E-1164

For royalty payment of $7,524.45, dated October 24, 1960, see transmittal letter file.

E-1164

For royalty payment of $5,449.97, dated October 5, 1960, see transmittal letter file.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY O. M. E RECEIVED OCT 7 1960		
DATE	INITIALS	CODE
		800

October 5, 1960

W. J. Dale, Jr., Chief Accountant
Western Nuclear, Inc.
1700 Broadway, Suite 201
Denver 2, Colorado

Re: Docket DMEA-4820 (Uranium)
Contract Idm-E1164
Douglas Corporation
(Spook and Skul claims)
Converse County, Wyoming

Dear Mr. Dale:

Thank you for your letter dated October 3, 1960 and the Royalty check for $5,449.97.

Your method of repaying the loan stated in your letter is not in violation of the contract and is entirely acceptable to the Government.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc Chief, Division of Field Operations OME (2)
Royalty Corres. E1164
Chron

CHERRY 4-3349

WESTERN NUCLEAR, INC.

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

DATE	INITIALS	OBDE

October 3, 1960

Field Officer, OME, Region III
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket DMEA 4820 (Uranium)
Contract Idm-E1164
Douglas Corporation
(Spook and Skul Claims)
Converse County, Wyoming

Dear Sir:

Please find enclosed Douglas Mining Venture check in the amount of $5,449.97. This payment is to be applied to the above-captioned loan. Shown below is a summary of payments received on ore mining from claims under this loan.

Payments from Susquehanna-Western, Inc.:

752	July 8, 1960	$ 3,444.86
761	August 3, 1960	25,437.85
778	September 7, 1960	80,111.57
	Amount Paid to Date	$108,994.28
	DMEA Loan - 5%	$ 5,449.97
	Amount of Loan	$ 12,974.42
	Amount of Payment	5,449.97
	Balance	$ 7,524.45

DEPARTMENT O

REG

DENVER, CO

October 3, 1960

We have attached verifax copies of the settlement sheets covering these payments.

Since the ore is being shipped to various mills, we prefer not to advise the mills of this loan. We feel that we can handle it quicker by receiving the money and sending the checks to you. We feel that this loan will be paid off in a maximum of four months. Therefore, we feel there is not sufficient time to initiate procedures with all of the mills which have agreed to take the ore before the loan will be paid.

We hope this meets with your approval.

Very truly yours,

W. J. Dale, Jr.

W. J. Dale, Jr.,
Chief Accountant

WJDjr.:df
Attachments

CHERRY 4-3349

WESTERN NUCLEAR, INC.

September 27, 1960

EXTRA COPY
O. M. E.
RECEIVED SEP 29 1960

EXECUTIVE OFFICES
SUITE 1420 1700 BROADWAY
DENVER 2, COLORADO

DATE	INITIALS	CODE
		880

OME
DEPARTMENT OF THE INTERIOR
SEP 29 1960
REGION III
DENVER, COLORADO

E 1164

U. S. Department of Interiors
Office of Mineral Exploration
Building 20
Federal Center
Denver 25, Colorado

Re: Docket #DMEA 4820 (Uranium)
Contract #Idm-E1164
(Spook and Skul Claims)
Converse County, Wyoming

Gentlemen:

Mr. R. W. Adams - President of Western Nuclear, Inc., has initiated the mining operation of the above caption claims. It is my understanding that the above caption claims are subject to the DMEA 4820 loan. It would be appreciated if you would forward to me as soon as possible the necessary forms to be completed in connection with this mining operation. It would also be appreciated if you would advise me of the amount of DMEA loan outstanding at this time and where payment of this loan should be made.

If you have any questions in connection with this matter, I would appreciate it if you would forward them to my office at the above address.

Very truly yours,

William J. Dale

William J. Dale
Chief Accountant

WJD/db

cc: Fred W. Roecker

W. O. (2)

Building 20 - Federal Center
Denver 25, Colorado

September 28, 1960

EXTRA COPY
O. M. E
RECEIVED 1960
DATE CODE

William J. Dale, Chief Accountant
Western Nuclear, Inc.
1700 Broadway, Suite 1420
Denver 2, Colorado

Re: Docket DMEA 4820 (Uranium)
Contract Idm-E1164
Douglas Corporation
(Spook and Skul claims)
Converse County, Wyoming

Dear Mr. Dale:

Thank you for your letter of September 27, 1960 concerning the mining operation on the captioned property.

The Government contributed $12,974.42 in the exploration of the property which amount is to be repaid through royalty on production of ore. No royalty has been received to date from this property. The basis for computing DMEA royalty payments is as follows:

When Value Per Dry Ton is		Royalty Payments are:
$ 0.01 - $ 8.49		1.5%
8.50 - 8.99		2.0
9.00 - 9.49		2.5
9.50 - 9.99	then	3.0
10.00 - 10.49		3.5
10.50 - 10.99		4.0
11.00 - 11.49		4.5
11.50 - and over		5.0

It is customary for the mill purchasing the ore to forward this office a check for the amount of royalty due on each shipment of ore together with two copies of each settlement sheet and you should so advise the purchasers of your ore. Checks should be made payable to the

Field Officer, OME, Region III
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

There are no forms to be completed by you in connection with this mining operation.

If you have any further questions regarding royalty due the Government from the sale of ore from the captioned property, please feel free to call on us.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer
OME, Region III

HMC/lm
cc: Chief, Division of Field Operations, OME (2)
Contract Corres. E1164
Semiannual Report E1164
Chron

REPORT OF
ROYALTY REVIEW

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., and the Acting Field Officer, OME Region III, Denver, Colorado, pertaining to Contract No. Idm-E1164, Docket No. DMEA-4820 (Uranium), dated January 16, 1958, with

Douglas Corporation
P. O. Box 785
Fort Collins, Colorado

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Spook and Skul claims located in Converse County, Wyoming, during the period January 16, 1958, through May 5, 1960.

A certification of discovery or development was issued on April 10, 1959, and, in accordance with Article 8 of the contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review in lieu of final audit dated February 3, 1959, indicated accepted costs under the exploration contract amounting to $17,299.23 with the Government's contribution, on a 75 percent basis, being $12,974.42.

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

(1) Inspection reports by representatives of the Field Team, Region III, and other documents in the regional files indicate that no minerals were mined or produced from the land described in Article 2 of the contract on which royalty would be payable to the Government during the progress of the exploration work or subsequent thereto; and

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

C. E. Fisher
C. E. Fisher, OME Auditor

May 6, 1960

~~EXTRA COPY~~
~~EXTRA COPY~~
O. M. E
RECEIVED MAY 27 1960
DATE | INITIALS | CODE

Building 20 - Federal Center
Denver 25, Colorado

May 25, 1960

Memorandum

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

From: Hugh M. Connerty, Acting Field Officer, GSS, Region III

Subject: Docket No. [illegible] (Revision)
Contract No. [illegible]
Douglas Corporation
(Spock and Shak)
Converse County, Wyoming

Enclosed is the original Report of Royalty Review on the subject contract for the period January 16, 1958, through May 5, 1960.

Original signed by

Hugh M. Connerty

Enclosure

MMC/lm
cc: Chief Division of Field Operations (2)
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Kl64
Chron

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 27 1960
DATE | INITIALS | CODE
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REPORT
OF REVIEW

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 6 1959

DATE	INITIALS	CODE
2-6	C	220
		800

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Douglas Corporation
P. O. Box 785
Fort Collins, Colorado

pertaining to Exploration Project Contract No. Idm-E1164, DMEA No. 4820, including Amendment No. 1, and Termination Agreement dated December 19, 1958 for the period January 16, 1958 to October 26, 1958, inclusive, covering a project for the exploration of Uranium on property known as Spook and Skul Claims located in Converse County, Wyoming.

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, verification of work performed by reference to Field Team reports and correspondence, 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 reasons given on the attachment to this report.

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

Total cost as billed by Contractor		$18,007.60
Exceptions: (Schedule attached)		
Prior to this review	$716.87	
Less: Reinstatement by review	8.50	
Herewith	0.00	708.37
Total Accepted Cost		$17,299.23

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Twelve Thousand, Nine Hundred Seventy-Four and 42/100ths Dollars is valid and proper, provided that the Regional Executive Officer, the Director, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$12,974.42
Amount reimbursed	12,468.06
Balance due Operator	$ 506.36

Donald T. Finch
Donald T. Finch
OME Auditor

February 3, 1959

REASONS FOR REPORT OF REVIEW IN LIEU OF FINAL AUDIT

CONTRACT NO. Idm-X1164 DOCKET NO. DMRA-4820

DOUGLAS CORPORATION

(a) The monthly reports were supported by documentary proof of that portion ($14,184.60) of the costs which covered work performed at unit rates under independent contract and that portion ($162.93) which covered other costs for contribution by the Government on the basis of actual costs (per summary attached.)

(b) The balance ($2,951.70) of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed; and

(c) The administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible further disallowances thereunder.

SCHEDULE OF EXCEPTIONS

CONTRACT NO. Idm-E1164 DOCKET NO. DMRA-4820

DOUGLAS CORPORATION

Prior Disallowances by Field Team, Region III

The following excess drilling was disallowed:

HOLE NO.	FEET
A-3	45
A-4	23
A-5	47
A-6	141
A-7	20
A-8	104
A-9	100
A-10	30
A-11	50
A-12	110
A-13	95
A-16	11
A-44	5
A-50	6

Total Excess Footage		787 Ft		
Less Footage not billed or claimed:				
Total footage drilled May, 1958	15,089			
Total footage billed to & claimed by Operator	14,880	209 Ft		
Net Excess Footage Disallowed at 70¢ per ft		578 Ft	$404.60	
Incidental allowance at 15¢ per ft. applicable Disallowed Footage			$ 86.70	
62 Analyses claimed at $3.50 each			$217.00	
Disallowed because there was no indication these were chemical analyses as required by exploration contract.				
Excess claim for sampling represented by 5% discount on Brown Laboratory invoice dated November 4, 1958			8.57	
Total Prior Disallowances				$716.87

Reinstatements During Review

10 Feet drilling at 70¢ per foot	7.00	
Incidental allowance applicable to 10 Ft. reinstated @ 15¢/ft.	1.50	
Total Reinstatements		$ 8.50

Footage disallowed by Field Team should have been 568 feet instead of 578 feet as shown by following analyses:

Excess footage drilled		787 Ft
Total footage drilled (corrected)	15,099 Ft	
Total footage billed to and claimed by Operator	14,880 Ft	219
Corrected footage to be disallowed		568
Footage disallowed originally		578
Difference		10 Ft.

The Executive Officer of the OME Field Team, Region III, and the Auditor concur with the foregoing disallowances and reinstatement.

SUMMARY OF DOCUMENTED COSTS

CONTRACT NO. Idm-E1164 DOCKET NO. EMRA-4820

DOUGLAS CORPORATION

	STAGE I	STAGE II	TOTAL
Independent Contracts			
Non-core Drilling			
14,312 Feet at $0.70 per foot	$10,018.40		
5,366 Feet at $0.70 per foot		$3,756.20	
Standby Time			
30 Hours at $10.00 per hour	300.00		
11 Hours at $10.00 per hour		110.00	
Total Independent Contracts	$10,318.40	$3,866.20	$14,184.60
Miscellaneous			
49 Chemical Analyses at $3.50 ea. less 5% disc.		162.93	162.93
Total Documented Costs	$10,318.40	$4,029.13	$14,347.53
Fixed Unit Costs			
Incidental Allowance			
14,312 Feet of accepted drilling at $0.15 per ft.	$ 2,146.80		
5,366 Feet of accepted drilling at $0.15 per ft.		804.90	2,951.70
TOTAL ACCEPTED COSTS	$12,465.20	$4,834.03	$17,299.23

FEB 6 1958

Mr. Donald T. Plank
[illegible]
[illegible] New Construction
Denver 2, Colorado

Re: Docket No. [illegible] (Plankton)
Douglas Corporation
Contract No. [illegible]

Dear Mr. Plank:

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

Sincerely yours,

(Signed) J. L. Shambers

Jay L. Shambers
Contract Administration
and Audit Division

CMcCarthy/GMeC
February 6, 1959

cc: Docket
Director's Reading File
Mr. Shambers

EXTRA COPY
O. M. E.
RECEIVED JAN 30 1959

DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado
January 27, 1959

Memorandum

TO: Donald T. Finch, OME Auditor, Region III

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4820 (Uranium) Contract No. Idm-E1164 Douglas Corporation (Spook and Skul claims) Converse County, Wyoming

The subject contract was terminated by mutual agreement effective October 26, 1958. A copy of the Termination Agreement is enclosed for your records.

The Operator has rendered a Final Engineering and Geologic Report, and a Final Accounting Report as required by the contract; therefore, final payment of the Operator's account is in order, contingent on release to this office of a Certificate and Report of Audit or Report of Review of reported project costs, whichever the case indicates.

Acceptable units of work or service completed on a "Fixed Unit Costs" basis consisted of incidental allowance on 19,668 ft. of drilling. In addition, pre-audit conference with you indicates that the accounting reports submitted by the Operator contain an arithmetical error which will result in reinstatement of the reported costs for 10 ft. of drilling and incidental allowance.

The sum of $500.00 was withheld from reimbursement to the Operator in processing its final accounting report, which was for the month of October, 1958.

Original signed by
J. W. TOWNSEND

J. W. Townsend

JDC:ltm

cc: Chmn. Op. Comm. (2)
Harshman
Marshall, OME/DFC
Corres. file
Cooper
Chron.

EXTRA COPY
O. M. E.
RECEIVED FEB 16 1959

DATE	INITIALS	CODE

224 New Customhouse
Denver 2, Colorado
February 10, 1959

Memorandum

To: T. A. Christensen

From: Executive Officer, GME Field Team, Region III

Subject: Docket No. DMSA 4820 (Uranium) Contract Idm-K1164.
Douglas Corporation, (Spook and Skull claims)
Converse County, Wyoming - FINAL PAYMENT

Reference is made to our memorandum of November 26, 1958, whereby we forwarded the final Form MF-104, Operator's Monthly Report and Voucher, for October 1958, and requested that you withhold an amount of $500.00 from reimbursement to the Operator, pending resolution of matters prerequisite to closing the account.

The Operator's final report has been received, therefore, final payment to the Operator is to be made on the following basis, which is in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, GME, dated February 3, 1959.

Basis for Final Payment

Total accepted cost----------	$ 17,299.23
Government participation at 75 percent--	12,974.42
Total Prior Payments----------	12,468.06
Balance due the Operator----------	$ 506.36

Original signed by
W. TOWNSEND

J. W. Townsend

Enclosures

JDC:hsh

cc: Comm. Op. Comm. (2)
Harshman
Marshall, GME/DFC
MF-104 file, Reg. III
Corres. file, Reg. III
Cooper
Chron

$506.36

2/12/59

DMSA 59-88

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

RECEIVED
NOV 5 1958
O.M.E.

Budget Bureau No. 42-R4036.5

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

Month of October, 1958 Docket No. DMEA 4820 Contract No. 1dm-R1164
Operator's Name Douglas Corporation Minerals Uranium
Address P. O. Box 785 Ft. Collins, Colo.
Contract Amount, $23,952.00 Government Participation: 75% Amount, $17,964.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	3,756.20	10,416.00	14,172.20			
Bulldozing Stanley	110.00	300.00	410.00			
Crosscutting Allow.	804.90	2,232.00	3,036.90			
Drifting Bulldozing	0.00	0.00	0.00			
(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	171.50	217.00	388.50			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	4,842.60	13,165.00	18,007.60	4842.60	13,165.00	18,007.60
					708.30	708.30
					12456.70	17290.73
					* $3,625.53	

RECEIVED
NOV 24 1958
Colorado School of Mines Experiment Station Denver, Colorado

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

Date ..... *Payee Douglas Corp.

Per ..... Title Pres.

*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:

Signature .....
(Authorized Certifying Officer)

Date 11-28-58 Vou. No. DMEA-59-66
(See other side)

Reinstated $500.00 Withheld $500.00

(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. Jhu-E 1169 in accordance with the terms of the contract.

Signature Milton H. Marshall Title Mining Engineer Date November 25, 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Checked for Engineering Allowability

Signature J. W. Townsend Title Executive Officer Date NOV 26 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED DEC 5 1958 O.M.E.

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

Month of October 1958 Docket No. DMEA 4320 Contract No. [illegible]-21164
Operator's Name Douglas Corporation Minerals Uranium
Address P.O. Box 765 Ft. Collins, Colo.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting Ten-core	ft.	1041600	14,880				14,880	0.70
Crosscutting Drilling Standby	hr.	30000	30				31	10.00
Raising Analysis	Spl.	21700	62				62	3.50
Shafts Incld. Allow.	ft.	223200	14,880				14,880	0.15
Winzes Bulldozing	hr.	000	0				30	10.00
Drilling: Core								
Churn				SHOW XX				
Auger								
Strippings Core drilling	ft.	375520	5,366	14,172.20	20,246	0.70	11,520	0.70
Trenching Standby	hr.	11000	11	410.00	41	10.00	24	10.00
Test Pits Analysis	Spl.	17150	49	300.50	111	3.50	70	3.50
Roads and Trails Incld.	ft.	80490	5,366	3,036.90	20,246	0.15	11,520	0.15
Allow. Bulldozing	hr.	000	0	0	0	0	20	10.00
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								23,952.00

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 _____ Operator Douglas Corp.

Per _____ Title Pres.

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)

RECEIVED
NOV 24 1958
Sch. of Mineral Technology
BUREAU OF MINES
Experiment Station
Denver, Colorado

INSTRUCTIONS

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

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

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

GPO 872894

EXTRA COPY
O. M. E.
RECEIVED DEC 5 1958

DATE	INITIALS	OBJECT
		800

FINAL DISTRIBUTION
MADE DEC 2 1958

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

Administrative Audit Difference Statement

[redacted]
[redacted]
[redacted]

Date: [redacted]
Payee's
Reference: [redacted]

[redacted]

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

Amount Claimed $ [redacted]

Difference $ [redacted]

Amount Approved $ [redacted]

The reason for the difference was due to:

[redacted]

[redacted]

[redacted]

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

Very sincerely yours,

[redacted]
Audit Section

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

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado
November 26, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, OME Field Team, Region III

Subject: Docket No. DMEA 4820 (Uranium) Contract Idm-81164, Douglas Corporation, (Spook and Shul claims) Converse County, Wyoming - Operator's Monthly Progress Report for the month of October, 1958

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

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deductions and reinstatement:

<u>Disallowance, Sampling and Analysis</u>

The Operator has reported a cost of $171.50 for 49 sample analyses at $3.50 per sample. Review of the statement from The Brown Laboratory, dated November 4, 1958, shows that a discount of 5 percent is to be allowed for payment within 30 days, or before December 4, 1958. We presume that payment has been, or will be made to The Brown

Laboratory within the 30 day period, thereby reducing the actual cost by 5 percent of $171.50. The excess reported cost is to be disallowed, as follows:

Disallow, 5 percent of $171.50---------- $ 8.57

Amount to be Reinstated and Withheld

Reinstate the amount of $500.00 which was withheld in processing Form MF-104 for May 1958, and withhold a like amount pending resolution of matters prerequisite to closing the account. All currently approved work has been completed, and the Operator has requested termination of the contract.

Reconciliation With Amount Reported by the Operator on Form MF-104 for October, 1958

Amount reported on Form MF-104 for October, 1958----------		$4842.60
Amount to be disallowed----------		8.57
Acceptable cost for October, 1958----------		$4833.03
Government participation at 75 percent----------		3624.77
Amount to be reinstated----------	$500.00	
Amount to be withheld----------	500.00	
Net reinstatement or deduction----------		0.00
Balance due the Operator----------		$3624.77

Remarks:

Date of Report---------- (Not dated)
Date Received in Field Office---------- November 24, 1958
Date Received in Region Office---------- November 25, 1958

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures

JWC:bmh

cc: Chem. Op. Comm. (2)
Marshall, GMK/MPC
MF-104 file, Reg. III
Marshman -)w/copy of Engr's
Cooper) Report
Chron

OME
DEPARTMENT OF THE INTERIOR

REGION III

NOV 25 1958
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
November 25, 1958

Memorandum

To: Executive Officer, OME Field Team, Region III

From: Milton H. Marshall

Subject: Docket No. 4820 (Uranium), Contract Idm-X 1164
Douglas Corporation (Spook and Skul claims) Converse County, Wyoming.
--Progress report for October 1958.

Enclosed are the original and four copies each of Forms MF-104 and MF-104A with the required supporting data for October 1958.

The results of work for which reimbursement is claimed was inspected November 5, 1958, found to be as reported, and are allowable costs incurred within the provisions of the contract. Therefore reimbursement to the operator of the Government's contribution of 75 percent of the reported costs is in order.

It is recommended, however, that $500.00 withheld from reimbursement on May 1958 MF-104 voucher be reinstated and that $500.00 be withheld from reimbursement on October MF-104 voucher pending resolution of matters prerequisite to closing the account. All authorized work under the contract has been completed and the operator has requested the contract be terminated in its present status.

Remarks: The assayer's invoice shows that a 5% discount will be allowed if payment is received on or before December 4, 1958. It is to the Government's advantage, therefore, to consider that the invoice was paid on or before December 4, 1958.

Milton H Marshall
Milton H. Marshall
Mining Engineer

MHM:sc
cc: 6 w/orig
Idm-X1164
Chron

Statement

A. R. ORMSBEE

Drilling Contractor

315 20th Street — Boulder, Colorado

Date Nov. 18, 1958

M Douglas Corp., Mr. Sam Day, Pres.
Room 224, U. S. National Bank Bldg.,
Denver, Colo.

DMEA Stage II	
5,366' @ 70¢	3,756.20
11 hrs. standby @ $10	110.00
Probing (by Century Geophysical) 5,366' @ 15¢	804.90
	$4,671.10

OME
DEPARTMENT OF THE INTERIOR
NOV 20 1958
REGION III
DENVER COLORADO

Statement

A. R. ORMSBEE

Drilling Contractor

315 20th Street — Boulder, Colorado

Date Nov. 18, 1958

M Sam Day, President, Douglas Corporation
Room 224, U. S. National Bank Bldg.,
Denver, Colo.

Drilling	
3 holes, total depth 615' @ 70¢	$430.50
Probing, 615' @ 15¢	92.25
	$522.75

Not OME

OME
DEPARTMENT OF THE INTERIOR
NOV 20 1958
REGION III
DENVER, COLORADO

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

Douglas Corporation
224 U.S. National Bank Building
Denver, Colorado

Date: 11-4-58
Order No.: 11538-

Material: Ore Samples 49
Received: 11-1-58
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
11538-1	B-1A	82-84		0.04		
11538-2	B-1A	90-92		0.08		
11538-3	B-1A	96-98		0.40		
11538-4	B-3	76-78		0.07		
11538-5	B-4	86-88		0.14		
11538-6	B-4	92-94		0.13		
11538-7	B-4	104-106		0.09		
11538-8	B-5	64-66		1.00		
11538-9	B-5	66-68		1.03		
11538-10	B-5	68-70		0.15		
11538-11	B-5	84-86		0.37		
11538-12	B-5	86-88		0.18		
11538-13	B-5	98-100		0.06		
11538-14	B-7	100-102		0.18		
11538-15	B-8	58-60		0.03		
11538-16	B-8	60-62		0.05		
11538-17	B-8	70-72		0.21		
11538-18	B-8	100-102		0.05		
11538-19	B-9	106-108		0.19		
11538-20	B-9	110-112		0.05		
11538-21	B-10	54-56		0.018		
11538-22	B-12	78-80		0.018		
11538-23	B-15	78-80		0.07		
11538-24	B-15	80-82		0.21		
11538-25	B-16	76-78		0.07		

H.D. Brown
Analyst

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

Douglas Corporation
224 U.S. National Bank Building
Denver, Colorado

Date 11-4-58
Order No. 11538-S

Material: Ore Samples 49
Received: 11-1-58
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
11538-26	B-16	78-80		0.41		
11538-27	B-16	102-104		0.27		
11538-28	B-16	104-106		0.06		
11538-29	B-17	88-90		0.08		
11538-30	B-17	108-110		0.27		
11538-31	B-17	110-112		0.14		
11538-32	B-17	114-116		0.26		
11538-33	B-17	116-118		0.07		
11538-34	B-18	70-72		0.03		
11538-35	B-19	84-86		0.08		
11538-36	B-20	112-114		0.14		
11538-37	B-21	102-104		0.03		
11538-38	B-23	102-104		0.02		
11538-39	B-24	132-134		0.11		
11538-40	B-26	86-88		0.12		
11538-41	B-27	84-86		0.010		
11538-42	B-28	68-70		0.02		
11538-43	B-29	64-66		0.014		
11538-44	B-33	100-102		0.10		
11538-45	B-36	74-76		0.017		
11538-46	B-37	68-70		0.03		
11538-47	B-40	68-70		0.19		
11538-48	B-40	70-72		0.06		
11538-49	B-42	28-30		0.05		

 H.D. Brown
Analyst

STAGE II

Docket No. DMEA 4820
Uranium
Contract No. Idm-21164

NARRATIVE REPORT

October 1 - Drill sites staked and flagged.

October 2 - No drill site clearance, or levelling was necessary.

October 5 - Rig due in Douglas. No word.

October 6 - Letter to Mr. Townsend, DMEA.
8 A.M. - Call from drillers - in Casper at weighing station. Will arrive Douglas at 2 P.M. No word until 5 P.M.

October 7 - 7 A.M. - Ready to leave Douglas. Brake failure on pickup. Wait until 3:30 P.M. for repairs. Arrive claim area. On Location.

October 8 - Leave Douglas at 5:15 A.M. Start drilling at 7:30 A.M. on B-1. 8 A.M. - lost circulation at 16 feet. Add water continue drilling at 9A.M. No sample recovery - little air. Breakdown: air compressor - at 20 feet in B-1 and crew to Casper with rig for repairs at 10 A.M.

October 9 - Rig returned from Casper and repairs at 6 P.M.

October 10 - Leave Douglas at 7 A.M. with crew and rig. Start drilling at 9 A.M. on B-1. Abandon at 40 feet at 10:30 A.M. Breakdown - rig to Douglas for replacement.

October 11 - Wait for replacement rig. Rig arrived at 5 P.M.

October 12 - Welding and repairs on replacement rig.

October 13 - Welding and repairs.

October 14 - Leave at 6 A.M. with replacement rig and crew.
Start drilling B-1A at 7:30 A.M. Breakdown: 8:15-9 A.M. - rig battery. Resume - Complete drilling B-1A to 136 feet at 9:30 A.M.
Start drilling B-2 at 9:45 A.M. Complete to 136 feet at 10:45 A.M.
Start drilling B-3 at 11:05 A.M. Complete to 136 feet at 12:00 P.M.
Start drilling B-4 at 1P.M. Rock Bit at 118'. Complete to 136 feet at 2:45 P.M.
Start drilling B-5 at 3 P.M. quite few calcareous lenses. Complete to 136 feet at 4:30 P.M. Two zones of yellow minerals. Complete bagging of all the split samples.

October 15 - Leave at 6:15 A.M. Arrive at 7:30 A.M. - adjust clutches.
Start drilling B-6 at 8:15 A.M. Complete to 135 feet at 9:10 A.M.
Start drilling B-7 at 9:25 A.M. Complete to 136 feet at 10:30 A.M.
Start drilling B-8 at 10:45 A.m. Complete to 146 feet at 12:00 P.M. Zone of yellow minerals.
Start drilling B-9 at 12:45 P.M. Complete to 146 feet at 1:40 P.M.
Start drilling B-10 at 1:50 P.M. Complete to 146 feet at 2:50 P.M.
Pulldown chain breakdown at 3:00 P.M.

October 16 - Leave at 6:15 A.M. Arrive at 7:20 A.M. Repair pulldown chain, etc.
B-11 - Start drilling at 8:35 A.M. Complete to 142 feet at 9:40 A.M. Rig breakdown - pulldown gearshift at 9:45 A.M.

October 17 - Leave Douglas at 6:15 A.M. Arrive at 7:20 A.M. Start drilling B-12 at 7:30 A.M. Complete to 158 feet at 8:40 A.M.
Breakdown - left wheel kingpin. Return to town for parts.
Returned to field at 12:10 P.M. Replace kingpins.
Start drilling B-13 at 1:15 P.M. Drill to 142 feet.
Fan belt breakdown at 2:10 P.M. Remain in hole; return to Douglas.

October 18 - Leave Douglas at 6:10 A.M. Arrive field at 7:15 A.M. Work on rig.
Start drilling B-13 at 7:30 A.M. from 142 feet. Complete to 158 feet at 7:45 A.M.
Start drilling B-14 at 7:55 A.M. Rock bit at 67 feet. Complete to 158 feet at 9:15 A.M.
Start B-15 at 9:20 A.M. Rock bit at 39 feet. Complete to 158 feet at 11:15 A.M.
Start B-16 at 11:30 A.M. Complete to 158 feet at 1:15 P.M.
Start B-17 at 1:25 P.M. Rock bit at 111 feet. Complete to 158 feet at 3 P.M.
Start drilling B-18 at 3:10 P.M. Complete at 4:30 P.M. to 158 feet.

October 19 - Leave Douglas at 6:30 A.M. Arrive field at 7:40 P.M.
Start drilling B-19 at 7:50 A.M. Complete to 158 feet at 8:45 A.M.
Start drilling B-20 at 9:05 A.M. Complete to 126 feet at 9:50 A.M.
Return to Douglas for rig repairs.

October 20 - Douglas. Rig welding and repairs.

October 21 - Leave at 6:30 A.M. Arrived field at 7:45 A.M. Snowing.
Start drilling B-21 at 8:25 A.M. Complete to 126 feet at 9:25 A.M.
Start drilling B-22 at 9:40 A.M. Rock bit at 61 feet. Complete to 126 feet at 11:00 A.M.
Start drilling B-23 at 11:10 A.M. Complete to 126 feet at 12:05 P.M.
Start drilling B-24 at 12:45 P.M. Complete to 158 feet at 2:03 P.M.
Start drilling B-25 at 2:15 P.M. Complete to 158 feet at 4:05 P.M.

October 22 - Leave at 6:15 A.M. Arrived field at 7:15 A.M.
Start drilling B-26 at 7:30 A.M. Insert bit at 67: Complete to 158 feet at 9:05 A.M.
Start drilling B-27 at 9:15 A.M. Complete to 158 feet at 10:20 A.M.
Start drilling B-28 at 10:30 A.M. Complete to 136 feet at 11:35 A.M.
Start drilling B-29 at 12:20 P.M. Complete to 136 feet at 1:30 P.M.
Start drilling B-30 at 1:45 P.M. Twist off bit at 33 feet.
Start drilling B-30A. Complete to 136 feet at 3:00 P.M.
Start drilling B-31 at 3:10 P.M. Insert bit at 61 feet. Complete to 136 feet at 4:25 P.M.
Repair breakout tongs.

October 23 - Wait for bit delivery. Leave Douglas at 7:45 A.M. Arrive field at 8:50 A.M. Gas vehicles.
Start drilling B-32 at 9:20 A.M. Repair compressor water line. Complete to 116 feet at 10:25 A.M.
Start drilling B-33 at 10:30 A.M. Complete to 116 feet at 11:15 A.M.
Start drilling B-34 at 11:20 A.M. Complete to 116 feet at 11:55 A.M.
Start drilling B-35 at 12:30 P.M. Complete to 116 feet at 1:25 P.M.
Start drilling B-36 at 1:30 P.M. Complete to 96 feet at 2:00 P.M.
Start drilling B-37 at 2:05 P.M. Complete to 96 feet at 2:35 P.M.
Start drilling B-38 at 2:40 P.M. Complete to 96 feet at 3:20 P.M.
Start drilling B-39 at 3:30 P.M. Complete to 96 feet at 4:10 P.M.
Gas vehicles. Service rig.

October 24 - Leave Douglas at 6:10 A.M. Arrive Field at 7:15 A.M.
Start drilling B-40 at 7:25 A.M.
Complete to 106 feet at 8:05 A.M. Start drilling B-41 at 8:15 A.M. Complete to 106 feet at 9:00 A.M. Counter repair. Start drilling B-42 at 9:45 A.M. Complete to 106 feet at 10:30 A.M. DMEA Stage II Complete.

Drilling (B)-43 at 10:35 A.M. Complete to 106 feet at 11:00A.M.
Drilling B-44 at 11:10 A.M. Complete to 178 feet at 12:50 P.M.
Drilling B-45 at 1:30 P.M. Complete to 182 feet at 3:10 P.M.

October 25 - Meet Century Geophysical. Drill B-46 to 178 feet.
Probe holes from B-24 through B-46, or 23 of the 46 holes.
Holes B-27 and B-28 bridged. Clean out.

In all holes, samples from the potentially important intervals were split and bagged. Other potentially "hot" samples were discovered during drilling by a scintillation counter. These were also split and bagged during drilling procedure and were removed from field for storage at the end of each day. The remaining samples, also representing 2-foot intervals, were laid out on theground in rows of 40-42 feet from left to right.

After completion of the drilling, all the abnormally radioactive samples were again checked. The best samples, above 4 times background, from each zone in each hole were split three times and one-half of each was packaged for shipment to Brown Laboratory for assay. Other, less important, samples were saved for possible later analysis.

Assays of the first 49 samples indicate that other samples require analysis.

November 3, 1958

J. P. Hadfield, Jr.

J. P. Hadfield, Jr.
Geologist

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

Budget Bureau No. 42-R1036.5

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

RECEIVED SEP 5 1958 D.M.E.A.

Month of May, 1958 Docket No. DMEA 4820 Contract No. Idm-E1164
Operator's Name Douglas Corporation Minerals Uranium
Address P. O. Box 785, Fort Collins, Colorado
Contract Amount, $ 23,952.00 Government Participation: 75 % Amount, $ 17,964.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	10,416.00	0.00	10,416.00			
~~Bulldozing~~ Standby	300.00	0.00	300.00			
~~Crosscutting~~ Incid. Allow.	2,232.00	0.00	2,232.00			
~~Drifting~~ Bulldozing	0.00	0.00	0.00			
(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	217.00	0.00	217.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	13,165.00	0.00	13,165.00	12,456.70		12,456.70

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 8-6-58 *Payee DOUGLAS CORPORATION
Per Jane Stanke Title Secretary

*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:

$ 8,842.33

Signature
(Authorized Certifying Officer)
Date 8/29/58 Vou. No. DMEA
(See other side)

Withheld $500.00

(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. DME 1164 in accordance with the terms of the contract.

Signature E. O'Bryan (9374.02) Title Mining Engineer Date August 19, 1958

Approval by DMEA Executive Officer or Alternate: Checked for Engineering Accuracy

Signature [illegible] Title Alternate acting Executive Officer Date AUG 28 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED 1958 D.M.E.A.

Month of May 1958 Docket No. DMEA 4820 Contract No. Tcn-E1164
Operator's Name Douglas Corporation Minerals Uranium
Address P. O. Box 785, Fort Collins, Colorado

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Non-core drill	ft.	1041600	14880	10,416.00	14,880	0.70	14880	0.70
Stand-by	hr.	30000	30	300.00	30	10.00	31	10.00
Analysis	Spl.	21700	62	217.00	62	3.50	62	3.50
Insid. Allow.	ft.	223200	14880	2,232.00	14,880	0.15	14880	0.15
Bulldozing	hr.	000	0	0.00	0	--	30	10.00
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger			STAGE II					
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		13,165.00		13,165.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								23,952.00

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 8-6-58 Operator DOUGLAS CORPORATION

Per [signature] Title Secretary

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)

E J Bunyon

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION
MADE SEP 2 1958

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

FILE COPY
DMEA
RECEIVED SEP 5 1958

Administrative Audit Difference Statement

DATE	INITIALS	CODE
9/5	COM	100
		800

Douglas Corporation
Post Office Box 705
Fort Collins, Colorado

Date: August 28, 1958
Payee's Reference: May 1958

Gentlemen:

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

Amount Claimed $ 13,165.00

Difference $ 708.30

Amount Approved $ 12,456.70

The reason for the difference was due to:

Disallowed - Non-Core Drilling

Reported cost for 14,880 ft. of non-core drilling at $0.70/ft.	$10,416.00	
Acceptable cost for 14,302 ft. of non-core drilling at $0.70/ft.	10,011.40	
Amount disallowed		$404.60

Disallowance - Incidental Allowance

Reported cost for 14,880 ft. incidental allowance at $0.15/ft.	$ 2,232.00	
Acceptable cost for 14,302 ft. incidental allowance at $0.15/ft.	2,145.30	
Amount disallowed		86.70

(CONTINUED ON ATTACHED SHEET)

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

Suspension - Chemical Analyses

The contract provides that samples indicating significant mineralization shall be analyzed chemically. Of the reported 62 samples, none are definitely shown as having been chemically analyzed and invoiced as such; therefore, the entire reported costs for analyses is to be suspended pending clarification of the matter by the Operator.

Suspended reported cost for 62 analyses at $3.50/sample -------- $217.00

Withheld an amount of $500.00 pending resumption of work provided for under the contract. Stage I work has been completed and Stage II is contingent on the execution of an amendment to extend the completion date fixed by the contract.

224 New Customhouse
Denver 2, Colorado

August 28, 1958

Memorandum

To: T. A. Christensen

From: Alternate Acting Executive Officer, DMEA Field Team, Reg. III

Subject: Docket DMEA 4820 (Uranium) Contract Idm-E1164, Douglas Corp. (Spook and Skull claims) Converse County, Wyoming - Operator's Monthly Progress Report for the month of May 1958

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

The work is being performed partly under independent subcontract and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

The contract provides that all holes shall be drilled through the Wasatch formation and at least 2 feet, but not more than 15 feet, into the underlying Fort Union formation. Sixteen holes were drilled in excess of the provision as follows:

Hole No.	Depth from Lithologic logs - ft.	Depth to Fort Union feet	Allowable depth ft.	Overdrilled feet
A-1	316	295	310	6
A-2	342	270	285	57
A-3	360	300	315	45
A-4	348	310	325	23
A-5	342	280	295	47
A-6	376	220	235	141

Hole No.	Depth from Lithologic logs - ft.	Depth to Fort Union feet	Allowable depth ft.	Overdrilled feet
A-7	360	325	340	20
A-8	354	235	250	104
A-9	350	235	250	100
A-10	370	325	340	30
A-11	360	295	310	50
A-12	360	235	250	110
A-13	330	220	235	95
A-16	246	220	235	11
A-44	270	250	265	5
A-50	256	235	250	6
			Total footage overdrilled	850

Total footage drilled (from lithologic logs)	15,089 ft.
Total footage overdrilled	850 ft.
Total footage allowable	14,239 ft.
Allowed full depths of holes A-1 and A-2	63 ft.
Total footage allowed for payment	14,302 ft.

It is administratively determined that the excess footage drilled in holes A-1 and A-2 is allowable, inasmuch as they were the first holes drilled and there was difficulty in initially determining the Wasatch-Fort Union contact.

The Operator requests payment for 14,880 feet of non-core drilling, including incidental allowance. Therefore, the excess costs are to be disallowed as follows:

Disallowance - Non-Core Drilling

Reported cost for 14,880 ft. of non-core drilling at $0.70/ft.	$10,416.00	
Acceptable cost for 14,302 ft. of non-core drilling at $0.70/ft.	10,011.40	
Amount to be disallowed		$404.60

Disallowance - Incidental Allowance

Reported cost for 14,880 ft. incidental allowance at $0.15/ft.	$ 2,232.00	
Acceptable cost for 14,302 ft. incidental allowance at $0.15/ft.	2,145.30	
Amount to be disallowed		86.70
Total Amount to be disallowed		$491.30

Suspension - Chemical Analyses

The contract provides that samples indicating significant mineralization shall be analyzed chemically. Of the reported 62 samples, ~~more~~ NONE are definitely shown as having been chemically analyzed and invoiced as such; therefore, the entire reported costs for analyses is to be suspended pending clarification of the matter by the Operator.

Suspend reported cost for 62 analyses at $3.50/sample ------ $217.00

Withhold an amount of $500.00 pending resumption of work provided for under the contract. Stage I work has been completed and Stage II is contingent on the execution of an amendment to extend the completion date fixed by the contract.

Reconciliation with Amount Reported by the Operator on Form MF-104 for May 1958

Amount reported on Form MF-104 for May 1958 ----------		$13,165.00
Amount to be disallowed ----------	$491.30	
Amount to be suspended ----------	217.00	
Amount to be disallowed and suspended ----------		708.30
Acceptable cost for May 1958 ----------		$12,456.70
Government participation at 75 percent ----------		$ 9,342.53
Amount to be withheld ----------		500.00
Balance due the Operator ----------		$ 8,842.53

Remarks:

Date of Report ---------- August 6, 1958
Date Received in Field Office ---------- August 8, 1958
Date Received in Region Office ---------- August 20, 1958

Original signed by
J. W. TOWNSEND

J. W. Townsend

Enclosures

MHM:jy

cc: Chm. Op. Comm. (2)
MF-104 File, Reg. III
Binyon - BMEA/DFC
Marshman } w/copy of Engr's. rpt.
Cooper }
Chron.

DMEA
DEPARTMENT OF THE INTERIOR

AUG 20 1958
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
August 20, 1958

Memorandum

To: Alternate Acting Executive Officer, DMEA Field Team, Reg. III

From: E. O. Binyon

Subject: Docket No. DMEA 4820 (Uranium) Contract Idm-K1164, Douglas Corporation, (Spock and Skull claims) Converse County, Wyoming -- Progress report for May 1958

An inspection of the work completed during the period was made May 28, 1958 and an additional visit to the property was made August 5, 1958. Processing of the report has been delayed pending receipt of drill hole data and submission of corrected MF-104 and 104A forms.

The location and depths of the holes were found to be as shown on the operator's map and listed in the report. Sixty two holes were drilled to a total aggregate depth of 15,145 feet or an average depth of 244.3 feet per hole. However, the operator has claimed only 14,880 feet, the maximum allowable under the contract. The footages reported by the logging company, and by the operator, on the lithologic logs, in the narrative log and on the list do not agree. For the purpose of determining the footage over-drilled the footages reported on the lithologic logs are used with the depths to the Fort Union contact as established by both the operator (in one instance) and the U. S. G. S. plus the maximum allowable penetration into the Fort Union.

A list of the holes overdrilled with the depths to the Fort Union, allowable depth, and overdrilled footage is as follows:

Hole No.	Depth from Lithologic logs - ft.	Depth to Fort Union feet	Allowable depth ft.	Overdrilled feet
A-1	316	295	310	6
A-2	342	270	285	57
A-3	360	300	315	45
A-4	348	310	325	23
A-5	342	280	295	47
A-6	376	220	235	141
A-7	360	325	340	20
A-8	354	235	250	104
A-9	350	235	250	100
A-10	370	325	340	30
A-11	360	295	310	50
A-12	360	235	250	110
A-13	330	220	235	95
A-16	246	220	235	11
A-44	270	250	265	5
A-50	256	235	250	6
		Total footage overdrilled		850

Total footage drilled (from lithologic logs)	15,089 ft.
Total footage overdrilled	850 ft.
Total footage allowable	14,239 ft.
Allowed full depths of holes A-1 and A-2	63 ft.
Total footage allowed for payment	14,302 ft.

The total depths of holes A-1 and A-2 are allowed owing to some difficulty in determining the Fort Union contact; the U. S. G. S. geologist, W. N. Sharp, is in agreement with this allowance. The operator has submitted documentation for 54 chemical analyses made by Western Nuclear Corp., and 12 made by C. O. Parker and Co. or a total of 66 analyses at $2.50 per assay. However, he has claimed only 62 analyses at $3.50. This is the price allowed under the contract but as there is some question as to whether the 54 analyses made by Western Nuclear are chemical or fluorescent x-ray spectrograph, it is suggested that payment for the 54 analyses be suspended pending clarification or an amendment to permit payment for fluorescent assays. Only 12 analyses are allowed. A recapitulation of the disallowances and suspensions is as follows:

Drilling footage claimed 14,880 ft. at $0.70/ft.	$10,416.00	
Drilling footage allowed 14,302 ft. at $0.70/ft.	10,011.40	
Amount disallowed (drilling)		$404.60
Incidental allowance claimed 14,880 ft. at $0.15 per foot	$2,232.00	
Incidental allowance allowed 14,302 ft. at $0.15 per foot	2,145.30	
Amount disallowed (Incidental allowance)		$86.70
Total amount to be disallowed		$491.30
Chemical Analyses claimed 62 at $3.50	$217.00	
Chemical Analyses allowed 12 at $3.50	42.00	
Total amount to be suspended		$175.00
Total disallowances and suspensions		$666.30

A check of the samples from the holes with a geiger counter gave somewhat lower results than reported by the operator, however, there were five holes A-9, 11, 13, 20, and 22 in which the probe results indicated ore grade material (0.10 percent U_3O_8) or better and two holes A-5 and A-6 with 0.09 percent U_3O_8. The assay results showed ore grade material in only two holes A-5 and A-9 and over a thickness of 2 feet in each hole.

The MF-104 and 104A forms are in order and the amounts claimed are properly documented except as noted. It is therefore recommended that the operator be paid $9,374.02 or the Government's share at 75 percent of $13,165.00 less disallowances and the amount suspended $666.30 or $12,498.70.

One copy of the maps and logs has been retained in this office. The expiration date of the contract is August 1, 1958 with recommendations that it be extended to November 1, 1958.

E. O. Kenyon
E. O. Kenyon
Mining Engineer

EOK/mw
cc: 6
Idm-R1164
chron

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
AUG 12 1958
REGION III
DENVER, COLORADO

August 11, 1958

Memorandum

To: Acting Executive Officer, DMEA Field Team, Region III
Through: E. N. Harshman

From: W. N. Sharp

Subject: Docket DMEA 4820 (Uranium), Contract Idm-E 1164, Douglas Corp. (Spook and Skul claims), Converse County, Wyoming

Transmitted herewith are the Survey's estimates of depths to the Wasatch-Fort Union contact in holes of Stage I under Contract Idm-E 1164.

A table is enclosed that shows the hole numbers, the depths drilled, the operator's estimates of the depths to the Wasatch-Fort Union contact, and the USGS (Sharp) depths to the contact.

W. N. Sharp
W. N. Sharp, Geologist

Enclosure

WNSharp:arh

Hole No.	Depth drilled	Depth to Wasatch-Fort Union contact: Operator	[illegible]
A-1	316	293	295
A-2	342	265	270
A-3	360	298	300
A-4	348	309	310
A-5	342	279	280
A-6	376	214	220
A-7	360	325	325
A-8	354	231	235
A-9	350	231	235
A-10	375	275	325
A-11	360	291	295
A-12	360	229	235
A-13	250	211	220
A-14	316	304	310
A-15	256	250	295 *
A-16	246	243	220
A-17	252	234	243
A-18	250	246	253
A-19	230	228	228
A-20	218	211	216
A-21	214	208	205
A-22	214	202	205
A-23	226	222	220
A-24	240	237	230
A-25	256	250	250
A-26	224	218	220 *
A-27	236	214	230
A-28	212	206	210
A-29	190	186	185
A-30	200	196	190
A-31	230	227	220
A-32	220	210	210
A-33	240	225	230
A-34	240	222	225
A-35	190	189	188

Hole No.	Depth drilled	Depth to Wasatch-Fort Union contact: Operator	Depth to Wasatch-Fort Union contact: [illegible]
A-36	180	178	175
A-37	190	185	185
A-38	240	238	238
A-39	240	236	238 *
A-40	250	245	248 *
A-41	200	194	198
A-42	180	178	170
A-43	180	180	175
A-44	270	241	250
A-45	156	147	150
A-46	166	163	155
A-47	170	169	155
A-48	260	243	250
A-49	260	257	258
A-50	256	229	235
A-51	180	174	178 *
A-52	162	158	158 -
A-53	150	144	145
A-54	174	160	165
A-55	254	248	245
A-56	248	225	230
A-57	236	218	226
A-58	212	188	195
A-59	180	161	165
A-60	150	141	148
A-61	150	146	148
A-62	150	149	148

* The operator's figure for depth to Wasatch-Fort Union contact is accepted although the actual contact is believed to be somewhat deeper. The contacts in these holes are somewhat obscure and a depth chosen would be approximate at best.

MEMORANDUM
June 11, 1958

TO: Memorandum File
FROM: William A. Street
RE: Change in Drill Depth on D.M.E.A.

All holes, completed between May 1, 1958 and May 11, 1958, were bottomed below the Rawlins Coal member of the Fort Union. In these first holes, several coal stringers were encountered, but the one particular stringer which I bottomed under was approximately 8'-10' thick. This stringer showed a negative gamma-ray log and a characteristic split resistivity log. Since there was continuity from one hole to another, and the top of the Fort Union has the Rawlins Coal member; the vagueness of the D.M.E.A. CONTRACT fitted this interpretation and as a result the holes were drilled 70'-110' deeper than originally proposed.

Eric Newman contacted Bill Sharp of the U.S.G.S. about the increase in drill footage. Sharp authorized Newman to inform me that holes were to be bottomed at the 4850' level, if it was in a siltstone or shale, which was to be taken as the top of the Fort Union.

Starting May 12, 1958, I complied with this verbal change, and I continued to do so until the completion of the work.

William A. Street
William A. Street
Field Geologist

WAS:kls

COPY

2117 CURTIS STREET

TELEPHONE MAin 3-1852

[redacted]

CHEMISTS • ASSAYERS • ENGINEERS

DENVER 5, COLORADO

Folio 7170

Western Nuclear Corporation,
507 Spruce St.,
Rawlins, Wyoming.

Date May 31, 1958.

We hereby Certify, that the samples assayed for you gave the following results:

DESCRIPTION	GOLD OUNCES PER TON	SILVER OUNCES PER TON	COPPER PER CENT (WET)	LEAD PER CENT (WET)	ZINC PER CENT	IRON PER CENT	INSOLUBLE PER CENT	VALUE PER TON
		Uranium oxide as determined by Fluorescent X-Ray Spectrograph					Chemical Uranium oxide (U3O8)	
#6501- A-11-106		0.01						
#6502- A-11-108		0.01						
#6502- A-11-108		NIL						
#6503- A-11-110		0.01						
#6504- A-11-112		0.02						
#6505- A-11-114		0.01						
#6506- A-11-116		0.01					0.006%	
#6507- A-11-118		0.01						
#6508- A-11-120		0.01						
#6509- A-11-122		0.01						
#6510- A-11-124		0.01						
#6511- A-13-62		0.02						
#6511- A-13-64 (74)		0.01						
#6512- A-13-64		0.02						
#6513- A-13-66		0.01						
#6514- A-13-68		0.06					0.0%	
#6515- A-13-70		0.02						
#6516- A-13-72		0.01						
#6518- A-13-88		0.01						
#6519- A-13-90		0.01						
#6520- A-13-92		0.01						
#6521- A-13-94		0.01						
#6522- A-13-96		0.21						
#6523- A-13-98		0.03						
#6524- A-13-100		0.03						
#6525- A-13-102		0.01						
#6526- A-13-104		0.01						
#6527- A-15-70		0.01						
#6528- A-15-72		NIL						
#6529- A-15-74		NIL						
#6530- A-15-76		0.01						

Gold at _____ per ounce Copper at _____ per unit

Silver at _____ per ounce Zinc at _____ per unit **Charge $** _____

Lead at _____ per unit _____

CHARLES O. PARKER & CO.
CHEMISTS, ASSAYERS and ENGINEERS

2114 CURTIS STREET

TELEPHONE MAin 3-1852

[redacted]

CHEMISTS • ASSAYERS • ENGINEERS

DENVER 5, COLORADO

Folio 7170

Date May 31, 1958.

Western Nuclear Corporation,
507 Spruce St.,
Rawlins, Wyoming.

We hereby Certify, that the samples assayed for you gave the following results:

DESCRIPTION	GOLD OUNCES PER TON	SILVER OUNCES PER TON	COPPER PER CENT (WET)	LEAD PER CENT (WET)	ZINC PER CENT	IRON PER CENT	INSOLUBLE PER CENT	VALUE PER TON
		Uranium oxide as determined by Fluorescent X-ray Spectrograph					Chemical Uranium oxide (U3O8)	
#6531- A-15-78		0.04					0.045%	
#6532- A-15-82 (80)		0.02						
#6533- A-15-82		0.06						
#6534- A-15-84		0.01						
#6535- A-15-86		0.01						
#6536- A-15-88		0.01						
#6537- A-15-90		0.01						
#6538- A-15-98		0.01						
#6539- A-15-100		0.01						
#6540- A-15-102		0.01						
#6541- A-15-104		0.01					0.008%	
#6542- A-15-106		0.06						
#6543- A-15-[illegible] 108		0.02						
#6544- A-15-[illegible] 110		0.01						
#6545- A-15-44		0.01						
#6546- A-15-46		0.01						
#6547- A-15-48		0.01						
#6548- A-15-50		0.01						
#6548- A-15-52		0.01						
#6550- A-15-[illegible] (54)		0.01						
#6551- A-15-56		0.01					0.01%	
#6552- A-15-58		0.01						
#6553- A-15-84		0.01						
#6555- A-18-88		0.01						
#6554- A-18-86		0.01						
#6556- A-18-90		0.01						
#6557- A-18-92		0.01						
#6558- A-18-94		0.01						
#6559- A-18-[illegible] (96)		0.01						
#6560- A-18-98		0.01						

Gold at _____ per ounce Copper at _____ per unit

Silver at _____ per ounce Zinc at _____ per unit **Charge $** _____

Lead at _____ per unit _____

CHARLES O. PARKER & CO.
CHEMISTS, ASSAYERS and ENGINEERS

2174 CURTIS STREET

TELEPHONE MAin 3-1852

[redacted]

CHEMISTS • ASSAYERS • ENGINEERS
DENVER 5, COLORADO

Folio 7170

Western Nuclear Corporation,
507 Spruce St.,
Rawlins, Wyoming.

Date May 31, 1958.

We hereby Certify, that the samples assayed for you gave the following results:

DESCRIPTION	GOLD OUNCES PER TON	SILVER OUNCES PER TON	COPPER PER CENT (WET)	LEAD PER CENT (WET)	ZINC PER CENT	IRON PER CENT	INSOLUBLE PER CENT	VALUE PER TON
	Uranium oxide as determined by Fluorescent X-Ray Spectrographs						Chemical Uranium Oxide (U3O8)	
#6561- A-18-100		0.01						
#6562- A-18-102		0.01						
#6563- A-18-104		0.01					0.01%	
#6564- A-18-106		0.01						
#6565- A-13-50		NIL						
#6566- A-13-52		NIL						
#6567- A-13-54		0.01						
#6568- A-13-56		0.03					0.03%	
#6569- A-13-58		0.02						
#6570- A-13-60		0.02						
#6571- A-30-62		0.01						
#6572- A-20-64		0.01						
#6573- A-20-66		0.01						
#6574- A-20-68		0.01						
#6575- A-20-70		0.01						
#6576- A-20-72		0.01					0.01%	
#6577- A-20-74		0.01						
#6578- A-20-76		0.01						
#6579- A-20-78		0.01						
#6580- A-20-80		0.01						
#6581- A-22-72		NIL						
#6582- A-22-74		0.01						
#6583- A-22-76		0.01						
#6584- A-22-78		NIL						
#6585- A-22-80		0.02						
#6586- A-22-82		0.01					0.01%	
#6587- A-22-84		0.01		Manganese (Mn)				
#6588- A-24-158		0.02		0.04%				
#6589- A-24-160		0.01		0.03%				
#6590- A-24-162		0.01		0.10%				

Gold at _____ per ounce Copper at _____ per unit

Silver at _____ per ounce Zinc at _____ per unit

Lead at _____ per unit _____

Charge $ _____

CHARLES O. PARKER & CO.
CHEMISTS, ASSAYERS and ENGINEERS

2114 CURTIS STREET TELEPHONE MAin 3-1852

[redacted]

CHEMISTS • ASSAYERS • ENGINEERS
DENVER 5, COLORADO

Folio 7170

Date May 31, 1958.

Western Nuclear Corporation,
507 Spruce St.,
Rawlins, Wyoming.

We hereby Certify, that the samples assayed for you gave the following results:

DESCRIPTION	GOLD OUNCES PER TON	SILVER OUNCES PER TON	COPPER PER CENT (WET)	LEAD PER CENT (WET)	ZINC PER CENT	IRON PER CENT	INSOLUBLE PER CENT	VALUE PER TON
		Uranium oxide as determined by Fluorescent X-ray Spectrograph:					Chemical Uranium oxide (U3O8)	
				Manganese (Mn)				
#6591- A-24-164		0.01		0.02%				
#6592- A-24-166		0.01		0.03%				
#6593- A-24-168		0.01		0.03%				
#6595- A-28-54		0.01						
#6596- A-28-58		0.02						
#6595- A-28-56		NIL						
#6597- A-28-60		0.02					0.016%	
#6598- A-28-62		0.01						
#6599- A-28-64		0.01						
#6600- A-28-66		0.02						
#6601- A-28-68		0.01						
#6602- A-28-70		0.01						
#6603- A-28-72		0.01						
#6604- A-28-74		0.01						
#6605- A-28-76		0.02						
#6606- A-27-66		0.01						
#6606- A-27-62		0.01						
#6607- A-27-64		0.01						
#6609- A-27-68		0.01						
#6610- A-27-70 (70)		0.05						
#6611- A-27-72		0.04						
#6612- A-27-74		0.02						
#6613- A-27-76 (76)		0.02						
#6614- A-27-78		0.01						
#6636- A-11-68 6736		0.01						
#6637- A-11-66 6737		0.01						
#6639- A-11-70 6739		0.01					0.012%	
#6640- A-11-72 6740		0.01						
#6641- A-11-74 6741		NIL						

Gold at _____ per ounce Copper at _____ per unit

Silver at _____ per ounce Zinc at _____ per unit

Lead at _____ per unit

Charge $ _____

CHARLES O. PARKER & CO.
CHEMISTS, ASSAYERS and ENGINEERS

2114 CURTIS STREET

TELEPHONE MAin 3-1852

[redacted]

CHEMISTS • ASSAYERS • ENGINEERS

DENVER 5, COLORADO

Folio 7370

Western Nuclear Corporation,
507 Spruce St.,
Rawlins, Wyoming.

Date May 31, 1958.

We hereby Certify, that the samples assayed for you gave the following results:

DESCRIPTION	GOLD OUNCES PER TON	SILVER OUNCES PER TON	COPPER PER CENT (WET)	LEAD PER CENT (WET)	ZINC PER CENT	IRON PER CENT	INSOLUBLE PER CENT	VALUE PER TON
		Uranium oxide as determined by Fluorescent X-Ray Spectrograph:					Chemical Uranium oxide (U3O8)	
#6742- A-11-76		0.01						
# 6743- A-11-78		0.01						
#6744- A-11-80		0.01						
#6745- A-11-82		0.03						
#6746- A-11-84		0.01						
#6747- Q-11-86		0.01						
#6748- Q-11-88		NIL						
#6748- Q-11-102		0.01					0.012%	
#6750- A-11-104		0.01						
#6510- A-11-124 (second sample)		0.01						

130 Sample for X-Spect @ $2.50
$325.00

Gold at _____ per ounce Copper at _____ per unit

Silver at _____ per ounce Zinc at _____ per unit

Lead at _____ per unit

Charge $
6 samples for Mn 15.00
$340.00

CHARLES O. PARKER & CO.
CHEMISTS, ASSAYERS and ENGINEERS

COPY.

WESTERN NUCLEAR CORPORATION
JEFFREY CITY, WYOMING

Location Spook #1 Assayed Date

Submitted By: Eric Newman Assayed By:

Sample No.	Lot No.	Assay - % U_3O_8	Description	
6701		.013	A5	76 - 78
6702		.007	"	78 - 80
6703		.002	"	80 - 82
6704		.831	"	82 - 84
6705		.002	"	84 - 86
6706		.007	"	86 - 88
6708		.002	"	88 - 90
6707		.028	"	90 - 92
6709		.009	"	92 - 94
6710		.014	"	94 - 96
6711		.016	"	96 - 98
6712		.025	"	98 - 100
6713		.166	"	100 - 102
6714		.005	A6	106 - 108
6715		.005	"	108 - 110
6716		.010	"	110 - 112
6717		.013	"	112 - 114
6718		.003	"	114 - 116
6719		N11	A9	42 - 44
6720		.002	"	44 - 46
6721		.003	"	46 - 48

Lewis C. Kroeke
Chief Chemist

WESTERN NUCLEAR CORPORATION
JEFFREY CITY, WYOMING

Location Spook #1 Assayed Date

Submitted By: Eric Newman Assayed By:

Sample No.	Lot No.	Assay - % U_3O_8	Description	
6722		.002	A9	48 - 50
6723		.011	"	50 - 52
6724		.005	"	52 - 54
6725		.021	"	54 - 56
6726		.120	"	56 - 58
6727		.027	"	58 - 60
6728		.006	"	60 - 62
6729		.007	"	62 - 64
6730		.003	"	102 - 104
6731		.003	"	104 - 106
6732		.002	"	106 - 108
6733		.003	"	108 - 110
6734		.003	"	110 - 112
6735		.003	"	112 - 114
6736		.003	"	114 - 116

Louis C. Kuecke

Eric Newman

6615	.005	A-39	66 - 68
6616	.004	"	68 - 70
6617	.005	"	70 - 72
6618	.007	"	72 - 74
6619	.012	"	74 - 76
6620	.005	"	76 - 78
6621	.005	"	78 - 80
6622	.002	A-39	80 - 82
6623	.002	"	82 - 84
6624	.003	A-44	66 - 68
6625	.005	"	68 - 70
6626	.004	"	70 - 72
6627	.005	"	72 - 74
6628	.050	"	74 - 76
6629	.010	"	76 - 78
6630	.006	"	78 - 80
6631	.005	"	80 - 82
6632	.003	"	82 - 84

Lari C. Krocke

Narrative Report on D.M.E.A. Drilling in
Converse County, Wyoming

Thursday May 1, 1958--We left Douglas, Wyoming at approximately 8:00 A.M. to begin work on the DMEA-4820 in sections 27 and 28, T38N, R73W, Converse County, Wyoming. The area is 45 miles northwest of Douglas, Wyoming.

The rig moved on to the property, and I laid out A-1 as designated in Figure 2. While the rig went to work, we went to Hornbuckles ranch and received permission from him to take water out of his dikes. The dikes are located approximately 1½ miles from the area, and it takes the water trucks 1 hour to make a round trip.

Went back to the drilling area and started laying out drill holes as specified. Jack Hadfield (Douglas Corp.) had previously gridded most of the area on 100' centers using a plane table and some transit work. Using this previous grid, we laid out the first 32 holes with the exception of 14, 15, 16, 17, 18, 25, and 30. These holes were not located because the grid was missing in these areas.

The rig encountered difficulty drilling with air because of 30' of loose silty overburden. Good samples stopped at 70' because drilling air dissipates out through the overburden, and only a few of the cuttings from the formation come to the surface. The driller pushed hole to 106' with air, but it took him exactly 5 hours. We quit for the day with the idea of starting with water tomorrow. Exactly 9 hours spent in the field.

Friday, May 2, 1958--Left town at 7:00 A.M. which is the time I set for engineering personnel to leave. The drill crews will leave at 6:00 A.M. starting Monday.

When we started water drilling in A-1, the hole immediately went blind. The driller mixed mud and bran in hopes of holding his circulation. He held it for 30' at which time he lost it completely. Since he went ahead drilling in the hope that he would encounter a formation which would thicken his mud, there were no samples from 136'-205'.

While the drilling went on, we laid out all holes up to and including A-43. This will give us (geologists) some head start if the drilling speed picks up. The remaining holes A-43 through A-62, along with those holes omitted yesterday, will have to be shot in with transit. This will take from one to two days due to terrain and present control.

Expect to have 2 rigs and 1 century probe truck on location Monday.

Retired from field after 10 hours of work.

COPY

Monday, May 5, 1958--We worked 10 hours, bottomed 2 holes and had a daily footage of 676'.

A-1 was drilled 316'. By mixing more mud and bran, circulation was restored and samples were gathered from 205' to 316'. Several coal stringers were encountered, but none were of the size that could be called the Rawlins coal. However, a thick section of bentonitic mudstone was encountered which I called typical Fort Union. The hole was probed and found barren. A-7 was drilled 360'. This was approximately 100' deeper than the estimated depth, but no sizeable coal beds were found above 347'. At 347' a very hard siliceous 8 foot thick coal bed was found. Because of its characteristic on the resistivity curve, I am going to use this as my control horizon even though it means drilling the holes deeper than they were proposed. Gamma log showed a mineralized zone 55'-65' with a peak of 850 cps. I sampled this zone plus four feet on either side.

Completed survey at 5:00 P.M. Holes have all been laid out.

Tuesday, May 6, 1958--Worked 10 hours, bottomed 2 holes, and a daily footage of 696'.

A-2 was drilled 342' and was barren. We again found the coal horizon which gives the characteristic resistivity log, and a negative gamma ray.

A-8 was drilled 354' and had a zone 84'-88' with a peak of 200 cps. I did not sample because I felt this was too low a count for ore.

Contact is much deeper than estimated, but I feel that the character on the resistivity log is desired contact, and I shall drill until notified differently.

Wednesday, May 7, 1958--Worked 10 hours, bottomed 3 holes, and had a daily footage of 1,066'.

A-5 was drilled 340' deep with a mineralized zone 82'-97' and a peak of 425 cps. This was sampled.

A-6 was drilled 376' which is approximately 40' too deep. The coal changed to a soft coal even though characteristic peak was present, and penetration was so rapid that there was a sample lag of 20'. A mineralized zone was found from 104'-112' with a peak of 350 cps. I sampled this zone.

A-9 was drilled 350' deep and contained two ore zones. One zone 49'-59' had a peak of 1,050 cps, with visible mineral in sample 56'-58'. The other zone was 105'-110' with a peak of 300 cps.

Forced to leave field at 4:30 P.M. due to rain.

COPY

Thursday, May 8, 1958--No work because of rain.

Friday, May 9, 1958--Worked 10 hours, bottomed two holes, and had a daily footage of 706'. Total footage drilled on contract, 3,144'.

A-3 was drilled 360' and was barren.

A-4 was drilled 346' and was barren.

Running low on water and will have to see if I can obtain some from other dikes.

Monday, May 12, 1958--Worked 9 hours, bottomed 3 holes with a daily footage of 1,080'.

A-10 was drilled 370', but only 342' was probed before it caved, however, the zone probed was barren.

A-11 was drilled 360'. One zone 69'-84' had a peak of 675 cups. There were two other zones; 103'-107' and 118'-121' both of which had peaks of 125 cps.

A-12 was drilled 350' and was barren.

We are to keep using water from present dikes until they are dry.

Tuesday, May 13, 1958--Worked 11 hours, bottomed 4 holes with a daily footage of 1,046'.

Washed out A-10 and probed its entire length. It still was barren.

A-14 drilled 316' and probed barren.

A-19 drilled 230' and probed barren.

A-13 drilled 330' but was caving so badly that we were unable to probe.

A-15 drilled 250' but Century broke down in refun of mineralized zone.

It began to rain hard, and we were forced to leave the field truck.

Wednesday, May 14, 1958--Worked 5 hours, but not in the field. Century broken down, and it is raining hard.

Thursday, May 15, 1958--Worked at attempting to go to the field, but roads were impassable.

COPY

Friday, May 16, 1958--Worked 10 hours, bottomed two holes, one hole washed out, no standby time, daily footage of 502'. Total footage drilled to date, 5,772'.

A-17 was 252' and was barren.

A-18 was drilled 250' and had a mineralized zone 99'110' with a peak of 400 cps.

A-13 was finally completed. It was washed three times and they were unable to keep it open. I therefore bottomed the hole at 250' and changed the drill footage accordingly. The hole had two zones. One zone was 54'-69' with a peak of 300 cps. The other zone was 91'-103' with a peak of 1,080 cps. I sampled both zones.

Completed probe log on A-15.

49'-55' with peak of 150 cps.
72'-86' with peak of 425 cps.
101'-106' with peak of 225 cps.

Monday, May 19, 1958--Worked 9 hours, bottomed 7 holes, and had a daily footage of 1,550'.

A-16 was drilled 246' and had zones 90'-100' and 105'-115' both of which had peaks of 100 cps. I listed both of these zones as being barren.

A-20 drilled 218' with zone 66'-76' and a peak of 800 cps.

A-21 drilled 214' and entirely barren.

A-22 drilled 214' with zone 77'-80' and a peak of 550 cps.

A-23 drilled 220' with a zone 89'-91' and a peak of 150 cps.

A-30 was drilled 198' with A zones 65'-70' and a peak of 225 cps.

A-24 was drilled 240' with these zones; 25'-29' and peak of 175 cps; 140'-143' and peak of 150 cps; and 161'-165' with a peak of 250 cps.

A-24 is a very interesting hole and is worth mentioning here. The zone 161'-164' is in a pink red sand which is isolated above and below by grey siltstones or mudstones.

Tuesday, May 20, 1958--Worked 10 hours, bottomed six holes, and had a daily footage of 1,330'.

A-25 was drilled 256' and was barren.

A-26 was drilled 224' and was barren.

COPY

A-27 was drilled 218' but this was not deep enough so will deepen later.

A-28 drilled 212' with a zone 57'-73' of 250 cps.

A-29 drilled 190' and was barren.

A-31 drilled 230' and was barren.

Wednesday, May 21, 1958--Worked 11 hours, bottomed six holes and had a daily footage of 1,250'.

A-32 drilled 220' and was barren.

A-33 drilled 240' and had zone 63'-64' of 100 cps. (barren)

A-34 drilled 240' and had zone 56'-61' of 175 cps. (barren)

A-35 drilled 190' and had zone 55'-59' of 100 cps. (barren)

A-36 drilled 180' and was barren.

A-37 drilled 180' and had zone 73'-75' of 175 cps. (barren)

Thursday, May 22, 1958--Worked 12 hours, bottomed 5 holes for a daily footage of 1,050'.

A-42 was drilled 180' and probed barren.

A-40 was drilled 250' and probed barren. Difficult to bottom this hole since a rock bit was used to finish the hole, and all of the cuttings appear the same.

A-43 was drilled 180' with a zone 69'-72' and a peak of 60 cps. I considered the hole barren.

A-41 was drilled 200' and had a zone 61'-63' with a peak of 80 cps. I considered this hole barren.

A-39 was drilled 240'. It had two zones 33'-34' with peak of 125 cps, and 74'-81' with peak of 250 cps.

Friday, May 23, 1958--Worked 10 hours, bottomed six holes, and had a daily footage of 1,162'. Total footage drilled on this project, 12,114'.

Encountered much difficulty in the flat where 45, 46, 47, and 54, are located. Each hole requires 2 sacks of bran, 2 sacks of mud and better than 4,000 gallons of water.

A-44 was drilled 270' with a zone 72'-80' and a peak of 450 cps.

A-38 was drilled 240', and was barren.

A-45 was drilled 156' with a zone 25'-26' of 100 cps. (barren)

A-46 was drilled 166', and was barren.

A-47 was drilled 170', and was barren.

A-54 was drilled 160', and was barren.

In general the southeast corner of the property is unfavorable both for drilling and for the presence of ore. Material in this area is reworked river material, and there is little possibility of a horizon containing uranium.

Saturday, May 24, 1958--Worked 10 hours, bottomed 4 holes today for a daily footage of 748'.

A-51 was drilled 180' with a zone 40'-45' of 200 cps.

A-52 drilled 162', and was barren.

A-53 drilled 150', and was barren.

A-50 was drilled 256' with a zone 52'-57' of 175 cps.

Sunday, May 25, 1958--Worked 10 hours, bottomed 5 holes with a daily footage of 1,234'.

A-48 drilled 262' and was barren.

A-49 drilled 260' and was barren.

A-55 drilled 254' and was barren.

A-56 drilled 248' and was barren.

A-58 drilled 210' and was barren.

Poor showing today and it will be the same for tomorrow because all of the remaining holes are located on the river material.

Monday, May 26, 1958--Worked 8 hours, bottomed 5 holes and deepened one hole for a daily footage of 904'. Completed project with total footage of 15,000'. 120' over stage I.

A-57 was drilled 236' with a zone 14'-16' of 50 cps.

A-59 drilled 180' and was barren.

A-60 drilled 150' and was barren.

A-61 drilled 150' and was barren.

A-62 drilled 150' and was barren.

COPY

A-27 was deepened 38' so that the hole was bottomed in mudstone. The hole did have a zone 65'-75' with a count of 700 cps.

Collected data, maps and samples were taken back to Jeffrey City, Wyoming for processing. From the results of the completed drilling and the assays, an evaluation will be made, and at the same time, an estimation of the extent of stage II can be given.

William A. Street

William A. Street
Field Geologist

WAS:klg

COPY

STAGE I - SUMMARY

Docket No. DMEA 4820
Uranium
Contract No. Idm-E 1164

Hole No.	Drilled Depth	Probed Depth
A-1	316 Feet	312 Feet
A-2	342	335
A-3	360	360
A-4	348	347
A-5	350	338
A-6	376	376
A-7	360	360
A-8	354	352
A-9	350	348
A-10	375	375
A-11	360	359
A-12	360	349
A-13	330	250
A-14	316	314
A-15	256	256
A-16	246	246
A-17	250	250
A-18	256	250
A-19	230	230
A-20	218	218
A-21	214	214
A-22	214	214
A-23	226	226
A-24	240	239
A-25	256	254
A-26	224	224
A-27	256	255
A-28	212	212
A-29	190	190
A-30	200	200
A-31	230	230

Docket No. DMEA 4820
Uranium
Contract No. Idm-E 1154

Hole No.	Drilled Depth	Probed Depth
A-32	220 Feet	220 Feet
A-33	240	240
A-34	240	240
A-35	190	190
A-36	180	180
A-37	190	190
A-38	240	240
A-39	240	240
A-40	250	250
A-41	200	200
A-42	180	180
A-43	180	180
A-44	270	268
A-45	156	156
A-46	166	166
A-47	170	170
A-48	262	260
A-49	260	260
A-50	256	256
A-51	180	180
A-52	162	160
A-53	150	148
A-54	174	173
A-55	254	254
A-56	242	241
A-57	236	236
A-58	212	212
A-59	180	180
A-60	150	150
A-61	150	150
A-62	150	150
Totals	15,145 Feet	15,003 Feet

Statement

A. R. ORMSBEE

Drilling Contractor

315 20th Street — Boulder, Colorado

Date June 1, 1958

M Douglas Corporation

Fort Collins, Colorado

14,880 ft plug @ $0.70	$10,416.00
30 hrs standby @ $10.00	300.00
Bulldozer 31 hrs @ $10.00	310.00
TOTAL	$11,026.00

A. R. Ormsbee

July 28, 1958

In reply refer to: EN/kls

Mr. Jack Hadfield
Box 617
Casper, Wyoming

Dear Jack:

Assays done in Western Nuclear's lab on samples from the Skull and Spook claims for the D.M.E.A. drilling totaled 54 assays at $2.50 per sample costing a total of $135.00.

Very truly yours

E. Newman

Eric Newman
Chief Geologist

COPY

Docket No. DMEA 4820 (Uranium)
Contract Ida-E1164
Douglas Corporation
(Spook and Skul claims)
Converse County, Wyoming

Tabulation of Wasatch-Fort Union Contact Depths

HOLE NO.	DEPTH TO WASATCH-FORT UNION CONTACT
A-1	293
A-2	265
A-3	298
A-4	309
A-5	279
A-6	214
A-7	325
A-8	231
A-9	231
A-10	275
A-11	291
A-12	229
A-13	211
A-14	304
A-15	250
A-16	243
A-17	254
A-18	246
A-19	228
A-20	211
A-21	208
A-22	202
A-23	222
A-24	237
A-25	250
A-26	218
A-27	244
A-28	206
A-29	186
A-30	196

A-31	227
A-32	210
A-33	225
A-34	222
A-35	189
A-36	178
A-37	185
A-38	238
A-39	236
A-40	245
A-41	194
A-42	178
A-43	180
A-44	241
A-45	147
A-46	163
A-47	169
A-48	243
A-49	257
A-50	229
A-51	174
A-52	158
A-53	144
A-54	160
A-55	243
A-56	225
A-57	218
A-58	188
A-59	161
A-60	141
A-61	146
A-62	149

NOV 3 1960

Douglas Corporation
P. O. Box 785
Fort Collins, Colorado

Re: [illegible] (Uranium)
Douglas Corporation
Speck and Shal Claims
Converse County, Wyoming
Contract [illegible]

Gentlemen:

This is to advise that the final payment made by Western Nuclear, Inc., completes repayment in full of the Government's participation of $12,974.42 in the above-referenced exploration contract for uranium. As a result of the repayment, the Government retains no lien or claim against the property or any future production therefrom.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

FMMurphy/gla
11-2-60
cc to: Director's Reading File
Mr. Johnson
Region III (2)
CAAA Division
Code 500
Chron

NOV 3 1960

Western Nuclear, Inc.
Suite 1420, 1700 Broadway
Denver 2, Colorado

Re: DMRA-4820 (Uranium)
Douglas Corporation
Epoch and Skul Claims
Converse County, Wyoming
Contract Ldm-81164

Gentlemen:

This is to advise that the Douglas Mining Venture check #331 in the sum of $7,524.45, submitted with your letter of October 17, 1960, completes repayment in full of the Government's participation of $12,974.42 in the above-referenced exploration contract for uranium. As a result of the repayment, the Government retains no lien or claim against the property or any future production therefrom.

Sincerely yours,

signed) FRANK E. JOHNSON

Acting Director

FMMurphy/gla
11-2-60
cc to: Director's Reading File
Mr. Johnson
Region III (2)
CAGA Division
Code 500
Chron

Contract Division

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

To: Douglas Corporation
P. O. Box 785
Fort Collins, Colorado

Pursuant to the provisions of Exploration Project Contract No. Idm-E1164, dated January 16, 1958, (Docket No. DMEA-4820), hereinafter called the "contract," between the Douglas Corporation, a Colorado corporation, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

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

Exploratory drilling in the project area resulted in the discovery of deposits of uranium ore in an upper sandstone unit of the Wasatch formation of Tertiary age.

Dated: APR 10 1959

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Director, Office of Minerals Exploration

MChing/gla 4-2-59
Copies:
Operator
Jesse C. Johnson, Director, Div. of Raw Materials, AEC, Washington, D. C.
Elton A. Youngberg, AEC, Grand Junction Operations Office
Docket
Fiscal Office
Division of Contract Adm. &Audit
Director's Reading File
Frank E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
THKiilsgaard, Rm. 5224
Mr. Ching
OME Field Team, Region III (2)

OFFICIAL FILE COPY
O. M. E.
RECEIVED JAN 16 1959
DATE | INITIALS | CODE

Audit

TERMINATION AGREEMENT

It is agreed this 19th day of December, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government", and Douglas Corporation, hereinafter called the "Operator", parties to that certain Exploration Project Contract No. 1[illegible], Index No. [illegible], dated January 14, 1958, as amended, hereinafter called the "Contract", that:

1. Effective October 26, 1958, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall not participate in the cost of any work performed after October 26, 1958, except the cost of analysis of samples taken not later than October 26, 1958.

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

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

5. The Operator hereby releases and agrees to save the Government harmless from all claims and demands under or arising out of said Contract, except as otherwise provided in this Termination Agreement.

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

THE UNITED STATES OF AMERICA

By Frank E. Johnson,
ACTING Director, Office of Minerals Exploration

DOUGLAS CORPORATION

By [signature]

Title President

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
OFFICE OF MINERALS EXPLORATION
224 New Customhouse
Denver 2, Colorado

November 6, 1958

EXTRA COPY
O. M. E.
RECEIVED NOV 10 1958

DATE	INITIALS	CODE
		800

CERTIFIED MAIL

Mr. Sam Day, President
Douglas Corporation
P. O. Box 785
Fort Collins, Colorado

Re: Docket No. DMEA-4820 (Uranium)
Contract No. Idm-E1164
Douglas Corporation (Spook and Skul claims) Converse County, Wyo.

Dear Mr. Day:

Reference is made to your letter of October 13, 1958, wherein you request extension of the completion date of the contract to December 1, 1958.

Only 6 holes remain to be drilled under the provisions of Stage II of the contract; therefore, the amount of time extension that will be necessary depends entirely on the extent of additional drilling, if any, that is approved by the Government. Before action can be taken by this office in the matter, it is necessary that we receive six copies of your request for approval of such additional drilling as you consider warranted. The additional drilling requested must be fully justified; in conjunction with which please submit in detail the results of the last 42 holes drilled under Stage II, including drill logs, probe results and maps of location of holes drilled and those proposed to be drilled, etc.

The contract cannot be maintained in an indefinite status; therefore, we will appreciate your prompt attention to the matter of your either submitting a request for such additional drilling as you consider warranted, or a request that the contract be considered completed in its present status without drilling the remaining 6 possible holes.

Very truly yours,

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

JWT:bh
cc: Chmn. Op. Comm. (2)
Harshman
Marshall, OME/DFC
Corres. File
Cooper
Chron.

Audit's copy

EXPLORATION PROJECT CONTRACT
DOUGLAS CORPORATION
DOCKET NO. DMEA-4820

AMENDMENT NO. 1

It is agreed this 22nd day of August, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Douglas Corporation, that Exploration Project Contract Idm-K1164 (Docket No. DMEA-4820), dated January 16, 1958, is amended as follows:

1. The date fixed in Article 3 of the Contract for completion of the work is extended from July 31, 1958, to October 31, 1958.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "maximum", or the fixed unit cost of any item of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mitteudorf
Administrator, Defense Minerals
Exploration Administration

DOUGLAS CORPORATION

By Gene S Fisch

Title Secretary

Old New Customhouse
Denver 2, Colorado
September 2, 1958

800

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4880 (Uranium) Contract No. IAm-[illegible]
Douglas Corporation (Spook and Sisul Claims) Converse County, Wyoming

Enclosed are three copies of a letter from this office to the subject Operator whereby Government approval is given for the drilling of 48 holes, and the Operator's request for the drilling of 43 additional holes is denied.

Also enclosed are two copies of the Operator's updated recommendations for Stage II drilling and three copies of a joint memorandum dated August 29, 1958, from W. S. Knapp, Geologist, U. S. Geological Survey and E. O. Bizzen, Mining Engineer, U. S. Bureau of Mines, pertaining to the matter.

Copies of the work approval have been distributed to the Operator, the Finance Office, and others concerned in Region III.

Original signed by
J. W. TOWNSEND

J. W. Townsend

JWT:dm

cc: Finance Office, Reg. III w/cy of work approval
Marshman
Bizzen, DMEA/DFU } w/cy of work approval, Operator's
Corres. File, Reg. III } request and joint memorandum
Cogger
Gaven.

224 Bay Customhouse
Denver 2, Colorado

AUG 25 1958

RECEIVED SEP 5 1958

DATE	INITIALS	CODE

Mr. Ben Day, President
Douglas Corporation
P. O. Box 703
Fort Collins, Colorado

Re: Docket No. IDMA 4000 (Uranium)
Contract No. Ida-R1164
Douglas Corporation
(Spock and Shul claims)
Converse County, Wyoming

Dear Mr. Day:

In reference to your updated Stage II recommendations, with attached map, which were received in this office July 18, 1958, this constitutes the Government's approval for the drilling of forty-two (42) holes under the provisions of Stage II of the Contract as follows:

Stage I Hole to be Offset	Number of Offset Holes	Depth per Hole (Feet)
A5	4	130
A6	3	130
A7	4	150
A9	4	140
A11	4	150
A13	4	120
A15	4	150
A18	4	130
A20	4	110
A22	3	100
A27	4	90
Totals	42 holes	5,370 feet.

The locations of the forty-two holes approved for drilling under Stage II are indicated by the symbol + on the map entitled, "Figure 1 - Maps of Douglas Corporation Properties, Converse County, Wyoming, Showing Location, Geology, and Recommended Exploration," which is attached hereto and made a part of this work approval.

A number of the holes for which you requested Government approval would offset privately drilled holes which did not completely penetrate through the Wasatch formation, and therefore cannot be drilled under the provisions of Stage II of the contract. In addition, several of the Stage I holes which you wish to offset do not contain sufficient mineralization to warrant offset drilling at this time. Therefore, your request for Government approval for the drilling of forty-three (43) of the proposed holes is denied.

It is possible that some of the Stage I holes which do not presently warrant offset drilling may appear more favorable as Stage II drilling determines certain trends of mineralization, in which case you may wish to resubmit your request for approval for certain Stage II holes at a later date.

Nothing in this work approval shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Very truly yours,

DMRA Field Team, Region III

By J. W. Townsend

By Robert W. King
for R. W. Marshman

Enclosure (map)

JDC:prl

cc: Chmn. Op. Comm. (3)
Finance Office, Region III
Amendment file, Region III
Marshman
Binyon DMRA DFC
Cerres. file
Cooper
Chron.

IN REPLY REFER TO:

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

DMEA
DEPARTMENT OF THE INTERIOR
AUG 1 - 1958
REGION III
DENVER, COLORADO

EXTRA COPY
DMEA
RECEIVED BY

DATE	INITIALS	COPY

July 30, 1958

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: E. W. Markham

From: W. N. Shary
L. O. Mayon

Subject: Docket DMEA 4080 (Uranium), Contract Idm-S 1164, Douglas Corp. (Spook and Skul claims), Converse County, Wyoming

On July 14, 1958, Jack Redfield, acting for the Douglas Corp., submitted in person a request for approval of Stage II drilling on the Spook and Skul claims as provided for in Contract Idm-S 1164. The Stage I exploratory drilling on 300 x 600 diamond grid on the property had been completed. The company in reviewing the results of this drilling considered 19 holes as warranting offset drilling, for a total of 85 holes, or 9,655 feet of drilling. The justification for offset drilling around holes of Stage I appears to be moderate to high radioactivity, and moderate values at best for U_3O_8 assay from samples in some holes.

A number of the Stage II holes that are requested are located in areas not explored by Stage I drilling but are in areas previously drilled by the company.

The examining team concludes that only 11 Stage I holes warrant offsetting in a first phase of Stage II.

The 11 holes selected for offsetting are listed in Table 1 with the depths of the 42 recommended holes. The locations of the recommended

Stage II holes are shown on Figure 1. The basis for the hole selection has been the detailed data from gamma-ray and resistivity logs submitted by the operator. All the holes listed for Stage II offset drilling show intervals in a sandstone but that zone shows 0.1 percent eU_3O_8 or better. Some holes run as high as 0.254 percent eU_3O_8 and some as low as 0.09 percent eU_3O_8. In general these significantly radioactive zones represent intervals of 1 to 2 feet. Regardless of the small thickness of the significantly radioactive material, the holes surrount offset drilling in part because the radioactive peaks in many holes correspond to a common sandstone bed in the Wasatch formation.

With regards to possible additional Stage II offset drilling, it should be noted that some Stage I holes that do not strongly recommend offset drilling with the present hole data may be offset drilled during later phases of Stage II when certain trends of mineralization may become evident.

W. E. Shoaf, Geologist

E. A. Bunyon, Mining Engineer

WEShoaf:mph

Table 1.—Stage I holes recommended for offset drilling and data for drilling offset holes

Stage I hole	Mineralized interval (feet)	eU_3O_8 * (percent)	Number of offset holes	Depth of Stage II holes (feet)
A 5	85-99	.098	4	130
A 6	107-109	.09	3	130
A 7	60-62	.084	4	130
A 9	33-36 101-109	.087	4	140
A 11	60-62	.174	4	150
A 13	67-70 93-96	.094	4	180
A 15	73-85 103-106	.108	4	150
A 18	104-109	.103	4	130
A 20	68-73	.233	4	110
A 22	80-81	.155	3	100
A 27	69-74	.182	4	80
		Total	42	
		Total footage		5,370 feet

Note: For location of Stage II holes see Figure 2.

* Calculated from maximum probe reading.

STAGE 11
RECOMMENDATIONS

DMEA Docket No. 4820
Contract No. Idm-E 1164
Uranium

Existing Hole	Surrounding Holes, with Depths, Directions	Total Depth	Basis
No. 65-37	2 - S and SE - 120 ft.	240	.28% U_3O_8
No. 69-3895	2 - N and E - 125 ft.	250	.12
A-5	4 - N, E, S and W - 130 ft.	520	.17
A-7	4 - N, E, S and W - 170 ft.	680	840 cps: By probe - should approximate ore grade.
A-9	4 - N, E, S and W - 135 ft.	540	.12
A-13	4 - N, E, S and W - 125 ft.	500	.21
No. 67-38	4 - N, E, S and W - 125 ft.	500	.04
No. 69-37	2 - N and E - 125 ft.	250	.04
A-15	4 - N, E, S and W - 150 ft.	600	.06
A-27	4 - N, E, S and W - 100 ft.	400	.05
No. 88-39	1 - N	75	.05
A-44	4 - N, E, S and W - 90 ft.	360	.05: Due to at least partial leaching, high radioactivity may indicate ore in close proximity, despite low chemical assays:
A-8	4 - N, E, S and W - 125 ft.	500	85' - 180 cps 88' - 205 cps
A-11	4 - N, E, S and W - 140 ft.	560	75' - 100 cps 81' - 675 cps 106' - 125 cps 120' - 125 cps
A-18	4 - N, E, S and W - 120 ft.	480	104' - 395 cps

DMEA
DEPARTMENT OF THE INTERIOR
JUL 18 1958
REGION III
DENVER, COLORADO

A-6	2 - S and W - 130 ft.	260	108' - 360 cps
A-20	4 - N, E, S and W - 100 ft.	400	69' - 310 cps 74' - 790 cps
A-22	4 - N, E, S and W - 100 ft.	400	79' - 550 cps
A-24	3 - N, E and S - 120 ft.	360	28' - 175 cps
A-28	4 - N, E, S and W - 85 ft.	340	61' - 190 cps 68' - 260 cps
A-30	4 - N, E, S and W - 80 ft.	320	67' - 325 cps
A-39	4 - N, E S and W - 100 ft.	400	34' - 120 cps 78' - 255 cps
A-34	4 - N, E, S and W - 85 ft.	340	58' - 175 cps 60' - 145 cps
A-37	2 - N and E - 90 ft.	180	75' - 180 cps
A-40	3 - N, E and S - 100 ft.	300	24' - 100 cps 73' - 145 cps 79' - 95 cps

TOTALS	NO. HOLES	AV. DEPTH	TOTAL DEPTH
	85	113.6	9655

MME Form 14
Sept. 1958

Contract No. Idm-E) 1164
~~14-23~~)

Docket No. DMEA) 4820
~~MME~~)

Date of Action ~~February 18, 1959~~
Terminated Contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor: Douglas Corporation
P. O. Box 785
Fort Collins, Colorado

Date of Contract	Region	State	Commodity
January 16, 1958	III	Wyoming	Uranium

	Reserve	Obligation
Prior Amount	0	17,964.00
Increase	0	0
Decrease	0	4,989.58
Revised Amount		12,974.42

Remarks:

cc: 800
210

43244

DMEA Form 14

Contract No. Idm-E 1164

Docket No. 4820

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
January 16, 1958	III	Wyoming	Uranium

Name and Address of Operator: Douglas Corporation
P. O. Box 785
Fort Collins, Colorado

	Reserve	Obligation
Prior Amount	17,964.00	0
Increase	0	17,964.00
Decrease	17,964.00	0
Revised Amount	0	17,964.00

Remarks:

(Name)
Allen S. Daken, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 3/11/58

22845

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 6 1958
DATE | INITIALS | CODE

Audit copy

MF-200
(Revised June 1954)

Docket No. DMEA 4820

Commodity Uranium

Contract No. Idm-E 1164

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 10 JAN 1958 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Douglas Corporation, a Colorado corporation, whose mailing address is P. O. Box 785 Fort Collins, Colorado, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, ~~and~~ Annex II, and Figure 2--Maps of the Douglas Corporation Property...

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Wyoming, County of Converse, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] owner of [5] mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] Mining Deed, [7] ..... recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: None

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium. The work to be performed is described in Exhibit "A." The Operator on or before May 1, 1958 shall commence the work, and on or before July 31, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~xxxx~~ have completed the work ~~xxxxxxxxxxxxxxxx~~ ~~allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in xxxxxxxxxx~~, except as otherwise provided in Exhibit "A" with respect to stages of work. See Annex II.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $ 23,952.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $ 17,964.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final 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

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9.

8. See Annex II.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; ~~but except for any such necessary excesses in categories, subcategories, or items, the Operator is not obligated to incur more than his agreed percentage of the estimated total allowable cost of the work.~~ See Annex II.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

See Annex II.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and related costs incurred.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) 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.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value therof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½)

percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

(For instance: the royalty on an amount of five dollars ($5.00) per ton would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 13. *Changes and added provisions.*—

See Annex II.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O Mittendorf

Administrator, Defense Minerals Exploration Administration

DOUGLAS CORPORATION
(Operator)

By Sam Day

Title President

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

Gene E. Fischer, Secretary

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

EXPLORATION PROJECT CONTRACT
DOUGLAS CORPORATION
DOCKET NO. DMRA-4820

ANNEX I

The land referred to in Article 2 of the Contract consists of 17 unpatented lode mining claims situated in sections 27, 28, and 33, T. 38 N., R. 73 W., 6th P. M. & B., Converse County, Wyoming. The notices of location of the claims are recorded in the official records of Converse County, Wyoming, as follows:

Claim No.	Book	Page
Spook 1	306	187
Spook 2	306	188
Spook 3	306	192
Spook 4	291	599
Spook 5	293	10
Spook 6	293	11
Spook 7	306	185
Spook 8	293	13
Spook 9	293	14
Spook 10	301	543
Spook 11	301	544
Spook 12	306	189
Skul 1	291	425
Skul 2	291	424
Skul 3	291	423
Skul 4	291	422
Skul 5	291	421

The land is shown on the small-scale map entitled, "Geology of Claims Area and Vicinity" which is a part of Figure 2, attached to this Contract.

EXPLORATION PROJECT CONTRACT
DOUGLAS CORPORATION
DOCKET NO. DMEA-4820

ANNEX II

Article 13. Changes and added provisions.--

(a) That part of the last sentence of Article 3 beginning with the word "either" is deleted and replaced by the words "have completed the work, except as otherwise provided in Exhibit "A" with respect to stages of work."

(b) That part of the last sentence in the first paragraph of Article 6(a) commencing after the semicolon is deleted.

(c) Categories (2) through (6) of Article 6(a) are deleted.

(d) In addition to the costs of work estimated in Exhibit "A" by categories of actual costs, the costs of work requirements specified in Exhibit "A" as "Fixed Unit Costs" are allowable costs of the project. The Government will contribute to the fixed unit costs as work units are performed. A "Fixed Unit Cost" is an agreed price for each unit of work to be performed regardless of costs incurred by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the Contract.

(e) In the last sentence of Article 6(c), the words "Article 8" are substituted for the words "Article 9."

(f) Notwithstanding any other provision of the Contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the Contract.

EXPLORATION PROJECT CONTRACT
DOUGLAS CORPORATION
DOCKET NO. DMEA-4820

EXHIBIT "A"

Description of the Work

General Provisions

The work consists of exploration by non-core drilling to test the Wasatch formation of Eocene age.

Drilling depths are expected to range from 150 to 325 feet and to average 240 feet. All holes shall be drilled through the Wasatch formation and at least 2 feet, but not more than 15 feet, into the underlying Fort Union formation.

Cuttings shall be collected with a Duclone sample collector or equivalent unit of another make, unless wet drilling is necessary, in which case provision shall be made for taking satisfactory sludge samples. Cuttings from all drill holes shall be collected, sampled at each 2-foot interval, and checked for radioactivity. Samples indicating significant mineralization shall be split, and one portion shall be analyzed chemically for uranium, and the other portion shall be properly labeled and stored for the use of the Government. The non-mineralized cuttings also shall be labeled and stored for inspection by the Government. Any stored samples may be disposed of by the Operator upon approval by the Government.

All cuttings from the drill holes shall be logged geologically and the holes probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports.

No hole shall be drilled closer than 100 feet to the outer boundaries of the land described in Annex I.

The Government will not contribute to any costs of an incompleted drill hole.

Access roads and drill sites shall be prepared with a D-7 bulldozer, or an equivalent unit of another make.

The project shall be supervised at all times by a geologist or mining engineer, who shall devote full time to the project work.

The location, direction, inclination, and extent of all project work are subject to the approval of the Government.

The work is divided into two stages as hereinafter described. The Operator shall complete Stage I, and shall perform as much of Stage II as the Government approves in writing in advance.

<u>Stage I</u>

Prepare access roads and drill sites by bulldozer, and drill approximately 62 holes, aggregating an estimated 14,880 feet of drill hole, at the locations indicated on the map entitled, "Map of Recommended Exploration," which is a part of Figure 2. The holes shall be drilled in 12 east-west rows 300 feet apart, with the holes in each row also 300 feet apart and staggered with respect to the holes in adjacent rows. As indicated on the map, some holes in this pattern have been omitted where previously drilled holes are present, but, in the event the Government determines that the existing holes are too shallow to adequately test any of these areas, the Operator may complete the regular pattern of drilling in such areas. If more than 14,880 feet of drilling is required to reach the desired horizon, the additional footage and funds required, may, with the written approval of the Government, be transferred and deducted from Stage II.

Stage II

Prepare access roads and drill sites and drill not more than 48 holes aggregating not more than 11,520 feet as offsets to previously drilled holes showing favorable mineralization. Offset holes shall be drilled not closer than 100 feet to any previously drilled hole that completely penetrated through the Wasatch formation.

Estimated Cost of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

14,880 feet non-core drilling @ $0.70/ft. (See Annex II(f).)	$10,416.00	
31 hours drill crew standby time @ $10/hr.	310.00	
30 hours bulldozing @ $10/hr.	300.00	$11,026.00

Categories (2) through (6)

None

Category (7) Miscellaneous

62 chemical analyses @ $3.50/each sample	217.00	$11,243.00

Fixed Unit Costs (See Annex II(d).)

Incidental allowance 1/ for each foot of hole drilled, 14,880 feet @ $0.15/ft.	$2,232.00
Estimated Total Cost of Stage I	$13,475.00

Stage II

Actual Costs

Category (1) Independent Contracts

11,520 feet non-core drilling @ $0.70/ft. (See Annex II (f).)	$8,064.00		
24 hours drill crew standby time @ $10/hr.	240.00		
20 hours bulldozing @ $10/hr.	200.00	$8,504.00	

Categories (2) through (6)

None

Category (7) Miscellaneous

70 chemical analyses @ $3.50/each sample	245.00	$8,749.00

Fixed Unit Costs (See Annex II (d).)

Incidental allowance 1/ for each foot of hole drilled, 11,520 feet @ $0.15/ft.	1,728.00
Estimated Total Cost of Stage II	$10,477.00

S U M M A R Y

Estimated Total Cost of Stage I	$13,475.00	
Estimated Total Cost of Stage II	$10,477.00	
Estimated Total Cost of the Project		$23,952.00
Government participation @ 75 percent		$17,964.00

1/ Includes all costs that might be allowable costs of the project under Categories (1) through (7) of Article 6(a), except as otherwise scheduled in Exhibit "A."

EXTRA COPY
DMEA
RECEIVED MAR 6 1958
DATE CODE
800

224 New Customhouse
Denver 2, Colorado
March 4, 1958

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4820 (Uranium), Contract No. Idm-E1104, Douglas Corporation (Spook and Skul claims) Converse County, Wyoming

Enclosed are the following pertaining to the subject docket:

1. The Government's and Audit copies of executed Contract No. Idm-E1104, which was forwarded by your letter of January 16, 1958 for insertion of a suitable starting date under Article 3 and signature by the Operator.

2. Two copies of a letter from the Operator by which the executed copies of the contract were returned to this office and wherein they advise as to the date on or before which work would be commenced.

3. Two copies of a letter from this office, dated March 4, 1958, whereby we forwarded the "Operator's Copy" of the contract, blank report forms, and wherein we provided instructions relative to reporting on work performed and the procedure in corresponding with this office on matters in conjunction with the contract.

The contract, dated January 16, 1958, provides for a drilling program estimated to cost $23,952.00, toward which the Government will contribute 75 percent, or not in excess of $17,964.00.

Copies of the contract have been distributed to the Finance Office, Region III, and to others concerned.

Original signed by
W. H. KING
W. H. King

J.T:prl
cc: Ransome
Finance Office, Region III) w/copy of contract and letter to Operator.
Harsnman)
DMEA/DFC(Binyon))
Corres. Fil)
Townsend
Chron.

EXTRA COPY
DMEA
RECEIVED MAR 6 1958

DATE		CODE

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

MAR 4 - 1958

Douglas Corporation
P. O. Box 785
Fort Collins
Colorado

Re: Docket No. DMEA 4820 (Uranium)
Contract No. Idm-E1164
Douglas Corporation
(Spook and Skul claims)
Converse County, Wyoming

Gentlemen:

Enclosed is the "Operator's Copy" of Exploration Project Contract No. Idm-E1164, Docket No. DMEA 4820.

Also enclosed are six copies of Form MF-104, "Operator's Monthly Report and Voucher," and six copies of Form MF-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced, and monthly thereafter, you are required to submit the original and four copies of each form to the

Executive Officer
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado.

The extra copy is for your records.

Forms MF-104 and MF-104A are to be combined into five sets of one of each form. Each set of the combined forms is to be accompanied by a map or sketch showing the location and extent of work performed and a signed narrative report which describes the work performed, conditions encountered, and results of the work. The monthly accounting report will not be processed for reimbursement unless it is accompanied by a signed narrative report and other required or pertinent data. Additional copies of Forms MF-104 and MF-104A will be forwarded to you each month on receipt of your report for the prior month.

For your information, and in reply to many questions that have been asked, after Forms MF-104 and MF-104A are received, an engineer will check progress on the project and review your accounts, after which

the report forms will be forwarded to this office for administrative examination and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the approved costs. If you have any difficulty in completing these forms and the reports, please call on this office for assistance.

In the matter of your claim for reimbursement of drilling costs under the terms of the contract, reimbursement to you will be on the basis of a hole or holes completed to the objective, which has, or have been, drilled in compliance with the conditions under the "General Provisions" section of Exhibit "A" of the contract and the special conditions pertaining to the drilling under each stage. Therefore, your monthly report should include only such holes which are completed to that extent and the required records made a part of your claim for reimbursement.

The contract is prepared on form MF-200, and under its provisions and as outlined in Exhibit "A" of the contract, the allowable costs are a combination of Actual Costs with a maximum average unit cost established for work under Categories (1) and (7), and Fixed Unit Costs for performing the remaining items of work or service. Under the provisions of the contract, the work outlined in Exhibit "A" under Category (1) is to be performed by an independent contractor. The unit cost established for each item of work, for both stages, is a maximum average unit cost toward which the Government will contribute its appropriate share as provided for in the contract. The actual costs of the work completed under Category (1) are to be recorded under item (1) on Form MF-104, and must be supported and documented by a signed or certified true copy of the billing from the subcontractor. The costs of sample analysis under Category (7) are to be recorded under item (7) on Form MF-104, and must be supported by a copy of the assay return and a signed or certified true copy of the billing from the assayer. Amounts reported on the basis of Fixed Unit Costs require no documentation, as they are otherwise verified. However, costs on a Fixed Unit Cost basis are to be recorded on Form MF-104 under item (1).

In reference to ANNEX II (f) of the contract, pertaining to the average unit cost of the drilling, if excess costs are suspended by reason of exceeding the maximum unit cost for the drilling described under Category (1), the excess costs will be held in suspense and be reinstated by this office, to the extent suspended funds are available, in the event the unit costs for any month should cause the average unit cost to fall below the maximum average unit cost established in the contract for the drilling.

In the event you desire to perform the work under Category (1) on company account instead of subcontracting it, as provided in the contract, it will be necessary that you request and obtain an appropriate amendment to the contract before reimbursement can be made to you for the Government's portion of the allowable incurred costs.

Your requests to this office for work approval, changes in the contract, or any other communication pertaining to operations under the contract, must be in writing, of which please supply the original and five copies, each copy complete with maps or other pertinent data. Each request for action by this office must pertain to one matter only. Such requests are not to be incorporated in your narrative report accompanying monthly progress report Forms MF-104 and MF-104A.

The locations of holes to be drilled under Stage I are indicated on the map, "Figure 2," attached to the contract. Should conditions encountered necessitate or make desirable a change in the location of any of the holes, approval of this office for the change must be obtained prior to performance of the drilling. Otherwise, the drilling may not be acceptable for reimbursement to you under the terms of the contract.

Your attention is directed to the provision that Stage II work is contingent on results obtained from Stage I, and performance of the work under Stage II is subject to the prior written approval of the Government.

When work under Stage I has been completed, or sufficiently so to permit evaluation of the results of the work, you must request approval from this office for the work you propose to perform under the next stage. Your request for the work approval must be in sextuplicate, each copy complete with a map showing the location and extent of the work completed and the location of the additional work proposed. Also, your request must include an evaluation of the work completed and include assay returns and any other pertinent data which will be of value to the Government in appraising results of the work.

If the work under Stage I is completed in its entirety before requesting approval for work under Stage II, you should anticipate a suspension of operations between stages of work, to enable the Government geologist and engineer to evaluate the results of the work performed and to make their recommendations to this office relative to the additional work you propose.

To eliminate as much delay to operations as possible, if that is of serious consideration, you should expedite forwarding of the results of the work completed and your request for the Government's approval of the additional work you propose.

No oral statement of any person shall be construed to modify or change the terms of the contract. Field representatives of the Government are not authorized to approve any changes in the work program or contract provisions. Such approval can only be given by the Washington Office, DMEA, or by the DMEA Field Team, Region III.

It is a regulation that reimbursement will not be allowed for the cost of work accomplished prior to the date of the contract. It is a requirement and imperative that you notify this office in writing the date work actually commences under the contract.

Very truly yours,

Original signed by
W. H. KING

Executive Officer
DMEA Field Team, Region III

Enclosures

JWT:prl

cc: Chmn. Op. Comm. (2)
Finance Office, Region III
Amendment file, Region III
Harshman
DMEA/DFC (Binyon)
Corres. file
Townsend
Chron.

DOUGLAS CORPORATION

Suite 224
U. S. Nat'l Bank Bldg.
Denver, Colorado
Telephone: KEystone 4-0129
KEystone 4-0120

P. O. Box 785
Fort Collins, Colorado
Telephone: HUnter 2-4710

P. O. Box 617
Casper, Wyoming
Telephone: 21173

February 25, 1958

DMEA
DEPARTMENT OF THE INTERIOR
MAR 3 - 1958
REGION III
DENVER, COLORADO

U. S. Department of the Interior
224 New Customhouse
Denver 2, Colorado

Attention: Mr. W. H. King, Executive Officer, DMEA
Field Team, Region III

Gentlemen:

In re: Docket No. DMEA 4820 (Uranium)
Douglas Corporation (Spook and Skul Claims), Converse County, Wyoming; Proposed Exploration Project Contract Idm-E1164

Enclosed please find four executed copies of Contract Idm-E1164. The date to be inserted in Article 3 for the commencement of work is May 1, 1958.

If these are satisfactory, will you please forward to us our "Operator's Copy" of the Contract, together with our blank report forms and your instructions to us relative to reporting on work performed by us under the Contract.

I also understand that you have instructions available as to the procedure to be followed by us in corresponding with your office in matters concerning operations under this Contract.

Yours very truly,

Gene E. Fischer

Gene E. Fischer, Secretary

GEF:blf

Enc.

DMEA Form 14

Contr[redacted] No. Idm-E 1164

Docket No. 4820

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
January 16, 1958	III	Wyoming	Uranium

Name and Address of Operator: Douglas Corporation
P. O. Box 785
Fort Collins, Colorado

	Reserve	Obligation
Prior Amount	0	0
Increase	17,964.00	0
Decrease	0	0
Revised Amount	17,964.00	0

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 1/16/58

22845

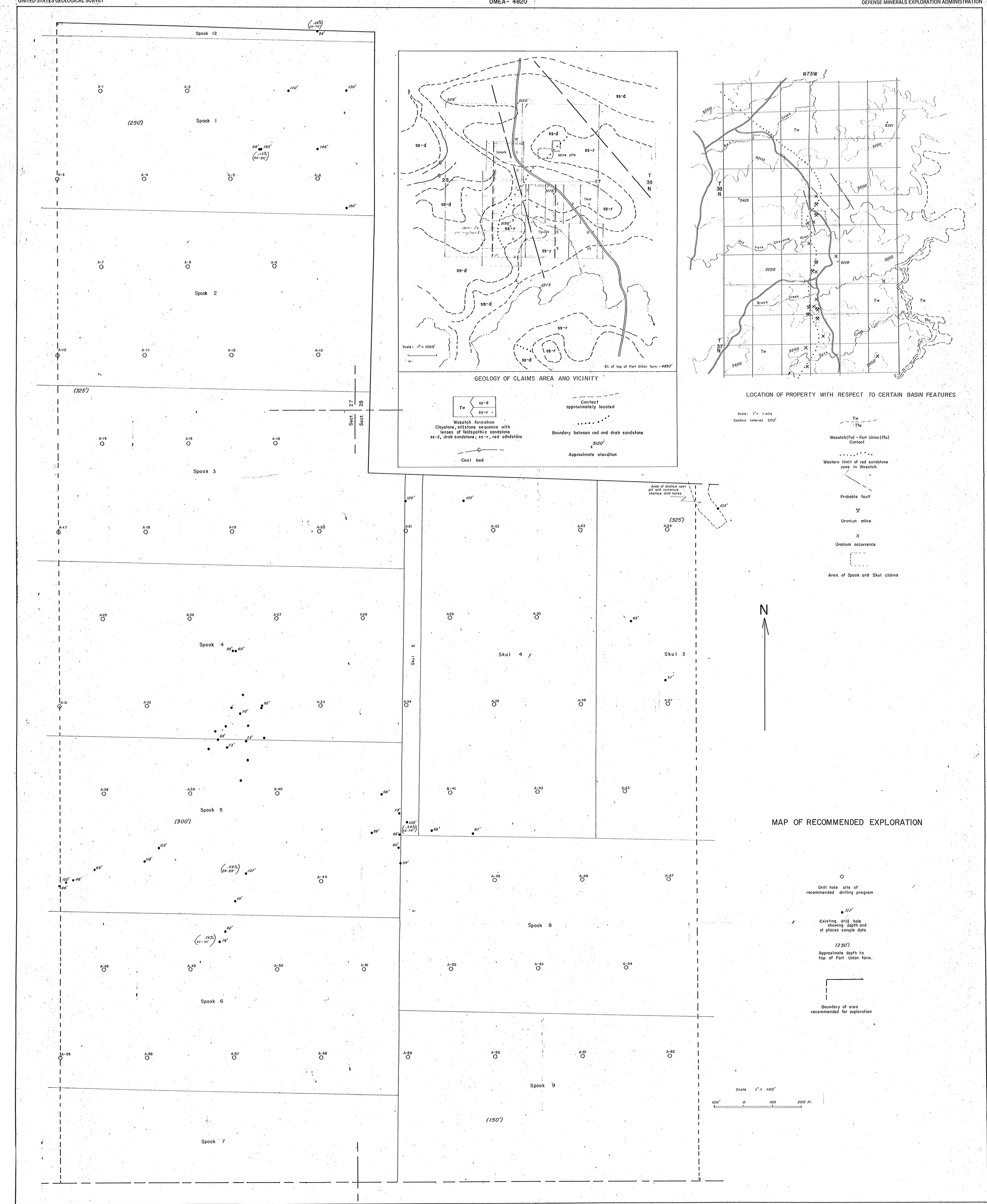

Figure 2- **MAPS OF THE DOUGLAS CORPORATION PROPERTY CONVERSE CO., WYOMING**
SHOWING LOCATION, GEOLOGY, AND RECOMMENDED EXPLORATION