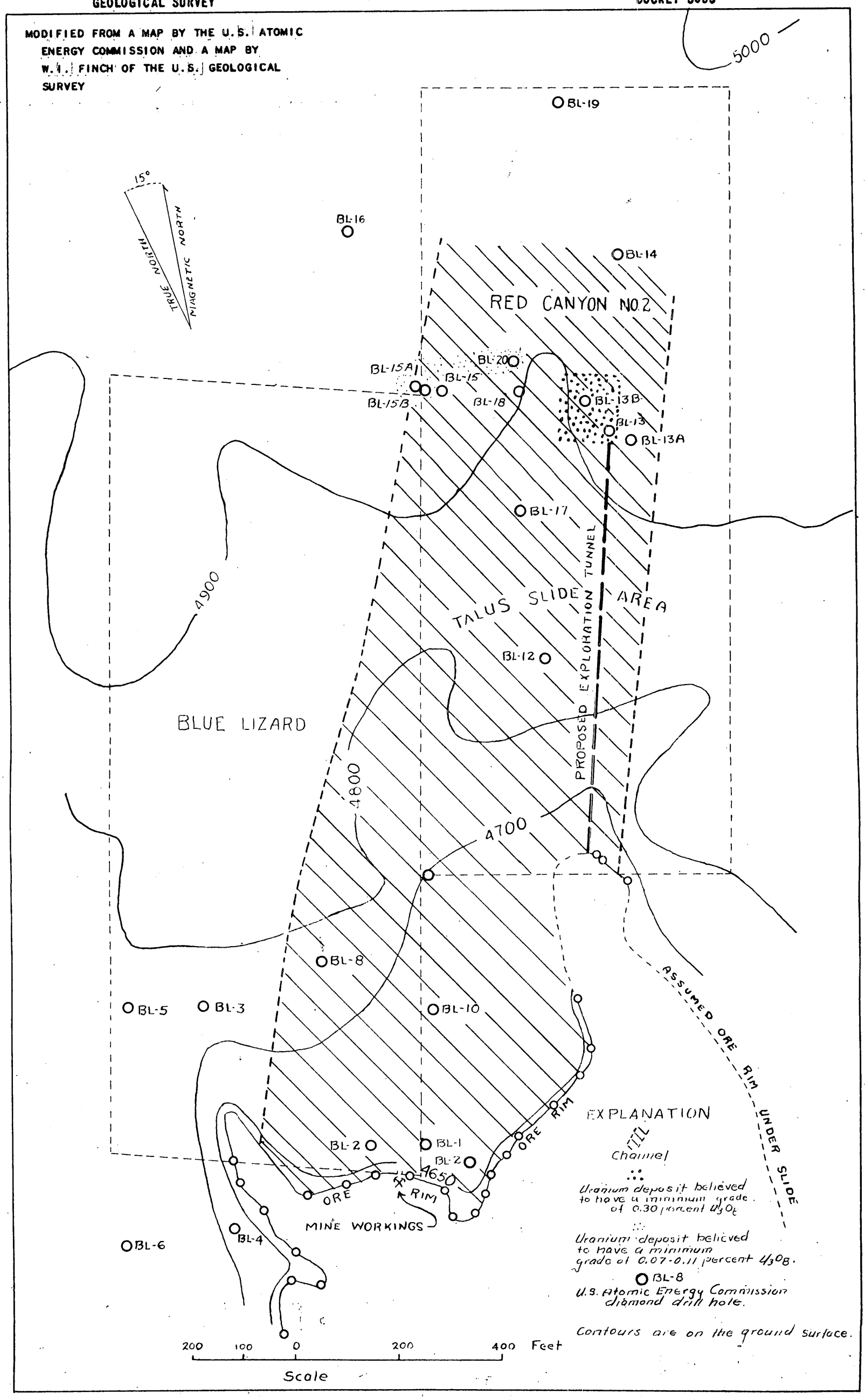


FIGURE 2 - MAP OF THE BLUE LIZARD AND RED CANYON NO. 2 CLAIMS, SAN JUAN COUNTY, UTAH

RED CANYON MINES
c/o Donald T. Adams, Attorney at Law
Monticello, Utah
EXHIBIT "C" (Copy)

RESULTS OF DIAMOND DRILLING ON RED CANYON NO.I AND BLUE LIZARD MINING CLAIMS

Hole No.	Sample No.	Depth	Interval	% Chemical Copper	% Chemical U_3O_8	% Radiometric U_3O_8
BL-1	27251	32.1-33.1'	1.0'	—	—	Tr
BL-2	27252	35.3-36.3	1.0	—	—	Tr
BL-3	27256	32.0-33.0	1.0	—	—	Nil
BL-4	Core Lost					
BL-5	27255	43.0-44.0	1.0	—	—	Tr
BL-6	27254	30.0-31.0	1.0	—	—	Tr.
BL-7	27280	35.9-37.0	1.1	—	—	Tr
BL-8	27279	71.6-72.6	1.0	0.02	0.03	0.04
BL-9	27253	38.0-39.0	1.0	—	—	Tr
BL-10	27281	99.6-100.6	1.0	—	—	Nil
BL-11	25038	150.5-151.5	1.0	—	—	Tr
BL-12	25039	188.5-189.5	1.0	—	—	Tr
BL-12	25040	190.5-191.5	1.0	—	—	0.01
BL-13	25041	190.9-191.5	0.6	0.00	0.44	0.40
BL-13	25042	191.5-192.0	0.5	0.00	1.03	1.13
BL-13	25043	192.0-192.5	0.5	0.00	0.55	0.53
BL-13	25044	192.5-193.5	1.0	—	—	0.03
BL-13A	27295	177.0-177.5	0.5	0.47	—	Tr
BL-13A	27296	166.7-167.7	1.0	0.02	—	Nil
BL-13B	27272	204.2-205.0	0.8	1.09	—	Tr
BL-13B	27271	205.0-205.7	0.7	Nil	—	Nil
BL-14	25047	214.0-215.0	1.0	0.00	—	0.01
BL-15	Hole Abandoned					
BL-15A	25048	238.6-239.0	0.4	0.03	0.11	0.12
BL-15A	25049	138.0-13866	0.6	0.00	—	Tr
BL-15B	28780	230.0-231.0	1.0	Nil	—	0.01
BL-15B	28781	233.2-234.2	1.0	Nil	—	Tr
BL-15B	28782	234.2-234.7	0.5	Nil	—	Tr
BL-15B	28783	234.7-235.2	0.5	0.13	—	Tr
BL-15B	28784	235.2-235.7	0.5	Tr	—	0.04
BL-15B	28785	235.7-236.2	0.5	Nil	—	0.02
BL-15B	28786	236.2-236.7	0.5	—	0.10	0.10
BL-15B	28787	236.7-237.2	0.5	Nil	—	0.02
BL-16	Washout					
BL-17	28778	187.6-188.4	0.8	Tr	0.00	Tr
BL-17	28779	217.5-218.5	1.0	0.31	—	Tr
BL-18	25050	214.0-215.0	1.0	Tr	0.00	Nil
BL-18	27299	215.0-220.0	5.0	0.78	—	Tr
BL-19	27297	245.0-246.0	1.0	0.26	—	Tr
BL-19	27298	247.5-248.5	1.0	0.05	—	Nil
BL-20	28776	215.0-215.5	0.5	0.01	0.07	0.06
BL-20	28777	215.5-216.0	0.5	0.13	0.08	0.08
BL-20	27300	221.9-222.9	1.0	0.26	—	Tr
BL-21	27273	14.1-15.1	1.0	1.61	—	0.02
BL-21	27274	16.9-17.9	1.0	0.02	—	Tr

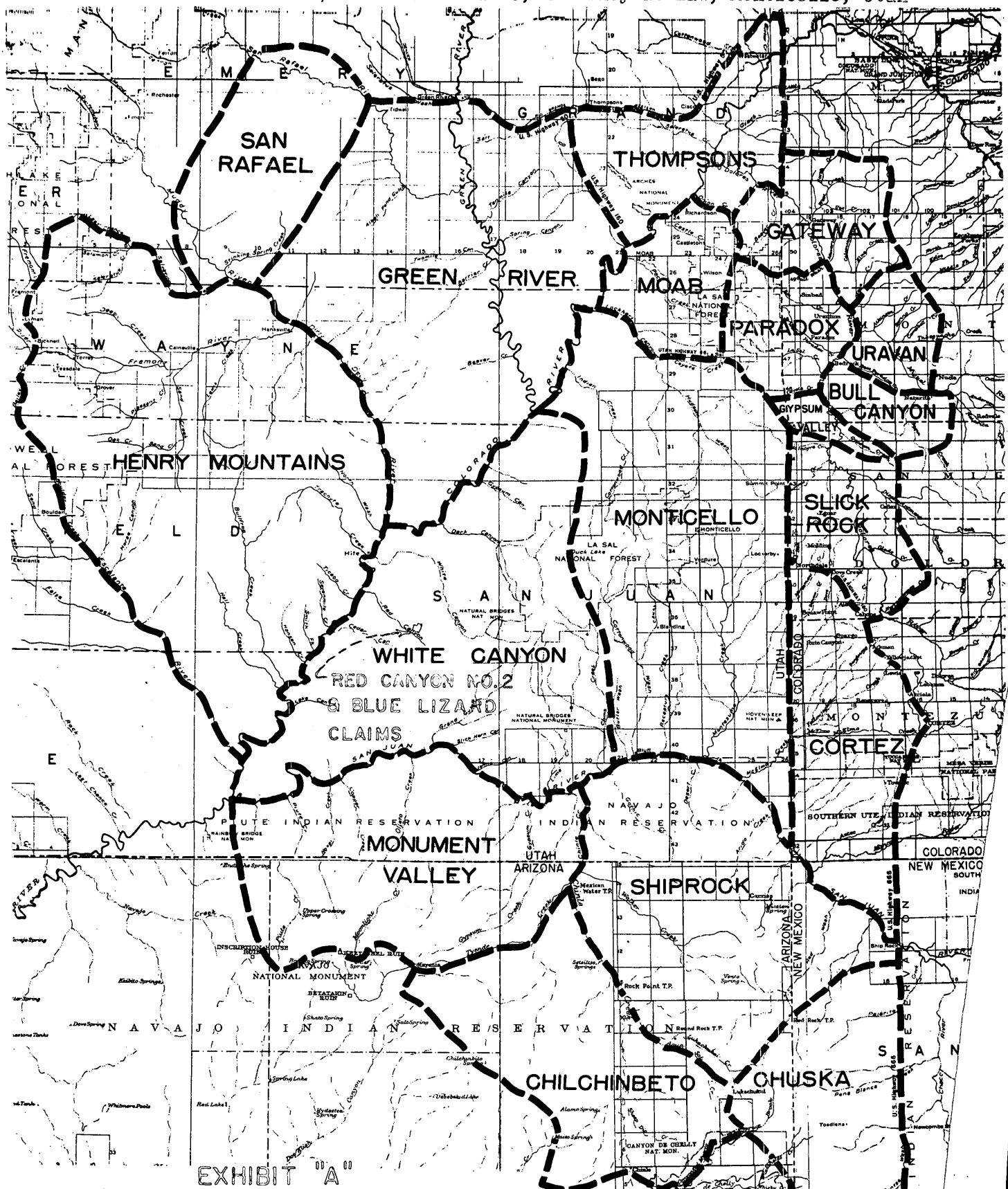


EXHIBIT "A"

USAEC Map Showing

URANIUM MINING DISTRICTS

OF WESTERN COLORADO, EASTERN UTAH,

NORTHEASTERN ARIZONA, AND NORTHWESTERN NEW MEXICO

Courtesy of

DUNKIN BLUE PRINT & *Supply Co.*

Grand Junction, Colorado

DMEA 3093

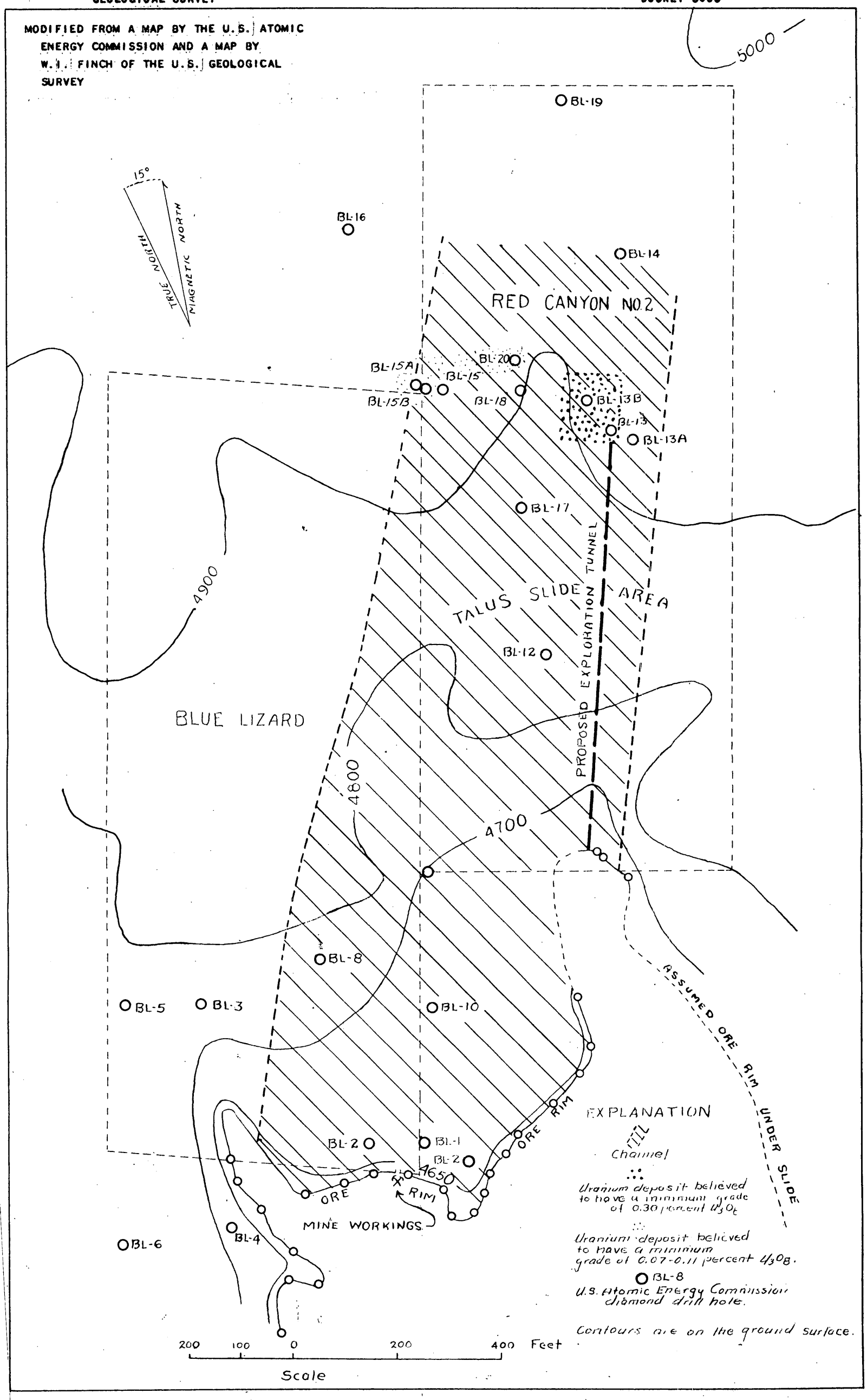


FIGURE 2 - MAP OF THE BLUE LIZARD AND RED CANYON NO 2 CLAIMS, SAN JUAN COUNTY, UTAH

The claims were examined on July 23, 1953, in company with R. R. McLellan, U. S. Bureau of Mines, and Preston Redd, who represented the applicants. Personnel of the AEC were not present at the field examination, but this report has been reviewed in the Grand Junction office of AEC, and the conclusions and recommendations are acceptable.

The field examiners are agreed that the proposed work is planned in an area favorable for the discovery of uranium ore, and they recommend that the proposed plan be approved. Actually, a larger program of exploration is considered desirable from a geologic standpoint, as outlined in this report. This work can be done either with drilling or drifting, which ever is considered more practicable from an engineering standpoint. The AEC personnel believe that the extent of the ore cannot be determined successfully with drilling, due to the physical difficulties expected in drilling.

GEOLOGY

The Blue Lizard and Red Canyon No. 2 claims are on the west flank of the Monument upwarp, a broad uplifted area that extends from Monument Valley in northeastern Arizona to Elk Ridge in southeastern Utah. This uplift has affected sedimentary rocks of late Paleozoic and Mesozoic ages.

The Moenkopi formation (Lower Triassic), the Shinarump conglomerate (Upper (?) Triassic), and the lower unit of the Chinle formation (Upper Triassic) are exposed at the claims. Much of the Shinarump and Chinle surface has been covered by talus and landslide debris tens of feet thick.

The Moenkopi formation is slightly less than 300 feet thick in the area; it consists of a lower and upper unit of interbedded siltstone and shale and a middle unit of fine-grained brown sandstone. The Moenkopi beds are bleached from a few inches to 3 feet beneath the Shinarump conglomerate.

The Shinarump conglomerate is composed of conglomeratic sandstone and lenticular beds of siltstone and fine-grained sandstone. The lower part of the Shinarump conglomerate fills a channel that has been cut into Moenkopi siltstone. This channel trends approximately N. 35° E. (Fig. 2), and is believed to be a continuation of the channel at the Markie claim on the south side of Red Canyon. Diamond drilling by AEC has indicated that the channel is more than 400 feet wide and 18 feet deep.

The lower unit of the Chinle formation consists of light gray clay and lenticular beds of fine-to-medium-grained sandstone. The Chinle formation is poorly exposed at the claims.

ORE DEPOSITS

In the White Canyon district, the uranium-bearing deposits are in Shinarump beds that fill channels cut into the Moenkopi formation. Most of the deposits are in the central, deeper parts of the channel where they form tabular masses that lie essentially parallel with the bedding. The deposits range in size from a few tons to many thousand tons of ore; deposits of average size contain a few hundred to a few thousand tons. The ore bodies consist of uranium and copper minerals that impregnate the rock and replace fossil wood. Pitchblende is the dominant uranium mineral and is associated with copper sulfides and pyrite.

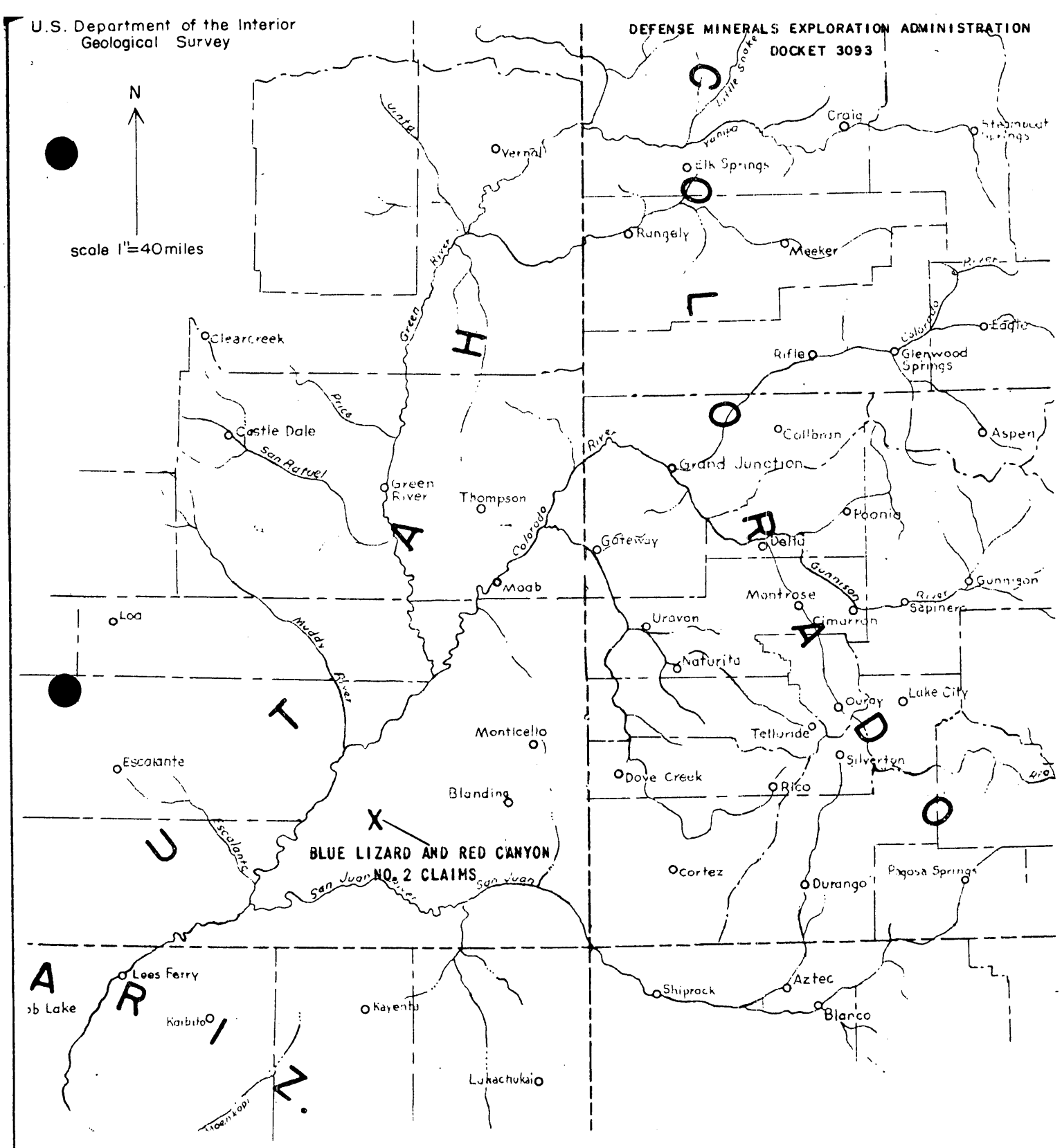


Figure 1. INDEX MAP SHOWING LOCATION OF THE BLUE LIZARD AND RED CANYON NO. 2 CLAIMS, SAN JUAN COUNTY, UTAH

Docket

PROJECT SUMMARY REPORT

By: A. G. Keating October 19, 1954

1. Docket No. DMEA-3093 (Uranium)
Contract No. Idm-E641

Operator - Red Canyon Mines, a partnership consisting of Donald T. Adams and Leon Adams, Monticello, Utah; Preston Redd, J. Wiley Redd, Robert Redd, and Lyman Redd, Blanding, Utah; John Redd, Paradox, Colo.

Property and rights - Two unpatented lode mining claims, Red Canyon No. 2 and Blue Lizard claims, San Juan County, Utah. Owned by Operator.

2. Contract: Dated November 16, 1953
(MF-200A) Agreed estimated costs.

Work authorized -

Drifting 800 ft. @ $30.00 per ft, including all expenses incurred in completion of work,

Total cost of project	$24,000.00
Government's participation at 90%	$21,600.00

Amendments -

Amendment No. 1, dated March 26, 1954, allows present drift to be abandoned from a point approximately 266 ft. from point of beginning to 403 ft. due to caving ground. Allows new drift to continue from approximately 266 ft from start of exploration. Total aggregate drifting not to exceed 800 ft.- no increase in estimated cost of project

Amendment No. 2, dated April 15, 1954.

(a) In Exhibit "A" or Amendment No. 1, change figure and word 800 ft. to read 925 ft.

(b) Exhibit "A" delete estimated cost of project and substitute -

Drifting 925 Ft. @ $30.00 per ft.	$27,750.00
Government's participation at 90%	$24,975.00

2. Contract continued:

Work completed -

925 ft. drifting @ $30.00 per ft.	$27,750.00
Government's participation at 90%	$24,975.00

Project completed May 1954

3. Audit Certificate: Dated June 25, 1954

Total cost as billed by Operator	$27,755.00
Exceptions (no equipment settlement required)	5.00
Total accepted cost	$27,750.00
Government's participation at 90%	$24,975.00

Final payment processed July 6, 1954.

4. Certification of Discovery: Dated September 15, 1954

In the Moenkopi formation fairlay high grade uranium ore deposit was encountered. Principal mineral pitchblende with copper sulfides.

Mineral areas disclosed estimated to contain -

(a) Indicated ore 4,200 tons at a value per ton of 0.4 percent U_3O_8 and 1.0 percent Cu.

(b) Inferred ore -

4,200	tons	at	a	value	per	ton	of	0.20	%	U_3O_8	-	0.50 Cu
170	"	"	"	"	"	"	"	0.30	"	"	-	0.10 Cu
17,000	"	"	"	"	"	"	"	0.05	"	"	-	0.25 Cu

Royalties paid	5/12/54	-	$ 56.10
	7/13/54	-	930.29
	9/1/54	-	4,140.42
Accumulated			$5,126.81

COMMENTS:

All work completed in satisfactory manner as to workmanship and efficiency.

Geological premises based on channel cutting into moenkopi and shinarump formations considered favorable in the district.

In the moenkopi formation fairly high grade uranium ore was encountered. Principally pitchblende and copper sulfides.

The discovery appears to be of sufficient size and continuity to place it among the best in the White Canyon district and promises to become the most significant in the area.

A.G. Keating
A. G. Keating

AG.Keating/bih
11/9/54
Copies to Docket (original)
Admr. Reading File
Mr. Ellis
Mr. Keating
Mr. Johnson

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

Ching
Ellis

Project Summary Report

By: Michael Ching September 24, 1954

1. Docket No. DMEA-3093 (Uranium)
Contract No. Idm-E641

Operator - Red Canyon Mines, a partnership consisting of Donald T. Adams and Leon Adams, Monticello, Utah; Preston Redd, J. Wiley Redd, Robert Redd, and Lyman Redd, Blanding, Utah; John Redd, Paradox, Colorado

Property and rights - Two unpatented lode mining claims, Red Canyon No. 2 and Blue Lizard claims, San Juan County, Utah. Owned by Operator.

2. Contract - dated November 16, 1953 (Short Form)

Work authorized (as amended)

925 feet of drifting @ $30.00 per foot	$27,750.00
Government participation at 90 percent	$24,975.00

Amendments -

Amendment No. 1, dated March 26, 1954, permits the drift to be abandoned from the 266 foot mark to the face at the 403 foot mark because of caving, and bypassing the cave from the 266 foot work by offsetting the drift.

Amendment No. 2, dated April 15, 1954, increases the total drifting from 800 feet to 925 feet.

Work completed -

925 feet drifting @ $30.00 per foot	$27,750.00
Government participation at 90 percent	$24,975.00

The work was started in January, 1954, and completed in May.

3. Auditor's Report of Review - Dated June 25, 1954

Total cost as billed by Operator	$27,755.00
Exceptions	5.00
Total accepted cost	$27,750.00
Government participation at 90 percent	$24,975.00

4. Certification of Discovery - Dated September 15, 1954

5. Comments -

The Operator prosecuted the work energetically and efficiently and cooperated fully with Government field examiners. His monthly progress and final reports were satisfactory.

The work was designed to explore an ancient channel cut in the Moenkopi formation and filled with Shinarump conglomerate. Starting at the rim exposure of the channel the drift was to follow the right flank of the channel toward a mineralized area indicated by earlier Atomic Energy Commission diamond drilling.

Caving occurred in the drift when it approached the thinning edge of the channel on the east. The drift was then offset to the west, nearer the central portion of the channel, and was then driven to its objective.

The work exposed mineralized areas which are estimated to contain from 4,000 to 5,000 tons of ore analyzing from 0.40% to 0.50% U_3O_8 and 1.0% copper. An additional 4,000 to 5,000 tons of ore of a somewhat lower grade probably will be found in this general vicinity.

The ore bodies are located on or near the basal contact of the conglomerate and range from 2 to 6 feet in thickness. The ore minerals, predominantly pitchblende and chalcopyrite, are disseminated throughout the rock or locally concentrated as replacements of fossil wood.

While much of the channel remains to be explored, the results obtained under the subject contract constituted one of the most significant discoveries in the White Canyon district and a certification of discovery or development was well warranted.

Michael Ching

Michael Ching

[X] Audited

[X] Certified

K ANALYSIS SHEET -- DMEA PROJECT

Analysis as of 12-2-54
Incl. Voucher for May, 1954

[ ] Actual Cost

[X] Agreed Unit Costs

Name Red Canyon Mines

Docket No. 3093

State Utah

Commodity Uranium

Idm-E No. 641

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	925	27,750.00	925	27,750.00	27,750.00
Raising					
Shafts					
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify)					
Totals		27,750.00		27,750.00	27,750.00

Prepared by Michael Ching

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

224 New Customhouse
Denver 2, Colorado

August 6, 1956

Memorandum

To: J. F. Shaw

From: Executive Officer, DMEA Field Team, Region III

Subject: Report for period January 1, 1955 through June 30, 1956, Docket DMEA 3093 (Uranium), Contract Idm-E641, Red Canyon Mines (Red Canyon No. 2 and Blue Lizard Claims), San Juan County, Utah

Enclosed is a copy of letter, dated August 3, 1956 from W. S. Martin, Acting Chairman, Operating Committee relative to the above subject, which is self explanatory.

Your attention is directed to our memorandums of February 2, 1956, June 4, 1956, June 13, 1956 and July 12, 1956, with the request you submit this and other delinquent semiannual reports at your earliest possible convenience.

W. M. TRAVER

W. M. Traver

MEM/vj

cc: Semiannual Report File - General
" " " - E641
" " " - E54
" " " - E703
Sec. Opr. Comm. (2)
Chair. Opr. Comm.
Marshall
Chron.

Surname copy

700

Ching
Ellis
Martin
Kofman
Wilkinson

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

AUG - 3 1956

Mr. R. M. Traver
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-3093 (Uranium)
Contract No. Idm-641
Red Canyon Mines
Red Canyon No. 2 and Blue Lizard Claims
San Juan County, Utah

Dear Mr. Traver:

A review of our files shows that the last semi-annual report on this certified project covered the period July 1 - December 31, 1954.

Will you kindly have a report prepared for the period ending June 30, 1956, in order to bring the status of this property up to that date.

Sincerely yours,

W. S. Martin By 657
ACTING Chairman, Operating Committee

APPROVED:

/s/ Robert W. Seefeld 657
Member, Bureau of Mines

M. E. Nelson 657
Member, Geological Survey

MChing/ai 8-2-56
cc to: Docket By
Admr.'s Reading File
Operating Committee
Code 700
Mr. Ching
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

RCh

Surname 700

Ching

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

JUN 22 1955

Mr. J. S. Call, General Manager
Lucky Strike Uranium Corporation
146 South Main Street
Salt Lake City, Utah

Re: Docket No. DMEA-3093 (Uranium)
Contract No. Idm-E641
Red Canyon Mines
San Juan County, Utah

Dear Mr. Call:

Receipt is acknowledged of your letter of June 16, 1955, requesting a copy of the geological report made in connection with the captioned exploration project.

Such reports, made by Government-employed geologists, are for official use only. Accordingly, I regret that we are unable to furnish you with a copy of the report in question.

Sincerely yours,

C. O. Mittendorf

Administrator

MChing:am
6-21-55
cc to: Admr. Reading File
Docket
Code 700
Mr. Ching
DMEA Field Team, Region III(2)

R.C.h.

6/21/55 gla

LUCKY STRIKE

uranium corporation

146 SOUTH MAIN STREET • SALT LAKE CITY, UTAH

RECEIVED
JUN 20 1955

June 16, 1955

3093

Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

Dear Sir:

Sometime in 1954 Red Canyon Mines Company received a DMEA loan for which a geologic report was prepared. Since this time the Blue Lizzard Mine, for which the loan was granted, was signed over to Lucky Strike Uranium Corporation under a purchase agreement, and I am writing now to find out if there is any way that Lucky Strike Uranium Corporation can obtain a copy of the geology report which was prepared for the DMEA application for aid.

I would greatly appreciate some response from you on this matter.

Very truly yours,

LUCKY STRIKE URANIUM CORPORATION

By J. E. Call
J. E. Call
General Manager

JEC/rs

3093

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Colorado Plateau District
P. O. Box 360
Grand Junction, Colorado

June 6, 1955

3093

Mr. J. E. Call
146 South Main - Suite 101
Salt Lake City, Utah

Dear Mr. Call:

This letter is in response to your request dated June 3, 1955, for a copy of the geologic report in connection with the DMEA application for aid by the Red Canyon Mines Company.

According to DMEA regulations, all technical reports related to DMEA applications are not on open file, are not available for public inspection, and are for internal Government use only. Under the regulations I am not at liberty, therefore, to make available to you the geologic report you request.

However, it is entirely your privilege to address your request for the geologic report to Mr. C. O. Mittendorf, Administrator, Defense Minerals Exploration Administration, Interior Building, Washington 25, D. C.

Please do not hesitate to contact us further should you require other information concerning the Defense Minerals Exploration Administration.

Sincerely yours,

WPWilliams

For Arnold L. Brokaw

WPW/mlr

cc: C. O. Mittendorf
with Call's letter

(C O P Y)

J. E. CALL AND COMPANY

146 South Main - Suite 101 - Salt Lake

June 3, 1955

Mr. Broka
c/o U. S. Geological Service
Grand Junction, Colorado

Dear Mr. Broka:

Sometime in 1954 Red Canyon Mines Company received a DMEA loan. As you may have read by recent newspaper articles, such as the one I am enclosing in this letter, the Blue Lizzard Mines, for which the loan was granted, has been purchased by Lucky Strike Uranium Company.

I am interested in obtaining a copy of the geology report which was made relative to the DMEA loan and I was told by the Denver office that you would probably be able to supply this for me.

Mr. Preston Redd, one of the partners of Red Canyon Mines Company, is now President of Lucky Strike Uranium Company and I am making this request with his approval. I would certainly appreciate your cooperation in this matter.

Very truly yours,

LUCKY STRIKE URANIUM COMPANY

/s/ J. E. Call,
Manager

JEC/rs

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

140

APR 1 5 1955

Mr. W. M. Traver
Executive Officer
DMEA Field Team, REGION III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-3093 (Uranium)
Red Canyon Mines
San Juan County, Utah
Contract No. Idm-E641

Dear Mr. Traver:

This responds to your memorandum dated March 31 to the Operating Committee recommending that a release of the Government's lien under the subject contract be issued to the Operator, it having repaid the full amount of the Government's contribution under said contract.

We have not deemed it necessary to issue formal releases in these cases. The Administrator's letter dated March 22 to the Operator acknowledges receipt of repayment of the amount of the Government's contribution, and should satisfy the Operator, since the Government's lien was not recorded. In this regard, the Administrator's letter was written just 3 days after Belser's memorandum to you. If the Operator requests a further instrument of release we should be glad to furnish him with one.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/B)

APPROVED:

J. H. Hedges (2/B)
Member, Bureau of Mines

Thor H. Kiilsgaard (2/B)
Member, Geological Survey

HCRubin:gjb 4/14/55
Copy to: DMEA Docket
Sol. Docket
ADM. R. FILE
Op. Committee,
T. H. Kiilsgaard, GS
J. E. Crawford, BM
E. W. Ellis
J. L. Hofflund
H. C. Rubin
Chron. File
Pending File

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

224 New Customhouse
Denver 2, Colorado

March 31, 1955

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3093 (Uranium), Contract Idm-E641, Red Canyon Mines, San Juan County, Utah

Enclosed for your information are the original and three copies of a memorandum from Carl Belser, Mining Engineer, U.S. Bureau of Mines, which is self-explanatory.

Inasmuch as the operator has reimbursed the Government in full for the amount of Government participation in the costs of the exploration work we recommend that a release be issued to the operator.

W. M. Traver

W. M. Traver

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
March 25, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw

From: Carl Belser

Subject: DMEA 3093, Contract Idm-E641 (Uranium) Red Canyon Mines (Red Canyon No. 2--Blue Lizard claims) San Juan County, Utah

Donald T. Adams stated on March 21, 1955, that no sale of their Red Canyon property has been made to date. They have been producing about the same amount each month and have about 10,000 tons of 0.25 percent U_3O_8 ore blocked out which contains a little copper and very little vanadium.

Utah Continental Uranium Corporation is drilling the property but have not yet made their down payment of $500,000.00.

Mr. Adams would like to obtain a release from the DMEA of the lien made on the property in favor of the Government at the time of the DMEA Contract.

Carl Belser
Mining Engineer

cc 7
E641
DMEA Chron.

CB/pah

DMEA
Date Rec'd.

MAR 28 1955

BUREAU OF MINES
Denver, Colorado

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

Defense Minerals Administration
RECEIVED
APR - 1 1955

224 New Customhouse
Denver 2, Colorado

March 29, 1955

Memorandum

To: W. M. Traver

From: Donald T. Finch, Auditor

Subject: DMEA Royalties Paid by Red Canyon Mines, Monticello, Utah
Docket No. DMEA 3093 (Uranium) Contract Idm-E641

Pursuant to your request, I have reviewed the copies of settlement sheets for sales of uranium ores during the period April 19, to December 16, 1954, by the Red Canyon Mining Company to Colorado Plateau Uranium Ore Project, at White Canyon, Utah, by American Smelting and Refining Company as agent for United States Atomic Energy Commission.

I have also confirmed the receipts of DMEA royalty payments and lump sum final payment, as reflected on the records of the Finance Officer, D.M.E.A. Region III.

DMEA Exploration Contract Idm-E641 authorized a total exploration cost of $27,750.00 with Government participation at 90% of $24,975.00.

As shown by Report of Review dated June 25, 1954, the accepted cost of this contract was $27,750.00 with Government participation of $24,975.00.

A Certification of Discovery was issued for this Contract by the D.M.E.A. on September 15, 1954.

This review has confirmed the following data:

Total Government Participation - - - -		$24,975.00
Royalty Payments by the Operator for the Period April 19, to December 16, 1954 -	$9,367.51	
Lump Sum Payment by the Operator transmitted February 8, 1955 -	15,607.49	
Repayment in Full of Government Participation in the Contract (total as above) - - -		$24,975.00

Donald T. Finch

Donald T. Finch, Auditor

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

Chambers
Ching
Ellis
Selfridge
Johnson

MAR 22 1955

Mr. Donald T. Adams, Partner
Red Canyon Mines
Monticello, Utah

Re: Docket No. DMEA-3093 (Uranium)
Contract No. Idm-E641
Red Canyon Mines
Red Canyon No. 2-Blue Lizard Claims
San Juan County, Utah

Dear Mr. Adams:

Under the contract cited above the Government allotted a total of $27,750.00 for exploration of uranium and agreed to share 90 percent of the cost as approved and accepted by this Administration. The Contract Administration and Audit Division of this Administration in its final audit report of June 25, 1954, determined the total allowable cost of the project to be $27,750.00, and the Government's share at 90 percent participation to be $24,975.00.

If the exploration work resulted in a discovery, the Company was to pay to the Government a royalty at a rate stipulated in the contract for a period of 10 years or until the amount advanced by the Government was liquidated, whichever occurred first. You started to pay royalty in May 1954 and have consistently paid royalty until February 1955, at which time you liquidated the amount advanced by the Government.

I wish to congratulate you for a successful exploration and to thank you for the payment of your account under the contract. It has been a pleasure to participate with you in this very fine undertaking.

Sincerely yours,

C. O. Mittendorf
(by 257)
Administrator

JLChambers/wb 3-17-55

Copy to: Docket
Admr. Reading File
Region III Field Team (2)
Administrator
Mr. Johnson
Mr. Kiilsgaard
Mr. Crawford
Mr. Ellis
Mr. Chambers

R.C.B.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 14 1955

224 New Customhouse
Denver 2, Colorado

February 10, 1955

Mr. Donald T. Adams
Red Canyon Mines
Monticello, Utah

Re: Royalty Payment,
Docket DMEA 3098 (Uranium)
Contract Idm-E641
Red Canyon Mines
San Juan County, Utah

Dear Mr. Adams:

This will acknowledge receipt of your letter dated February 5, 1955, transmitting check in the amount of $15,607.49 in full payment of royalties due under DMEA Contract Idm-E641.

Yours very truly,

W. M. TRAVER

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

RDB:ld

Copy to: Chairman, Operating Committee (4)
J. F. Shaw
J. W. Townsend
W. P. Williams
E. N. Harshman
R. D. Berkenkotter
Royalty File E641
Chron

QUADRUPLICATE

STANDARD FORM 209c (Formerly Cert. of Deposit, Form 6599)
Promulgated August 1951 by Treasury Department, Fiscal Service

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

Deposited with Federal Reserve Bank of Kansas City, Mo. 2/9/55
(Name and location of depositary) Denver, Colo. (Date sent)

DEPOSIT NO. 14-23-040-68

the sum shown opposite for credit, subject to check, in the disbursing account of—

$ 15,607.49

C. B. Evans, IDO, Denver, Colo.

(Name and address of officer to be credited)

SYMBOL NO. 413

On account of—
14X4401

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

Defense Minerals Exploration
Administration
224 New Customhouse
Denver 2, Colo.

C. B. Evans, IDO
Denver, Colo.
FEB 10 1955

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)

FEB 9 1955
(Date of credit in Treasurer's account)

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

Idm E-641 Red Canyon Mines 15,607.49

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
FEB 10 1955

224 New Customhouse
Denver 2, Colorado

February 8, 1955

Memorandum

To: Chairman, Operating Committee
Defense Minerals Exploration Administration

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3093 (Uranium), Contract Idm-E641, Red Canyon Mines, San Juan County, Utah

We have today received and forwarded to the Finance Officer, Region III, a check from the subject operator in the amount of $15,607.49, which constitutes the operator's payment in full of the balance due the Government under the terms of the subject contract.

Enclosed are four copies of the operator's letter by which the check was forwarded to this office and four copies of our memorandum to T. A. Christensen forwarding the check for disposition.

The operator requests that a release be issued on the Government's lien against the property. Therefore, the matter is forwarded for appropriate action as indicated.

W. M. Traver

W. M. Traver

Enclosures

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 10 1955

224 New Customhouse
Denver 2, Colorado

February 8, 1955

Memorandum

To: F. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3092 (Uranium), Contract Idm-E041, Red Canyon Mines, San Juan County, Utah

Enclosed for your disposition is a check in the amount of $15,607.49 made payable to U. S. Defense Minerals Exploration Administration, and a copy of a letter of transmittal dated February 5, 1955, from Red Canyon Mines.

The check rendered constitutes the operator's payment in full for the balance due the Government under the royalty repayment provisions of the subject contract as the amount of Government participation in the cost of the work performed.

W. M. TRAVER

W. M. Traver

Enclosures

J[illegible]:ld

Copy to: Chr. Opr. Comm. (4)
J. F. Shaw w/enc.
J. M. Townsend w/enc.
W. P. Williams w/enc.
L. H. Tarshman w/enc.
Royalty File E041
Chron

DMEA
FEB 8 1955

RECEIVED

SENATE CHAMBER
STATE OF UTAH
SALT LAKE CITY

Feb. 5, 1955/
Red Canyon Mines,
Care of Donald T. Adams,
Monticello, Utah.

U. S. Department of the Interior,
D. E. M. A. Field Team IV,
W. H. King, Executive Officer,
224 New Customs House,
Denver 2, Colorado.

Re: Royalty Payment DMEA
Docket 3092 "Uranium"
Contract IDM-E641
Red Canyon Mines, San Juan
County, Utah.

Dear Mr. King:

Pursuant to the caption contract we became indebted to the DEMA in the total sum of $24,975.00, we have previously paid you on this amount the sum of $9367.51 leaving a balance due you in the sum of $15,607.49.

I am herewith enclosing out check in the sum of $15,607.49 in full payment of the caption contract. Will you forward us a formal release of the lien on the property involved.

Thanking you for your past cooperations and attention in this matter.

Very truly yours,

Red Canyon Mines
By Donald T. Adams
Donald T. Adams

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

224 New Customhouse
Denver 2, Colorado

December 29, 1954

Mr. Donald T. Adams
Attorney at Law
Monticello, Utah

Re: Royalty payments, DMEA Docket 3093 (Uranium) Contract Idm-E641, Red Canyon Mines, San Juan County, Utah

Dear Mr. Adams:

We hereby acknowledge receipt of your check No. 748 for $1,033.30 in payment of royalty on ore shipments under DMEA Contract Idm-E641, and four copies of the applicable settlement sheets (Liquidation No. 6772). Attention is called to the fact that this settlement sheet contained a correcting payment of $0.54 for Lot No. 11994 which will result in additional royalty being due in the amount of $0.03.

Our records indicate that you have paid a total of $1,643.49 for royalty on A.E.C. Production Bonus payments to date; this amount being applicable to Liquidation Numbers 5259, 5572, 5573, and 5774. Payment for the U_3O_8 content only on Liq. No. 5943 was $14,063.03; on Liq. No. 6140, $13,205.17; on Liq. No. 6141, $1,501.01; on Liq. No. 6336, $19,277.28; on Liq. No. 6514, $187.06; on Liq. No. 6544, $3,004.89; on Liq. No. 6545, $6,115.95; and on Liq. No. 6772, $14,522.82. The A.E.C. Production Bonus is equal to these U_3O_8 payments. If the U_3O_8 content of these shipments and prior shipments does not exceed the initial 10,000 pounds of uranium on which the A.E.C. Production Bonus is collectable, royalty is due the U. S. Government at 5 percent. This total amount is $71,877.21 and royalty due will be $3,593.86.

Please make your check in the amount of $3,593.89 payable to the Defense Minerals Exploration Administration and send it to the Executive Officer, DMEA Field Team, Region IV, Room 224 New Customhouse, Denver 2, Colorado.

Yours very truly,
W. H. KING

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

RDB:ld

Copy to: Royalty File E641
W. M. Traver
Sec. Opr. Comm. (2)
T. A. Christensen
R. D. Berkenkotter
Chron

File Copy
Surname

700

Ching
Ellis
Chamberlin
Kilsgaard
Hedges
Selridge
Johnson

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

INTERIOR DEPT.
SEP 9 - 1954
SOLICITOR

SEP 16 1954

Mr. Donald T. Adams, Partner
Red Canyon Mines
Monticello, Utah

Re: Docket No. DMEA-3093 (Uranium)
Contract No. Idm-E641
Red Canyon No. 2 and Blue Lizard Claims
San Juan County, Utah

Dear Mr. Adams:

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 November 16, 1953, the date of the contract, are subject to the Government's percentage royalty as set forth in the contract until the sum of $24,975.00 is paid, or until November 16, 1963, whichever occurs first.

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

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

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

Mr. Ching
Code 700

Mr. Hedges, Rm. 4604
Mr. Kilsgaard, Rm. 5227
Mr. F. E. Johnson
(Operator, 6 partners)

Operating Committee
Contract Adm. & Audit
Field Team, Reg. IV (2)
Finance Officer

Copy to: Docket
Administrator
Admr's Reading File

MChing:ep 9-8-54

R.C.B.

Surname 700

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

Ching
Ellis
Kiilsgaard
Hedges
Selfridge
F E Johnson

SEP 16 1954

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

Re: Docket No. DMEA-3093 (Uranium)
Contract No. Idm-1641
Red Canyon Mines
Red Canyon No. 2-Blue Lizard Claims
San Juan County, Utah

Dear Mr. Gumbel:

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

The contract was dated November 16, 1953, and, as amended, covers an exploration project estimated to cost $27,750.00, with Government participation to the extent of 90 percent, or $24,975.00. Work under the project was started in January 1954 and completed in May 1954. An auditor's report of review shows total expenditures during the life of the contract were $27,750.00, with Government participation amounting to $24,975.00.

The contract, as amended, provided for drifting 925 feet along an ancient channel cut in the Moenkopi formation and filled with Shinarump conglomerate. The work completed was in accordance with contract provisions.

The work exposed mineralized areas which are estimated to contain from 4,000 to 5,000 tons of ore analyzing from 0.40% to 0.50% U_3O_8 and 1.0% copper. An additional 4,000 to 5,000 tons of ore of a somewhat lower grade probably will be found in this general vicinity.

The results of this project constitute one of the most significant discoveries in the White Canyon district; consequently, a certification of discovery or development is well warranted.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

Code 700
DMEA Field Team,
Region IV (2)

Messrs. Hedges, Rm. 4604
Kiilsgaard, Rm. 5227
F. E. Johnson
M. Ching

cc to: Admr. Reading File
Operating Committee
Docket

MChing:am
9-8-54

R.C.S.

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

September 7, 1954

Memorandum

To: Ernest William Ellis, DMEA Member Uranium Commodity Committee, Room 4640

From: John E. Crawford, Bureau of Mines Member Uranium Commodity Committee

Subject: DMEA Docket 3093 (Uranium) Contract Idm-E641, Red Canyon Mines, Red Canyon No. 2 and Blue Lizard Claims, San Juan County, Utah

I have reviewed the subject report and have discussed it with Joseph O. Hosted, representative of the Atomic Energy Commission.

I concur with the field team's recommendation that a Certificate of Discovery be issued the operator, inasmuch as exploration has resulted in the discovery of a significant amount of uranium ore which is being actively mined by the operator.

The report has been forwarded to the Chief, Minerals Division, Bureau of Mines, in accord with the routing slip attached thereto.

John E. Crawford

John E. Crawford

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

224 New Customhouse
Denver 2, Colorado

August 18, 1954

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region IV

Subject: Docket DMEA 3093 (Uranium), Contract Idm-E641, Red Canyon Mines, Red Canyon No. 2 and Blue Lizard Claims, San Juan County, Utah

Enclosed are the following final reports pertaining to work completed under the subject contract:

1. Original and one copy of the operator's final report.

2. Original and three copies of the final geologic report by the U.S. Geological Survey.

3. Original and three copies of the final engineering report by the U.S. Bureau of Mines.

4. Original and three copies of Form "B", Certification by the United States of America of a Discovery or Development under an Exploration Project Contract, which has been prepared as a suggested basis for the issuance of a Certification of Discovery or Development.

All work authorized by the contract was completed in a satisfactory manner and final payment to the operator under the terms of the contract was processed by this office July 6, 1954, in conformance with the Report of Review by the Contract Administration and Audit Division dated June 25, 1954.

The exploration work completed consisted of 925 feet of drifting at a total accepted cost of $27,750.00, in which the Government participated to the extent of 90% or an amount of $24,975.00.

The exploration work resulted in the discovery or development of uranium ore on which a certification is recommended in conformance with the enclosed Form "B" which is as recommended by the examining engineer and geologist in their final reports.

W H King
W. H. King

E. H. Koschmann
for A. H. Koschmann

Encls.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver 2, Colorado

August 16, 1954

Memorandum

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 3C93, Red Canyon mines, Blue Lizard, and Red Canyon No. 2 claims, San Juan County, Utah

Enclosed are 11 copies of a final geologic report by Albert F. Trites, Jr., of the U. S. Geological Survey covering the above docket.

Exploration on the Blue Lizard and Red Canyon No. 2 claims resulted in the discovery of a very significant amount of uranium ore which is not actively being mined. It appears that this uranium deposit may develop into one of the best in the White Canyon district. Mr. Trites recommends that a Certificate of Discovery be issued.

E. M. Hauchman
for A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Enclosures (11)

Reviewed by
DMEA OPERATING COMMITTEE
8-27-54
(date)

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P.O. Box 360
GRAND JUNCTION, COLORADO

August 11, 1954

Memorandum

To: A. H. Koschmann, DMEA Field Team, Region IV

From: W. P. Williams WPW

Subject: DMEA 3093, Red Canyon mines, Blue Lizard, and Red Canyon No. 2 claims, San Juan County, Utah; final geologic report

Transmitted herewith are eleven copies of a geologic report prepared by A. F. Trites, Jr., covering the above-referenced completed DMEA project.

Trites is of the opinion that the results of this DMEA project constitute one of the most significant discoveries in the White Canyon district.

Trites calculates that the following tonnages and grades of ore have been discovered in the project:

Indicated ore:		
4200 tons	0.40% U_3O_8	1.0% Cu
Inferred ore:		
4200 tons	0.20% U_3O_8	0.50% Cu
170 tons	0.30 "	0.10 "
17000 tons	0.05 "	0.25 "

It is recommended that a certificate of discovery be issued the Operator covering the subject DMEA project.

WPW/mlr

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE
8-27-54
(date)

UNITED STATES DEPARTMENT OF THE INTERIOR

DOUGLAS McKAY, SECRETARY

ECL
10/15/54

DEFENSE MINERALS EXPLORATION ADMINISTRATION
REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

DMEA 3093, Red Canyon mines, Blue Lizard, and Red Canyon No. 2 claims
San Juan County, Utah

Uranium

Final Geologic Report

by

Albert F. Trites, Jr.
U. S. Geological Survey

August 2, 1954

Reviewed by
DMEA OPERATING COMMITTEE
8-27-54
(date)

INTRODUCTION

The Red Canyon Mines, a partnership of Preston Redd, Robert Redd, and Lyman Redd, Blanding, Utah; John Redd, Paradox, Colorado; and Donald T. Adams and Leon Adams, Monticello, Utah, applied to the U. S. Government for a loan of $24,000 to be used for the exploration for uranium at the Blue Lizard and Red Canyon No. 2 claims in Red Canyon, White Canyon district, San Juan County, Utah. The proposed work was approved by the Defense Minerals Exploration Administration and a contract was issued on November 16, 1953. The work covered by the contract consisted of 800 feet of exploratory drifting in the Shinarump channel from a point on the exposed ore rim to an intersection with U.S Atomic Energy Commission diamond-drill hole no. BL-13. Diamond-drill hole BL-13 had 1.6 feet of ore that contained from 0.44 to 1.03 percent U_3O_8. The total cost of the drift was to be $24,000, of which Government participation was $21,600.00 under the original contract. Work was begun on January 4, 1954.

An amendment to the original contract was requested by the company in March 1954 to permit changing the course of the drift to circumvent an area in which more than 100 feet of the drift had a back which would not stand without considerable timbering. The amendment was approved by the DMEA Field Team, Region IV on March 26, 1954.

A second amendment was requested on April 12, 1954, to increase the total footage from 800 to 925 feet to test the ore zone that was contemplated in the original contract. The change in the course of the drift made it apparent that the 800 feet originally granted would not reach the favorable ground. This amendment was authorized by the Executive Officer, DMEA Field Team, Region IV on April 15, 1954. The total cost of the work was thereby increased from $24,000 to $27,750, of which the Government participation was 90 percent, or $24,975. The work was completed on the contract on May 30, 1954.

The property was examined by the Geological Survey at various times during June 1954, and maps are being prepared to show the geology that is exposed in the drift.

LOCATION

The Blue Lizard and Red Canyon No. 2 claims are believed to be in sec. 19 of the unsurveyed township, T. 37 S., R. 15 E., Salt Lake Base and Meridian. The properties are about 70 miles from Blanding, Utah, and are reached by traveling west of Blanding on Utah Highway 95 and the graded road down Red Canyon. The claims are about 92 miles from Monticello, Utah, the nearest point for receiving uranium ore (fig. 1).

PRODUCTION

Ore-grade material was encountered about 30 feet from the starting point of the offset drift, where approximately 35 tons of ore was shipped that contained 0.40 percent U_3O_8. A high-grade uranium deposit was encountered at about 660 feet from the portal of the drift (fig. 2). Approximately 40 tons a day are now being shipped from the deposit. The average grade of the ore is believed to be 0.40 percent U_3O_8.

GEOLOGY AND ORE DEPOSITS

The Blue Lizard and Red Canyon No. 2 claims are on a channel that has been cut into the Moenkopi beds and filled with Shinarump rocks. The channel was originally believed to trend N. 35° E., but the Moenkopi contact as exposed in the underground workings and the orientation of logs suggests that the trend is N. 20-25° E. The channel is believed to be more than 400 feet wide and 18 feet deep.

The Shinarump conglomerate consists of massive-bedded medium- to coarse-grained sandstone, gray to black siltstone, and local quartz-pebble and clay-pebble conglomeratic sandstone. Carbonized wood is abundant in the outer 400 feet of the mine workings, and jarosite is locally present with carbonaceous material in the deeper parts of the mine. Calcite is abundant in the lower Shinarump sandstone beds, and appears to be associated with copper sulfides and pitchblende.

RESULTS OF EXPLORATORY WORK

The exploration completed at the Blue Lizard and Red Canyon No. 2 claims has discovered a large high-grade ore deposit. Drifting is continuing along the main tunnel line past drill hole no. BL-13, which is probably about 2 feet east of the tunnel. Crosscuts are being driven toward the center of the channel as shown in figure 2. Mudstone was encountered on the west side of the ore body and has been cut by the main tunnel and two of the crosscuts. The point of intersection of this mudstone with the main tunnel has not been measured, and the intersection used was located approximately by projecting the contact of the mudstone and sandstone from the two crosscuts.

The triangular block of ore between the main tunnel and the mudstone is bounded on the northwest by the mudstone, on the southwest by a rather sharp line of diminishing radioactivity, and on the southeast by an arbitrary line connecting a point 15 feet east of the main tunnel and the point of intersection of the mudstone and the main tunnel. The block thus defined has a maximum projection of 15 feet and is considered to be indicated ore. The triangle has a base of 220 feet measured along the mudstone, a height of 90 feet measured along the southwest edge, and, therefore, an area of 9,900 square feet. The ore body is 6 feet thick and has a grade of 0.40 percent U_3O_8 and 1.0 percent copper based on production figures. On a basis of 14 cubic feet per ton of rock, this ore body contains 4200 tons.

It is believed that the ore body may lie parallel to the contact of the mudstone and sandstone. This deposit may be rectangular, and would include the triangular block of indicated ore. Removing the previous triangle, would leave a similar triangle 6 feet thick, containing 4200 tons of inferred ore having an average grade of at least 0.20 percent U_3O_8 and 0.50 percent copper.

A smaller deposit near the drift intersection is inferred to be 20-feet long, 20-feet wide, and 6-feet thick. This deposit contains about 170 tons of inferred ore having a grade of 0.30 percent U_3O_8 and 0.10 percent copper. No indicated reserves are in this smaller deposit.

A large tonnage of lower grade ore is believed to be contained in the area extending from 30 feet southwest of the drift intersection to the large high-grade deposit. This lower grade ore has a minimum length of 400 feet, a width of 100 feet, and a thickness of 6 feet. About 17,000 tons of inferred ore with a grade of approximately 0.05 percent U_3O_8 and 0.25 percent copper are believed to be contained in this deposit. The grade of this deposit was estimated from a radiometric examination of the walls of the tunnel.

RECOMMENDATIONS

It is recommended that a certificate of discovery be issued to the operator of the Blue Lizard and Red Canyon No. 2 claims. The uranium deposit seems to be of sufficient size and continuity to place it among the best in the White Canyon district, and promises to become one of the most significant discoveries in the area.

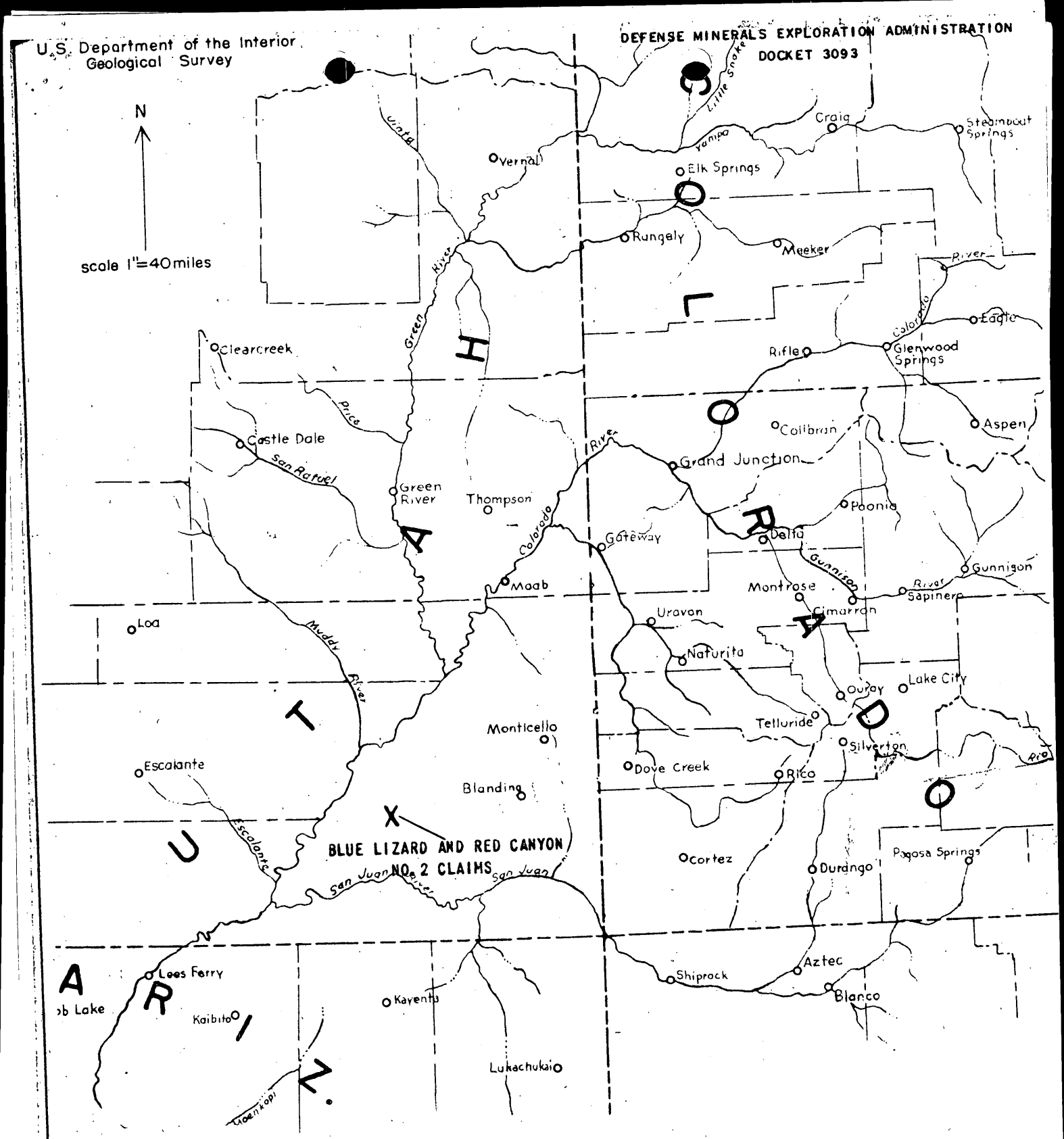
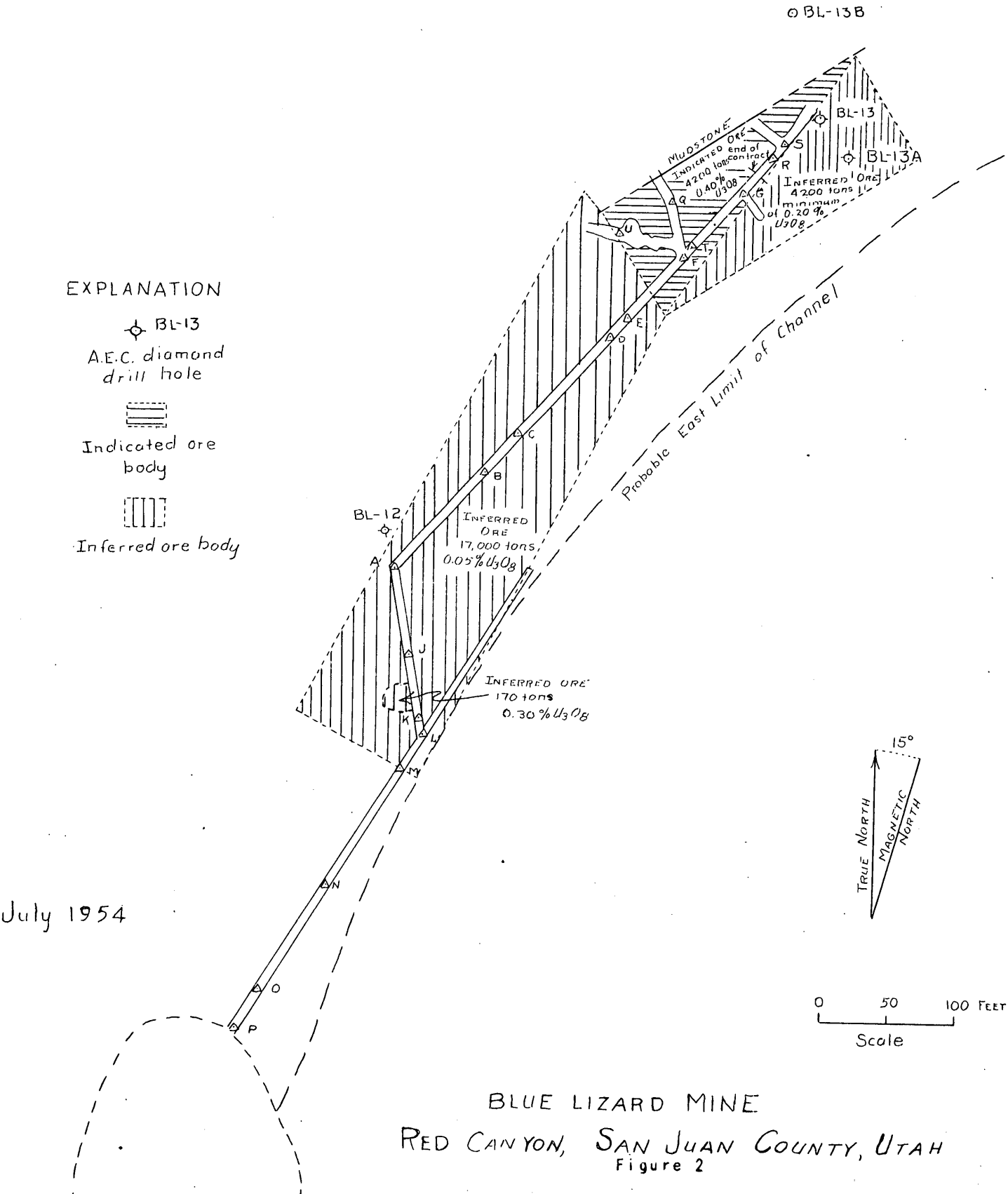


Figure 1. INDEX MAP SHOWING LOCATION OF THE BLUE LIZARD AND RED CANYON NO. 2 CLAIMS, SAN JUAN COUNTY, UTAH

Dept. of the Interior
U.S. Geological Survey

DMEA. 3093



July 1954

BLUE LIZARD MINE

RED CANYON, SAN JUAN COUNTY, UTAH

Figure 2

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3093, contract Idm-8641 (Uranium), Red Canyon Mines (Red Canyon No. 2 and Blue Lizard claims), San Juan County, Utah

Transmitted herewith are the original and seven copies of Russell R. McLellan's final engineering report recommending Certification of Discovery or Development on the above contract.

Drifting on an ore trend on the Red Canyon No. 2 claim, one of those cited in Article 2 of the contract resulted in the establishment of reserves of uranium are estimated by McLellan as between 4,000 and 5,000 short tons with an average grade of 0.3 to 0.4 percent U_3O_8 and 1.0 to 2.0 percent copper per ton. Production from the deposits discovered as a result of the project work is currently in progress.

Three copies of form "E" with suggested description of the discovery are transmitted for your approval and submission to the Administrator as a suggestion for his certification of the project.

F. A. Everitt, for
W. M. Traver

Enclosures

WMT/ici

cc: 7
8641
Chron.

Reviewed by
DMEA OPERATING COMMITTEE
8-27-54
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

FINAL ENGINEERING REPORT

DMEA 3093, Exploration Project Contract Idm-E641

Red Canyon Mines

Red Canyon No. 2 and Blue Lizard Claims

San Juan County, Utah

Uranium

Russell E. McLellan, Mining Engineer
Bureau of Mines

June 29, 1954

Reviewed by
DMEA OPERATING COMMITTEE
8-27-54
(date)

DMEA 3093, Contract Idm-E641

RED CANYON MINES
RED CANYON NO. 2 AND BLUE LIZARD CLAIMS
SAN JUAN COUNTY, UTAH

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Figure — ILLUSTRATIONS — Follows page

1. Location map, Red Canyon Mines, Red Canyon No. 2 and Blue Lizard Claims, San Juan County, Utah..... 2

2. Contract drift showing mineralization and sample locations, Red Canyon No. 2 and Blue Lizard claims, San Juan County, Utah..... 4

3. Contract drift showing estimated mineable ore reserve, Red Canyon Mines, Red Canyon No. 2 and Blue Lizard claims, San Juan County, Utah -..... 5

DMEA 3093, Contract Idm-B641

RED CANYON MINES
RED CANYON NO. 2 AND BLUE LIZARD CLAIMS
SAN JUAN COUNTY, UTAH

FINAL ENGINEERING REPORT

By

Russell R. McLellan

SUMMARY AND INTRODUCTION

Red Canyon Mines, a partnership of Preston Redd, J. Wiley Redd, Robert Redd, and Lyman Redd, all of Blanding, Utah; John Redd of Paradox, Colo.; and Donald T. Adams and Leon Adams of Monticello, Utah, were granted a contract by the Defense Minerals Exploration Administration to explore for uranium on the Red Canyon No. 2 and Blue Lizard claims in San Juan County, Utah. A total of 800 feet of drifting at $30.00 per foot was authorized originally, however, as a result of a cave-in the footage was increased to 925 feet with a total expenditure of $27,750.00--Government participation 90 percent or $24,975.00. The purpose of the program was to test the right flank of a large channel in the Shinarump conglomerate, which was partially explored in 1953 by core drilling conducted by the Atomic Energy Commission. Although several holes encountered favorable ground and weak mineralization, the drilling conditions were so poor that no attempt was made to adequately explore the channel by means of diamond drilling. Using one of the mineralized holes as a target, a proposed drift 800 feet in length was started at the rim exposure of the channel.

After progressing 403 feet, a bad cave-in caused the loss of 137 feet of drift and resulted in the establishment of an offset drift to bypass the cave and to continue towards the target area. Rich ore was encountered in the last 120 feet of drifting and two other smaller but highly mineralized zones were encountered during the project drifting. The writer estimates that 400 tons of ore, averaging 0.5 percent U_3O_8 and 1.5 percent Cu, was shipped while the exploration contract was in effect. From all indications, the project has resulted in a major discovery in the Red Canyon area. Drifting commenced in January, 1954, and was completed in May, 1954. Certification of discovery or development is recommended.

LOCATION AND OWNERSHIP

The Red Canyon No. 2 and Blue Lizard are adjoining claims about 75 miles by road west of Blanding, Utah, in sec. 19, T. 37 S., R. 15 E. (unsurveyed), Salt Lake base and meridian (fig. 1). Utah State Highway 95 is followed for 46.4 miles west of Blanding to the Natural Bridges National Monument junction, thence southward 12 miles on the road to Nokai Dome to the head of Red Canyon. The south rim of the Canyon is followed for 10.3 miles to the Posie mine camp. The subject claims are on the north rim of the canyon 1.7 miles by road from the Posie camp.

The claims were located and are owned by the present operators.

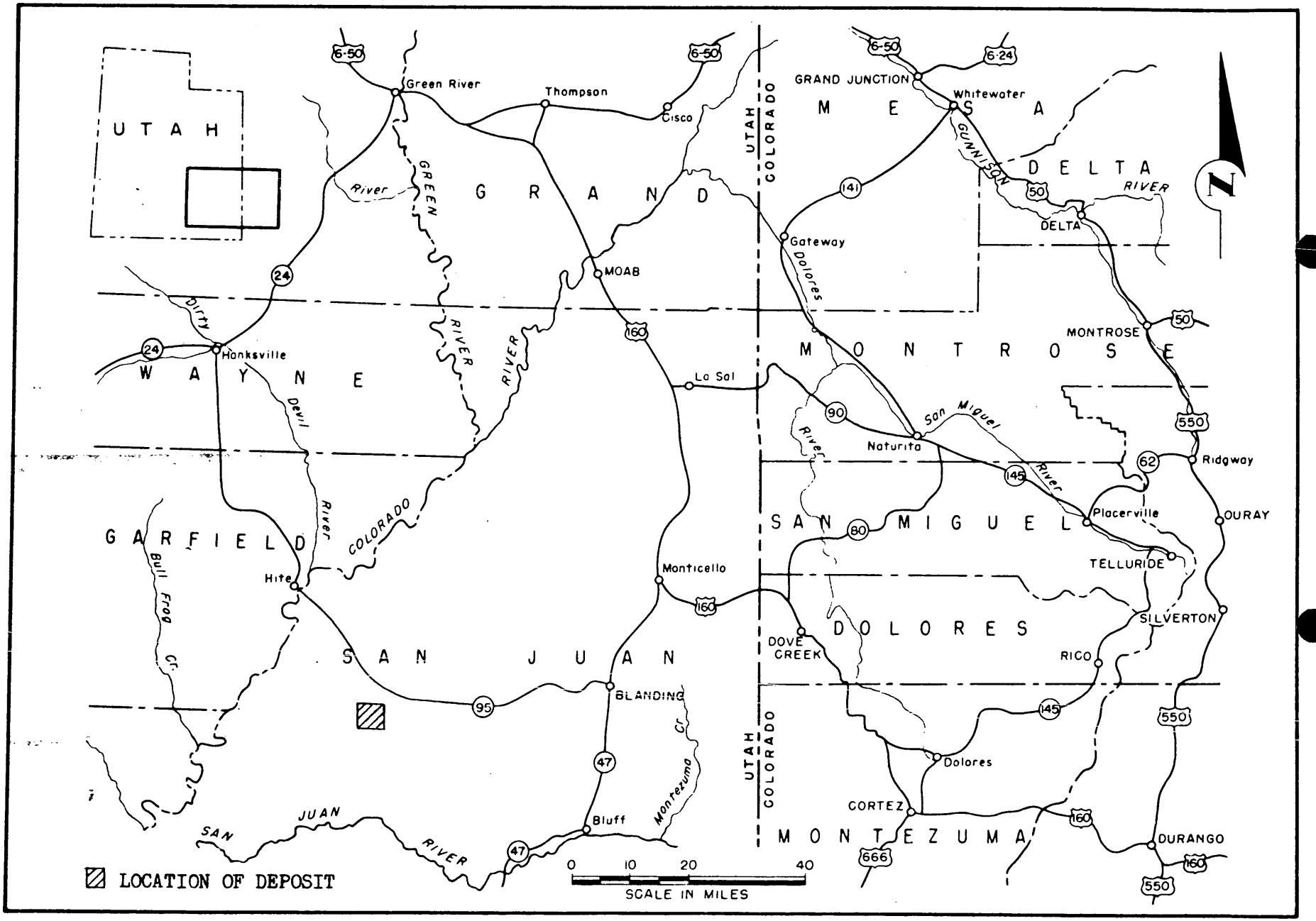


FIGURE 1 - LOCATION MAP, RED CANYON MINES, RED CANYON NO. 2 AND BLUE LIZARD CLAIMS, SAN JUAN COUNTY, UTAH
DMEA 3093 - CONTRACT IDM-E641

HISTORY AND PRODUCTION

The partnership of Red Canyon Mines, prior to the Defense Minerals Exploration Administration program, located the claims and did a small amount of exploration and development work on favorable rim exposures at the base of the channel. Approximately 35 tons of ore was produced as a result of this work. The Atomic Energy Commission directed a diamond-drilling program on the claims in 1953 and located favorable mineralization, but due to extremely poor drilling conditions, were not able to adequately explore the channel.

In January, 1954, DMEA contract drifting commenced which resulted in the discovery of two ore deposits and one favorable mineralized zone. At the close of the project the production was estimated to be 400 tons of ore that contained about 0.50 percent U_3O_8 and 1.5 percent copper.

DESCRIPTION OF DEPOSIT

The ore deposits are in an ancient channel filled by the Shinarump conglomerate. The ore thus far discovered on the claims is on or near the basal contact of the conglomerate. Normally this type of deposit is in the central or deeper portion of the channel, however, the discoveries made under the DMEA program appear to be in the right flank of the channel. Most of the central portion of the channel remains to be explored. The ore minerals are predominately pitchblende and chalcopyrite, which are disseminated throughout the rock, and are locally concentrated as replacements of fossil wood.

WORK COMPLETED UNDER CONTRACT

The contract authorized 800 feet of drifting originally and 125 feet of additional drifting by amendment for a total of 925 feet. Drifting commenced from the rim exposure of the channel and progressed N. 30° E. towards a favorable Atomic Energy Commission diamond drill hole BL-13. After completing 403 feet of drifting, a bad cave-in resulted in the loss of the last 137 feet and necessitated the approval of an offset drift to bypass the caved area. At this time, the contract was further amended to allow an additional 125 feet of drifting to enable the operator to reach the target area. The total amount of 925 feet of drifting was expended without further mishap (fig. 2). Drifting commenced in January, 1954, and was completed in May, 1954.

Drill rounds pulled approximately 5 feet of rock, which was loaded by hand into a 1-ton capacity diesel-powered shuttle car. All rounds were drilled with a single jackleg type drill using standard steel with detachable bits.

The company directed the project energetically and efficiently and cooperated to the fullest extent with the writer, who inspected the project each month for the Government.

The Government has no equity in equipment, materials or facilities used by the operator. The operator has submitted all reports necessary, including the final report.

DESCRIPTION OF DISCOVERY

Favorable mineralization first was encountered in a zone 2 feet thick, starting at a point about 250 feet from the portal and extending along the west wall of the drift for approximately 50 feet (fig. 3). Nearly 90 tons of rock slabbed from this zone contained an

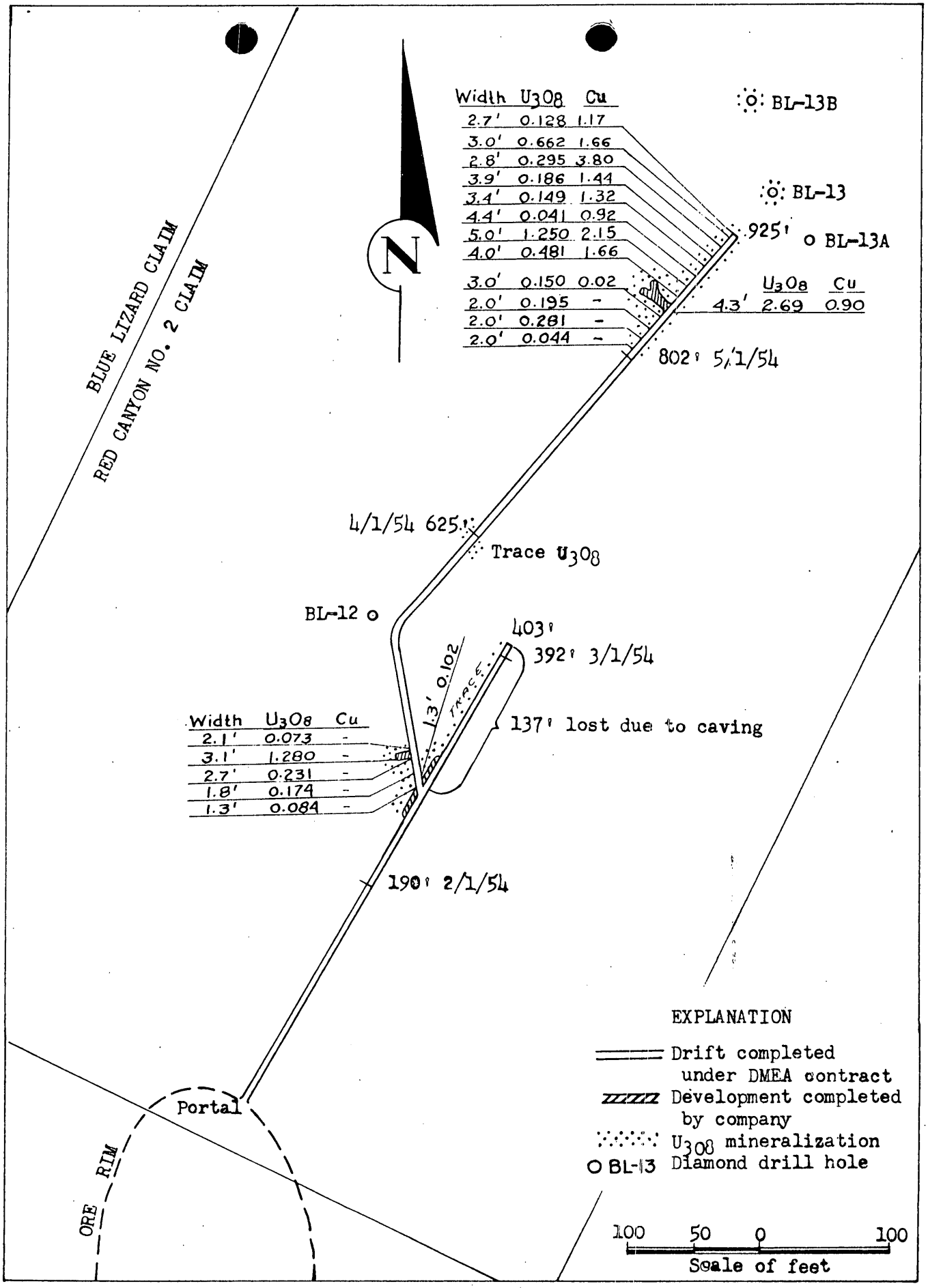


Figure 2 - Contract drift showing mineralization and sample locations, Red Canyon No. 2 and Blue Lizard claims, San Juan County, Utah - DMEA 3093 contract Idm-E641

average of 0.075 percent U_3O_8, which was below the minimum grade of 0.1 percent U_3O_8 acceptable by the mill at Monticello, Utah, consequently, the operator received no payment for this material. Ore-grade material was encountered upon driving the offset drift 30 feet into the west wall within the above described mineralized zone. A small spur drift 15 feet in length was driven into the deposit at 1, figure 3, from which 35 and a fraction tons of ore containing 0.40 percent U_3O_8 and 2.15 percent Cu was obtained. The ore-grade material is in a zone about 2.6 feet thick and appears to be trending to the southeast. Ore-grade material extended about 20 feet along the left wall of the drift and about 10 feet along the right wall. Further development and exploration will be conducted in this area at a future date.

Ore-grade material again was encountered in a small zone at 2, figure 3, and in a zone about 3 feet thick throughout the last 120 feet of the drift starting at 3, figure 3. By the close of May, 1954, approximately 360 tons of ore containing an estimated average of 0.51 percent U_3O_8 and 1.50 percent Cu had been shipped from the deposit. Some extremely high-grade ore was encountered upon driving about 20 feet into the left wall of the main drift. This ore is characterized by a very high content of chalcopyrite.

To make a fair estimate of ore reserves for this type of deposit without the aid of drill holes is practically impossible. Ore-grade material usually terminates abruptly and is irregular in extent throughout the deposits, consequently, only a rough but probably conservative estimate can be made for the discoveries described in in this report. Sampling (fig. 2) indicates an average grade of 0.606

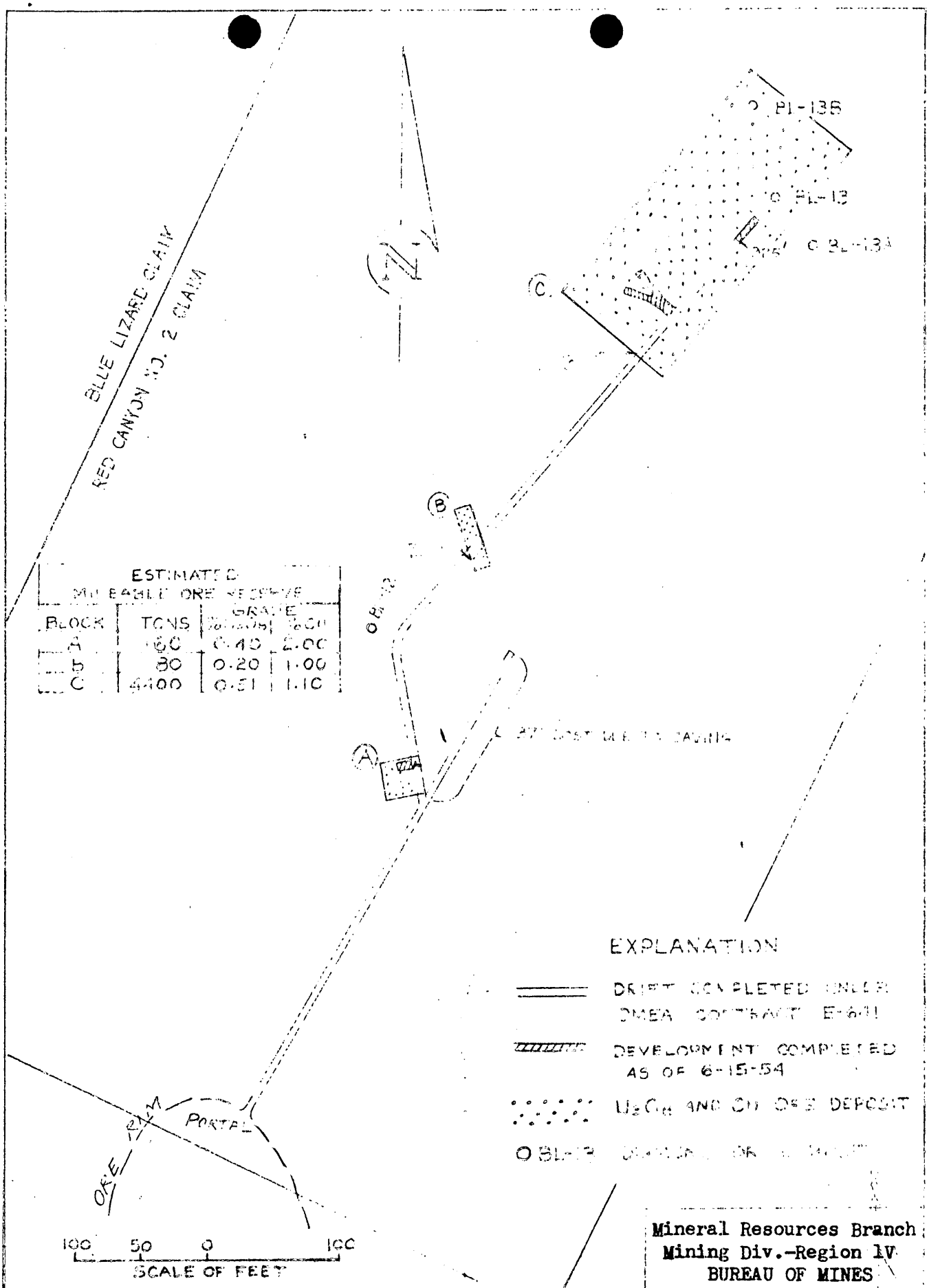


Figure 3 - Contract drift showing estimated minsable ore reserve, Red Canyon Mines, Red Canyon No. 2 and Blue Lizard claims, San Juan County, Utah. DMEA 2002, contract Idm-E641

percent U_3O_8 and 1.48 percent Cu in a zone averaging 3.2 feet in thickness and extending from the 807-foot mark to the breast at 925 feet, a drift length of 118 feet. Ore-grade material probably will extend from the breast to and beyond drill holes BL-13 and BL-13b, which are believed to be about 40 feet and 90 feet northeast of the contract termination point. Ore probably will extend from 10 to 20 feet into the east wall and possibly 80 to 100 feet into the west wall of the drift. As shown on figure 3, block C, the reserve for this deposit is estimated to be contained in an area approximately 220 feet by 100 feet with an average thickness of 3 feet. Allowing a tonnage factor of 15 cubic feet per ton, the indicated tonnage is approximately 4,400 tons. The weighted average of drift sample assays and hole sample assays indicates an average grade of 0.51 percent U_3O_8 and 1.10 Cu. Blocks A and B represent limited deposits of relatively few tons. The first deposit encountered under the contract is represented by block A, which covers an area 30 feet by 30 feet with a thickness of 2.5 feet. Shipments and sample results indicate approximately 160 tons of ore having an average grade of 0.40 percent U_3O_8 and 2.0 Cu. Block B is not expected to contain more than 80 tons of ore averaging 0.20 percent U_3O_8 and 1.0 percent Cu.

When considering the large expanse of the channel now accessible for exploration as a result of the contract drifting, it is not unreasonable to estimate that an additional 4,000 to 5,000 tons of ore, containing 0.3 to 0.4 percent U_3O_8 and 1.0 to 2.0 copper will be developed in the vicinity of the deposits described above.

EXPENDITURES

The contract authorized a total of 925 feet of drifting at an overall unit cost of $30.00 per feet, for a total expenditure of $27,750.00. Government participation amounted to 90 percent or $24,975.00. As the contract was of the short form type, the Government has no equity in equipment or supplies. The full amount of the contract was expended in driving the authorized footage.

The actual tonnage and value of the ore produced to this date is unknown, however, the first settlement sheets and royalty payments are expected to be received by the Government in the near future.

CONCLUSIONS

It is concluded that a significant discovery or development has been made on the Red Canyon No. 2 claim as a result of the DMEA project. The ore deposit is the highest grade and largest thus far encountered in Red Canyon having an indicated reserve of several thousand tons of the average grade ore stated above.

RECOMMENDATIONS

Additional exploration and development is warranted on the Red Canyon No. 2 and Blue Lizard claims. Large portions of the channel remain untested but now made more readily accessible by the completion of the exploratory drift. The company will continue to drive the offset drift towards and probably beyond the Atomic Energy Commission drill hole RK-13 in which uranium and copper mineralization was encountered. The company also plans to drive crosscuts from the drift towards the central or deeper portion of the channel, where the most

favorable area for ore deposition usually is found. It is doubtful that they will request additional funds from the Government to continue the exploration and development work.

Discovery definitely should be certified as production now is in progress and undoubtedly will continue for sometime to come. The only claims from which production is to be subject to the Government's percentage royalty are the Red Canyon No. 2 and Blue Lizard as described in this report and in the contract. All information necessary to establish certification or development, such as the type of deposit, grade and quantity of ore, and production to date, are described under the appropriate sections of this report. Additional exploration or development with Government financial assistance is not considered desirable or necessary.

21254-3

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

FORM B

To: 1/ **Red Canyon Mines, a partnership consisting of Donald T. Adams, and Leon Adams, Monticello, Utah; Preston Redd, J. Wiley Redd, Robert Redd, and Lyman Redd Blanding, Utah, John Redd, Paradox, Colorado**

Pursuant to the provisions of Exploration Project Contract No. Idm **E641**, dated **July 12,1954**; (Docket No. **DMEA 3093**), hereinafter called the "contract" between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made, has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

As a result of drifting along an ore trend on the Red Canyon No. 2 claim, one of those cited in Article 2 of the contract , substantial reserves of high-grade uranium ore were encountered. Mining of the reserves is in progress

Dated: _____

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals
Exploration Administration

1/ Insert full name of operator as it appears in the Exploration Project Contract.

DONALD T. ADAMS
ATTORNEY AT LAW
MONTICELLO, UTAH

Mining Division
Date Rec'd
JUN 10 1954
BUREAU OF MINES
Denver, Colorado

June 10, 1954

Mr. W. H. King, Executive Officer
Department of Interior
Defense Minerals Exploration Administration
Field Team, Region IV
222 New Customs House
Denver 2, Colorado

Re: Docket DMEA 3093
Uranium Contract IDM E-641

Dear Mr. King:

Pursuant to a request from Mr. McClellan of the Bureau of Mines, I have prepared a final report in the caption matter which I am herewith enclosing.

Very truly yours

RED CANYON MINES

By Donald T. Adams

DTA:ds

Encl.

FINAL REPORT

RED CANYON MINES

Re: Exploration Project Contract No. IDM - E-641
Docket No. DMEA 3093

Pursuant to contract dated 16th day of November, 1953, in the cpation matter, work was actually commenced on the 4th day of January, 1954, based upon the original contract, on a footage basis, consisting of 800 feet of drifting for a total price of $24,000.00. The work was continuous on this project from the date of beginning and was completed on the 30th day of May, 1954. In the first part of March, 1954, after the tunnel had been driven approximately 392 feet, trouble developed in the tunnel, causing a cave-in. Because of the roof formation at the top of the tunnel, we requested the Defense Minerals Exploration Administration for an amendment to the original contract, changing the course of the exploration drift, this amendment was approved by the DMEA Field Team, Region IV on the 26th day of March, 1954. After this first amendment, we proceeded with the contract and the drifting until during the month of April, 1954. It appeared to us at that time, that because of the change of the course of the tunnel and the limitation of the 800 feet of drifting to be done by the contract, the final completion of the contract would not properly test the ore horizon as was contemplated in the original contract. On the 12th day of April, 1954, we requested from the Defense Minerals Exploration Administration, an amendment to the contract increasing the footage from 800 feet to a total footage of 925 feet and increasing the total amount to be expended on the project from $24,000.00 to $27,750.00. The amendment to this contract was authorized by the Executive Officer, DMEA, Field Team, Region IV on the 15th day of April, 1954. Pursuant to the amendment of the contract, we then proceeded with the drift and continued the same to the 30th day of May, 1954, when the total footage of 925 feet was reached and the contract completed.

The purpose of this contract was to explore a channel of ore that had previously been indicated by drilling of the Atomic Energy Commission on the Red Canyon No. 2 Claim located in Red Canyon, San Juan County, State of Utah.

From the beginning of the work on this project in our drifting operations, it appeared that the drifting was in a mineralized area and at a point approximately 280 feet from the portal of the drift, some radioactivity appeared. At that point, approximately 35 tons of ore was shipped to the American Smelting & Refining Co. at Monticello, Utah, which assayed .40 U_3O_8 content. The mineralization in this area seemed to have been a small pocket although there may be some commercial ore at this point. At a point approximately 805 feet from the portal of the tunnel, the mineralization in the

FINAL REPORT (cont.)

formation continued to increase in intensity and the ore from this point to the end of the tunnel or at a point 925 feet from the base, all the ore was shipped together with ore that was mined from cross-cutting the drift. The total amount of ore shipped during the month of May, 1954, consists of approximately 400 tons with an approximate U_3O_8 content of .40.

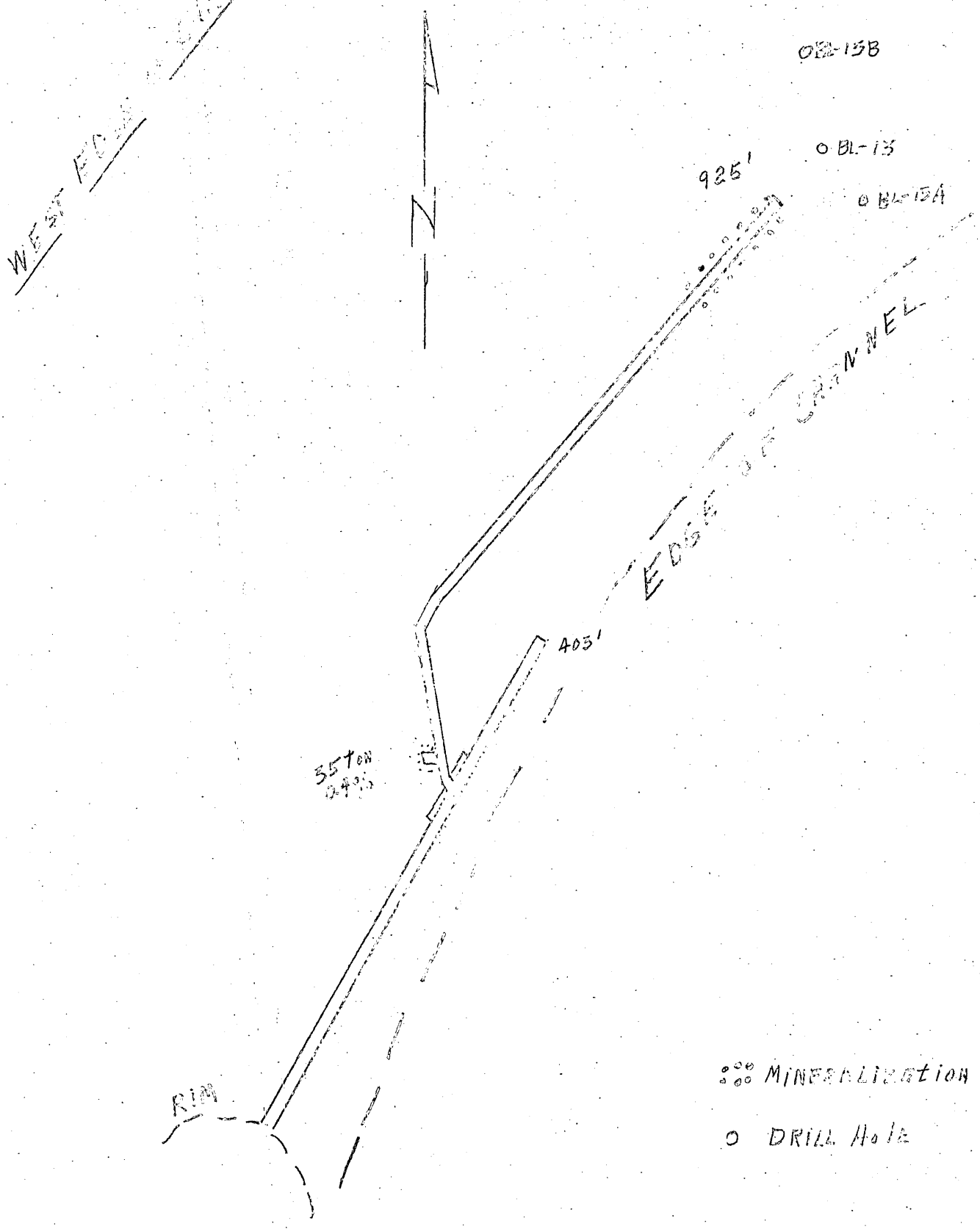
From the work that has been done in this mineralized area, of the tunnel, it is difficult to estimate the approximate tonnage or grade of ore that might be encountered in the area. Any estimate at this point would be more or less of a guess. At one cross-cut near the end of the tunnel on the left hand side, there appears to be a face of ore in excess of eight foot high and should contain in excess of .40 U_3O_8 content. It appears that the body is thickening on the left. A guess that this area will produce at least 5,000 tons of ore of the grade above referred to may be conservative in view of the amount of ore that has already been shipped.

I am attaching the map of the completed tunnel showing the course of the tunnel and where mineralization has been found.

Respectfully submitted

RED CANYON MINES

By Donald T. Adams


WEST EDGE
N
OBL-13B
925'
OBL-13
OBL-13A
EDGE OF CHANNEL
405'
35 TON
RIM
MINERALIZATION
DRILL HOLE
SCALE 1" = 100'

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

224 New Customhouse
Denver 2, Colorado

July 15, 1954

Memorandum

To: Secretary to the Operating Committee

From: DMEA Field Team, Region IV

Subject: DMEA Docket No. 3093 (Uranium), Contract No. Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah

Enclosed are two copies of a memorandum to Mr. T. A. Christensen dated July 6, 1954, relative to final payment under the terms of the subject contract.

Final payment to the Operator in the amount of $100.00 has now been made, in conformance with the Report of Review by the Contract Administration and Audit Division dated June 25, 1954.

W. H. King

for A. H. Koschmann
DMEA Field Team
Region IV

Enclosures

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

224 New Customhouse
Denver 2, Colorado

July 6, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA-3093, (Uranium), Contract No. Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah.

FINAL PAYMENT

Reference is made to our memorandum of June 11, 1954 whereby we transmitted final form MF-104, Operator's Monthly Progress Report and Voucher for the month of May 1954, and instructed you to withhold the amount of $100.00 from payment to the Operator pending release of the final Report of Review by the Contract Administration and Audit Division.

We now recommend that final payment to the Operator be made in conformance with the Report of Review by the Contract Administration and Audit Division, dated June 25, 1954.

Basis for Final Payment

Total cost reported by Operator	$27,755.00
Error in addition (minus)	5.00
Adjusted total cost	$27,750.00
Government participation at 90%	24,975.00
Total prior payments	24,875.00
Balance due the Operator	$100.00

W H King
W. H. King

$100.00

JWT:cwm

cc: Contract
Secretary to the Operating Committee (2)
WMTraver
Chron.
JWTownsend

7/7/54 DMM 55-2

Memorandum

To: Hazel Berry, Operating Committee

From: Grace L. Ault, Rare & Misc. Metals Division

Subject: Amendment to contract

Mr. Ching has reviewed and approved Amendment No. 2, dated April 15, 1954, to Contract No. 1dm-E641, Docket No. DMEA-3093, Red Canyon Mines (Uranium).

This amendment increases total of contract from $24,750.00 to $27,750.00; Government participation at 90% from $21,600.00 to $24,000.00.

/s/ Grace L. Ault

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

224 New Customhouse
Denver 2, Colorado

May 3, 1954

Memorandum

To: C.O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 3093 (Uranium), Contract Idm-E641, Red Canyon Mines, San Juan County, Utah

Enclosed are the original and two copies of Amendment No. 2 to Contract Idm-E641 which we have prepared and executed, under authority delegated to this office, to authorize 125 feet of additional drifting and additional Government participation in the amount of $3,375.00. Also enclosed are three sets of data relevant to the amendment.

Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King

Enclosures

RECEIVED
MAY 20 1954
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 23, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3093, Contract Idm-E641 (Uranium), Red Canyon Mines, (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah

Enclosed are the original and seven copies of a memorandum by Russell R. McLellan recommending an additional 125 feet of drifting footage at $30.00 a feet as requested by the operator of the above project. The total cost will be $3750.00, Government participation $3,375.00.

The recommendation has my approval.

W. M. Traver

W. M. Traver

Enclosures

cc: M/orig (7)
EPFischer
E641
Chron.

WMT/ici

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
April 22, 1954

Memorandum

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

From: Russell R. McLellan

Subject: DMEA 3093, Contract Idm-E-641 (Uranium), Red Canyon Mines, (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah--Request for additional drifting footage and corresponding funds

With reference to the Red Canyon Mines request dated April 12, 1954, for additional drifting footage under the subject contract, it is believed by the writer that under the circumstances this request is justified. Of the original 800 feet of drifting authorized by the contract, 403 feet was driven on a straight course to explore the east flank of a channel. A cave-in resulted in the loss of the last 137 feet of the drift, consequently the remaining 397 feet of authorized footage will be expended in driving an offset drift to bypass the bad ground and will not be sufficient to reach the mineralized area designated as the terminal objective of the original drift. Undoubtedly it will be to the Government's advantage to participate in the cost of sufficient footage to enable the company to explore the mineralized ground. An additional 125 feet of drifting will place the project drift within 50 or 60 feet of the favorable area. This remaining 50 or 60 feet can be financed by the company without Government participation. Sufficient mineralization was encountered earlier in the project to assure Certification of Discovery or Development.

It is recommended that an additional 125 feet of drifting be approved at a cost of $30.00 per foot or a total cost of $3,750.00 Government participation, 90 percent or $3,375.00.

Russell R. McLellan

Russell R. McLellan
Mining Engineer

RRM/iei

cc: w/orig (7)
RPFischer
E641
Chron.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Geologic Division
Denver Federal Center
Denver, Colorado

April 23, 1954

Memorandum

To: Mr. A. H. Koschmann

From: Alfred F. Trites, Jr.

Subject: Docket No. DMEA 3093 (uranium), Contract Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah. Request for additional drifting footage and corresponding funds.

The Red Canyon Mines has requested the Defense Minerals Exploration Administration that an extension be granted on their contract for an increase of 125 feet of drifting. This extension will increase the total footage from 800 feet originally authorized to 925 feet, and the total government participation from $21,600.00 to $24,975.00, which is 90 percent of $27,750.00.

This additional footage has been requested because the 800-foot drift caved in. After 403 feet has been driven toward the drill hole that was designated as the terminal objective of the drift, a cave-in resulted in the loss of 137 feet of the drift. The contract was amended to permit abandonment of the drift from a point approximately 266 feet from the portal to 430 feet and the starting of a new drift at approximately 266 feet from the portal. This drift, as authorized by the amendment, was driven toward Drill Hole No. BL-12, and then turned to continue toward Drill Hole No. BL-13, thereby by-passing the area of bad ground. After completion of the 800 feet of authorized drifting, between 175 and 185 feet remain before Drill Hole No. BL-13 will be reached. Financial assistance from the DMEA is being requested for drifting 125 feet of this distance, and the company itself will finance the remaining 50 to 60 feet.

The most significant ore-grade material discovered during this exploratory drifting was encountered in the offset drift, about 30 feet from the original dirft and in the vicinity of a 15-foot spur driven at company expense in the west wall of the offset drift.

Approximately 35 tons of ore believed to contain about 0.40 percent U_3O_8 were shipped from the offset drift near the original drift. The ore body at the 15-foot spur is believed to contain a minimum of 50 tons of 0.30 - 0.40 percent U_3O_8. Sufficient deposits of uranium have been encountered in the work to assure Certification of Discovery or Development.

It is recommended that an additional 125 feet of drifting at a cost of $30.00 per foot be approved. The cost of this footage will be $3,750.00 of which government participation will be 90 percent or $3,375.00.

/s/ Albert F. Trites, Jr.

Albert F. Trites, Jr.

Copy to: W. M. Traver, Jr.
R. P. Fischer

DONALD T. ADAMS
Attorney at Law
Monticello, Utah

April 15, 1954

C
O
P
Y

Mr. W. H. King, Executive Officer
Defense Minerals Administration
Field Team, Region IV
221 New Customs Building
Denver 2, Colorado

Re: DMEA 3093
Contract IDM R-641

Dear Mr. King:

Mr. Preston Redd of Blanding, Utah, has discussed with me the conference held with you in Denver on April 12 concerning an extension of the unit footage of the contract in the caption matter. Mr. Redd stated that he was to stop in the Grand Junction office and talk to Dick Fisher concerning the approval of his office before this request was formally submitted to you in Denver. Mr. Fisher informed Mr. Redd that before he could act on the matter it would be necessary for Al Trites to approve the survey and that Mr. Trites office was in Denver. For this reason, I am sending the request for the extension of the unit footage direct to your office in the hopes that in this manner it can be more expeditiously processed.

Thanking you for your attention and cooperation in this matter, I am

Very truly yours,

RED CANYON MINES

By: /s/ Donald T. Adams

DTA:ds

April 21, 1954

Mr. M. H. Ming, Executive Officer
Defense Production Administration
Field Team, Region IV
224 Customs House
Denver 2, Colorado

Re: DPA 3043
Contract DMP-441

Dear Sir:

Pursuant to your conversation with Mr. Preston Reed, in which you discussed with him an amendment to the original and renewed contract described in the capitalized, in which he requested an extension of said contract for an increase in the unit footage in said contract and for an increase in the total amount from $22,000.00 to $24,750.00, which is 10% of $27,750.00, we hereby formally request an extension of the unit footage allowed in the contract to a total of 925 feet and an increase of the cost, total costs to $24,750.00 which is 90% of $27,750.00, to continue the drift from the point shown on Figure 1 on amendment of contract dated March 26, 1954, shown by arrow and marked, "Total authorized footage of 800 feet will be extended at approximately this point northerly toward core hole BL-13 for a distance of 125 feet.

"Referring to the amendment of the contract dated March 26, 1954, quoting therefrom "Whereas the original conditions encountered in performing the described work prohibit extending the drift northward to its objective of diamond drill hole No. BL-13 as originally planned, it was agreed that the course of the exploration drift will be changed as follows:

Referring to Figure 1 attached hereto and made a part of this amendment, the exploration drift presently driven will be abandoned from a point approximately 266 feet from its point of beginning to 800 feet, the place at the time the heading became untenable and a new drift will be driven from a point approximately 266 feet in from the start of the exploration drift to connect with or in the proximity of diamond drill hole BL-12, thence the drift will be turned to head in the direction of diamond drill hole BL-13, the aggregate total drifting including the portion abandoned shall not exceed 925 feet."

You will note that the change of the course of the tunnel and the loss of the footage caused by the cave-in and the untenable ground reduces the distance of the drift to the particular point on the mining claims in which we originally anticipated to be tested and that it will require an additional 125 feet of unit footage to properly test the possible ore deposits. The unit cost of $30.00 per foot will be the same as originally stated but the aggregate will be increased to a total of $27,750.00, of which $24,975.00 will, pursuant to said contract, be advanced by the government.

Thanking you for your attention and consideration in this matter.

Very truly yours

RED [illegible] METALS

BY _____
Donald T. Adams

D.A:ds

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

224 New Customhouse
Denver 2, Colorado

June 16, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3093 (Uranium), Contract Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard Claims), San Juan County, Utah.

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

W. R. King

Enclosures

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

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

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

Month of May 1954 Docket No. DMEA 3093 Contract No. IDM E-641

Operator's Name RED CANYON MINES Minerals Uranium

Address c/o Donald T. Adams - Monticello, Utah

Contract Amount, $ 27,750.00 Government Participation: 90 % Amount, $ 24,975.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting	3,690.	24,065.00	27,755.00	3,690.00	24,060.00	27,750.00
(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	3,690.00	24,065.00	27,755.00	3,690.00	24,060.00	27,750.00

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

Date June 1, 1954 *Payee RED CANYON MINES

Per Donald T. Adams Title Partner

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

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

(Instructions on reverse)

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

$ 3321.00

Signature [illegible]
(Authorized Certifying Officer)

Date 6/14/54 Vou. DMA 54-134
(See other side)

*Totals erroneously carried forward.

(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-641 in accordance with the terms of the contract.

Signature R.R. McLellan 3,321.00 Vouch Title Mining Engineer Date 6/8/54

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

Signature W.S. King Title Executive Officer Date JUN 11 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-R1151.1
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 21 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 1954 Docket No. DMEA 3093 Contract No. IDM E-641
Operator's Name RED CANYON MINES Minerals Uranium
Address c/o Donald T. Adams - Monticello, 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	ft.	3,690.00	123	27,750.00	925	27,755.	925	$30.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		3,690.00	123	27,750.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		3,690.00	123	27,750.00				

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

Date June 1, 1954 Operator RED CANYON MINES

Per Donald T. Adams Title Partner

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 83-38475

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

Administrative Audit Difference Statement

Date: June 14, 1954
Payee's
Reference: Progress Report

May, 1954

Donald T. Adams
Red Canyon Mines
Monticello, Utah
Idm-E641

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

90% of Amount Claimed	$ 3,321.00
Difference	$ 100.00
Amount Approved	$ 3,221.00

The reason for the difference was due to:

$100 is being withheld from payment to the operator pending release of Final Report of Review by the Contract Administration and Audit Division.

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

June 11, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3093 (Uranium), Contract Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard Claims), San Juan County, Utah. Operator's Monthly Progress Report for the month of May 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.

An amount of $100.00 is to be withheld from payment to the Operator pending release of the final Report of Review by the Contract Administration and Audit Division.

Remarks:

Date of Report	June 1, 1954.
Date Received in Field Office	June 3, 1954.
Date Received in Region Office	June 10, 1954.

W. H. King

W. H. King

Enclosures

RDB:cwm

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3093, contract Idm-E641 (Uranium), Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah - Progress report for May 1954

Enclosed are the original and four copies of the above progress report--forms MF-104 and MF-104A, with narrative, operator's and inspecting engineer's progress sketch--and the original and six copies of R. N. McLellan's memorandum covering his inspection of the underground progress drifting and checking the reporting forms. The contract is unit cost on short form MF-200(A) requiring no documentation.

McLellan confirms the advance of 123 feet toward drill hole No. 13 making a total advance of 925 feet as reported in the narrative and entered on the MF-104A forms. This work was as authorized by the contract and Amendment No. 1, completing the project. Entries and extensions are correct on the reporting forms except for an arithmetical error in the Totals to Date and Totals Previously Reported of $5.00. The inspecting engineer reports high-grade ore encountered about 340 feet from the start of drifting and mining operations were started which produced an estimated 400 tons of 0.5 to 0.6 percent U_3O_8 ore in May.

With completion of the contract, we will prepare a final engineering report recommending certification. An audit report can be made at any time by the Contract Administration and Audit Division and final reports called for from the contractor and Geological Survey. In the meantime, a nominal sum should be withheld from the last payment to protect the Government's interest.

Payment is approved and certified on the MF-104 form of $3,321.00, or 90 percent of the total $3,690.00 claimed by the contractor, less the amount you consider advisable to hold pending closing the account.

W. M. Traver

W. M. Traver

enclosures

cc
E641

DMEA Chron.

WMT/pam

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
June 8, 1954

Memorandum

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

From: Russell R. McLellan

Subject: DMKA 3093, contract Idm-1641 (Uranium), Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah - Progress report for May 1954

The underground progress for the subject contract was inspected on June 4, 1954. The drift was advanced 123 feet to complete the total amount of footage authorized by the contract. A total of 800 feet of drifting originally was authorized and an additional 125 feet was authorized by Amendment No. 1.

During the period rich ore was encountered approximately 340 feet from the starting point of the offset drift. Strong radioactivity was noted throughout the last 110 feet of contract drifting. The company commenced an exploratory crosscut at a point 350 feet from the starting point of the offset drift. On the inspection date, the crosscut had penetrated about 30 feet into the west wall and extremely rich ore was noted in the muck pile of the last round fired. The average thickness of the portion of the deposit thus far exposed is slightly in excess of 3 feet. An estimated 400 tons of ore probably averaging 0.5 to 0.6 percent U_3O_8 was shipped during the period. The attached progress map illustrates the work completed by the company and the sampling completed by the Bureau of Mines. Sample results and shipment records are not yet complete. This data will be included in the final engineering report to be prepared shortly.

From all indications the program has been highly successful and will be recommended for certification. The operation under the management of Preston Redd was carried on in a most energetic and efficient manner especially considering the fact that the 925 feet of drifting was completed in less than 5 months without the aid of mechanical loaders.

Payment is recommended of $3,321.00, or 90 percent of the $3,690.00 claimed, less any amount deemed advisable pending receipt of the final reports.

It is noted that an arithmetric or typographical error of $5.00 appears in the Totals Previously Reported and Totals to Date columns on

form MF-104. The total amount authorized is $27,750.00, all of which was expended in driving the 925 feet of drift at the rate of $30.00 per foot.

Russell R. McLellan

Russell R. McLellan
Mining Engineer

cc
E641
DMEA Chron.

RRM/pam

NARRATIVE REPORT

RED CANYON MINES

Commencing on the first day of May, 1954, we proceeded to drive the tunnel beyond the distance stated in our April Report and during the month, the tunnel was completed to the full 925 feet as provided by the contract and extensions thereof. Although the tunnel is now approximately 60 feet from the Drill Hole No. 13 as was originally designated as the terminus of the contract.

During this month ore was encountered slightly at the 802 point footage mark and continued to increase during the month.

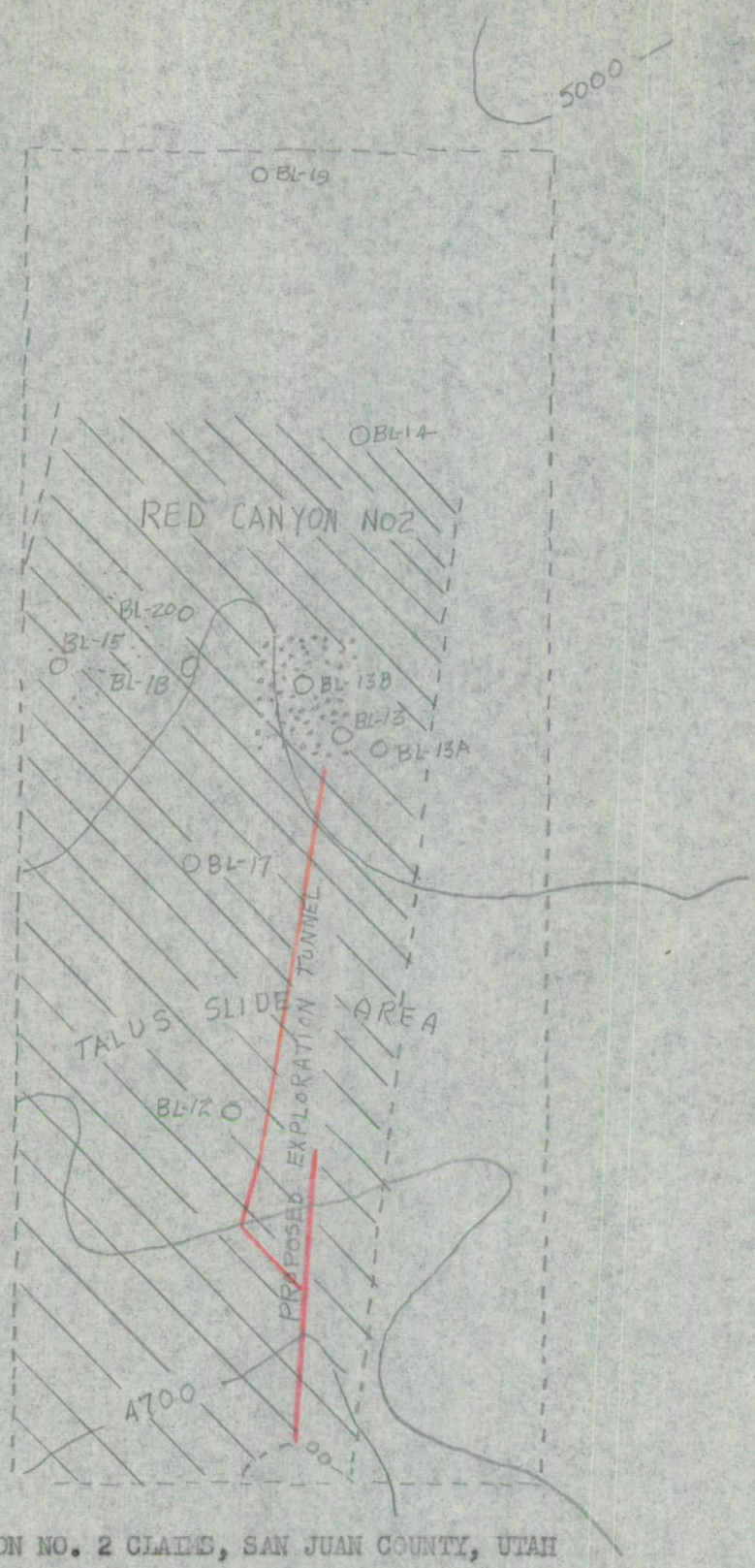
During the month of April, approximately 400 tons of ore has been shipped, the first 200 tons for which we have received assays should average approximately .50 uranium content and it is expected that we have developed enough ore to start a mining operation upon which we are continuing at the present time.

This is our last and final report on this contract unless there are questions that may be necessary to finally complete the same.

Respectfully submitted,

RED CANYON MINES

By Donald T. Adams



RED CANYON NO. 2 CLAIMS, SAN JUAN COUNTY, UTAH

EXPLANATION:

Channel

Uranium deposit believed to have a minimum grade of 0.30% U_3O_8

Heavy line indicates completed drift

Uranium deposit believed to have a minimum grade of 0.07-0.11% U_3O_8

Contours are on the ground surface

200 100 0 200 400 Feet

Scale

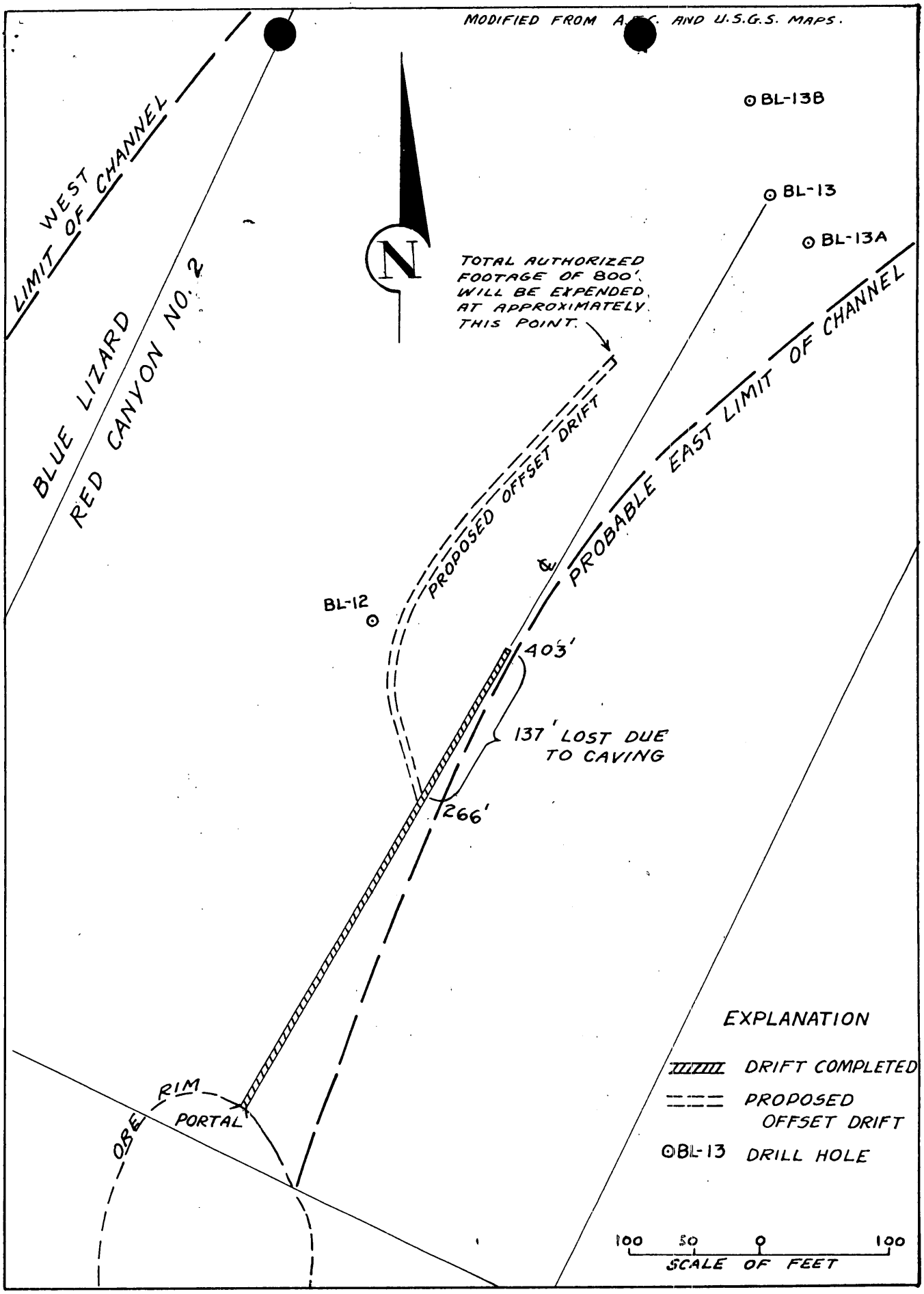


Fig. 1, Proposed offset drift, Red Canyon Mines, San Juan County, Utah
DMEA 3093, Contract Idm-E 61.1

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

224 New Customhouse
Denver 2, Colorado

May 21, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3093 (Uranium), Contract Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah.

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

W. H. King

W. H. King

Enclosures

Form MF-134 (Rev.)
(April 1952)

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

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

Month of May 1, 1954 Docket No. DMEA 3093 Contract No. IDM E-641
Operator's Name RED CANYON MINES Minerals Uranium
Address c/o Donald T. Adams - Monticello, Utah
Contract Amount, $ 27,750.00 Government Participation: 90 % Amount, $ 24,975.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting	5,310.00	18,725.00	24,065.00			
(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	5,310.00	18,725.00	24,065.00	5,310.00	18,750.00 *	24,060.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date May 1, 1954 *Payee RED CANYON MINES
Per Donald T. Adams Title Partner

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

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

(Instructions on reverse)

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

$4779.00

Signature Randell R. Cooper
(Authorized Certifying Officer)

Date 5-21-54 Vou. No. DMA-54-127
(See other side)

* Totals erroneously computed

(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. E641 in accordance with the terms of the contract.

Signature R.P. McLellan $779.00 WMT Title Mining Engineer Date 5/14/54

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

Signature W. H. King Title Executive Officer Date MAY 20 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 1953)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 1954 Docket No. DMEA 3093 Contract No. IDM E-641

Operator's Name RED CANYON MINES Minerals Uranium

Address c/o Donald T. Adams - Monticello, 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	ft.	5,310.00	177	24,065.00	802	24,065.	925	$30.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
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		5,310.00	177	24,065.00				

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

Date May 1, 1954 Operator RED CANYON MINES

Per Donald T. Adams Title Partner

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

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

224 New Customhouse
Denver 2, Colorado

May 20, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3093 (Uranium), Contract Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah. Operator's Monthly Progress Report for the period April 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	May 1, 1954.
Date Received in Field Office	May 10, 1954.
Date Received in Region Office	May 19, 1954.

W. H. King

W. H. King

Enclosures

RDB:cwm

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
May 17, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3093, contract Idm-E641 (uranium), Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah--Progress report for April 1954

Enclosed are the original and four copies of the above progress report--forms MF-104 and MF-104A, with narrative, operator's and inspecting engineer's progress sketch--and the original and six copies of R. R. McLellan's memorandum covering his inspection of the underground progress drifting and checking the reporting forms. The contract is a unit-cost one on short form MF-200(A) requiring no documentation.

McLellan confirmed on an inspection made May 9, 1954, the 177 feet advance of the exploratory drift, as reported in the narrative, shown on both sketches, and entered on the MF-104A forms. The month's operations and results are described satisfactorily in the contractor's and engineer's narrative, and McLellan shows on his sketch the location of 9 samples taken during his inspection of uranium mineralization. Work was in accordance with the terms of the contract and amendments. Entries, and extensions are correct on the reporting forms.

Payment is approved and certified on the MF-104 forms of $4,779.00, or 90 percent of the total $5,310.00 claimed by the contractor.

W. M. Traver

W. M. Traver

Enclosures

cc: -4

WMT/ici

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

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

From: R. R. McLellan

Subject: DMEA 3093, contract Idm-E641 (uranium), Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah--Progress report for April 1954

The underground progress for the subject contract was inspected on May 9, 1954. The drift was advanced 177 feet during April 1954, as stated in the operator's monthly report. An additional advance of 28 feet was made during the first week of May. Strong uranium mineralization, possibly of ore grade, was encountered in a zone two feet thick throughout the last 20 feet of the drift. One small, but highly radioactive log associated with a 12-foot lense of weakly radioactive sandstone was encountered at a point about 213 feet from the starting plug of the offset drift. Traces of uranium mineralization are present throughout most of the last 200 feet of the offset drift.

Nine samples were cut by the writer at the points indicated on the attached progress map. The assay results undoubtedly will be available for the next monthly report. About 20 tons of what appears to be marginal ore has been stockpiled at the portal. This rock undoubtedly will be mixed with higher grade material and will be shipped at a later date.

At the close of April 30, 1954, a total of 802 feet of drifting had been completed. The original 800 feet authorized by the contract was expended along with 2 feet of the additional 125 feet authorized by amendment.

The work was completed satisfactorily and according to the terms of the contract. Payment is recommended of $4,779.00 or 90 percent of the $5,310.00 claimed.

Russell R. McLellan
Russell R. McLellan
Mining Engineer

cc 6

NARRATIVE REPORT

Red Canyon Mines

Commencing on the first day of April, we proceeded to drive the tunnel beyond the distance stated in our March Report.

During the month of April, an application for an extension of the footage was applied for and the extension was granted by you, extending the footage to 925 feet. During this time, construction operations were slowed down due to the pendancy of the application and also due to mechanical difficulties of the mining equipment. However, during the month of April, 177 feet of drifting was completed.

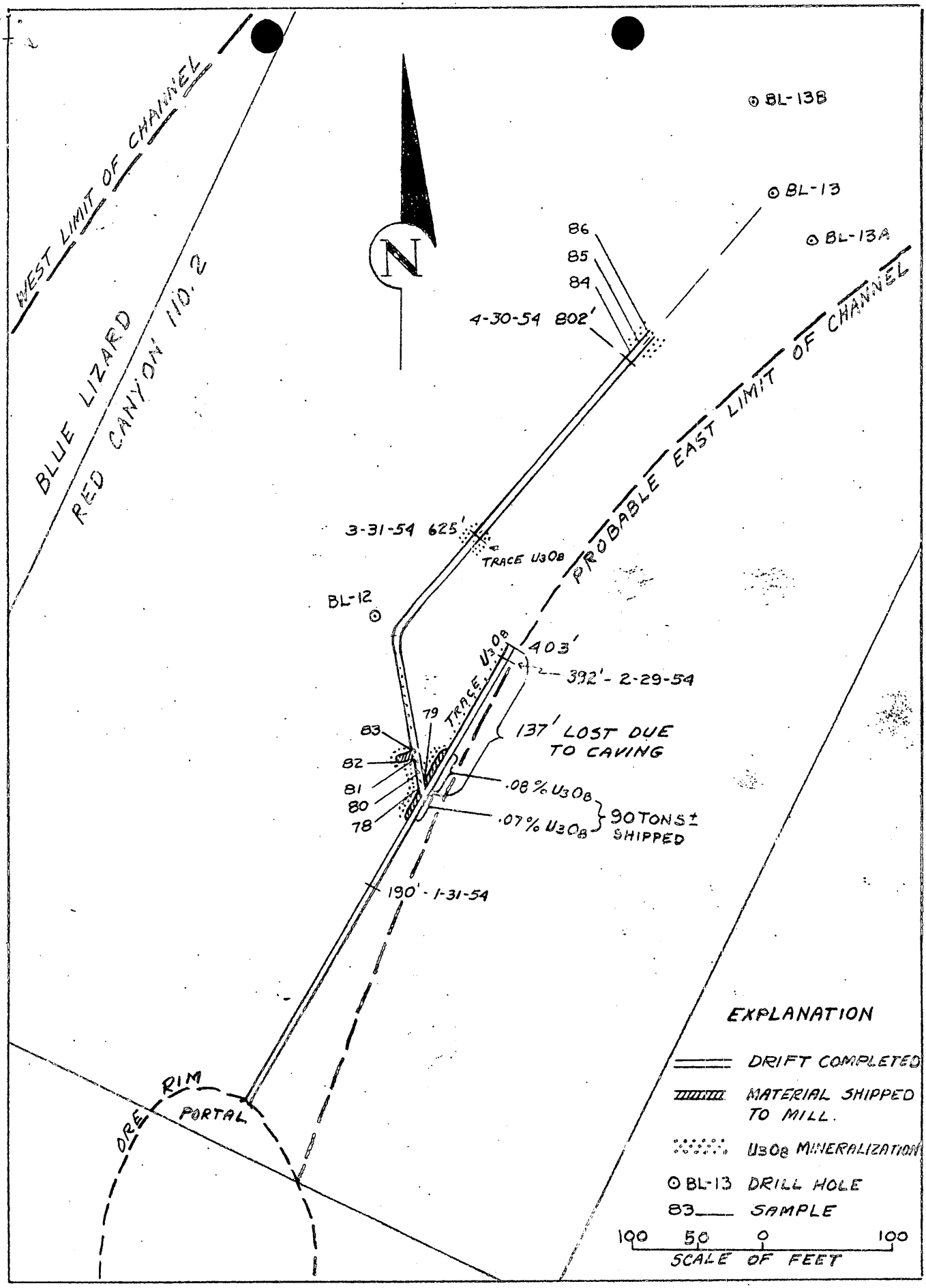
During the month of April several pockets of radioactive ore was encountered, however, these pockets were not followed, but would justify some exploration upon completion of this contract. Approximately twenty tons of ore, however, which we believe to be shippable ore has been stock piled on the dump.

Although we have encountered various pockets of radioactive ore at various points along the lode tunnel, the distance between the pockets at the end of the tunnel does not appear to be as great as they were at the beginning.

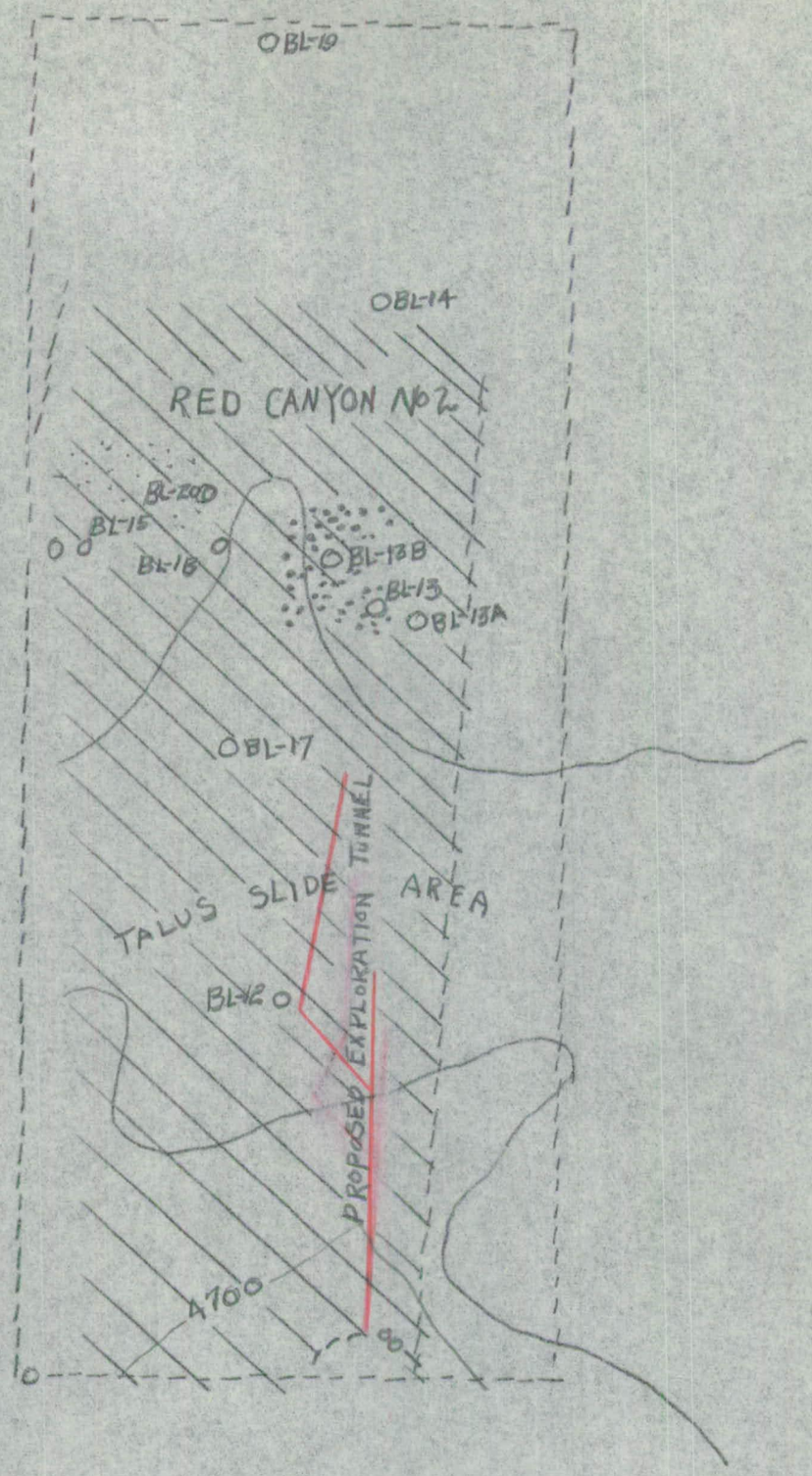
Respectfully submitted,

RED CANYON MINES

By Donald T. Eidson



PROGRESS MAP, RED CANYON MINES, SAN JUAN COUNTY, UTAH
DMEA 3093, CONTRACT Idm-E 641



RED CANYON NO. 2 CLAIMS, SAN JUAN COUNTY, UTAH

EXPLANATION:

Channel

Uranium deposit believed to have minimum grade of 0.30% U_3O_8

Heavy line indicates completed drift

Uranium deposit believed to have a minimum grade of 0.07-0.11% U_3O_8

Contours are on the ground surface

200 100 0 200 400 Feet

Scale

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

3093

APR 28 1954

Department of the Interior

Defense Minerals Exploration Adm.
14X4.01(01) Revolving Fund,
Defense Production Act,
Interior (allocated Working Fund to
Office of the Secretary)

W. H. KING, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION IV
224 NEW CUSTOMHOUSE BUILDING
DENVER 2, COLORADO

RETEL APRIL 27, ADDITIONAL ALLOCATION OF $3,375.00 MADE ON CONTRACT DDM-E641

AMENDMENT NO. 2.

C. O. Mittendorf (for)

C. O. MITTENDORF, ADMINISTRATOR

READAMS/esf
4/28/54

cc to: Docket
Admr. R. File
Messrs: Ellis
Chambers
Adams
Confirmation to Region IV

SENT
APR 28 1954
Clerical Service Section

R.C.S.

Mr. C. O. Mittendorf
April 27, 1954
3:30 P.M.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 28 1954

DN 235 7// BUR MINES 4-27-54 12-28 AMXX PM

C O MITTENDORF

REURTT APRIL 20,1954 DOCKET 3093, RED CANYON MINES, CONTRACT IDM-E641. WE HAVE PREPARED AMENDMENT NO.2 EFFECTIVE APRIL 15,1954 TO AUTHORIZE AN ADDITIONAL 125 FEET OF DRIFTING. AMENDMENT INCREASES GOVERNMENT PARTICIPATION FROM $21,600.00 TO $24,975.00. TOTAL PROJECT COSTS INCREASED FROM $24,000.00 TO $27,750.00. PLEASE TELETYPE ADVICE WHEN ADDITIONAL FUNDS IN THE AMOUNT OF $3,375.00 HAVE BEEN ALLOCATED SO THAT WE MAY RELEASE THE AMENDMENT.

W H KING

Denver, Colo.

APR 27 4 04 PM '54
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.

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

224 New Customhouse
Denver 2, Colorado

April 22, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3093 (Uranium), Contract Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard Claims), San Juan County, Utah.

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

W H King
W. H. King

Enclosures

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

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

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

Month of March, 1954 Docket No. DMEA 3093 Contract No. IDM E-641
Operator's Name RED CANYON MINES Minerals Uranium
Address c/o Donald T. Adams - Monticello, Utah
Contract Amount, $ 24,000.00 Government Participation: 90 % Amount, $ 21,600.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting	$6,990.	$11,760.00	$18,725.00			
(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	$6,990.	$11,760.00	$18,725.00	6,990.00	11,760.00	18,725.00

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

Date April 3, 1954 *Payee RED CANYON MINES

Per Donald T. Adams Title Partner

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

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

(Instructions on reverse)

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

$ 6291.00

Signature
(Authorized Certifying Officer)

Date 4/19/54 Vou. No. DMA 54-110

(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. E641 in accordance with the terms of the contract.

Signature R.R. McLellan 6291.00 WMT Title Mining Engineer Date 4/13/54

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

Signature John T. Shaw for W.H. King Title Executive Officer Date APR 16 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1954 Docket No. DMEA 3093 Contract No. IDM E 641
Operator's Name RED CANYON MINES Minerals Uranium
Address c/o Donald T. Adams - Monticello, 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	ft.	6,990.00	233	18,725.00	625	18,725.	800	30.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		6,990.00	233	18,725.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		6,990.00	233	18,725.00				

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

Date April 3, 1954 Operator RED CANYON MINES

Per Donald T. Adams Title Partner

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 83-38475

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

224 New Customhouse
Denver 2, Colorado

April 16, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3093 (Uranium), Contract Idm-E641, Red Canyon Mines, (Red Canyon No. 2 - Blue Lizard Claims) San Juan County, Utah. Operator's Monthly Progress Report for the period March 1954.

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

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 90 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	April 3, 1954.
Date Received in Field Office	April 5, 1954.
Date Received in Region Office	April 15, 1954.

John F. Shaw
For W. H. King

Enclosures

RDB:cwm

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3093, Contract Idm-R641 (Uranium), Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah--Progress report for March 1954

Enclosed are the original and four copies of the subject progress report--forms MF-104 and MF-104A, with narrative, operator's and inspecting engineer's sketch maps--and the original and six copies of Russell R. McLellan's memorandum covering his inspection of underground drifting progress and checking the reporting forms. The contract is a unit-cost one on short form MF-200(A) and documentation is not required.

McLellan verified the 233 feet advance of the exploration drift for March on an inspection made April 7, 1954. The advance is correctly reported in the narrative and on the MF-104A forms. The engineer's memorandum adequately describes the physical conditions encountered in the operations and shows the locations of mineralization, those from which ore shipments were made, and the progress on a sketch map. Entries and extensions are correct on the reporting forms. Work was in accordance with the terms of the contract and Amendment No. 1, in preparation, authorizing the offset drift.

The operator intends to request additional footage by amendment to complete the exploratory drift to the original objective, drill hole BL-13.

Payment is recommended and certified on the MF-104 forms of $6,291.00, or 90 percent of the $6,990.00 claimed by the contractor.

W. M. Traver

W. M. Traver

enclosure

WMT/ p

cc: 4, R641, Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

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

From: Russell R. McLellan

Subject: DMEA 3093, Contract Idm-8641 (Uranium), Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah--Progress report for March 1954

The drifting project was inspected on April 7, 1954, and on that date the offset drift authorized by Amendment No. 1 had been advanced for a total of 856 feet. During March 1954, the offset drift was advanced 187 feet northwest towards drill hole BL-12 and then turned on a bearing of N. 40° E. towards the original objective, drill hole BL-13, for an additional 95 feet, or a total advance of 222 feet at the close of the period. In addition, 11 feet of advance was made in the main drift before the back caved, resulting in the loss of 137 feet of drift as described in the progress reports for February 1954. The total advance for both drifts amounts to 233 feet as claimed by the operator in his report for March 1954. These features are shown on the attached sketch map.

Ore-grade material was encountered about 30 feet from the starting point of the offset drift and 5 loads or approximately 35 tons were shipped from this zone. The grade is expected to average 0.40 percent U_3O_8. The previous shipments made from the left wall of the main drift did not contain sufficient uranium to be accepted by the mill. Approximately 90 tons of this material was slabbed from the left wall starting at a point 150 feet from the portal and extending to a point 310 feet from the portal. Four loads contained .07 percent U_3O_8 and the remaining eight loads contained .08 percent U_3O_8.

Several small radioactive logs were encountered in the first 100 feet of the offset drift, and spots of radioactive material again were encountered from about 210 feet to the breast at 222 feet.

The 800 feet of authorized drifting is expected to be completed by April 17, 1954. The operator has indicated that he will request additional footage to reach the vicinity of drill hole BL-13 which prior to the cave-in was to be the north terminal of the 800-foot drift. Unless a fairly extensive zone of ore-grade material is encountered in the remaining 175 feet of authorized footage, the writer is of the opinion that at least 100 feet of additional footage should be approved before the project is terminated.

A limited reserve of mineable ore is now available in the vicinity of a 15-foot spur drift driven at company expense in the west wall of the offset drift. The 5 loads of ore-grade material were obtained from this drift. It is estimated that at least 50 additional tons averaging 0.30 to 0.40 percent U_3O_8 may be obtained by extending and enlarging the drift.

Payment is recommended of $6,291.00, or 90 percent of the $6,990.00 claimed.

Russell R. McLellan

Russell R. McLellan
Mining Engineer

RRM/kp

cc 6
M641
Charon

NARRATIVE REPORT

RED CANYON MINES

Commencing on the first day of March, we proceeded to drive the tunnel beyond the 392 foot mark as reported in the February Narrative Report. The tunnel was drifted eleven feet beyond this 392 foot mark and then other shots were put in of approximately ten more feet, part of which was not cleaned out and then the tunnel caved as was reported to you in my letter of March 8, 1954.

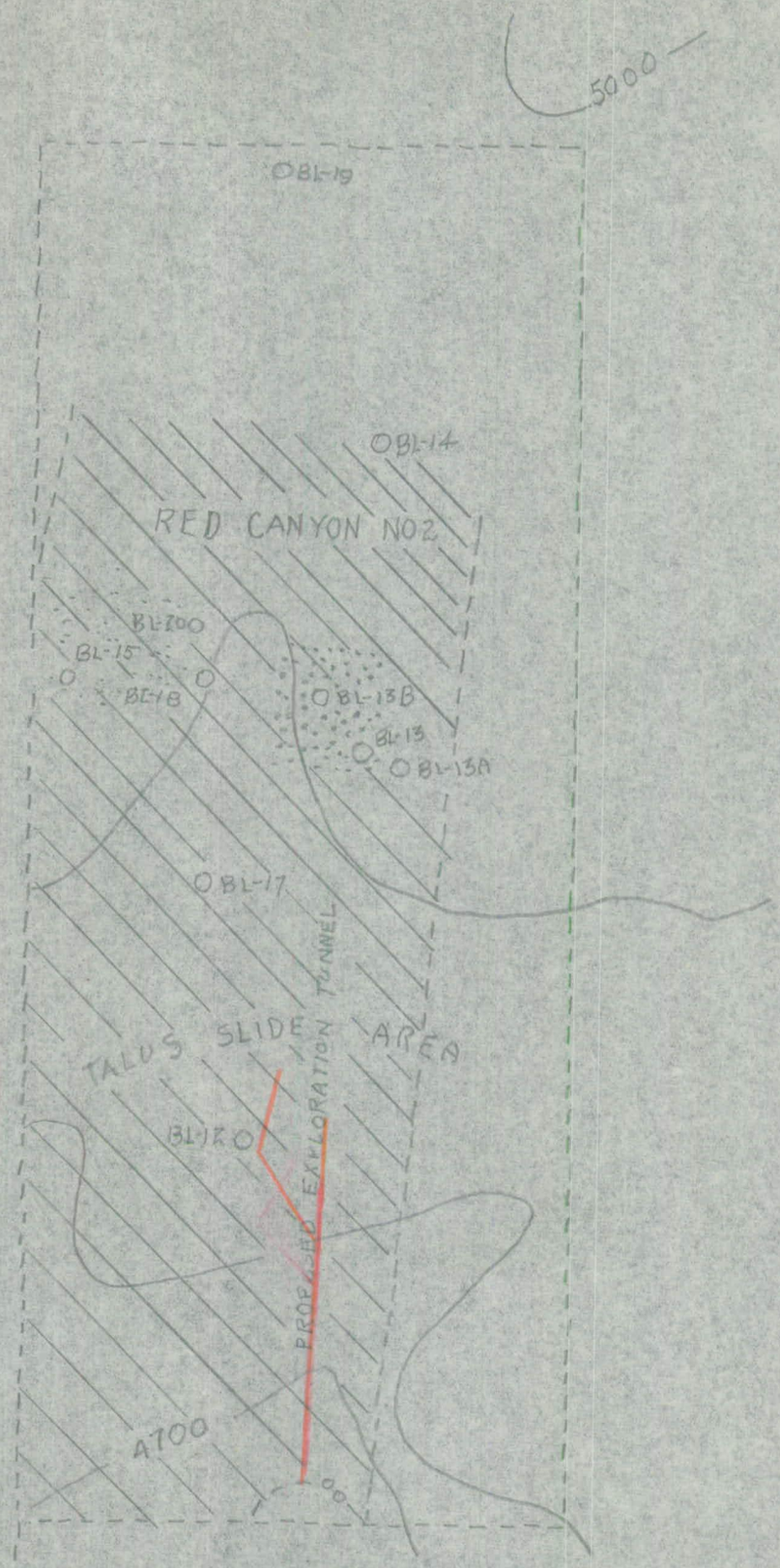
Pursuant to our request for a change of the original contract and your approval of the tunnel, we backed up in the tunnel to a point 266 feet in from the portal and commenced to drill to the left at an approximate forty degree angle. This drift was run for 127 feet and then at that point, a turn was made to the right at an approximate fifty-two degree angle and drifting was made for 95 feet by the last of March. The total drifting for the calendar month of March consisted 233 unit feet.

After the drifting was made to the angle, the contact moenkopi base dropped as we proceeded on the angle drift and continued to make a gradual drop to the point 127 feet off the main tunnel where the moenkopi base appeared to level off. At that point, we again changed the course of the tunnel approximately fifty-two degrees to the right and the moenkopi base appears to be about level at that point.

Radioactive substance appeared along the drifting during this month in small pockets with some commercial ore encountered, however, as we neared the end of the month and the drifting and the iron pyrites appeared to be appearing in a more intensive and compact form and the sand rock appeared to be a little finer in texture.

RED CANYON MINES

By Donald T. Adams



RED CANYON NO. 2 CLAIMS, SAN JUAN COUNTY, UTAH

EXPLANATION:

Channel

Uranium deposit believed to have a minimum grade of 0.3% U_3O_8

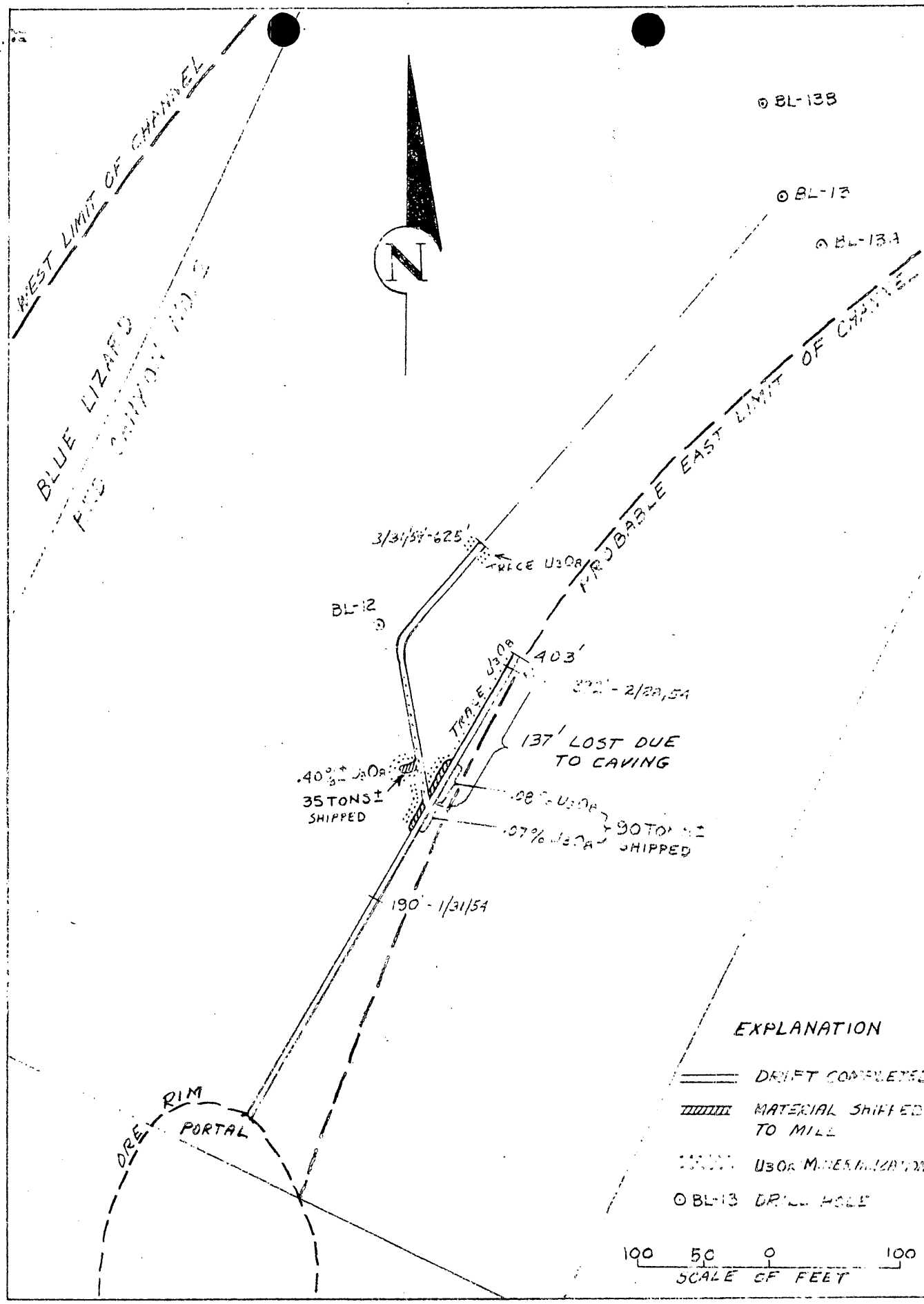
Heavy line indicates completed drift

Uranium deposit believed to have a minimum grade of 0.07-0.11% U_3O_8

Contours are on the ground surface

200 100 0 200 400 Feet

Scale



PROGRESS MAP, RED CANYON MINES, SAN JUAN COUNTY, UTAH
DMEA 3083. CONTRACT Idm-E 641

March 31, 1954

Memorandum

To: Hassel Barry, Operating Committee

From: Grace L. Ault, Rare & Misc.Metals Division

Subject: Amendment to contract

Mr. Ching has reviewed and approved Amendment No. 1, dated March 26, 1954, to Contract No. Idm-E641, Docket No. DMEA-3093, Red Canyon Mines (Uranium).

/s/ Grace L. Ault

Grace L. Ault

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 29 1954

224 New Customhouse
Denver 2, Colorado

March 26, 1954

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket DMEA 3093 (Uranium), Contract Idm-E641, Red Canyon Mines, San Juan County, Utah

Enclosed are the original and two copies of Amendment No. 1 to Contract Idm-E641 which has been executed to authorize driving around a caved portion of the tunnel driven under the contract and continue toward the original objective. Also enclosed are three sets of data relevant to the amendment.

Copies of this amendment have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

John F. Shaw

John F. Shaw, for
W. H. King

Enclosures

RECEIVED
APR 6 1954
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3093, Contract Idm-E641 (Uranium), Red Canyon Mines, (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah

Transmitted herewith are the original and seven copies of Russell R. McLellan's memorandum recommending a revision of the exploration program on the above project which has my approval.

A copy of the memorandum will also be forwarded to Dick Fischer.

W. M. Traver

enclosure

WMT/kp

cc w/orig (7)
RPFischer
E641
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

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

From: Russell R. McLellan

Subject: DMEA 3093, Contract Idm-2641 (Uranium), Red Canyon Mines, (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah

With reference to D. T. Adams' letter of March 8, 1954, requesting a revision of exploration on the subject contract, it is believed advisable to offset the present tunnel line as requested. Due to an apparent westward bend of the east edge of the channel (fig. 1), the drift, while being driven along the basal contact of the channel towards drill hole GL-13, gradually approached the thinning edge of the channel until there was insufficient conglomerate and sandstone overhead to support the overlying shale and mudstone. A maximum distance of 403 feet was attained before the drift caved unexpectedly disclosing the fact that the back of the drift had been progressing only a few inches below the shale. Commencing at the face of the heading, large sections of the back caved suddenly throughout a distance of about 70 feet. An insufficient thickness of sandstone and conglomerate was found to exist in the back for an additional 50 to 60 feet towards the portal. At a distance of 137 feet from the breast,

or 266 feet from the portal, the conglomerate overhead was found to be of sufficient thickness to hold indefinitely. At this point it is recommended that an offset drift be driven northwest towards drill hole EL-12 (fig. 1) which is known to contain a thick section of channel conglomerate and about 2 feet of copper mineralization at the base. The distance from the present drift to hole EL-12 on the proposed line is approximately 150 feet; however, as soon as a safe thickness of conglomerate can be maintained overhead, the drift will be turned towards the original objective which is the near vicinity of diamond drill hole EL-13 (fig. 1). The drift probably can commence turning at approximately 100 feet from the main drift and gradually swing to the northeast towards the original objective. The offset drift will at all times be driven along the basal contact of the channel.

At the completion of the authorized footage of 800 feet, the breast of the offset drift will be approximately 200 feet short of the original objective. The operator has requested an additional 250 feet to reach this objective; however, the writer believes that no additional footage should be authorized until the results of most or perhaps all of the offset drifting can be evaluated. The operator, in conversation with the writer, indicated that if an ore deposit is encountered by the offset drift, he would prefer to limit the contract to the original 800 feet of drifting. The results of the work completed to date indicate a strong possibility of encountering a significant deposit by the offset drifting, as radioactive material was nearly

continuous along the left wall of the main drift from 250 feet to the breast at 403 feet. It is therefore recommended that the offset drifting be allowed as requested, but that authorization for additional footage be deferred until the results of most of the offset drifting can be evaluated.

Russell R. McLellan
Russell R. McLellan
Mining Engineer

RRM/kp

cc w/orig (7)
RFFischer
DMRA 3093, Idm-E641
Charon

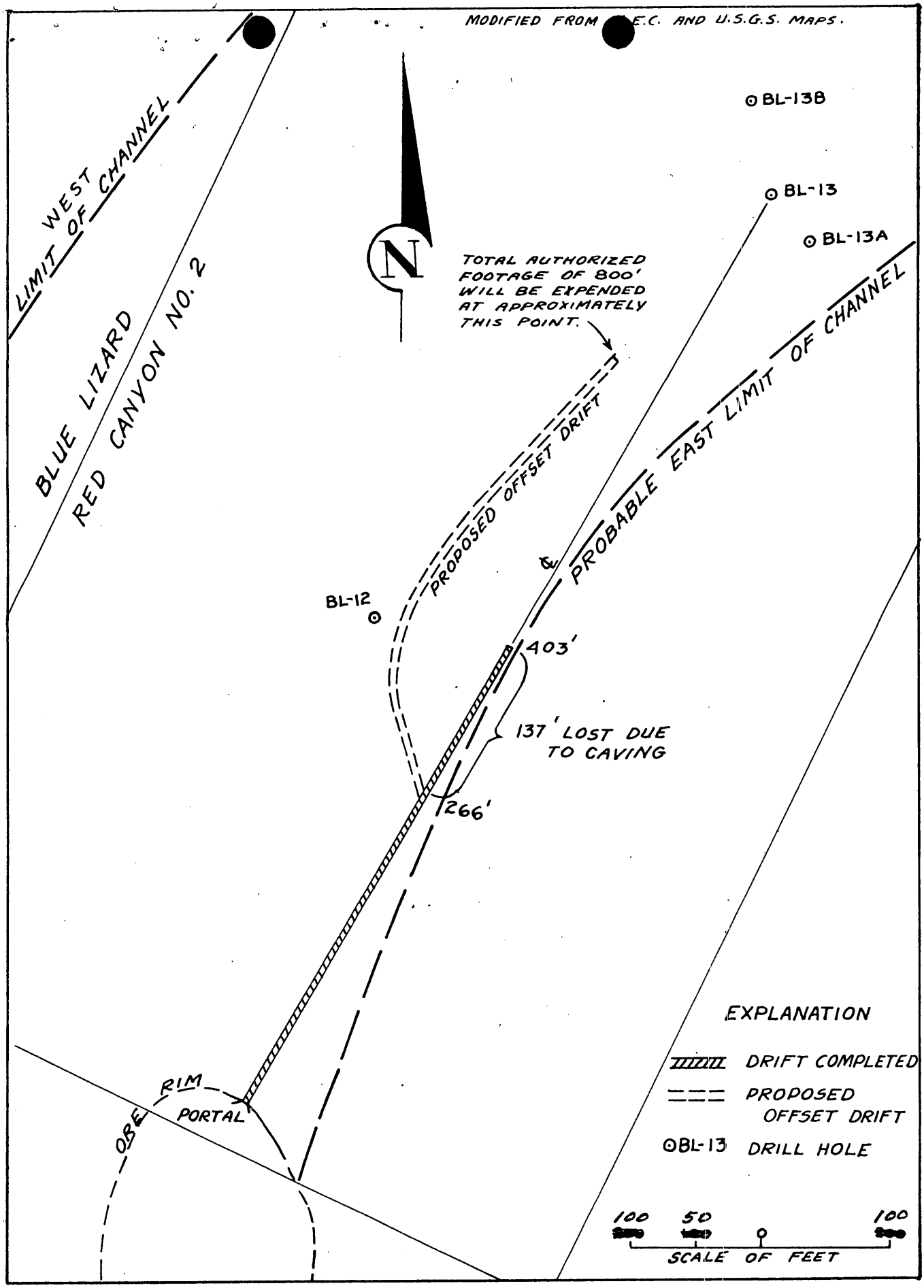


Fig. 1, Proposed offset drift, Red Canyon Mines, San Juan County, Utah
DMEA 3093, Contract Idm-[illegible] 641

COPY

DONALD T. ADAMS
Attorney at Law
Monticello, Utah

March 8, 1954

Mr. W. H. King, Executive Officer
Defense Minerals Exploration Administration
Field Team, Region IV
224 New Customs House
Denver 2, Colorado

Re: Docket DMEA 3093
Contract IDM E-641

Dear Sir:

We hereby make this request for a change of the course of the tunnel as described in Exploration Project Contract in the caption matter and for an extension of unit footage in the amount of 250 feet.

Our proposal under this request, is to back up in the tunnel as driven to a point 266 feet in from the entrance of the tunnel on the left which would be the northwest side and drive at an approximate 45° angle off the main tunnel to a point which is shown on the map attached to said Contract as Figure 2, and drive from this said point of 266 feet in the tunnel to that certain core hole marked as BL-12 on said map or to a point between the two points where commercial ore may be encountered or it appeared from the actual development of drilling said tunnel, that the bottom of the channel has been reached and then at said point change the course of the channel back to the right approximately 15° and proceed to the object hole which hole is marked on the said map as the core hole BL-13.

As shown by our monthly reports on the work done on this contract for the months of January and February, 1954, a total footage had been made of 392 feet and between the first day of March, 1954, and the third day of March, 1954, an additional footage of 21 feet was made. During the last approximate hundred feet of this tunnel the shinerup formation in which the tunnel is being driven, begin to thin considerably. At a point of 387 feet in from the entrance, a test was made and the shinerup formation appeared to be only between five and six feet thick, six feet on the left hand side of the tunnel and five feet on the right hand side, and by driving the tunnel through the formation there was no rock ceiling at all to support a ceiling for the tunnel. Tests were made by drilling into the ceiling and it appeared that the ceiling consisted of a clay and chinnlee formation which when exposed to air, would crumble and fall into the tunnel.

On the third day of March when shooting a round at a point 403 feet in the tunnel, the workers went back into the mine and found that the face of the back of the tunnel had caved, after it was found that the back had caved, they went back to a point 387 feet inside the tunnel and by testing, found that the rock on the top of the tunnel was only between two and six inches thick, also that the total width of the shinerup sandstone was between five and six feet. They then moved back to a point 375 feet and drilled another eight foot hole in the ceiling, at that point found no sandstone covering (all of the workings along the course of this tunnel, the bottom appeared to be well in the red miocopie formation). The workers then moved back to a point in the tunnel 335 feet from the portal and after a test of the formation, started a side tunnel at an angle approximately 45° to the west of the main tunnel and drove the side tunnel in approximately in 18 feet. While they were shooting in the side tunnel, the clay ceiling again appeared and a cave-in after shooting the last round resulted which caused a cave-in on the side tunnel and also continued to all of the main tunnel from this point 335 feet back from the entrance through to the 403 feet at the end of the tunnel. At this point, a test of the ceiling was made and it appeared that there was no solid rock above the tunnel in which to support a roof for the ceiling.

The workers again moved back to a point 266 feet in the tunnel and tested the roof with a six foot drill and by drilling into the roof, no clay was encountered at that point, it appearing that there was solid rock at least six feet above the roof of the ceiling.

In driving the tunnel from a point 266 feet from the entrance back to the point 403 feet, it appeared that the rock formation was thinning. By correlating the formation as found in the actual construction of the tunnel with the information contained in the core drill holes, which were submitted with our application for the loan, it would appear that the tunnel is on the right side of a channel which runs definitely between core hole BL-12 and BL-13 as shown on the map. The shinerup formation at each of these holes as by the indicated core drilling information indicated that the rock at each of these points was approximately 40 feet thick and was considerably lower than the course than where the tunnel was actually being driven.

The last 100 feet or more that was driven on the end of this channel indicated that the left hand side of the channel was considerably lower, along this portion of the tunnel checks were made by Geiger counter and a definite gamma ray count was indicated all the way along. The count appeared to be much stronger on the left hand side of the tunnel than on the right.

As stated in our monthly report of February, 1954, a shipment of approximately 28 tons of ore was made from the tunnel which assayed only 0.07 U_3O_8 and was not acceptable as shipping ore. After that time, approximately 50 tons of ore had been shipped, although at this time no reports have been received from the uranium values of that ore. It is believed that the value should exceed 0.10 U_3O_8 content and that the ore of additional value will be found on the left hand side of the tunnel.

It is our belief that by changing the course of the tunnel to the points above stated that we will enter into and test the main ore bearing channel and that the extension of footage as requested will complete the exploration as proposed in the original application.

Respectfully submitted

RED CANYON MINES

By /s/ Donald T. Adams

DTA:ds

cc: W. H. Travers, Jr.

700
DOCKET
SURNAME

Ching
Ellis
Hoffman
Kellerman

MChing/fee
4-19-54

DMEA- Department of the Interior
14X1X01(01) Revolving Fund, Defense
Production Act, Interior (Allocated
Working Fund to the Office of the Secy.

APR 20 1954

John F. Shaw for
To: Mr. W. H. King, Executive Officer, DMEA Field Team, Region IV, 224 New Customhouse Building
Denver 2, Colorado

REQUEST APRIL 16 DOCKET 3093, RED CANYON MINES, ADDITIONAL GOVERNMENT PARTICIPATION SHOULD CONTINUE ON 90 PERCENT BASIS SINCE OBJECTIVE REMAINS SAME. HOWEVER, YOUR DELEGATED AUTHORITY PERMITS ONLY 126 FEET ADDITIONAL DRIFTING.

[redacted]
C. O. Mittendorf
C. O. MITTENDORF, ADMINISTRATOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

cc to: Adm. Reading File
Operating Comm.
Docket
Messrs. H. D. Keiser, Rm. 3641
A. P. Butler, Jr. Rm. 3212 - GSA
Code 700
Mr. Ching
CONFIRMATION to Region IV

SENT
APR 20 1954
Clerical Service Section

R.C.S.

C. O. Mittendorf
4-16-54
5:56 P.M.

DEPARTMENT OF THE INTERIOR
Bureau Mines Administration
RECEIVED
APR 19 1954

DN 235 BUREAU MINES 4-16-54 3-56 PM

C O MITTENDORF

RE DOCKET NO. DMEA 3~~039~~93, CONTRACT IDM-E641, URANIUM, RED CANYON MINES, SAN JUAN COUNTY, UTAH, UNSTABLE CONDITIONS ENCOUNTERED IN DRIFTING NECESSITATED BY-PASSING CAVED PORTION OF EXPLOAXXX EXPLORATION DRIFT. OPERATOR NOW REQUESTS ALLOCATION OF ADDITIONAL FUNDS TO ENABLE REACHING ORIGINAL OBJECTIVE, THE EXTENT OF WHICH IS WITHIN TH E AUTHORITY DELEGATED REGION IV FOR PROCESSING. SHOULD ADDITIONAL GOVERNMENT PARTICIPATION BE ON 90 PERCENT OR 75 PERCENT BASIS. PLEASE TELETYPE ADVICE.

JOHN F SHAW FOR W H KING

Denver, Colorado

APR 19 8 06 AM '54

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

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

MAR 26 1954

224 New Customhouse
Denver 2, Colorado

March 24, 1954

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3093 (Uranium), Contract Idm-1641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard Claims), San Juan County, Utah.

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

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

Enclosures

ma

926

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.4
Approval expires 6-30-54

DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
RECEIVED
MAR 26 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1954 Docket No. DMEA 3093 Contract No. DMI E-641
Operator's Name RED CANYON MINES Minerals Uranium
Address Monticello, Utah
Contract Amount, $ 24,000.00 Government Participation: 90 % Amount, $ 21,600.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting	$6,060.	$5,700.00	$11,760.00			
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	$6,060.	$5,700.00	$11,760.00	6,060.00	5,700.00	11,760.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date March 1, 1954 Payee RED CANYON MINES
Per Donald T. Adams Title Partner

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

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

(Instructions on reverse)

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

$5454.00

Signature
(Authorized Certifying Officer)
Date 3/19/54 Vou. No. DMA 54-90
(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. E641 in accordance with the terms of the contract.

Signature R.R. McLellan 5,454.00 Title Mining Engineer Date 3/10/54

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

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

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 26 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February 1954 Docket No. DMEA 3093 Contract No. E-641
Operator's Name RED CANYON MINES - c/o Donald T. Adams Minerals Uranium
Address Monticello, 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	ft.	$6,060.00	202	$11,760.00	39200	$11,760.	800	$30.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$6,060.00	202	$11,760.00				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 1, 1954 Operator RED CANYON MINES

Per Donald T. Adams Title Partner

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 83-38475

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

Defense Minerals Administration
RECEIVED
MAR 26 1954

224 New Customhouse
Denver 2, Colorado

March 16, 1954.

Memorandu,

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3093 (Uranium), Contract Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah. Operator's Monthly Progress Report for the period February 1954.

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

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

Remarks:

Date of Report	March 1, 1954.
Date Received in Field Office	March 8, 1954.
Date Received in Region Office	March 15, 1954.

W. H. King

Enclosures

RDB:cwm

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3093, Contract Idm-E641 (Uranium), Red Canyon Mines, (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah--Progress report for February 1954

Enclosed are the original and four copies of the subject progress report--forms MF-104 and MF-104A, with narrative, sketch map--and the original and six copies of Russell R. McLellan's memorandum covering his inspection of the underground progress and review of the reporting forms. The contract is unit cost on short form MF-200(A) and documentation is not required.

McLellan confirms the 202 feet advance of the exploration heading as reported in the operator's narrative and shown on the MF-104A forms. He reports the occurrence of a bad cave after 403 feet had been driven, resulting in the loss of 137 feet of authorized work through no fault of the contractor and necessitating a revision of the program. Work has been done satisfactorily and in conformance with the terms of the contract. Entries and extensions on the reporting forms are correct. Accomplishments are adequately described in the contractor's narrative and the engineer's memorandum.

Payment is recommended and certified on the MF-104 forms of $5,454.00, or 90 percent of the total $6,060.00 claimed by the contractor.

W. M. Traver

enclosure

WMT/kp

cc 4
E641
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
March 10, 1954

Memorandum

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

From: Russell R. McLellan

Subject: DMEA 3093, Contract Idm-2641 (Uranium), Red Canyon Mines, (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah--Progress report for February 1954

The Red Canyon Mines project was inspected on March 5, 1954, on which date the drift had reached the 403-feet mark. An advance of 202 feet was made during the month of February 1954 as indicated in the operator's monthly report.

After the last round was blasted, approximately 70 feet of drift caved badly. Apparently the east edge of the channel curves to the west; consequently, as the drift progressed northward, the Shinarump conglomerate (ore horizon) gradually became thinner until, without the operator's knowledge, the drift was progressing within inches of the overlying shales and mudstones. The back of the drift held unusually well until an advance of 403 feet was obtained. At that point the thin, supporting conglomerate gave way and caved progressively for about 70 feet back from the breast exposing the soft shales above, which in turn commenced to swell and cave. Seventy feet from the breast the conglomerate is less than 2 feet thick and probably will continue to drop before sufficient timber can be installed to stop the caving. A considerable amount of the drift undoubtedly will be lost and a revision of the original program will be necessary so that the drift can be advanced westward towards the center of the channel until a substantial thickness of conglomerate again is overhead. In addition, the possibility of encountering ore probably will increase as drifting progresses away from the extreme edge of the channel. The applicants are preparing a request to allow by-pass drifting around the caved portion of the drift. Detailed recommendations will be submitted upon receipt of the request.

Radioactivity has been fairly persistent along the west wall of the drift. Ore grade material was believed to have been encountered from 250 feet to 310 feet; however, about 28 tons taken from between

250 feet and 286 feet contained only .07 percent U_3O_8 and was rejected by the mill. Settlement sheets for another shipment had not been received on the inspection date. A total of about 100 tons is reported to have been shipped to date. It is significant to note that all ore has been obtained along the west wall of the drift, and in no instance did it extend across the face of the drift to the east wall. Apparently the drift encountered the very eastern limit of the deposit. Production is expected to continue westward in the ore zone which presently ranges from 0.5 to 2.5 feet in thickness. Settlement sheets and assay data will be available at a later date.

The work progressed in a most efficient manner, until the cave-in, resulting in an unusually high monthly rate of advance for a small operation.

Payment is recommended of $5,454.00, or 90 percent of the $6,060.00 claimed.

Russell R. McLellan
Russell R. McLellan
Mining Engineer

RRM/kp

cc/6
E641
Charon

2 3 1954

NARRATIVE REPORT

RED CANYON MINES

The work for February, 1954, was carried on in a similar manner as that reported for the month of January, 1954. The drifting work proceeded beginning on the first day of February, 1954, and continued throughout the month, after the drift reached 286 feet, the gamma ray count on the left hand side of the tunnel indicated that shippable ore might have been encountered at this point, a side drift was made and approximately 28 tons of ore was taken and shipped to the American Smelting and Refining Company at Monticello, Utah. The assay report showed however, that the uranium content of the ore was 0.07% and because of the low grade that ore was rejected.

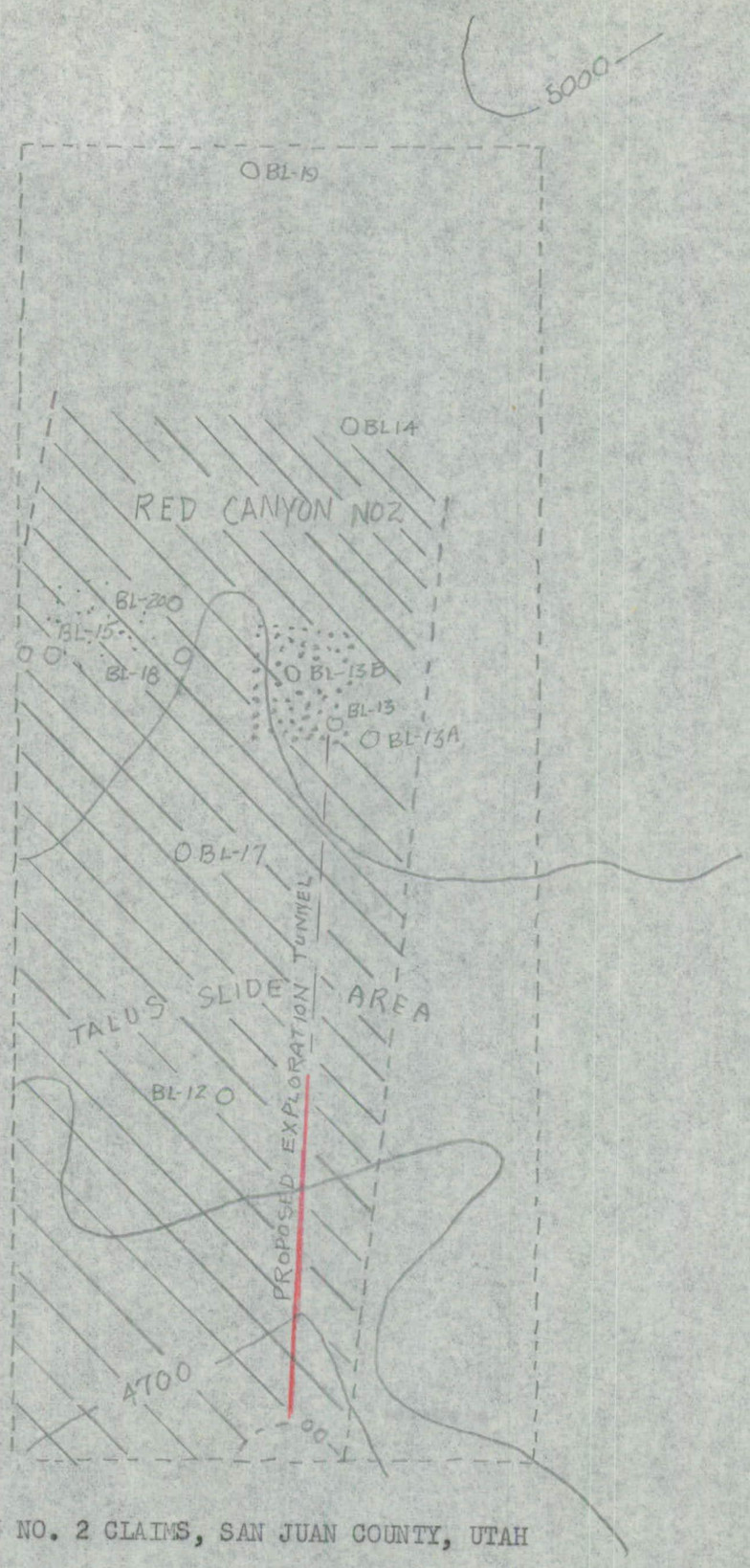
Proceeding farther in the drift, a small strain of ore appeared again on the left side of the tunnel, this ore appeared to have a higher gamma ray count than that previously encountered and shipped and as such part of this ore was separated and approximately 40 tons shipped to the American Smelting and Refining Company at Monticello, Utah, it is believed that this ore will run in uranium above 0.10%, the amount of uranium acceptable at the mill. No returns have been received from this ore.

From all appearances in driving the tunnel, the present location of the drift appears to be on the right flank of a channel, clay seams appeared to be coming in and the rock appears to be thinning. The surface indication at the bottom of the drift indicates that the earth is sloping generally to the west or the left hand side of the channel, mineral indications appeared to be stronger on the left hand side of the drift than on the right side. The cross-cut that was made to encounter the ore at the point 286 feet in the drift indicates that the thickness of the chimera formation is greater to the left than to the right.

The total footage made in the tunnel for the month of February being 202 feet, making a total footage from the commencement of the operation in January, 1954 through the last day of February, 1954, in the total sum of 392 feet.

RED CANYON MINES

By Donald T. Adams



RED CANYON NO. 2 CLAIMS, SAN JUAN COUNTY, UTAH

EXPLANATION:

Channel
Uranium deposit believed to have a minimum grade of 0.30% U_3O_8
Heavy line indicates completed drift

Uranium deposit believed to have a minimum grade of 0.07-0.11% U_3O_8
Contours are on the ground surface

200 100 0 200 400 Feet

Scale

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

224 New Customhouse
Denver 2, Colorado

March 3, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3093 (Uranium), Contract Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard Claims), San Juan County, Utah.

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

W. H. King

W. H. King

Enclosures

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1954 Docket No. DMEA 3093 Contract No. 10-6041
Operator's Name Red Canyon Mines Minerals Uranium
Address Monticello, Utah
Contract Amount, $ 24,000.00 Government Participation: 90 % Amount, $ 21,600.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting	$5,700.00	None	$5,700.00			
(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	$5,700.00	None	$5,700.00	5,700.00	--	5,700.00

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

Date January 31, 1954 Payee Red Canyon Mines

Per Donald T. Adams Title Partner

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

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

(Instructions on reverse)

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

$ 5130.00

Signature
(Authorized Certifying Officer)

Date 2/26/54 Vou. DMA 54-84

(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. E-641 in accordance with the terms of the contract.

Signature R.R. McLellan 5,130.00 Title Mining Engineer Date 2/11/54

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

Signature W.H. King Title Executive Officer Date FEB 15 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 5 - 1954

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1954 Docket No. DMEA 3093 Contract No. DMEA 1

Operator's Name Red Canyon Mines Minerals Uranium

Address Monticello, 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	190 ft	5,700.	190	5,700.00	190	5,700.	800	830.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		5,700.		5,700.00				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 Jan. 31, 1954 Operator Red Canyon Mines

Per Donald T. [illegible] Title Partner

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

February 15, 1954.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3093 (Uranium), Contract No. Idm-E641, Red Canyon Mines (Red Canyon No. 2 - Blue Lizard Claims), San Juan County, Utah. Operator's Monthly Progress Report for the period January 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	January 31, 1954.
Date Received in Field Office	February 8, 1954.
Date Received in Region Office	February 15, 1954.

W. H. King

Enclosures

RDB:cwm

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

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

Subject: DMEA 3093, Contract Idm-R641 (Uranium), Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah--Progress report for January 1954

Enclosed are the original and four copies of the above progress report, the initial one on the project--forms MF-104 and MF-104A, with narrative, progress sketch map--and the original and six copies of Russell R. McLellan's memorandum covering his inspection of the underground progress and checking of the reporting forms. The contract is unit-cost on Short Form MF-200(A), and documentation is not required.

McLellan verified the advance of 190 feet as reported in the narrative, shown on the sketch map, and entered on the MF-104A forms. Operations are being conducted in a satisfactory manner in accordance with the terms of the contract, and are adequately described in both the contractor's narrative and the engineer's covering memorandum. Entries and extensions on the reporting forms are correct.

Payment is approved and certified on the MF-104 forms of $5,130.00, or 90 percent of the total $5,700.00 claimed by the contractor.

W. M. Traver

W. M. Traver

enclosure

WMT/kp

cc: 4
R641
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

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

Memorandum

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

From: Russell R. McLellan

Subject: DMEA 3093, Contract Idm-2641 (Uranium), Red Canyon Mines (Red Canyon No. 2 - Blue Lizard claims), San Juan County, Utah--Progress report for January 1954

The Red Canyon Mines project was inspected on February 6, 1954, on which date the company had driven a total of 259 feet of drift under the subject contract. The company claim of 190 feet of advance for the month of January 1954 is accordingly approved.

The walls and back of the drift were checked with a geiger counter, and for the entire length of the drift, small isolated areas containing radioactive material were noted. Radioactivity increased from the 200-foot mark to the breast, however, no ore grade material was encountered in any portion of the drift. Copper minerals and iron pyrites in small amounts were observed throughout the drift. Short exploratory holes are being drilled into the left wall towards the center of the channel, and probing results from these holes will be obtained next month. As yet, sampling for chemical analysis has not been necessary.

Work is progressing in a highly satisfactory manner, and at the present rate of advance the drift will be completed during April or May of 1954.

Payment is recommended of $5,130.00, or 90 percent of the $5,700.00 claimed.

W. L. Dore
for Russell R. McLellan
Mining Engineer

RRM/kp

cc: 6
M641
Chron

United States Department of Interior
Defense Minerals Exploration Administration

Month of January, 1954
Docket No. 3093
Contract No. E-641
Minerals - Uranium
Operator's Name - RED CANYON MINES

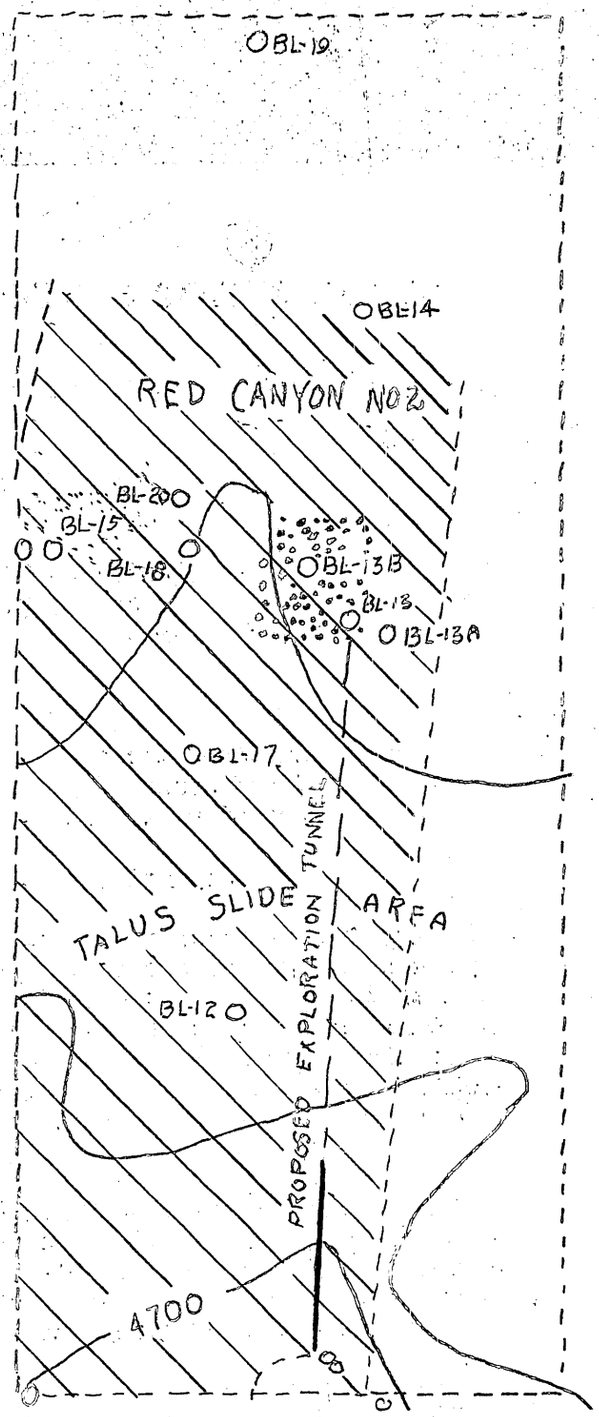
NARRATIVE REPORT

On the 4th day of January, 1954, work was commenced at the portal of the proposed exploration tunnel as shown on the attached map. The size of the portal being seven feet by six feet. The operation consisted of a jackhammer operator who took care of the drilling and shooting in the tunnel and the mucking of the waste was done by hand. Loading the car into a diesel shuttle car which was hauled into a dump in the front of the channel. The work was continuous from the 4th day of January to the 31st day of January and the length of tunnel completed to the 31st day of January consisted of 190 feet of drifting.

After 30 feet of drifting was made, certain types of minerals has appeared in the sides of the drift. The mineral consisting of iron pyrites and considerable amount of carbon and various types of copper ore. These minerals have been prevalent more or less throughout the drift after the first 30 feet. Nearing the end of the 190 feet of the drift, some back ground of radioactivity appeared inside the drift, however, it could not be detected on the ores or muck after it was taken outside of the tunnel.

RED CANYON MINES

By Donald T. Adams



RED CANYON NO. 2 CLAIMS, SAN JUAN COUNTY, UTAH

EXPLANATION

Channel

Uranium deposit believed to have a minimum grade of 0.30% U_3O_8

Heavy line indicates completed drift

Uranium deposit believed to have a minimum grade of

U.S. Atomic Energy Commission diamond drill hole

Contours are on the ground surface.

200 100 0 200 400 Feet

Scale

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : E. Wm. Ellis, DMEA Member, Uranium Commodity Committee

DATE: January 21, 1954

FROM : Arthur P. Butler, Jr., USGS Member, Uranium Commodity Committee

SUBJECT: Field Team Report, DMEA Docket 3093 (Uranium), Red Canyon Mines, partnership, Preston Redd et al, applicants, Red Canyon No. 2 and Blue Lizard claims, Sec. 19 (?), T. 37 S., R. 15 E., unsurveyed, San Juan County, Utah

The Field Team report concerning recommendations for exploration of the property identified in the subject above has been reviewed. A contract was approved in Region IV and is in force.

Proposed Exploration and Comment

The Field Team proposed 800 feet of drifting in a single adit at an estimated total cost of $24,000, to explore ~~an~~ ore-bearing rock along the trend of a channel filled with beds of Shinarump conglomerate. The Field Team believed that cross cutting or drilling to test more of the width of the channel would be worthwhile in addition to the drifting, but the applicants had unreported objections to the cross cutting, and drilling is not feasible in much of the area that should be tested.

The Atomic Energy Commission had done some drilling. This exploration found about 3,000 tons of indicated and inferred ore of commercial grade near the north side of the channel, and mineralized rock of near marginal grade nearer the center of the channel. Both the ore and mineralized rock are more than 800 feet from the nearest outcrop.

The examining geologist believes that the known deposits and geologic relations in the area of the channel are favorable for finding one or more significant deposits. Although more exploration would be necessary to find ~~and~~ most of the significant deposits the proposed drifting would be adequate to explore the east flank, and is in ground that is believed to be favorable for uranium deposits.

Recommendations

For the reasons summarized above and set forth in more detail in the report and supporting memoranda, I concur with the action of the Field Team in granting assistance for exploration.

Copies to: E. Wm. Ellis (2) Arthur P. Butler, Jr.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1954

January 12, 1954

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee, Room 4640

From: H. D. Keiser, Bureau of Mines Member
Uranium Commodity Committee

Subject: Report of Examination, DMEA Docket 3093, Red Canyon Mines, San Juan County, Utah.

I have reviewed the subject report and discussed it with Joseph O. Hosted, representative of the Atomic Energy Commission.

I concur with the Field Team in its execution of a contract covering exploration aid at a total cost of $24,000, Government participation $21,600.

The report has been forwarded to the Chief, Minerals Division, Bureau of Mines, in accord with the routing slip attached thereto.

H. D. Keiser

H. D. Keiser

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 30 1953

224 New Customhouse
Denver 2, Colorado

December 21, 1953.

ON-SITE EXAM

Memorandum

To: Administrator, Defense Minerals Exploration Administration
Attention: 200

From: Field Team, Region IV

Subject: Report of Examination - DMEA Docket 3093 (Uranium), Red Canyon Mines, San Juan County, Utah.

Enclosed are four copies of the Report of Examination on the subject docket. The contract has been signed and is in effect.

W. H. King

W. H. King

E. N. Harshman

for A. H. Koschmann

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DEPARTMENT OF THE INTERIOR
Bureau Land Mgmt Administration
RECEIVED
DEC 30 1953

Mining Division
Region IV

November 4, 1953.

Memorandum

To: Field Team, Region IV

From: Chief, Mining Division, Region IV

Subject: Report of Examination - Docket 3093 (Uranium), Red Canyon Mines, San Juan County, Utah.

Enclosed are eleven copies of the engineering report of examination on the subject property.

It appeared to us that one continuous 800 foot drift, recommended by the applicant and the field examiners, did not adequately explore the channel and the field examiners were requested to reconsider their recommendations. They believe that the limited amount of work originally proposed is worth-while and recommend that the application be approved at a total cost of $24,000.00, Government participation $21,600.00.

We concur in this recommendation.

W. H. King

W. H. King

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20, Room 137
Denver Federal Center
Denver 14, Colorado
September 18, 1953

Memorandum

To: Executive Officer, Field Team, Region IV

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

Subject: DMRA 3093 (Uranium) Red Canyon Mines, Red Canyon No. 2 and Blue Lizard claims, San Juan County, Utah

Enclosed are the original and ten copies of the "Summary, Conclusions, and Recommendations," by Russell R. McLellan and Albert F. Trites, Jr., and McLellan's engineering report on the above docket.

McLellan concludes that previous drilling by the Atomic Energy Commission has indicated the existence of an ore-bearing channel on ground covered by the applicants' claims between a rim exposure and one of the drill holes. He recommends an adit 800 feet in length to explore the favorable ore horizon along the channel at an estimated cost of $24,000.00 and suggests a short-form contract on a unit price of $30.00 a foot.

I concur with his conclusions and recommendations.

The brochure transmitted with your memorandum of June 24, 1953, instructing us to make a field examination is also enclosed.

W. M. Traver

W. M. Traver

enclosures

cc 10
DMRA 3093
DMRA Chron.

WMT/pam

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
Denver Federal Center
Denver 2, Colorado

November 2, 1953

To: DMEA Field Team, Region IV

From: A. H. Koschmann

Subject: DMEA Docket 3093, Red Canyon Mines, San Juan County, Utah

Enclosed are 11 copies of the geologic report by A. F. Trites, Jr., of the U. S. Geological Survey covering the above docket. Several questions raised by the Field Team have been clarified and the exploration program proposed in the report remains unchanged.

It has been recommended that the loan be approved.

E. M. Hackman
for A. H. Koschmann
Supervising Geologist
Colorado-Wyoming

Enclosures (11)

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. BOX 360
GRAND JUNCTION, COLORADO

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 30 1953

October 1, 1953

Memorandum

To: A. H. Koschmann, DMEA Field Team, Region IV

From: R. P. Fischer, Acting Supervisor, Colorado Plateau District

Subject: DMEA 3093, Red Canyon Mines, San Juan County, Utah

Transmitted herewith are eleven copies of a geologic report on the Blue Lizard and Red Canyon No. 2 claims, Red Canyon Mines, San Juan County, Utah. The company applied for assistance to explore for uranium deposits. The proposed work consists of 800 feet of drifting at an estimated total cost of $24,000.

The attached report was prepared by A. F. Trites, Jr., and is based on a joint field examination on July 23, 1953, in company with R. R. McLellan, USBM, and Preston Redd, representing the applicants.

On the basis of the distribution and habits of known deposits in the area, the ground underlain by a channel filled with Shinarump beds on the applicants' claims is considered favorable for ore deposits and exploration. From the standpoint of geology, Trites concludes that the entire channel should be tested. To do so, however, would require a larger amount of drifting than the applicants have proposed, or it would require exploratory drilling, which may not be practicable from an engineering standpoint because of the physical conditions in the area. Even if the applicants will not agree to increase the amount of the drifting, and if the engineer does not consider it practicable to use exploratory drilling to test the entire channel, the limited amount of work proposed is considered worthwhile, and it is recommended that the application be approved and a contract prepared.

I concur with the conclusions and recommendation.

R. P. Fischer

R. P. Fischer
Acting District Supervisor
Colorado Plateau District

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

DMEA 3093, Red Canyon Mines

Red Canyon No. 2 and Blue Lizard Claims

San Juan County, Utah

Uranium

Russell R. McLellan, Mining Engineer
Bureau of Mines

Albert F. Trites, Jr., Geologist
Geological Survey

September 16, 1953

DMEA 3093

RED CANYON MINES
RED CANYON NO. 2 AND BLUE LIZARD CLAIMS
SAN JUAN COUNTY, UTAH

Summary, Conclusions, and Recommendations

By Russell R. McLellan
Mining Engineer
Bureau of Mines

Albert F. Trites, Jr.
Geologist
Geological Survey

DMEA 3093

RED CANYON MINES
RED CANYON NO. 2 AND BLUE LIZARD CLAIMS
SAN JUAN COUNTY, UTAH

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

By Russell R. McLellan and Albert F. Trites, Jr.

Red Canyon Mines, a partnership of Preston Redd, J. Wiley Redd, Robert Redd, and Lyman Redd, all of Blanding, Utah; John Redd of Paradox, Colo.; and Donald T. Adams and Leon Adams of Monticello, Utah, has applied to the Defense Minerals Exploration Administration for assistance to explore for uranium on the Red Canyon No. 2 and Blue Lizard claims, White Canyon Mining District, San Juan County, Utah.

The applicants proposed to explore an ore-bearing channel by driving 800 feet of drift from a rim exposure to a diamond drill hole that encountered ore. The objective of the drift is to explore the apparently favorable east flank of the channel that could not be prospected successfully from the surface by wagon or diamond drilling. The cost is estimated to be $24,000.00--Government participation 90 percent, or $21,600.00.

The results of limited diamond drilling conducted by the Atomic Energy Commission indicate that the channel contains mineable ore. One uranium deposit encountered by diamond drilling is on the east flank of the channel, and nearly all of the ground on the east flank between the deposit and the rim has not been explored. Because of the unfavorable terrain in the area, exploratory drifting is believed to be the most practical method of exploring this portion of the channel.

The applicants' proposed exploration is believed to be practical and not excessively costly. It is recommended that 800 feet of drifting be approved at a cost of $24,000.00--Government participation $21,600.00. The company should make every effort to enlarge upon this program by crosscutting at various intervals from the drift toward the central portion of the channel at their own expense.

UNITED STATES DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

DMEA 3093 (Uranium)

RED CANYON MINES, BLUE LIZARD AND RED CANYON NO. 2 CLAIMS,

SAN JUAN COUNTY, UTAH

Geologic report

Albert F. Trites, Jr.
U. S. Geological Survey

September 1953

DMEA 3093 (Uranium)

RED CANYON MINES, BLUE LIZARD AND RED CANYON NO. 2 CLAIMS, SAN JUAN COUNTY, UTAH

INTRODUCTION AND SUMMARY

The Red Canyon Mines, a partnership of Preston Redd, Robert Redd, and Lyman Redd, Blanding, Utah; John Redd, Paradox, Colo., and Donald T. Adams and Leon Adams, Monticello, Utah, have applied (DMEA 3093) to the Defense Minerals Exploration Administration for financial assistance to explore for uranium in the White Canyon district, San Juan County, Utah (fig. 1). They own the Blue Lizard and Red Canyon No. 2 claims, probably in sec. 19, T. 37 S., R. 15 E., unsurveyed, Salt Lake Base and Meridian. These claims are on the north side of Red Canyon (fig. 1). The properties are about 75 miles by road west of Blanding, Utah, by Utah Highway 95 to a point near the Natural Bridges National Monument, the road southward to Nokai Dome to the head of Red Canyon, the road along the south rim of Red Canyon to a point in the canyon floor beneath the claims, and a good mine road to the claims.

The applicants proposed to drive 800 feet of exploratory drift in the channel from a point on the exposed ore rim to an intersection with U. S. Atomic Energy Commission diamond-drill hole BL-13, which cut 1.6 feet of ore that contained from 0.44 to 1.03 percent U_3O_8 (table 1). The estimated cost of the drift is $24,000, of which Government participation would be $21,600. The applicants have constructed access roads to the site of the proposed work and agree to furnish all necessary labor, tools, and material for the project.

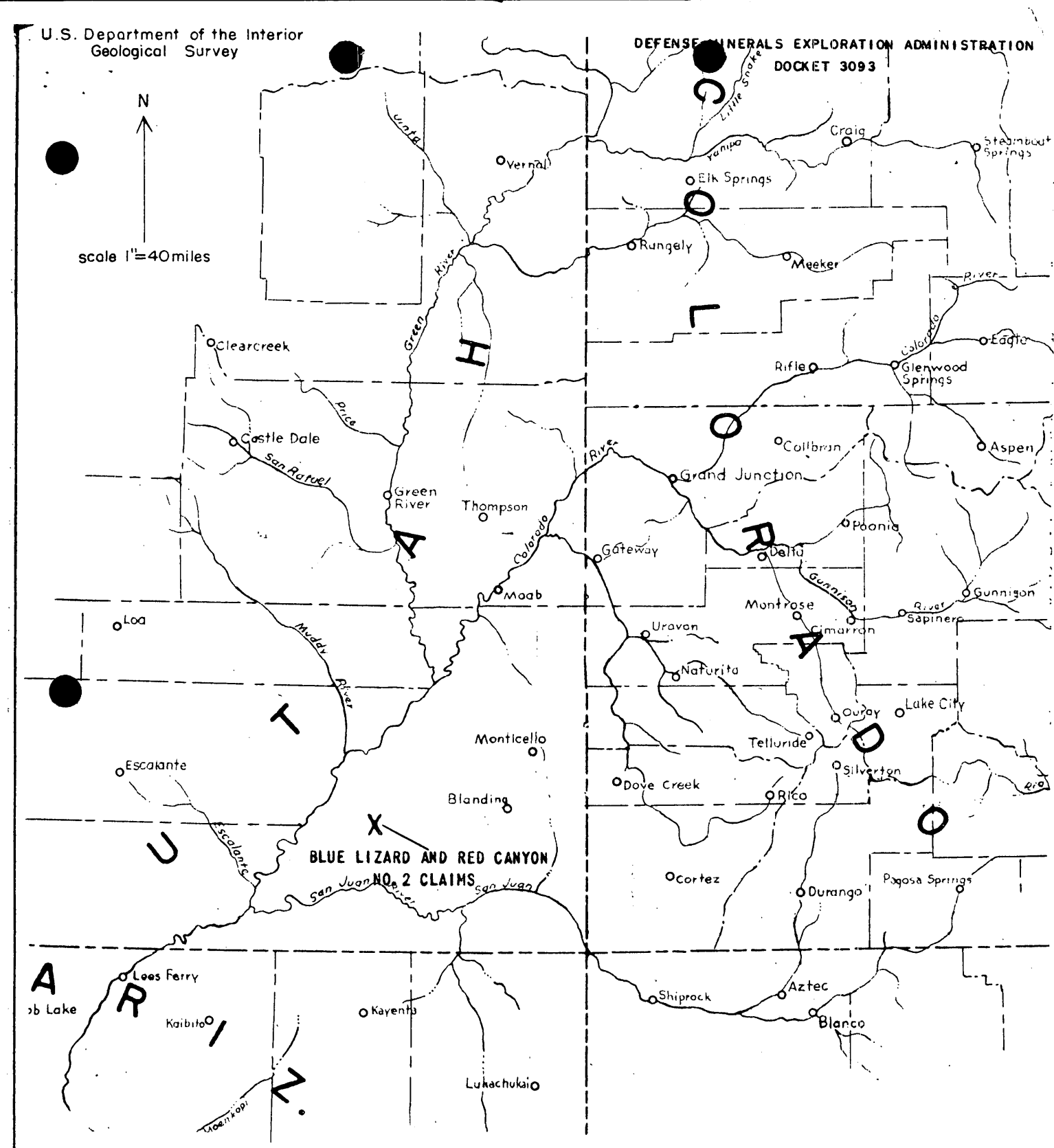


Figure 1. INDEX MAP SHOWING LOCATION OF THE BLUE LIZARD AND RED CANYON NO. 2 CLAIMS, SAN JUAN COUNTY, UTAH

The claims were examined on July 23, 1953, in company with R. R. McLellan, U. S. Bureau of Mines, and Preston Redd, who represented the applicants. Personnel of the AEC were not present at the field examination, but this report has been reviewed in the Grand Junction office of AEC, and the conclusions and recommendations are acceptable.

The field examiners are agreed that the proposed work is planned in an area favorable for the discovery of uranium ore, and they recommend that the proposed plan be approved. Actually, a larger program of exploration is considered desirable from a geologic standpoint, as outlined in this report. This work can be done either with drilling or drifting, which ever is considered more practicable from an engineering standpoint. The AEC personnel believe that the extent of the ore cannot be determined successfully with drilling, due to the physical difficulties expected in drilling.

GEOLOGY

The Blue Lizard and Red Canyon No. 2 claims are on the west flank of the Monument upwarp, a broad uplifted area that extends from Monument Valley in northeastern Arizona to Elk Ridge in southeastern Utah. This uplift has affected sedimentary rocks of late Paleozoic and Mesozoic ages.

The Moenkopi formation (Lower Triassic), the Shinarump conglomerate (Upper (?) Triassic), and the lower unit of the Chinle formation (Upper Triassic) are exposed at the claims. Much of the Shinarump and Chinle surface has been covered by talus and landslide debris tens of feet thick.

The Moenkopi formation is slightly less than 300 feet thick in the area; it consists of a lower and upper unit of interbedded siltstone and shale and a middle unit of fine-grained brown sandstone. The Moenkopi beds are bleached from a few inches to 3 feet beneath the Shinarump conglomerate.

The Shinarump conglomerate is composed of conglomeratic sandstone and lenticular beds of siltstone and fine-grained sandstone. The lower part of the Shinarump conglomerate fills a channel that has been cut into Moenkopi siltstone. This channel trends approximately N. 35° E. (Fig. 2), and is believed to be a continuation of the channel at the Markie claim on the south side of Red Canyon. Diamond drilling by AEC has indicated that the channel is more than 400 feet wide and 18 feet deep.

The lower unit of the Chinle formation consists of light gray clay and lenticular beds of fine-to-medium-grained sandstone. The Chinle formation is poorly exposed at the claims.

ORE DEPOSITS

In the White Canyon district, the uranium-bearing deposits are in Shinarump beds that fill channels cut into the Moenkopi formation. Most of the deposits are in the central, deeper parts of the channel where they form tabular masses that lie essentially parallel with the bedding. The deposits range in size from a few tons to many thousand tons of ore; deposits of average size contain a few hundred to a few thousand tons. The ore bodies consist of uranium and copper minerals that impregnate the rock and replace fossil wood. Pitchblende is the dominant uranium mineral and is associated with copper sulfides and pyrite.

In the area of the applicants' claims, a channel crops out at the surface, and it has been tested behind the outcrop by AEC drilling. A small deposit has been mined at the outcrop and at least one, and possibly two deposits, have been found by drilling. The uranium ore at the outcrop is in fossil logs that have been replaced by uranium minerals and iron oxides. This deposit is believed to be small. The deposit indicated by AEC exploration was penetrated by drill hole BL-13 (fig. 2) and is believed to be cut by hole BL-13B. Considerable core was lost at the bottom of the Shinarump conglomerate in hole BL-13B, but the upper part of the mineralized sandstone was present in the last piece of core recovered.

The ore-bearing sandstone in the hole BL-13 was 1.6 feet thick and contained a weighted average grade of 0.66 percent U_3O_8 (Table 1). Assuming that the deposit has an average thickness of 3 feet and that it extends 50 feet north and west of drill hole BL-13B, midway (20 feet) between drill holes BL-13 and BL-13A, and an equal distance (20 feet) south of hole BL-13, there is an inferred ore-bearing area about 120 feet wide and 130 feet long. On the basis of 14 cubic feet of rock per ton, this deposit would contain about 3,300 tons of ore.

The core from drill holes BL-15A, BL-15B, and BL-20 contains sandstone having 0.07 to 0.11 percent U_3O_8 and indicates a low-grade deposit of uranium 300 feet northwest of the deposit at drill hole BL-13. Drill holes BL-13A, BL-18 and BL-21 contained more than 0.50 percent copper, but no uranium. These holes may indicate a halo of low-grade copper mineralization around uranium deposits.

Table 1. Results of AEC drilling on Red Canyon No. 1 and Blue Lizard claims

Hole No.	Sample No.	Depth (feet)	Interval (feet)	Copper (%)	U_3O_8 (%)	Radiometric U_3O_8 (%)
BL-1	27251	32.1-33.1	1.0	---	--	Tr
BL-2	27252	35.3-36.3	1.0	---	--	Tr
BL-3	27256	32.0-33.0	1.0	---	--	Nil
BL-4	Core Lost					
BL-5	27255	43.0-44.0	1.0	---	--	Tr
BL-6	27254	30.0-31.0	1.0	---	--	Tr
BL-7	27280	35.9-37.0	1.1	---	--	Tr
BL-8	27279	71.6-72.6	1.0	0.02	0.03	0.04
BL-9	27253	38.0-39.0	1.0	---	--	Tr
BL-10	27281	99.6-100.6	1.0	---	--	Nil
BL-11	25038	150.5-151.5	1.0	---	--	Tr
BL-12	25039	188.5-189.5	1.0	---	--	Tr
BL-12	25040	190.5-191.5	1.0	---	--	0.01
BL-13	25041	190.9-191.5	0.6	0.00	0.44	0.40
BL-13	25042	191.5-192.0	0.5	0.00	1.03	1.13
BL-13	25043	192.0-192.5	0.5	0.00	0.55	0.53
BL-13	25044	192.5-193.5	1.0	---	--	0.03
BL-13A	27295	177.0-177.5	0.5	0.47	--	Tr
BL-13A	27296	166.7-167.7	1.0	0.02	--	Nil
BL-13B	27272	204.2-205.0	0.8	1.09	--	Tr
BL-13B	27271	205.0-205.7	0.7	Nil	--	Nil
BL-14	25047	214.0-215.0	1.0	0.00	--	0.01
BL-15	Abandoned					
BL-15A	25048	238.6-239.0	0.4	0.03	0.11	0.12
BL-15A	25049	138.0-138.6	0.6	0.00	--	Tr
BL-15B	28780	230.0-231.0	1.0	Nil	--	0.01
BL-15B	28781	233.2-234.2	1.0	Nil	--	Tr
BL-15B	28782	234.2-234.7	0.5	Nil	--	Tr
BL-15B	28783	234.7-235.2	0.5	0.13	--	Tr
BL-15B	28784	235.2-235.7	0.5	Tr	--	0.04
BL-15B	28785	235.7-236.2	0.5	Nil	--	0.02
BL-15B	28786	236.2-236.7	0.5	---	0.10	0.10
BL-15B	28787	236.7-237.2	0.5	Nil	--	0.02
BL-16	Washout					
BL-17	28778	187.6-188.4	0.8	Tr	0.00	Tr
BL-17	28779	217.5-218.5	1.0	0.31	--	Tr
BL-18	25050	214.0-215.0	1.0	Tr	0.00	Nil
BL-18	27299	215.0-220.0	5.0	0.78	--	Tr
BL-19	27297	245.0-246.0	1.0	0.26	--	Tr
BL-19	27298	247.5-248.5	1.0	0.05	--	Nil
BL-20	28776	215.0-215.5	0.5	0.01	0.07	0.06
BL-20	28777	215.5-216.0	0.5	0.13	0.08	0.08
BL-20	27300	221.9-222.9	1.0	0.26	--	Tr
BL-21	27273	14.1-15.1	1.0	1.61	--	0.02
BL-21	27274	16.9-17.9	1.0	0.02	--	Tr

The geologic relations permit the presence of one or more undiscovered deposits in the area of the channel outlined on figure 2. Ore bodies of a couple thousand tons or more of average grade ore might be considered worth looking for. A 2,000-ton deposit having an average thickness of 3 feet would occupy an area of about 10,000 square feet or, roughly, 100 feet across. Around such an ore body, the presence of a halo of low-grade uranium, or other geologic guides, such as dissiminated sulfides, the accumulation of carbonaceous material, and thin siltstone lenses in the sandstone, may be useful as guides to ore and thus increase the size of the exploration target during the primary phase of prospecting. Exploration planned to sample points about 200 feet apart would probably find most, or all, of the significant deposits in the channel shown on figure 2, although additional sample points would be required to indicate the size and grade of any deposit found. The area appears attractive for exploration.

Under ordinary circumstances diamond drilling would appear to be the most effective means of testing such sample points. In this area, however, drifting rather than drilling may be more practicable because of local physical conditions. The diamond drilling done by AEC on these claims was the most difficult and costly experienced in the White Canyon area on account of the large loss of water and the caving of holes in the thick talus cover. It should be an engineering responsibility to determine the most feasible means of obtaining samples at the target points indicated by geologic relations.

PROPOSED EXPLORATION

The applicants have proposed to drive 800 feet of drift from a portal in a deep re-entrant in the ore rim to intersect diamond-drill hole BL-13, as shown in figure 2. A limited amount of cross-cutting has also been proposed by the applicants, and it is understood that this cross-cutting is intended to explore the ground between the drift and the center of the channel. The applicants are of the opinion that this proposed work will explore thoroughly the east flank of the channel and will afford limited exploration in the deeper part of the channel.

Although there is no known geologic reason why the east flank of the channel should be more favorable than other parts of the channel, the proposed drifting is believed to be adequate to explore the east flank and should be in ground favorable for uranium deposits. Relations permit the presence of two or more moderate-size ore bodies of a couple thousand tons each, or perhaps even one larger deposit of several thousand tons.

CONCLUSIONS AND RECOMMENDATIONS

Geologic relations in the area of the channel shown on figure 2 are believed favorable for finding one or more significant deposits of uranium. The entire area of the channel on these claims should be tested. A sample interval of points about 200 feet apart should find most, or all, of the significant deposits, although additional sample points would be required to indicate the tonnage and grade of and deposit found. Either drilling or drifting can be employed to test these sample points.

The conclusion that the entire area of the channel on these claims should be tested presents a special engineering problem and a possible conflict with the desires of the applicants, who have indicated that they do not want to increase the total cost of the project. With the physical conditions found at most places on the Colorado Plateau, the entire area of these claims could be adequately tested with drilling and at a cost not exceeding the cost of the work proposed by the applicants. In this area, however, drilling is difficult, as shown by AEC experience. If, for engineering reasons, drilling is not considered practicable, another attempt should be made to urge the applicants to agree to increase the size of their project to include enough drifting to test the entire area of the channel. In the event that the applicants will not agree to increase the project, it is believed that the limited amount of exploration applied for is nevertheless justified by itself, and it is recommended that the proposed project be approved and a contract prepared.

DMEA 3093

RED CANYON MINES
RED CANYON NO. 2 AND BLUE LIZARD CLAIMS
SAN JUAN COUNTY, UTAH

Engineering Report

By Russell R. McLellan
Mining Engineer
Bureau of Mines

DMEA 3093

RED CANYON MINES
RED CANYON NO. 2 AND BLUE LIZARD CLAIMS
SAN JUAN COUNTY, UTAH

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ILLUSTRATIONS

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2. Map of the Blue Lizard and Red Canyon No. 2 claims, San Juan County, Utah	*

*See figure with geologic report.

DMEA 3093

RED CANYON MINES
RED CANYON NO. 2 AND BLUE LIZARD CLAIMS
SAN JUAN COUNTY, UTAH

ENGINEERING REPORT

By

Russell R. McLellan

INTRODUCTION

Red Canyon Mines, a partnership of Preston Redd, J. Wiley Redd, Robert Redd, and Lyman Redd, all of Blanding, Utah; John Redd of Paradox, Colo.; and Donald T. Adams and Leon Adams of Monticello, Utah, has applied to the Defense Minerals Exploration Administration for assistance to explore for uranium on the Red Canyon No. 2 and Blue Lizard claims, White Canyon Mining District, San Juan County, Utah.

The applicants proposed driving 800 feet of exploratory drift at a cost of approximately $24,000.00--Government participation 90 percent, or $21,600.00. The objective of the work would be to explore the east flank of an ore-bearing channel that could not be successfully prospected from the surface by diamond or wagon drilling.

An inspection of the claims was made on July 23, 1953, by Russell R. McLellan, Bureau of Mines, and Albert F. Trites, Geological Survey, accompanied by Preston Redd of Red Canyon Mines. It was concluded that the area is geologically favorable for the discovery of ore and that the exploration program proposed by the applicants is satisfactory.

ACKNOWLEDGMENTS

Preston Redd, a partner in Red Canyon Mines, guided the examining team to the property and contributed as much general and detailed information as possible.

LOCATION, TOPOGRAPHY, AND PHYSICAL FEATURES

The Red Canyon No. 2 and Blue Lizard are adjoining claims about 75 miles by road west of Blanding, Utah, in sec. 19, T. 37 S., R. 15 E. (unsurveyed), Salt Lake base and meridian, San Juan County, Utah (fig. 1). Utah Highway 95 is followed for 47 miles from Blanding to the Natural Bridges National Monument junction, thence southward on the road to Nokai Dome to the head of Red Canyon. The south rim of the canyon is followed to the junction of the mine access road leading to the claims on the north rim of the canyon.

The area is isolated, rugged, and arid. Benches, sheer cliffs, and deep canyons are typical of the region. Vegetation is sparse and water is almost non-existent except for occasional springs. The gullies and canyon floors are subject to flash floods during infrequent rainstorms. The winter months are sufficiently mild to permit year-around operation.

All supplies and equipment must be hauled from Blanding or Monticello, Utah. A camp will have to be established on or near the property for the duration of the project. Water for the camp and for mining purposes will be hauled to the property. The company has men available and can readily obtain all equipment necessary. Electric power is not available in the area; consequently, all power units will be gasoline- or diesel-driven. All road construction has been completed by the company. The nearest milling facilities are at Monticello, Utah, approximately 100 miles from the claims.

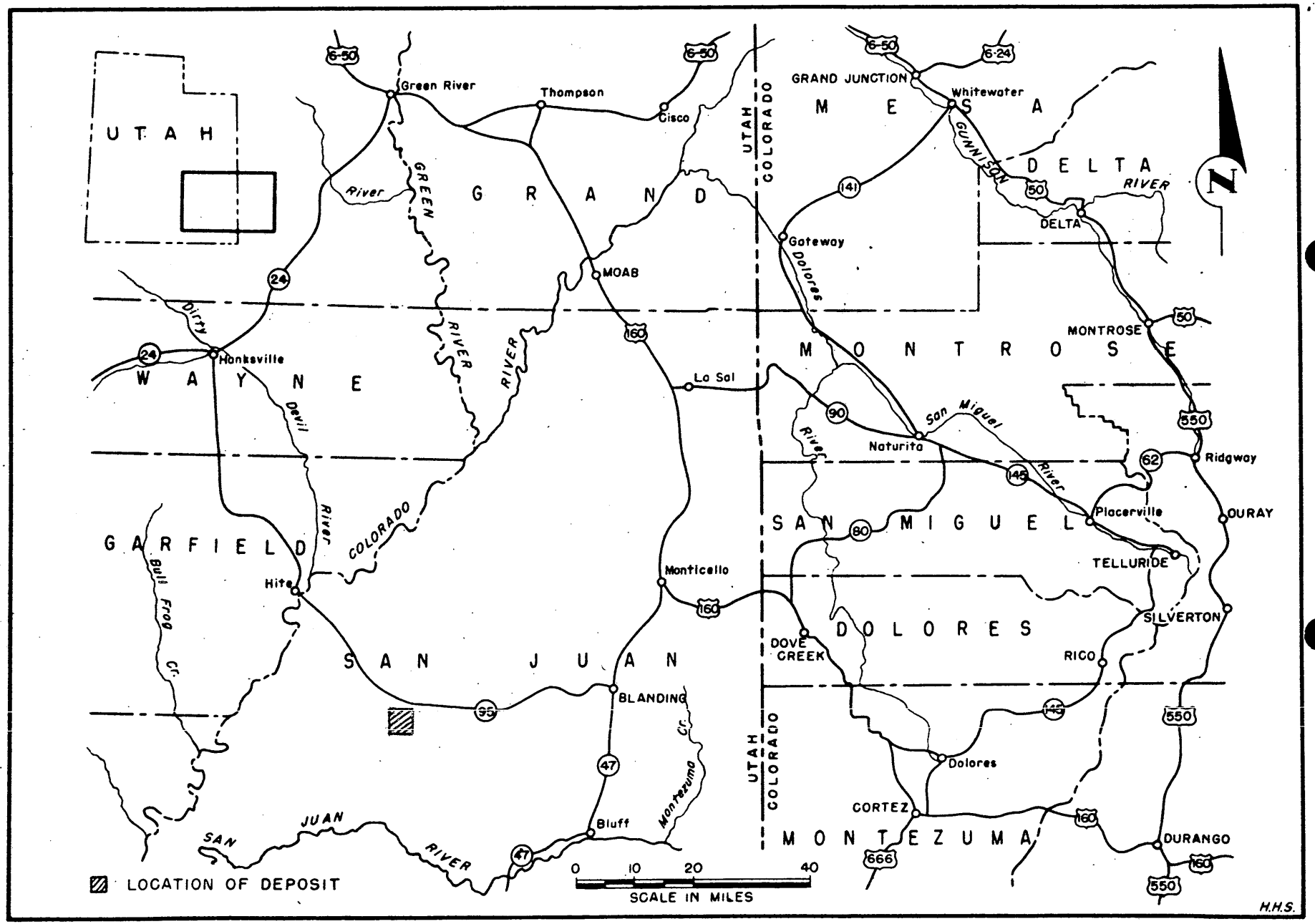


Fig. 1. LOCATION MAP RED CANYON MINES, RED CANYON NO. 2 & BLUE LIZARD CLAIMS, SAN JUAN COUNTY, UTAH, DMEA 3093

HISTORY AND PRODUCTION

The claims were located and are owned by the applicants. On the date of the inspection, the company had mined approximately 35 tons of ore from a small drift in the rim exposure. A small reserve tonnage of ore is blocked out ahead of the workings by closely spaced wagon drill holes. The ore shipped to date contained an average of 0.21 percent U_3O_8 and 2.0 percent copper.

OWNERSHIP

The claims are owned by the Red Canyon Mines partnership and are recorded in the office of the County Recorder, San Juan County, Utah. Red Canyon No. 2 claim is recorded in Book R-2, page 107, and the Blue Lizard claim is recorded in Book R, page 559.

DESCRIPTION OF THE DEPOSITS

The Red Canyon No. 2 and Blue Lizard claims cover a portion of a buried channel that was cut into the Moenkopi siltstone and later filled by the Shinarump conglomerate. A cross section of the channel is well exposed in Red Canyon. Ore is being mined from a small deposit in the rim at the base of the exposed channel. The deposit appears to consist of a 2-foot zone of low-grade material containing logs that have been replaced by uranium minerals. By mixing the log material with the low-grade ore, an average shipping product of 0.21 percent U_3O_8 and 2.0 percent copper has been maintained. A second deposit of unknown extent was located during a diamond drilling program conducted by the Atomic Energy Commission. One hole, No. BL-13, cut 1.6 feet of ore averaging 0.66 percent U_3O_8 (fig. 2, with the geologic report). A second hole,

BL-13A, is believed to have penetrated the deposit but most of the core from the ore horizon was not recorded. Several other holes indicate low-grade deposits near the center and on the west flank of the channel.

The extremely limited information provided by the mining operation and by the diamond drilling indicates that the depoists are concentrated at the base of the Shinarump conglomerate and apparently occur on both flanks as well as in the central or deeper portion of the channel. Carbon, chalcopyrite, and pyrite are readily recognized in the ore. The uranium probably occurs as pitchblende.

MINEABLE ORE RESERVES

Mineable reserves in the vicinity of the present workings at the rim probably do not exceed 30 tons of ore averaging 0.21 percent U_3O_8. With information obtained from the drilling program conducted by the Atomic Energy Commission, it is possible to establish an indicated and inferred reserve of approximately 3,300 tons of ore which probably will average about 0.30 percent U_3O_8. The indicated ore reserve appears to extend into the east flank of the channel some 800 to 900 feet north of the rim exposure (fig. 2, with the geologic report). A considerable tonnage of marginal ore is indicated by additional drilling on the west flank of the channel.

PRESENT STATUS

Exploration and Development

Development to date consists of several open cuts along the rim exposure of the channel and one drift about 15 feet in length.

Exploration to date consists of the limited amount of diamond drilling conducted by the Atomic Energy Commission. The rough topography and great depth of talus discourages additional wagon or diamond drilling. Where topographic conditions permitted, the Atomic Energy Commission drilled 4 holes on the Blue Lizard claim and 12 holes on the Red Canyon No. 2 claim. Seven of the 12 holes on the Red Canyon No. 2 claim are in the central portion of the claim where ore was encountered. The remaining 5 holes apparently were located to roughly explore the deepest or central portion of the channel (fig. 2, with the geologic report). The flanks of the channel are practically unexplored.

Mining and Milling Equipment and Other Facilities

Very little mining equipment was on the claims on the date of the examination. A small portable compressor and a jackleg drill were in use on the Blue Lizard claim. No equipment was noted on the Red Canyon No. 2 claim. No milling or other facilities are on the property and any ore produced would have to be trucked to Monticello, Utah, for processing.

PROJECT PROPOSALS, WITH COSTS

The applicants proposed drifting 800 feet along the east flank of the channel from the rim to diamond drill hole BL-13 (fig. 2, with the geologic report). Copper mineralization was noted along the rim where drifting will commence, and hole BL-13 contained 1.6 feet of ore averaging 0.66 percent U_3O_8. No exploration of any type has been done to test the channel between the rim and hole BL-13. Ore generally is encountered in the deepest portion of a channel; however, the fact

remains that in this case high-grade ore has been encountered in what appears to be the east flank of the channel, and strong indications of ore have been encountered in the west flank. Since diamond drilling is not feasible due to talus and rough topography, the logical way to explore the channel is by drifting and crosscutting.

Following are the estimated costs for 800 feet of drifting that will require 8 months to complete:

Cost Estimate

Independent Contracts:		
Drifting - Contractor will furnish all labor, equipment, materials, and supplies required to drive 800 feet of drift with dimensions of 6 feet by 7 feet at a cost of $25.00 per foot		$20,000.00
Labor and Supervision:		
One mine superintendent, part time, 8 months, at $175.00 per month	$1,400.00	
One helper, part time, 8 months, at $120.00 per month	960.00	
One engineer-geologist, 20 days, at $60.00 per day	1,200.00	
		3,560.00
Operating Materials and Supplies:		
To be furnished by drift contractor		
Operating Equipment:		
To be furnished by drift contractor		
Initial Rehabilitation and Repairs:		
None		
New Buildings, Improvements, etc.		
None		

Miscellaneous:

Sampling and analyses	$178.00	
Accounting, 8 months, at $20.00 per month	160.00	
Workman's Compensation and Social Security	102.00	
		$ 440.00
Total cost of project		$24,000.00

Preston Redd informed the examining team that a contractor can be obtained who will perform the work for $25.00 per foot. The writer considers this amount to be extremely nominal considering the isolated area and the length of the drift. The drift will be 6 feet in width to accommodate a shuttle car. Redd also informed the team that the company plans to explore westward from the drift by driving one or more crosscuts toward the center of the channel in the more favorable areas.

The drifting can be accomplished in 8 months; however, an additional 2 months should be allowed to compensate for possible starting delays or a total of 10 months elapsed time for completion of the work.

Summary of Costs

Independent contracts	$20,000.00
Labor and supervision	3,560.00
Miscellaneous	440.00
Total cost of project	$24,000.00
Unit cost per foot for 800 feet of drift	$30.00
Government participation at 90 percent	$21,600.00

CONCLUSIONS

It is concluded that the portion of the ore-bearing channel covered by the Red Canyon No. 2 and Blue Lizard claims contains sufficient unexplored ground in a favorable area to justify 800 feet of drifting. Since diamond drilling of the channel has proved to be extremely costly and largely impractical due to the talus cover, it is believed that underground drifting will prove to be a more satisfactory medium of exploration. The limited amount of previous diamond drilling indicates that sizeable bodies of comparatively high-grade ore probably exist in the channel. The highest grade ore encountered by the drilling appears to be in the east flank of the channel where the drifting is proposed.

RECOMMENDATIONS

It is recommended that Red Canyon Mines drive an exploratory drift approximately 800 feet in length starting at the channel exposure near the south end line of Red Canyon No. 2 claim and extending northward to terminate at diamond drill hole BL-13 (fig. 2, with the geologic report).

It is further recommended that the drifting be authorized on a short-form contract specifying a unit cost per foot of $30.00 and a total cost of $24,000.00--Government participation 90 percent, or $21,600.00.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 3093

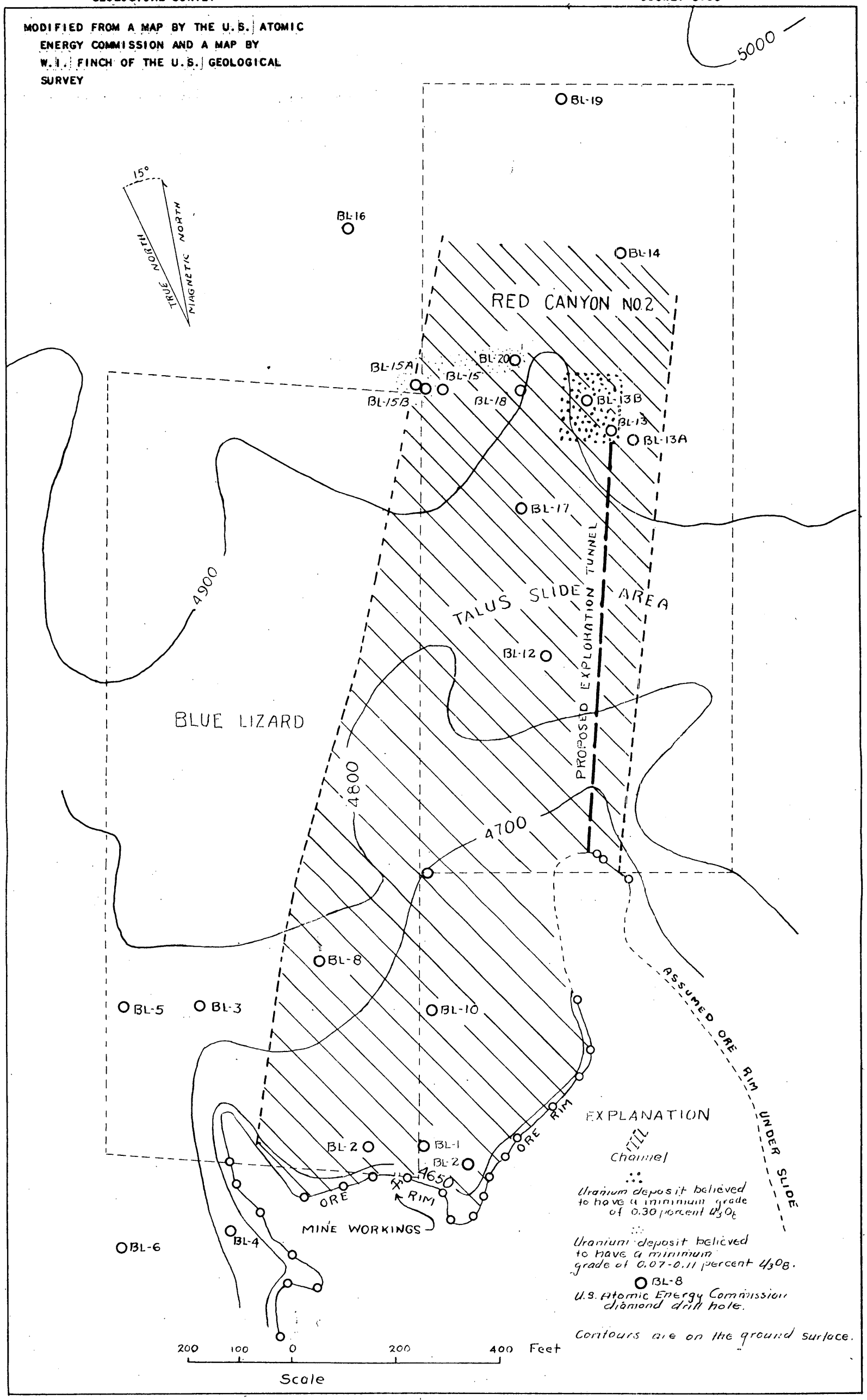


FIGURE 2 - MAP OF THE BLUE LIZARD AND RED CANYON NO 2 CLAIMS, SAN JUAN COUNTY, UTAH

December 4, 1953

Memorandum

To: Hazel Berry, Operating Committee

From: Grace L. Ault, Rare & Misc. Metals Division

Subject: Contract finalized by Region IV

Mr. Ching has reviewed the Division copy of Contract No. Idm-1641, dated November 16, 1953, Docket No. DMEA-3093, Red Canyon Mines (Uranium) and approves it.

Grace L. Ault

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 27 1953

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

224 New Customhouse
Denver 2, Colorado

November 23, 1953

REGISTERED

Memorandum

To: C. O. Mittendorf, Administrator, DMEA

From: Executive Officer, DMEA Field Team, Region IV

Subject: Docket No. DMEA 3093 (Uranium), Contract Idm-E641, Red Canyon Mines, San Juan County, Utah

Enclosed are the original and two copies of Contract Idm-E641. Copies of this contract have been given to the operator, the Fiscal Officer, Region IV, and a copy has been retained for our files.

W. H. King

Enclosures

RECEIVED
DEC - 7 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

11-27

SURNAME COPY

N.S. in R.R.

Adams

Defense Minerals Exploration Administration
Robert E. Adams
Ext. 2017

14-3923.970, Working Fund, Interior, DMEA
November 17, 1953
1:00 p.m.
TO: W.R.King, Executive Officer, Region IV, 224 New Customhouse Bldg., Denver 2, Colorado

SUBJECT: Assignment of Contract Number

MESSAGE:

ACTION 11-16-53, DOCKET NO. DMEA 3093, [illegible] MINE, PROPERTY LOCATED IN [illegible] COUNTY, [illegible], COMMODITY URANIUM. ASSIGNED NUMBER IL-3641 ASSIGNED THIS [illegible] BY.

C. O. Mittendorf (for)
ADMINISTRATOR

AUTHORIZED:

REAdams/meb
cc to: Adm. Reading File
Mails & Files Br.
Bu. of Mines, Audits Div., Rm. 2509
Miss Curtin

SENT
NOV 17 1953
Clerical Service Section

Mr. C. O. Mittendorf
11-16-53
unattended service after 4:15 pm

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 17 1953

DN 235 BUEREAU MIES 11-16-54XX 53 4-23 PM

C O MITTENDORF

PLEASE ASSIGN A NUMBER TO CONTRACT COVERING DOCKET DMEA 3093, RED CANYON MINES, A PARTNERSHIP CO NSISTING OF DONALD T. ADAMS, LEON ADAMS, MONTICELLO, UTAH, PRESTON REDD, J. WILEY REDD, ROBERT REDD, AND LYMAN REDD, BLANDING, UTAH , JOHN REDD, PARADOX, COLORADO. COMMODITY URANIUM. CONTRACT DATED NOVEMBER 16,1953. PROPERTY LOCATED IN AXXX SAN JUAN COUNTY, UTAH. TOTAL AMOUNT OF CONTRACT $24,000. GOVERNMENT PARTICIPATION $21,600.

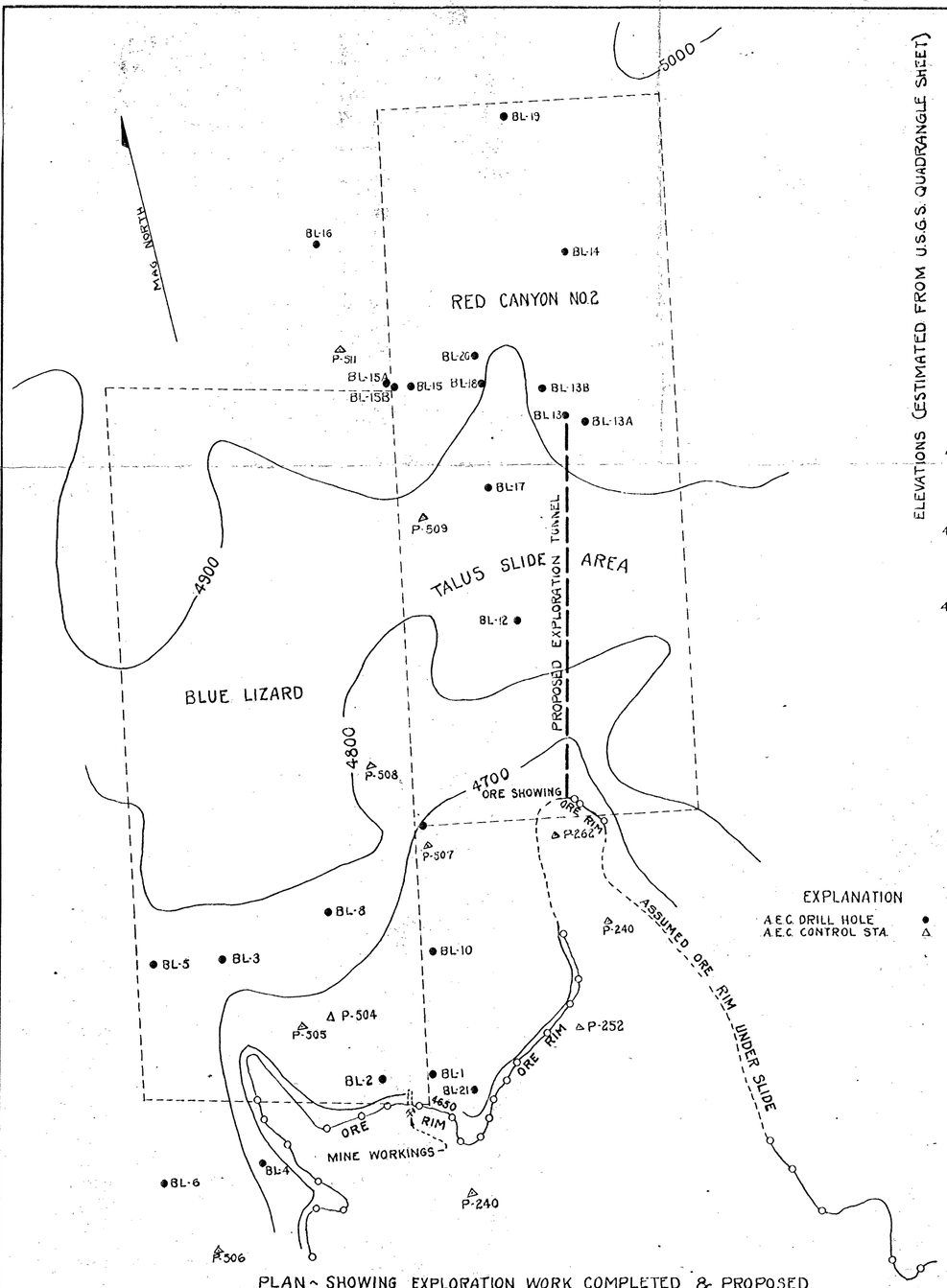
JOHN F SHAW FOR W HK ING

Memo Cole

IDME-E641

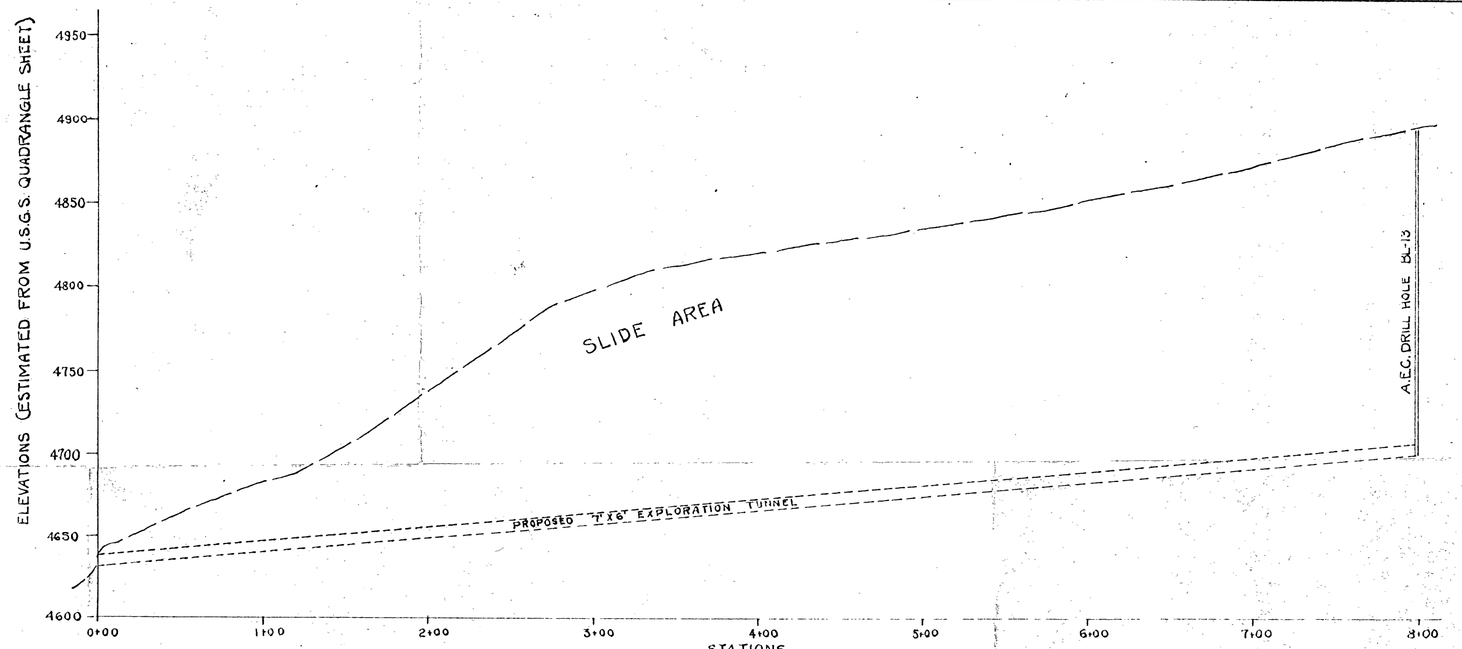
9040

Nov 17 8 26 AM '53
BUREAU OF MINES
MAIL ROOM
WASHINGTON D. C.



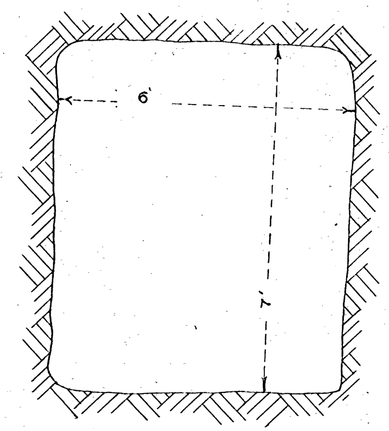
PLAN ~ SHOWING EXPLORATION WORK COMPLETED & PROPOSED
SCALE 1" = 200'

SKETCH NO.1



PROFILE ~ PROPOSED EXPLORATION TUNNEL
SCALE 1" = 60'

SKETCH NO.2



PROPOSED TUNNEL X-SECTION
SKETCH NO.3

EXHIBIT "B"

SKETCH NO.1, SKETCH NO.2 & SKETCH NO.3

RED CANYON MINES
c/o Donald T. Adams, Attorney at Law
Monticello, Utah

DMEA-3093