OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E994, Docket DMEA-4191 (uranium), dated August 21, 1956, with

Coso Uranium, Inc.
2485 American Avenue
Long Beach 6, California

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the White Swan, et al., Groups of claims located in Inyo County, California, during the period January 1, 1959, through December 6, 1962.

A certification of discovery or development was issued on August 30, 1957, and, in accordance with Article 8 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. An Audit Certificate dated August 5, 1957, indicated accepted costs under the exploration contract amounting to $12,811.01 with the Government's contribution on a 75 percent basis being $9,608.25.

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

This review found no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through December 31, 1958. Accordingly, as of December 6, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$ -0-
Total Royalty Paid	-0-
Balance of Royalty Due	$ -0-

E. D. Talbert

E. D. Talbert, OME Auditor

December 12, 1962

Idm-8994 Coso Uranium, Inc. DMRA-4191

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of 23 contiguous unpatented claims (White Swan Nos. 1 to 7, 9 and 10, Linda Sue Nos. 1 to 5, Helen Faith Nos. 1 to 5, and Esther Nos. 1, 2, 4, and 5) in secs. 24 and 25, T. 20 S., R. 37 E., and secs. 24 and 25, T. 20 S., R. 37½ E., M.D.B. & M. At the time the contract was executed, the Operator was the owner of the claims.

Exploration work under the contract was completed in April 1957. No ores were produced during the exploration period. Subsequent examinations of the property by DMRA and OME regional representatives disclosed no production through December 1958.

In a December 6, 1962, reply to a MME Form 63 inquiry the Operator stated that neither production nor change in property status has occurred since December 31, 1958.

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

(1) The files contain no evidence of any production from the property since the date of the contract; and

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

EXTRA COPY
O. M. E
RECEIVED DEC 26 1962
800

555 Battery Street
San Francisco, California

December 18, 1962

Memorandum

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

From: Acting Field Officer, OME, Region II

Subject: DMEA-4191 (Uranium)
Coso Uranium, Inc.
White Swan, et al., Groups of Claims
Inyo County, California
Contract Idm-E994

Enclosed is the original of a Report of Review covering the subject contract.

This office agrees with the facts as stated in this report.

Paul V. Fillo

Enclosure

cc:
Chief, Division of Field Operations, OME, Washington, D. C.
Contract Administration and Audit Division, OME, Washington, D. C.

December 12, 1962

Memorandum

To: Acting Field Officer, Region II

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

Subject: DMEA-4191 (Uranium)
Coso Uranium, Inc.
White Swan, et al., Groups of Claims
Inyo County, California
Contract Idm-E994

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

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, U. S. Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

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

Enclosures

EDTalbert/ama 12-12-62

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

MAY 25 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files and records of the OME Field Team, Region II, pertaining to Contract No. E-994, Docket No. DMEA-4191 (Uranium), dated August 21, 1956, including Amendment Nos. 1 to 4 inclusive, with

Coso Uranium, Inc.
2485 American Avenue
Long Beach 6, California

for the purpose of determining the amount of royalties due the U. S. Government on sales of Uranium Ore from property known as the White Swan et al Group of Claims, located in Inyo County, California, during the period August 21, 1956 to December 31, 1958.

A certification of discovery or development was issued on August 30, 1957 and accordingly royalty is payable on all production from the land described in Article 2 and Annex I of the contract, for a maximum period of 10 years from date of contract. A Final Audit Certificate and Report dated August 5, 1957, indicated acceptable costs under the exploration contract amounted to $12,811.01 with the Government's contribution on a 75 percent basis, being $9,608.25

No royalties have been paid to date in connection with this contract.

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

(a) According to the Field Team's Semi-Annual Report of Certified Projects for the period July 1, 1958 to December 31, 1958, there was no production during the period covered by this review.

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

George Mavor

May 21, 1959

George Mavor, OME Auditor

MAY 26 1959

Memorandum

To: Mr. George Mayor, OME Auditor

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

Subject: Docket No. DMEA-4191 (Uranium)
Ceco Uranium, Inc.
Contract No. Idm-E994

Your Report of Royalty Review on the above-cited contract is acceptable and normal distribution is authorized.

AMAlley/ama
May 26, 1959

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of:

Coso Uranium, Inc.,
a California Corporation
2485 American Avenue
Long Beach 6, California

pertaining to Exploration Project Contract No. Xdm-1994, Docket No. DMEA-4191, dated August 21, 1956, including Amendment Nos. 1 to 4, inclusive, covering a project for the exploration of uranium, on property located in Inyo County, California and commonly known as the White Swan, et al. Group of Claims, for the Months of January 1957, February and March 1957 and April 1957.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit disclosed the following facts in regard to the amount to be paid the contractor.

Total cost as billed by contractor	$12,811.01
Exceptions	-0-
Total Accepted Cost	$12,811.01

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore payment to the contractor by the Government in the amount of Nine Thousand Six Hundred Eight and 25/100 Dollars:

** $9,608.25 **

is valid and proper.

This Certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the project.

George Mavor
George Mavor
Auditor

August 5, 1957

AUDIT REPORT

I INTRODUCTION

On July 18, 1957, a final audit (covering operations for the Months of January 1957, February and March 1957 and April 1957) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-E994, Docket No. DMEA-4191, dated August 21, 1956, including Amendment Nos. 1 to 4, inclusive, with:

Coso Uranium, Inc.,
a California Corporation
2485 American Avenue
Long Beach 6, California

covering a project for the exploration of uranium, on property located in Inyo County, California, and commonly known as the White Swan, et al Group of Claims.

Under date of December 10, 1956 an agreement was entered into between Coso Uranium, Inc., and Reese H. Taylor, Jr. & Associates which stipulated certain conditions and considerations, including the transfer of a portion of the Coso Uranium, Inc., mining claims to Reese H. Taylor, Jr. & Associates. After certain conditions and considerations had been accomplished, then Reese H. Taylor, Jr. & Associates would render assistance in the exploration work, together with financial aid. The total cost of the DMEA Exploration Project aggregating $12,811.01 was paid by Reese H. Taylor, Jr. & Associates and the Government's 75 percent contribution of costs paid by Treasury Department checks to the Coso Uranium, Inc., were endorsed over to Reese H. Taylor, Jr. & Associates.

The office of the Coso Uranium, Inc., located at 2485 American Avenue, Long Beach, California was visited July 17, 1957, for the purpose of auditing the project costs, and I was informed by Mr. William J. Jans, Secretary of the Corporation that no records had been maintained covering the cost of the project, and that the entire financing of the project costs had been made by Reese H. Taylor, Jr. & Associates, and that the available records covering the cost of the project were located in the office of Reese H. Taylor, Jr., who is a Junior Partner in the law firm of Gibson, Dunn & Crutcher, 634 South Spring Street, Los Angeles, California. Mr. Reese H. Taylor, Jr. has an office assigned to him in the legal firms's suite of offices.

Arrangements were made to audit the available records in the office of Mr. Reese H. Taylor, Jr. July 18, 1957, in the presence of Mr. Emmet R. Cullity, Mining Engineer, employed by Reese H. Taylor, Jr. & Associates. Mr. Benjamin H. Sheahan, Bureau of Mines Engineer was also present during the audit, and the cooperation and assistance rendered by

both Engineers is hereby acknowledged.

II GENERAL INFORMATION ON RECORDS

The entire cost of the project had been financed by Reese H. Taylor, Jr. & Associates, and the following records were made available for audit purposes:

1. Check Stubs - numbered
2. Cancelled bank checks - numbered-all checks signed by Reese H. Taylor, Jr. Checks drawn on California Bank, Los Angeles, California
3. Bank Statements
4. Bank Deposit Book
5. Invoices - Chargable to Project Costs

The accounting firm of Lybrand, Ross Bros. & Montgomery, Certified Public Accountants are employed to maintain bookkeeping records of Reese H. Taylor, Jr. & Associates. These bookkeeping records were in the accounting firm's office, and the records were not obtained in order to perform this audit, for the reason that sufficient evidence of payment was obtained from an examination of invoices and cancelled bank checks which proved the authenticity of the project costs for which the Government participated with a 75 percent contribution. During the review of these invoices Mr. Benjamin H. Sheahan, Bureau of Mines Engineer was present and he agreed that the work had been performed and the costs were proper charges to the cost of the project, which were comprised of the following items of cost:

	Contract Costs	Costs Claimed	Actual Costs
(1) Independent Contracts			
Rotary Drilling *	$10,400.00	$10,396.01	$11,321.80
(4) Operating Equipment			
Rental - Bulldozer *	1,008.00	1,008.00	1,814.22
(7) Miscellaneous			
Sampling and Analysis	1,407.00	1,407.00	2,644.14
Totals	$12,815.00	$12,811.01	$15,780.16

* Allowable Maximums

All of the above actual costs in amount of $15,780.16 were paid by Reese H. Taylor, Jr. & Associates.

III SCOPE OF AUDIT

The audit consisted of a complete analysis of all expenditures, in order to ascertain the accuracy, propriety and validity of the costs as shown in the "Totals to Date" column of Form MF-104, Operator's Monthly Report and Voucher, for the month of April 1957. The extent of the audit and the findings under each of the "Items of Cost" follows:

(1) Independent Contracts $10,396.01

An examination was made of all charges under this category, which included the verification of invoices and cancelled bank checks. The work performed covered rotary drilling of 38 holes, and did not exceed the "allowable maximum" of $10,400.00 as set forth in Amendment No. 4 of the Contract, and accounted for as follows:

Rotary Drilling Costs
Claimed by Operator
38 Holes Drilled

Month Claimed Form MF-104	Footage	Rate	Amount
Jan. 1957	2,000	$2.13	$ 4,260.00
" "	294	1.88	552.72
Feb. Mch. 1957	1,906	1.88	3,583.29
April 1957	1,000	2.00	2,000.00
Totals	5,200	* $2.00	$10,396.01

* average rate, not exceeding $2.00 per foot.

The actual cost to the Operator for rotary drilling is made up as follows:

Rotary Drilling
Actual Costs

Colorado Exploration Co. Sub-Contractor

Invoice Date 1957	No.	Footage	Rate	Amount
Feb. 14	95	595	$2.13	$ 1,267.35
"	"	1,206	2.13	2,568.78
Feb. 9	107	199	2.13	423.87
"	"	1,381	1.88	2,596.28
Feb. -	112	819	1.88	1,539.73
"	"	89	1.80	160.20
"	116	36	1.80	64.80
"	117	15	1.80	27.00
Apr. -	122	122	1.80	219.60

Mullen-Buckley Uranium Corp. Sub-Contractor

Apr. -	-	305	1.40	427.00
" -	-	777	1.40	1,087.80
Add: Salaries and expenses for April 1957, not				

included in rate of $1.40		
C. Housley, Geologist		500.00
J. D. Aker, Ass't Geologist		144.00
P/R Taxes and Insurance		58.49
C. Housley, Expenses		236.80
Total Actual Costs	5,544	$11,921.70
Less: Not claimed by Operator	344	925.69
Net Claimed by Operator	5,200	$10,996.01

An agreement was entered into under date of December 21, 1956, between Coco Uranium, Inc., and Colorado Exploration Company, Sub-Contractor to perform rotary drilling at the following footage rates:

Non-Coring Air Drilling

First 2000 feet	0-400 feet/hole	$1.25 per foot
2000 to 4200 feet	0-400 feet/hole	1.00 per foot
Additional footage	0-400 feet/hole	1.00 per foot

The agreement further states that the Colorado Exploration Company will furnish a mining geologist and an additional helper when needed for which the following charges will be made based on footage drilled:

first 4,200 feet	$0.88 per foot
4,200 to 10,000 feet	0.80 per foot
over 10,000 feet	0.70 per foot

An amendment to agreement dated December 21, 1956 was made effective April 4, 1957, whereby the rotary drilling would be performed by Mullan-Buckley Uranium Corporation, (Successors to Colorado Exploration Corp..) at $1.40 per foot for non-coring air-drilling. The rate of $1.40 per foot did not include geological services, therefore the operator obtained the services of C. Housley, Geologist, for the month of April 1957 at a salary of $500.00 plus travel expense which amounted to $236.80. In addition it was necessary to obtain the services of J. D. Aker, Assistant Geologist on a part time basis and his salary for April 1957, amounted to $144.00.

During the course of the audit an examination was made of the rotary drilling footage to the operator's drilling reports, and also verified to the footage record prepared by Mr. Benjamin H. Sheehan, Bureau of Mines Engineer.

(4) Operating Equipment $1,008.00

An examination was made of invoices and cancelled bank checks, and the charges under this category, covered the rental of a bulldozer from Kerbach-McCutchen, Bishop, California and the charges were accounted for as follows:

Bulldozer Rental

Period	Hours	Rate	Amount
Jan. 2 to 15, 1957	62.2	$16.00	$ 995.38
Add:			
Proportion of cost moving to and from site			12.62
Total			$1,008.00

The actual cost for bulldozing, can be accounted for in the following manner:

Bulldozer Rental
Actual Costs

Kerbach McCutchen, Bishop, California

Invoice Date	Description	Hrs.	Rate	Amount
1-19-57	Rent of Bulldozer	62.2	$16.00	$ 995.38
2-18-57	Moving to Job and Drill Site	8.0	12.00	96.00
2-19-57	Moving from Job and Drill Site	8.0	12.00	96.00
2-19-57	Low Bed transportation to and from Olancha, Calif.	12.5	12.50	156.25
	3% Transportation Tax on $156.25			4.69

Mason and Company, Olancha, California

4-13-57	Rent of Bulldozer-Trail Building	23.0	14.00	322.00
4-13-57	" " " "	12.0	12.00	144.00
Total Actual Costs				$1,814.32
Less: Not Claimed by Operator				806.32
Net Claimed by Operator				$1,008.00

The costs claimed by the Operator for bulldozing did not exceed the "allowable maximum" of $1,008.00, as set forth in Amendment No. 4 of the Contract.

(7) Miscellaneous $1,407.00

All of the charges under this category, covered sampling and analysis costs, for which invoices and cancelled bank checks were examined, and the costs claimed by the Operator were as follows:

402 Uranium Determinations at $3.50 ea. $1,407.00

The actual cost to the Operator is accounted for as follows:

The Brown Laboratory, Golden, Colorado

640 Uranium Determinations at $3.50 ea.	$2,240.00
Less: 5% Discount	112.04
Net Cost of Uranium Determinations	$2,127.96

Add:	
205 Radiometrics at $1.50 ea.	307.50
Freight on samples	209.67
Total Actual Costs	$2,645.13
Less: Not claimed by Operator	1,238.13
Not Claimed by Operator - 402 Determinations at $3.50 ea.	$1,407.00

The above sampling and analysis costs in amount of $1,407.00 claimed by the Operator, were in accordance with estimate shown in Amendment No. 4 of the Contract.

IV CONCLUSIONS AND RECOMMENDATIONS

This audit has disclosed that all costs as charged to this project, are reasonable and proper under the terms of the contract.

The audit also disclosed that the status as of April 30, 1957 of "allowable maximums" under this contract was as follows:

Stage I	Allowable Maximum	Total Costs	Balance
(1) Independent Contracts Rotary Drilling	$10,400.00	$10,396.01	$3.99
(4) Operating Equipment Rental-Bulldozer	1,008.00	1,008.00	-0-

The Items of Costs, as shown on the April 1957 MF-104, and approved amounts, are summarized as follows:

Stage I	Totals April MF-104	Disallowed By Audit	Accepted Costs
(1) Independent Contracts Rotary Drilling	$10,396.01		$10,396.01
(4) Operating Equipment Rental-Bulldozer	1,008.00		1,008.00
(7) Miscellaneous Sampling and Analysis	1,407.00		1,407.00
Totals	$12,811.01	--0--	$12,811.01

At the conclusion of the audit, the findings were discussed with Mr. Emmet R. Cullity, Mining Engineer, representing Reese H. Taylor, Jr. & Associates, who had financed the cost of the contract.

This report has been discussed with Mr. S. Ricker, Executive Officer, Region II, and he concurred with my findings, and agreed that the final allowable costs as presented, were necessary and allowable under the terms of the contract.

George Mavor

George Mavor
Auditor

August 5, 1957

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

420 Custom House
555 Battery Street
San Francisco 11, California

August 16, 1957

Mr. W. Ormond Merritt, President
Coso Uranium, Inc.
2485 American Avenue
Long Beach 6, California

Re: Idm-E994, DMEA-4191
Coso Uranium, Inc.
Audit Report

Dear Mr. Merritt:

Attached hereto for your information and files, are copies of Audit Certificate and Audit Report, covering final audit of subject contract for the months of January 1957 to April 1957, inclusive. After you have reviewed this audit report, you may wish to forward same to Mr. Reese H. Taylor, Jr., for his information.

Sincerely yours,

"(SIGNED) GEORGE MAVOR"

George Mavor
Auditor

Attachment

Copy to: Jay L. Chambers

DATE	INITIALS	CODE
8/23	P	220
		800

AUG 12 1957

Mr. George Mayor
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Audit Report
Coso Uranium, Inc.
Contract Idm-E994
Docket No. DMEA-4191

Dear Mr. Mayor:

The recently submitted copies of the Audit Report and Audit Certificate covering the above-cited project are accepted and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

CEFisher/wb
August 12, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

Mr. George Mayer
DMEA Auditor
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Contract No. Ion-1994
Docket No. DMEA-4191
Cane Uranium, Inc.

Dear Mr. Mayer:

Reference is made to your letter dated July 23, 1957, pertaining to audit of costs applicable to the subject exploration project contract.

This letter indicates that the actual cost of the exploration project was in excess of the costs claimed for Government participation under provisions of Amendment No. 4 and that such costs were fully substantiated by records of Reese H. Taylor, Jr. & Associates made available for your inspection. Presumably the work was accomplished in a manner satisfactory to the Government.

Your audit report containing reference to the agreement dated December 10, 1956, and a brief explanation of the records made available for audit will be acceptable.

The attachments to your letter are returned herewith.

Sincerely yours,

(Signed) J. L. Chambers
Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosure

CEFisher/wb
July 31, 1957

Copy to: Docket
Admr. Reading File
Mr. Ricker
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
420 Custom House, 555 Battery Street
San Francisco, California

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 29 1957

DATE	INITIALS	CODE
7/29	C	220
		800

July 23, 1957

Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division
Defense Minerals Exploration Administration
Washington 25, D.C.

RE: Idm-E994, DMEA-4191
Coso Uranium, Inc.

Dear Mr. Chambers:

On Wednesday July 17, 1957, I visited subject Operator's office located at 2485 American Avenue, Long Beach 6, California, for the purpose of making a final audit covering the cost of subject contract. I was accompanied by Mr. Benjamin H. Sheahan, Bureau of Mines Engineer, and I met Mr. W. O. Merritt, President, Mr. H. L. Lee, Treasurer and Mr. W. J. Jans, Secretary. The Long Beach address is also the head office of the American Plant Protection Company, Industrial Security Organization, who maintain approximately 150 guards, who are assigned to various industrial concerns in the Long Beach area. Mr. W. O. Merritt is also president of this guard protection business.

Mr. W. J. Jans is the accountant for both Coso Uranium, Inc. and American Plant Protection Company, and after discussing with Mr. Jans the type of audit I contemplated making, he informed me that the Coso Uranium, Inc. had no cost record of project costs, and that all drilling costs along with all other costs reimbursable under the terms of the contract had been paid direct by Reese H. Taylor, Jr. & Associates. Mr. Taylor is a Junior Partner in the law firm of Gibson, Dunn & Crutcher, who occupy 3 floors at 634 South Spring Street, Los Angeles 14, California. Mr. Taylor is also the son of Reese H. Taylor, Sr. President of the Union Oil Company of California.

After further discussion with Mr. Jans, he phoned Mr. Emmett R. Cullity, 110 South Bryn Mawr Way, Whittier, California to meet Mr. Sheahan and myself in Mr. Taylor's office in Los Angeles Thursday morning July 18, 1957, and to have all invoices and cancelled bank checks available for audit purposes. Mr. Cullity is a Mining Engineer, employed by Reese H. Taylor, Jr. & Associates. It was Mr. Cullity who approved all invoices for payment, including invoices reimbursable

under the terms of the Contract. Mr. Cullity also prepared the MF-104, which was sent to Mr. W. O. Merritt, President, Coso Uranium, Inc., for signature. After Treasury check was received by "Coso" same was endorsed over to Reese H. Taylor, Jr. & Associates. I had Mr. Jans furnish me with a copy of agreement dated December 10, 1956 between Coso Uranium, Inc., and Reese H. Taylor, Jr. & Associates. For your information and review I am attaching hereto one copy each of the following documents:

1. Letterhead of Gibson, Dunn & Crutcher, Lawyers which shows Reese H. Taylor, Jr., as a Junior Partner.

2. Offering Circular - Coso Uranium, Inc.

3. Agreement dated December 10, 1956 between Coso Uranium, Inc., and Reese H. Taylor, Jr. & Associates.

After you have perused the agreement, would you kindly return same for my audit file.

Mr. Sheahan, Mr. Cullity and myself worked in Mr. Reese's office, where an examination was made of invoices and cancelled bank checks covering costs reimbursable under the terms of the contract, all of which had been paid by Reese H. Taylor, Jr. & Associates. The records covering Reese H. Taylor, Jr. & Associates are maintained by Lybrand, Ross Bros & Montgomery, Certified Public Accountants and Mr. Emmet R. Cullity made arrangements with them to send over to Mr. Taylor's office the following documents for audit purposes:

1. Check Stubs - numbered
2. Cancelled bank checks - numbered
   All checks signed by Reese H. Taylor, Jr.
3. Bank Statements
4. Bank deposit book
5. Invoices - Chargable to Project Costs

Mr. Taylor, Jr. was in Europe on vacation and the accountant Mr. S. L. Harper, who maintained the records at Lybrand, Ross Bros & Montgomery, was also on vacation, however I phoned the accounting firm and spoke to a Mr. Pierson who stated that records were maintained for Reese H. Taylor, Jr. & Associates and that he was not familiar with the records and did not know how current the records had been kept.

I believe the audit I made by examination of invoices and cancelled bank checks, proved the authenticity of the project cost for which the Government participated with a 75 percent contribution and that my audit report should be based on the facts presented in this letter. I doubt if the Government has the right to inspect the books of Reese H. Taylor, Jr. & Associates without getting permission to do so. I also understand that Reese H. Taylor, Jr. & Associates have other ventures which may be of a confidential nature.

The costs claimed by the Operator, together with the actual costs were as follows:

Period
Jan. Feb. Mch. & Apr. 1957

	Claimed MF-104's	Actual Costs
Rotary Drilling	$10,396.01	$11,321.80
Rental-Bulldozer	1,008.00	1,814.22
Sampling & Analysis	1,407.00	2,644.14
Totals	$12,811.01	$15,780.16

The costs claimed by the Operator did not exceed the allowable maximum costs as set forth in Amendment No. 4 of the Contract, and copies of all invoices for actual costs form part of my audit file.

The main point at issue, is that the Operator did not maintain any cost record of the project costs, and the entire project costs were financed by a second party, under agreement dated December 10, 1956, heretofore discussed. I would like to receive your opinion as to whether or not the DMEA should have been advised by the Operator regarding this agreement and if my audit is acceptable under the terms of the contract.

Sincerely yours,

George Mavor

George Mavor
Auditor

Copy to: S. Ricker, Reno, Nevada

Form MF-124 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED SEP 12 1957 DMEA

APR 24 1957

OPERATOR'S MONTHLY REPORT AND VOUCHER

Stage I - Amended Final

Month of April, 1956 Docket No. DMEA 4191 Contract No. Idm E994

Operator's Name Coso Uranium, Inc. Minerals Uranium

Address 2485 American Ave., Long Beach 6, California

Contract Amount, $ 12,815.00 Government Participation: 75 % Amount, $ 9,612.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Rotary	$2000.00	$8396.01	$10396.01			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental Dozer		1008.00	1008.00			
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis		1407.00	1407.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$2000.00	$10,811.01	$12811.01			

I certify that the above bill is correct and just and that payment therefor has not been received. - except as noted under "Remarks" on Form MF-104A

Date 6/13/57 *Payee Coso Uranium, Inc.

Per [signature] Title President

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

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

(Instructions on reverse)

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

$ 1500.00

Signature [signature] (Authorized Certifying Officer)

Date 9/3/57 Vou. No. SF-DMEA-4

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E994 in accordance with the terms of the contract.

Signature B. H. Sheahan Title Mining Engineer Date 7/10/57

B. H. Sheahan

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature S. Ricker Title Executive Officer Date 7/10/57

S. Ricker

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Stage I - Amended Final

Month of April 1956 Docket No. DMEA 4191 Contract No. Idm E994

Operator's Name Coso Uranium, Inc. Minerals Uranium

Address 2485 American Avenue, Long Beach 6, California

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: ~~Core~~ Rotary	Foot	$2000.00	1000	$10,396.01	5200	2.00	5200	$2.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and ~~Trails~~ DH Sites	Hour			1,008.00	64	16.00	64	16.00
Sample Analysis	Each			1,407.00	402	3.50	402	3.50
TOTAL DISTRIBUTED COSTS		$2000.00		$12,811.01				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								12,815.00

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

Date 6/13/57 Operator Coso Uranium, Inc.

Per [signature] Title President

REMARKS: Stage I completed.
Actual Units & Costs of:

Drilling: 5633 ft. $11,191.80

Assaying: 640 samples 2,644.14

Dozer Rental: 126.7 hrs 1,814.22

Actual Total Cost $15,650.16

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

(Instructions on reverse)

(For Government use only) B. H. Shahan, Mining Engineer

INSTRUCTIONS

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

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

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

GPO 872894

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

DMEB

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W. O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 4-25-57
Order No. 8902-S

Material: Ore Samples 27
Received: 4-24-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8902-1	205	75-78		0.04		
8902-2	205	78-81		0.05		
8902-3	205	81-84		0.05		
8902-4	205	84-87		0.04		
8902-5	205	189-192		0.06		
8902-6	205	192-195		0.04		
8902-7	205	195-198		0.03		
8902-8	205	177-180		0.03		
8902-9	205	180-183		0.03		
8902-10	205	183-186		0.04		
8902-11	205	186-189		0.04		
8902-12	206	165-180		0.014		
8902-13	206	180-195		0.013		
8902-14	206	195-198		0.016		
8902-15	206	198-201		0.014		
8902-16	206	201-204		0.014		
8902-17	207	141-144		0.03		
8902-18	207	144-147		0.03		
8902-19	207	147-150		0.04		
8902-20	207	150-153		0.04		
8902-21	207	153-156		0.03		
8902-22	207	156-159		0.04		
8902-23	207	159-162		0.03		
8902-24	207	162-165		0.03		
8902-25	207	165-168		0.03		
8902-26	207	168-171		0.03		
8902-27	207	171-174		0.03		

W. O. Brown
Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W. O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach, California

Date 5-10-57
Order No. 8999-S

Material: Ore Samples - 5
Received: 5-9-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU₃O₈	Chemical %U₃O₈	%V₂O₅	%CaCO₃
8999-1	206	210-218		0.09		
8999-2	206	218-225		0.08		
8999-3	206	225-228		0.04		
8999-4	206	228-231		0.05		
8999-5	206	231-232		0.06		

Analyst.

EMMET R. CULLITY
110 SOUTH BRYN MAWR WAY
WHITTIER, CALIFORNIA
OXFORD 4-3078

June 13, 1957

Mr. S. Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-4191
Coso Uranium, Inc.
Contract No. Idm-B994

Dear Mr. Ricker:

Enclosed are the following data and accounting of work performed in the completion of the reference contract as amended:

- 5 copies, DMEA Form MF-104 with documentation
- 5 copies, DMEA Form MF-104A
- 5 copies, drill hole sample analyses by the Brown Laboratory
- *1 original, probe logs of drill holes 205, 206, 207, 208
- *1 original, geologic logs of drill holes 204, 205, 206, 207, 208
- 1 print, map showing location of drill holes
- 1 print, iso-rad map based on radiometric survey by Conrad Housley

*Note: Please return the original probe and geologic logs after they serve your purpose.

The invoicing by Colorado Exploration Company for drill-holes 204 to 208 inclusive is at the reduced rate of $1.40 per foot because they had no supervising geologist at Coso during this drilling. To serve as supervising geologist Conrad Housley was employed by Coso Uranium, Inc., at salary of $500.00 per month plus expenses and his services are included in the unit cost of $2.00 per foot reported on Form MF-104.

The enclosed iso-rad map shows anomalous areas northwest and southwest of the known ore body. Also of interest to the northwest is the ore intersection in DH-206, 22 feet of .073% U_3O_8. It seems to me that further drilling is justified, especially to the northwest, and it is too bad DMEA will not go along with us in the cost.

It has been a pleasant experience working with you and with Mr. Sheehan, Mr. Smith and Mr. Tatlock, and I do appreciate the fine cooperation that all of you have given in this exploration project.

Yours very truly,

Emmet R. Cullity, for
Coso Joint Venture

ERC:bj

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

MAR 2 1957

OPERATOR'S MONTHLY REPORT AND VOUCHER

Final Stage I

Month of Feb. & March, 1957 Docket No. DMEA 4191 Contract No. Idn E994

Operator's Name Coso Uranium, Inc. Minerals Uranium

Address 2485 American Ave., Long Beach 6, California

Contract Amount, $ 30,725.00 Government Participation: 15 % Amount, $ 23,044.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Rotary	$3583.29	$4812.72	$8396.01			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental Dozer	12.62	995.38	1008.00			
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis		1407.00	1407.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$3595.91	$7215.10	$10811.01			

RECEIVED MAY 21 1957 D.M.E.A.

I certify that the above bill is correct and just and that payment therefor has not been received. Except as noted on Form MF 104A and covering letter of 4/16/57

Date 4/16/57 *Payee Coso Uranium, Inc.

Per [signature] Title President

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

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

(Instructions on reverse)

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

$2696 93

Lloyd H. Sjolander
Signature Authorized Certifying Officer
(Authorized Certifying Officer)

Date MAY 15 1957 Vou. No. 2F-DMCA-27

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. IdmE994 in accordance with the terms of the contract.

Signature B. F. Denhan Title Mining Engineer Date April 23, 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Executive Officer Date April 26-1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Stage I Final

Month of Feb.-March 195 7 Docket No. DMEA 4191 Contract No. Idm E994

Operator's Name Coso Uranium, Inc. Minerals Uranium

Address 2465 American Ave., Long Beach 6, California

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: ~~Core~~ Rotary	Feet	$3583.29	1906	$8396.01	4200	1.999	4200	$2.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and ~~Prats~~ DH sites	Hr.	12.62	0.5	$1005.00	63	$16.00	63	$16.00
Sample Analyses	Each			$1407.00	402	$ 3.50	402	$ 3.50
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		$3595.91		$10811.01				$10515.00

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief. -except as noted in Remarks herein and covering letter of 4/16/57

Date 4/16/57 Operator Coso Uranium, Inc.

Per [signature] Title President

Remarks: Stage I completed.
Actual Work Units & Costs:

Drilling: 4551 Ft. $ 9027.80

Assaying: 608 samples 2521.95

Dozer Rental: 91.7 Hrs. 1348.22

Actual Total Cost $12897.97

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

(Instructions on reverse)

(For Government use only) B. H. Graham, Mining Engineer

RECEIVED MAY 21 1957 D.M.E.A.

INSTRUCTIONS

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

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

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

GPO 87 2894

EMMET R. CULLITY
119 SOUTH BRYN MAWR WAY
WHITTIER, CALIFORNIA
OXford 4-5075

April 16, 1957

Mr. S. Ricker, Executive Officer
DMEA Field Team, Region II
1405 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-491 (Uranium)
Coso Uranium, Inc.
Contract No. Idm-2994

Dear Mr. Ricker:

Herewith please find final accounting and reports of work performed in the completion of Stage I of reference contract:

5 copies, DMEA Form MF-104 with documentation

5 copies, DMEA Form MF-104A

5 copies, Drill hole sample analyses by the Brown Laboratory

*1 copy, Summary report or narrative by Stuart S. Merwin and Charles F. Arnold, geologists, with plan and sectional maps of drill holes

*1 original, Logs of all drill holes

*1 original, Probe records of all drill holes

*Items submitted to you in Reno, April 5, 1956.

Our actual work units and costs in the completion of Stage I, as documented herewith and in our February 18 accounting to you for the month of January, are as follows:

Rotary drilling:	4551 feet in 31 holes	$9,027.80
Sample analyses:	606 samples	2,521.95
Dozer rental:	91.7 hours	1,346.22
	Actual Total Cost	$12,897.97

EXTRA COPY
DMEA
RECEIVED MAY 21 1957

DATE	INITIALS	CODE

The actual total cost of work in Stage I of $12,877.97 compares with the authorized cost of $10,815.00. Your authorization is requested to draw on Stage III funds for reimbursement of the $2,062.97 additional cost. In your consideration of this request please refer to my letters of February 18 and April 2, 1957.

With respect to Stage II of subject contract we request amendment thereof to enable further exploration of the Cove lake beds by drilling instead of underground work. As discussed in my April 2 letter and in our Reno meeting April 5, we propose in Stage II to drill four holes on 200 foot intervals in the collapse area to the west of DH 201, 202, 203 and 42A and, progressively as warranted, additional holes in the lake beds to the northwest and southwest of this area.

Yours very truly,

Emmet R. Cullity, for
Cove Uranium, Inc.

ERC:hj

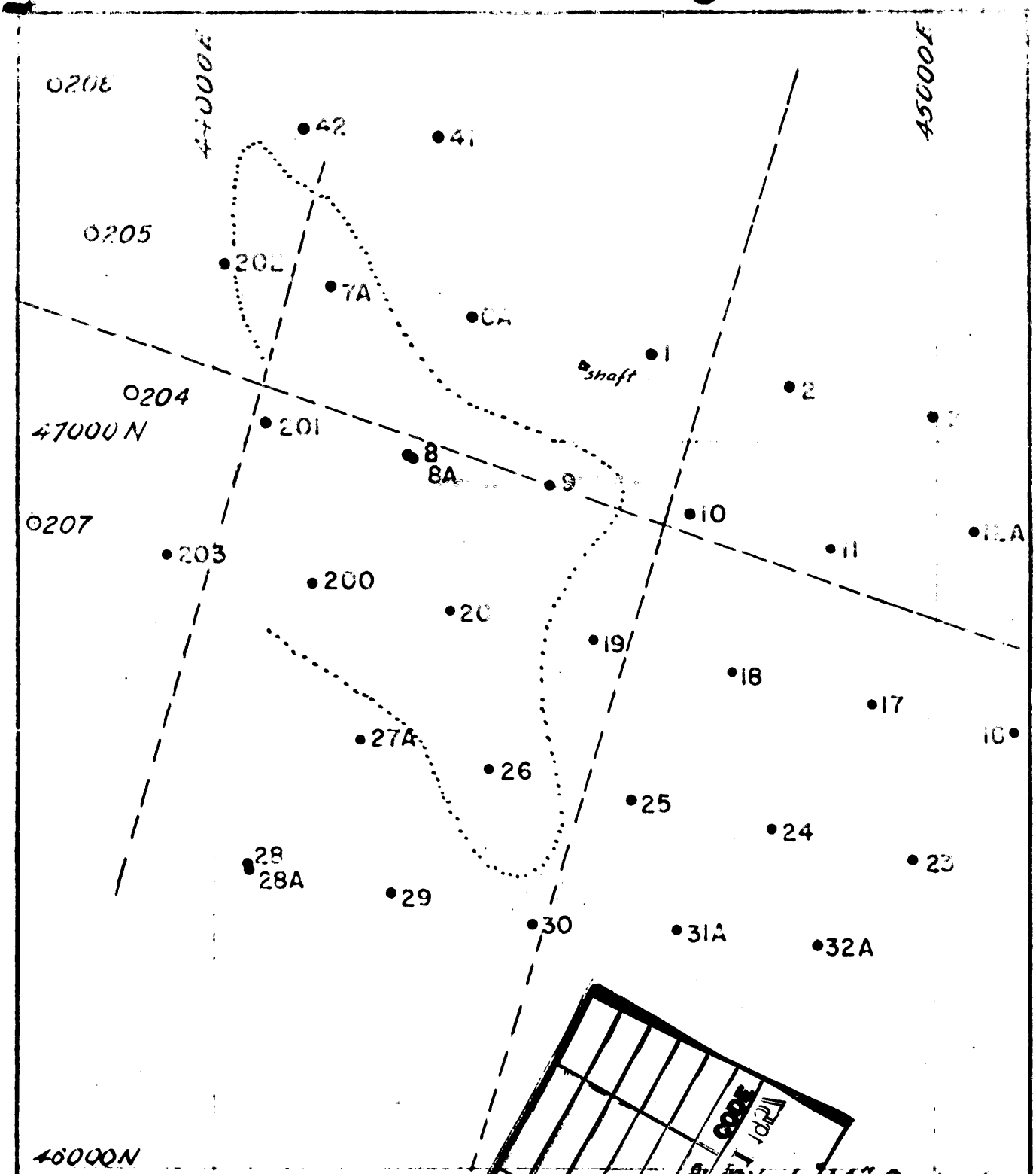

Exhibit "M" Revised
Plan of Exploratory Drilling
CONSO URANIUM, Inc.
AMEA 4191
Jim-E 994

LEGEND

• Drill Hole Completed 3-21-195

o Proposed Drill Hole

Scale: 1" = 200'

B.H.S

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THE BROWN LABORATORY

2263 Broadway

GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 3-5-57
Order No. 8619-S

Material: Ore Samples 53
Received: 3-4-57
For: Analysis

Lab. No.	Your No.		Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8619-1	8A	123-135			0.03		
8619-2	8A	135-138			0.06		
8619-3	21	27-30			0.008		
8619-4	21	30-33			0.022		
8619-5	21	33-36			0.021		
8619-6	21	45-48			0.021		
8619-7	21	48-51			0.04		
8619-8	21	51-54	DH-200		0.013		
8619-9	21	54-57			0.09		
8619-10	21	57-60			0.13		
8619-11	21	60-63			0.06		
8619-12	21	69-72			0.03		
8619-13	21	72-75			0.02		
8619-14	21	99-102			0.03		
8619-15	21	102-105			0.02		
8619-16	42A	66-69			0.03		
8619-17	42A	72-75			0.04		
8619-18	42A	75-78			0.03		
8619-19	42A	78-81			0.04		
8619-20	42A	81-84			0.05		
8619-21	42A	84-87			0.05		
8619-22	42A	87-90			0.04		
8619-23	42A	90-93			0.03		
8619-24	42A	180-195	(Contaminated)		0.012		
8619-25	201	72-75			0.03		
8619-26	201	75-78			0.04		
8619-27	201	78-81			0.06		
8619-28	201	81-84			0.05		
8619-29	201	84-87			0.03		
8619-30	201	87-90			0.03		

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W. D. Brown
Analyst.

THE BROWN LABORATORY

2263 Broadway

GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O.Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 3-5-57
Order No. 8619-S

Material: Ore Samples 53
Received: 3-4-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8619-31	201	90-93		0.03		
8619-32	201	93-96		0.04		
8619-33	202	66-69		0.02		
8619-34	202	69-72		0.02		
8619-35	202	72-75		0.02		
8619-36	202	75-78		0.03		
8619-37	202	78-81		0.05		
8619-38	202	81-84		0.03		
8619-39	202	84-87		0.03		
8619-40	202	87-90		0.02		
8619-41	202	90-93		0.02		
8619-42	202	93-96		0.018		
8619-43	202	96-99		0.03		
8619-44	202	99-102		0.03		
8619-45	202	102-105		0.04		
8619-46	202	105-108		0.03		
8619-47	202	108-111		0.06		
8619-48	202	111-114		0.05		
8619-49	202	114-117		0.04		
8619-50	202	117-120		0.03		
8619-51	202	120-123		0.06		
8619-52	202	123-126		0.03		
8619-53	202	126-129		0.02		

W. D. Brown Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-20-57
Order No. 8563-S

Material: Ore Samples 5
Received: 2-19-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8563-1	27A 78-81			0.015		
8563-2	27A 81-84			0.016		
8563-3	27A 84-87			0.018		
8563-4	27A 87-90			0.018		
8563-5	27A 90-93			0.017		

W D Brown
Analyst.

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GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Cose Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-16-57
Order No. 8544-8

Material: Ore Samples 14
Received: 2-15-57
For: Analysis

Lab. No.	Your No.		Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8544-1	1	3-6			0.020		
8544-2	1	6-9			0.07		
8544-3	1	9-12			0.04		
8544-4	1	12-15			0.018		
8544-5	1	15-18			0.016		
8544-6	1	18-21			0.04		
8544-7	11	33-36			0.009		
8544-8	11	36-42			0.012		
8544-9	11	42-45			0.014		
8544-10	11	45-48			0.019		
8544-11	11	48-51			0.04		
8544-12	11	51-54			0.02		
8544-13	11	54-57			0.013		
8544-14	11	57-60			0.009		

W. D. Gro
Analyst.

THE BROWN LABORATORY

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GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Cese Uranium, Inc.
2485-D American Avenue
Long Beach6, California

Date 3-22-57
Order No. 8724-S

Material: Ore Samples 15
Received: 3-21-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU$_3$O$_8$	Chemical %U$_3$O$_8$	%V$_2$O$_5$	%CaCO$_3$
8724-1	203- 69-72			0.05		
8724-2	203 72-75			0.03		
8724-3	203 75-78			0.02		
8724-4	203 78-81			0.03		
8724-5	203 81-84			0.04		
8724-6	203 84-87			0.05		
8724-7	203 87-90			0.07		
8724-8	203 90-93			0.02		
8724-9	203 93-96			0.02		
8724-10	203 96-99			0.02		
8724-11	203 99-102			0.03		
8724-12	203 102-105			0.05		
8724-13	203 105-108			0.03		
8724-14	203 108-111			0.06		
8724-15	203 111-114			0.07		

W. D. Br

Analyst.

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2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium , Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-13-57
Order No. 8525-S

Material: Ore Samples 18
Received: 2-12-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8525-1	0 18-21			0.03		
8525-2	0 21-24			0.03		
8525-3	0-24-27			0.03		
8525-4	8 51-54			0.017		
8525-5	8 54-57			0.02		
8525-6	8 57-60			0.09		
8525-7	8 60-63			0.22		
8525-8	8 63-66			0.20		
8525-9	8 66-69			0.07		
8525-10	8 69-72			0.05		
8525-11	8 72-75			0.05		
8525-12	8 75-78			0.04		
8525-13	8 78-81			0.05		
8525-14	8 81-84			0.06		
8525-15	8 84-87			0.05		
8525-16	8 87-90			0.04		
8525-17	8 90-93			0.05		
8525-18	8 93-96			0.04		

Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-13-57
Order No. 8526-S

Material: Ore Samples 75
Received: 2-12-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8526-1	9 60-63			0.016		
8526-2	9 63-66			0.015		
8526-3	9 66-69			0.02		
8526-4	9 69-72			0.019		
8526-5	9 72-75			0.015		
8526-6	9 75-78			0.09		
8526-7	9 78-81			0.25		
8526-8	9 81-84			0.10		
8526-9	9 84-87			0.09		
8526-10	9 87-90			0.08		
8526-11	9 90-93			0.03		
8526-12	9 93-96			0.02		
8526-13	9 96-99			0.02		
8526-14	9 99-102			0.013		
8526-15	9 102-105			0.02		
8526-16	9 105-108			0.017		
8526-17	9 108-111			0.014		
8526-18	9 111-114			0.019		
8526-19	10 9-12			0.014		
8526-20	10 12-15			0.03		
8526-21	10 15-18			0.03		
8526-22	10 18-21			0.02		
8526-23	10 21-24			0.016		
8526-24	10 24-27			0.02		
8526-25	10 27-30			0.010		
8526-26	10 39-42			0.010		
8526-27	10 42-45			0.015		
8526-28	10 45-48			0.014		
8526-29	10 48-51			0.03		
8526-30	10 51-54			0.03		

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Analyst

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-E American Avenue
Long Beach 6, California

Date 2-13-57
Order No. 8526-S

Material: Ore Samples 75
Received: 2-12-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8526-31	10	54-57		0.014		
8526-32	10	57-60		0.010		
8526-33	10	60-63		0.014		
8526-34	10	63-66		0.013		
8526-35	10	66-69		0.013		
8526-36	10	69-72		0.012		
8526-37	10	72-75		0.014		
8526-38	10	75-78		0.017		
8526-39	10	78-81		0.019		
8526-40	10	81-84		0.011		
8526-41	10	84-87		0.009		
8526-42	10	87-90		0.018		
8526-43	10	90-93		0.04		
8526-44	10	93-96		0.04		
8526-45	10	96-99		0.013		
8526-46	10	99-102		0.016		
8526-47	10	102-105		0.017		
8526-48	10	105-108		0.02		
8526-49	10	108-111		0.02		
8526-50	10	111-114		0.010		
8526-51	10	114-117		0.014		
8526-52	10	117-120		0.02		
8526-53	10	120-123		0.012		
8526-54	10	147-150		0.02		
8526-55	10	150-153		0.03		
8526-56	18	60-63		0.013		
8526-57	18	63-66		0.017		
8526-58	18	66-69		0.017		
8526-59	18	69-72		0.016		
8526-60	18	72-75		0.02		

Analyst.

THE BROWN LABORATORY

2263 Broadway

GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-I American Avenue
Long Beach 6, California

Date 2-13-57

Order No. 8526-S

Material: Ore Samples 75
Received: 2-12-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8526-61	18 75-78			0.007		
8526-62	18 108-111			0.012		
8526-63	18 111-114			0.012		
8526-64	18 114-117			0.02		
8526-65	18 117-120			0.016		
8526-66	18 120-123			0.015		
8526-67	18 123-126			0.019		
8526-68	18 126-129			0.02		
8526-69	18 129-132			0.012		
8526-70	18 132-135			0.03		
8526-71	18 135-138			0.03		
8526-72	18 138-141			0.013		
8526-73	18 141-144			0.016		
8526-74	18 144-147			0.013		
8526-75	147-150			0.014		

Analyst.

Form MF-1[redacted]
(April 19[redacted]

[redacted] STATES
[redacted]MENT OF THE INTERIOR
[redacted]NSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1957 Docket No. DMEA 4191 Contract No. Idm-E994
Operator's Name Coso Uranium, Inc. Minerals
Address 2485 American Avenue, Long Beach 6, California
Contract Amount, $ 30,725.00 Government Participation: 75 % Amount, $ 23,044.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling Rotary	$4812.72	0.00	$4812.72			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental	995.38	0.00	995.38			
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	1407.00	0.00	1407.00			
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$7215.10	0.00	$7215.00			

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

Date Feb. 20, 1957 *Payee Coso Uranium, Inc.

Per [signature] Title President

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

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

(Instructions on reverse)

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

$ 5411 32

Signature [signature]
(Authorized Certifying Officer)
Authorized Certifying Officer

Date 2 7 1957 Vou. No. 21-DMEA 22

(See other side)

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(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E 994 in accordance with the terms of the contract.

Signature [signature] Title Mining Engineer Date 2/25/57

For B. H. Sheahan

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [signature] Title Executive Officer Date 2/25/57

S. Ricker

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MI[illegible]
(April 1[illegible])

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1957 Docket No. DMEA 4191 Contract No. [illegible]

Operator's Name Coso Uranium, Inc. Minerals Uranium

Address 245 American Ave., Long Beach 6, Calif.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn Rotary	Foot	$4260.00	2000	$4260.00	2000	$2.13		
Auger Rotary	Foot	552.72	294	552.72	294	1.88	4200	$2.00
Stripping								
Trenching								
Test Pits								
Roads and [illegible]	Hour	995.38		995.38	62.2	16.00	63	16.00
Sample Analyses	Each	1407.00	402	1407.00	402	3.50	402	3.50
TOTAL DISTRIBUTED COSTS		$7215.10		$7215.10				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								$30,725.00

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

Date Feb. 20, 1957 Operator Coso Uranium, Inc.

Per [illegible] Title President

REMARKS: Actual assaying: 428 samples at total cost of $1021.42 per attached invoices. DMEA authorized assaying: 402 samples at cost of $1407 which we have applied herein instead of greater actual cost. See accompanying letter of 2/18/57 relative to assaying and drilling.

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

(Instructions on reverse)

(For Government use only) [illegible]

INSTRUCTIONS

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

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

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

GPO 872894

EMMET R. CULLITY
110 SOUTH BRYN MAWR WAY
WHITTIER, CALIFORNIA
OXFORD 41-4201

February 18, 1957

Mr. S. Ricker, Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-491 (Uranium)
Coso Uranium, Inc.
Contract No. Idm-E994

Dear Mr. Ricker:

Relative to the subject contract we enclose reports for the month of January as follows:

5 copies, DMEA Form MF-104 with documentation

5 " DMEA Form MF-104A

5 " Weekly progress reports by John A. Holmquist, Geologist

1 " Drill hole logs by John A. Holmquist

5 " Drill hole sample assays by The Brown Laboratory

1 " Summary report or narrative by Stuart S. Merwin, geological engineer, Colorado Exploration Company

1 " Grid map with locations of DH-200, 201, 202, 41, 42.

As discussed with you on the phone February 15, our contract with Colorado Exploration Company is for drilling at unit price of $2.13 per foot for the first 2,000 feet of holes and $1.88 per foot for additional drilling. Thus the average unit cost is $2.00 per foot for the 4,200 feet of drilling in Stage 1, as authorized by our DMEA contract.

As evidenced by the appended invoices of the Brown Laboratory, we have so far incurred expense of $1,821.49 for the analyses of 428 drill hole samples. In dealing with the low grade uranium mineralization of the Coso lake beds we found it advisable to submit for chemical analyses more than the anticipated number of interval samples, rather than depend on scintillation counter checks on drill cuttings. It was also deemed advisable, because we were not getting dependable probe logs, to have the interval samples of three holes assayed radiometrically as well as chemically in order to obtain an equilibrium factor.

Our January voucher for reimbursement of assaying costs includes the $1,407.00 for 402 samples as authorized for Stage I of our DMEA contract. However, your authorization is requested to draw on Stage III funds for the additional costs of sample analyses which amount to $414.49 in the current invoicing to us and will run to an estimated total overage of $1,000 in Stage I.

As discussed with you on the phone and with your Mr. Sheehan at the job-site, we have abandoned drill hole locations 13, 15, and 22, which are now known to be to the east of possible uranium mineralization in the area under investigation, and have relocated these holes as DH-200,201, and 202 to the west of DH-20, 8 and 7A respectively. We request your authorization to drill these three relocated holes as part of Stage I and two additional holes, DH-41 and 42, which are in the northwest trend of the significant mineralization found in DH-26, 20, 8 and 7A. The locations of the five holes are shown on the enclosed map.

As of February 15, we have drilled 25 holes for a total of 3,381 feet; and upon completion of the proposed five holes, we estimate the total of Stage I drilling will be 4,200 feet as now authorized.

Yours very truly,

Emmet R. Cullity

Emmet R. Cullity, for
Coso Uranium, Inc.

ERC:jc

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-B American Avenue
Long Beach 6, California

Date 1-29-57
Order No. 8465-S

Material: Ore Samples 57
Received: 1-26-57
For: Analysis

Lab. No.	Your No.		Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8465-1	7A	51-54		0.013	0.02		
8465-2	7A	54-57		0.02	0.02		
8465-3	7A	57-60		0.02	0.02		
8465-4	7A	60-63		0.02	0.01		
8465-5	7A	63-66		0.010	0.01		
8465-6	7A	66-69		0.013	-0.01		
8465-7	7A	75-78		0.02	0.03		
8465-8	7A	78-81		0.03	0.03		
8465-9	7A	81-84		0.03	0.02		
8465-10	7A	84-87		0.08	0.08		
8465-11	7A	87-90		0.12	0.13		
8465-12	7A	90-93		0.11	0.10		
8465-13	7A	93-96		0.08	0.07		
8465-14	7A	96-99		0.05	0.05		
8465-15	7A	99-102		0.07	0.08		
8465-16	7A	102-105		0.06	0.06		
8465-17	7A	105-108		0.05	0.05		
8465-18	7A	108-111		0.04	0.04		
8465-19	7A	111-114		0.03	0.04		
8465-20	7A	114-117		0.04	0.04		
8465-21	7A	117-120		0.02	0.03		
8465-22	8	51-54			0.02		
8465-23	8	54-57			0.02		
8465-24	8	57-60			0.09		
8465-25	8	60-63			0.21		
8465-26	8	63-66			0.19		
8465-27	8	66-69			0.08		
8465-28	8	69-72			0.05		
8465-29	8	72-75			0.05		
8465-30	8	75-78			0.04		

Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 1-29-57
Order No. 8465-S

Material: Ore Samples 57
Received: 1-26-57
For: Analysis

Lab. No.	Your No.		Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8465-31	8	78-81			0.06		
8465-32	8	81-84			0.07		
8465-33	8	84-87			0.04		
8465-34	8	87-90			0.04		
8465-35	8	90-93			0.04		
8465-36	8	93-96			0.04		
8465-37	20	60-63			0.02		
8465-38	20	63-66			0.02		
8465-39	20	66-69			0.02		
8465-40	20	69-72			0.02		
8465-41	20	72-75			0.02		
8465-42	20	75-78			0.08		
8465-43	20	78-81			0.08		
8465-44	20	81-84			0.07		
8465-45	20	84-87			0.07		
8465-46	20	87-90			0.05		
8465-47	20	90-93			0.05		
8465-48	20	93-96			0.04		
8465-49	20	96-99			0.16		
8465-50	20	99-102			0.05		
8465-51	20	102-105			0.08		
8465-52	20	105-108			0.03		
8465-53	20	108-111			0.03		
8465-54	20	159-162			0.03		
8465-55	20	162-165			0.02		
8465-56	20	165-168			0.01		
8465-57	20	168-171			0.01		

Analyst

THE BROWN LABORATORY

2263 Broadway

GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 1-30-57
Order No. 8470-S

Material: Ore Samples 88
Received: 1-28-57
For: Analysis

Lab. No.	Your No.		Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8470-1	19	0-3		0.006	0.008		
8470-2	19	3-6		0.005	0.006		
8470-3	19	6-9		0.005	0.006		
8470-4	19	9-12		0.002	0.006		
8470-5	19	12-15		0.005	0.005		
8470-6	19	15-18		0.004	0.003		
8470-7	19	18-21		0.002	0.008		
8470-8	19	21-24		0.005	0.005		
8470-9	19	24-27		0.003	0.005		
8470-10	19	27-30		0.006	0.010		
8470-11	19	30-33		0.007	0.008		
8470-12	19	33-36		0.006	0.007		
8470-13	19	36-39		0.009	0.010		
8470-14	19	39-42		0.009	0.012		
8470-15	19	42-45		0.004	0.005		
8470-16	19	45-48		0.005	0.006		
8470-17	19	48-51		0.006	0.013		
8470-18	19	51-54		0.007	0.009		
8470-19	19	54-57		0.011	0.006		
8470-20	19	57-60		0.007	0.006		
8470-21	19	60-63		0.008	0.008		
8470-22	19	63-66		0.007	0.010		
8470-23	19	66-69		0.005	0.008		
8470-24	19	69-72		0.007	0.013		
8470-25	19	72-75		0.011	0.012		
8470-26	19	75-78		0.010	0.013		
8470-27	19	78-81		0.005	0.013		
8470-28	19	81-84		0.007	0.018		
8470-29	19	84-87		0.005	0.015		
8470-30	19	87-90		0.007	0.015		

Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 1-30-57
Order No. 8470-S

Material: Ore Samples 88
Received: 1-28-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8470-31	19 90-93		0.008	0.012		
8470-32	19 93-96		0.014	0.019		
8470-33	19 96-99		0.014	0.015		
8470-34	19 99-102		0.02	0.02		
8470-35	19 102-105		0.014	0.016		
8470-36	19 105-108		0.02	0.014		
8470-37	19 108-111		0.009	0.013		
8470-38	19 111-114		0.02	0.015		
8470-39	19 114-117		0.010	0.015		
8470-40	19 117-120		0.014	0.013		
8470-41	19 120-123		0.02	0.019		
8470-42	19 123-126		0.02	0.015		
8470-43	19 126-129		0.02	0.017		
8470-44	19 129-132		0.013	0.012		
8470-45	19 132-135		0.014	0.02		
8470-46	19 135-138		0.014	0.013		
8470-47	19 138-141		0.012	0.012		
8470-48	19 141-144		0.02	0.019		
8470-49	19 144-147		0.04	0.04		
8470-50	19 147-150		0.03	0.03		
8470-51	19 150-153		0.02	0.018		
8470-52	19 153-156		0.03	0.03		
8470-53	19 156-159		0.04	0.02		
8470-54	19 159-162		0.02	0.03		
8470-55	19 162-165		0.04	0.03		
8470-56	19 165-168		0.02	0.03		
8470-57	19 168-161		0.03	0.02		
8470-58	19 171-174		0.02	0.02		
8470-59	19 174-177		0.02	0.013		
8470-60	19 177-180		0.014	0.011		

Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 1-30-57
Order No. 8470-S

Material: Ore Samples 88
Received: 1-28-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8470-61	19	180-183	0.014	0.010		
8470-62	19	183-186	0.016	0.012		
8470-63	19	186-189	0.02	0.013		
8470-64	19	189-192	0.02	0.015		
8470-65	19	192-195	0.02	0.013		
8470-66	19	195-198	0.011	0.013		
8470-67	19	198-201	0.02	0.015		
8470-68	19	201-204	0.014	0.016		
8470-69	19	204-207	0.02	0.014		
8470-70	19	207-210	0.03	0.02		
8470-71	19	210-213	0.02	0.012		
8470-72	19	213-216	0.02	0.017		
8470-73	19	216-219	0.02	0.012		
8470-74	19	219-222	0.03	0.03		
8470-75	19	222-225	0.03	0.03		
8470-76	19	225-228	0.02	0.02		
8470-77	19	228-231	0.02	0.02		
8470-78	19	231-234	0.02	0.02		
8470-79	19	234-237	0.02	0.02		
8470-80	19	237-240	0.02	0.02		
8470-81	19	240-243	0.02	0.016		
8470-82	19	243-246	0.03	0.02		
8470-83	19	246-249	0.03	0.02		
8470-84	19	249-252	0.02	0.02		
8470-85	19	252-255	0.004	0.013		
8470-86	19	255-258	0.010	0.008		
8470-87	19	258-261	0.010	0.007		
8470-88	19	261-264	0.007	0.010		

Analyst.

THE BROWN LABORATORY

2263 Broadway

GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-1--57

Order No. 8478-S

Material: Ore Samples 33

Received: 1-31-57

For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8478-1	27A 45-48			0.03		
8478-2	27A 48-51			0.009		
8478-3	27A 69-72			0.04		
8478-4	27A 72-78			0.05		
8478-5	29 33-36			0.010		
8478-6	29 36-39			0.007		
8478-7	29 39-42			0.007		
8478-8	29 42-45			0.007		
8478-9	29 45-48			0.007		
8478-10	29 48-51			0.008		
8478-11	29 81-84			0.008		
8478-12	29 84-87			0.012		
8478-13	29 87-90			0.013		
8478-14	29 90-93			0.013		
8478-15	29 93-96			0.011		
8478-16	29 96-99			0.011		
8478-17	29 99-102			0.013		
8478-18	29 102-105			0.007		
8478-19	29 105-108			0.010		
8478-20	29 108-111			0.012		
8478-21	29 111-114			0.005		
8478-22	29 114-117			0.012		
8478-23	29-117-120			0.008		
8478-24	29 120-123			0.013		
8478-25	29 123-126			0.012		
8478-26	29 126-129			0.014		
8478-27	29 129-132			0.02		
8478-28	29 132-135			0.02		
8478-29	29 135-138			0.02		
8478-30	29 138-141			0.015		
8478-31	29 141-144			0.015		
8478-32	29 144-147			0.010		
8478-33	29 147-150			0.008		

Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-8-57
Order No. 8505-S

Material: Ore Samples 102
Received: 2-7-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8505-1	7A	0-3	0.005	0.009		
8505-2	7A	3-6	0.005	0.004		
8505-3	7A	6-9	0.007	0.007		
8505-4	7A	9-12	0.005	0.003		
8505-5	7A	12-15	0.004	0.004		
8505-6	7A	15-18	0.006	0.011		
8505-7	7A	18-21	0.010	0.007		
8505-8	7A	21-24	0.02	0.013		
8505-9	7A	24-27	0.010	0.014		
8505-10	7A	27-30	0.012	0.009		
8505-11	7A	30-33	0.005	0.010		
8505-12	7A	33-36	0.011	0.013		
8505-13	7A	36-39	0.005	0.009		
8505-14	7A-39-42		0.007	0.011		
8505-15	7A	42-45	0.010	0.010		
8505-16	7A	45-48	0.013	0.011		
8505-17	7A	48-51	0.009	0.016		
8505-18	7A	69-72	0.009	0.011		
8505-19	7A	72-75	0.02	0.019		
8505-20	7A	120-123	0.02	0.015		
8505-21	7A	123-126	0.02	0.03		
8505-22	7A	126-129	0.03	0.03		
8505-23	7A	129-132	0.02	0.02		
8505-24	7A	150-153	0.02	0.013		
8505-25	7A	153-156	0.009	0.014		
8505-26	7A	156-159	0.02	0.013		
8505-27	7A	159-162	0.014	0.016		
8505-28	7A	162-165	0.02	0.013		
8505-29	7A	165-168	0.02	0.02		
8505-30	30	198-200	0.02	0.005		

Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-8-57
Order No. 8505-S

Material: Ore Samples 102
Received: 2-7-57
For: Analysis

Lab. No.	Your No.		Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8505-31	16	45-48			0.014		
8505-32	16	48-51			0.004		
8505-33	16	51-54			0.009		
8505-34	16	54-57			0.010		
8505-35	16	57-60			0.013		
8505-36	16	60-63			0.011		
8505-37	17	57-60			0.014		
8505-38	17	60-63			0.011		
8505-39	17	63-66			0.010		
8505-40	17	66-69			0.007		
8505-41	17	69-72			0.009		
8505-42	17	72-75			0.005		
8505-43	17	75-78			0.013		
8505-44	17	78-81			0.012		
8505-45	17	81-84			0.02		
8505-46	17	84-87			0.02		
8505-47	17	87-90			0.012		
8505-48	17	90-93			0.02		
8505-49	17	93-96			0.012		
8505-50	23	33-36			0.012		
8505-51	23	36-39			0.02		
8505-52	23	39-42			0.015		
8505-53	23	42-45			0.02		
8505-54	23	45-48			0.02		
8505-55	24	45-48			0.014		
8505-56	24	48-51			0.02		
8505-57	24	51-54			0.013		
8505-58	24	54-57			0.014		
8505-59	24	57-60			0.006		
8505-60	24	60-63			0.017		

W. D. Brown
Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coro Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-8-57
Order No. 8505-S

Material: Ore Samples 102
Received: 2-7-57
For: Analysis

Lab. No.	Your No.		Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8505-61	24	63-66			0.016		
8505-62	24	66-69			0.010		
8505-63	24	69-72			0.007		
8505-64	24	72-75			0.007		
8505-65	24	75-78			0.007		
8505-66	24	78-81			0.010		
8505-67	24	81-84			0.014		
8505-68	24	84-87			0.007		
8505-69	24	87-90			0.009		
8505-70	24	90-93			0.007		
8505-71	25	120-123			0.011		
8505-72	25	123-126			0.016		
8505-73	25	126-129			0.05		
8505-74	25	129-132			0.011		
8505-75	25	132-135			0.011		
8505-76	25	135-138			0.012		
8505-77	25	138-141			0.013		
8505-78	25	141-144			0.02		
8505-79	25	144-147			0.016		
8505-80	25	147-150			0.011		
8505-81	25	150-153			0.009		
8505-82	25	153-156			0.016		
8505-83	25	156-159			0.02		
8505-84	25	159-162			0.009		
8505-85	25	162-165			0.009		
8505-86	25	165-168			0.011		
8505-87	25	168-171			0.009		
8505-88	25	171-174			0.017		
8505-89	25	174-177			0.012		
8505-90	25	177-180			0.009		

H. D. Brown
Analyst

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-8-57
Order No. 8505-S

Material: Ore Samples 102
Received: 2-7-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8505-91	25	180-183		0.015		
8505-92	25	183-186		0.006		
8505-93	25	186-189		0.006		
8505-94	25	189-192		0.010		
8505-95	25	192-195		0.017		
8505-96	25	195-198		0.016		
8505-97	25	198-201		0.017		
8505-98	25	201-204		0.011		
8505-99	32A	6-9		0.009		
8505-100	32A	18-21		0.016		
8505-101	32A	30-33		0.012		
8505-102	32A	42-45		0.015		

W. D. Brown
Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-8-57
Order No. 8504-S

Material: Ore Samples 148
Received: 2-6-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8504-1	26	93-96		0.014		
8504-2	26	96-99		0.009		
8504-3	26	99-102		0.016		
8504-4	26	102-105		0.02		
8504-5	26	105-108		0.018		
8504-6	26	108-111		0.016		
8504-7	26	111-114		0.014		
8504-8	26	114-117		0.011		
8504-9	26	117-120		0.012		
8504-10	26	120-123		0.010		
8504-11	26	123-126		0.018		
8504-12	26	126-129		0.015		
8504-13	26	129-132		0.020		
8504-14	26	132-135		0.03		
8504-15	26	135-138		0.03		
8504-16	26	138-141		0.06		
8504-17	26	141-144		0.04		
8504-18	26	144-147		0.03		
8504-19	26	147-150		0.02		
8504-20	26	150-153		0.02		
8504-21	26	153-156		0.019		
8504-22	26	156-159		0.04		
8504-23	26	159-162		0.04		
8504-24	26	162-165		0.04		
8504-25	26	165-168		0.04		
8504-26	26	168-171		0.05		
8504-27	26	171-174		0.04		
8504-28	26	174-177		0.03		
8504-29	26	177-180		0.03		
8504-30	26	180-183		0.03		

N. D. Brown
Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-8-57
Order No. 8504-S

Material: Ore Samples 148
Received: 2-6-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8504-31	26 183-186			0.03		
8504-32	26 186-189			0.03		
8504-33	26 189-192			0.03		
8504-34	26 192-195			0.02		
8504-35	26 195-198			0.05		
8504-36	26 198-201			0.03		
8504-37	26 201-204			0.02		
8504-38	26 204-207			0.03		
8504-39	26 207-210			0.03		
8504-40	26 210-213			0.02		
8504-41	26 213-216			0.04		
8504-42	26 216-219			0.02		
8504-43	26 219-222			0.016		
8504-44	26 222-225			0.02		
8504-45	26 225-228			0.03		
8504-46	26 228-231			0.02		
8504-47	26 231-234			0.018		
8504-48	26 234-237			0.05		
8504-49	26 237-240			0.04		
8504-50	26 240-243			0.09		
8504-51	30 243-246	(26) 30 Not Marked Out.		0.12		
8504-52	26 246-249			0.09		
8504-53	26 249-252			0.05		
8504-54	26 252-255			0.03		
8504-55	26 255-258			0.03		
8504-56	26 258-261			0.02		
8504-57	26 261-264			0.02		
8504-58	26 264-267			0.016		
8504-59	26 267-270			0.018		
8504-60	26 270-273			0.018		

W. D. Bro
Analyst.

THE BROWN LABORATORY

2263 Broadway
GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.C. Merritt
Coso Uranium, Inc.
2485-E American Avenue
Long Beach 6, California

Date 2-8-57
Order No. 8504-S

Material: Ore Samples 148
Received: 2-6-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8504-61	26	273-276		0.02		
8504-62	30	0-3	0.005	0.011		
8504-63	30	3-6	0.008	0.010		
8504-64	30	6-9	0.005	0.010		
8504-65	30	9-12	0.008	0.004		
8504-66	30	12-15	0.003	0.008		
8504-67	30	15-18	0.006	0.010		
8504-68	30	18-21	0.008	0.008		
8504-69	30	21-24	0.002	0.008		
8504-70	30	24-27	0.006	0.015		
8504-71	30	27-30	0.003	0.006		
8504-72	30	30-33	0.003	0.007		
8504-73	30	33-36	0.009	0.008		
8504-74	30	36-39	0.008	0.008		
8504-75	30	39-42	0.005	0.008		
8504-76	30	42-45	0.007	0.010		
8504-77	30	45-48	0.008	0.010		
8504-78	30	48-51	0.010	0.011		
8504-79	30	51-54	0.011	0.010		
8504-80	30	54-57	0.007	0.010		
8504-81	30	57-60	0.009	0.008		
8504-82	30	60-63	0.009	0.013		
8504-83	30	63-66	0.008	0.010		
8504-84	30	66-69	0.004	0.010		
8504-85	30	69-72	0.009	0.011		
8504-86	30	72-75	0.007	0.016		
8504-87	30	75-78	0.009	0.015		
8504-88	30	78-81	0.012	0.02		
8504-89	30	81-84	0.009	0.016		
8504-90	30	84-87	0.008	0.014		

Analyst.

THE BROWN LABORATORY

2263 Broadway

GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

T.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-8-57
Order No. 8504-[illegible]

Material: Ore Samples 148
Received: 2-6-57
For: Analysis

Lab. No.	Your No.	Description	Radiometric %eU3O8	Chemical %U3O8	%V2O5	%CaCO3
8504-91	30 87-90		0.010	0.017		
8504-92	30 90-93		0.012	0.015		
8504-93	30 93-96		0.010	0.016		
8504-94	30 96-99		0.011	0.016		
8504-95	30 99-102		0.012	0.016		
8504-96	30 102-105		0.03	0.03		
8504-97	30 105-108		0.013	0.02		
8504-98	30 108-111		0.03	0.04		
8504-99	30 111-114		0.04	0.05		
8504-100	30 114-117		0.02	0.02		
8504-101	30 117-120		0.02	0.02		
8504-102	30 120-123		0.013	0.017		
8504-103	30 123-126		0.011	0.015		
8504-104	30 126-129		0.009	0.02		
8504-105	30 129-132		0.02	0.010		
8504-106	30 132-135		0.02	0.02		
8504-107	30 135-138		0.03	0.04		
8504-108	30 138-141		0.02	0.02		
8504-109	30 141-144		0.02	0.03		
8504-110	30 144-147		0.014	0.03		
8504-111	30 147-150		0.02	0.02		
8504-112	30 150-153		0.02	0.02		
8504-113	30 153-156		0.02	0.02		
8504-114	30 156-159		0.012	0.010		
8504-115	30 159-162		0.014	0.013		
8504-116	30 162-165		0.014	0.014		
8504-117	30 165-168		0.014	0.010		
8504-118	30 168-171		0.014	0.010		
8504-119	30 171-174		0.014	0.018		
8504-120	30 174-177		0.010	0.015		

Analyst.

THE BROWN LABORATORY

2263 Broadway

GRAND JUNCTION, COLORADO

ANALYTICAL DEPARTMENT

CHapel 2-4589

CERTIFICATE OF ANALYSIS

TO

W.O. Merritt
Coso Uranium, Inc.
2485-D American Avenue
Long Beach 6, California

Date 2-8-57

Order No. 8504-

Material: Ore Samples 148

Received: 2-6-57

For: Analysis

Lab. No.	Your No.		Description	Radiometric %eU_3O_8	Chemical %U_3O_8	%V_2O_5	%$CaCO_3$
8504-121	30	177-180		0.005	0.018		
8504-122	30	180-183		0.005	0.011		
8504-123	30	183-186		0.005	0.016		
8504-124	30	186-189		0.013	0.011		
8504-125	30	189-192		0.010	0.010		
8504-126	30	192-195		0.014	0.013		
8504-127	30	195-198		0.011	0.019		
8504-128	31A	48-51			0.02		
8504-129	31A	51-54			0.018		
8504-130	31A	54-57			0.016		
8504-131	31A	57-60			0.013		
8504-132	31A	60-63			0.014		
8504-133	31A	63-66			0.019		
8504-134	31A	66-69			0.02		
8504-135	31A	69-72			0.018		
8504-136	31A	72-75			0.012		
8504-137	31A	75-78			0.009		
8504-138	31A	78-81			0.009		
8504-139	31A	81-84			0.012		
8504-140	31A	84-87			0.010		
8504-141	31A	87-90			0.012		
8504-142	31A	90-93			0.011		
8504-143	31A	93-96			0.012		
8504-144	31A	96-99			0.013		
8504-145	31A	99-102			0.009		
8504-146	31A	102-105			0.013		
8504-147	31A	105-108			0.011		
8504-148	31A	108-111			0.013		

Analyst.

KERBACH-McCUTCHEN
Heavy Equipment Rentals
Route 2 · Box 4 · Telephone [illegible]
BISHOP, CALIFORNIA

January 19, 1957

Gene Uranium Inc.
Olancha, California.

Bulldozer rental Jan. 2, 1957 thru Jan.15 1957

62.2 hours @ $ 16.00per hr $ 995.38

[illegible] CORPORATION COMPANY

IN ACCOUNT WITH

[illegible] TRANSAM, [illegible]
[illegible] J. Robert Post, Jr.
[illegible]485-D American Avenue
Long Beach, California

Drilling & Geological Investigation
Period 1-1 thru 1-31-57

TOTAL FOOTAGE DRILLED - Month of January, 1957

[illegible],000 Ft. @ $2.13/Ft.	$4,260.00
294 Ft. @ $1.88/Ft.	552.72
TOTAL DUE	$4,812.72

1117 WASHINGTON AVE.
GOLDEN, COLORADO

CRESTVIEW 9-3357
P.O. BOX 509

COSO EXPLORATION PROJECT

PROGRESS REPORT: January 1 thru January 12, 1957

Exploration work was commenced Jan.1, 1957 on lode claims owned by Coso Uranium, Inc., located in S.25,T.20S.,R.37E.,and in S.25, T.20S.,R.37½E.,Inyo County, California.

Surveying

A preliminary drill grid including five fences of 28 drill locations has been surveyed by transit using stadia measurments and was laid out in accordance with Schedule I of a DMEA-approved program for the property. Ground control was based on two of a number of triangulation stations established by Hycon Aerial Surveys, Inc. indicated on their map of the property, dated Dec. 1955, as Coso"B" and Coso"C".

Four of the 28 locations (0,7,31,&32) have been offset for distances up to 55 ft. for the purpose of gaining easier access and/or additional geologic knowledge that would not be realized by their specified locations. Four locations (12,13,15,&22) were unattainable by tractor excavation due to large boulders or hard ground and were temporarily abandoned at the discretion of E.R. Cullity. All other locations and access roads have been adequately prepared. The final coordinated and elevation of each drill hole will be surveyed with transit and chain as time permits.

Geology

I have received, on loan from J.R.Peat,Jr.,two geological reports on the area and am using these to supplement field observations. Lithologic and radiometric logging of the drill cuttings is not up todate but should be by the end of the next report period.

Rotary Drilling

Drill progress has been slow but should improve as equipment and the knowledge of drilling conditions improves. To date the possible advantages of water-drilling have not been considered to justify their added expense in cost, time, and sample handling.

Drill hole No. 19:

Collared 1-2-57

Completed 1-4-57

T.D. - 264 feet

The probe indicated several zones of anomalous radioactivity though all appeared to be composed of thin streaks as recorded character was very jagged. Samples from the entire depth of this hole were sent for assay.

Drill hole No. 20:

Collared 1-4-57

Completed 1-11-57

T.D. - 253 feet

Fair probe response was indicated between 55 and 105 feet; character was jagged. One quarter of the sampled intervals from 60 to 111 feet and 160 to 170 feet will be sent for assay on the basis of sample and probe response.

Drill hole No. 8

Collared 1-11-57

Abandoned 1-12-57 at 127 feet of depth

Drilling conditions were difficult due to loose ground below 93 feet and no samples were recovered below this depth. This hole has not been probed to date due to drill rods in the hole.

Any decision as to further drilling at this site will be deferred to a later date. An estimated 30 to 50 feet of potential section remains unpenetrated at this location.

Disposition of Samples

The entire sample from each three foot interval is split four ways. When warranted by radiometric response one quarter is shipped for assay. All portions of each interval, other than assayed portions will be stored in a shed in the town of Olancha about 12 mi. distant from the property.

Portions of samples intended for assay will be sent from Lone Pine, Calif., by Railway Express, to the Brown Laboratories, Grand Junction, Colo. This assayer has been advised to prepare five copies of the assay results to be dispersed as follows: three copies to J.R.Frost,Jr., one copy to S.L.Terwin, and one copy to John A. Holmquist.

Respectfully submitted,

John A. Holmquist

Colorado Exploration Co.
Lone Pine, California
January 21, 1957

PROGRESS REPORT-JANUARY 13 thru 19, 1957
COSO EXPLORATION PROJECT
COSO HILLS, CALIFORNIA

PERSONNEL:

C. A. Holmquist
A. Beatty
M. L. Seip
J. M. Cooper

SURVEYING:

Cooridinates and elevations are now being computed from the preliminary survey. These will be plotted on a map for use in the weekly progress reports.

GEOLOGY:

Lithologic and radiometric logging of drill cuttings is up to date. All drill holes have been probed to date with the exception of holes No.7A and No.28. The probe unit is in for repair and will again be operative by Jan. 23. Probe results have so far proven unreliable for grades of less than .10% indicated U_3O_8 and this will be remedied in the shop.

ROTARY DRILLING:

The drill was operated on a one-shift basis on the Linda Sue 3 and Esther 4 claims.

Hole No. 19 (cont'd.): Collar Elev.(approx.): 4729.8
Coordinates(approx.): 46,729 N, 44,521 E

0- 21 Alluvium
21-261 Coso Fm.
261-264 Granite
264 Bottom

Hole No. 20(cont'd): Collar Elev.(approx.): 4681.5
Coordinates(approx.): 46,769 N, 44,326 E

73- 97, 24 feet @ .15% indicated U_3O_8(probe)

0- 21 Alluvium
21-254 Coso Fm.
254-258 Granite
258 Bottom

ROTARY DRILLING(cont'd):

Hole No. 8(cont'd): Collar Elev.(approx.): 4651.9
Coordinates(approx.): 46,985 N, 44,269 E

56- 64, 9 feet @ .36% indicated U_3O_8 (probe)

0- 27 Alluvium
27- 96 Coso Fm.
96-127 Probable Coso Fm. - no sample recovery
127 Bottom - temporarily abandoned. By most recent data proposed bottom is estimated at 224 feet.

Hole No. 7A: Collar Elev.(approx.): 4612.6
Coordinates(approx.): 47,211 N, 44,159 E

Not probed to date.
0- 12 Alluvium
12-132 Coso Fm.
132-150 Probable Coso Fm. - no sample recovery
150-168 Coso Fm.
168-178 Probable Coso Fm. - " " "
178-180 Probable Granite - " " "
180 Bottom - bottomed on basis of drilling firmness

Hole No. 28: Collar Elev.(approx.): 4609.9
Coordinates(approx.): 46,619 N, 44,048 E

Not probed to date.
0- 39 Alluvium
39-120 Coso Fm.
120 Incomplete - drill rod twisted off in hole. Drilling to be resumed when tools are available for retrieving rods and bit still in hole.

Hole No. 27A: Collar Elev.(approx.): 4639.2
Coordinates(approx.): 46,591 N, 44,196 E

0- 33 Alluvium
33- 51 Coso Fm.
51- 69 Probable Coso Fm. - no sample recovery
69-108 Coso Fm.
108 Incomplete

J. A. Holmquist

cc: Colorado Exploration Co.
Golden, Colo.

E. R. Cullity
Whittier, Calif.

J. A. Holmquist
Long Pine, Calif.

Colorado Exploration Co.
Lone Pine, California
January 28, 1957

PROGRESS REPORT-JANUARY 14 thru 26, 1957
COSO EXPLORATION PROJECT
COSO HILLS, CALIFORNIA

PERSONNEL:

J. A. Holmquist
A. Beatty
A. L. Seip
J. K. Cooper

GEOLOGY:

Lithologic and radiometric logging of drill hole cuttings is up to date. At the present no dependable probe records of drill holes are available due to a malfunctioning probe unit. An attempt will be made, during the coming week, to remedy this.

ROTARY DRILLING:

The drill was operated on a one-shift basis on the Esther 2 and Esther 4 claims.

Hole No. 25: Collar Elev.(approx.): 4755.4
Coordinates(approx.): 46,508 N, 44,577 E

0- 18 Alluvium
18 Incomplete

Hole No. 26: Collar Elev.(approx.): 4724.5
Coordinates(approx.): 46,549 N, 44,381 E

0-36 Alluvium
36- 60 Coso Fm.
60- 66 Probable Coso Fm.- no sample recovery
66-267 Coso Fm.
267-285 Coso-Granite contact zone
285-290 Granite
290 Bottom

Hole No. 27A(cont'd.): Collar Elev.(approx.) 4639.2
Coordinates(approx.): 46,591 N, 44,196 E

108-188 Coso Fm.
188-191 Granite
191 Bottom

Hole No. 29: Collar Elev.(approx.): 4680.5
Coordinates(approx.): 46,373 N, 44,243 E

0- 21 Alluvium
21-165 Coso Fm.
165-171 Granite
171 Bottom

Hole No. 30: Collar Elev.(approx.): 4724.5
Coordinates(approx.): 46,332 N, 44,439 E

0- 36 Alluvium
36-196 Coso Fm.
196-200 Granite
200 Bottom

Hole No. 31A: Collar Elev.(approx.): 4745.1
Coordinates(approx.): 46,328 N, 44,640 E

Alluvium excavated in building location
0-129 Coso Fm.
129-131 Granite
131 Bottom

SAMPLE SHIPMENTS:

Because of the slow rate of travel for rail shipments out of Lone Pine assay samples will henceforth be shipped from Olancha, Calif. to Los Angeles and thence to Grand Junction, Colo. by truck.

J. A. Holmquist

J. A. Holmquist

enc: one Drill Data Sheet(Jan. 2 thru 22)
nine drill hole logs

cc: Colorado Exploration Co.
Golden, Colo.

E. R. Cullity
Whittier, Calif.

J. A. Holmquist
Lone Pine, Calif.

Colorado Exploration Co.
Lone Pine, California
February 3, 1957

PROGRESS REPORT-JANUARY 27 thru FEBRUARY 2,1957
COSO EXPLORATION PROJECT
COSO HILLS, CALIFORNIA

PERSONNEL:

J. A. Holmquist
A. Beatty
A. L. Leip
J. M. Cooper

GEOLOGY:

Lithologic and radiometric logging of drill hole cuttings is up to date. Geologic cross sections on the five drill hole fences trending NW-SE are being drafted.

ROTARY DRILLING:

Hole No. 16: Collar Elev.(approx.): 4891.8
Coordinates(approx.): 46,599 N, 45,108 E

6- 9 Alluvium
9- 77 Coso Fm.
77- 79 Granite
79 Bottom

Hole No. 17: Collar Elev.(approx.): 4829.3
Coordinates(approx.): 46,639 N, 44,910 E

0- 3 Alluvium
3- 99 Coso Fm.
99-100.5 Granite
100.5 Bottom

Hole No. 18: Collar Elev.(approx.): 4786.2
Coordinates(approx.): 46,681 N, 44,715 E

0- 19 Alluvium
19-105 Coso Fm.
105 Incomplete

Hole No. 23: Collar Elev.(approx.): 4817.8
Coordinates(approx.): 46,423 N, 44,968 E

0- 81 Coso Fm.
81- 85 Granite
85 Bottom

Hole No. 24: Collar Elev.(approx.): 4793.5
Coordinates(approx.): 46,468 N, 44,771 E

0- 15 Alluvium
0- 15 Alluvium
15- 93 Coso Fm.
93- 95 Granite
95 Bottom

Hole No. 25(cont'd): Collar Elev.(approx.): 4755.4
Coordinates(approx.): 46,508 N, 44,577E

0- 27 Alluvium
27-108 Coso Fm.
108-114 Probable Coso Fm.-no sample recovery
114-210 Coso Fm.
210-213 Granite
213 Bottom

Hole No. 28(cont'd): Collar Elev.(approx.): 4609.9
Coordinates(approx.): 46,419 N, 44,048 E

120 Abandoned

Hole No.332A Collar Elev.(approx.): 4780.6
Coordinates(approx.): 46,302 N, 44,835 E

0- 3 Alluvium
3- 48 Coso Fm.
48- 54 Granite
54 Bottom

J. A. Holmquist

J. A. Holmquist

enc: seven drill hole logs

cc: Colorado Exploration Co.
Golden, Colorado

E. R. Cullity
Whittier, Calif.

J. A. Holmquist
Lone Pine Calif.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
420 Custom House
555 Battery Street
San Francisco 11, California

RECEIVED 31

December 27, 1956

Mr. S. Ricker, Executive Officer
Defense Minerals Exploration Administration
1605 Evans Avenue
Reno, Nevada

Re: Idm-E994, DMEA-4191
Coso Uranium, Inc.
White Swan, etal groups
Inyo County, California

Dear Mr. Ricker:

Would you kindly get up the usual form letter, advising the operator that the audit of subject contract will be performed on a site audit basis.

Sincerely yours,

"(SIGNED) GEORGE MAVOR"

George Mavor
Auditor

Copy to: Jay L. Chambers

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

To: Ceso Uranium, Inc.
2485 American Avenue
Long Beach 6, California

Pursuant to the provisions of Exploration Project Contract No. Idm-4994, dated August 21, 1956, (Docket No. DMEA-4191), hereinafter called the "contract," between the Ceso Uranium, Inc., a California corporation, and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

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

Rotary drilled holes penetrated a significant deposit of ore-grade uranium-bearing material in the Pliocene-Pleistocene Ceso lake beds which lie within the area of the claims listed in Annex I of the contract.

Dated: AUG 30 1957

THE UNITED STATES OF AMERICA

By C Mitchell
Administrator, Defense Minerals
Exploration Administration

FMMurphy/izm 8-6-57
cc to: Operator
Jesse C. Johnson, Director
Division of Raw Materials, AEC
Contract Adm. & Audit Division
DMEA Field Team, Region II (2)
Finance Office
Docket
Admr.'s Reading File
F. E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
F. M. Murphy

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

Mr. [illegible] Merritt, President
[illegible] Uranium, Inc.
2165 American [illegible]
[illegible], California

Re: [illegible]
Contract No. [illegible]
White [illegible], [illegible], Crown
King County, California

Dear Mr. Merritt

[illegible] a certification by the United States of America of a discovery or development under an exploration project contract. This certification covers all the lands described in Article [illegible] of the subject contract.

By the terms of the subject contract, as amended, and of the certification, all uranium ores produced from August 21, 1956, to August 21, 1960, are subject to the Government's percentage royalty as set forth in the contract until the amount contributed by the Government is repaid.

Payments should be made to Mr. [illegible], Executive Officer, [illegible], Division of Raw Materials, [illegible] Building, Washington 25, D. C. Payments to the Government should be made to the Defense Minerals Exploration Administration [illegible] Division. The [illegible] of Shipment receipts by you from the mill [illegible] are considered to be a part of the purchase price to which the Government's royalty applies. Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement [illegible], showing the price of the ore [illegible] the [illegible], and the price and charges, certified to be correct by the purchaser.

[illegible] Mr. Merritt of any changes in ownership or [illegible] rights that might have an effect on the Government's right to the percentage royalty. Also, if production ceases for [illegible] period, [illegible] Mr. [illegible] at [illegible] that is [illegible] than [illegible], which [illegible] in the case.

Sincerely yours,

C. O. Mittendorf

Assistant [illegible]

[illegible]

Copy/Ian -6-57
cc to Admr.'s reading file
R. L. Jeanney
Chrnt. & Contracts
Trans. Lab. No. 368

Williamson, No. 5276
Field Team, Sector II (2)
Contract Adm. & Audit Division
Mr. Murphy

DMEA Form 14

Contract No. Idm-E 994

Docket No. 4191

DEPARTMENT OF THE INTERIOR

Executed reducing amendment

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
August 21, 1956	II	California	Uranium

Name and Address of Operator: Coso Uranium, Inc.
2485 American Avenue
Long Beach 6, California

	Reserve	Obligation
Prior Amount		$23,044.00
Increase		0
Decrease		13,432.00
Revised Amount		$ 9,612.00

Remarks:

ALLEN S. DAKAN

(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division

(Title)

Date Delivered to Bureau of Mines, Washington 6/12/57

16416

Audit copy

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DMEA
RECEIVED JUN 12 1957

DATE	INITIALS	CODE
		800

EXPLORATION PROJECT CONTRACT
COSO URANIUM, INC.
DOCKET NO. DMEA-4191

AMENDMENT NO. 4

It is agreed this 13th day of May, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Coso Uranium, Inc., that Exploration Project Contract Idm-2994, Docket No. DMEA-4191, dated August 21, 1956, as amended, is further amended effective January 2, 1957, as follows:

1. Amendment No. 3 is revoked.

2. Stage II and Stage III of original contract are deleted.

3. In Exhibit A of the Contract, under General Provisions, add the following:

> All bulldozer work under the Contract shall be performed with a D-7 Caterpillar Tractor or equivalent unit of any other make.

4. In Amendment No. 2, under Exhibit "A" delete pages 2 and 3 and substitute the following:

> Stage I shall consist of drilling not in excess of 35 holes, totaling not in excess of 5,000 feet of rotary drilling. The holes shall be drilled at the approximate locations shown on the map entitled "Exhibit 'B' Revised, Plan of Exploratory Drilling...." attached hereto and made part hereof.
>
> Not in excess of 400 samples shall be chemically analyzed for their U_3O_8 content under this stage of the Contract.

6. In Article 3 of the Contract the figures $30,795.00 and $23,064.00 are deleted and replaced by the figures $12,815.00 and $9,618.00, respectively.

This Amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed cost of any item of work.

Executed in multiplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Rural Electric
Administration

COOK WARREN, INC.

By [signature]

Title President

Government's Copy

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D M E A
RECEIVED FEB 13 1957

DATE	INITIALS	CODE
		800

EXPLORATION PROJECT CONTRACT
COSO URANIUM, INC.
DOCKET NO. DMEA-4191

Amendment No. 3

It is agreed this 25th day of January, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Coso Uranium, Inc., that Exploration Project Contract Idm-E994, Docket No. DMEA-4191, dated August 21, 1956, as amended, is further amended, as follows:

1. In Article 13 of the Contract, add the following:

"(f) All bulldozer work under the contract shall be performed with a D-7 Caterpillar tractor or equivalent unit."

2. In Amendment No. 2, Exhibit "A," the following changes are made:

(a) Under the heading Description of the Work, in Stage I, on page 2, the second paragraph which begins with the words "Not in excess of 400 samples ..." is revised to read as follows:

"Not in excess of 402 samples shall be chemically analyzed for their U_3O_8 content under this Stage of the Contract."

(b) Under the heading Estimated Costs of Project, Actual Costs, in Stage I, Category (7) Miscellaneous, on page 3, the figures "400" and "$1,400.00" are changed, respectively, to "402" and "$1,407.00".

(c) Under the heading Estimated Costs of Project, Actual Costs, Stage I, the figure "$10,808.00" as the Estimated Total Cost - Stage I, is changed to "$10,815.00".

(d) The SUMMARY is revised to read as follows:

"SUMMARY

Estimated Total Cost - Stage I	$10,815.00	
Estimated Total Cost - Stage II	12,955.00	
Estimated Total Cost - Stage III	6,955.00	
Estimated Total Cost of Project		$30,725.00
Government Participation @ 75% (rounded)		$23,044.00"

This amendment shall not be construed to increase the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense Minerals
Exploration Administration

COSO URANIUM, INC.

By _____

Title President

Government Copy

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 7 1957

DATE	INITIALS	CODE
		800

EXPLORATION PROJECT CONTRACT
COSO URANIUM, INC.
DOCKET NO. DMEA-4191

AMENDMENT NO. 2

It is agreed this 21st day of December, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Coso Uranium, Inc., that Exploration Project Contract Idm-E 994 (Docket No. DMEA-4191), dated as of August 21, 1956, is hereby further amended as follows:

EXHIBIT "A"

Description of the Work

General Provisions:

Paragraph 1: The words "rotary drilling" are substituted for "churn drilling."

Paragraph 3: In the first line, delete the word "churn" and, in the second line, substitute "five-foot" for "two-foot."

Paragraph 4: Change to read: The holes shall be drilled using not less than 4-1/4 inch standard bit, through the Coso lake sediments and approximately one foot into the underlying granite. The holes are to be drilled dry by rotary drill using air to return the cuttings to the surface and a Duclone type separator for sample collection. Wet drilling can be substituted in exceptional cases upon written approval by the Government.

Stage I:

Delete all paragraphs under Stage I, page 2, and substitute as follows:

Stage I shall consist of drilling not in excess of 28 holes designated DH0 to DH3 inclusive, DH7 to DH13 inclusive, DH15 to DH20 inclusive, and DH22 to DH32 inclusive, at the approximate locations shown on the map titled 'Exhibit M' attached hereto and made a part of this Contract.

Not in excess of 400 samples shall be chemically analyzed for their U_3O_8 content under this Stage of the Contract.

It is estimated that 4200 feet of drilling will be required to complete the twenty-eight (28) holes. If more than 4200 feet of drilling is required, additional footage may be drilled to complete the holes upon transferring to this work part of the funds provided under Stage III, Item 5, and correspondingly reducing the funds available for work under said Item 5, Stage III. If wet drilling is required, thereby increasing the drilling cost, a maximum of $0.25 per foot of additional cost may be allowed upon transferring to this Stage part of the funds provided under Stage III, Item 5.

Estimated Costs of Project

Actual Costs

Stage I:

Delete all of the items under Stage I, page 4, and substitute as follows:

Category (1) Independent Contracts

Rotary drilling, 4200 feet at $2.00/ft. (Average cost per foot including full-time services of geologist supervisor)	$8,400.00

Category (2) Personal Services:

Included in cost under Category (1)

Category (3) None

Category (4) Operating Equipment:

Subcategory (a) Dozer rental; preparation of drill sites - 63 hours at $16.00/hr.	$1,008.00	

Categories (5) and (6) None

Category (7) Miscellaneous:

Chemical analyses for U_3O_8 content of 400 samples at $3.50/sample	1,400.00	
Estimated Total Cost - Stage I		$10,808.00

Change Summary Estimated Total Costs, page 5, to read as follows:

S U M M A R Y

Estimated Total Cost - Stage I	$10,808.00	
Estimated Total Cost - Stage II	12,955.00	
Estimated Total Cost - Stage III	6,955.00	
Estimated Total Cost of Project		$30,718.00
Government Participation at 75% (rounded)		$23,039.00

This Amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
S. Ricker
Executive Officer
DMEA Field Team, Region II

COSO URANIUM, INC.

By _____

Title President

Government copy

AMENDMENT NO. 2

Docket No. DMEA-4191 Mineral Uranium

Exploration Project Contract Idm-E 994

Date of Contract August 21, 1956

Date of Amendment December 21, 1956

Operator Coso Uranium, Inc.

JUSTIFICATION

Recent metallurgical tests have shown that the ore can be up-graded successfully and the Operator wishes to explore for a large poluted tonnage of 0.05 percent U_3O_8 ore instead of a smaller tonnage of 0.20 percent U_3O_8 as formerly intended. The overall picture remains the same but the Amendment will explore nearly twice the area at the same cost.

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RECEIVED JAN 7 1957

DATE	INITIALS	CODE

S. Ricker, Executive Officer
DMEA Field Team, Region III

EXTRA COPY
DMEA
RECEIVED JAN 7 1957
DATE | INITIALS | CODE

COSO URANIUM, INC.
2485-D American Avenue
Long Beach 6, Calif.

December 11, 1956

Mr. S. Ricker, Chief Executive Officer
Defense Minerals Exploration Agency
1605 Evans Avenue
Reno, Nevada

Dear Sir:

Subject: DMEA Docket No. 4191
Contract No. Idm-E994
Coso Uranium, Inc.

We request your approval of our proposal to amend the subject contract so as to more thoroughly explore the existing possibility of developing several million tons of low grade uranium ore in the Coso lake beds.

Surface propsecting and a few underground workings have disclosed uranium values of the order of .05% U_3O_8 in the unconsolidated sandstone of the Coso series. Laboratory testing has demonstrated that this low grade ore can be economically upgraded by a simple slime-sand separation after crushing to -1/4 inch and wet scrubbing. Tests by Southwestern Engineering Company of a sample submitted by Coso Uranium, Inc. containing .053% U_3O_8 yielded a slime product of .28% U_3O_8 grade with 80% recovery.

The area considered to be most favorable for the initial exploratory effort is a trough-like basin approximately 900 feet wide and 1400 feet long, exclusive of elongated

irregularities and extensive outlying beds. The basin lies immediately north of coordinate N 46000 and west of E 45600 as noted on the attached map (Exhibit M). Approximately one-third of this area is covered by alluvium which is probably 15 feet deep on the average. In the westerly part of the basin the lake beds are 100 feet thick in one partially exposed section and may attain maximum thickness of 200 feet to the underlying granite contact. The beds thin out toward the east but may average 80 feet thick over the basin area. Each foot in depth of beds over the favorable area of approximately 29 acres contains 90,000 tons with weight factor of 14 cubic feet per ton. At present there are no available criteria for measuring the proportional thickness or lateral extent of the uranium bearing beds relative to the total. The proposed exploration would provide this and other essential information.

We propose for Stage I of the subject contract the substitution of 28 rotary drill holes through the Coso lake beds and into the decomposed surface of the underlying granite, instead of the 9 churn drill holes previously specified. We estimate the average depth of the proposed holes as 150 feet, ranging from 225 feet (including overburden) in the westerly end of the basin area to 75 feet in the eastern end toward the margin of ancient Coso lake. We propose further that the work specifications and fund allocations for Stages II and III of said contract be held in abeyance for the time being.

The attached map (Exhibit M) illustrates the drill hole pattern proposed for amended Stage I. The proposed 28 holes are designated DH-0 to DH-3 inclusive, DH-7 to DH-13 inclusive, DH-15 to DH-20 inclusive and DH-22 to DH-32 inclusive. The holes are to be drilled dry by rotary drill using air to return the cuttings to the surface and a Duclone type separator for sample collection. The proposed drilling pattern and the method of drilling are the recommendations of consulting engineers Frank H. MacPherson of Grand Junction, Colorado and Emmet R. Cullity of Whittier, California, who have examined the Coso Mine.

Because we are concerned here with exploring for substantial thickness of lake beds of anticipated low average grade, we propose during the progress of drilling to extract and test radiometrically the material penetrated after each five-foot drive instead of the two foot interval previously specified. If the material tested shows significant radioactivity, it will be split for sampling purposes and chemical analysis as specified in the subject contract.

We have bids for Stage I rotary drilling as follows: Partain Exploration Company, Bakersfield, California, $3.00 per foot; Colorado Exploration Company, Golden, Colorado, $2.00 per foot for drilling dry and an additional $0.25 per foot for drilling with water in wet ground. It is improbable that wet

ground will be encountered. Colorado Exploration Company bid includes moving in expense, survey and mapping of drill hole locations, full-time services of competent geologist-supervisor, all needed survey and probe instruments, preparation of samples for assay, report of the results of the drilling program, with maps of geologic and drill hole sections for the correlation of drill hole data.

It is estimated that 4200 feet of drilling will be required to complete the 28 holes. If more than 4200 feet of drilling is required and/or wet ground is encountered which requires drilling with water and consequent $0.25 per foot higher drilling cost, we propose that additional footage may be drilled to complete the holes and/or the higher cost of drilling with water be met by transferring to this work part of the funds provided in subject contract for raising (Item 5, Stage III) and correspondingly reducing the funds available for work under said Item 5, Stage III.

Estimated Costs of Project

Actual Costs

Stage I per proposed amendment

Category (1) Independent Contracts

Rotary drilling, 4200 feet at $2.00/ft. $8,400.00
(Average cost per foot including full-time services of geologist supervisor)

Category (2) Personal Services

Included in cost under Category (1)

Category (3) None

Category (4) Operating Equipment

Subcategory (a) Dozer rental; preparation of drill sites - 64 hours at $16.00/hr. $1,024.00

Category (5) and (6) None

Category (7) Miscellaneous

Chemical analyses for U_3O_8 content of 400 samples at $3.50/sample 1,400.00

Estimated Total Cost - Stage I $10,824.00

SUMMARY

Estimated Total Cost - Stage I	$10,824.00	
Estimated Total Cost - Stage II (in abeyance)	12,955.00	
Estimated Total Cost - Stage III (in abeyance)	6,946.00	
Estimated Total Cost of Project		$30,725.00
Government's Participation at 75% (rounded)		$23,044.00

Yours very truly,

COSO URANIUM, INC.

W. O. Merritt, President

DUNKIN BLUE PRINT CO. · GRAND JUNCTION · 1969

RECEIVED
JAN 7 1957
U.N.E.A.

"GOVERNMENT COPY"

EXPLORATION PROJECT CONTRACT
COSO URANIUM, INC.
DOCKET NO. DMEA-4191

AMENDMENT NO. 1

It is agreed this 23rd day of October, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Coso Uranium, Inc., that Exploration Project Contract Idm-E994 (Docket No. DMEA-4191), dated as of August 21, 1956, is hereby amended as follows:

1. The time for starting work, specified in Article 3 of the Contract, is extended from November 1, 1956 to January 2, 1957.

2. The time for completion of the work, specified in Article 3 of the Contract, is extended from July 1, 1957 to October 1, 1957.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By S. Ricker
S. Ricker
Executive Officer
DMEA Field Team, Region II

COSO URANIUM, INC.

By [illegible]

Title President

AMENDMENT NO. 1

Docket No. DMEA-4191 Mineral Uranium

Exploration Project Contract Idm-E994

Date of Contract August 21, 1956

Date of Amendment October 23, 1956

Operator Coso Uranium, Inc.

JUSTIFICATION

The extension of the starting date was made in order to allow the Operator to revise his exploration program. Recent metallurgical results have shown that the ore can be up-graded successfully, and the Operator wishes to explore for a large tonnage of 0.05 percent eU_3O_8 instead of a smaller tonnage of 0.20 percent eU_3O_8 as he formerly intended.

S. Ricker, Executive Officer
DMEA Field Team, Region III

COPY COPY

[illegible] [illegible], [illegible].
2[illegible]-[illegible] American Avenue
Long Beach [illegible], California

Contract [illegible]-[illegible] Prospect [illegible]

October 17, 1956

Mr. [illegible] Moore, Operations Officer
[illegible] Hall Road, Region II
[illegible] Avenue
Reno, Nevada

Re: Contract No. [illegible]

Dear Mr. Moore:

In reference to the above contract, we have employed the services of Mr. R. J. Gallity of Whittier, California and Mr. Frank H. Mathewson of Grand Junction, Colorado, to advise regarding this exploration program. At the present time they are in need of additional information to be obtained from a test drilling of our lake bed material to ascertain the best type of sampling and cost per foot of the program. We have proceeded to engage a drilling company to make the necessary tests as soon as a rig can be placed on the property.

We, therefore, respectfully request that the starting date of November 1, 1956 be extended to January 2, 1957, so that we can be equipped with ample information to make the program as productive and informative as possible.

Will you please advise the writer if this extension can be granted.

Very truly yours,

[illegible], [illegible].

/s/ [illegible]
[illegible], President

[illegible]/ml

DMEA Form 14

Contr[illegible] No. Idm-E 994

Docket No. 4191

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
August 21, 1956	II	California	Uranium

Name and Address of Operator: Coso Uranium, Inc.
2465 American Avenue
Long Beach 6, California

	Reserve	Obligation
Prior Amount	0	9,612.00
Increase	0	0
Decrease	0	~~3.75~~
Revised Amount	0	9,608.25

Remarks:

ALLEN S. DAKAN
(Name)

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

Date delivered to Bureau of Mines, Washington 9/27/57

22845

Contract No. Idm-E 994

Docket No. 4191

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
August 21, 1956	II	California	Uranium

Name and Address of Operator: Coso Uranium, Inc.
2485 American Avenue
Long Beach 6, California

	Reserve	Obligation
Prior Amount	$23,044.00	0
Increase	0	$23,044.00
Decrease	23,044.00	0
Revised Amount	0	$23,044.00

Remarks:

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

Date Delivered to Bureau of Mines, Washington 10/31/56

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OCT 31 1956
D.M.E.A.

MF-200
(Revised June 1954)

Docket No. DMEA 4191

Commodity Uranium

Contract No. Idm-E 994

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this AUG 21 1956 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Coso Uranium, Inc., a California corporation, whose mailing address is 2485 American Avenue, Long Beach 6, California, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and 2 maps (Figures 2 and 5)

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Owner of [5] entire interest in unpatented lode mining claims in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book ....., page ....., official records of said County; and

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

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

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

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

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium The work to be performed is described in Exhibit "A." The Operator on or before November 1-1956 shall commence the work, and on or before July 1, 1957 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) ~~shall have completed the work or shall have incurred allowable costs (see Article 6) in an amount not less than the estimated total allowable costs set forth in Exhibit "A."~~ See Article 13.

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $ 30,725.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $ 23,044.00 : *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; ~~but except for any such excess in categories, subcategories, or items the Operator is not obligated to incur more than his agreed percentage of the estimated total allowable cost of the work~~ See Article 13.

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

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums. See Article 13.

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9. **See Article 13.**

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

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

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

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

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

ARTICLE 8. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 7) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

(a) In Article 3, the words following the reference to Article 10 are deleted, and the following words are substituted: "shall have completed the work."

(b) In Stage I, Categories (3) through (6) of Article 6(a) are deleted, and the phrase "the estimated cost of each unit of work" in Category (1) of Article 6(a) shall be construed to mean, for the purposes of this Contract: "the average cost per foot of drilling."

(c) In Article 6(a), that part of the last sentence in the first paragraph beginning after the semicolon is deleted.

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(d) In Stage II and Stage III, all costs set forth in Exhibit "A" as "Fixed Unit Costs" are allowable costs of the project and are in lieu of the actual costs that otherwise would be allowable under Stage II and Stage III of the Contract. The Government will contribute to the fixed unit costs as work units are performed. A "Fixed Unit Cost" is an agreed price for each unit of work to be performed regardless of costs incurred by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the Contract.

(e) In Article 6(c), the words "Article 9" are changed to "Article 8."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. P. Mittendorf
Administrator, Defense Minerals
Exploration Administration

COSO URANIUM, INC.
(Operator)

By W. O. Merritt

Title President

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

Wm. J. Jans

[CORPORATE SEAL]

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

RECEIVED
OCT 31 1956
D.M.E.A.

EXPLORATION PROJECT CONTRACT
COSO URANIUM, INC.
DOCKET NO. DMEA-4191

ANNEX I

The land referred to in Article 2 of the Contract consists of twenty-three (23) contiguous unpatented lode mining claims. The notices of location of the claims are recorded in the Office of the County Recorder, Inyo County, California, as follows:

Claim	Original Recording Book	Original Recording Page	Amended Recording of May 3, 1955 Book	Amended Recording of May 3, 1955 Page
White Swan No. 1	69	538	72	3
White Swan No. 2	69	539	72	4
White Swan No. 3	69	540	72	5
White Swan No. 4	69	541	72	6
White Swan No. 5	69	663	72	161
White Swan No. 6	69	665	72	163
White Swan No. 7	69	667	72	165
White Swan No. 9	69	671	72	158
White Swan No. 10	69	672	72	159
Linda Sue No. 1	69	543	72	7
Linda Sue No. 2	69	545	72	9
Linda Sue No. 3	69	547	72	11
Linda Sue No. 4	69	549	72	13
Linda Sue No. 5	69	551	72	15
Helen Faith No. 1	69	593	72	27
Helen Faith No. 2	69	595	72	29
Helen Faith No. 3	69	597	72	31
Helen Faith No. 4	69	599	72	33
Helen Faith No. 5	69	601	72	35
Esther No. 1	69	605	72	17
Esther No. 2	69	607	72	19
Esther No. 4	69	611	72	23
Esther No. 5	69	613	72	25

The claims are situated in secs. 24 and 25, T. 20 S., R. 37 E., and in secs. 24 and 25, T. 20 S., R. 37½ E., M.D.B. & M., Inyo County, California. The approximate locations of the claims, excepting Helen Faith Nos. 4 and 5, are shown on the map entitled "Claim Map, Coso Uranium Property, Inyo County, California - Figure 5," attached hereto and made part hereof.

EXPLORATION PROJECT CONTRACT
COSO URANIUM, INC.
DOCKET NO. DMEA-4191

D.M.E.A.
OCT 31 1956

EXHIBIT "A"

Description of the Work

General Provisions:

The object of the project is to explore for uranium ore deposits in the Coso lake beds of Pliocene-Pleistocene age. The work shall consist of churn drilling, shaft sinking, drifting, cross-cutting, and raising.

A competent supervisor shall be employed full time to assist in the performance of the work under the Contract.

During the churn drilling, the material penetrated shall be extracted and tested radiometrically after each two-foot drive. If the material tested shows significant radioactivity, it shall be split for sampling purposes. The Operator shall have one-half of each such sample chemically analyzed for its U_3O_8 content, and store the other half, properly identified as to drill hole number and depth represented, for Government use.

The holes shall be drilled, using not less than standard 6 inch casing, through the Coso lake sediments and approximately 1 foot into the underlying granite.

The shaft, drifts, crosscuts, and raise shall be adequately timbered as necessary.

The walls, back, floor, and face of each new advance in the shaft, crosscuts, drifts, and raise shall be tested radiometrically. Sections of these openings that show significant radioactivity shall be sampled at intervals of not less than 5 feet. The samples shall be split. The Operator shall have one-half of the sample chemically analyzed for its U_3O_8 content and shall store the remainder, properly identified, for Government use.

Copies of all assay certificates shall be submitted with the Monthly Progress Report (see Article 7).

The locations, extent, and method of performing the work under this Contract are subject to Government approval.

The work shall be divided into three stages. The Operator shall perform all the Stage I work and so much of the other stages as is approved in advance in writing by the Government.

Stage I

Stage I shall consist of drilling not in excess of nine (9) churn drill holes at the approximate locations shown on the map entitled "Figure 2, Coso Uranium Property ...," as follows:

1. One hole at intersection of coordinates N 47180, E 44840;

2. Five holes, the first hole at intersection of coordinates N 47040, E 44650, and the other four holes at intervals of approximately 150 feet on a bearing of S 15° W. from the first hole in this Item 2; and

3. Three holes, the first hole at intersection of coordinates N 46750, E 44720, and the other two holes at intervals of 150 feet on a due east bearing from the first hole in this Item 3.

Not in excess of 120 samples shall be chemically analyzed for their U_3O_8 content under this Stage I of the Contract.

It is estimated that 1,850 feet of drilling will be required to complete the nine (9) holes. If more than 1,850 feet of drilling is required, additional footage may be drilled to complete the holes upon transferring to this work part of the funds provided for raising (Item 5, Stage III) and correspondingly reducing the funds available for work under said Item 5, Stage III.

Stage II

The approximate location of Stage II work is shown on map Figure 2. The work shall be divided into three parts as follows:

Item 1 - In Area 8, extend the existing 65-foot inclined shaft by sinking approximately 50 feet to reach the floor contact of the Coso lake beds and the underlying granite formation. If more than 50 feet of shaft sinking is required to reach the contact, additional footage may be sunk upon transferring to this work part of the funds provided for in Item 5, Stage III, and correspondingly reducing the funds available for work under said Item 5, Stage III.

The shaft shall have one skip and one manway compartment and shall be not less than 4 feet 6 inches by 7 feet 6 inches in cross section clear of the timber (including the width of the dividing timber between the compartments).

Item 2 - In Area 2, starting at the intersection of coordinates N 46900, E 45070, drive a crosscut, not to exceed 200 feet in length, in a due east direction following as close as practical the Coso lake bed granite contact.

The crosscut shall be not less than 5 feet by 7 feet in cross section clear of the timber.

Item 3 - In Area 8, starting from the shaft (Item 1) drive a drift, not to exceed 200 feet in length, in a southerly direction following as close as practical the Coso lake bed granite contact.

The drift shall be not less than 5 feet by 7 feet in cross section clear of the timber.

Not in excess of 6 samples from the shaft (Item 1), nor more than 20 samples each from the crosscut (Item 2) and the drift (Item 3), shall be chemically analyzed for their U_3O_8 content under this Stage II of the Contract.

Stage III

The approximate location of Stage III work is shown on map Figure 2. The work shall be divided into two parts as follows:

Item 4 - In Area 2, drive not in excess of 100 feet of drifts in either or both a north-south direction, to further explore mineralized zones encountered by the crosscut Item 2. The drift or drifts shall be not less than 5 feet by 7 feet in cross section clear of the timber.

Item 5 - In Area 8, at the south end of drift Item 3, drive a vertical raise not to exceed 150 feet in length, to explore the upper horizons of the Coso lake beds.

The raise shall have a chute and a manway compartment and be not less than 4 feet 6 inches by 7 feet 6 inches in cross section (including the width of the timber between compartments).

Not in excess of 10 samples from the drift or drifts (Item 4) and 20 samples from the raise (Item 5) shall be chemically analyzed for their U_3O_8 content under this Stage III of the Contract.

Estimated Costs of Project

Actual Costs

Stage I

Category (1) Independent Contracts

Churn drilling, 1,850 feet (average cost per foot)	@ $5.00/ft.	$9,250.00	

Category (2) Personal Services

Subcategory (a) Supervision

1 Supervisor,	2 months @ $500.00/mo.	1,000.00	
Categories (3), (4), (5), and (6)	None	-	

Category (7) Miscellaneous - None except

Payroll tax and insurance on supervisor's salary (surface work)	@ 9.5%	95.00	
Office expenses,	2 months @ $25.00/mo.	50.00	
Chemical analyses for U_3O_8 content of 120 Samples	@ $3.50/sample	420.00	
Estimated Total Cost - Stage I			$10,815.00

Fixed Unit Costs

Stage II

Item 1 - shaft sinking in Area 8: 50 feet of incline shaft	@ $40.40/ft.	$2,020.00
Item 2 - crosscutting in Area 2: 200 feet of crosscut	@ $24.40/ft.	4,880.00
Item 3 - drift from bottom of shaft (Item 1, Area 8): 200 feet of drift	@ $29.40/ft.	5,880.00

Chemical analyses for U_3O_8 content of 50 Samples	@ $3.50/sample	$ 175.00	
Estimated Total Cost - Stage II			$12,955.00

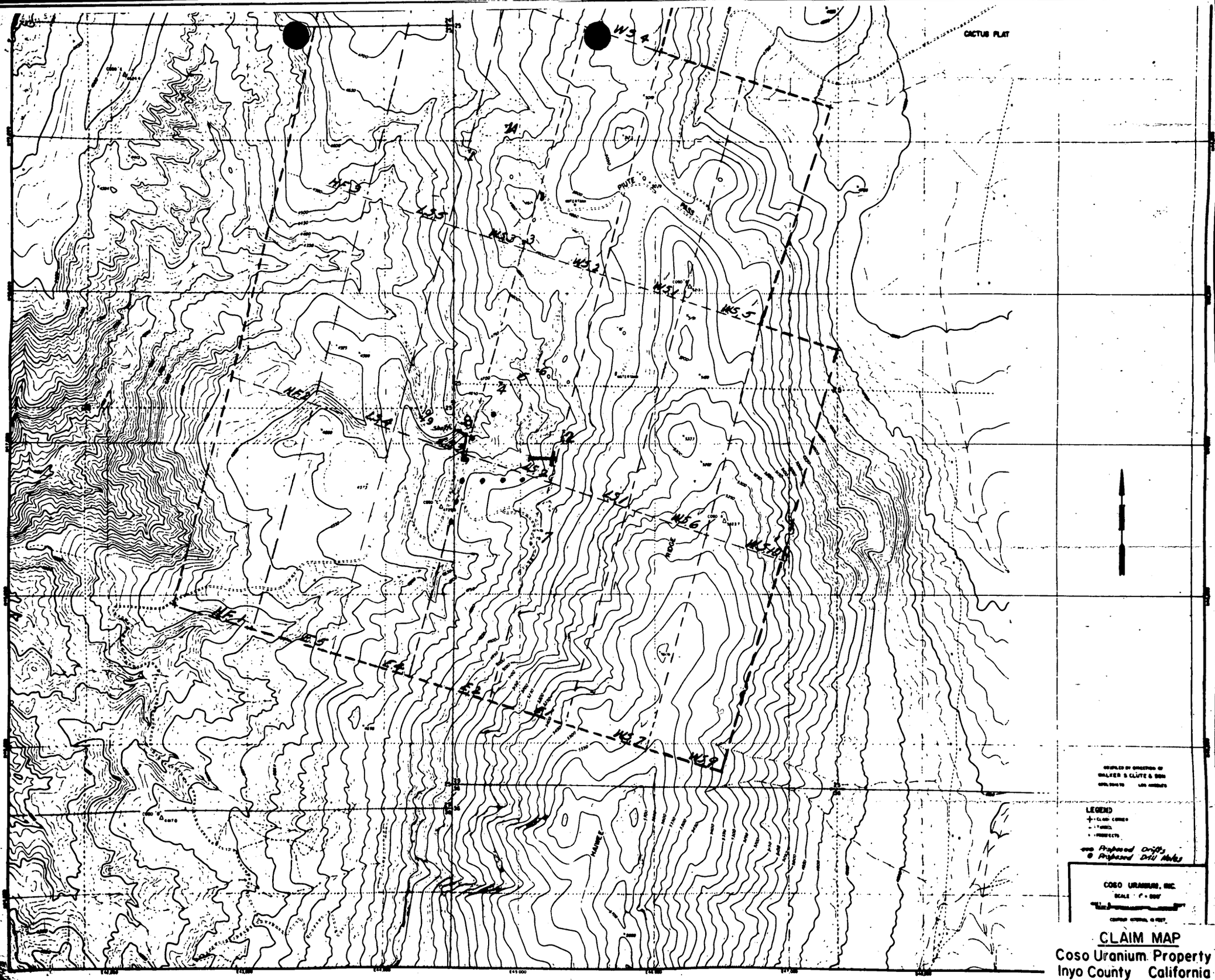
Fixed Unit Costs

Stage III

Item 4 - drifts from crosscut (Item 2, Area 2): 100 feet of drifts	@ $24.40/ft.	$2,440.00	
Item 5 - raise from south end of drift (Item 3, Area 8): 150 feet of raise	@ $29.40/ft	4,410.00	
Chemical analyses for U_3O_8 content of 30 Samples	@ $3.50/sample	105.00	
Estimated Total Cost - Stage III			$ 6,955.00

SUMMARY

Estimated Total Cost - Stage I	$10,815.00	
Estimated Total Cost - Stage II	12,955.00	
Estimated Total Cost - Stage III	6,955.00	
Estimated Total Cost of Project		$30,725.00
Government Participation @ 75% (rounded)		$23,044.00



CLAIM MAP
Coso Uranium Property
Inyo County California

4/91

Figure 5

Contra[illegible] No. Idm-E 994

Docket No. 4191

DEPARTMENT OF THE INTERIOR **Approved contract**

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
August 21, 1956	**II**	**California**	**Uranium**

Name and Address of Operator: **Coso Uranium, Inc.**
2485 American Avenue
Long Beach 6, California

	Reserve	Obligation
Prior Amount	0	0
Increase	$23,044.00	0
Decrease	0	0
Revised Amount	$23,044.00	0

Remarks:

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

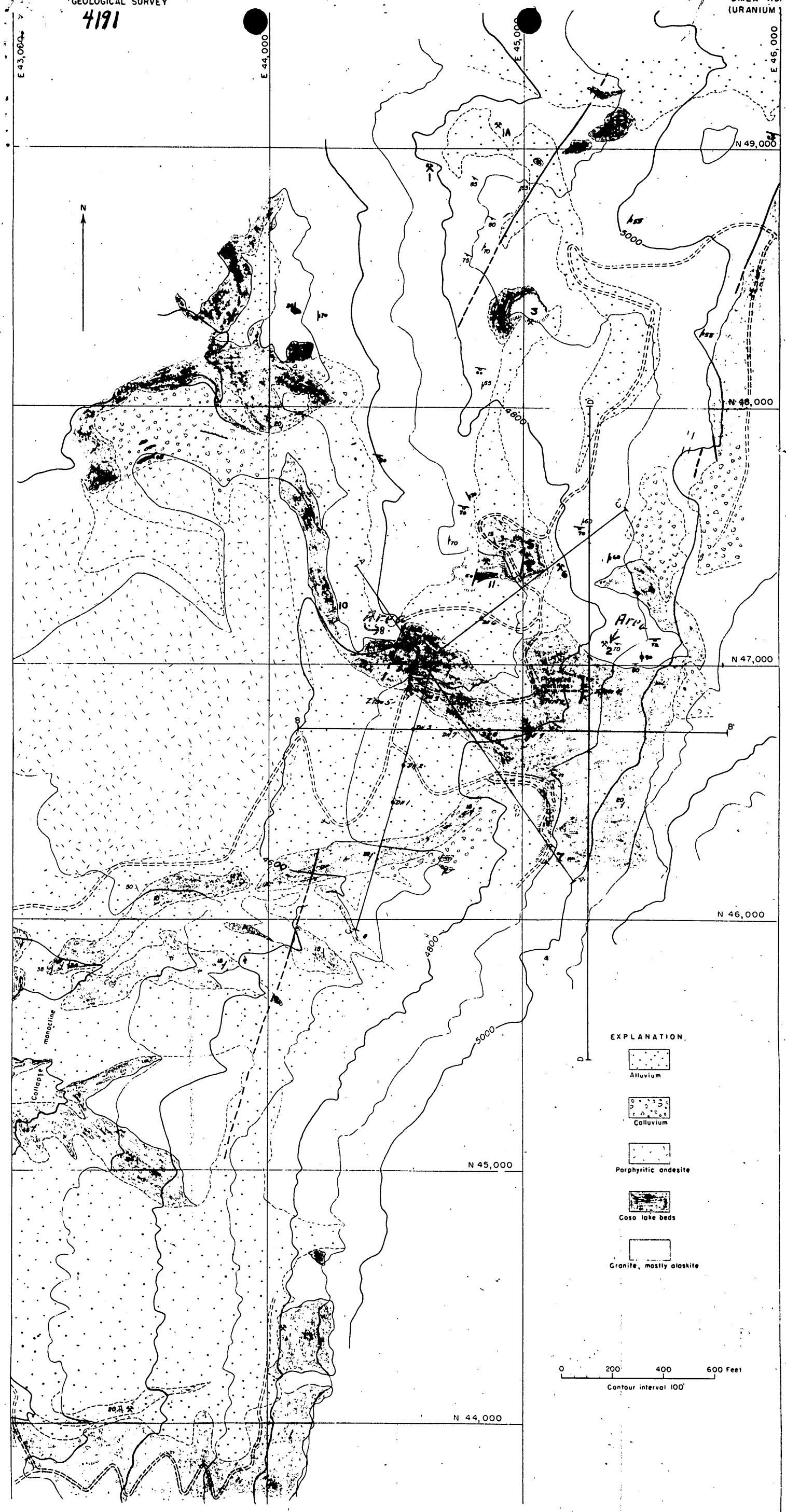
Date Delivered to Bureau of Mines, Washington 8/21/56

98963

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

4191

DMEA 4191
(URANIUM)



COSO URANIUM PROPERTY, INYO COUNTY, CALIFORNIA

Figure 2

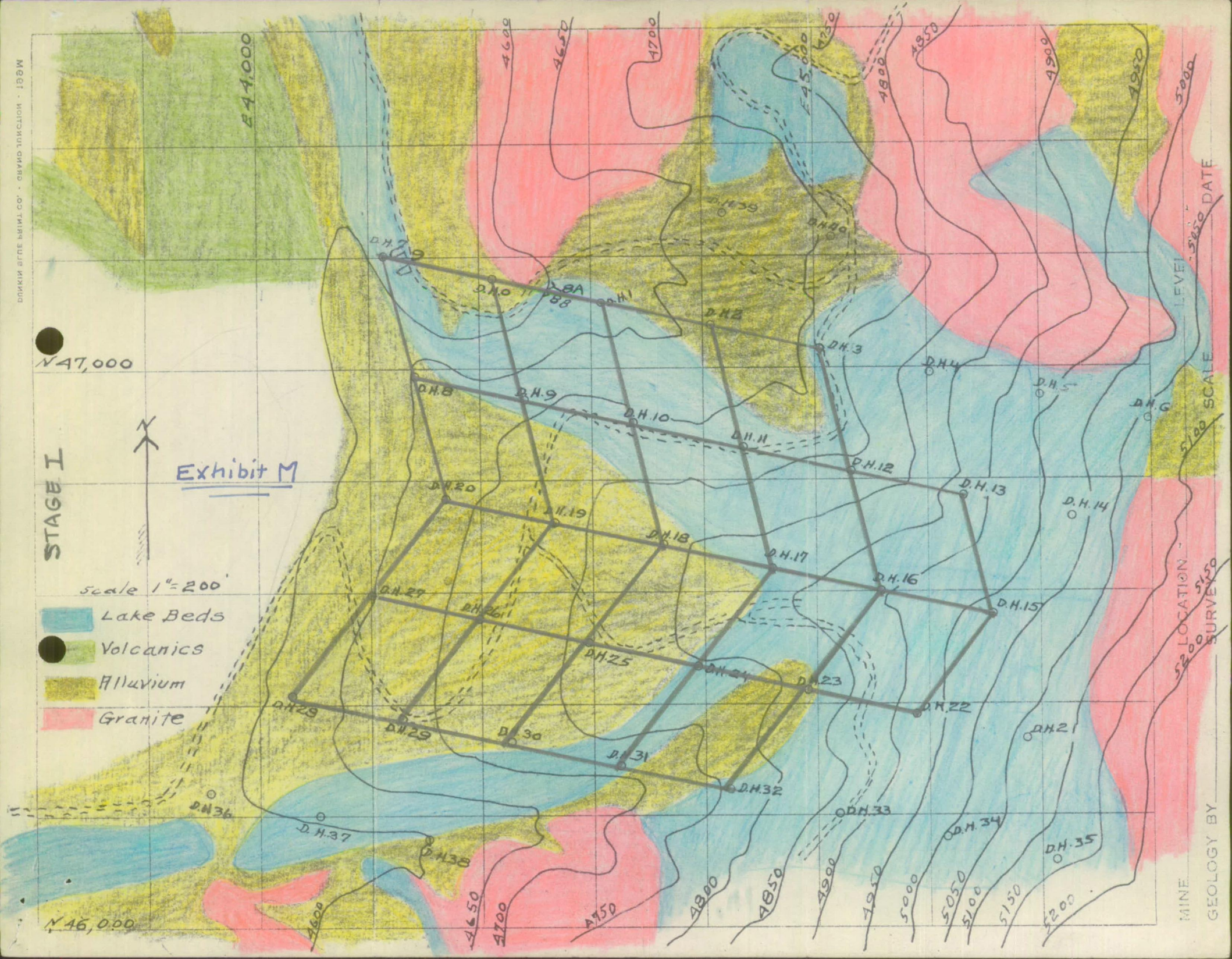


Exhibit M
STAGE I
scale 1" = 200'
Lake Beds
Volcanics
Alluvium
Granite
N 47,000
N 46,000
E 44,000
E 45,000
4600
4650
4700
4750
4800
4850
4900
4950
5000
5050
5100
5150
5200
D.H.1
D.H.2
D.H.3
D.H.4
D.H.5
D.H.6
D.H.7
D.H.8
D.H.9
D.H.10
D.H.11
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D.H.31
D.H.32
D.H.33
D.H.34
D.H.35
D.H.36
D.H.37
D.H.38
D.H.39
D.H.40
LEVEL
DATE
SCALE
LOCATION
SURVEY
MINE
GEOLOGY BY

RECEIVED
JAN 7 1957
D.M.E.A.

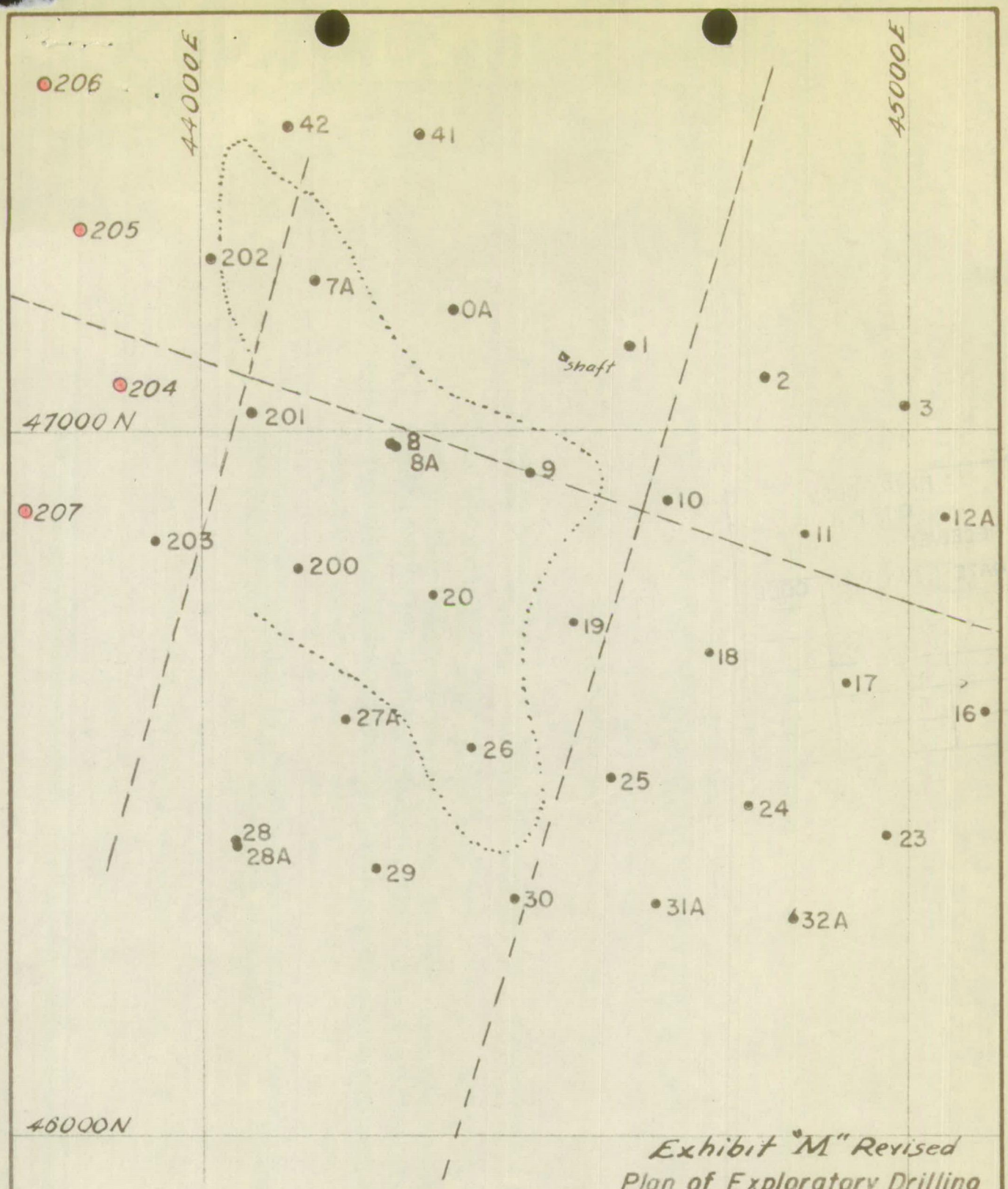

Exhibit "M" Revised
Plan of Exploratory Drilling
COSO URANIUM, Inc.

LEGEND

• Drill Hole Completed 3-21-1957

○ Proposed Drill Hole

DMEA 4191
Idm-E 994

Scale: 1" = 200'

B.H.S

EXTRA COPY
D M E A
RECEIVED APR 30 1957

DATE	INITIALS	CODE