Government's copy

MF-200A
(Rev. April 1958)

RECEIVED JUL 17 1958

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
4895	Uranium	1152	Coconino	Arizona

It is agreed 13 MAY 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and A. J. Beacom, Leo L. Chase, Glenn E. Odekirk, Phillip H. McCary, and Glenn E. McClung, d/b/a Bemco Mining Company, a limited partnership organized in California

whose mailing address is c/o Parker and Parker, Room 808, 650 South Spring St. Los Angeles, California
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 12 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $22,210.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $11,105.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of Assignors and Lessors

(b) 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 of the land (lessor, seller, optionor, etc.) are attached, as follows: See Annex I

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(b) *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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of 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. 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 all pertinent books, documents, papers, and records of the Operator.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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.)

(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 the unit costs thereof.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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 7. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

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Long
Bemco
App'd. Col. Off.
Murphy
Talbot

Executed in sextuplicate the day and year first above written.

BEMCO MINING COMPANY

THE UNITED STATES OF AMERICA

By ..... (Partner)

By ..... (Partner)

By ..... (Partner)

By ..... (Partner)

By C Mittendorf
Administrator, Defense Minerals
Exploration Administration

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

By ..... (Partner)

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

Ellis
Selfridge
Johnson

MAILS & FILES

Please keep all copies of proposed contract intact should applicant desire to proceed under new regulations.

EXPLORATION PROJECT CONTRACT
BEMCO MINING COMPANY
DOCKET NO. DMEA-4895

ANNEX I

The land referred to in Article 2 of the contract consists of forty-three (43) unpatented lode mining claims. The Notices of Location of the claims, to which reference is hereby made for a more complete description, are recorded in the Office of the County Recorder, Coconino County, Arizona, as follows:

Claim	Book	Page
Jay Bird Nos. 29 and 30	70	448 and 449
Jay Bird Nos. 43 through 57	70	450 through 487
Jay Bird Nos. 59 through 80		
Sun Valley Nos. 1 through 4	70	488 to 492

The area covered by the claims with reference to section, township, and range lines is shown on the map entitled "Fig. 3 - Claim Map of Bemco Mining Company Sun Valley Mine. . ." attached hereto and made part hereof.

The Operator is in possession of the claims pursuant to the terms of an assignment, executed April 29, 1957, by the Uranium Petroleum Company of its leasehold interest in the claims, acquired by virtue of a lease dated June 15,1956, from the Grand Canyon Uranium Company.

Attached and made part hereof are copies of Consent to Lien and Subordination Agreements executed by Uranium Petroleum Company, Northern Resources Corporation, and Grand Canyon Uranium Company, respectively, all of which have retained an overriding royalty on ore produced from the claims.

EXPLORATION PROJECT CONTRACT
BEMCO MINING COMPANY
DOCKET NO. DMEA-4895

EXHIBIT "A"

Description of the Work

Work Provisions

The object of this project is to explore for uranium ore deposits by drifting, crosscutting, and long-hole drilling in the Shinarump member of the Triassic Chinle formation.

The approximate location of the work is shown on the map entitled "Figure 4.--Map Showing Previous and Proposed Work on the Sun Valley Claims, Bemco Mining Company, Coconino County, Arizona," attached hereto and made part hereof.

From the present face of the Operator's drift, at a point near the east side line of the Sun Valley No. 1 claim, drift in a northwesterly direction not in excess of 340 feet.

At two points in the drift not less than 150 feet apart, drive two crosscuts in a southwesterly direction. At a point not less than 100 feet northwest of the old workings, shown on map, Figure 4, drive a third crosscut in a northeasterly direction to explore the channel. Also, drill not less than 18 longholes, each to a depth of approximately 25 feet, to explore the walls of the drift and crosscuts. The locations of the crosscuts and longholes shown on Figure 4 are tentative and may be changed with prior written approval by the Government.

The drift and crosscuts shall be driven with the Shinarump Moenkopi contact in the lower part of the face if possible. Where sharp irregularities in the contact make it impractical for the drift or crosscut to follow the contact, vertical holes shall be drilled from the workings to determine the position of the contact and to test for ore in the basal part of the Shinarump.

The walls of the drift and crosscuts shall be tested for radioactivity. Sections showing significant radioactivity shall be sampled at intervals not exceeding 5 feet. The samples shall be split, the Operator shall have one half of each sample analyzed chemically for its U_3O_8 content; the other half shall be stored in a suitable container properly identified as to the location where the sample was procured for Government inspection and possible use.

The Operator shall test the cuttings from the longholes for radioactivity and shall record the results. The cuttings shall

not be analyzed chemically for uranium, however, the cuttings from each hole shall be properly identified and stored for Government inspection and possible use.

With Government approval, the Operator may dispose of the stored samples and cuttings.

The drift and crosscuts shall be timbered where necessary, and shall be not less than 5 feet by 7 feet in cross section in the clear of the timber.

The Operator's monthly report shall include assay certificates of the samples chemically analyzed and records of the radiometric testing of longhole cuttings. The report shall also include a map or sketch showing the location and extent of work completed during the reporting period, and the elevations of the floor of the drift and crosscuts at intervals of not less than 50 feet.

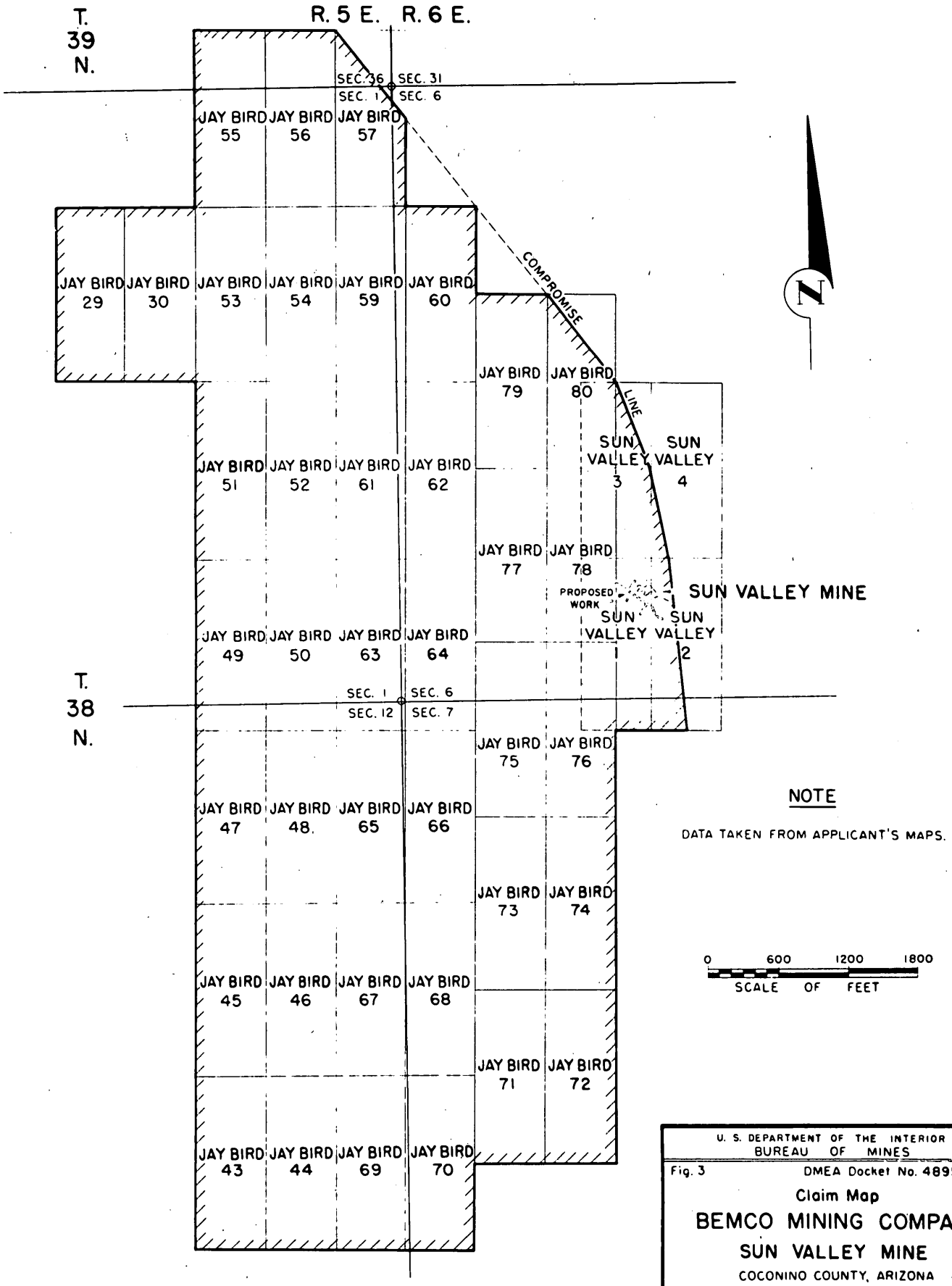
The Operator shall provide a full-time supervisor and such technical assistance as may be required to complete the project work.

The location, extent, and direction of the work under this contract shall be subject to Government approval.

Not in excess of 630 feet of drifting and crosscutting, and 502 feet of longhole drilling shall be performed, nor more than 100 samples shall be chemically analyzed for their U_3O_8 content under this contract.

AGREED UNIT COSTS

630 feet of drifting and crosscutting @ $34.30 /ft.	$21,609.00
502 feet longhole drilling @ $0.50/ft.	251.00
Chemical analyses for U_3O_8 content of 100 samples @ $3.50/each sample	350.00
Estimated Total Cost of Project	$22,210.00
Government Participation @ 50%	$11,105.00



U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER: M. H. HOWES	DATES: MAR. 12, 1958
TRACED: MAR. 1958, BY A.P.T.S.	1900-444-D
CHECKED:	

Field Team copy

MF-200A
(Rev. April 1956)

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

DMEA
DEPARTMENT OF THE INTERIOR
MAY 16 1958
REGION III
DENVER, COLORADO

EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	Commodity	Contract No. Idm-E	County	State
4895	Uranium	112	Coconino	Arizona

It is agreed 13 MAY 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and A. J. Beacom, Leo L. Chase, Glenn E. Odekirk, Phillip H. McCary, and Glenn E. McClung, d/b/a/ Bemco Mining Company, a limited partnership organized in California

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(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 7. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

BENCO MINING COMPANY

THE UNITED STATES OF AMERICA

By ..... (Partner)

By ..... (Partner)

By ..... (Partner)

By ..... (Partner)

By C. Mitteudorf
Administrator, Defense Minerals Exploration Administration

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

By _____ (Partner)

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE : 1956—O-383069

EXPLORATION PROJECT CONTRACT
RENCO MINING COMPANY
DOCKET NO. DMRA-4895

ANNEX 1

The land referred to in Article 2 of the contract consists of forty-three (43) unpatented lode mining claims. The Notices of Location of the claims, to which reference is hereby made for a more complete description, are recorded in the Office of the County Recorder, Coconino County, Arizona, as follows:

Claim	Book	Page
Jay Bird Nos. 29 and 30	70	448 and 449
Jay Bird Nos. 43 through 57	70	450 through
Jay Bird Nos. 59 through 80		487
Sun Valley Nos. 1 through 4	70	488 to 491

The area covered by the claims with reference to section, township, and range lines is shown on the map entitled "Fig. 3 - Claim Map of Renco Mining Company Sun Valley Mine. . ." attached hereto and made part hereof.

The Operator is in possession of the claims pursuant to the terms of an assignment, executed April 29, 1957, by the Uranium Petroleum Company of its leasehold interest in the claims, acquired by virtue of a lease dated June 15, 1956, from the Grand Canyon Uranium Company.

Attached and made part hereof are copies of Consent to Lien and Subordination Agreements executed by Uranium Petroleum Company, Northern Resources Corporation, and Grand Canyon Uranium Company, respectively, all of which have retained an overriding royalty on ore produced from the claims.

EXPLORATION PROJECT CONTRACT
BEMCO MINING COMPANY
DOCKET NO. DMRA-4895

EXHIBIT "A"

Description of the Work

Work Provisions

The object of this project is to explore for uranium ore deposits by drifting, crosscutting, and long-hole drilling in the Shinarump member of the Triassic Chinle formation.

The approximate location of the work is shown on the map entitled "Figure 4.--Map Showing Previous and Proposed Work on the Sun Valley Claims, Bemco Mining Company, Coconino County, Arizona," attached hereto and made part hereof.

From the present face of the Operator's drift, at a point near the east side line of the Sun Valley No. 1 claim, drift in a northwesterly direction not in excess of 340 feet.

At two points in the drift not less than 150 feet apart, drive two crosscuts in a southwesterly direction. At a point not less than 100 feet northeast of the old workings, shown on map, Figure 4, drive a third crosscut in a northeasterly direction to explore the channel. Also, drill not less than 18 longholes, each to a depth of approximately 25 feet, to explore the walls of the drift and crosscuts. The locations of the crosscuts and longholes shown on Figure 4 are tentative and may be changed with prior written approval by the Government.

The drift and crosscuts shall be driven with the Shinarump Moenkopi contact in the lower part of the face if possible. Where sharp irregularities in the contact make it impractical for the drift or crosscut to follow the contact, vertical holes shall be drilled from the workings to determine the position of the contact and to test for ore in the basal part of the Shinarump.

The walls of the drift and crosscuts shall be tested for radioactivity. Sections showing significant radioactivity shall be sampled at intervals not exceeding 5 feet. The samples shall be split, the Operator shall have one half of each sample analyzed chemically for its U_3O_8 content; the other half shall be stored in a suitable container properly identified as to the location where the sample was procured for Government inspection and possible use.

The Operator shall test the cuttings from the longholes for radioactivity and shall record the results. The cuttings shall

not be analyzed chemically for uranium, however, the cuttings from each hole shall be properly identified and stored for Government inspection and possible use.

With Government approval, the Operator may dispose of the stored samples and cuttings.

The drift and crosscuts shall be timbered where necessary, and shall be not less than 5 feet by 7 feet in cross section in the clear of the timber.

The Operator's monthly report shall include assay certificates of the samples chemically analyzed and records of the radiometric testing of longhole cuttings. The report shall also include a map or sketch showing the location and extent of work completed during the reporting period, and the elevations of the floor of the drift and crosscuts at intervals of not less than 50 feet.

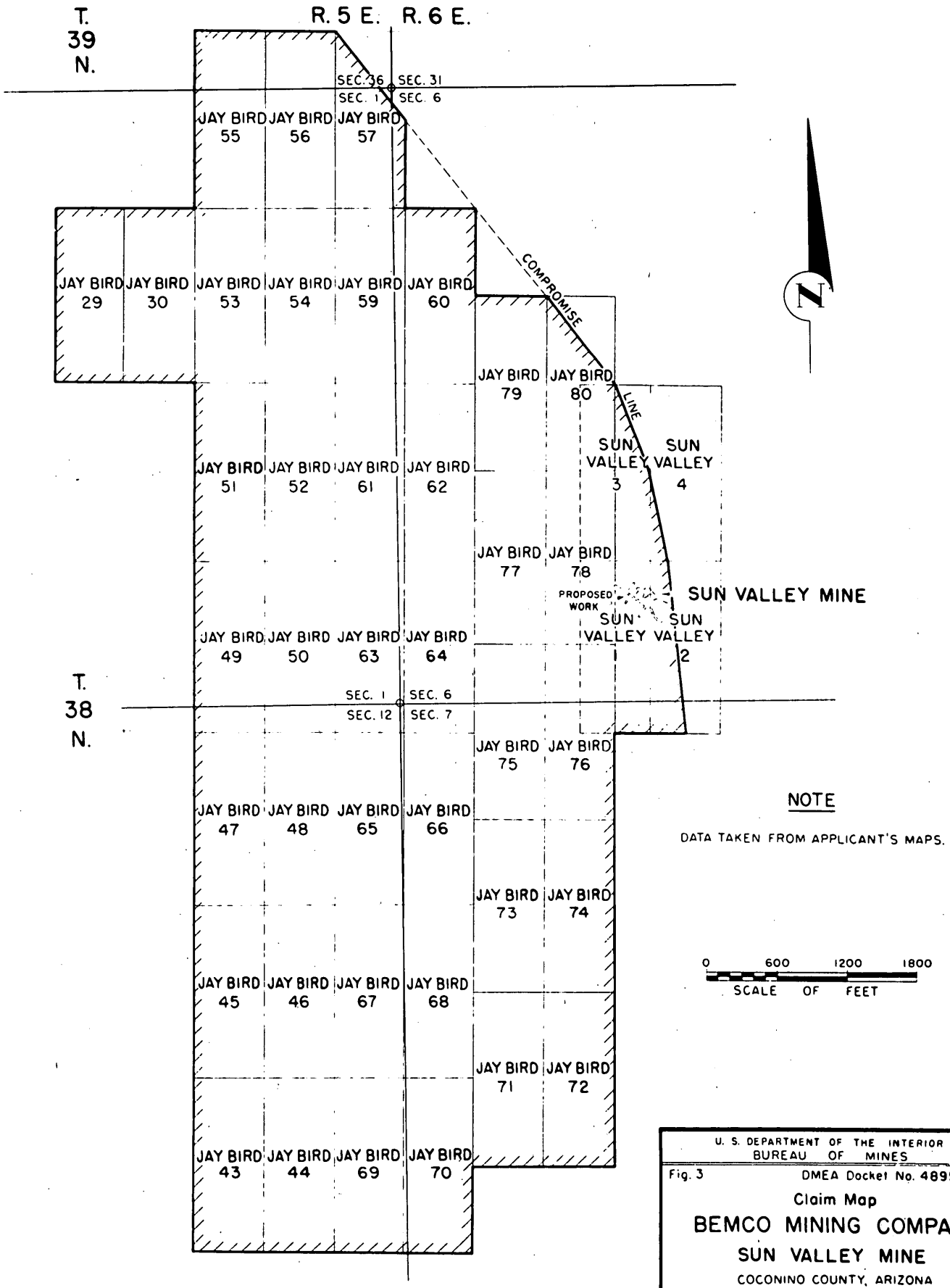
The Operator shall provide a full-time supervisor and such technical assistance as may be required to complete the project work.

The location, extent, and direction of the work under this contract shall be subject to Government approval.

Not in excess of 630 feet of drifting and crosscutting, and 502 feet of longhole drilling shall be performed, nor more than 100 samples shall be chemically analyzed for their U_3O_8 content under this contract.

ASSUMED UNIT COSTS

630 feet of drifting and crosscutting @ $34.38 /ft.	$21,669.00
502 feet longhole drilling @ $0.50/ft.	251.00
Chemical analyses for U_3O_8 content of 100 samples @ $3.50/each sample	350.00
Estimated Total Cost of Project	$22,210.00
Government Participation @ 50%	$11,105.00



U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER M. H. HOWES	DATES: MAR. 12, 1958
TRACED: MAR., 1958, BY A.P.T.S.	1900-444-D
CHECKED:	

MF-200A
(Rev. April 1956)

COPY

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
4895	Uranium	1192	Coconino	Arizona

It is agreed 13 MAY 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and A. J. Beacom, Leo L. Chase, Glenn E. Odekirk, Phillip H. McCary, and Glenn E. McClung, d/b/a Bemco Mining Company, a limited partnership organized in California

whose mailing address is c/o Parker and Parker, Room 808, 650 South Spring St. Los Angeles, California

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 12 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $22,210.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $ 11,105.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of Assignors and Lessors

(b) 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 of the land (lessor, seller, optionor, etc.) are attached, as follows: See Annex I

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(b) *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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of 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. 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 all pertinent books, documents, papers, and records of the Operator.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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.)

(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 the unit costs thereof.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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 7. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

BEMCO MINING COMPANY

By ..... (Partner)

By ..... (Partner)

By ..... (Partner)

By ..... (Partner)

THE UNITED STATES OF AMERICA

By /s/ C. O. Mittendorf
Administrator, Defense Minerals
Exploration Administration

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

By ..... (Partner)

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

COPY

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Coconino, State of Arizona, described as follows: 2/ Fourty-three (43) lode mining claims Jay Bird Nos. 29 & 30, Book 70, Pages 448 & 449; Jay Bird Nos. 43 through 57 and Nos. 59 through 80, Book 70, Pages 450 through 487; Sun Valley Nos. 1 through 4, Book 70, Pages 488 & 492, as recorded in the Office of Coconino County Recorder,
which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 31st day of August, 1957

Uranium Petroleum Company	[Seal]	500 Atlas Building	[Address]
By /s/ Alfred M. Duranek Alfred M. Duranek, Vice President	[Seal]	Salt Lake City, Utah	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, Richard L. Bird, Jr. certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that Alfred M. Duranek who signed this agreement was then Vice President (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

/s/ Richard L. Bird, Jr.

[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Bemco Mining Company
Docket No. DMEA- 4895
Contract No. Idm-E
Contract Date

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Coconino, State of Arizona, described as follows: 2/ Fourty-three (43) lode mining claims Jay Bird Nos. 29 & 30, Book 70, Pages 448 & 449; Jay Bird Nos. 43 through 57 and Nos. 59 through 80, Book, 70, Pages 450 through 487; Sun Valley Nos. 1 through 4, Book 70, Pages 488 & 492, as recorded in the Office of Coconino County Recorder.,
which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this _____ day of _____, 195__.

Northern Resources Corporation	[Seal]	_____	[Address]
BY: Arthur M. Buranek Vice President	[Seal]	_____	[Address]
_____	[Seal]	_____	[Address]
_____	[Seal]	_____	[Address]
_____	[Seal]	_____	[Address]
_____	[Seal]	_____	[Address]

I, A. H. Kelson certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that A. M. Buranek who signed this agreement was then Vice President (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

A. K. Kelson

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
BENCO MINING COMPANY
DOCKET NO. DMEA-4895

ANNEX I

The land referred to in Article 2 of the contract consists of forty-three (43) unpatented lode mining claims. The Notices of Location of the claims, to which reference is hereby made for a more complete description, are recorded in the Office of the County Recorder, Coconino County, Arizona, as follows:

Claim	Book	Page
Jay Bird Nos. 29 and 30	70	448 and 449
Jay Bird Nos. 43 through 57	70	450 through
Jay Bird Nos. 59 through 80		487
Sun Valley Nos. 1 through 4	70	488 to 492

The area covered by the claims with reference to section, township, and range lines is shown on the Map entitled "Fig. 3 - Claim Map of Benco Mining Company Sun Valley Mine. . ." attached hereto and made part hereof.

The Operator is in possession of the claims pursuant to the terms of an assignment, executed April 29, 1957, by the Uranium Petroleum Company of its leasehold interest in the claims, acquired by virtue of a lease dated June 15, 1956, from the Grand Canyon Uranium Company.

Attached and made part hereof are copies of Consent to Lien and Subordination Agreements executed by Uranium Petroleum Company, Northern Resources Corporation, and Grand Canyon Uranium Company, respectively, all of which have retained an overriding royalty on ore produced from the claims.

EXPLORATION PROJECT CONTRACT
BENSO MINING COMPANY
DOCKET NO. [illegible]-4895

EXHIBIT A

Description of the Work

Work Provisions

The object of this project is to explore for uranium ore deposits by drifting, crosscutting, and long-hole drilling in the Shinarump member of the Triassic Chinle formation.

The approximate location of the work is shown on the map entitled "Figure 4.--Map Showing Previous and Proposed Work on the Sun Valley Claims, Benso Mining Company, Coconino County, Arizona," attached hereto and made part hereof.

From the present face of the Operator's drift, at a point near the east side line of the Sun Valley No. 1 claim, drift in a northwesterly direction not in excess of 340 feet.

At two points in the drift not less than 150 feet apart, drive two crosscuts in a southwesterly direction. At a point not less than 100 feet northwest of the old workings, shown on map, Figure 4, drive a third crosscut in a northeasterly direction to explore the channel. Also, drill not less than 18 longholes, each to a depth of approximately 25 feet, to explore the walls of the drift and crosscuts. The locations of the crosscuts and longholes shown on Figure 4 are tentative and may be changed with prior written approval by the Government.

The drift and crosscuts shall be driven with the Shinarump Moenkopi contact in the lower part of the face if possible. Where sharp irregularities in the contact make it impractical for the drift or crosscut to follow the contact, vertical holes shall be drilled from the workings to determine the position of the contact and to test for ore in the basal part of the Shinarump.

The walls of the drift and crosscuts shall be tested for radioactivity. Sections showing significant radioactivity shall be sampled at intervals not exceeding 5 feet. The samples shall be split, the Operator shall have one half of each sample analyzed chemically for its U_3O_8 content; the other half shall be stored in a suitable container properly identified as to the location where the sample was procured for Government inspection and possible use.

The Operator shall test the cuttings from the longholes for radioactivity and shall record the results. The cuttings shall

not be analyzed chemically for uranium, [illegible] the cuttings from each hole shall be properly identified and stored for [illegible] inspection and possible use.

With Government approval, [illegible] the cement samples and cuttings.

[illegible] and shall be not less than [illegible] feet [illegible] door of the [illegible].

The Operator's [illegible] floors of the sampling chemically [illegible] indicates testing of [illegible] include a map or sketch showing the [illegible] employed during the [illegible] period, and the [illegible] floor of the drift and [illegible] of the [illegible] face.

The Operator [illegible] such [illegible] Government [illegible] work.

[illegible] Operator [illegible] and [illegible] to [illegible] to [illegible] Government [illegible].

The [illegible] cost of [illegible] of [illegible] of [illegible] shall be [illegible] under this [illegible].

[illegible] BID COST

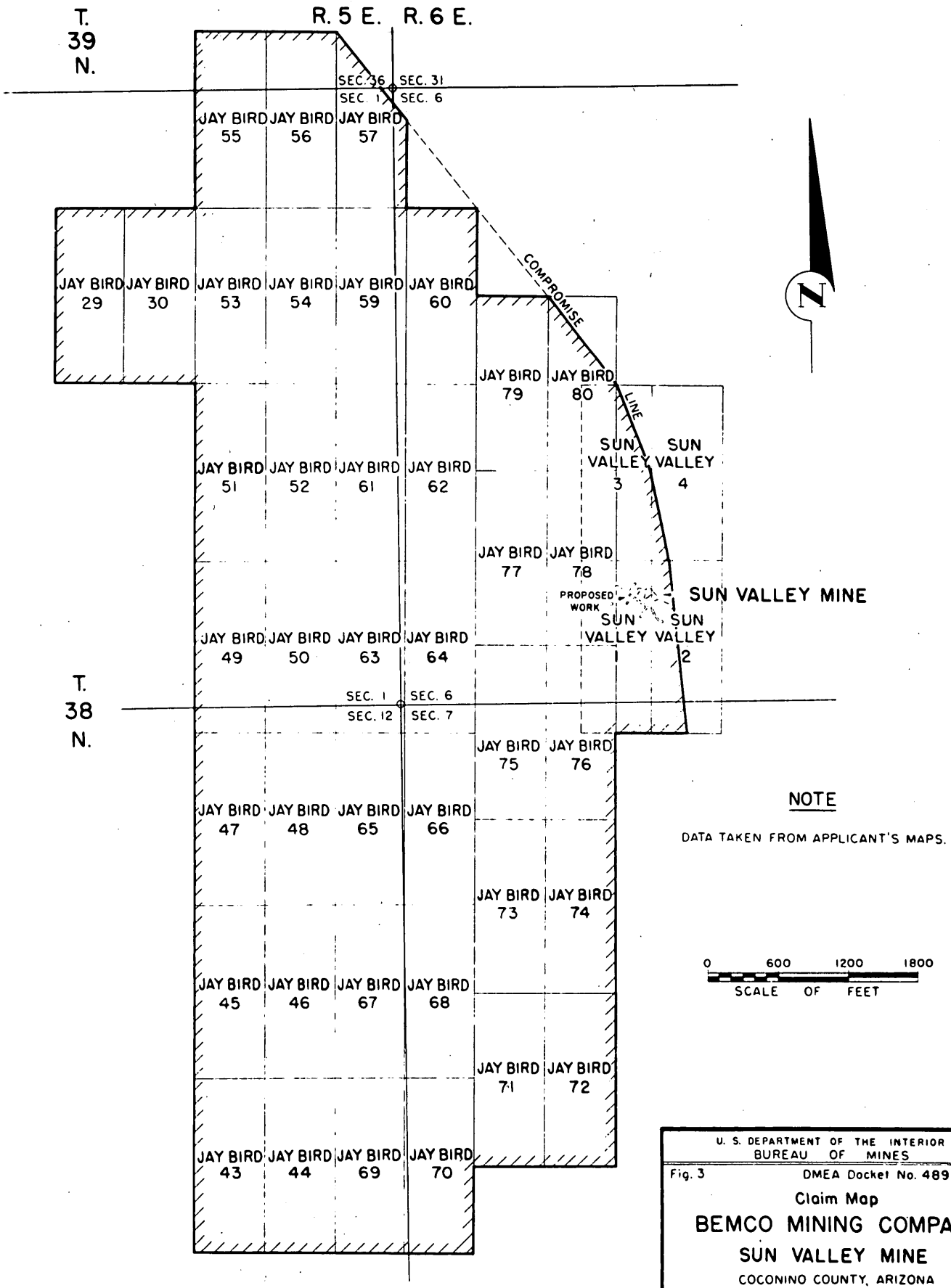
[illegible] of drilling and concretting [illegible] $[illegible].00

[illegible] feet [illegible] drilling [illegible] $[illegible].00

[illegible] analysis for [illegible] samples @ $[illegible] [illegible] $[illegible].00

Estimated total cost of project [illegible]

Government [illegible] @ [illegible] [illegible]



U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER M H HOWES	DATES: MAR. 12, 1958
TRACED: MAR. 1958, BY A.P.T.S.	1900-444-D
CHECKED:	

Finance Off. copy

MF-200A
(Rev. April 1956)

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
4895	Uranium	1152	Coconino	Arizona

It is agreed 13 MAY 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and A. J. Beacom, Leo L. Chase, Glenn E. Odekirk, Phillip H. McCary, and Glenn E. McClung, d/b/a/ Bemco Mining Company, a limited partnership organized in California,

whose mailing address is c/o Parker and Parker, Room 808, 650 South Spring St. Los Angeles, California

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 12 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $ 22,210.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $ 11,105.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of Assignors and Lessors

(b) 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 of the land (lessor, seller, optionor, etc.) are attached, as follows: See Annex I

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(b) *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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of 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. 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 all pertinent books, documents, papers, and records of the Operator.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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.)

(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 the unit costs thereof.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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 7. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

.....

.....

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

BENCO MINING COMPANY

THE UNITED STATES OF AMERICA

By .....(Partner)

By .....(Partner)

By .....(Partner)

By .....(Partner)

By C. A. Mittenbergs
Administrator, Defense Minerals
Exploration Administration

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

By _____
(Partner)

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE : 1956—O-383069

EXPLORATION PROJECT CONTRACT
BENCO MINING COMPANY
DOCKET NO. [illegible]-4895

ANNEX I

The land referred to in Article 2 of the contract consists of forty-three (43) unpatented lode mining claims. The Notices of Location of the claims, to which reference is hereby made for a more complete description, are recorded in the Office of the County Recorder, Coconino County, Arizona, as follows:

Claim	Book	Page
Jay Bird Nos. 29 and 30	70	448 and 449
Jay Bird Nos. 43 through 57	70	450 through
Jay Bird Nos. 59 through 86		487
Sun Valley Nos. 1 through 4	70	488 to 492

The area covered by the claims with reference to section, township, and range lines is shown on the map entitled "Fig. 3 - Claim Map of Benco Mining Company Sun Valley Mine. . ." attached hereto and made part hereof.

The Operator is in possession of the claims pursuant to the terms of an assignment, executed April 29, 1957, by the Uranium Petroleum Company of its leasehold interest in the claims, acquired by virtue of a lease dated June 15,1956, from the Grand Canyon Uranium Company.

Attached and made part hereof are copies of Consent to Lien and Subordination Agreements executed by Uranium Petroleum Company, Northern Resources Corporation, and Grand Canyon Uranium Company, respectively, all of which have retained an overriding royalty on ore produced from the claims.

EXPLORATION PROJECT CONTRACT
BEMCO MINING COMPANY
DOCKET NO. DMEA-4895

EXHIBIT "A"

Description of the Work

Work Provisions

The object of this project is to explore for uranium ore deposits by drifting, crosscutting, and long-hole drilling in the Shinarump member of the Triassic Chinle formation.

The approximate location of the work is shown on the map entitled "Figure 4.--Map Showing Previous and Proposed Work on the Sun Valley Claims, Bemco Mining Company, Coconino County, Arizona," attached hereto and made part hereof.

From the present face of the Operator's drift, at a point near the east side line of the Sun Valley No. 1 claim, drift in a northwesterly direction not in excess of 340 feet.

At two points in the drift not less than 150 feet apart, drive two crosscuts in a southwesterly direction. At a point not less than 100 feet northeast of the old workings, shown on map, Figure 4, drive a third crosscut in a northeasterly direction to explore the channel. Also, drill not less than 18 longholes, each to a depth of approximately 25 feet, to explore the walls of the drift and crosscuts. The locations of the crosscuts and longholes shown on Figure 4 are tentative and may be changed with prior written approval by the Government.

The drift and crosscuts shall be driven with the Shinarump Moenkopi contact in the lower part of the face if possible. Where sharp irregularities in the contact make it impractical for the drift or crosscut to follow the contact, vertical holes shall be drilled from the workings to determine the position of the contact and to test for ore in the basal part of the Shinarump.

The walls of the drift and crosscuts shall be tested for radioactivity. Sections showing significant radioactivity shall be sampled at intervals not exceeding 5 feet. The samples shall be split, the Operator shall have one half of each sample analyzed chemically for its U_3O_8 content; the other half shall be stored in a suitable container properly identified as to the location where the sample was procured for Government inspection and possible use.

The Operator shall test the cuttings from the longholes for radioactivity and shall record the results. The cuttings shall

not be analyzed chemically for uranium, however, the cuttings from each hole shall be properly identified and stored for Government inspection and possible use.

With Government approval, the Operator may dispose of the stored samples and cuttings.

The drift and crosscuts shall be timbered where necessary, and shall be not less than 5 feet by 7 feet in cross section in the clear of the timber.

The Operator's monthly report shall include assay certificates of the samples chemically analyzed and records of the radiometric testing of longhole cuttings. The report shall also include a map or sketch showing the location and extent of work completed during the reporting period, and the elevations of the floor of the drift and crosscuts at intervals of not less than 50 feet.

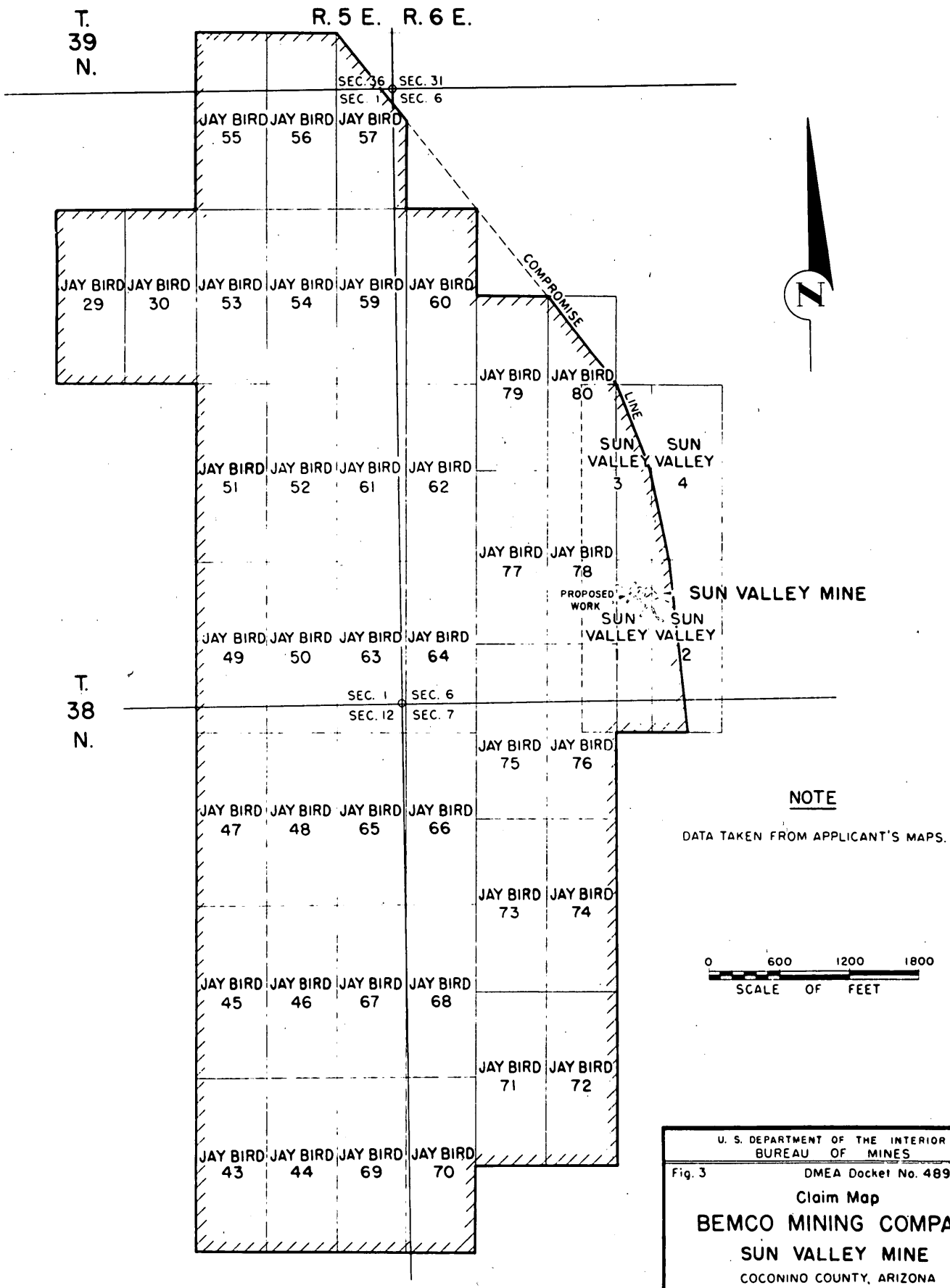
The Operator shall provide a full-time supervisor and such technical assistance as may be required to complete the project work.

The location, extent, and direction of the work under this contract shall be subject to Government approval.

Not in excess of 630 feet of drifting and crosscutting, and 502 feet of longhole drilling shall be performed, nor more than 100 samples shall be chemically analyzed for their U_3O_8 content under this contract.

AGREED UNIT COSTS

630 feet of drifting and crosscutting @ $34.30 /ft.	$21,609.00
502 feet longhole drilling @ $0.50/ft.	251.00
Chemical analyses for U_3O_8 content of 100 samples @ $3.50/each sample	350.00
Estimated Total Cost of Project	$22,210.00
Government Participation @ 50%	$11,105.00



U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER: M. H. HOWES
TRACED: MAR. 1958, BY A.P.T.S.
CHECKED:
DATES: MAR. 12, 1958
1900-444-D

Operator's copy

MF-200A
(Rev. April 1956)

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No. Idm-E*	*County*	*State*
4895	Uranium	1152	Coconino	Arizona

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(b) *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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of 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. 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 all pertinent books, documents, papers, and records of the Operator.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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.)

(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 the unit costs thereof.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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 7. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

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Executed in sextuplicate the day and year first above written.

BEMCO MINING COMPANY

THE UNITED STATES OF AMERICA

By .....xxxx (Operator) .....(Partner)

By .....(Partner)

By .....(Partner)

By .....(Partner)

By [signature]
Administrator, Defense Minerals
Exploration Administration

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

By _____ (Partner)

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

EXPLORATION PROJECT CONTRACT
BEMCO MINING COMPANY
DOCKET NO. DMEA-4895

ANNEX I

The land referred to in Article 2 of the contract consists of forty-three (43) unpatented lode mining claims. The Notices of Location of the claims, to which reference is hereby made for a more complete description, are recorded in the Office of the County Recorder, Coconino County, Arizona, as follows:

Claim	Book	Page
Jay Bird Nos. 29 and 30	70	448 and 449
Jay Bird Nos. 43 through 57	70	450 through
Jay Bird Nos. 59 through 80		487
Sun Valley Nos. 1 through 4	70	488 to 492

The area covered by the claims with reference to section, township, and range lines is shown on the map entitled "Fig. 3 - Claim Map of Bemco Mining Company Sun Valley Mine. . ." attached hereto and made part hereof.

The Operator is in possession of the claims pursuant to the terms of an assignment, executed April 29, 1957, by the Uranium Petroleum Company of its leasehold interest in the claims, acquired by virtue of a lease dated June 15, 1956, from the Grand Canyon Uranium Company.

Attached and made part hereof are copies of Consent to Lien and Subordination Agreements executed by Uranium Petroleum Company, Northern Resources Corporation, and Grand Canyon Uranium Company, respectively, all of which have retained an overriding royalty on ore produced from the claims.

EXPLORATION PROJECT CONTRACT
BEMCO MINING COMPANY
DOCKET NO. DMEA-4895

EXHIBIT "A"

Description of the Work

Work Provisions

The object of this project is to explore for uranium ore deposits by drifting, crosscutting, and long-hole drilling in the Shinarump member of the Triassic Chinle formation.

The approximate location of the work is shown on the map entitled "Figure 4.--Map Showing Previous and Proposed Work on the Sun Valley Claims, Bemco Mining Company, Coconino County, Arizona," attached hereto and made part hereof.

From the present face of the Operator's drift, at a point near the east side line of the Sun Valley No. 1 claim, drift in a northwesterly direction not in excess of 340 feet.

At two points in the drift not less than 150 feet apart, drive two crosscuts in a southwesterly direction. At a point not less than 100 feet northwest of the old workings, shown on map, Figure 4, drive a third crosscut in a northeasterly direction to explore the channel. Also, drill not less than 18 longholes, each to a depth of approximately 25 feet, to explore the walls of the drift and crosscuts. The locations of the crosscuts and longholes shown on Figure 4 are tentative and may be changed with prior written approval by the Government.

The drift and crosscuts shall be driven with the Shinarump Moenkopi contact in the lower part of the face if possible. Where sharp irregularities in the contact make it impractical for the drift or crosscut to follow the contact, vertical holes shall be drilled from the workings to determine the position of the contact and to test for ore in the basal part of the Shinarump.

The walls of the drift and crosscuts shall be tested for radioactivity. Sections showing significant radioactivity shall be sampled at intervals not exceeding 5 feet. The samples shall be split, the Operator shall have one half of each sample analyzed chemically for its U_3O_8 content; the other half shall be stored in a suitable container properly identified as to the location where the sample was procured for Government inspection and possible use.

The Operator shall test the cuttings from the longholes for radioactivity and shall record the results. The cuttings shall

not be analyzed chemically for uranium, however, the cuttings from each hole shall be properly identified and stored for Government inspection and possible use.

With Government approval, the Operator may dispose of the stored samples and cuttings.

The drift and crosscuts shall be timbered where necessary, and shall be not less than 5 feet by 7 feet in cross section in the clear of the timber.

The Operator's monthly report shall include assay certificates of the samples chemically analyzed and records of the radiometric testing of longhole cuttings. The report shall also include a map or sketch showing the location and extent of work completed during the reporting period, and the elevations of the floor of the drift and crosscuts at intervals of not less than 50 feet.

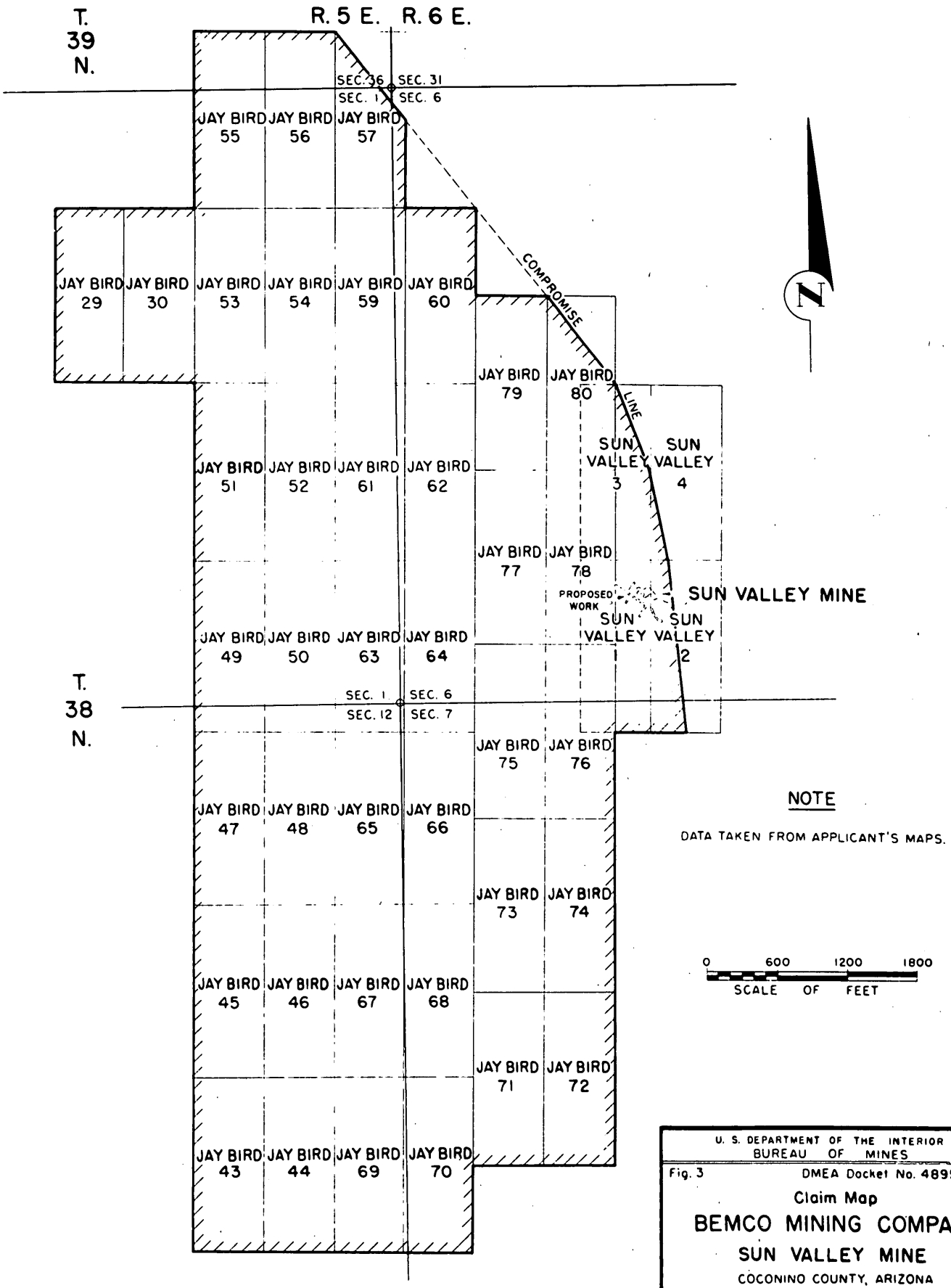
The Operator shall provide a full-time supervisor and such technical assistance as may be required to complete the project work.

The location, extent, and direction of the work under this contract shall be subject to Government approval.

Not in excess of 630 feet of drifting and crosscutting, and 502 feet of longhole drilling shall be performed, nor more than 100 samples shall be chemically analyzed for their U_3O_8 content under this contract.

AGREED UNIT COSTS

630 feet of drifting and crosscutting @ $34.30 /ft.	$21,609.00
502 feet longhole drilling @ $0.50/ft.	$251.00
Chemical analyses for U_3O_8 content of 100 samples @ $3.50/each sample	350.00
Estimated Total Cost of Project	$22,210.00
Government Participation @ 50%	$11,105.00



U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER: M. H. HOWES	DATES: MAR. 12, 1958
TRACED: MAR. 1958, BY A.P.T.S.	1900-444-D
CHECKED:	

Audit copy

MF-200A
(Rev. April 1956)

RECEIVED JUN 17

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No. Idm-E*	*County*	*State*
4895	Uranium	1152	Coconino	Arizona

It is agreed 13 MAY 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and A. J. Beacom, Leo L. Chase, Glenn E. Odekirk, Phillip H. McCary, and Glenn E. McClung, d/b/a/ Bemco Mining Company, a limited partnership organized in California

whose mailing address is c/o Parker and Parker, Room 808, 650 South Spring St. Los Angeles, California, hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 12 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $ 22,210.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $ 11,105.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of Assignors and Lessors

(b) 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 of the land (lessor, seller, optionor, etc.) are attached, as follows: See Annex I

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(b) *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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of 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. 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 all pertinent books, documents, papers, and records of the Operator.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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.)

(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 the unit costs thereof.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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 7. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

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Executed in sextuplicate the day and year first above written.

BENCO MINING COMPANY

THE UNITED STATES OF AMERICA

By ..... (Partner)

By ..... (Partner)

By ..... (Partner)

By ..... (Partner)

By C. Mittendorf
Administrator, Defense Minerals
Exploration Administration

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

By _____ (Partner)

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

EXPLORATION PROJECT CONTRACT
RENCO MINING COMPANY
DOCKET NO. DMEA-4895

ANNEX I

The land referred to in Article 2 of the contract consists of forty-three (43) unpatented lode mining claims. The Notices of Location of the claims, to which reference is hereby made for a more complete description, are recorded in the Office of the County Recorder, Coconino County, Arizona, as follows:

Claim	Book	Page
Jay Bird Nos. 29 and 30	70	448 and 449
Jay Bird Nos. 43 through 57	70	450 through
Jay Bird Nos. 59 through 80		487
Sun Valley Nos. 1 through 4	70	488 to 492

The area covered by the claims with reference to section, township, and range lines is shown on the map entitled "Fig. 3 - Claim Map of Renco Mining Company Sun Valley Mine. . ." attached hereto and made part hereof.

The Operator is in possession of the claims pursuant to the terms of an assignment, executed April 29, 1957, by the Uranium Petroleum Company of its leasehold interest in the claims, acquired by virtue of a lease dated June 15,1956, from the Grand Canyon Uranium Company.

Attached and made part hereof are copies of Consent to Lien and Subordination Agreements executed by Uranium Petroleum Company, Northern Resources Corporation, and Grand Canyon Uranium Company, respectively, all of which have retained an overriding royalty on ore produced from the claims.

EXPLORATION PROJECT CONTRACT
BEMCO MINING COMPANY
DOCKET NO. DMEA-4895

EXHIBIT A

Description of the Work

Work Provisions

The object of this project is to explore for uranium ore deposits by drifting, crosscutting, and long-hole drilling in the Shinarump member of the Triassic Chinle formation.

The approximate location of the work is shown on the map entitled "Figure 4.--Map Showing Previous and Proposed Work on the Sun Valley Claims, Bemco Mining Company, Coconino County, Arizona," attached hereto and made part hereof.

From the present face of the Operator's drift, at a point near the east side line of the Sun Valley No. 1 claim, drift in a northwesterly direction not in excess of 340 feet.

At two points in the drift not less than 150 feet apart, drive two crosscuts in a southwesterly direction. At a point not less than 100 feet northwest of the old workings, shown on map, Figure 4, drive a third crosscut in a northeasterly direction to explore the channel. Also, drill not less than 18 longholes, each to a depth of approximately 25 feet, to explore the walls of the drift and crosscuts. The locations of the crosscuts and longholes shown on Figure 4 are tentative and may be changed with prior written approval by the Government.

The drift and crosscuts shall be driven with the Shinarump Moenkopi contact in the lower part of the face if possible. Where sharp irregularities in the contact make it impractical for the drift or crosscut to follow the contact, vertical holes shall be drilled from the workings to determine the position of the contact and to test for ore in the basal part of the Shinarump.

The walls of the drift and crosscuts shall be tested for radioactivity. Sections showing significant radioactivity shall be sampled at intervals not exceeding 5 feet. The samples shall be split, the Operator shall have one half of each sample analyzed chemically for its U_3O_8 content; the other half shall be stored in a suitable container properly identified as to the location where the sample was procured for Government inspection and possible use.

The Operator shall test the cuttings from the longholes for radioactivity and shall record the results. The cuttings shall

not be analyzed chemically for uranium, however, the cuttings from each hole shall be properly identified and stored for Government inspection and possible use.

With Government approval, the Operator may dispose of the stored samples and cuttings.

The drift and crosscuts shall be timbered where necessary, and shall be not less than 5 feet by 7 feet in cross section in the clear of the timber.

The Operator's monthly report shall include assay certificates of the samples chemically analyzed and records of the radiometric testing of longhole cuttings. The report shall also include a map or sketch showing the location and extent of work completed during the reporting period, and the elevations of the floor of the drift and crosscuts at intervals of not less than 50 feet.

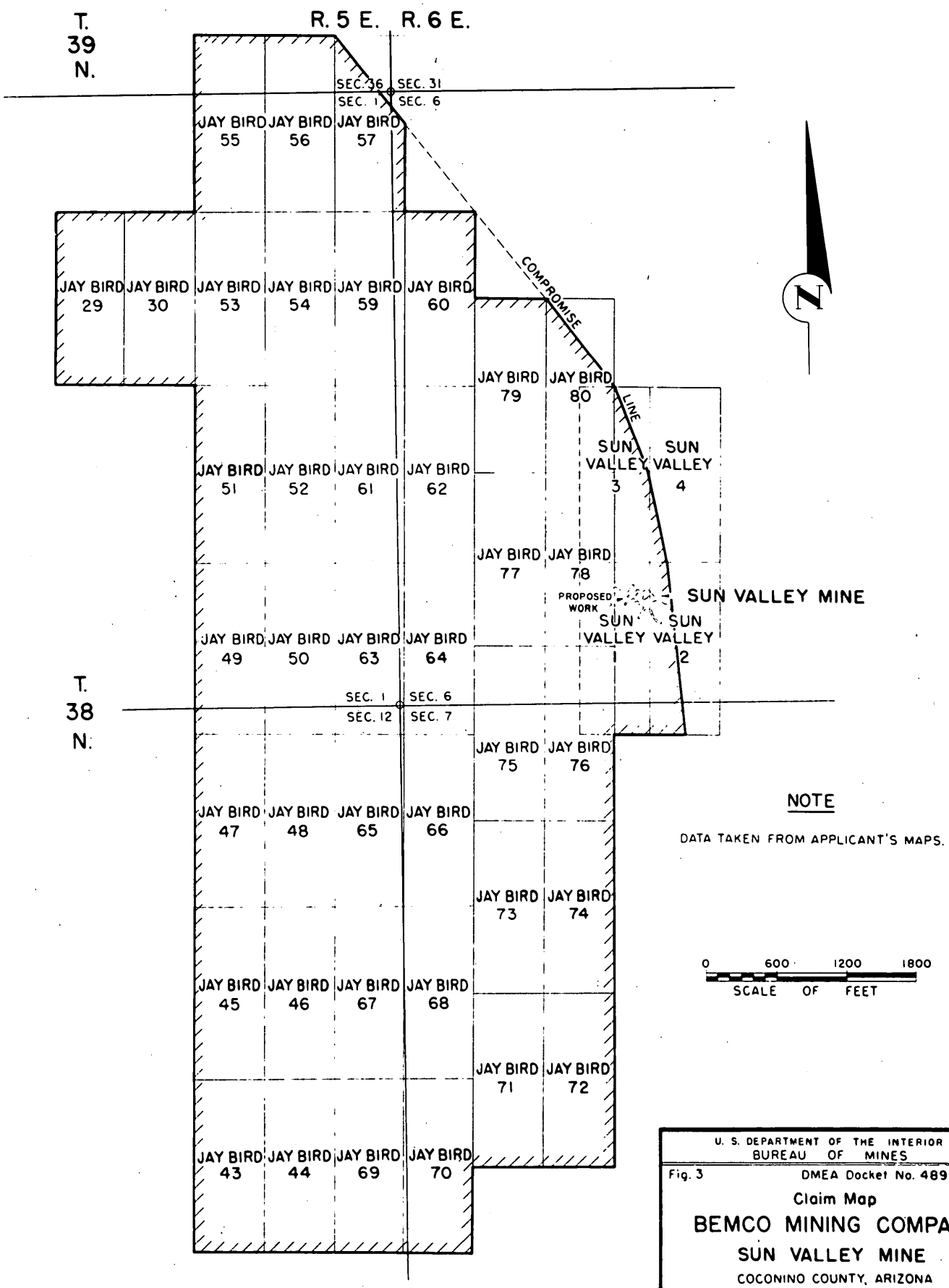
The Operator shall provide a full-time supervisor and such technical assistance as may be required to complete the project work.

The location, extent, and direction of the work under this contract shall be subject to Government approval.

Not in excess of 630 feet of drifting and crosscutting, and 502 feet of longhole drilling shall be performed, nor more than 100 samples shall be chemically analyzed for their U_3O_8 content under this contract.

AGREED UNIT COSTS

630 feet of drifting and crosscutting @ $34.30 /Ft.	$21,609.00
502 feet longhole drilling @ $0.50/Ft.	251.00
Chemical analyses for U_3O_8 content of 100 samples @ $3.50/each sample	350.00
Estimated Total Cost of Project	$22,210.00
Government Participation @ 50%	$11,105.00



U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER: M. H. HOWES	DATES: MAR. 12, 1958
TRACED: MAR. 1958, BY A.P.T.S.	1900-444-D
CHECKED:	

COPY

MF-200A
(Rev. April 1956)

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
4895	Uranium	1192	Coconino	Arizona

It is agreed 13 MAY 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and A. J. Beacom, Leo L. Chase, Glenn E. Odekirk, Phillip H. McCary, and Glenn E. McClung, d/b/a Bemco Mining Company, a limited partnership organized in California

whose mailing address is c/o Parker and Parker, Room 808, 650 South Spring St. Los Angeles, California
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 12 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $22,210.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $11,105.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of Assignors and Lessors

(b) 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 of the land (lessor, seller, optionor, etc.) are attached, as follows: See Annex I

(c) 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. 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

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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 7. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

BEMCO MINING COMPANY

By ..... (Partner)

By _____ (Partner)

By ..... (Partner)

By ..... (Partner)

THE UNITED STATES OF AMERICA

By /s/ C. O. Mittendorf
Administrator, Defense Minerals
Exploration Administration

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

By _____ (Partner)

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

EXPLORATION PROJECT CONTRACT
NEMGO MINING COMPANY
DOCKET NO. NMRA-4895

ANNEX I

The land referred to in Article 2 of the contract consists of forty-three (43) unpatented lode mining claims. The Notices of Location of the claims, to which reference is hereby made for a more complete description, are recorded in the Office of the County Recorder, Coconino County, Arizona, as follows:

Claim	Book	Page
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Jay Bird Nos. 43 through 57	70	450 through
Jay Bird Nos. 59 through 80		487
Sun Valley Nos. 1 through 4	70	488 to 492

The area covered by the claims with reference to section, township, and range lines is shown on the map entitled "Fig. 3 - Claim Map of Nemgo Mining Company Sun Valley Mine. . ." attached hereto and made part hereof.

The Operator is in possession of the claims pursuant to the terms of an assignment, executed April 29, 1957, by the Uranium Petroleum Company of its leasehold interest in the claims, acquired by virtue of a lease dated June 15, 1956, from the Grand Canyon Uranium Company.

Attached and made part hereof are copies of Consent to Lien and Subordination Agreements executed by Uranium Petroleum Company, Northern Resources Corporation, and Grand Canyon Uranium Company, respectively, all of which have retained an overriding royalty on ore produced from the claims.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

COPY

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Coconino, State of Arizona, described as follows: 2/ Fourty-three (43) lode mining claims Jay Bird Nos. 29 & 30, Book 70, Pages 448 & 449; Jay Bird Nos. 43 through 57 and Nos. 59 through 80, Book 70, Pages 450 through 487; Sun Valley Nos. 1 through 4, Book 70, Pages 488 & 492, as recorded in the Office of Coconino County Recorder,

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 31st day of August, 1957.

Uranium Petroleum Company	[Seal]	500 Atlas Building	[Address]
By /s/ Alfred M. Buranek	[Seal]	Salt Lake City, Utah	[Address]
Alfred M. Buranek, Vice President			
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, Richard L. Bird, Jr. certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that Alfred M. Buranek who signed this agreement was then Vice President (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

/s/ Richard L. Bird, Jr.

[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Bemco Mining Company
Docket No. DMEA- 4895
Contract No. Idm-E
Contract Date

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Coconino, State of Arizona, described as follows: 2/ Fourty-three (43) lode mining claims Jay Bird Nos. 29 & 30, Book 70, Pages 448 & 449; Jay Bird Nos. 43 through 57 and Nos. 59 through 80, Book, 70, Pages 450 through 487; Sun Valley Nos. 1 through 4, Book 70, Pages 488 & 492, as recorded in the Office of Coconino County Recorder.,
which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this _____ day of _____, 195__.

Northern Resources Corporation [Seal] _____ [Address]

BY: Arthur M. Buranek [Seal] _____ [Address]
Vice President

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, A. H. Kelson certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that A. M. Buranek who signed this agreement was then Vice President (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

A. K. Kelson
[Corporate Seal]

EXPLORATION PROJECT CONTRACT
HEMCO MINING COMPANY
DOCKET NO. DMEA-4895

EXHIBIT A

Description of the Work

Work Provisions

The object of this project is to explore for uranium ore deposits by drifting, crosscutting, and long-hole drilling in the Shinarump member of the Triassic Chinle formation.

The approximate location of the work is shown on the map entitled "Figure 4.--Map Showing Previous and Proposed Work on the Sun Valley Claims, Demco Mining Company, Coconino County, Arizona," attached hereto and made part hereof.

From the present face of the Operator's drift, at a point near the east side line of the Sun Valley No. 1 claim, drift in a northwesterly direction not in excess of 340 feet.

At two points in the drift not less than 150 feet apart, drive two crosscuts in a southwesterly direction. At a point not less than 100 feet northwest of the old workings, shown on map, Figure 4, drive a third crosscut in a northeasterly direction to explore the channel. Also, drill not less than 18 longholes, each to a depth of approximately 85 feet, to explore the walls of the drift and crosscuts. The locations of the crosscuts and longholes shown on Figure 4 are tentative and may be changed with prior written approval by the Government.

The drift and crosscuts shall be driven with the Shinarump Moenkopi contact in the lower part of the face if possible. Where sharp irregularities in the contact make it impractical for the drift or crosscut to follow the contact, vertical holes shall be drilled from the workings to determine the position of the contact and to test for ore in the basal part of the Shinarump.

The walls of the drift and crosscuts shall be tested for radioactivity. Sections showing significant radioactivity shall be sampled at intervals not exceeding 5 feet. The samples shall be split, the Operator shall have one half of each sample analyzed chemically for its U_3O_8 content; the other half shall be stored in a suitable container properly identified as to the location where the sample was procured for Government inspection and possible use

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not be analyzed chemically for uranium, however, the cuttings from each hole shall be properly identified and stored for Government inspection and possible use.

With Government approval, the Operator may dispose of the stored samples and cuttings.

The drift and crosscuts shall be timbered where necessary, and shall be not less than 5 feet by 7 feet in cross section in the clear of the timber.

The Operator's monthly report shall include assay certificates of the samples chemically analyzed and records of the radiometric testing of longhole cuttings. The report shall also include a map or sketch showing the location and extent of work completed during the reporting period, and the elevations of the floor of the drift and crosscuts at intervals of not less than 50 feet.

The Operator shall provide a full-time supervisor and such technical assistance as may be required to complete the project work.

The location, extent, and direction of the work under this contract shall be subject to Government approval.

Not in excess of 630 feet of drifting and crosscutting, and 502 feet of longhole drilling shall be performed, nor more than 100 samples shall be chemically analyzed for their U_3O_8 content under this contract.

AGREED UNIT COSTS

630 feet of drifting and crosscutting @ $34.30 /ft.	$21,609.00
502 feet longhole drilling @ $0.50/ft.	251.00
Chemical analyses for U_3O_8 content of 100 samples @ $3.50/each sample	350.00
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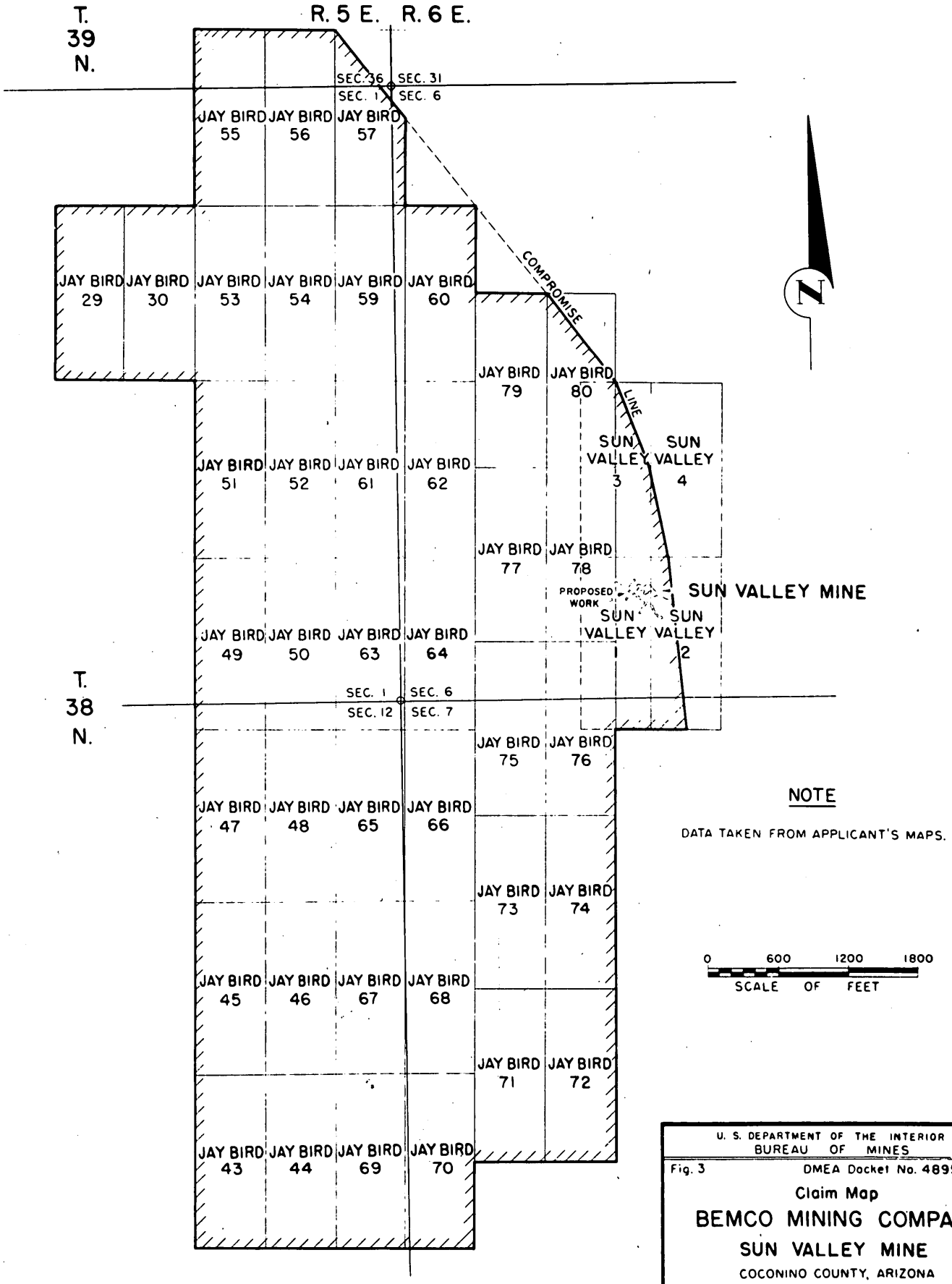


U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER: M. H. HOWES	DATES: MAR. 12, 1958
TRACED: MAR. 1958, BY A.P.T.S.	1900-444-D
CHECKED:	

Extra copy

MF-200A
(Rev. April 1956)

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
4895	Uranium	1152	Coconino	Arizona

It is agreed 13 MAY 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and A. J. Beacom, Leo L. Chase, Glenn E. Odekirk, Phillip H. McCary, and Glenn E. McClung, d/b/a/ Bemco Mining Company, a limited partnership organized in California

whose mailing address is c/o Parker and Parker, Room 808, 650 South Spring St. Los Angeles, California
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 12 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $22,210.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $11,105.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of Assignors and Lessors

(b) 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 of the land (lessor, seller, optionor, etc.) are attached, as follows: See Annex I

(c) 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. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and prov

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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(b) *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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of 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. 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 all pertinent books, documents, papers, and records of the Operator.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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.)

(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 the unit costs thereof.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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 7. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

.....

.....

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

BENCO MINING COMPANY

THE UNITED STATES OF AMERICA

By .....(Partner)

By .....(Partner)

By .....(Partner)

By .....(Partner)

C. O. Mittendorf

By Administrator, Defense Minerals Exploration Administration

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

By _____ (Partner)

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE : 1956—O-383069

EXPLORATION PROJECT CONTRACT
KERR-MCGEE MINING COMPANY
DOCKET NO. DMEA-4895

ANNEX I

The land referred to in Article 2 of the contract consists of forty-three (43) unpatented lode mining claims. The Notices of Location of the claims, to which reference is hereby made for a more complete description, are recorded in the Office of the County Recorder, Coconino County, Arizona, as follows:

Claim	Book	Page
Jay Bird Nos. 35 and 36	70	448 and 449
Jay Bird Nos. 43 through 57	70	450 through
Jay Bird Nos. 59 through 86		487
Sun Valley Nos. 1 through 4	70	488 to 492

The area covered by the claims with reference to section, township, and range lines is shown on the map entitled "Fig. 3 - Claim Map of Kerr-McGee Mining Company Sun Valley Mine, . ." attached hereto and made part hereof.

The Operator is in possession of the claims pursuant to the terms of an assignment, executed April 29, 1977, by the Uranium Petroleum Company of its leasehold interest in the claims, acquired by virtue of a lease dated June 15, 1976, from the Grand Canyon Uranium Company.

Attached and made part hereof are copies of Consent to Lien and Subordination Agreements executed by Uranium Petroleum Company, Northern Resources Corporation, and Grand Canyon Uranium Company, respectively, all of which have retained an overriding royalty on ore produced from the claims.

EXPLORATION PROJECT CONTRACT
BEMCO MINING COMPANY
DOCKET NO. DMEA-4893

EXHIBIT A

Description of the Work

Work Provisions

The object of this project is to explore for uranium ore deposits by drifting, crosscutting, and long-hole drilling in the Shinarump member of the Triassic Chinle formation.

The approximate location of the work is shown on the map entitled "Figure 4.--Map Showing Previous and Proposed Work on the Sun Valley Claims, Bemco Mining Company, Coconino County, Arizona," attached hereto and made part hereof.

From the present face of the Operator's drift, at a point near the east side line of the Sun Valley No. 1 claim, drift in a northwesterly direction not in excess of 340 feet.

At two points in the drift not less than 150 feet apart, drive two crosscuts in a southwesterly direction. At a point not less than 100 feet northwest of the old workings, shown on map, Figure 4, drive a third crosscut in a northeasterly direction to explore the channel. Also, drill not less than 18 longholes, each to a depth of approximately 25 feet, to explore the walls of the drift and crosscuts. The locations of the crosscuts and longholes shown on Figure 4 are tentative and may be changed with prior written approval by the Government.

The drift and crosscuts shall be driven with the Shinarump Moenkopi contact in the lower part of the face if possible. Where sharp irregularities in the contact make it impractical for the drift or crosscut to follow the contact, vertical holes shall be drilled from the workings to determine the position of the contact and to test for ore in the basal part of the Shinarump.

The walls of the drift and crosscuts shall be tested for radioactivity. Sections showing significant radioactivity shall be sampled at intervals not exceeding 5 feet. The samples shall be split, the Operator shall have one half of each sample analyzed chemically for its U_3O_8 content; the other half shall be stored in a suitable container properly identified as to the location where the sample was procured for Government inspection and possible use.

The Operator shall test the cuttings from the longholes for radioactivity and shall record the results. The cuttings shall

not be analyzed chemically for uranium, however, the cuttings from each hole shall be properly identified and stored for Government inspection and possible use.

With Government approval, the Operator may dispose of the stored samples and cuttings.

The drift and crosscuts shall be timbered where necessary, and shall be not less than 5 feet by 7 feet in cross section in the clear of the timber.

The Operator's monthly report shall include assay certificates of the samples chemically analyzed and records of the radiometric testing of longhole cuttings. The report shall also include a map or sketch showing the location and extent of work completed during the reporting period, and the elevations of the floor of the drift and crosscuts at intervals of not less than 50 feet.

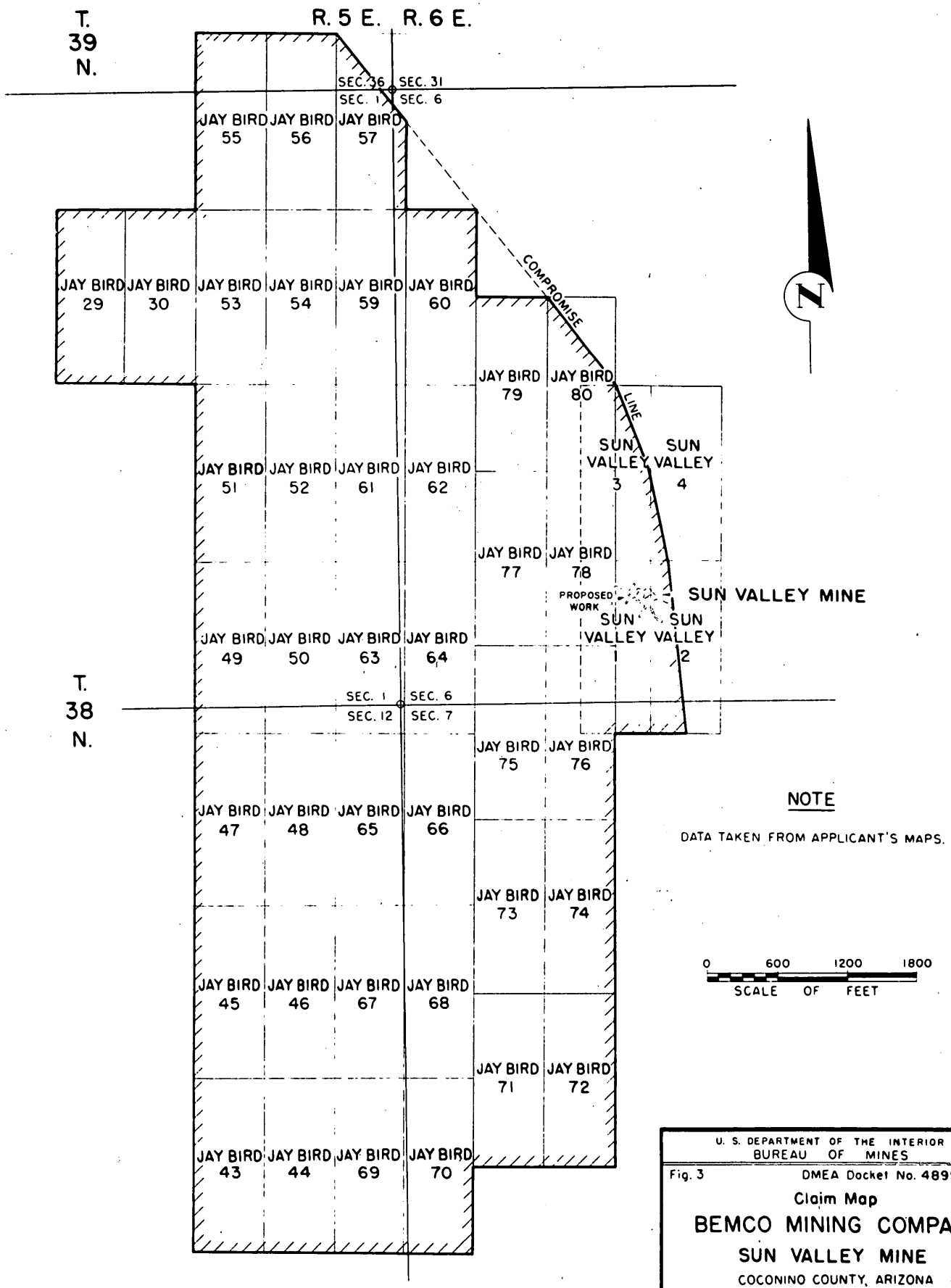
The Operator shall provide a full-time supervisor and such technical assistance as may be required to complete the project work.

The location, extent, and direction of the work under this contract shall be subject to Government approval.

Not in excess of 630 feet of drifting and crosscutting, and 502 feet of longhole drilling shall be performed, nor more than 100 samples shall be chemically analyzed for their U_3O_8 content under this contract.

AGREED UNIT COSTS

630 feet of drifting and crosscutting @ $34.30 /ft.	$21,609.00
502 feet longhole drilling @ $0.50/ft.	251.00
Chemical analyses for U_3O_8 content of 100 samples @ $3.50/each sample	350.00
Estimated Total Cost of Project	$22,210.00
Government Participation @ 50%	$11,105.00



U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER: M. H. HOWES	DATES: MAR. 12, 1958
TRACED: MAR. 1958, BY A.P.T.S.	1900-444-D
CHECKED:	

DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE | Idm-E NO._____ | DMEA NO. 4895

Application
- [ ] Denied
- [ ] Withdrawn

Contract 13 MAY 1958 1192
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

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

Folder No. 1:

Left Side

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

Right Side

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

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

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

Additional Folders:

Left Side

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

Right Side

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

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

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

17963

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

December 5, 1957

DMEA
RECEIVED DEC 9 1957
CODE

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Application For DMEA Aid - (Uranium and Rhenium)
Bemco Mining Company (Sun Valley Mine)
Coconino County, Arizona

Enclosed are the original and two copies of the subject application in the amount of $75,263.45. Also enclosed are the original and four copies of a Consent To Lien signed by Alfred M. Buranek, Vice President of the Uranium Petroleum Company, and an Agreement dated April 29, 1957, between Uranium Petroleum Company and the Bemco Mining Company. One copy of the application and one copy of the agreement are being retained in our file.

The Applicant proposed a two-stage exploration program consisting of drifting, crosscutting and long hole drilling.

The covering letter of this application is enclosed and consists of a copy of the Administrator's letter to Mr. Phillip H. McCary, Jr. on Docket No. DMEA 4287 (Uranium) Uranium-Petroleum Company, Jay Bird and Sun Valley Claims, Coconino County, Arizona. The date of the Administrator's letter does not show on the photostat.

W H King

W. H. King
Executive Officer

Encls.

LYAK
4MC

Enclosed are six copies (one extra for the signer) of the agreement; five copies (one extra) of the application form; and an extra copy of the proposed contract with Uranium-Petroleum Company which you requested.

In submitting the new application, refer to Docket No. [redacted]-4287 in answer to questions 1, 2, and 3 of the form; however, questions 4, 5, 6, and 7 should be answered fully.

Upon receipt of the new application, we will process it as rapidly as possible.

Sincerely yours,

Administrator

Enclosures

Form MF-103
Revised Feb. 1957

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1035.3
Approval expires June 30, 1958

APPLICATION FOR AID IN AN EXPLORATION PROJECT

PURSUANT TO DMEA ORDER I, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

NAME OF APPLICANT (Full legal name and mailing address as it should appear on contract if one is executed)

Bemco Mining Company,
c/o Parker & Parker,
Room 808,
650 South Spring Street,
Los Angeles, California.

DMEA
DEPARTMENT OF THE INTERIOR
DEC 5 - 1957
REGION III
DENVER, COLORADO

APPLICANT NOT TO USE THIS BLOCK

Docket Number: DMEA- 4895
Date Received: 12/9/57
Government Participation %: 50% Fmem
Region: III
Division Code: 700

BUSINESS ORGANIZATION (Check one)

- Individual [ ]
- Corporation [ ]
- Partnership [X]
- Other (Specify) [ ]

State in which firm is organized: California

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

Name	Address	Title
A. J. Beacom,	2155 E. 7th St., Los Angeles,	General Part.
Leo L. Chase,	P.O. Box 812, Apple Valley, Calif.	General Partner
Glenn E. Odekirk,	P.O. Box 812, Apple Valley, Calif.	General Partner
Phillip H. McCary Jr.	3311 W.104th St. Inglewoof, Calif.	General Partner
Glenn E. McClung,	Escalante, Utah,	General Partner

Mineral(s) for which you wish to explore: Uranium - Rhenium

Estimated Cost of Project: $ 75,263.45

LOCATION OF PROPERTY

Name	County	State
Sun Valley Mine,	Coconino,	Arizona

GENERAL INSTRUCTIONS

Before filling out this application, please read DMEA Order-I, Amended, "Government Aid in Defense Exploration Projects." To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit four copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 1, existing mine workings and geology in item 2, and the proposed exploration project in item 4. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 2(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest DMEA Field Office.*

CERTIFICATION

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

December 2, 1957.
Dated

Phillip H. McCary Jr.
BY (Signature)

General Partner
Title

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

1. *Applicant's Property Rights:*

(a) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all land adjacent to the proposed project area which you own or control. Describe any part of the project land or workings which should not be subject to Government lien for royalty payments. If the land consists of unpatented claims, state the book and page number for each recorded location notice, including amended locations, and the place where recorded (courthouse, recorder's office, county, and state).

(b) State all the names by which you know the property.

(c) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise. If you are not the owner, submit with this application one exact copy of the lease, contract, or other document (with address of owner) under which you control the property.

(d) Describe all liens, mortgages, or other encumbrances on the property.

2. *Physical Description:*

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the lands, including existing mine workings. Describe all production facilities.

(b) State your interest, if any, in operations stated in 2*(a)*.

(c) State, as far as you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves on the property giving quantities and grades and sampling methods used, supporting your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations, if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you may have, indicating on each whether you require its return to you.

3. *Accessibility of Project:*

(a) To aid DMEA representatives who may be required to examine the property, state the name and address of the person who will meet the DMEA representative; give directions for reaching the property; and describe accessibility of the property including the mine workings.

(b) Name the shipping and supply points and places where employees reside and state the distances between them and the property.

4. *The Exploration Project:*

(a) Describe fully the proposed exploration project giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and longitudinal and cross sections as necessary. Show the location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *property boundaries* or to the closest identifiable corner.

(b) If an access road to the project must be built, show the location on the property map and state the length, type, and construction methods proposed.

(c) In the event that an exploration contract with DMEA is executed, how soon will the work start and how many months will be required to complete it? State your anticipated average daily or monthly rate of progress for each type of work.

5. *Experience:*

State your operating experience and background with relation to your ability to carry out this exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of Costs:*

Furnish detailed estimates of the costs *for each item of the work proposed in 4(a)* under the headings listed below with a total for each heading and the estimated total cost of the project. Costs for any work to be performed by an independent contractor should be shown separately under category *(a)* below. Costs for any work that is not to be performed by an independent contractor should be given in detail under categories *(b)* through *(g)*.

(a) Independent contracts. State the cost of any proposed independent contract for the performance of all or any part of the work, expressed in units of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. *(Note* – If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. For necessary supervision, engineering and geological services, and labor, include an itemized schedule of numbers, classes, rates of wages, salaries or fees, and periods of employment. State whether these technicians and employees are available.

(c) Operating materials and supplies. List items of material and supplies with their cost. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of operating equipment to be used giving specifications and indicating how each item is to be acquired – i.e., rented, purchased, or provided by the applicant. If it is rented or purchased, state the estimated rental or purchase price. If it is to be furnished by the applicant, give its present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of necessary *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant, which will be used on the exploration project.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration project stating specifications and cost including labor, materials and supervision.

(g) Miscellaneous. For the operating equipment listed in 6*(d)*, describe the type and estimate the cost of repairs and maintenance expected during project operations. Do not repeat initial repairs listed in 6*(e)*. Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories.

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

7. *(a)* State whether you are prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation stated in Sec. 7 of DMEA Order–I, Amended.

(b) Explain to what extent you propose to furnish your share of the costs by providing money, by use of equipment owned by you, or otherwise.

* * * * *

INT.-DUP. SEC., WASH., D.C. 15539

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D.M.E.A. LOAN

SUN VALLEY MINE

1. Applicants Property Rights

   a. Refer to Docket No. D.M.E.A. - 4287
   b. Refer to Docket No. D.M.E.A. - 4287
   c. Bemco Mining Co. has this property under lease, ~~A copy of our purchase contract, from Uranium Petroleum Co., is attached as~~ Exhibit 1.
   d. Grand Canyon Uranium Co., the Lessor, retains a 8½% royalty. Uranium Petroleum Co., the company from whom Bemco Mining Co., purchased this lease, retains a royalty described as follows: 7½% royalty until Uranium Petroleum Co., receives $50,000.00; 6½% royalty until Uranium Petroleum Co., receives $150,000.00; 5% royalty until Uranium Petroleum Co., receives $1,000,000.00; and at the completion of this, Uranium Petroleum Co., will retain no royalty interest.
   There are no other liens, royalties, or other encumbrances imposed on the property.

2. Physical Description

   a. Refer to Docket No. D.M.E.A. - 4287
   b. Bemco Mining has not been involved in any previous development of this property as described in Docket No. D.M.E.A. - 4287.
   c. Refer to Docket No. D.M.E.A. - 4287
   d. Refer to Docket No. D.M.E.A. - 4287
   e. Refer to Docket No. D.M.E.A. - 4287
   f. Refer to Docket No. D.M.E.A. - 4287
   g. Refer to Docket No. D.M.E.A. - 4287

3. Accessibility of Project

   a. Refer to Docket No. D.M.E.A. - 4287
   b. Refer to Docket No. D.M.E.A. - 4287

4. The Exploration Project

   4a. Stage 1

It is anticipated that if this loan is approved, the Government participation in drifting will commence at drill hole G26. From this point approximately 360 feet of main haulage drift will be driven in a northwesterly direction. The approximate location of this drift is shown on the attached map. The Shinarump-Moenkopi contact will be retained in the lower half of the face at all times except when there are local variations in regional grade.

4a Stage 1 cont.

When this occurs, testholes will be drilled up or down, at 10 foot intervals, to determine the location of the contact. This main haulage drift will be at least 5x7 feet in the clear of timber. Timber will be used as necessary, and will be Oregon Fir of No. 1 construction grade or better.

Crosscuts will be driven in both directions from the main drift. These crosscuts will be located approximately where shown on the map, and they will be at least 5x7 feet in the clear of timber. The approximate length of these crosscuts is shown on the map. All crosscuts will be terminated when it is apparent that the flanks of the channel have been reached, For this reason the various crosscuts may be longer or shorter than what is shown on the attached map.

The main haulage drift and all crosscuts will be sampled every 10 feet. The sampling will be staggered from wall to wall at 5 foot intervals. All samples will be assayed chemically for uranium, vanadium, and rhenium. Longhole drilling will be performed at 25 foot intervals in the main haulage drift and all crosscuts. The longholes will not be over 25 feet in length, and each hole will be terminated if it is apparent that it has penetrated the general ore zone. These longholes will be drilled both horizontally and vertically. All samples from the longholes will be assayed in 5 foot incraments. They will be assayed for uranium, vanadium, and rhenium.

The first stage of development will employ 360 feet of drift and 475 feet of crosscut. Samples amounting to 166 will be submitted for chemical analysis from the walls of the drift and crosscuts.

2,050 feet of longhole will be drilled at 25 foot intervals along the drift and crosscits. No longhole will be in excess of 25 feet. 410 samples will be submitted for chemical analysis from the longhole drilling. These samples will be assayed for uranium, vanadium, and rhenium.

4a Stage 2

The second stage of development will be employed if the results from the first stage are favorable in the opinion of the U. S. Government and Bemco Mining Company.

This stage will employ 844 feet of additional crosscuts shown on the attached map. All crosscuts will be at least 5x7 feet in the clear of timber, and timber will be used as necessary. The Shinarump-Moenkopi contact will be retained in the lower half of the face at all times, except when there are local variations in the regional grade. When this contact is not in the face, testholes will be drilled up or down to locate its position,

4a Stage 2 cont.

The length of these crosscuts is only approximate, but they will be terminated when it is apparent that the flanks of the channel have been reached.

Both walls of all crosscuts will be sampled at 10 foot intervals and assayed for uranium, vanadium, and rhenium. These samples will be staggered at 5 foot intervals from wall to wall.

Long holes will be drilled every 25 feet along all crosscuts. These longholes will be drilled horizontally and vertically, and samples will be retrieved in 5 foot incraments. These samples will be assayed for uranium, vanadium and rhenium.

The second stage will include 844 feet of crosscut, and samples retrieved from the walls will number 168.

Long hole drilling is estimated at 1,975 feet with 395 samples being collected for assay.

4b

No road building is anticipated.

4c

Work will commence within 15 days of an approved program and will be completed within 18 months. Anticipated average daily progress in drifts of crosscuts is 8 feet. The average daily rate of progress in the longhole drilling is 25 feet.

5. Experience

The general partners of Bemco Mining Company are quite familiar with all phases of the mining industry.

Mr. Leo Chase has been engaged in the mining and construction business for over fifteen years and is presently the owner of a construction company that has several mining subsidiaries,

Mr. Glenn E. Odekirk has had his own aircraft business for twenty-five years and is presently associated with Mr. Chase in the following mining companies: Western Oil and Minerals,Development Corp; Imperial Milling Company; and El Pequito Mining Company.

Mr. Arthur J. Beacom, who also owns his own business has been active in mining and oil for over ten years. He is associated with McCary-Beacom Company which has been actively engaged in the development and operation of mining and oil properties.

5. Cont.

Mr. Glenn E. McClung is president of McClung Drilling Corporation, which specializes in the development drilling of mining and oil properties. He has been engaged in this business for over fifteen years.

Mr. Phillip H. McCary Jr. is well acquainted with the mining industry and will supervise all operations pertaining to the development of the Sun Valley Mine. He has been instrumental in the development and mining of numerous uranium properties throughout the Colorado Plateau. Also, he is a graduate geologist and will perform all of the technical duties.

Mr. Walter Sim, who is the mine foreman, has been in the mining business for over fifty years. He is more than qualified to administer all mining operations. He has spent many years as a mining contractor in such places as Bisbee, Jerome, Globe, and Wickenburg in Arizona, the Mother Lode in California, and in various portions of the Colorado Plateau.

6. Estimate of Costs

6.a Stage 1. Fixed Unit Costs

835 feet of drift and crosscut	@ $34.30 per ft.	$28,640.50
2,050 feet of Longhole drilling	@ $ .50 per ft.	$ 1,025.00
576 samples for chemical analysis, uranium, vanadium, rhenium	@ $13.75 per sample	$ 7,920.00
		$37,585.50

6.a Stage 2.

844 feet of crosscut	@ $34.30 per ft.	$28,949.20
1,975 feet of Longhole drilling	@ $ .50 per ft.	$ 987.50
563 samples for chemical analysis, uranium, vanadium, rhenium	@ $13.75 per sample	$ 7,741.25
		$37,677.95
Estimated total cost of project		$75,263.45
Government participation	@ 75%	$56,447.59

6.b

Bemco Mining Company will furnish all the technical personnel as a portion of their participation in the project. One geologist will be furnished full time during the existance of this project. He will be retained at $50.00 a day or $1,050.00 a month, assuming a twenty-one day work month. All additional personnel are included in the fixed unit cost of drifts, crosscuts, etc.

6.c

All operating materials and supplies are included in the fixed unit cost of drifts and longhole drilling.

6.d

All operating equipment will be provided by Bemco Mining Co. The estimated fair market value of the equipment is as follows:

NUMBER	DESCRIPTION	VALUE
1	Slusher	$ 734.00
1	Jaeger 250 cu. ft. portable Diesal Air Compressor	3,750.00
1	Thor 390 Integral Air Leg	885.00
1	Thor 37 Sinkerdrill 7/8 x 4 1/4	450.00
4	3/4"x 50' Airhose	130.00
4	1/2"x 50' Airhose	110.00
1	20 gallon Rockdrill tank	85.00
1	House trailer	675.00
1	House trailer	575.00
1	Generator, 3½ KW Full Automatic	550.00
1	Mine hoist with powerplant	2,000.00
1	10" Paddle Type Blower	200.00
40	10ft.x10" ridged blower pipe	225.00
4	New 106B - P.R.I. detection counters	398.00
2	106B - P.R.I. detection counters	100.00
1	Ford dump truck - 15 ton - 1950	2,768.00
2	Mine cars	200.00
1	3/4 ton International 4 wheel drive pickup truck - 1958	3,200.00
1	1/2 ton Ford pickup truck - 1954	750.00
1	Willys Station Wagon - 1950	200.00
	Additional jackhammers, rail, switches, steel, and miscellaneous small tools	1,840.00
	TOTAL	$19,825.00

6.e

No rehabilitation or repairs are required on any buildings or equipment.

6.f

No new buildings, fixtures or installations will be required for the project.

6.g

No maintenance or repairs of equipment is anticipated since all equipment is in excellent condition. To be safe, 10% of the estimated fair market value of the equipment to be used on the project could be alloted for maintenance. This amount would be $1,982.00. Bemco Mining Company will supply all maintenance and repair as a portion of their participation in the project.

7.a

Bemco Mining Company is prepared to furnish their share of the cost of the proposed project in accordance with the regulations on Government participation stated in Section 7 of D.M.E.A. Order-1 Amended.

7.b

Bemco Mining Company will furnish their share of the cost in the form of money, equipment owned by Bemco Mining Company, and the supply of technical personnel.

U.S.G.S.
P.O. Box 360
Grand Junction, Colo.

IN REPLY REFER TO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER DENVER 2, COLORADO

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DATE	INITIALS	CODE

May 28, 1957

Mr. Phillip McCarey
% Cliff Dwellers Lodge
Via Cameron, Arizona

Dear Phil:

I hear from John Wells that you are now the proud owner of the Sun Valley mine. I have always been of the opinion that the property could turn into something very much worth while if it were properly mined and exploited.

I already have two papers "in the mill" concerning the Sun Valley mine: one on the occurrence of some detrital-appearing uraninite grains which I found in the ore, and another on the rhenium content. I have received, from Upatco, permission to publish any information concerning my study of the mine and property. I don't know what the status would be now since the property has changed hands, but, to be on the safe side, I would appreciate a similar letter from you.

John said that you would be interested in knowing more about the rhenium occurrence in the Sun Valley mine. I have had a total of 30 samples from the mine analyzed spectrographically. Of these samples, 11 contained rhenium ranging from .007 to .07 percent. The rhenium was found to be associated with the uranium (and possibly molybdenum) in the samples, and is concentrated in the hot water (about 90° C) soluble fraction. Two water-soluble fractions assayed 0.7 and 1.5 percent rhenium.

Rhenium in the Sun Valley mine is probably of more interest geologically than economically. However, the present market price for rhenium is about $900 a pound. I don't know how much of this price is in the cost of refining the metal. The only producer in this country today is the University of Tennessee's chemistry department. They extract the rhenium from flue-dust from the roasting of molybdenite ores at the Miami Copper Company's mill at Miami, Arizona.

Rhenium can be utilized for electric contact points, corrosion-resistant alloys, and in high-temperature thermometry. The Bureau of Mines (1953) reports that only a few hundred pounds are produced annually.

I hope the [illegible] information is what you wanted, but if [illegible] and [illegible] any questions which you may still have.

I [illegible] statement that you have from time [illegible] the channel. I would appreciate any information about your [illegible] you could lend me. I am here copies made of any [illegible] you [illegible] sent, returned.

Sincerely,

Richard [illegible] Peterson

KENNECOTT COPPER CORPORATION
WESTERN MINING DIVISION
RESEARCH CENTER
1515 MINERAL SQUARE
SALT LAKE CITY, UTAH

S. R. SHINGELEY
DIRECTOR

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DATE	INITIALS	CODE

July 25, 1957

Mr. Phillip K. McCary, Jr.
McCary - Beeson Company
2156 East Seventh Street
Los Angeles 23, California

Dear Mr. McCary:

We have just completed the analysis of the sample you sent us from your San Valley uranium mine located in Cocoino Valley, Arizona. You will note that we have verified the presence of rhenium in the sample submitted by you.

In examining your sample, we noticed that it was a mixture of broken crystal boulders and clay-like material. Since we suspected the rhenium was present it would probably be in the clay-like material, we also used this for analysis. You will note that by quantitative chemical analysis we found this material to contain 0.012% rhenium which is equivalent to 24.024 pounds per ton. After verifying the presence of rhenium, we then crushed the small boulders and analyzed them also. You will note that although the boulders contained some rhenium, the content was much lower than in the clay-like material. You will also note that although we have reported U_3O_8 equivalent on these samples, the uranium results are unreliable as certain and do not repeat chemical analysis. Also, it appears that two-thirds of the rhenium occurring in the clay-like material is [illegible] monthenate, soluble in water. The assay sheets are attached.

Sincerely yours,

Director of Research

SR
Enclosures (2)

cc: Dr. L. C. [illegible]
Mr. [illegible]

KENNECOTT COPPER CORPORATION

RESEARCH CENTER

CERTIFICATE OF ANALYSIS

DATE: July 23, 1957

LAB. NO.	DESCRIPTION	Rad. Equiv. % U_3O_8	% Re
4285	A-21, Rhenium	0.016	0.002

KENNECOTT COPPER CORPORATION

RESEARCH CENTER

CERTIFICATE OF ANALYSIS

DATE: July 23, 1957

LAB. NO.	DESCRIPTION	% Re	Rad. Equiv. % U_3O_8	H_2O Sol. % Re
4159	A-21, Rhenium (McQuay) -100 M	0.012	0.78	0.008

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

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DATE	INITIALS	CODE

August 16, 1957

Mr. W. H. Hudson
995 Marshall Boulevard
San Bernardino, California

Dear Mr. Hudson:

The sample of material you submitted from the Sun Valley mine, Coochino County, Arizona, assayed 0.037 percent U_3O_8, 0.34 percent Mo, and 0.009 percent Re.

A copy of this report is inclosed should you want to forward it to the Bemco Mining Co. in Los Angeles. We do not have the company's address.

Sincerely yours,

Joe B. Rosenbaum
Supervising Metallurgist

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AGREEMENT

THIS AGREEMENT, made and entered into in Salt Lake City, State of Utah, on the 5 day of April, 1957, by URANIUM PETROLEUM COMPANY, a Nevada corporation, with offices at 508 Atlas Building, Salt Lake City, Utah, hereinafter called the "Assigner," and LEO L. CHASE, GLENN E. ODEKIRK, ARTHUR J. BEACOM, and PHILLIP H. McCARY, JR., a limited partnership doing business under the name of BEMCO MINING COMPANY of Room 808, 650 South Spring Street, Los Angeles, California, hereinafter called the "Assignee."

WITNESSETH:

WHEREAS, one G. C. Bonham, a general partner in the firm of Grand Canyon Uranium Company, executed and delivered to the Assignor a certain Mining Lease dated the 15th day of June, 1956, and recorded on the 6th day of May, 1957, in the office of the Recorder of Coconino County, Arizona, in Book 105, pages 16 - 24, covering certain mining claims described as follows:

> Jaybird 29 and 30 recorded in Book 70, Official Records, pages 448 and 449; Jaybird 43 through 80 inclusive, recorded in Book 70, Official Records, Pages 450 to 487; Sun Valley 1 through 4, inclusive, recorded in Book 70, Official Records, Pages 488 to 492. These mining claims are located in Sections 1 and 12, Township 38 North, Range 5 East, O&SRB& M, and as the same are set out on a survey plat prepared by C. W. Dryden on March 12, 1955, and as revised on August 15, 1955.

subject to the royalties, terms, covenants, provisions and conditions contained therein; and

WHEREAS, the Assignor represents that it is not in default in the performance of any of the terms, covenants, provisions and conditions contained in said Lease; and

WHEREAS, the Assignor further represents that the term of said Lease runs for ten (10) years from the date thereof and thereafter from year to year so long as the terms and conditions of said Lease are complied with;

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

That, in consideration of the sum of Fifteen Thousand Dollars ($15,000.00) paid by the Assignee, the receipt whereof is hereby acknowledged, the payment of royalties as hereinafter provided, and other valuable considerations hereinafter set forth, the Assignor hereby assigns to the Assignee all of its right, title and interest in and to the said Lease, together with the premises therein described.

TO HAVE AND TO HOLD the same unto the Assignee and the assigns of the Assignee from the _____ day of _____, 195__, for all the rest of the term mentioned in said lease subject to the royalties, terms, covenants, provisions and conditions therein set forth.

II.

That as part of the consideration for this agreement, and to induce the Assignee to pay the herein provided consideration and to accept the assignment herein contained, the Assignor covenants with the Assignee as follows:

a. That said Lease is a valid Lease that now is in full force and effect;

b. That it has good right to assign the same; and

c. That it agrees to and will forever warrant and defend the same against any and every person, firm, association or corporation who or which may claim the same.

d. That it agrees to and will grant to the Assignor an option to purchase on a first refusal basis the royalties hereinafter reserved.

e. That in the event the Assignor obtains the right to purchase the claims hereinabove described or the royalty interest reserved by the Lessor, G. C. Bonham, the Assignor grants to the Assignee an option to purchase upto fifty per cent (50%) of any such contract.

III.

That as part of the consideration for this agreement, and to induce the Assignor to execute and deliver this instrument the Assignee covenants with the Assignor as follows:

a. To pay or cause to be paid to any person or persons or corporation or corporations who may be entitled thereto for the time being the royalty of eight and one-half per cent (8-1/2%) of the gross proceeds of all ores and minerals mined and sold reserved in and by said lease as and when the same shall become due;

b. To pay or cause to be paid to the Assignor or its assigns in addition to the Fifteen Thousand Dollars ($15,000.00) cash hereinbefore provided, the sum of One Million Dollars ($1,000,000.00) out of the gross proceeds of all ores and minerals mined and sold from said mine and contracts including government production bonuses but excluding allowances paid by any purchasing agent or the United States Government for development or haulage allowances on uranium ores, the sum of One Million Dollars ($1,000,000.00) to be paid as follows:

(1) At the rate of seven and one-half per cent (7-1/2%) of the gross proceeds until the sum of Fifty Thousand Dollars ($50,000.00) has been paid.

(2) At the rate of six and one-half per cent (6-1/2%) of the gross proceeds until the total sum of One Hundred Fifty Thousand Dollars ($150,000.00) has been paid.

(3) At the rate of five per cent (5%) of the gross proceeds until paid in full.

c. To keep, observe, and perform duly and punctually all of the terms, covenants, provisions and conditions contained in said lease on the part of the Assignor, its legal representatives and assigns to be kept, observed and performed.

d. To keep said Assignor and its legal representatives indemnified against any and all acts, royalties, proceedings, costs, damages, claims and demands whatsoever that may be incurred or sustained by reason of the breach of any of the terms, covenants, provisions and conditions therein set forth on the part of the Assignor, its legal representatives and assigns to be kept, observed and performed.

e. To advise the Assignor by Western Union Telegraph, addressed to its office, of any written notice from the Lessor specifying a default in the terms of said Lease.

f. That in the event the Assignee obtains the right to purchase the claims hereinabove described or the royalty interest reserved by the Lessor, G. C. Bonham, the Assignee, grants to the Assignor an option to purchase up to fifty per cent (50%) of any such contract.

IN WITNESS WHEREOF, the parties hereto have hereunto set

their hands and seals the day and year first above written.

ATTEST:

Richard L. Burdy Jr.
Secretary

URANIUM PETROLEUM COMPANY

By A. H. Nelson
President

BEMCO MINING COMPANY

Leo L. Chase
Leo L. Chase

Glenn E. Odekirk
Glenn E. Odekirk

Arthur J. Beacom
Arthur J. Beacom

Phillip H. McCary, Jr.

STATE OF CALIFORNIA,
County of San Bernardino } ss.

ON THIS 11 day of May, A.D., 19 57, before me, W. E. Cantrell a Notary Public in and for said County and State, personally appeared Leo L. Chase and Glenn E. Odekirk, known to me, to be the persons whose names are subscribed to the within Instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

W. E. Cantrell
My Commission Expires December 16, 1
Notary Public in and for said County and State.

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STATE OF UTAH)
: ss:
COUNTY OF SALT LAKE)

ON THE 27th day of April 1957, personally appeared before me A. H. KELSON and Richard L. Pinkey, who being by me duly sworn did say, each for himself, that he, the said A. H. Kelson is the President, and he, the said Richard L. Pinkey is the Secretary of URANIUM PETROLEUM COMPANY, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors and said A. H. Kelson and Richard L. Pinkey each duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation, and said A. H. Kelson and said Richard L. Pinkey hereby certify that this agreement and the assignment represented thereby was duly authorized under a resolution duly adopted by the Board of Directors of URANIUM PETROLEUM COMPANY at a lawful meeting duly held and attended by a quorum.

Margaret C. Young
Notary Public, Residing at
Salt Lake City, Utah.

My commission expires:

April 1, 1959

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STATE OF CALIFORNIA)
: ss;
COUNTY OF _____)

On this _____ day of _____, 1957, before me, _____, the undersigned officer, personally appeared ~~Leo L. Chase, Glenn E. Odekirk,~~ Arthur J. Beacom and Phillip H. McCary, Jr., who duly acknowledged themselves to be general partners of BEMCO MINING COMPANY, a limited partnership, and that they as such general partners being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the limited partnership by themselves as general partners.

_____
Notary Public, residing in
_____, California

My Commission expires:

_____

U. S. Government Messenger Envelope

Standard Form No. 65 (Rev. 1/46)

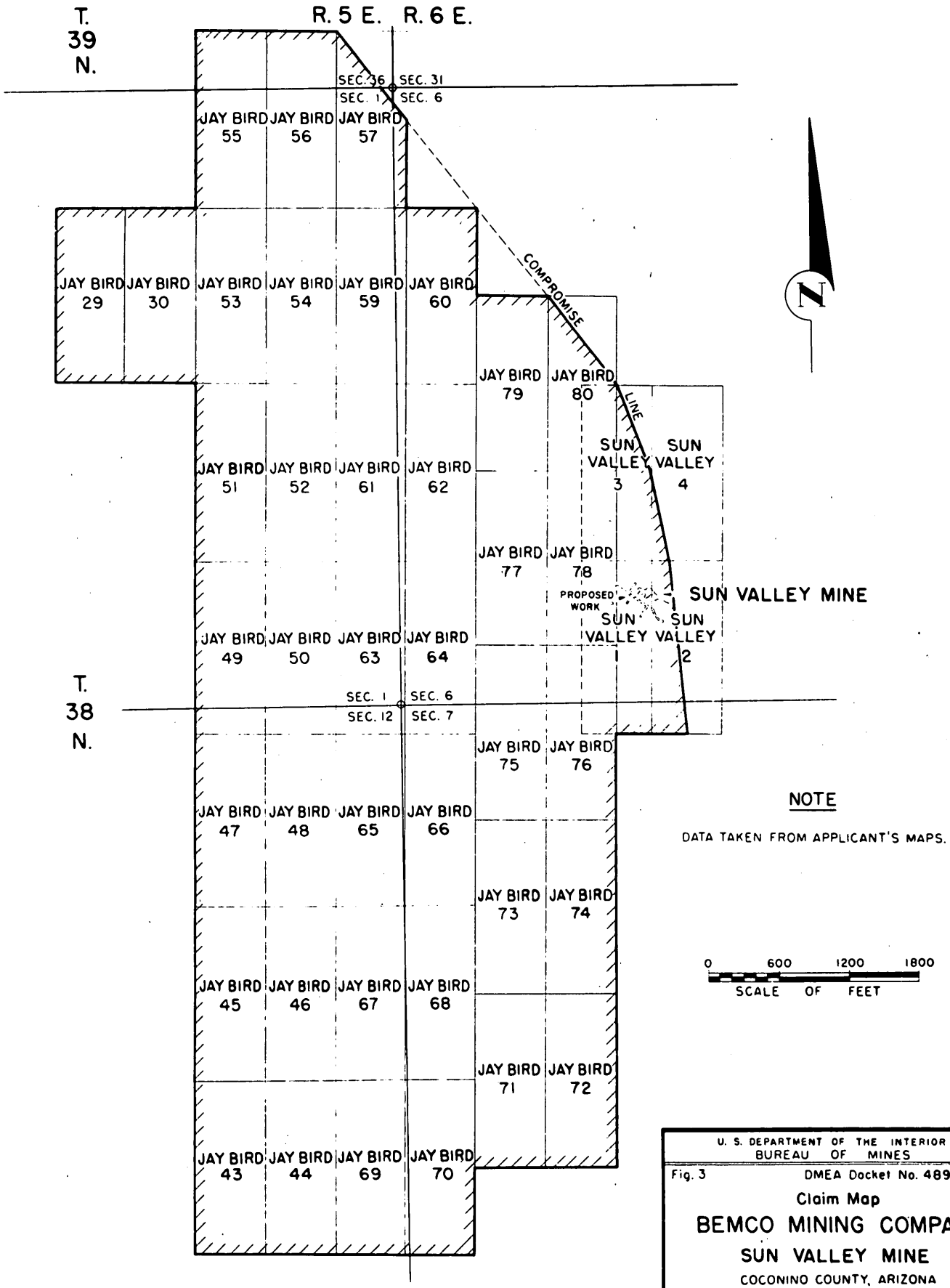
1. Use blocks consecutively, one at
2. Void previous block.
3. Write clearly.

NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM		NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM	
[redacted]	RUN / STOP		RUN / STOP
[redacted]	RUN / STOP		RUN / STOP
[redacted]	RUN / STOP		RUN / STOP
L. G. Hook, Jr. OMEA Rm. 4453	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP

Send surplus envelopes to supply room for reissue.

Use other side

Use RUN and STOP only when messenger service between Government buildings in Washington is required. Your mail room has RUN and STOP information.



U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

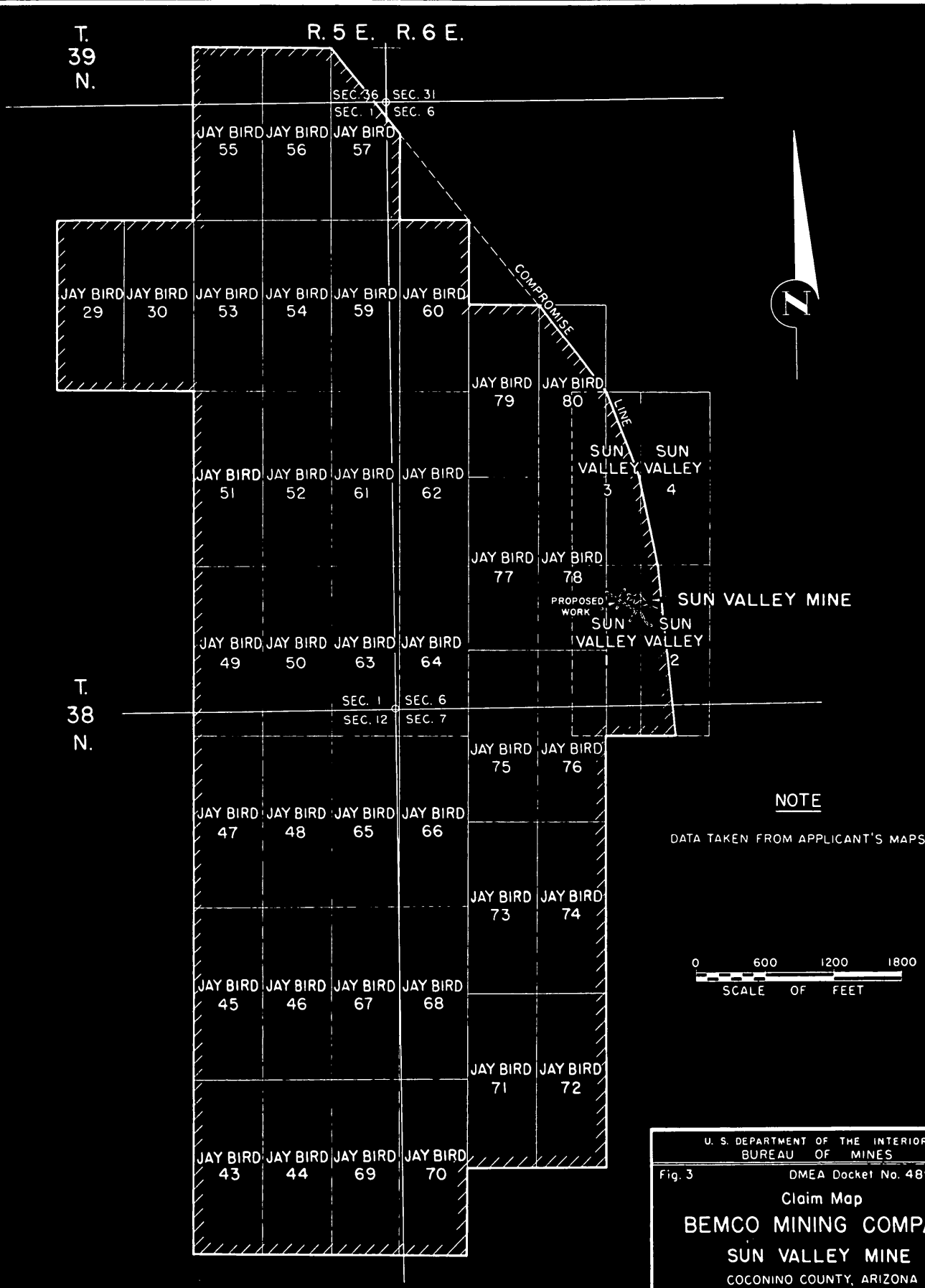
Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER: M. H. HOWES	DATES: MAR. 12, 1958
TRACED: MAR. 1958, BY A.P.T.S.	1900-444-D
CHECKED:	



U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER: M. H. HOWES	DATES: MAR. 12, 1958
TRACED: MAR., 1958, BY A.P.T.S.	1900-444-D
CHECKED:	

MME Form 7
(10-58)

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Date	Surname	Code
2/10/59	Murphy	700
2/10	Hughes	700
2/10	Eldridge	180
"	Johnson	110
		~~100~~
		220
		225

FEB 11 1959

Mr. Arthur J. Beacom
Bemco Mining Company
c/o Parker & Parker
Room 808, 650 South Spring Street
Los Angeles, California

2/11 Jurrison (130)
" Nelson (130)

Re: Docket No. DMEA-4895 (Uranium)
Jay Bird and Sun Valley Claims
Coconino County, Arizona

Dear Mr. Beacom:

In accordance with your letter of February 4, 1959, we are closing our records on the above-referenced application.

Sincerely yours,

Frank E. Johnson

Acting Director

FMMurphy/gla
2-10-59
cc to: Director's Reading File
THKiilsgaard, Rm. 5224
FMMurphy
OME FT, Region III (2) w/2 cc Mr. Beacom's letter
Oper. Com.

43683

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 9 1959

DATE	INITIALS	CODE
2-9	C	220
		700
		225

BEMCO MINING COMPANY

C/O Parker & Parker
Room 808
650 South Spring Street
Los Angeles, California

February 4, 1959

United States Dept. Of the Interior,
~~Office of Minerals~~ Exploration,
~~Washington 25, D.C.~~

Re: Docket No. DMEA-4895 (Uranium)
Jay Bird and Sun Valley Claims
Coconino County, Arizona

Gentlemen:

In reply to your letter of January 29th, Bemco Mining Company have abandoned our lease on the Jay Bird and Sun Valley Claims in Coconino County, Arizona.

We do not anticipate any further developement or exploration on the Jay Bird and Sun Valley claims, and have no desire to participate in the OME program.

Yours truly,

Arthur J. Beacom

Arthur J. Beacom

CC: Leo Chase, Apple Valley
Phil McCary, Inglewood

AJB:ab

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1/16/59	Murphy	700
1/19	Cookerle	700
1/22	Selfridge	120
		~~120~~
		~~100~~
1/29	C	220
		700

JAN 29 1959

Bemco Mining Company
c/o Parker & Parker
Room 808, 650 South Spring Street
Los Angeles, California

Re: Docket No. DMEA-4895 (Uranium)
Jay Bird and Sun Valley Claims
Coconino County, Arizona

Gentlemen:

In accordance with our letter of September 19, 1958, enclosed is a copy of the regulations for obtaining Federal assistance in financing mineral exploration under which the new Office of Minerals Exploration will operate.

If you wish that your partly-processed DMEA application be considered under the OME regulations, please complete and return four of the copies of the attached application, MME Form 40.

Your attention is called especially to the certification which when signed declares that you would not ordinarily undertake the proposed exploration under current conditions and circumstances at your sole expense, and to Item 1(a) - and 1(c) if applicable - which relates to information used to determine your financial eligibility under the new exploration program. Information that is included in your DMEA application need not be repeated in the OME application, but you can add new information if you so desire.

We are returning the two sets (original and four copies each) of the Consent to Lien and Subordination Agreements signed by Uranium Petroleum Company and Northern Resources Corporation, and enclosing three sets (six copies each) of the new Lien and Subordination Agreements, MME Form 52, referred to in Item 2(c) of the application. Early submittal of five completed copies of each set of these agreements will save time in case you apply for exploration assistance under the OME program and a contract is granted.

If you do not wish to participate in the OME program, we will appreciate being so informed.

FMMurphy/gla 1-16-59
cc to: Dir. Reading File
THKiilsgaard, 5224
FMMurphy
OME Field Team, Region III (2)

Sincerely yours,

Frank E. Johnson

Acting Director

Enclosures

43683

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9/19	Knowlec	700
"	CBM	100

Bemco Mining Company
c/o Parker & Parker
Room 808, 650 South Spring Street
Los Angeles, California

Re: Docket No. DMEA-4895 (Uranium)
Coconino County, Arizona

Gentlemen:

As you have an application for exploration aid pending in our office, perhaps you may wish to study the proposed OME regulations and comment on them before October 17 as provided in the first paragraph of the enclosed notice reprinted from the Federal Register of September 17.

Some time after October 17 when the final regulations become effective, we will send you the new application form so you may furnish any additional information necessary to process your application for aid under the new program.

Sincerely yours,

R. D. Nininger

ACTING Director

Enclosure

gla
9-19-58
cc to: Director's Reading File
Field Team, Region III (2)

8623

7/7/58 cc

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

Murphy

July 7, 1958

Memorandum

To: Catherine Curtin

From Grace L. Ault

Subject: Docket No. DMEA-4895 (Uranium)
Bemco Mining Company
Jay Bird and Sun Valley Claims
Coconino County, Arizona

By memorandum, dated July 2, 1958, Mr. Townsend, Region III, returned proposed Contract No. Idm-E1192 under the subject docket for the reason that the required Consent to Lien and Subordination Agreement was not received and the contract was not executed by June 30, 1958.

Mr. Murphy has advised the Applicant by letter today that the application cannot be processed for this reason.

I am showing this docket as a withdrawal as of June 30, 1958, on my monthly Division report.

Grace L. Ault

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
7-7	Murphy	700
7-7	Kuzube	700
7/8	Selbridge	130
7/8	Johnson	110
"	Mittendorf	100
		500
7/9	Hillsgaard	130
		220
		225
7/9	Lamb	130

JUL 9 1958

Bemco Mining Company
c/o Parker and Parker
Room 808, 650 South Spring Street
Los Angeles, California

Re: Docket No. DMEA-4895 (Uranium)
Jay Bird and Sun Valley Claims
Coconino County, Arizona

Gentlemen:

Reference is made to Mr. Townsend's letters of May 16 and June 5, and your reply, dated June 17, 1958, relating to the Consent to Lien and Subordination Agreement by Grand Canyon Uranium Company, which we require before the proposed contract to explore the above claims could be executed.

Enclosed is a copy of the Department of the Interior Information Service Release, dated June 6 which announced that no new Defense Minerals Exploration Administration contracts could be executed after June 30 because of the ending of the present program for exploration assistance.

We regret to inform you that your application, identified above, cannot be processed because the above-mentioned Consent to Lien and Subordination Agreement was not supplied. However, we will be glad to hold your application until the Congress acts on pending legislation to continue exploration aid. If the aid is continued, we will then ask you to state whether you wish us to consider your application under regulations established for the new program.

Sincerely yours,

C. O. Mittendorf

Administrator

FMMurphy/izm 7-7-58
cc: Mr. Murphy
Admr.'s Reading File
Operating Committee
THKiilsgaard, 5224
DMEA FT Reg. 3 (2)

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado
July 2, 1958

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4895 (Uranium), Bemco Mining Company (Jay Bird and Sun Valley claims), Coconino County, Arizona - Proposed Exploration Project Contract No. Idm-E1192

Enclosed are the Government's, Audit, Operator's, Finance Office, Field Team, and two extra copies of proposed Contract No. Idm-E1192, which was forwarded by your letter of May 13, 1958 for signature by the Applicant subject to the attachment of a Consent to Lien and Subordination Agreement executed by Grand Canyon Uranium Company.

The required Consent to Lien and Subordination Agreement was not received. Therefore, all copies of the contract are being returned to you for final disposition.

J. W. Townsend

Enclosures

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 7 1958
DATE 7/7
C
220
700

McCary - Beacom Co.

MINING — OIL

2155 EAST SEVENTH STREET • LOS ANGELES 23, CALIFORNIA
~~1833 SOUTH BROADWAY • LOS ANGELES 7, CALIFORNIA~~ • Richmond 7-7711

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

June 17, 1958.

6/23 C 220
~~700~~

United States
Department of the Interior
224 New Customhouse
Denver 2, Colorado

Re: Docket No. DMEA 4895 (Uranium)
Bemco Mining Company
(Jay Bird and Sun Valley claims)
Coconina County, Arizona
Attention: Mr. J. W. Townsend

Dear Sir:

In reply to your letter of June 5th, we have made repeated efforts to get the Grand Canyon Uranium Company to execute the Consent to Lien and Subordination Agreement, but have been unable to do so.

We will keep after them and try to obtain their signature before the end of the fiscal period. We appreciate your patients and coorporation. Rest assured, we are anxious to have the loan passed and will continue trying to get Grand Canyon Uranium Company to sign the Subordination Agreement.

Yours truly,

Arthur J. Beacom

Arthur J. Beacom
BEMCO MINING COMPANY

AJB:au

6/18/58
Copies distributed to:
Chairman, Operating Committee (2)
Hardman
Hooker
Dom Ex / SLC (Nowers)
Townsend

FILE COPY
DMEA
RECEIVED JUN 9 1958

6/9 C 220

20th New Customhouse
Denver 2, Colorado
June 5, 1958

CERTIFIED MAIL
VIA AIR MAIL

Bonne Mining Company
c/o Palmer & Parker
Room 608, 630 South Spring Street
Los Angeles, California

Re: Project No. DMEA 4095 (Uranium)
Bonne Mining Company
(Jay Bird and Sun Valley claims)
Cochise County, Arizona

Gentlemen:

Reference is made to our letter of May 16, 1958, a copy of which is attached, concerning the subject Application for exploration assistance under the Defense Minerals Exploration Administration program.

As considerable time has elapsed and the deadline date of June 30 is drawing close, your attention is again called to the necessity of prompt action in supplying the required documents to line and delineation Agreement, executed by Bonne Uranium Mining Company, if the contract is to be executed and made effective prior to the close of June 30, 1958, because of the uncertainty as to continuation of DMEA beyond that date.

Very truly yours,

Original signed by
J. W. TOWNSEND
J. W. Townsend
Alternate Acting Executive
Officer, DMEA Field Team,
Region III

JWT:pl
cc: Chron., Dp. Comm. (2)
Kerlinan
DMEA/ELC(Howes)
Hailer
Doubert
Townsend
Chron.

DMEA
RECEIVED 21
5/21 Sl.g. 225
~~700~~

AIR MAIL

22d Dev Customhouse
Denver 2, Colorado

MAY 16 1958

Remco Mining Company
c/o Parker and Parker
Room 866
650 S. Spring Street
Los Angeles, California

Re: Docket DMEA-4895 (Uranium)
Remco Mining Company
(Jay Bird and Sun Valley claims)
Coconino County, Arizona

Gentlemen:

In reference to the letter to you, dated January 30, 1958, from Mr. C. O. Mittendorf, Administrator, Defense Minerals Exploration Administration, we have at hand proposed Contract IAm-X1192, which has been prepared pursuant to your application for Government assistance in exploration work under the DMEA program.

Release of the contract to you for signature is contingent on receipt in this office of the original and four copies of Form MF-205, Consent to Lien and Subordination Agreement, executed by Grand Canyon Uranium Company.

The matter of providing the executed Consent to Lien and Subordination Agreement forms should be given your prompt attention as the contract must be signed and returned to this office on or before June 30, 1958, for it to become effective this fiscal year.

Very truly yours,

Original signed by
E. N. HARSHMAN

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

JWT:jy
cc: Chm. Op. Comm. (2)
Harshman) w/copy of Chm's.
DMEA,SLC - Howes) ltr. dtd. 5/13/58.
DMEA,G.Jct.)
Hasler)
Townsend
Docket
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/12/58	Murphy	700
"	Ellis	700
"	Talbert	800
5/13	[illegible]	130
"	Johnson	110
"	Weatherdon	100
5/14	[illegible]	220
		700

MAY 13 1958

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-4895 (Uranium)
Bemco Mining Company
Jay Bird and Sun Valley Claims
Coconino County, Arizona

Dear Mr. Harshman:

Enclosed are the original and four copies of a short-form contract. Attached to each contract form MF-200A are Annex I (one page), two MF-205 forms, one signed by Uranium Petroleum Company, and the other by Northern Resources Corporation, Exhibit "A" (two pages), and two maps, Figures 3 and 4. Also enclosed for Field Team use are two copies of Annex I, Exhibit "A," and maps, Figures 3 and 4.

The Administrator has signed the proposed contract subject to the attachment of a Consent to Lien and Subordination Agreement by Grand Canyon Uranium Company.

The contract does not include the analyses of composite samples for rhenium as suggested on page 10 of the Report of Examination by Region III. However, if the USGS or USBM wishes to make independent tests for this element, the Field Team may release such portions of the Government's share of the samples to them as it sees fit.

If you and the Applicant find the proposed contract in order, please attach the above-mentioned agreement, and insert in Article 1 the date work shall begin. Then have an authorized representative of the

8623

company sign the original and four copies. Thereafter, kindly distribute the copies in the usual manner.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JB)

Enclosures

FMMurphy/gla
5-12-58
cc to: Admr.'s Reading File
Operating Committee
THKiilsgaard, 5224
FMMurphy

APPROVED:

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

W. P. Williams (JB)
Member, Geological Survey

Government's copy

MF-200A
(Rev. April 1956)

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No. Idm-E*	*County*	*State*
4895	Uranium	1-2	Coconino	Arizona

It is agreed 23 MAY 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and A. J. Beacom, Leo L. Chase, Glenn E. Odekirk, Phillip H. McCary, and Glenn E. McClung, d/b/a/ Bemco Mining Company, a limited partnership organized in California

whose mailing address is c/o Parker and Parker, Room 808, 650 South Spring St. Los Angeles, California
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 12 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $ 22,210.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $ 11,105.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of Assignors and Lessors

(b) 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 of the land (lessor, seller, optionor, etc.) are attached, as follows: See Annex I

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(b) *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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of 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. 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 all pertinent books, documents, papers, and records of the Operator.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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.)

(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 the unit costs thereof.

(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.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
5/13	Selfridge	120
	[illegible]	110
"	Rutledge	100
		220

May 13, 1958

MEMORANDUM

To: Administrator

From: George C. Selfridge, Special Assistant

Subject: Proposed Contract
Docket No. DMEA-4895 (Uranium)
Bemco Mining Company
Jay Bird and Sun Valley Claims
Coconino County, Arizona

The writer has signed the subject proposed contract as he signed the one prepared under Docket No. DMEA-4287 on the same property. However, he wishes to reiterate the oral objections he expressed relating to the first contract.

Basically, the justifications given for the costs recommended by the Field Team in both dockets are weak in that rate of advance is not mentioned. The on-site examination reports give flat costs per foot for certain items. The writer believes that it was the Division's responsibility to request additional information from the Field Team at the time the first proposed contract was written.

The present proposed contract incorporates the same costs allowed under the first contract. The breakdown of the drifting cost does not reflect the usual 50 per cent salvage value for pipe and track used when preparing short-form contracts. In addition, the unit cost for drifting includes $1100 for timbering, probably in ground which requires little timber.

The accounting item at $1 a foot is also high for a fixed unit cost contract when probably the work could be finished in from six to eight months at the most.

Selfridge.

GCS/esf - 5/13/58
Copy to: Docket
Admr. R. File
Mr. Selfridge

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/29/58	Murphy	700
"	Ellis	700
		140

April 29, 1958

Memorandum

To: Associate Solicitor
Division of Mineral Resources

From: Ernest Wm. Ellis, Director
Division of Rare and Miscellaneous Metals

Subject: Proposed Contract
Docket No. DMEA-4895 (Uranium)
Bemco Mining Company
Jay Bird and Sun Valley Claims
Coconino County, Arizona

Please prepare a contract for the subject exploration project in accordance with the attached short-form contract draft.

Attached are Consent to Lien and Subordination Agreement forms signed by the Uranium Petroleum Company and the Northern Resources Corporation. Consent to Lien and Subordination Agreement forms have been requested from the Grand Canyon Uranium Company.

Also attached are eight copies of map, Figure 4, for attachment to copies of the contract. Figure 3 is presently being photostated, and we will attach it.

Ernest Wm. Ellis

8623

DRAFT
4/29/58
FMMurphy/gla

MF-200A
(Rev. April 1956)

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT
(Short Form)

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
4895	Uranium		Coconino	Arizona

It is agreed ....., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and A. J. Beacom, Leo L. Chase, Glenn E. Odekirk, Phillip H. McCary, and Glenn E. McClung, d/b/a Bemco Mining Company, a limited partnership organized in California

whose mailing address is c/o Parker and Parker, Room 808, 650 South Spring St., Los Angeles, California
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before ....., and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 12 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $22,210.00. The Government will contribute 50 percent of the fixed unit cost of the work performed, not exceeding $11,105.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Interests of Lessors

(b) 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 of the land (lessor, seller, optionor, etc.) are attached, as follows: See Annex I

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(b) *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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of 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. 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 all pertinent books, documents, papers, and records of the Operator.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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.)

(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 the unit costs thereof.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time 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 7. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

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.....

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

.....
(Operator)

By .....

By .....

.....

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

DRAFT
4/29/58
FMMurphy/gla

EXPLORATION PROJECT CONTRACT
BEMCO MINING COMPANY
DOCKET NO. DMRA-4895

ANNEX X

The land referred to in Article 2 of the contract consists of forty-three (43) unpatented lode mining claims. The claims are recorded in the Office of the County Recorder, Coconino County, Arizona, as follows:

Claim	Book	Page
Jay Bird Nos. 29 and 30	70	448 and 449
Jay Bird Nos. 43 through 57)	70	450 through
Jay Bird Nos. 59 through 80)		487
Sun Valley Nos. 1 through 4	70	488 and 492

The area covered by the claims with reference to section, township, and range lines is shown on the map entitled "Fig. 3 - Claim Map ~~of~~ Bemco Mining Company Sun Valley Mine ---," attached hereto and made part hereof.

The Operator has right of possession of the claims under the terms of an Agreement, dated April 29, 1957, from the Uranium Petroleum Company, a Nevada Corporation.

Attached hereto and made part hereof are three copies of a Consent to Lien and Subordination Agreement executed by Uranium Petroleum Company, Northern Resources Corporation, and Grand Canyon Uranium Company, respectively, who retain an overriding royalty on ore production from the claims.

EXPLORATION PROJECT CONTRACT
HEMCO MINING COMPANY
DOCKET NO. DMEA-4895

EXHIBIT "A"

Description of the Work

General Provisions:

The object of this project is to explore for uranium ore deposits by drifting, crosscutting, and long-hole drilling in the Shinarump member of the Triassic Chinle formation.

The location of the work is shown approximately on the map entitled "Figure 4.--Map Showing Previous and Proposed Work on the Sun Valley Claims,---," attached hereto and made part hereof.

The drift shall start from the face of the Operator's present drift, at a point near the east side line of the Sun Valley No. 1 claim, and shall be driven in a northwesterly direction for a distance not to exceed 340 feet.

In the drift, at two points not less than 150 feet apart, crosscuts shall be driven in a southwesterly direction, a third crosscut shall be driven in a northeasterly direction to explore the channel not less than 100 feet northwest of the old workings, shown on map Figure 4; also, not less than 18 long-holes, each about 25 feet in depth, shall be drilled horizontally to explore the walls of the drift and crosscuts. The locations of the crosscuts and long-holes as shown on Figure 4 are tentative and may be changed with prior written approval by the Government.

The drift and crosscuts shall be driven with the Shinarump-Moenkopi contact in the lower part of the face if possible. Where sharp irregularities in the contact make it impractical for the drift or crosscut to follow the contact, vertical holes shall be drilled from the workings to determine the position of the contact and to test for ore in the basal part of the Shinarump.

The walls of the drift and crosscuts shall be tested for radioactivity. Sections showing significant radioactivity shall be sampled over intervals not exceeding 5 feet in length. Such samples shall be split, the Operator shall have one-half of each sample analyzed chemically for its U_3O_8 content; the other half shall be stored for Government inspection and possible use in a suitable container properly identified as to the location where the sample was procurred.

Cuttings from the long-holes shall be tested for radioactivity by the Operator and the results recorded. The cuttings shall not be analyzed chemically for uranium, however, the cuttings from each hole shall be properly identified and stored for Government inspection and possible use.

Upon approval by the Government, the Operator may dispose of the stored samples and cuttings.

The drift and crosscuts shall be timbered where necessary, and shall not be less than 5 feet by 7 feet in cross section clear of the timber.

The Operator's monthly report shall include assay certificates of the samples chemically analysed and records of the radiometric testing of long-hole cuttings. The report shall also include a map or sketch showing the location and extent of work completed during the reporting period, and the elevations of the floor of the drift and crosscuts at intervals of not less than 50 feet.

The Operator shall provide a full-time supervisor and such technical assistance as may be required to complete the project work.

The location, extent, and direction of the work under this contract shall be subject to Government approval.

Not in excess of 630 feet of drifting and crosscutting, and 502 feet of long-hole drilling shall be performed, nor more than 100 samples shall be chemically analysed for their U_3O_8 content under this contract.

Agreed Unit Costs

630 feet of drifting and crosscutting @ $34.30/ft.	$21,609.00
502 feet long-hole drilling @ $0.50/ft.	251.00
Chemical analyses for U_3O_8 content of 100 samples @ $3.50/sample	350.00
Total Estimated Cost of Project	$22,210.00
Government Participation @ 50%	$11,105.00

DMEA - 4895

	1 shift per foot
Labor & supervision	$ 19.00
Technical services	3.00
Timber	1.75
Explosives	1.75
Pipe	1.00
Track	1.50
Drill steel	1.25
Other supplies	3.95
Operating equipment (depreciation)	3.50
Repairs to equipment	1.00
Insurance & taxes	1.10
Accounting	1.00
	$ 34.30

[redacted]

Work sheet attach to draft in docket.

700
80
42.00

OFFICIAL FILE COPY
DMEA
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DATE	INITIALS	CODE
5/9	C	220
5/12	JMM	700

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

Date ~~4895~~ May 8, 1957

DMEA Docket No. 4895
DMEA Contract No.
Commodity Uranium
Name of Applicant Bemco Mining Co.
Name of property Jay Bird andSun Valley claims
Location of property Coconino County, Arizona
Estimated cost of project $22,211.80

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

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

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

1. Date of subject document: 4/16/58. 2. Date received by reviewer: 4/30/58

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

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

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

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

7. Explain items noted 'yes' above:

8. Factors needing special consideration:
   a. Location ☐
   b. Ownership ☐
   c. Evidence of mineralization ☐
   d. Geology ☐
   e. Proposed exploration method ☐
   f. Alternate exploration method ☐
   g. Costs ☐
   h. _____ ☐

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

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

IN REPLY REFER TO:

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

April 28, 1958

Memorandum

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

From: T. H. Kiilsgaard, U. S. Geological Survey

Subject: Review of Field Team Report, DMEA Docket 4895 (uranium)
Bemco Mining Company, Coconino County, Arizona

Field Examiners report that this property previously was examined and recommended for an exploration project under DMEA Docket 4287. A contract to the Uranium Petroleum Company subsequently was approved but rescinded because the property in the meantime had been leased to Bemco Mining Company and part of the work described in the contract completed.

The applicant now proposes a total of 1,679 feet of drifting and crosscutting, 4,025 feet of longhole drilling, and 1,139 assays for uranium, vanadium and rhenium. Estimated cost of the project is $75,263.45. The Field Examiners believe that much of the proposed work is development; therefore, they have recommended a modified program that they believe will adequately explore the target. This program has been discussed with the applicant, who has indicated that he would participate in the work outlined by the Field Examiners.

The Field Examiners conclude that there is a likelihood of 20,000 tons of ore averaging 0.25 to 0.30 percent U_3O_8 in the target area. They say that this target cannot be explored by drilling because of the rugged and steep nature of the topography. They recommend a modified program of underground exploration consisting of 630 feet of drifting and crosscutting and 500 feet of longhole drilling, the estimated cost of which is $22,211.80.

The Field Examiners have presented excellent reasons for exploring this property and I recommend that their modified program be accepted as proposed and that a contract be granted the applicant.

T. H. Kiilsgaard

T. H. Kiilsgaard

DMEA
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DATE	INITIALS	CODE
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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado
April 16, 1958

RECEIVED APR 22

DATE		
4/21	C	220
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Memorandum

To: Secretary to the Operating Committee

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

Subject: Docket No. DMEA 4895 (Uranium) Bemco Mining Company (Jay Bird and Sun Valley claims) Coconino County, Arizona - Joint Report of Examination

Enclosed are the original and two copies of the Joint Report of Examination on the subject property by M. H. Howes, USBM, and N. L. Archbold, USGS.

The field examiners conclude that the probability for making a significant discovery is sufficiently promising to justify Government participation. Accordingly, they recommend that the Applicant's work proposal be approved as modified by them. We concur in this recommendation.

Enclosed are eight extra copies of Figure 4 for use in the contract.

The Administrator's letter to the Applicant dated January 30, 1958, transmitted Consent to Lien and Subordination Agreements.

The executed Consent to Lien from Northern Resources Corporation is the only one received by this office and was forwarded you February 21, 1958.

E. N. Harshman

E. N. Harshman

Reviewed by
DMEA OPERATING COMMITTEE
4-25-58
(date)

ON-SITE EXAM. REPORT

MINERAL INVESTIGATIONS REFER TO:
DMEA
RECEIVED
APR 15 1958
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

DMEA
DEPARTMENT OF THE INTERIOR
APR 15 1958
REGION III
DENVER, COLORADO

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

April 14, 1958

Memorandum

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

Through: E. N. Harshman

From: J. William Hasler

Subject: Letter of transmittal for DMEA Docket No. 4895 (Uranium), Bemco Mining Company, Jay Bird and Sun Valley claims, Coconino County, Arizona.

Transmitted herewith are ten copies of a joint geologic and engineering report of examination by N. L. Archbold, U.S. Geological Survey and M. H. Howes, U. S. Bureau of Mines.

Bemco Mining Company, 2155 East 7th Street, Los Angeles 23, California, submitted an application for DMEA assistance to explore for uranium on 2 claims, 12 miles southwest of the Navajo Bridge at Marble Canyon, Coconino County, Arizona.

The claims were earlier considered and approved for an exploration project and loan under Docket No. DMEA 4287, and Contract No. Idm-E 1063 was drawn and forwarded, on February 26, 1957, to the Uranium Petroleum Company, Salt Lake City, Utah. Because the property was leased to Bemco Mining Company and part of the work described in the contract was completed before the signing of the contract, the contract was rescinded on November 6, 1957.

The property was reexamined on March 4, 1958. The examining team was accompanied by Mr. Philip H. McCary, partner, in the applicant company.

The present application is for 1,679 feet of drifting and crosscutting and 4,025 feet of longhole drilling at an estimated cost of $75,263.45. The field examiners recommend approval of a modified program consisting of a maximum of 630 feet of underground drifting and crosscutting and 500 feet of longhole drilling at an estimated maximum cost of $22,211.80.

The alternate program, proposed by the examining team has been discussed by mail with the applicant, and the program generally meets with his approval as he has expressed willingness to proceed with the work as outlined in the subject report.

Reviewed by
DMEA OPERATING COMMITTEE
4-25-58
(date)

TRANSMITTED
APR 16 1958

The Jay Bird and Sun Valley claims lie in an area where sedimentary strata dip 1 to 3 degrees northwesterly. No important folds, faults, or igneous rocks are known in the immediate vicinity. Sedimentary rocks exposed in the area are, in ascending order: the Kaibab limestone of Permian age; the Moenkopi, Chinle, and Moenave formations of Triassic age; and the Kayenta and Navajo formations of Jurassic age. The DMEA exploration is concerned only with the Moenkopi and Chinle formations in the present application.

Uranium deposits occur near the bottom of the Shinarump member of the Chinle formation where it fills depressions scoured into the underlying Moenkopi formation. Deposits consist of irregular, flattened masses up to several feet thick and up to several tens of feet in diameter. Ore minerals impregnate the sandstone and conglomerate and locally replace coalified wood fragments.

In oxidized zones the ore minerals consist mainly of betazipeite and torbernite, whereas in unoxidized zones the principal mineral is probably uraninite. Significant amounts of rhenium have been reported in the ore; however it is doubtful if this metal could be recovered during the standard milling procedure for uranium.

The element rhenium is not on the list of minerals for participation in the Defense Minerals Exploration program, consequently it is being considered here as a mineralogical oddity.

The examining team concludes that there is likely to be 20,000 tons of ore, averaging 0.25 to 0.30 percent U_3O_8, in the base of the Shinarump member of the Chinle formation where it fills an elliptical depression in the top of the Moenkopi formation.

Further exploratory drilling from the surface is impractical because of the rugged nature of the topography. Therefore, a program of underground drifting, crosscutting, and longhole drilling to explore the basal part of the Shinarump member is recommended for approval. The proposed program will require a maximum of 630 feet of underground drifting and crosscutting and 500 feet of longhole drilling at a maximum estimated cost of $22,211.00. Government participation at 50 percent will amount to approximately $11,100.00. I concur with the conclusions and recommendations of the examining team, and recommend that an exploration contract and the work herein outlined be executed.

Enclosed are ten copies of figures 1, 2, 3, and 4 as well as an additional 11 copies of figure 4, map showing previous and proposed work on the Sun Valley claims, Bamco Mining Company, Coconino County, Arizona, for inclusion in a possible contract. Enclosed also is the applicant's brochure. Comments of DMEA personnel in Washington were noted and files of the U. S. Atomic Energy Commission were consulted for production and reserve statistics.

J. William Hasler

J. William Hasler,
Geologist

Enclosures
JWH/bh

FOR UNITED STATES GOVERNMENT USE ONLY

DMEA
DEPARTMENT OF THE INTERIOR
APR 15 1958
REGION III
DENVER, COLORADO

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY EXAMINING TEAM
REGION III

TRANSMITTED

APR 16 1958

RECEIVED APR 21 1958

DATE		CODE
4/25	JB	130
		220

DMEA 4895

Bemco Mining Company

Jay Bird and Sun Valley claims

Coconino County, Arizona

Uranium

Joint Geologic and Engineering Report

by

M. H. Howes
U.S. Bureau of Mines

N. L. Archbold
U.S. Geological Survey

April 1958

Released by
DMEA OPERATING COMMITTEE
4-25-58
(date)

DMEA 4895
BEMCO MINING COMPANY
JAY BIRD AND SUN VALLEY CLAIMS
COCONINO COUNTY, ARIZONA

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Joint Geologic and Engineering Report

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DMEA 4895
BEMCO MINING COMPANY
JAY BIRD AND SUN VALLEY CLAIMS
COCONINO COUNTY, ARIZONA

INTRODUCTION AND SUMMARY

The Bemco Mining Company, 2155 E. 7th Street, Los Angeles 23, California, on December 2, 1957, submitted an application for DMEA assistance to explore for uranium on two claims included in a group of 43 unpatented lode mining claims. The claims are located 12 miles southwest of the Navajo Bridge at Marble Canyon, Coconino County, Arizona.

The claims were earlier considered and approved for an exploration project and loan under Docket No. DMEA 4287, and Contract No. Idm-E 1063 was drawn and forwarded, on February 26, 1957, to the Uranium Petroleum Company, 309 Atlas Building, Salt Lake City, Utah. Because the property was leased to Bemco Mining Company and part of the work described in the contract was completed before the signing of the contract, the contract was rescinded on November 6, 1957.

The property was reexamined on March 4, 1958. The examining team was accompanied by Mr. Philip H. McCary, partner in the applicant company.

The present application is for 1,679 feet of drifting and crosscutting and 4,025 feet of longhole drilling at an estimated cost of $75,263.45. The field examiners recommend approval of a modified program consisting of a maximum of 630 feet of underground drifting and crosscutting and 500 feet of longhole drilling at an estimated maximum cost of $22,211.80.

ACKNOWLEDGMENTS

Much information was obtained from the earlier report of examination under Docket 4287. The applicant furnished the field examiners with additional maps and information. Comments by DMEA personnel in Washington were noted, and files of the U. S. Atomic Energy Commission were consulted for production and reserve statistics.

LOCATION, TOPOGRAPHY, AND PHYSICAL FEATURES

The Jay Bird and Sun Valley claims are located in sections 6 and 7, T. 38 N., R. 6 E.; sections 1 and 12, T. 38 N., R. 5 E.; sec. 36, T. 39 N., R. 5 E.; and sec. 31, T. 39 N., R. 6 E., GSRB and M, Coconino County, Arizona (figs. 1 and 3).

The property may be reached from the Cliff Dwellers Lodge which is on U. S. Highway 89, 8.5 miles southwest of Marble Canyon, Arizona. Three miles southwest of the Cliff Dwellers Lodge, a mine access road, 1.3 miles long, branches northward from U.S. Highway 89.

The property lies at the foot of the Vermilion Cliffs in an area of extremely steep topography (fig. 2). Northwestward from the mine the surface rises about 2,400 feet vertically in one mile horizontally and sheer cliffs several hundred feet high are present. The steep slopes are covered with angular slump blocks of sandstone up to tens of feet in diameter. The nature of the topography makes it impractical for any further exploratory drilling.

Climate at the base of the Vermilion Cliffs is arid; however, occasional heavy rains occur on the Paria Plateau at the top of the Vermilion Cliffs, and the steep gullies down the face of the cliffs are subject to flash floods. Temperatures are high in the summer and moderate in the winter. Year-around work is feasible. Vegetation consists of sparse desert plants.

Milling facilities for uranium ores are available at Tuba City, Arizona, approximately 90 miles by paved road from the property.

HISTORY, PRODUCTION, AND RESERVES

Ore was first mined from the Sun Valley Nos. 1 and 2 claims through a short incline. According to records of the Atomic Energy Commission, 287 tons of ore averaging 0.29 percent U_3O_8 and 0.02 percent V_2O_5 were mined intermittently between January 1955 and June 1957. In July 1957 a flash flood completely blocked access to the underground workings. To prevent any future interruption of production, the operator moved to higher ground and sank a 50-foot shaft for access to the ore body. As of the date of the field examination, the shaft and about 75 feet of haulage drift had been completed, and the mine was again ready for production.

The property was first examined under Docket No. DMEA 4287, on June 27, 1956. The examiners recommended DMEA participation and contract Idm-E 1063, covering exploratory drilling from the surface and underground drifting, was prepared. Work under the contract was never begun and the contract was rescinded on November 6, 1957.

Since the first field examination, access to the old workings has been blocked, a new lessee has acquired the property, and additional work, in the form of a shaft and further exploratory drilling, has been completed.

The U. S. Atomic Energy Commission shows in its files an estimated reserve, on the Sun Valley claims, of 2,283 tons of indicated ore averaging 0.33 percent U_3O_8 and an additional 18,500 tons of inferred ore averaging 0.24 percent U_3O_8.

OWNERSHIP AND EXTENT

Bemco Mining Co., c/o Parker and Parker, Room 808, 650 South Spring Street, Los Angeles, California, is a partnership which includes the following general partners:

A. J. Beacom
2155 East 7th Street
Los Angeles, California

Leo L. Chase
P. O. Box 812
Apple Valley, California

Glenn E. Odekirk
P. O. Box 812
Apple Valley, California

Phillip H. McCary, Jr.
3311 West 104th Street
Inglewood, California

Glenn E. McClung
Escalante, Utah

The property included in the application consists of the following unpatented lode-mining claims, which are recorded in the Coconino County Recorder's Office in Flagstaff, Arizona:

Claim	Book	Page
Jay Bird Nos. 29 and 30	70	448 and 449
Jay Bird Nos. 43 through 57	70	450 through
Jay Bird Nos. 59 through 80	70	487
Sun Valley Nos. 1 through 4	70	488 and 492

The above claims are owned by Grand Canyon Uranium Co., whose agent is G. C. Bonham, Kanab, Utah. A lease of the property has been acquired by Bemco Mining Co. from Uranium Petroleum Co., 309 Atlas Building, Salt Lake City, Utah, by means of a purchase contract.

PRESENT STATUS

The Sun Valley mine has been made accessible by a well-graded dirt road. Rough, bulldozed roads connect several of the Jay Bird claims with the main access road.

The original Sun Valley mine workings, consisting of about 400 feet of inclined shaft, drifts, and crosscuts, was flooded and filled with debris by a cloudburst during the summer of 1957 and is now inaccessible. New mine workings include a 50-foot shaft with an 8-foot sump and a 72-foot drift as of March 4, 1958. A hoist house, compressor house, small headframe, ore bins, and 2 house trailers comprise the structures presently constructed on the property.

Food and lodging for the mine crew can be obtained at the Cliff Dwellers Lodge at this time. However, plans are being made to establish a camp at the mine. Water is hauled from the Cliff Dwellers Lodge.

Mine labor and supplies are available locally and from Salt Lake City, Utah.

GENERAL GEOLOGY

The Jay Bird and Sun Valley claims lie in an area where sedimentary strata dip 1 to 3 degrees northwesterly. No important folds, faults, or igneous rocks are known in the immediate vicinity. Sedimentary rocks exposed in the area are, in ascending order: the Kaibab limestone of Permian age; the Moenkopi, Chinle, and Moenave formations of Triassic age; and the Kayenta and Navajo formations of Jurassic age.

The DMEA exploration is concerned only with the Moenkopi and Chinle formations, thus only these formations will be considered in detail.

The Moenkopi formation of Lower Triassic age in the vicinity of the property, consists of three members; the "middle red" member at the base, the overlying Shnabkaib member, and the "upper red" member at the top. The "middle red" member is composed of thinly bedded, red, fine-grained sandstone which is commonly ripple-marked and locally contains fossiliferous limestone. The overlying Shnabkaib member consists of thinly bedded gypsum and gypsiferous shale. The "upper red" member at the top of the Moenkopi formation consists dominantly of thinly-bedded, red and yellow-brown, mudstone and fine-grained argillaceous sandstone. An erosional unconformity is present at the top of the "upper red" member.

The Chinle formation unconformably overlies the Moenkopi formation and, in the vicinity of the Sun Valley and Jay Bird claims, consists of two members, the Shinarump member and the overlying Petrified Forest member. The Shinarump member occurs as broad lenses and as narrow elongate fillings of paleo-stream channels cut into the underlying Moenkopi formation. Recent drilling on the Sun Valley claims has shown that the Shinarump occupies an elliptical depression about 260 feet wide and 600 feet long (fig. 4). This depression probably represents a segment of a paleo-stream channel. At the Sun Valley mine the Shinarump can be subdivided into the 4 units which are briefly described in Table 1.

The Petrified Forest member of the Chinle formation consists, in the lower part, of varicolored, bentonitic shales containing abundant silicified wood; and, in the upper part of irregularly-bedded, varicolored, sandstone and shale.

Table 1.--Subdivisions of the Shinarump member at the Sun Valley mine.

Unit	Position	Description	Maximum Thickness
		(top of Shinarump)	
A	Covers broad areas at top of member	Gray siltstone with quartzite pebbles	10 feet
B	Covers broad areas above channel fills and below unit A	Yellowish gray siltstone with carbonaceous material and silicified logs.	10 feet
C	Fills top part of channels	Greenish gray cross-bedded sandstone	40 feet
D	Fills bottom part of channels	Gray quartzite and jasper pebble conglomerate. Contains uranium.	40 feet
		(base of Shinarump)	

ORE DEPOSITS

Uranium deposits occur near the bottom of the Shinarump member of the Chinle formation where it fills depressions scoured into the underlying Moenkopi formation. Deposits consist of irregular, flattened masses up to several feet thick and up to several tens of feet in diameter. Ore minerals impregnate the sandstone and conglomerate and locally replace coalified wood fragments.

In oxidized zones the ore minerals consist mainly of betazippeite and torbernite, whereas in unoxidized zones the principal mineral is probably uraninite. Significant amounts of rhenium have been reported in the ore; however, it is doubtful if this metal could be recovered during the standard milling procedure for uranium ores.

PROPOSED EXPLORATION

The applicant proposes to drive a main drift 360 feet in a northwesterly direction along the bottom of the Shinarump filled depression. From this main drift, crosscuts totaling 1,319 feet will be driven at various intervals and in various directions. The operator further proposes to drill horizontal longholes at 25-foot intervals along the drift and crosscuts, and to take samples for chemical assays for uranium, vanadium, and rhenium at 5-foot intervals in the drift, crosscuts, and longholes. The proposed exploration program will require a total of 1,679 feet of drifting and crosscutting, 4,025 feet of longhole drilling, and 1,139 assays for uranium, vanadium, and rhenium. The estimated total cost is $75,263.45.

Since much of the work proposed by the applicant appears to be development, a modified program, which is definitely exploration, is recommended by the examining team (see figure 4). A drift, beginning approximately at the east side line of the Sun Valley No. 1 claim, will be driven for a maximum of 340 feet northwesterly along the base of the Shinarump. A maximum of 290 feet of crosscuts will be driven at the approximate locations shown on figure 4. Thus a total maximum of 630 feet of drift and crosscuts will be driven. In addition, a maximum of 18 longholes up to 25 feet deep will be drilled horizontally from the drift and crosscuts to test for ore or to determine the extent of ore discovered in the drift or crosscuts.

The drift and crosscuts will be driven with the Shinarump-Moenkopi contact as nearly in the lower face as practical. Where sharp irregularities in the contact make it impractical for the drift or crosscut to follow the contact, vertical holes will be drilled from the workings to determine the position of the contact and to test for ore in the basal part of the Shinarump. Horizontal and vertical longholes will require a maximum total of 500 feet of underground drilling.

The walls of the drift and crosscuts will be tested with a Geiger counter and where ore grade material is encountered samples will be collected for chemical analysis for U_3O_8. Longholes and cuttings therefrom will be tested with a Geiger counter to determine if they have penetrated ore grade material. Cuttings from longholes will not be chemically assayed as they are generally contaminated and do not result in reliable assays. A maximum of 100 samples will be submitted for chemical

assay. Since there is indication that rhenium is present in the Sun Valley mine, even though it has little or no economic value at present, it is suggested that one or more composite samples be made up from samples taken for chemical assay for U_3O_8, and analyzed for rhenium.

The applicant has indicated to the field team that he will approve of the modified program suggested above.

ESTIMATED COSTS OF PROJECT PROPOSALS

At present, economic conditions at the mine are very similar to those of 1956. Therefore, the following costs are derived by using unit costs taken from the cost estimate in Docket No. DMEA 4287.

(1)	Contracts	
	Long-hole, non-core drilling, 500 feet at $0.50/ft.	$ 250.00
(2)	Labor and supervision (drifting and crosscutting)	
	630 feet at $17.00/ft.	10,710.00
(3)	Operating materials and supplies (drifting and crosscutting) 630 feet at $10.70/ft.	6,741.00
(4)	Operating equipment (drifting and crosscutting) 630 feet at $3.50/ft.	2,205.00
(5)	Initial rehabilitation and repairs	
	None	
(6)	New buildings, etc.	
	None	

(7) Miscellaneous (drifting and crosscutting)

Repairs to equipment		
630 feet at $1.00/ft.	$ 630.00	
Assays		
100 samples at $3.50 each or		
630 feet at $0.56/ft.	352.80	
Payroll taxes		
630 feet at $0.45/ft.	283.50	
Liability insurance		
630 feet at $0.65/ft.	409.50	
Accounting		
630 feet at $1.00/ft.	630.00	
Total estimated cost of project		$22,211.80
Government participation at 50 percent		$11,105.90

Rhenium ?

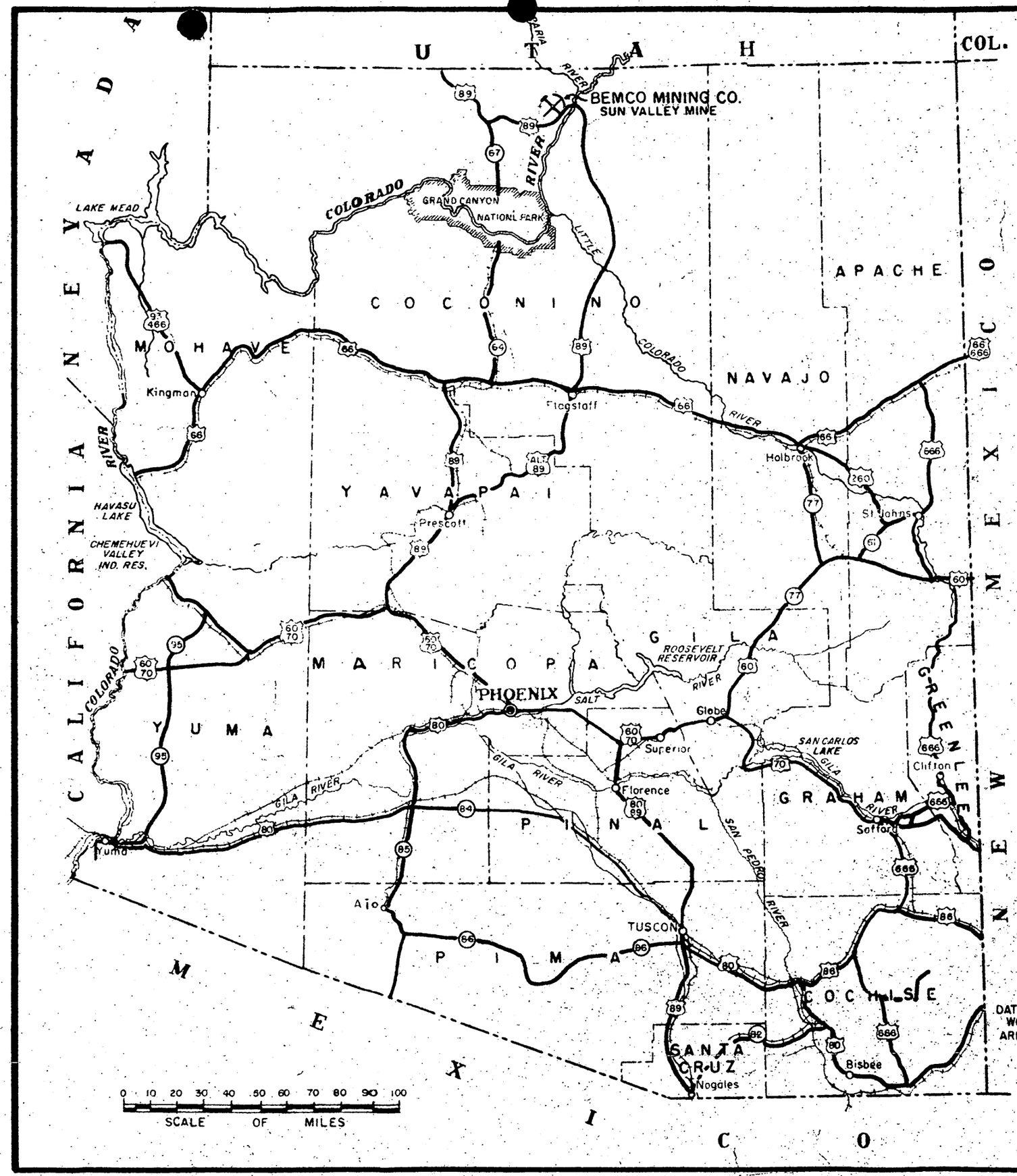
PROPOSED FINANCING

The applicant is prepared to invest $11,105.90 in money in the proposed exploratory project, which is 50 percent of the total estimated cost of $22,211.80, in accordance with the regulations on Government participation, as stated in section 7, DMEA Order 1, amended.

CONCLUSIONS AND RECOMMENDATIONS

The examining team concludes that there is likely to be 20,000 tons of ore, averaging 0.25 to 0.30 percent U_3O_8, in the base of the Shinarump member of the Chinle formation where it fills an elliptical depression in the top of the Moenkopi formation.

Further exploratory drilling from the surface is impractical because of the rugged nature of the topography. Therefore, a program of underground drifting, crosscutting, and longhole drilling to explore the basal part of the Shinarump is recommended for approval. The proposed program will require a maximum of 630 feet of underground drifting and crosscutting and 500 feet of longhole drilling at a maximum estimated cost of $22,211.80.



NOTE

DATA TRACED FROM HAMMOND'S LIBRARY WORLD ATLAS. ROADS PLOTTED FROM ARIZONA TOURING MAP OF STANDARD OIL COMPANY OF CALIFORNIA, 1950.

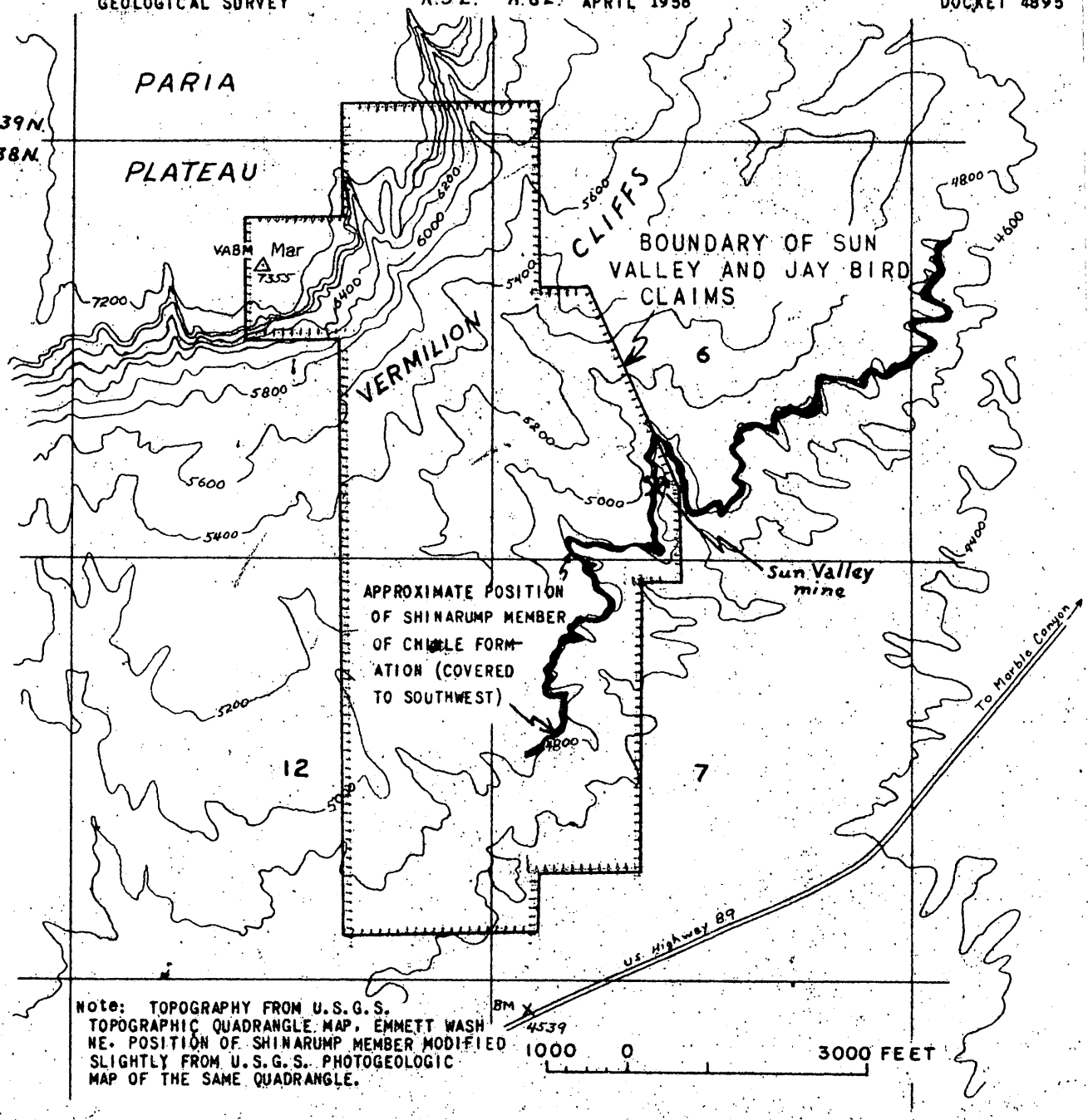
U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 1 DMEA Docket No. 4895
Location Map
STATE OF ARIZONA
BEMCO MINING COMPANY
SUN VALLEY MINE
COCONINO COUNTY

ENGINEER: M. H. HOWES	DATE: MAR. 11, 1958
DRAWN: MAR., 1958; A.P.T.S.	1900-443-F
CHECKED:	

U.S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
APRIL 1958
DOCKET 4895



Note: TOPOGRAPHY FROM U.S.G.S. TOPOGRAPHIC QUADRANGLE MAP, EMMETT WASH NE. POSITION OF SHINARUMP MEMBER MODIFIED SLIGHTLY FROM U.S.G.S. PHOTOGEOLOGIC MAP OF THE SAME QUADRANGLE.

FIGURE 2.--MAP SHOWING TOPOGRAPHY IN THE VICINITY OF THE JAY BIRD AND SUN VALLEY CLAIMS, AND POSITION OF SHINARUMP MEMBER OF THE CHINLE FORMATION, BEMCO MINING COMPANY, COCONINO COUNTY, ARIZ.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED FEB 24 1958

DATE	INITIALS	CODE
2/24	C	220
	~~[illegible]~~	~~700~~

224 New Customhouse
Denver 2, Colorado

February 21, 1958

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4895 (Uranium) Bemco Mining Company (Jay Bird and Sun Valley claims) Coconino County, Arizona

Enclosed are the original and four copies of Consent to Lien signed by Arthur M. Buranek, Vice President of Northern Resources Corporation.

It is noted that the Administrator's letter dated January 30, 1958, to the applicant stated that Consent to Lien forms were also forwarded the applicant to be executed by Grand Canyon Uranium Company. The Grand Canyon Uranium Company Consent to Lien has not been received by this office.

W H King
W. H. King
Executive Officer

RECEIVED FEB 10 1958		
DATE	INITIALS	CODE
2/10	C	220
	~~C.M.M.~~	~~700~~

224 New Customhouse
Denver 2, Colorado
February 5, 1958

Memorandum

To: J. W. Hasler } w/enclosures, Item 1 - 7 below
DMEA/SLC - Mr. Howes }

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4895 (Uranium) Bemco Mining Company,
(Jay Bird Sun Valley claims)
Coconino County, Arizona

Enclosed is the following material relating to the subject docket:

1. Copy of application for Government assistance in exploration work under the DMEA program.

2. Memorandum of review by James Paone, U. S. B. M.

3. Memorandum of review by N. E. Nelson, U. S. G. S.

4. Letter of transmittal of the foregoing to this office, dated January 30, 1958, from the Chairman, Operating Committee, DMEA.

5. Copy of a letter dated December 16, 1957, from the Administrator to the Uranium Petroleum Company.

6. Copy of a letter from the Administrator, dated January 30, 1958, to Bemco Mining Company.

7. Routing Control Sheet.

A joint report of recommendations based on available information or a joint report of findings and recommendations based on a field examination is requested.

If the Field Examiners recommend Government participation in the proposed exploration program please submit 11 extra copies of

each map used in the joint report which show the land to be subordinated and the location and extent of recommended work relative to property boundaries.

The Bureau of Mines' copy of the application should not be returned to this office, but is to be kept for the examining engineers' file. The routing control sheet is to be completed, detached from the application and forwarded to the Executive Officer with the joint examination report. The Survey's copy of the application is to be returned to Mr. Harshman's office.

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

HMC:hmh

cc: Sec.Op. Comm. (2)
Harshman - w/enclosures, Items 1-6
Docket
Chron

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/28/58	Murphy	700
1/29	Ely	700
1/29	Selfridge	130
"	Ormsby	110
"	Mittendorf	100
		220
		700
1/29	Lamb	130
1/29	Kilsgaard	130

JAN 30 1958

Bemco Mining Company
c/o Parker and Parker
Room 808
650 South Spring Street
Los Angeles, California

Re: Docket No. DMEA-4895 (Uranium)
Jay Bird and Sun Valley Claims
Coconino County, Arizona

Gentlemen:

With reference to my letter of December 16, 1957, the DMEA contract with Uranium Petroleum Company has been rescinded. For your information, a copy of this instrument is enclosed.

Your application is now being referred to Mr. W. H. King, Executive Officer, DMEA Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado, for further consideration and possibly a field examination.

The Regional Office will contact you in regard to your proposed project if additional information is required.

In addition to the Consent to Lien and Subordination Agreement by Uranium Petroleum Company which was submitted with your application, we will require five copies of the same agreement by Grand Canyon Uranium Company and Northern Resources Corporation. For your convenience, we are enclosing the required forms for the signatures of the above. Our request for these instruments does not imply that a contract will be approved; however, early submission of these agreements will expedite the processing of your application.

Sincerely yours,

C. O. Mittendorf (fw)

Administrator

Enclosures

FMMurphy/gla 1-28-58
cc to: Admr.'s Reading File
THKiilsgaard, 5224
Mr. Murphy
DMEA Field Team, Region III (2)

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/28/58	Murphy	700
1/29	Ellis	700
1/29	GCL	130
"	Johnson	110
"	Rutherford	100
1/30		220
		700

JAN 30 1958

Mr. W. H. King
Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-4895 (Uranium)
Bemco Mining Company
Jay Bird and Sun Valley Claims
Coconino County, Arizona

Dear Mr. King:

The captioned application is referred to Region III Field Team for review, a field examination if deemed advisable, and recommendations.

Enclosed are copies of memoranda, dated December 11 and 12, 1957, by N. E. Nelson, USGS, and James Paone, USBM, respectively, relating to the application. Also enclosed, for Field Team use, are two copies of the application and two copies of the Administrator's letter of this date transmitting a notice to Uranium Petroleum Company rescinding Exploration Project Contract No. Idm-E1063 (Docket No. DMEA-4287).

As a result of this rescission notice, DMEA can now proceed with the subject application (see the Administrator's letter, dated December 16,1957, to Bemco Mining Company).

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

FMMurphy/gla
1-28-58

APPROVED:

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

Thor H. Kiilsgaard (THK)
Member, Geological Survey

cc to: Admr.'s Reading File
Operating Committee
THKiilsgaard, Rm. 5224
FMMurphy

8623

EA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
12/16	Murphy	700
12/16	Kasuk	700
"	Johnson	110
"	Mittendorf	100
12/17	gb	220
		700

DEC 16 1957

Bemco Mining Company
c/o Parker and Parker
Room 808
650 South Spring Street
Los Angeles, California

Re: Docket No. DMEA-4895 (Uranium)
Jay Bird and Sun Valley Claims
Coconino County, Arizona

Gentlemen:

Enclosed is a copy of a self-explanatory letter of this date to Uranium-Petroleum Company, relating to its contract with the Government.

We regret to advise you that this Agency must hold your above-referenced application for exploration aid in abeyance pending the resolution of the matters discussed in our letter to Mr. Buranek. At the proper time we will immediately continue to process your application.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

FMMurphy/gla
12-16-57
cc to: Admr.'s Reading File
THKiilsgaard, 5224
FMMurphy
DMEA Field Team, Region III (2)

8623

OFFICIAL FILE COPY DMEA RECEIVED DEC 13 1957		
DATE	INITIALS	CODE
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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
Washington 25, D. C.

Date December 12, 1957

DMEA Docket No. 4895
DMEA Contract No.
Commodity Uranium and Rhenium
Name of applicant Bemco Mining Company
Name of property Sun Valley Mine
Location of property Coconino County, Arizona
Estimated cost of project

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

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

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

1. Date of subject document: 12/5/57. 2. Date received by reviewer: 12/10/57

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

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

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

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

7. Explain items marked yes above:

8. Factors needing special consideration:
   a. Location ☐
   b. Ownership ☐
   c. Evidence of mineralization ☐
   d. Geology ☐
   e. Proposed exploration method ☐
   f. Alternate exploration method ☐
   g. Costs ☐
   h. _____ ☐

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

10. Remarks: (Use back of page if necessary) Rhenium is not included under DMEA participation.

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 13 1957
INITIALS | CODE
12/13 gb 220
" Murphy 700
Memorandum

IN REPLY REFER TO:

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

December 11, 1957
Re: DMEA 4895
Bemco Mining Company
Sun Valley Mine
Coconino County, Arizona
$75,263.45 - Uranium, rhenium

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

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application

The applicant requests assistance in continuing the exploration of an assumed meandering Shinarump-Moenkopi uranium bearing channel. This application is an outgrowth of application DMEA 4287 which with modifications recommended by the examiners and the Field Team was approved, a contract was written and forwarded under date of February 26, 1957. For good reasons a rescission agreement was submitted November 6, 1957, which probably closed N.B. that docket.

Work has been done in the meantime and a new approach outlined. A new map, not wholly in agreement with the map used for the original application, shows the new work, additional drilling, and the proposed work. Ore holes are shown, but data covering the grade and thickness of the intersections are not provided.

Whether or not the rhenium content is of moment may be questioned. Surely an assay showing 0.012% rhenium does not mean there are 24.024 pounds per ton in the clay like material (Kennecott letter). If the 0.24 pounds per ton represented is recoverable and there is enough clay, consideration is warranted.

In view of the new work, especially the drilling, referral of the application to the Field Team for a fresh appraisal is recommended.

N. E. Nelson

N. E. Nelson

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

December 9, 1957

Bemco Mining Company
c/o Parker & Parker
Room 808
650 South Spring Street
Los Angeles, California

Gentlemen:

Subject: DMEA-4895

Your application for exploration assistance, dated December 2, 1957 submitted to our office at Denver, Colorado has been assigned Docket Number DMEA-4895 and referred to the Rare and Miscellaneous Metals Division in the Washington office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Director
Operations Control and
Statistics Division

Copy to:

Region III

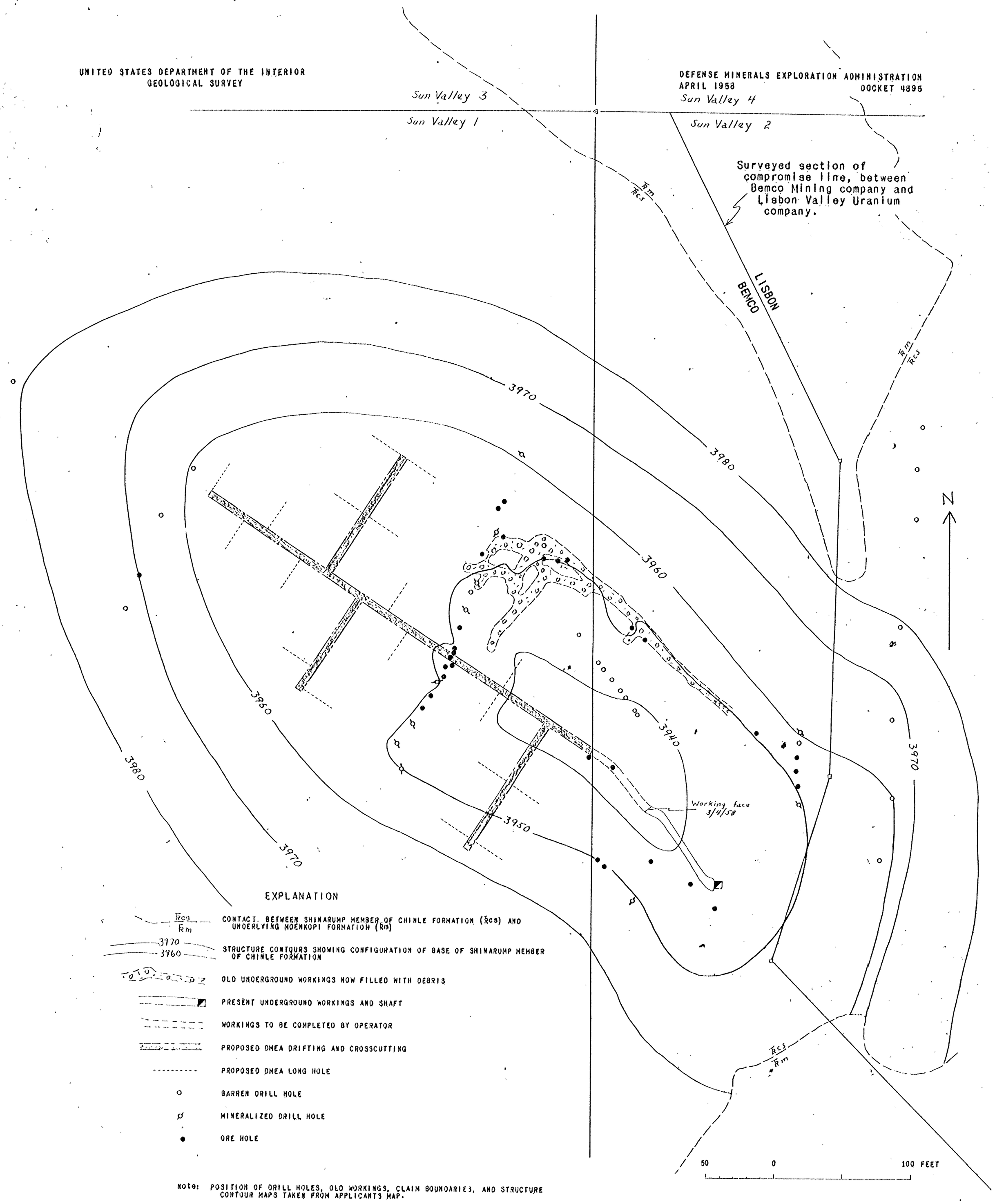
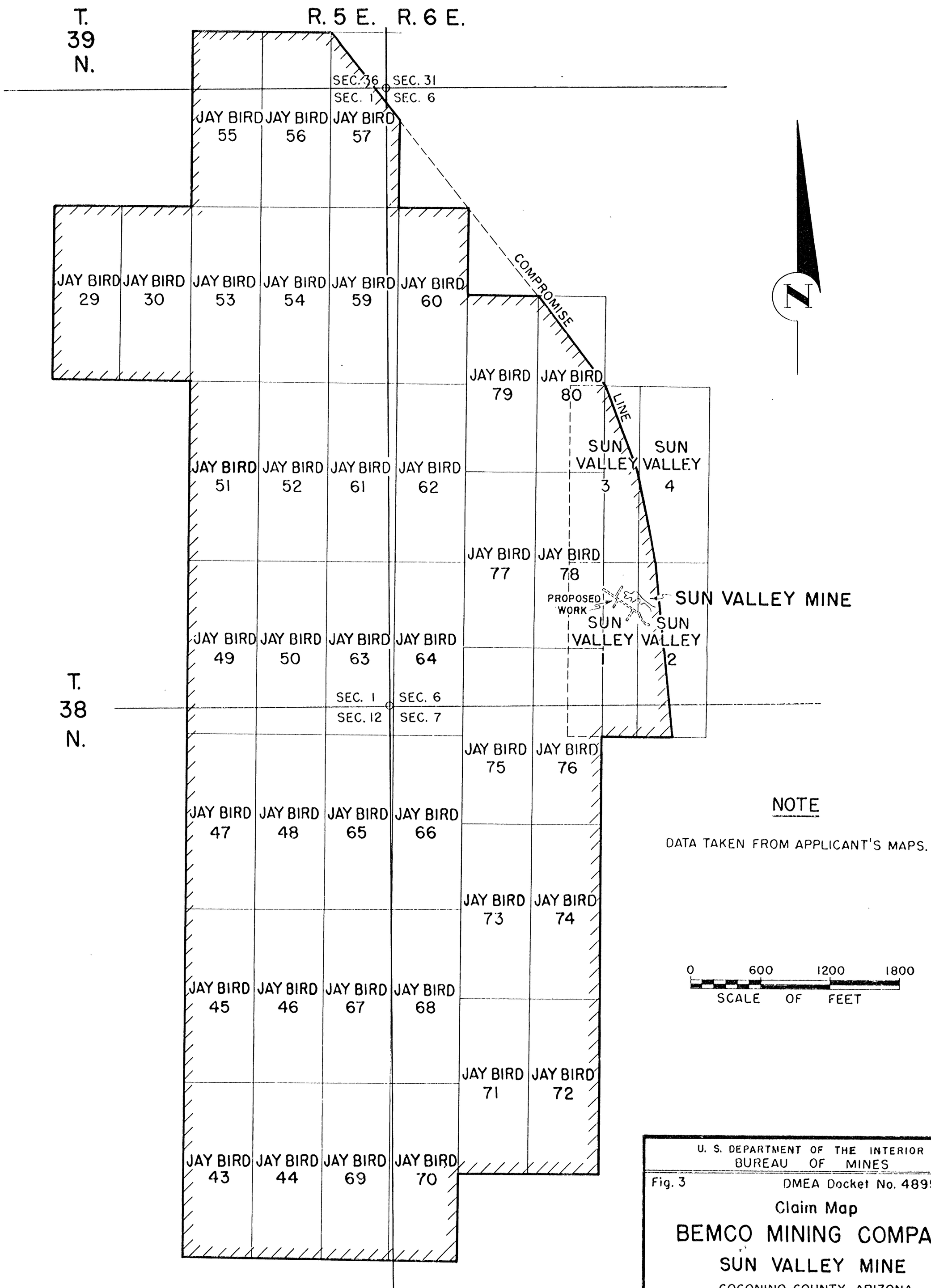


FIGURE 4.--MAP SHOWING PREVIOUS AND PROPOSED WORK ON THE SUN VALLEY CLAIMS, BEMCO MINING COMPANY, COCONINO COUNTY, ARIZONA.



NOTE

DATA TAKEN FROM APPLICANT'S MAPS.

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 3 DMEA Docket No. 4895

Claim Map

BEMCO MINING COMPANY

SUN VALLEY MINE

COCONINO COUNTY, ARIZONA

ENGINEER: M. H. HOWES	DATES: MAR. 12, 1958
TRACED: MAR., 1958; BY: A. P. T. S.	1900-444-D
CHECKED:	

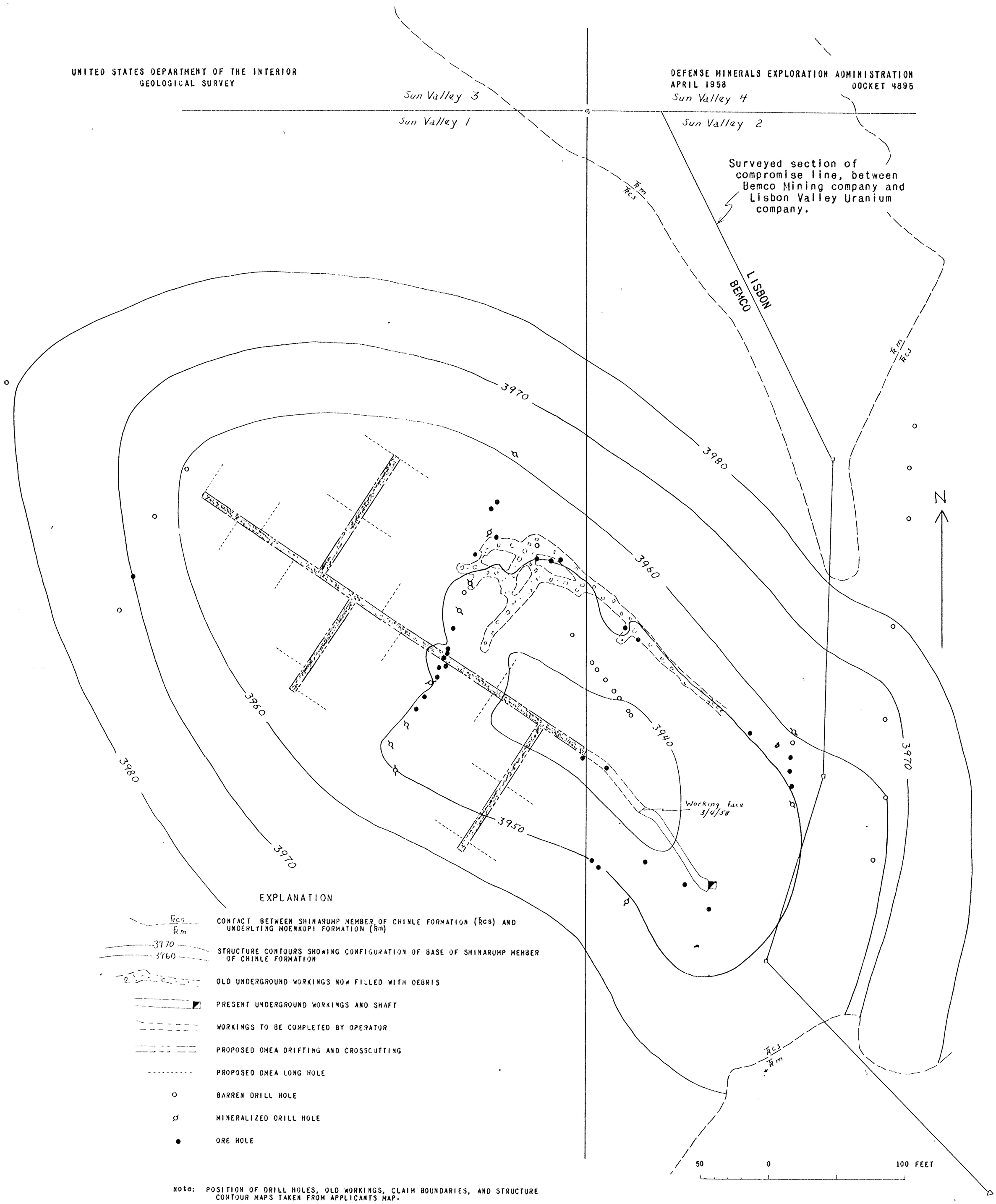
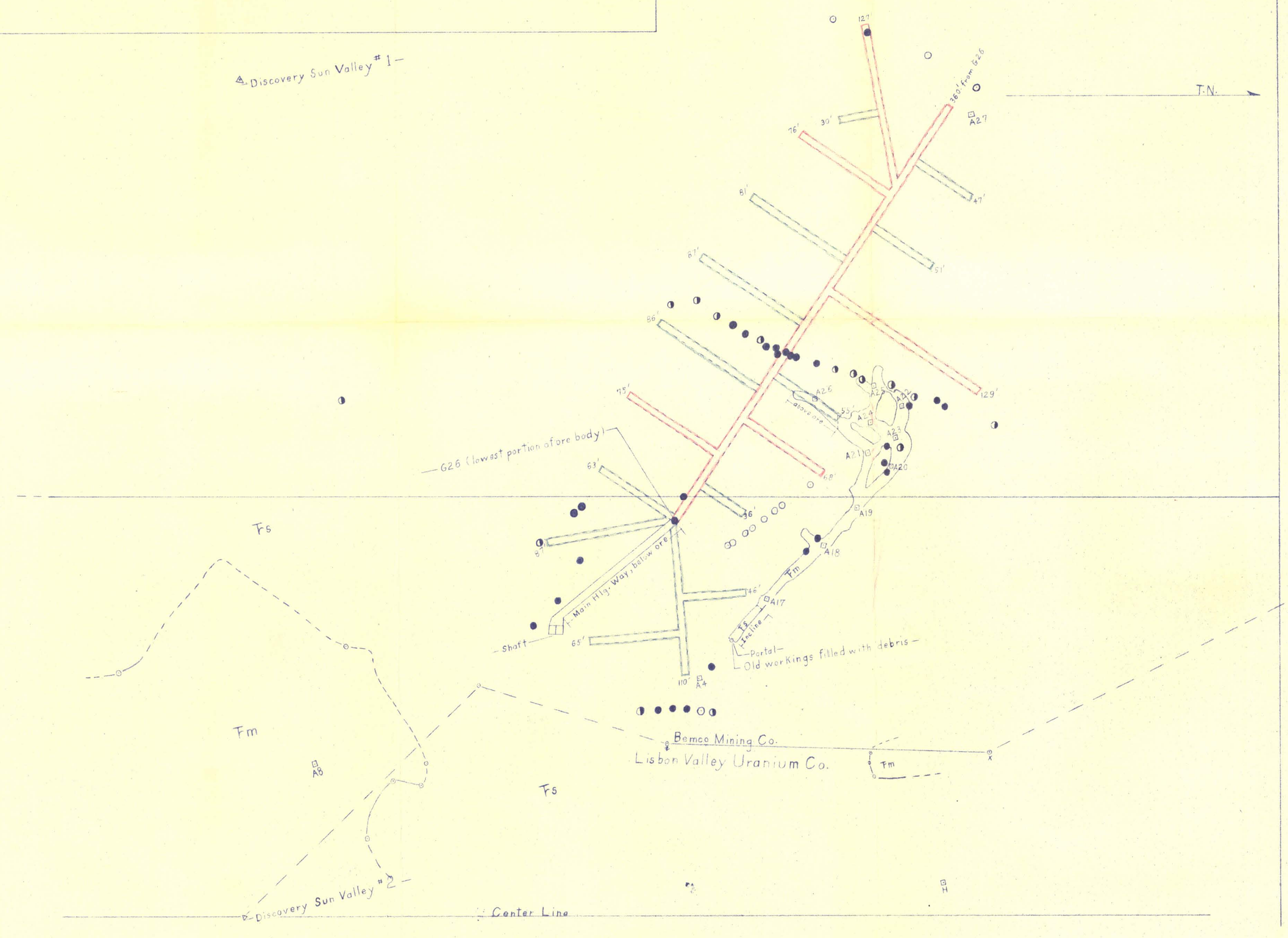


FIGURE 4.--MAP SHOWING PREVIOUS AND PROPOSED WORK ON THE SUN VALLEY CLAIMS, BEMCO MINING COMPANY, COCONINO COUNTY, ARIZONA.

Map of Sun Valley Mine, Coconino County, Arizona
Leased by Bemco Mining Co.
Scale 1 in. = 50 ft.
Drill hole ● ore, greater than 2 ft. .20 % U_3O_8
◑ min., less than 2 ft. .20 % U_3O_8
⊙ dry
All rhenium samples from old workings
Proposed work-stage I red
Proposed work-stage II blue
Proposed starting point under D.M.E.A. Loan - G26
Ts - Shinarump congl.
Fm - Moenkopi fm.
Phillip H. McCary Jr. 11-27-57