DMEA _____

DOCKET INDEX

ACTION DOCUMENTS

1. APPLICATION DATE RECEIVED 4-2-56

2. CONTRACT DATE 8-22-56

3. TERMINATION AGREEMENT: DATE 10-17-56

   a. Mutual (with/without repayment provision).
   b. Unilateral.
   c. Amendment with automatic termination clause and with/without repayment provision.

4. CERTIFICATION DATE

5. AUDIT REPORT DATE

6. AMENDMENTS - NUMBERS DATE

Docket Copy

C

RECEIVED
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TERMINATION AGREEMENT

It is agreed this 17th day of October, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Lee E. Cox and T. R. Gillenwaters, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-2996, Docket No. DMEA-4235, dated August 22, 1956, hereinafter called the "Contract," that:

1. Effective as of August 22, 1956, the Contract and all obligations of the parties thereunder shall be and are hereby terminated.

2. The Government shall make no contributions to any work under the Contract.

3. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of the Contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. F. Mitchenor
Administrator, Defense Minerals
Exploration Administration

Lee E. Cox

T. R. Gillenwaters

Indritz 10/12/56
Dwyer
Appd. Pol. Off.
Chung
Chambers
Selfridge

Docket Copy

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MF-200
(Revised June 1954)

Docket No. DMEA 4235

Commodity Uranium

Contract No. Idm-E 886

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this AUG 22 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] Lee E. Cox and T. R. Gillenwaters, partners, whose mailing address is P. O. Box 1451 Grand Junction, Colorado, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and 2 maps (Figure 2 and Figure 3).

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 Colorado, County of Mesa, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] Mining Lease & Amendment 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: Consent to Lien and Subordination Agreement of Okan Uranium Corporation.

(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 October 1, 1956, shall commence the work, and on or before November 30, 1956 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost 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 $19,960.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $14,970.00; *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Categories (2) through (7) of Article 6(a) are deleted.

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

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

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

Robin
Almyer

"Appd. Sol. Off."

Ching
Ellis
Champlin
Selvidge
Hyman

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Meredith

Administrator, Defense Minerals
Exploration Administration

By L. E. Cox (Partner)

Lee E. Cox

By T. R. Gillenwaters

T. R. Gillenwaters (Partner)

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

.....

[CORPORATE SEAL]

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

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

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator LEE COX & T. R. GILLENWATERS
Docket No. DMEA- 4235
Contract No. Idm-E 996
Contract Date August 22, 1956

RECEIVED
SEP - 6 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Mesa, State of Colorado, described ~~as follows:~~ 2/ Unpatented lode mining claims recorded in the County Clerk and Recorder's office of Mesa County, Colorado as follows:

Name of Claim	Recorded Original Location			Amended Location		
	Date	Book	Page	Date	Book	Page
X No. 3 (Amended)	5/2/55	642	233	6/4/55	648	125
X No. 6 (Amended)	5/2/55	642	229	6/4/55	648	129
X No. 5 (Amended)	5/2/55	642	228	6/4/55	648	128
X No. 4 (Amended)	5/2/55	642	227	6/4/55	648	127
Atlas Fraction	8-25-55	658	459	--	--	--

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

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

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

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

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

None

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

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

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

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

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

Dated this 3rd day of August, 1956.

Andrew S. Kennedy, Pres. [Seal] Enid, Okla [Address]
Okan Uranium Corporation

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

I, John J. Mullen certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that Andrew S. Kennedy who signed this agreement was then President (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

John J. Mullen
[Corporate Seal]

EXPLORATION PROJECT CONTRACT
LEE E. COX AND T. R. GILLENWATERS
DOCKET NO. IMEA-4235

ANNEX I

The land referred to in Article 2 of the Contract consists of three standard size lode mining claims and two fractional lode mining claims situated in sec. 6, T. 50 N., R. 18 W. and sec. 1, T. 50 N., R. 19 W., N.M.P.M.M., Mesa County, Colorado. The land is shown on the maps entitled "Figure 2. Geologic Map Showing the K M4 Al. Group of Claims..." and "Figure 3 — Geologic and Claim Map Showing Location of Proposed Drill Holes...," attached hereto and made a part hereof.

The notices of location of the claims are recorded in the office of the County Recorder of Mesa County, Colorado, as follows:

	Original Location		Amended Location	
Name of Claim	Book	Page	Book	Page
K No. 3	642	233	648	125
K No. 6	642	229	648	129
K No. 5	642	228	648	128
K No. 4	642	227	648	127
Atlas Fraction	658	459	-	-

Excepted Area

The area of the claims designated "Conflicting Claim" on both attached maps is excluded from the land referred to in Article 2 of the Contract.

This area is described as follows:

Any of said claims or any parts of them lying south and east of lines respectively described as follows:

Beginning at a point which bears South 50° 40.5' East, 2004 feet from the southwest corner of section 31, Township 51 North, Range 18 West of the New Mexico Principal Meridian, thence east 848.5 feet, and beginning at the same point, thence south approximately 225 feet.

EXPLORATION PROJECT CONTRACT
LEE E. COX AND T. R. GILLENWATERS
DOCKET NO. DMRA-4835

EXHIBIT "A"

Description of the Work

General Provisions

The work consists of exploration by rotary, non-core drilling to test the known ore-bearing sandstone in the upper portion of the Salt Wash member of the Morrison formation. The location of the work is indicated on the map (Figure 3) referred to in Annex I.

The holes are expected to average approximately 65 feet in depth in areas adjacent to the rim, and to average approximately 100 feet in depth in the northeastern portion of the property, away from the rim. All holes shall bottom in the mudstone directly underlying the known ore-bearing sandstone indicated by previous exploration and development. The holes shall have a minimum diameter of 2½ inches. The Government shall not contribute to the cost of any incompleted hole.

Drilling is expected to be by both dry and wet methods. In dry drilling, cuttings shall be collected with a Duclone sample collector or equivalent unit. In wet drilling, adequate facilities shall be provided for collecting all the cuttings. In either case samples shall be taken at 2-foot intervals and checked for radioactivity. All samples indicating significant mineralization shall be analyzed chemically for uranium and vanadium. A portion of each sample taken shall be properly labeled and stored for inspection and disposition by the Government.

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

Access roads and drill sites shall be prepared with a D-7 bulldozer or equivalent unit.

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

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

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

The drilling pattern in both stages is the same, and consists of a series of northeast-southwest fences perpendicular to the apparent trend of known ore exposures. The fences are spaced at 75-foot intervals, the holes in each fence are spaced at 150-foot intervals, and the holes are staggered in alternate fences.

Stage I

Prepare access roads and drill sites, and drill not more than 66 holes aggregating approximately 4,290 feet as indicated on the map (Figure 3). If the 66 holes require more than 4,290 feet to reach the desired horizon, the additional footage and funds required may be transferred and deducted from Stage II upon the written approval of the Government.

Stage II

Prepare access roads and drill sites and drill not more than 76 holes aggregating not more than 7,600 feet as indicated on the map (Figure 3).

Estimated Cost of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

4,290 feet non-core drilling	@ $1.30/ft.	$5,577.00	
80 hours bulldozing	@ $10.00/hr.	800.00	
Categories (2) through (7)	None	-	$6,377.00

Fixed Unit Costs (See Article 13)

Incidental allowance 1/ for each foot of non-core drilling completed, 4,290 feet	@ $0.16/ft.	686.40	
100 Chemical sample analyses	@ $5.00/sample	500.00	1,186.40
Estimated Total Cost of Stage I			$7,563.40

Stage II

Actual Costs

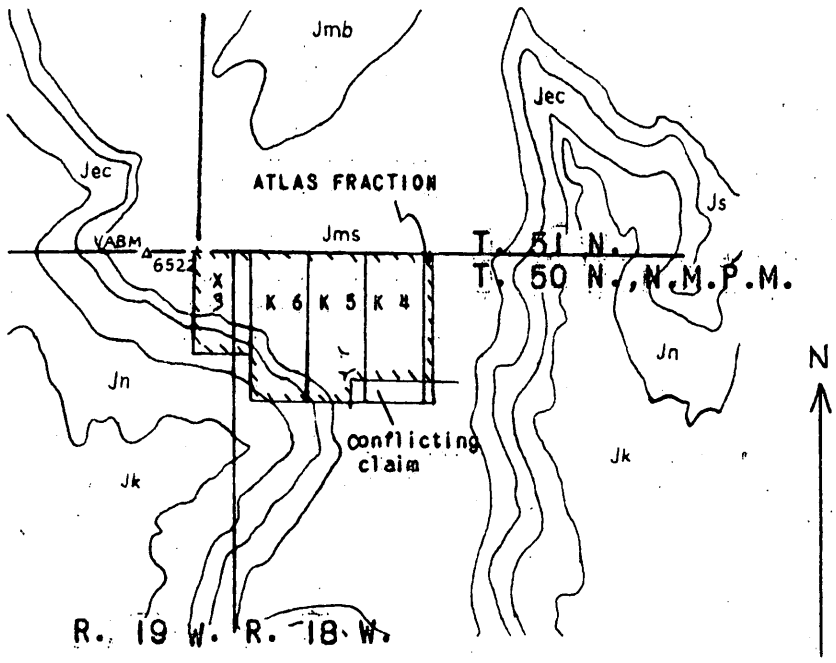
Category (1) Independent Contracts

7,600 feet non-core drilling	@ $1.30/ft.	$ 9,880.00	
80 hours bulldozing	@ $10.00/hr.	800.00	
Categories (2) through (7)	None	-	$10,680.00

Fixed Unit Costs (See Article 13)

Incidental allowance 1/ for each foot of non-core drilling completed, 7,600 feet	@ $0.16/ft.	$ 1,216.00	
100 Chemical sample analyses	@ $5.00/sample	500.00	1,716.00
Estimated Total Cost of Stage II			**$12,396.00**
Estimated Total Cost of the Project (rounded)			**$19,960.00**
Government Participation @ 75%			**$14,970.00**

1/ Includes all costs that otherwise might have been allowable under Categories (2) through (7) of Article 6, except analyses.



EXPLANATION

Jmb	BRUSHY BASIN MEMBER OF JURASSIC MORRISON FORMATION
Jms	SALT WASH SANDSTONE MEMBER OF JURASSIC MORRISON FORMATION
Js	JURASSIC SUMMERVILLE FORMATION
Jec	JURASSIC ENTRADA SANDSTONE AND CARMEL FORMATION UNDIVIDED
Jn	JURASSIC AND JURASSIC(?) NAVAJO SANDSTONE
Jk	JURASSIC(?) KAYENTA FORMATION
	BOUNDARY OF AREA INCLUDED IN APPLICATION

2000 0 8000 FEET

Note: BASE MODIFIED FROM U.S.G.S. MAP CQ 55, GEOLOGY OF THE GATEWAY QUADRANGLE. CLAIM BOUNDARIES FROM APPLICANTS MAP.

FIGURE 2. GEOLOGIC MAP SHOWING THE K ET AL. GROUP OF CLAIMS, L.E. COX AND T.R. GILLENWATERS, MESA COUNTY, COLORADO

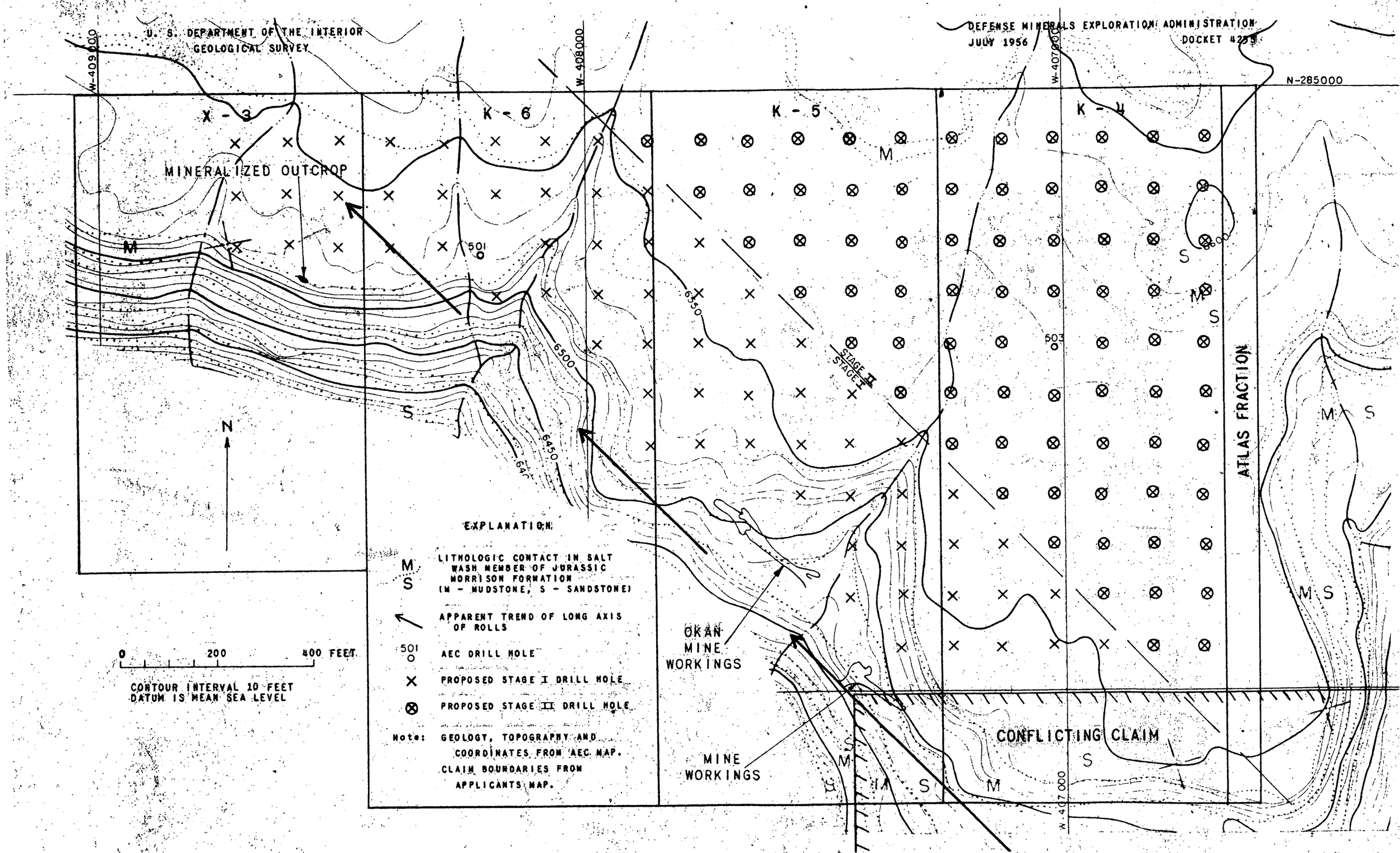


FIGURE 3.--GEOLOGIC AND CLAIM MAP SHOWING LOCATION OF PROPOSED DRILL HOLES, LEE E. COX AND T. R. GILLENWATERS, OKAN PROPERTIES, TENDERFOOT MESA, MESA COUNTY, COLORADO.

DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 4235

DO NOT DETACH THIS SLIP

Action on this document is recorded and controlled in Reports and Records Branch. Any movement of this document between divisions or offices of DMA or movement outside DMA must be reported to the Reports and Records Branch. Actions taken that affect status of the case must also be reported.

This document has been recorded as

Exploration

Any action taken to change the type of request for assistance must be promptly reported to the Reports and Records Branch. Use DMA Form 2 for submitting these reports.

Cy. Kiilsgaard
Routing Slip

To:	700	Date	4/3/56
To:	Mr. Crawford	Date	4-18-56
To:	Mr. Mitteldorf	Date	5-1-56
To:	Oper. Com	Date	5-7-56
To:	J.E. Johnson	Date	5-7-56
To:	COM	Date	5-7-56
To:	Oper. Com	Date	5-10-56
To:	J.E. Johnson	Date	5-11-56
To:	COM	Date	5-11-56
To:	Legal	Date	8-6-56
To:	Mr. Chambers	Date	8-16-56
To:	Oper Com	Date	8-20-56
To:	J.E. Johnson	Date	8-20-56
To:	Oper. Com	Date	9-7-56
To:	Admin. Ret.	Date	9-7-56
	M.+F.		9-7-56

DO NOT DETACH

M.+F.	9-21-56

CONTROLLED DOCUMENT

Oper Com	10-16-56
Admin	10-17-56

INT.-DUP. SEC., WASH., D.C. 192868

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

RECEIVED
OCT 29 1956

224 New Customhouse
Denver 2, Colorado

October 26, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4235 (Uranium), Contract No. Idm-E996, Lee E. Cox and T. R. Gillenwaters, Partners, Mesa County, Colorado

Enclosed are the Government's, Division, and Docket copies of the "TERMINATION AGREEMENT" which was forwarded by your letter of October 17, 1956, for signature by the Operator.

Copies of the "TERMINATION AGREEMENT" have been distributed to the Operator, the Finance Office, Region III, and to others concerned.

W. M. Traver

W. M. Traver

Enclosures

Docket Surname copy

700

Ching
Lis
Chambers
Selfridge
Mittendorf

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

OCT 17 1956

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

Re: Docket No. DMEA-4235 (Uranium)
Contract No. Idm-8996
Lee E. Cox and T. R. Gillesmsters
Okan Mine
Mesa County, Colorado

Dear Mr. Trawer:

In accordance with the request contained in the Operator's letter of October 1, 1956, we are enclosing the original and five copies of a Termination Agreement between the Government and Lee E. Cox and T. R. Gillesmsters, signed by the Administrator.

If you and the Operator find the agreement in order, please have the Operator sign all six copies and make the usual distribution thereafter.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JLB)

Enclosures

APPROVED:

P. F. Yopes (JLB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JLB)
Member, Geological Survey

MChing/gla
10-16-56
cc to: Admr.'s Reading File
Operating Committee
Docket
Messrs. JECrawford, 3643
THKiilsgaard, 5224
JOHosted, 3210, GSA
Code 700
Mr. Ching

R.C.S.

Surname copy

700

Ching
Ellis

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

October 8, 1956

Memorandum

To: Associate Solicitor,
Division of Mineral Resources

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

Subject: Docket No. DMEA-4235 (Uranium)
Contract No. Ida-8996
Lee E. Carr and T. R. Gillenwaters
Gram Mine
Mesa County, Colorado

The Operator has signed all except the Operator's copy of the subject contract. The latter was returned unsigned, together with a letter, dated October 1, 1956, to the Executive Officer of Region III, requesting that the contract be rescinded.

Will you kindly prepare the necessary agreement for the signatures of the Administrator and the Operator.

Ernest Wm. Ellis

Ernest Wm. Ellis

Attachments (3)

MChing/gla
cc to: Docket
Code 700
Mr. Ching

10/5/56 gla

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

RECEIVED
OCT - 5 1956

224 New Customhouse
Denver 2, Colorado

October 3, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4235 (Uranium), Contract No. Idm-E996, Lee E. Cox and T. R. Gillenwaters, Partners, Mesa County, Colorado

Enclosed are the original and one copy of the Operator's letter of October 1, 1956 and the Operator's copy of Contract No. Idm-E996.

For reasons stated, the Operator requests to be relieved of responsibility under Contract No. Idm-E996.

Please advise us of your action in the matter.

W. M. Traver

W. M. Traver

Enclosures

REGISTERED MA
RETURN RECEIPT REQUESTED

Refer to W.D.

RECEIVED
OCT 1956

P. O. Box 1451
Grand Junction, Colorado

1 October 1956

DMEA
DEPARTMENT OF THE INTERIOR
OCT 2 1956
REGION III
DENVER, COLORADO

United States Department of the Interior
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Attn: W. M. Traver
Executive Officer, DMEA
Field Team, Region 111

Gentlemen:

Because of a disagreement with the Okan Corporation's board of directors in re-negotiating royalty payments under my Okan lease, I regretfully ask that I be relieved of my responsibilities under our contract No. Idm-E996, dated August 22, 1956, before the work is initiated.

As you know, my loan application was submitted to you in March of 1956. This was prior to my awareness of the difficulty in operating the Okan mine at a profit under the extremely high royalty payments demanded in the Okan lease dated January 17, 1956. In April the true situation became apparent. I then realized that we could not mine the ore at a profit even though we had approximately 300 tons of good ore drilled out in the immediate vicinity of our mine workings. At that time, I tried to re- negotiate the lease to a lower royalty payment, which would permit me to continue operations, but I was met with a non-compromising attitude by the Okan Corporation's directors. Therefore, on Aptil 21, 1956, L. E. Cox and I rendered a lease termination statement to Keith Hensel, Vice President of the Okan Uranium Corporation.

The Okan Corporation took the attitude of not accepting the termination, but indicated that it was willing to negotiate on more equitable terms and it was on this basis that I allowed my DMEA application to be processed. I still thought the property had merit and wished to see it explored.

Yesterday, I was notified by the Okan Corporation that no alterations would be made in the original lease, and for this reason I now have no alternative but to enforce my original termination statement. This, of course, puts me in a position of being ineligible for the DMEA contract, which I am herein returning to you people.

I wish to apologize for necessitating the time your people have spent in processing this application and hope you recognize that my own time and money spent in preparing the application are evidence of my good intentions.

Very truly yours,

T. R. Gillenwaters

T. R. Gillenwaters

RLR/G/dj

Operator's Copy

DMEA
DEPARTMENT OF THE INTERIOR

OCT 2 1956
REGION III
DENVER, COLORADO

RECEIVED
OCT - 5 1956

MF-200
(Revised June 1954)

Docket No. DMEA 4235

Commodity Uranium

Contract No. Idm-E 996

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this AUG 22 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] Lee E. Cox and T. R. Gillenwaters, partners, whose mailing address is P. O. Box 1451 Grand Junction, Colorado, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and 2 maps (Figure 2 and Figure 3).

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 Colorado, County of Mesa, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] Mining Lease & Amendment 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: **Consent to Lien and Subordination Agreement of Okan Uranium Corporation.**

(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 October 1, 1956, shall commence the work, and on or before **November 30, 1956** (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost 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 $ 19,960.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $ 14,970.00 : *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 necessary excess in categories, subcategories, or items thereunder 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) That part of the last sentence of Article 3 beginning with the word "either" is deleted and replaced by the words "have completed the work, except as otherwise provided in Exhibit 'A' with respect to stages of work."

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

(c) Categories (2) through (7) of Article 6(a) are deleted.

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

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

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C D Mitchenson
Administrator, Defense Minerals
Exploration Administration

By _____ (Partner)
xxxxxxx
Lee E. Cox

By _____
T. R. Gillenwaters (Partner)

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

.....

[CORPORATE SEAL]

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

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

Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator LEE COX & T. R. GILLENWATERS
Docket No. DMEA- 4235
Contract No. Idm-E 996
Contract Date August 22, 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

Unsigned To Pres's copy

RECEIVED
SEP - 6 1956

To the United States of America:

Referring to that certain land in the County of Mesa, State of Colorado, described ~~as follows:~~ 2/ Unpatented lode mining claims recorded in the County Clerk and Recorder's office of Mesa County, Colorado as follows:

Name of Claim	Recorded Original Location			Amended Location		
	Date	Book	Page	Date	Book	Page
X No. 3 (Amended)	5/2/55	642	233	6/4/55	648	125
X No. 6 (Amended)	5/2/55	642	229	6/4/55	648	129
X No. 5 (Amended)	5/2/55	642	228	6/4/55	648	128
X No. 4 (Amended)	5/2/55	642	227	6/4/55	648	127
Atlas Fraction	8-25-55	658	459	--	--	--

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

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

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

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

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

None

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

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

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

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

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

Dated this 3rd day of August, 1956.

(s) Andy G. Kincade Pres [Seal] [Address]
Oxan Uranium Corporation

[Seal] [Address]

[Seal] [Address]

[Seal] [Address]

[Seal] [Address]

[Seal] [Address]

I, John F. Miller certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that Andy G. Kincade who signed this agreement was then President (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

John F. Miller
[Corporate Seal]

EXPLORATION PROJECT CONTRACT
LEE E. COX AND T. R. GILLENWATERS
DOCKET NO. DMEA-4235

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ANNEX I

The land referred to in Article 2 of the Contract consists of three standard size lode mining claims and two fractional lode mining claims situated in sec. 6, T. 50 N., R. 18 W. and sec. 1, T. 50 N., R. 19 W., N.M.P.M.&B., Mesa County, Colorado. The land is shown on the maps entitled "Figure 2. Geologic Map Showing the K Mt Al. Group of Claims..." and "Figure 3 -- Geologic and Claim Map Showing Location of Proposed Drill Holes...," attached hereto and made a part hereof.

The notices of location of the claims are recorded in the office of the County Recorder of Mesa County, Colorado, as follows:

	Original Location		Amended Location	
Name of Claim	Book	Page	Book	Page
K No. 3	642	233	648	125
K No. 6	642	229	648	129
K No. 5	642	228	648	128
K No. 4	642	227	648	127
Atlas Fraction	658	459	-	-

Excepted Area

The area of the claims designated "Conflicting Claim" on both attached maps is excluded from the land referred to in Article 2 of the Contract.

This area is described as follows:

Any of said claims or any parts of them lying south and east of lines respectively described as follows:

Beginning at a point which bears South 50° 40.5' East, 2004 feet from the southwest corner of section 31, Township 51 North, Range 18 West of the New Mexico Principal Meridian, thence east 842.5 feet, and beginning at the same point, thence south approximately 225 feet.

EXPLORATION PROJECT CONTRACT
LEE M. COX AND T. R. GILLENWATERS
DOCKET NO. DMRA-4235

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EXHIBIT "A"

Description of the Work

General Provisions

The work consists of exploration by rotary, non-core drilling to test the known ore-bearing sandstone in the upper portion of the Salt Wash member of the Morrison formation. The location of the work is indicated on the map (Figure 3) referred to in Annex I.

The holes are expected to average approximately 65 feet in depth in areas adjacent to the rim, and to average approximately 100 feet in depth in the northeastern portion of the property, away from the rim. All holes shall bottom in the mudstone directly underlying the known ore-bearing sandstone indicated by previous exploration and development. The holes shall have a minimum diameter of 2½ inches. The Government shall not contribute to the cost of any incompleted hole.

Drilling is expected to be by both dry and wet methods. In dry drilling, cuttings shall be collected with a Duclone sample collector or equivalent unit. In wet drilling, adequate facilities shall be provided for collecting all the cuttings. In either case samples shall be taken at 2-foot intervals and checked for radioactivity. All samples indicating significant mineralization shall be analyzed chemically for uranium and vanadium. A portion of each sample taken shall be properly labeled and stored for inspection and disposition by the Government.

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

Access roads and drill sites shall be prepared with a D-7 bulldozer or equivalent unit.

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

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

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

The drilling pattern in both stages is the same, and consists of a series of northeast-southwest fences perpendicular to the apparent trend of known ore exposures. The fences are spaced at 75-foot intervals, the holes in each fence are spaced at 150-foot intervals, and the holes are staggered in alternate fences.

Stage I

Prepare access roads and drill sites, and drill not more than 66 holes aggregating approximately 4,290 feet as indicated on the map (Figure 3). If the 66 holes require more than 4,290 feet to reach the desired horizon, the additional footage and funds required may be transferred and deducted from Stage II upon the written approval of the Government.

Stage II

Prepare access roads and drill sites and drill not more than 76 holes aggregating not more than 7,600 feet as indicated on the map (Figure 3).

Estimated Cost of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

4,290 feet non-core drilling	@ $1.30/ft.	$5,577.00	
80 hours bulldozing	@ $10.00/hr.	800.00	
Categories (2) through (7)	None	-	$6,377.00

Fixed Unit Costs (See Article 13)

Incidental allowance 1/ for each foot of non-core drilling completed, 4,290 feet	@ $0.16/ft.	686.40	
100 Chemical sample analyses	@ $5.00/sample	500.00	1,186.40

Estimated Total Cost of Stage I $7,563.40

Stage II

Actual Costs

Category (1) Independent Contracts

7,600 feet non-core drilling	@ $1.30/ft.	$ 9,880.00	
80 hours bulldozing	@ $10.00/hr.	800.00	
Categories (2) through (7)	None	-	$10,680.00

Fixed Unit Costs (See Article 13)

Incidental allowance 1/ for each foot of non-core drilling completed, 7,600 feet	@ $0.16/ft.	$ 1,216.00	
100 Chemical sample analyses	@ $5.00/sample	500.00	1,716.00
Estimated Total Cost of Stage II			$12,396.00
Estimated Total Cost of the Project (rounded)			$19,960.00
Government Participation @ 75%			$14,970.00

1/ Includes all costs that otherwise might have been allowable under Categories (2) through (7) of Article 6, except analyses.

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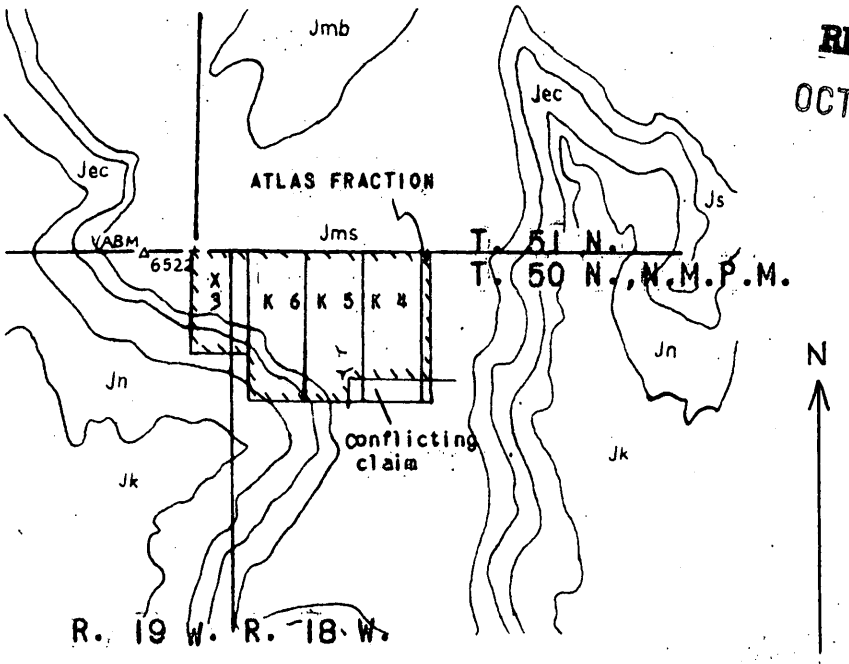
OCT - 5 1956



EXPLANATION

Jmb	BRUSHY BASIN MEMBER OF JURASSIC MORRISON FORMATION
Jms	SALT WASH SANDSTONE MEMBER OF JURASSIC MORRISON FORMATION
Js	JURASSIC SUMMERVILLE FORMATION
Jec	JURASSIC ENTRADA SANDSTONE AND CARMEL FORMATION UNDIVIDED
Jn	JURASSIC AND JURASSIC(?) NAVAJO SANDSTONE
Jk	JURASSIC(?) KAYENTA FORMATION
	BOUNDARY OF AREA INCLUDED IN APPLICATION

2000 0 8000 FEET

Note: BASE MODIFIED FROM U.S.G.S. MAP CQ 55, GEOLOGY OF THE GATEWAY QUADRANGLE. CLAIM BOUNDARIES FROM APPLICANTS MAP.

FIGURE 2. GEOLOGIC MAP SHOWING THE K ET AL. GROUP OF CLAIMS, L.E. COX AND T.R. GILLENWATERS, MESA COUNTY, COLORADO

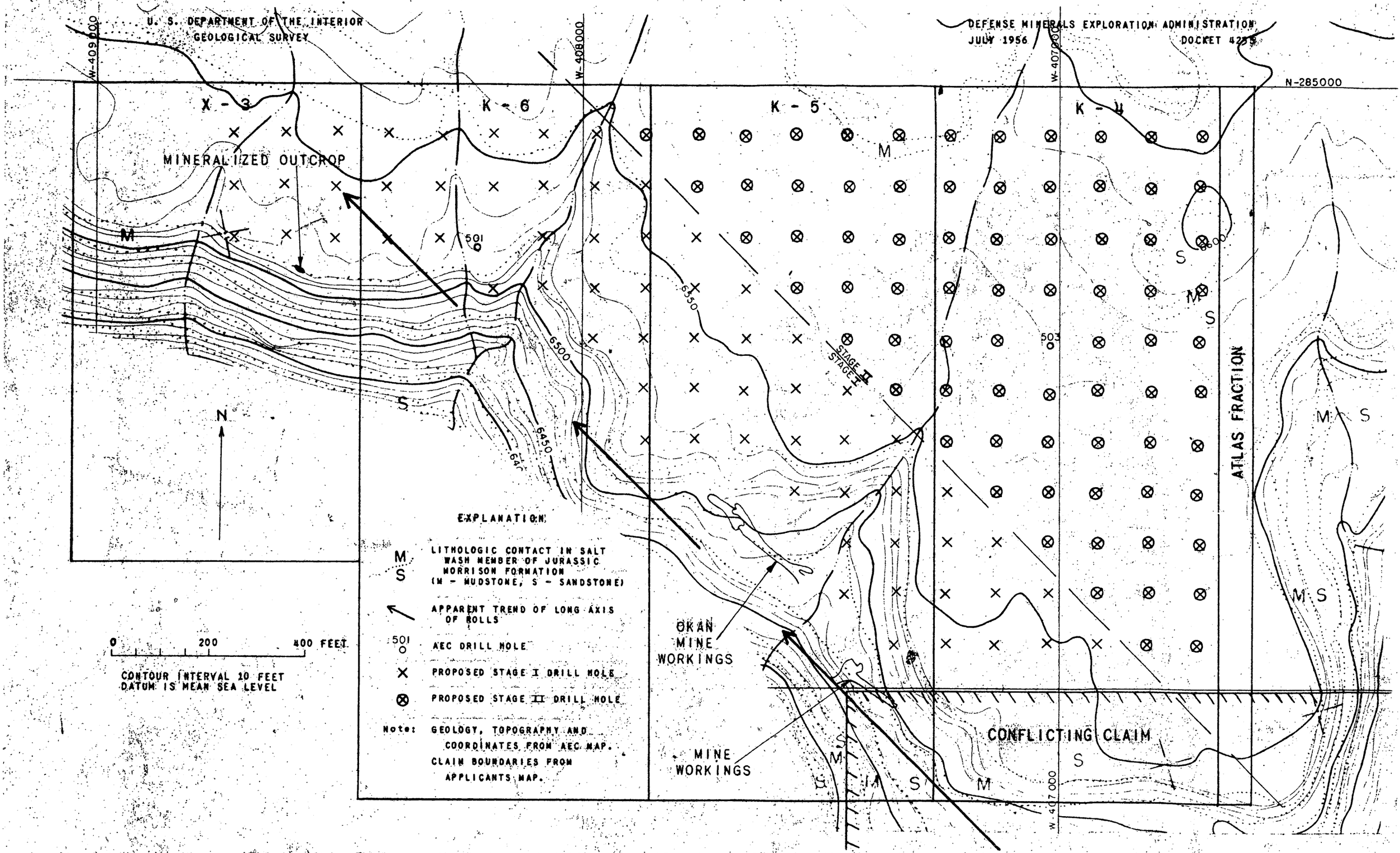


FIGURE 3.--GEOLOGIC AND CLAIM MAP SHOWING LOCATION OF PROPOSED DRILL HOLES, LEE E. COX AND T. R. GILLENWATERS, OKAN PROPERTIES, TENDERFOOT MESA, MESA COUNTY, COLORADO.

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

224 New Customhouse
Denver 2, Colorado

September 19, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 4235 (Uranium), Contract Idm-E996, Lee E. Cox and T. R. Gillenwaters, Partners (Okan mine), Mesa County, Colorado

Enclosed are executed Government's, Division, and Docket copies of the subject Exploration Project Contract, which was forwarded by your letter of September 7, 1956, for the Applicant's signature. October 1, 1956, has been inserted under Article 3 as the date on or before which operations are to start.

Also enclosed are two copies of our letter of today, forwarding the "Operator's Copy" of the Contract and the first month's supply of forms MF-104 and MF-104A, with instructions regarding reporting procedures on work performed.

Copies of the Contract have been distributed to the Region III Finance Office and Field Team, and to other Regional offices concerned.

W. M. Traver

W. M. Traver

Enclosures

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

[illegible] New Customhouse
Denver 2, Colorado CERTIFIED MAIL September 19, 1956

Cox & Gillespieters, Partners
P. O. Box 1451
Grand Junction, Colorado

Re: Docket No. DMEA 4255 (Uranium)
Contract No. 16n-[illegible]

Gentlemen:

Enclosed herewith is the "Operator's Copy" of Exploration Project Contract No. 16n-[illegible], Docket No. DMEA 4255.

Also enclosed are six copies of Form MP-104, "Operator's Monthly Report and Voucher," and six copies of Form MP-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced, and monthly thereafter, you are required to submit the original and four copies of each form to Mr. John F. Shea, U. S. Bureau of Mines, Room 137, Building 20, Denver Federal Center, Denver 2, Colorado. The extra copy is for your records.

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

The U. S. Geological Survey and the U. S. Bureau of Mines maintain a field office in the A.E.C. Compound at Grand Junction, Colorado. DMEA representatives of the two Services can be contacted as follows:

J. W. Hosler, U. S. Geological Survey
Telephone, Grand Junction, Chapel 3-2110, Ext. [illegible];

M. E. Salsbury, U. S. Bureau of Mines
Telephone, Grand Junction, Chapel 3-2110, Ext. 274.

Both men can be reached by mail at

Post Office Box 360
Grand Junction, Colorado.

For your information and in reply to many questions that have been asked, after forms BF-104 and BF-104A are received, an engineer will check progress and approve your accounts, after which they will be sent to the Regional Office, Region III, U. S. Bureau of Mines, 20 Rue Gertenhouse, Denver 2, Colorado, for administrative examination and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the approved costs. If you have any difficulty in completing these forms and the reports, please call on either the field representatives, Mr. Shaw, or this office for assistance.

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

The contract is prepared on form BF-200, and under its provisions and as outlined in Exhibit "A" of the contract, the allowable costs are a combination of actual costs with a maximum average unit cost established for work under "Category (1)" and fixed unit costs for performing the remaining items of work or services. Under the provisions of Exhibit "A", the work under "Category (1)" is to be performed by subcontract. The costs recorded under item "(1)" on form BF-104 for such work must be supported each month by a signed copy of the billing from the subcontractor; or, submit for our records a certified copy of the subcontract agreement. Amounts reported on the basis of the "Fixed Unit Costs" require no documentation, as they are otherwise verified.

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

Your requests to this office for work approval, changes in the contract, or any other communication pertaining to operations under the contract, must be in writing, of which please supply the original and five copies, each copy complete with maps or other pertinent data.

The locations of holes to be drilled under Stage I are indicated on the map, "Figure 3," attached to the contract. Should conditions encountered necessitate or make desirable a change in the location of any of the holes, approval of this office for the change must be obtained prior to performance of the drilling. Otherwise, the drilling may not be acceptable for reimbursement to you under the terms of the contract.

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

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

You should anticipate a suspension of operation between stages of work, to enable the Government geologist and engineer to evaluate the results of the work performed and make recommendations to this office relative to the additional work you propose.

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

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

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. It is a requirement and imperative that you notify this office in writing the date work actually commenced under the contract, with a copy of your letter to Mr. Shaw.

Very truly yours,

W. M. Traver

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

WMT:prl
cc: Chairman, Op. Comm. (2)
Finance Office, Reg. III
Amendment file, Reg. III
Burchman
Shaw (2) Corres. Chron.

Mesler
Townsend

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

RECEIVED
SEP 12 1956

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

September 10, 1956

Mr. Lee E. Cox
Cox and Gillenwaters, Partners
P. O. Box 1451
Grand Junction, Colorado

Re: Docket DMEA 4235 (Uranium)
Lee E. Cox and T. R. Gillenwaters,
Partners, Mesa County, Colorado -
Proposed Exploration Project
Contract Idm-E996

Dear Mr. Cox:

Enclosed are the Government's, Division, Docket, Finance Office, and Field Team copies of proposed Exploration Project Contract No. Idm-E996, which has been prepared pursuant to your application for Government assistance in exploration work under the Defense Minerals Exploration Administration program.

If the contract is satisfactory to you, all copies are to be signed by both partners as indicated, and all copies promptly returned to this office.

Upon return of the properly executed copies of the contract, the "Operator's Copy" will be forwarded to you, together with forms and instructions relative to reporting on the work performed under the contract.

When the executed copies of the contract are returned, please advise the date on or before which work will be commenced, for our insertion under "Article 3" of the contract form.

Your attention is especially directed to two provisions in the contract:

1. The contract requires completion of the exploration work by the date or within the period fixed therefor. Approval must be obtained for any appreciable work stoppage which may result in failure to complete the work by the date or within the time fixed.

2. Royalty is due the Government on all production from the land described in the contract, beginning on the date of the contract.

In the event the contract is not satisfactory to you, all copies are to be returned promptly to this office, together with your comments on or objections to the contract.

Very truly yours,

W. M. TRAVER

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

Enclosures

WMT:prl

cc: Chairman, Oper. Comm. (2)
Harshman
Shaw (2)
Hasler
Townsend
Docket file 4235
Chron.

700

FILE COPY
Surname:
Ching (aor)
Ellis
Selfridge
Johnson

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

SEP - 7 1956

Mr. W. M. Traver
Executive Officer
DMEA Field Team, Region III
224 NewCustomhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-4235 (Uranium)
Lee R. Cox and T. R. Gillesmaters
Okan Mine
Mesa County, Colorado

Dear Mr. Traver:

Enclosed are five signed (and one unsigned) copies of the Consent to Lien and Subordination Agreement forms; also enclosed are two copies of the letter of transmittal from the Applicant's representative.

It is hard to understand why one of the forms is still unsigned nor why they were forwarded to Washington contrary to your letter of August 27, except for the fact the "Washington 25, D. C.", was not blocked out on your letter. The unsigned copy of the form may be attached to the Operator's copy of the contract rather than incur further delay in obtaining the signature.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

APPROVED:

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

N. E. Nelson (GCS)
Member, Geological Survey

EWEllis/izm 9-7-56
cc to: Docket
Code 700
Mr. Ching
Admr.'s Reading File
Operating Committee
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

R.G.

9/6/56 gla

LAW OFFICE
WILLIAM E. FOSTER
159 COLORADO AVENUE
GRAND JUNCTION, COLORADO

BOX 1451

TELEPHONE 3700

RECEIVED
SEP - 6 1956

4 September 1956

United States Dept. of the Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket DMEA 4235 (Uranium)
Okan Mine, Mesa County, Colorado

Gentlemen:

In reply to your letter of August 27, 1956, I am enclosing on behalf of L. E. Cox and T. R. Gillenwaters, the properly executed Consent to Lien and Subordination Agreement forms. I regret the delay, however, the forms were executed and returned to us, but one signature was omitted and we were forced to return the documents to the land owner a second time.

Very truly yours,

William E. Foster

William E. Foster

WEF:dj
encl: (1)

8/29/56

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

August 27, 1956

224 New Customhouse
Denver 2, Colorado

Mr. Lee E. Cox
P. O. Box 1451
Grand Junction, Colorado

Re: Docket DMEA 4235 (Uranium) (Okan Mine) Mesa County, Colorado

Dear Mr. Cox:

With our letter to you dated July 25, 1956 we enclosed the original and five copies of Form MF-205, Consent to Lien and Subordination Agreement, to be signed by an authorized official of the Okan Uranium Corporation.

A proposed contract has been prepared by the Washington Office, DMEA, and forwarded to this office to be released to you for your signature as soon as we receive the properly executed Owner's Consent and Subordination forms. Will you please advise by return mail when we may expect to receive them.

Very truly yours,

W. M. TRAVER,

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

HMC:ab

cc: Sec. Op. Comm. (2)
Docket 4235
Harshman
Shaw (2)
Hasler
Townsend
Chron.

Surname copy

700 Ching
Ellis
Chambers
Selfridge
Gilmore

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

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

AUG 22 1956

Re: Docket No. DMEA-4235 (Uranium)
Lee E. Cox and T. R. Gillenwaters
Okan Mine
Mesa County, Colorado

Dear Mr. Traver:

Enclosed are the original and five copies of a proposed long-form contract between the Government and Lee E. Cox and T. R. Gillenwaters, signed by the Administrator. The contract consists of Form MF-200, Annex I, Exhibit "A," and two maps (Figure 2 and Figure 3). Also enclosed are two extra copies each of Annex I, Exhibit "A" and maps (Figure 2 and Figure 3) for the use of the Field Team.

If you and the Operator find the contract satisfactory, it is ready for the signature of the Operator, provided that the following requirements are met:

1. The insertion of a suitable final starting date under Article 3.

2. Receipt by you of the Consent to Lien and Subordination Agreement referred to in Article 2(e) of the contract.

The program and costs recommended by the examiners are satisfactory and have been incorporated into the contract without change.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

MChing/ai 8-16-56
cc to: Docket
Admr. Reading File
Operating Committee
Code 700
Mr. Ching
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

APPROVED:

FRANK D. LAMB (GCS)
Member, Bureau of Mines

N. E. Nelson (GCS)
Member, Geological Survey

8/15/56 gla

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

RECEIVED
AUG 15 1956

August 15, 1956

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

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

Subject: Report of Examination, DMEA Docket 4235, Lee Cox and T. R. Gillenwaters, Okan Mine, Gateway mining district, Mesa County, Colorado

I have reviewed the report of examination, DMEA Docket 4235, Lee Cox and T. R. Gillenwaters, Okan Mine, Gateway mining district, Mesa County, Colorado, dated July 20 and received in this office August 3, 1956. I have also discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

The field examiners recommend a two-stage exploration program consisting of 142 rotary drilled non-core holes totaling 11,890 feet at an overall cost of $20,024. Government participation at 75 percent would be $15,018.

We concur in the recommendations of the field examiners.

The report is being forwarded to the Chief, Division of Minerals, in accordance with the routing slip attached thereto.

James Paone

James Paone

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

AUG 15 1956

Memorandum

To: The Administrator, DMEA
Attention: Chief, Rare and Miscellaneous Metals Division

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-4235 (Uranium)
Lee E. Cox and T. R. Gillenwaters
Okan Mine
Mesa County, Colorado

Pursuant to your memorandum dated August 6, 1956, we have prepared the attached Contract in satisfactory legal form for execution, subject to the attachment of the Consents to Lien and Subordination Agreement referred to therein.

Robert P. Dwyer

Surname copy

700

Ching
Ellis

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

August 6, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

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

Subject: Docket No. DMEA-4235 (Uranium)
Lee E. Cox and T. R. Gillenwaters
Okan Mine
Mesa County, Colorado

Will you kindly prepare a long-form contract between the Government and the subject applicant in accordance with the attached draft.

The Consent to Lien and Subordination Agreement referred to in Article 2 is being secured by the Field Team and will be attached to the contract when made available.

Nine copies of the map (Figure 3) are attached. Copies of the map (Figure 2) are not yet available, but they will be sent you when received from the Field Team.

Ernest Wm. Ellis

MChing/ai
8-6-56
cc to: Docket
Code 700
Mr. Ching

P. S. Since writing the above, nine copies of the Figure 2 map, referred to in the third paragraph above, have been received and are attached.

DRAFT
MChing/ai
8-6-56

MF-200
(Revised June 1954)

Docket No. DMEA 4235

Commodity Uranium

Contract No. Idm-E

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... 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] Lee E. Cox and T. R. Gillenwaters, whose mailing address is P. O. Box 1451 Grand Junction, Colorado, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and 2 maps (Figure 2 and Figure 3).

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 Colorado, County of Mesa, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] Mining Lease & Amendments 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: Consent to Lien and Subordination Agreement of Okan Uranium Corporation.

(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 shall commence the work, and on or before November 30, 1956 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost 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 $ 19,960.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $ 14,970.00 : *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 necessary excesses in categories, subcategories, or items thereunder 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.

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)
(b) As in recent contracts of a combined actual costs - fixed
(c) unit costs type.
(d)
(e)
(f)

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By .....

.....
(Operator)

By .....

.....

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

.....

[CORPORATE SEAL]

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

DRAFT
MChing/ai
8-6-56

EXPLORATION PROJECT CONTRACT
LEE E. COX AND T. R. GILLENWATERS
DOCKET NO. DMEA-4235

ANNEX I

The land referred to in Article 2 of the contract consists of three standard size lode mining claims and two fractional claims situated in sec. 6, T. 50 N., R. 18 W. and Sec. 1, T. 50 N., R. 19 W., N.M.P.M.&B., Mesa County, Colorado. The land is shown on the maps entitled "Figure 2. Geologic Map Showing the K et al. Group of Claims..." and "Figure 3 - Geologic and Claim Map Showing Location of Proposed Drill Holes...," attached hereto and made a part hereof.

The area labeled "Conflicting Claim" on both maps is excluded from the land covered by Article 2 of the contract.

The notices of location of the claims are files for record in the office of the County Recorder of Mesa County, Colorado, as follows:

	Original Location		Amended Location	
Name of Claim	Book	Page	Book	Page
X No. 3	642	233	648	125
K No. 6	642	229	648	129
K No. 5	642	228	648	128
K No. 4	642	227	648	127
Atlas Fraction	658	459	—	--

DRAFT
MChing/ai
8-6-56

EXPLORATION PROJECT CONTRACT
LEE E. COX AND T. R. GILLENWATERS
DOCKET NO. DMEA-4235

EXHIBIT "A"

Description of the Work

General Provisions

The work consists of exploration by rotary, non-core drilling to test the known ore-bearing sandstone in the upper portion of the Salt Wash member of the Morrison formation. The location of the work is indicated on the map (Figure 3) referred to in Annex I.

The holes are expected to average approximately 65 feet in depth in areas adjacent to the rim and to average approximately 100 feet in depth in the northeastern portion of the property, away from the rim. All holes shall bottom in the mudstone directly underlying the known ore-bearing sandstone indicated by previous exploration and development. The holes shall have a minimum diameter of 2½ inches. No payment shall be made for any incompleted hole.

Drilling is expected to be by both dry and wet methods. In dry drilling cuttings shall be collected with a Duclone sample collector or equivalent unit. In wet drilling adequate facilities shall be provided for collecting all the cuttings. In either case samples shall be taken at 2-foot intervals and checked for radioactivity. All samples indicating significant mineralization shall be analyzed chemically for uranium and vanadium. A portion of all samples taken shall be properly labeled and stored for inspection and disposition by the Government.

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

Access roads and drill sites shall be prepared with a D-7 bulldozer or equivalent unit.

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

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

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

The drilling pattern in both stages is the same, and consists of a series of northeast-southwest fences perpendicular to the apparent trend of known ore exposures. The fences are spaced at 75-foot intervals and the holes in each fence are spaced at 150-foot intervals. The holes shall be staggered in alternate fences.

Stage I

Prepare access roads and drill sites and drill not more than 66 holes aggregating approximately 4,290 feet as indicated on the map (Figure 3). If the 66 holes require more than 4,290 feet to reach the desired horizon, the additional footage and funds required may be transferred and deducted from Stage II footage and funds upon the written approval of the Government.

Stage II

Prepare access roads and drill sites and drill not more than 76 holes aggregating not more than 7,600 feet as indicated on the map (Figure 3).

Estimated Cost of the Project

Stage I

Actual Costs

Category (1) Independent Contracts		
4,290 ft. non-core drilling @ $1.30/ft.	$5,577.00	
80 hrs. bulldozing @ $10/hr.	800.00	
Categories (2) through (7) None	-- --	
		$6,377.00

Fixed Unit Costs (See Article 13)

Incidental allowance for each foot of non-core drilling completed - 4,290 ft. @ $0.16/ft.	$686.40	
100 chemical sample analyses @ $5.00/sample	500.00	
		$1,186.40
Estimated total cost of Stage I		$7,563.40

Stage II

Actual Costs

Category (1) Independent Contracts		
7,600 ft. non-core drilling		
@ $1.30/ft.	$9,880.00	
80 hrs. bulldozing @ $10.00/hr.	800.00	
Categories (2) through (7) None	— --	
		$10,680.00

Fixed Unit Costs (See Article 13)

Incidental allowance for each foot of non-core drilling completed - 7,600 ft. @ $0.16/ft.	$1,216.00	
100 chemical sample analyses @ $5.00/sample	500.00	
		1,716.00
Estimated total cost of Stage II		$12,396.00

Summary of Costs

Estimated total cost of Stage I	$ 7,563.40
Estimated total cost of Stage II	12,396.00
Estimated total cost of the project (rounded)	$19,960.00
Government participation @ 75%	$14,970.00

IN REPLY REFER TO:

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

RECEIVED
AUG - 7 1956

August 6, 1956

Memorandum

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

From: W. P. Williams, U. S. Geological Survey

Subject: Review of field examination report, DMEA 4235 (uranium), Lee Cox and T. R. Gillenwaters, Okan Mine, Tenderfoot Mesa, Mesa County, Colorado.

The examining team reports that the subject property has produced over 1100 tons of ore of relatively high grade. The ore was mined from relatively shallow depths. The possibility that other roll-type ore bodies are present on the property is considered by the examiners as good.

As a result the examiners recommend approval of a two stage drilling project consisting of a total of 11,890 feet of rotary, non-core drilling. Total estimated cost of the project is $20,024.00.

I agree with the examiners' and Field Team's recommendations.

W. P. Williams

W. P. Williams

8/6/56 gla

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

RECEIVED
AUG - 6 1956

224 New Customhouse
Denver 2, Colorado

August 2, 1956

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Joint Report of Examination, Docket DMEA 4235 (Uranium) Lee Cox and T. R. Gillenwaters (Okan mine) Mesa County, Colorado

Enclosed are nine extra copies of Figure 2 which accompanied the Report of Examination on the subject property. These are for possible use in the contract and were mentioned in our memorandum, dated July 25, 1956 on the subject docket.

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

Enclosures

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

RECEIVED
JUL 30 1956

July 25, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Joint Report of Examination, Docket DMEA 4235 (Uranium) Lee Cox and T. R. Gillenwaters, (Okan Mine) Mesa County, Colorado

Enclosed are the original and three copies of a joint engineering and geologic Report of Examination on the subject property.

The field examiners recommend a two-stage exploration program consisting of 142 rotary drilled non-core holes totaling 11,890 feet at a total estimated cost of $20,024.00, Government participation $15,018.00. We concur in this recommendation.

Enclosed are nine extra copies of Figure 3 for possible use in the contract. We believe that Figure 2 might also be of value in a contract and have ordered nine extra copies which we will forward you when received by this office.

Owner's Consent to Lien have been forwarded the Applicant to be signed by the authorized officials of the Okan Uranium Corporation.

DMEA Field Team, Region III

Enclosures

W. M. Traver

By W. M. Traver
Executive Officer

Reviewed by
DMEA OPERATING COMMITTEE
8/3/56
(date)

TRANSMITTED

JUL 25 1956

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

JUL 23 1956

MINERAL RESOURCES
IN REPLY REFER TO:
DMEA
RECEIVED
JUL 12 1956
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

RECEIVED
JUL 30 1956
Date Rec'd.

July 10, 1956

Memorandum

BUREAU OF MINES
Denver, Colorado

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

From: J. William Hasler

Through: E. H. Harshman, Rik for Ed H
John Shaw

Subject: Letter of transmittal of report of examination on DMEA docket 4235, Lee Cox and T. R. Gillenwaters, Okan Mine (Uranium), Gateway mining district, Mesa County, Colorado.

Transmitted herewith is a joint engineering and geologic report of examination on DMEA docket 4235, Lee Cox and T. R. Gillenwaters, Okan mine property on Tenderfoot Mesa, Mesa County, Colorado.

The applicant made application for assistance to explore for uranium on the K-3, K-4, K-5, and K-6 claims in the Okan mine area. The application was referred to the field and an examination was made June 13, 1956, by H. F. Robertson, U. S. Bureau of Mines and H. F. Albee, U. S. Geological Survey.

The uranium ore deposits on Tenderfoot Mesa occur in the upper part of the Salt Wash sandstone member of the Morrison formation, part of which has been eroded. The ore is found in typical northwest trending rolls and pods that are rather sporadically distributed and discontinuous, however, the Okan mine and other mines in the immediate area have produced a total of 1,146 tons of ore that averaged 0.46 percent U_3O_8 and 0.73 percent V_2O_5.

It is the opinion of the examining team that the revised exploration program herein recommended may discover other ore bodies in the 600 ton class similar to that mined in the Okan mine.

I concur with the conclusions and recommendations of the examining team that the program thus far recommended be approved. The Atomic Energy Commission was consulted relative to the appraisal of the property.

Enclosed is the material for inclusion in a joint engineering and geological report as well as 10 copies of figure 2. Twenty-two copies of figure 3 for inclusion as a contract are also enclosed as well as the applicant's brochure.

Reviewed by
DMEA OPERATING COMMITTEE
8/3/56
(Date)

J. William Hasler

J. William Hasler,
Geologist

Enclosures
JWH/dm

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

RECEIVED
JUL 30 1956

DEFENSE MINERALS EXPLORATION ADMINISTRATION

JOINT REPORT OF EXAMINATION BY EXAMINING TEAM
REGION III

TRANSMITTED
JUL 25 1956

DMEA 4235

OKAN MINE

Okan Uranium Corporation

Mesa County, Colorado

Uranium

Joint Engineering and Geologic Report

By

H. F. Albee, Geologist
Geological Survey

H. F. Robertson, Mining Engineer
Bureau of Mines

July 20, 1956

Reviewed by
DMEA OPERATING COMMITTEE
8/3/56

DMEA 4235

RECEIVED
JUL 30 1956

OKAN MINE
OKAN URANIUM CORPORATION
MESA COUNTY, COLORADO

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DMEA 4235

RECEIVED
JUL 30 1956

LEE COX AND T. R. GILLENWATERS
OKAN PROPERTIES
MESA COUNTY, COLORADO

INTRODUCTION AND SUMMARY

Lee Cox and T. R. Gillenwaters applied to the Defense Minerals Exploration Administration for aid in exploration of property leased to them by the Okan Uranium Corporation. The property is on the southern end of Tenderfoot Mesa in sec. 6, T. 50 N., R. 18 W., New Mexico principal meridian, Mesa County, Colorado.

The property was examined on June 13, 1956, by a DMEA examining team consisting of H. F. Albee, Geological Survey and H. F. Robertson, U. S. Bureau of Mines. The Okan mine which is on the property has ore deposits typical of the area and was inspected during the course of the field examination.

Salt Wash sandstone member of the Jurassic Morrison formation comprises the only rock exposed on the property. The upper part of the Salt Wash has been eroded and the thickness of the remaining Salt Wash sandstone ranges from 270 to 350 feet; the mineralized section lies about 220 feet above the base.

Ore bodies on Tenderfoot Mesa occur as rolls and lenses. Both types are characteristically small and discontinuous. The rolls are commonly 3 to 4 feet in diameter and of variable lengths and are usually high grade, thus comprising an important source of ore. The lense-shaped ore bodies are from a few inches to 3 feet thick and

rarely exceed 100 feet in length. Both types of ore bodies have been mined from the property with the greater production being from the roll type deposit.

Production from the property has been mostly from one ore body containing about 800 tons. Other production was from a log that extended about 60 feet beyond the southeast end of the Okan Mine. An unnamed adit about 200 feet southeast of the mine has produced a small amount of ore from several thin lenses. The total production has been 1,146 tons.

The possibility of finding other bodies of uranium ore similar to that of the Okan Mine is good.

The applicant's proposal consists of non-core drilling 15,000 feet at $1.50 per foot. The overall cost of the project was estimated as $30,045.00. A conference with the applicant's representative resulted in a revised program which is agreeable to both the examining team and the applicant.

A two stage exploration program consisting of 142 rotary drilled non-core holes totaling 11,890 feet is recommended at an overall cost of $20,024.00.

Government participation at 75 percent would be $15,018.00.

ACKNOWLEDGEMENTS

The examining team was accompanied on the property by J. Morgan Harris, representative of the applicant.

The Atomic Energy Commission was consulted for information concerning the results of exploration drilling performed during 1951 and 1952 and for production and reserve data of operating mines in the area.

LOCATION, TOPOGRAPHY, AND PHYSICAL FEATURES

The property leased by Okan Uranium Corporation to Lee Cox and T. R. Gillenwaters is on Tenderfoot Mesa, mostly in sec. 6, T. 50 N., R. 18 W., New Mexico principal meridian, Gateway mining district, Mesa County, Colorado (fig. 1). The property may be reached by traveling 10 miles southeast from Grand Junction, Colorado, on U. S. Highway 50 to Whitewater, Colorado; thence 44 miles southwest on Colorado Highway 141 to the Calamity Hill road; thence 6 miles south to the top of Calamity Hill; and thence 8 miles over an improved access road to the Okan Mine. Traveling time from Grand Junction is about three hours by automobile.

The claims are at the southwestern end of Tenderfoot Mesa, which is bounded on all but the northern side by steep cliffs and deep canyons. Mesa-top topography is characterized by tilted ledges of sandstone which irregularly interrupt rolling hills of predominantly red and green mudstone. The mean altitude of the claims is about 6500 feet above sea-level.

The climate is semiarid with most of the precipitation ocurring during the winter and early spring months. The area is subject to

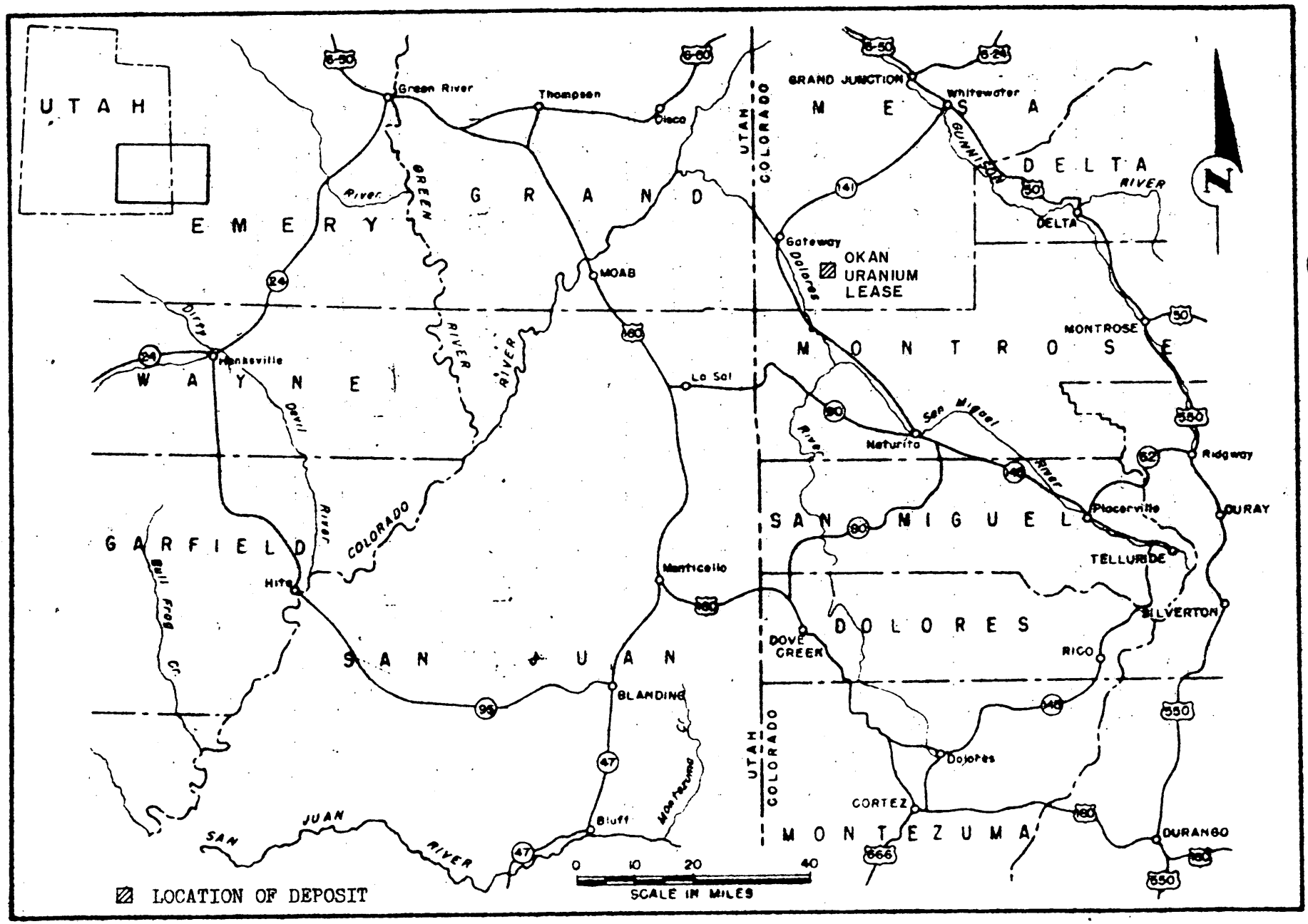


FIGURE 1 - LOCATION MAP, OKAN CLAIM AREA, L. E. COX AND T. R. GILLENWATERS, TENDERFOOT MESA, MESA COUNTY, COLO.
DMEA 4235

infrequent flash floods from cloudbursts. Vegetation consists of pinon, cedar, and sagebrush.

Power requirements are furnished by gasoline- or diesel-powered generators. Housing for personnel is usually constructed from rough lumber obtained from sawmills in the vicinity. Access to the area is too difficult for use of house trailers longer than 25 feet.

Supplies, equipment, and mine labor are available at Grand Junction, Colorado. Domestic water is available from a spring, 14 miles distant, and drilling water may be available from the mine.

Uranium ore produced in the area is usually hauled to a custom mill in Grand Junction, Colorado.

HISTORY AND PRODUCTION

Shipments of ore from the area were not recorded until June, 1948, but production from January 1939 to January 1952 is estimated at about 10,000 tons.

According to AEC records, the Okan Mine has produced about 800 tons of ore averaging 0.46 percent U_3O_8 and 0.79 percent V_2O_5. No ore has been mined since April 1956, but the mine has been maintained in operating condition pending further exploration.

OWNERSHIP AND EXTENT

The subject property consists of three standard lode mining claims and two fractions comprising a total of 74 acres. An area

that is in conflict with the Lone Mesa No. 1 claim is not included.

The property is owned by the Okan Uranium Corporation and location certificates are recorded at the Mesa County Courthouse in Grand Junction, Colorado as follows:

Name of Claim	Recorded					
	Original location			Amended location		
	Date	Book	Page	Date	Book	Page
X No. 3 (Amended)	5/2/55	642	233	6/4/55	648	125
K No. 6 (Amended)	5/2/55	642	229	6/4/55	648	129
K No. 5 (Amended)	5/2/55	642	228	6/4/55	648	128
K No. 4 (Amended	5/2/55	642	227	6/4/55	648	127
Atlas Fraction	8/25/55	658	459	--	--	--

A mining lease dated January 17, 1956, gives L. E. Cox and T. R. Gillenwaters the right to mine and remove ore from the leased claims.

The records at the Mesa County Courthouse, Grand Junction, Colo., were checked by the inspecting engineer and the recording data verified.

PRESENT STATUS

Exploration and Development

Company exploration on the subject claims has been limited to shallow wagon-drill holes behind two ore exposures along a rim in the Salt Wash on the K5 claim. No records of chemical assays or geologic logs from the holes were submitted by the applicant. Logs of radiometric probing of the holes were submitted as evidence of uranium

mineralization. Some impressive radiometric values are shown for several of the ore holes.

The Okan mine consists of an incline sunk to the larger ore body and an adit driven to the smaller ore body. After the ore was mined no further development work was performed. By April 30, 1956, total ore production from the subject property amounted to 1,146 tons.

Mining Equipment and Other Facilities

Mining equipment consists of a 125 c.f.m. Gardner-Denver compressor, three Gardner-Denver jack-leg drills, and most of the required supplies and accessories. Wooden platform bins for stockpiling ore have been constructed and a Ford front end loader is available for loading ore into trucks. Equipment for exploration drilling would be furnished by a contractor.

Three or four cabins are on the property and could be used for housing project personnel. Electricity is supplied by gasoline or diesel light plants. Domestic water is available at a spring about 14 miles distant from the Okan mine.

GEOLOGY

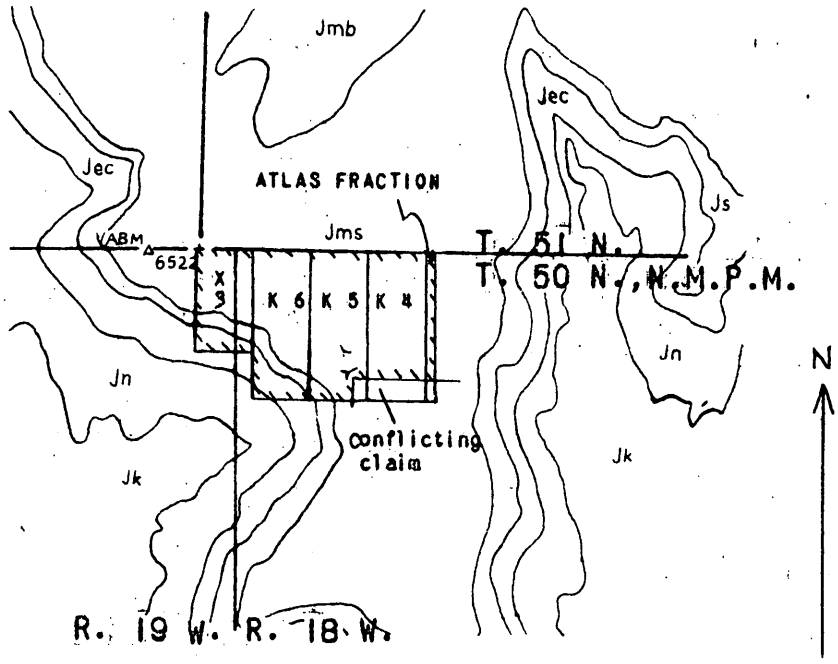
Tenderfoot Mesa is in the Gateway mining district and lies on the southwest flank of the Uncompahgre uplift. The regional dip is southwest at a low angle toward the axis of the Dolores syncline. In the northern part of Tenderfoot Mesa the rocks dip between 3° and 4°, and in the southern part of the mesa the dip is between 1° and 2°. There are no known faults in the mesa.

Deep canyons bound the southern part of Tenderfoot Mesa and the rocks exposed in the vicinity of the property range from those of the Kayenta formation upward through the Morrison formation both of Jurassic age (fig. 2).

The Morrison formation in this area comprises two members, the Salt Wash sandstone or lower member and the Brushy Basin shale or upper member. The Salt Wash sandstone crops out above the Summerville formation as a series of resistant ledges and steep, rubble covered slopes. Sandstone is predominant but interbedded with the sandstone is red and locally green mudstone. Any relatively continuous sandstone stratum usually consists of interfingering lenses with superposed lenses, in many places, filling channels that have been carved in the underlying beds. Lenses are frequently separated by mudstone and contain mudstone seams. The sandstone is mostly fine- to medium-grained and consists largely of subangular to subrounded grains of quartz. The Salt Wash sandstone comprises the only rpcks exposed on the property; part of the upper Salt Wash has been eroded. The thickness of the Salt Wash on the property ranges from about 270 feet near the rim to 350 feet in the northeast part of the claims.

ORE DEPOSITS

Five mineralized zones have been recognized on Tenderfoot Mesa; most of the uranium ore has been produced from the upper four. The



EXPLANATION

Jmb	BRUSHY BASIN MEMBER OF JURASSIC MORRISON FORMATION
Jms	SALT WASH SANDSTONE MEMBER OF JURASSIC MORRISON FORMATION
Js	JURASSIC SUMMERVILLE FORMATION
Jec	JURASSIC ENTRADA SANDSTONE AND CARMEL FORMATION UNDIVIDED
Jn	JURASSIC AND JURASSIC(?) NAVAJO SANDSTONE
Jk	JURASSIC(?) KAYENTA FORMATION
	BOUNDARY OF AREA INCLUDED IN APPLICATION

2000 0 8000 FEET

Note: BASE MODIFIED FROM U.S.G.S. MAP CQ 55, GEOLOGY OF THE GATEWAY QUADRANGLE. CLAIM BOUNDARIES FROM APPLICANTS MAP.

FIGURE 2. GEOLOGIC MAP SHOWING THE K ET AL. GROUP OF CLAIMS, L.E. COX AND T.R. GILLENWATERS, MESA COUNTY, COLORADO

ore-bearing sandstone, which is about 50 feet thick on the property and correlates with the 4th mineralized zone above the base of the Salt Wash, is exposed at the surface along the rim and for a short distance back of the rim. This ore-bearing zone is from 220 to 230 feet above the base of the Salt Wash. The topography rises to the northeast to about 80 feet above the top of the ore-bearing sandstone.

Production from the property has been mostly from one ore body containing about 800 tons. Other production was from a log that extended about 60 feet beyond the southeast end of the ore body. A small amount of ore has been produced from several thin lenses in an adit about 200 feet southeast of the ore body. The total production has been 1,146 tons.

Ore bodies on Tenderfoot Mesa occur as rolls and as lenses. Both types are characteristically small and discontinuous. The rolls are commonly 3 to 4 feet in diameter and are of different lengths. None have proved extensive but they are usually high grade and thus comprise an important source of ore. The lense shaped ore bodies are from a few inches to 3 feet thick and rarely exceed 100 feet in diameter.

Both types of ore bodies have been mined on the property with the greater part of the production being from the roll type. The relatively shallow ore roll was mined from the outcrop without the need of development crosscutting.

Some ore grade material remains along the ribs of the drift from which the roll was mined and thin exposures of ore-grade material remain in the adit from which the lenses were mined. The removal of this material would not be economical. No further reserves are known on the property.

The main uranium-vanadium mineral is carnotite. Vanadium minerals are present but were not identified. The uranium-vanadium ratio as indicated by Atomic Energy Commission payment records is about 1:2.

Wide spaced drilling on the property was completed by the Atomic Energy Commission in 1951 and 1952. Wagon drills were used and because water was encountered in several holes they were not completed. Drilling depths were considerably less than those estimated by the applicant. Of the twelve holes drilled, only two, 501 on the K6 claim and 503 on the K4 claim are shown on figure 3. The drill logs of these two holes showed them to be completed holes and they can be used as part of the recommended pattern of holes. The logs of the remaining holes either were not available or indicated that the holes were abandoned because of water.

APPLICANTS PROPOSED EXPLORATION AND COSTS

The applicant proposes an exploration program consisting of a total of 15,000 feet of wagon and rotary-drilling in an undetermined number of holes. Thirty-five hundred feet of drilling is proposed for drilling favorable trends near the rim and 9,500 feet would be

used to drill the deeper holes in the northeast section of the property. The remaining 2,000 feet would be available for drilling additional holes in favorable locations discovered by the previous drilling.

The estimated cost of the applicant's proposed program is shown as follows:

Road building tractor work - 20 days at $100.00 per day	$2,000.00
Drilling, 15,000 feet at $1.50 per foot	22,500.00
Supervision (geologist)	2,000.00
Surveyor	500.00
Instruments (counter, reel, probe, recorder)	1,295.00
Transportation (pickup)	1,200.00
Gasoline	50.00
Contingencies (maps, blueprints, food, etc.)	500.00
Total	$30,045.00

REVISED AND RECOMMENDED EXPLORATION PROGRAM AND COSTS

The examining team did not consider the applicant's program adequate for exploration of the subject property and a revised drilling plan agreeable to the applicant is hereby recommended. The revised program should more thoroughly test the potential ore-bearing sandstones underlying the claim area.

Under the present conditions neither the applicant nor the examining team consider core-drilling necessary or economically

advisable on this property. Sufficient information is available from rim exposures and from previous drilling to ascertain the general character of the ore deposits. Radiometric logging and chemical assay of drill cuttings will establish grade and thickness of any ore penetrated; samples should be taken at 2-foot intervals.

All holes should bottom in the mudstone directly underlying the potential ore-bearing sandstone indicated by previous exploration and development. Mudstone splits may interfinger with the sandstones at higher elevations in some of the holes. For this reason, any questionable hole should be drilled at least to the estimated depth as computed from the surface contour lines and the indicated elevation of the ore-bearing sandstone.

The recommended exploration program would be in two stages and is illustrated on figure 3. The holes in both stages would be located in a series of northeast-southwest fences perpendicular to the apparent trend of known ore exposures. The fences would be spaced at 75-foot intervals. The holes comprising each fence would be on 150-foot centers and located such that a diamond shaped pattern is formed with adjacent holes.

The estimated cost of the project is based on the bid by Scott Bros. Drilling Company. An average price of $1.30 per foot for dry and wet, rotary, non-core drilling is used due to the fact that water drilling will be necessary in an estimated fifty percent of the

holes. Cheaper wagon-drilling is not recommended due to the frequent occurrence of perched water tables in the area. Previous results have shown that wagon-drilling cannot be used after water is encountered in a hole.

Stage I of the proposed program will consist of 66 holes which will average 65 feet in depth and will explore the southwestern portion of the claim area as shown on figure 3. The estimated total footage for Stage I is 4,290 feet. The overall cost of Stage I, including bulldozer work and sample analyses is $7,364.00.

Stage II would be undertaken only if results in Stage I indicated that the size and frequency of ore occurrences were good enough to justify additional exploration, and would require written authorization by the Field Team, Region III. If authorized, the entire drill program in Stage II would be completed. This will consist of drilling 76 holes which will average 100 feet in depth and will explore the northeastern portion of the claim area. The total footage for Stage II is 7,600 feet and the overall cost is estimated at $12,660.00.

The costs for Stage I and Stage II may differ slightly from the above figures depending on the type of contract used.

Provision should be made to transfer funds and footage from Stage II to Stage I if necessary for completion of Stage I. The transfer must be approved and authorized by the DMEA Field Team.

Revised costs of the project are estimated as follows:

Stage I

Estimated time for completion - 1/2 month

Basis - 1 drill-rig - 1 shift per day

25 days per month - 300 feet per day

1. Independent Contracts

Bulldozing for roads and drillsites		
80 hours at $10.00 per hour	$800.00	
Rotary drilling 66 holes 4,290 feet (at $1.30 per foot)	5,577.00	
Total Independent Contracts		$6,377.00

2. Labor, supervision, and technical services

1 geologist-supervisor, full-time (1/2 month at $600.00 per month)	300.00	
1 surveying crew, 3 days at $100 per day	300.00	
Total labor, supervision, and technical services		$600.00

3. Operating materials and supplies

Gasoline, oil, and repairs on pickup for supervisor-geologist (1/2 month at $50.00 per month)	25.00	
Sample bags, drill log forms, surveying and office supplies (1/2 month at $50.00 per month)	25.00	
Total operating supplies		$50.00

4. Operating Equipment

Rental	None	
Purchase	None	
Depreciation		
1 pickup valued at	$1,800.00	
1 counter & probe valued at	800.00	
	$26,000.00	
Depreciation on 60 month basis		
$\frac{2600}{60}$ = $43.33 per month		
Depreciation for 1/2 month	$21.67	
Total operating equipment		$21.67

5. and 6. No initial rehabilitation, repairs, new buildings or equipment.

7. Miscellaneous

Accounting, 1/2 month at $50 per month	$25.00
Sampling and analyses, 100 samples analysed for U_3O_8 and V_2O_5 at $5.00 each	500.00
Compensation insurance, payroll taxes, etc. on geologist-supervisor's salary at 6 percent of $300.00	18.00
Total Miscellaneous	$543.00
Total cost of Stage I	$7,591.67

Stage II

Estimated time for completion - 1 month

Basis - 1 drill rig - 1 shift per day

25 days per month - 300 feet per day

1. Independent Contracts

Bulldozing for roads and drillsites		
80 hours at $10.00 per hour	$800.00	
Rotary drilling 76 holes, 7,600 feet		
at $1.30 per foot	9,880.00	
Total independent contracts		$10,680.00

2. Labor, Supervision, and Technical Services

1 geologist-supervisor, full-time		
one month at $600.00 per month	$600.00	
1 surveying crew, 3 days at $100 per day	300.00	
Total labor, supervision, and technical services		$900.00

3. Operating Materials and Supplies

Gasoline, oil, and repairs on		
pickup for supervisor-geologist		
1 month at $50.00 per month	$50.00	
Sample bags, drill-log forms,		
surveying and office supplies		
1 month at $50.00 per month	50.00	
Total operating materials and supplies		$100.00

4. Operating Equipment

Rental	None	
Purchase	None	
Depreciation		
1 pickup valued at $1,800.00		
1 counter and probe valued at	800.00	
	$2,600.00	
Depreciation on 60 month basis		
$\frac{2600}{60}$ = $43.33 per month		
Depreciation for 1 month	$43.33	
Total Operating Equipment		$43.33

5. and 6, None

7. Miscellaneous

Accounting, 1 month at $50 per month	$50.00	
Sampling and analyses, 100 samples analyzed for U_3O_8 and V_2O_5 at $5.00 each	500.00	
Compensation insurance, payroll taxes, etc. on geologist-supervisor's salary at 6 percent of $600.00	36.00	
Total Miscellaneous		$586.00
Total Cost of Stage II		$12,309.33

Breakdown of Costs

Item	Stage I		Stage II
Independent Contracts			
Bulldozing access roads and	$800.00		$800.00
drill sites. Drilling, 11,890	(4,290 feet)		(7,600 feet)
feet of plug-bit at $1.30 per foot	$5,577.00		$9,880.00
Labor and Supervision	$600.00		$900.00
Operating Material and Supplies	50.00		100.00
Operating Equipment	21.67		43.33
Misc. (less assaying)	43.00		86.00
Total (less assaying)	$7,091.67		$11,809.33
Cost per foot	$1.65		$1.55
Average cost per foot (for contract use)		$1.60	
Chemical assays at $5.00 each	500.00		500.00
Cost (incidental allowance)	714.67		1,129.33
(less independent contracts and chemical analyses)			
Cost per foot (incidental allowance)	0.17		0.15
Average cost per foot (incidental allowance)		$0.16	
(for contract use)			

Summary of Costs for Contract Use

It is suggested that the unit cost type of contract be used for this project. The computed unit cost to cover all categories, with the exception of chemical analyses, is $1.60 per foot of drilling

performed. The overall cost of the project would be $19,024.00 plus $1,000 for 200 chemical assays, or $20,024.00. Government participation would be 75 percent or $15,018.00

A tabulation of this type is shown below:

Item	Unit Units	Unit Cost	Stage I Units	Stage I Cost	Stage II Units	Stage II Cost	Total Units	Total Cost
Chemical analyses	each	$5.00	100	$500.00	100	$500.00	200	$1,000.00
All other costs	foot	$1.60	4,290	$6,864.00	7,600	$12,160.00	11,890	$19,024.00
Contract total				$7,364.00		$12,660.00		$20,024.00

As an alternate, the independent contract costs can be listed at actual bid price and the remaining estimated costs can be computed on a unit cost basis as shown in Table III. The total project cost wouldtthen be $19,901.00 and Government participation at 75 percent would amount to $14,925.75. These costs are summarized as follows:

Item	Unit Units	Unit Cost	Stage I Units	Stage I Cost	Stage II Units	Stage II Cost	Total Units	Total Cost
Bulldozer work	hour	$10.00	80	$800.00	80	$800.00	160	$1,600.00
Rotary drilling	foot	1.30	4,290	5,577.00	7600	9880.00	11890	15,457.00
Chemical analyses	each	5.00	100	500.00	100	500.00	200	1,000.00
Incidental allowance	foot	0.16	4,290	714.67	7600	1129.33	11890	1,844.00
Contract total				$7,591.67		$12,309.33		$19,901.00

CONCLUSIONS AND RECOMMENDATIONS

The property has produced over 1100 tons of ore, about 800 of which was from a roll type ore body. The ore was mined from relatively shallow depths. The ground rises to the northeast to a maximum of about 80 feet above the ore-bearing sandstone but the average drilling depths over a large part of the area would be less than 100 feet. The possibility of other rolls occurring on the property appears good.

Exploration by drilling in two stages consisting of 4,290 feet of rotary, non-core drilling in the first stage and 7,600 feet of rotary, non-core drilling in the second stage at an estimated overall cost of $20,024.00 is recommended for approval. Government participation at 75 percent would be $15,018.00

An allowance under depreciation is made for use of a Babbel counter and deep-hole probe. It is assumed that this service will be done by the geologist-supervisor as part of his duties. This would be in addition to any gamma ray logging by a DMEA logging unit.

The usual provisions governing minimum spacing of holes, probing, collection and analyses of cutting samples should be incorporated in the recommended contract.

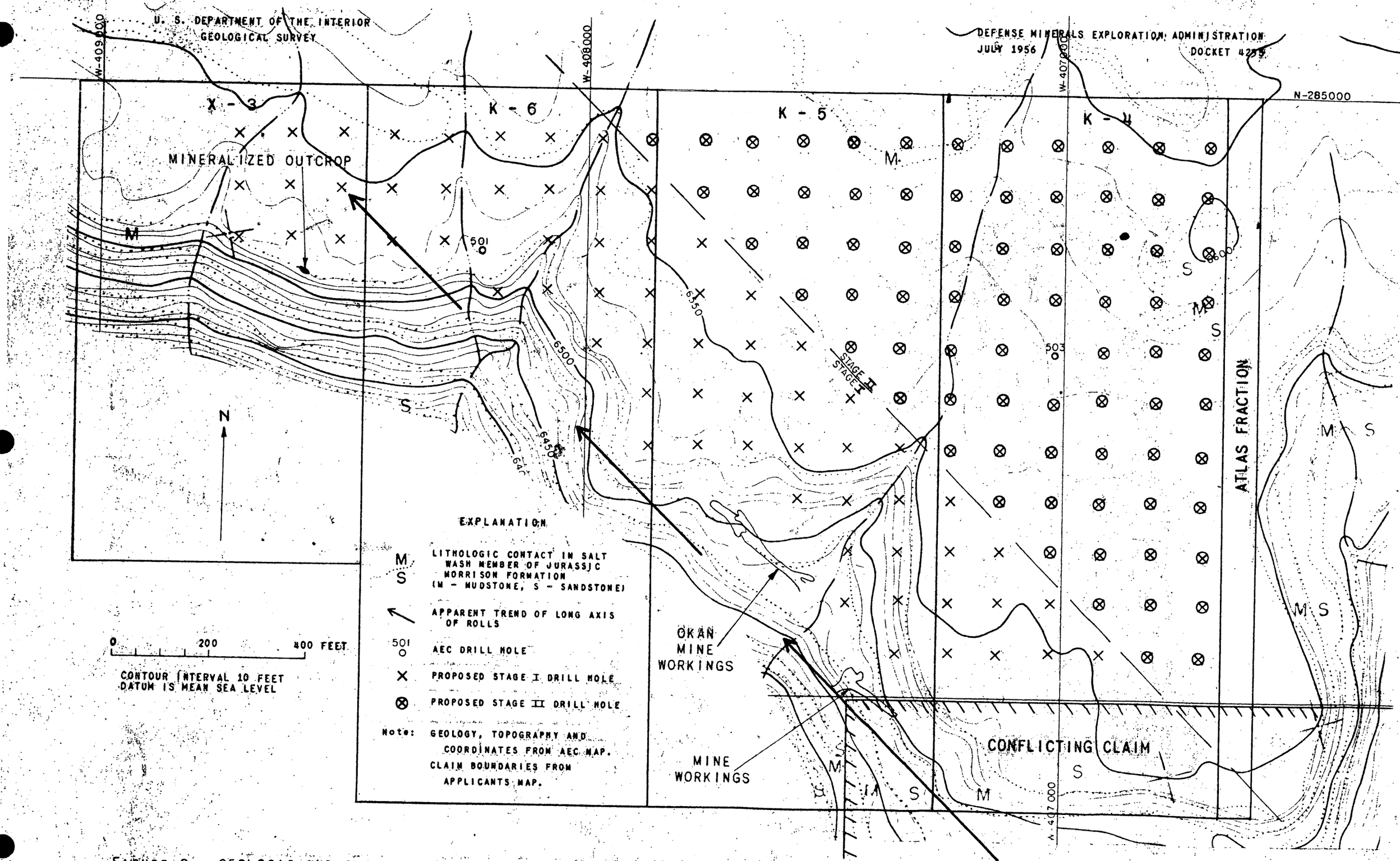


FIGURE 3.--GEOLOGIC AND CLAIM MAP SHOWING LOCATION OF PROPOSED DRILL HOLES, LEE E. COX AND T. R. GILLENWATERS, OKAN PROPERTIES, TENDERFOOT MESA, MESA COUNTY, COLORADO.

7-27-56

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

RECEIVED
JUL 27 1956

July 25, 1956

224 New Customhouse
Denver 2, Colorado

Mr. Lee E. Cox
P. O. Box 1451
Grand Junction, Colorado

Re: Docket DMEA 4235 (Uranium)
(Okan Mine), Mesa County,
Colorado

Dear Mr. Cox:

Enclosed are the original and five copies of Owner's Consent to Lien on the K No. 3, K No. 6, K No. 5, K No. 4, and Atlas Fraction unpatented lode mining claims.

Please obtain the signature of the President, Vice-President, or other official of the Corporation who has the authority of its governing body to place a lien on the subject property. This official's signature should be on the line above the typed Okan Uranium Corporation. The Secretary should attest this signature, sign his name, and affix the corporate seal to the original and five copies of Form MF-205 and return them to this office so that we may continue to process your application.

Very truly yours,

W. M. TRAVER,

By W. M. Traver
Executive Officer

Enclosures

HMC:ab

cc: Sec. Op. Comm. (2)
Docket 4235
Harshman
Chron.

7/23/56

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

RECEIVED
JUL 23 1956

224 New Customhouse
Denver 2, Colorado

July 17, 1956

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4235 (Uranium)
Lee E. Cox and T. R. Gillenwaters
(Okan Mine), Mesa County, Colorado

Enclosed are two copies of a letter from the applicant dated July 13, 1956, and two copies of a drilling bid transmitted with his letter. Copies of the bid are being forwarded to the Field to be included with their copies of the brochure.

W. M. Traver

Encls.

L. E. COX
P.O. Box 1451
Grand Junction, Colorado

DMEA
Date Rec'd.
JUL 16 1956
BUREAU OF MINES
Denver, Colorado

13 July 1956

RECEIVED
JUL 23 1956

Mr. W. M. Traver
Executive Officer, DMEA
Field Team, Region III
Denver 2, Colorado

Re: Docket No. DMEA - 4235
Rare & Misc. Metals Division

Dear Mr. Traver:

The Grand Junction office asked me to send you one more rotary drilling bid for our proposed drilling application.

Enclosed you will find the bid as requested.

Sincerely yours,

L. E. Cox

L. E. Cox

dj
encl: (1)
Bid from Howard Binkley
Drilling Contractor

RECEIVED

JUL 23 1956

HOWARD BINKLEY
DRILLING CONTRACTOR
ROTARY WET OR DRY CORE
WAGON

605 GRAND MESA AVE.
GRAND JUNCTION, COLO.
PH: 2745

DMEA-4235

ATTENTION: :BOB ROCK

PRICE FOR DRILLING ~~OKAN~~ OKAN PROPERTIES , TENDERFOOT CLAIMS: $1.30 per ft.

MINIMUM 5000 ft.
D. M.E.A. LOAN

TYPE OF EQUIPMENT TO BE USED
PORTA DRILL 1000 FULL COMBINATION

THIS PRICE IS FOR STRAIFGT PLUGGING AIR OR WATER MAXIMUM 200 ft.

SAMPLING ACCORDING TO SUPERVISION.

May 15, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: J. F. Shaw (2)
J. W. Mesler

From: Field Team, Region III

Subject: DMEA Docket 4235 (Uranium) Lee E. Cox and T. R. Gillesswaters, (Ohan Mine), Mesa County, Colorado

Enclosed is a copy of a letter from the Chairman, Operating Committee dated May 11, 1956 stating that hereafter we are to consider the subject application as having been made out jointly by Lee E. Cox and T. R. Gillesswaters. Will you please make this change in the brochure which you now have.

DMEA Field Team, Region III

W. M. TRAVER,

By W. M. Traver
Executive Officer

Enclosure

WMC:ab

cc: Chair. Op. Comm. (2)
Docket 4235
Marshman
Chron.

RECEIVED
MAY 17 1956

May 14, 1956

Memorandum

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

From: Superintendent, Denver Experiment Station, Reg. III

Subject: Docket DMEA 4235 (Uranium), Lee E. Cox (Chan Mine), Mesa County, Colorado

The application on Docket DMEA 4235, Lee E. Cox, in the amount of $30,045.00 was received in this office on May 11, 1956.

A field examination will be made and suitable report prepared by an engineer from the Denver or Grand Junction office.

John F. Shaw

cc: W. M. Traver: (2)
E. N. Harshman
J. W. Hasler
M. H. Salsbury
J F. Shaw
Sec. Op. Com (2)

RECEIVED
MAY 17 1956

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

RECEIVED
MAY 14 1956

May 10, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: J. F. Shaw (2) (With brochure)
J. W. Hasler

From: Field Team, Region III

Subject: DMEA Docket 4235 (Uranium) Lee E. Cox (Okan Mine), Mesa County, Colorado

Enclosed is the subject application in the amount of $30,045.00. A field examination and suitable report are required.

Enclosed are a letter from the Chairman, Operating Committee dated May 7, 1956 and memoranda of review of the application by W. P. Williams and John E. Crawford.

Please return the brochure with the Report of Examination.

DMEA Field Team, Region III

W. M. TRAVER,

By W. M. Traver
Executive Officer

Enclosures

WMC:ab

cc: Chair. Op. Comm. (2)
Harshman
Docket 4235
Chron.

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

700
FILE COPY
Surname:
Ching
Yates
Wilson
Gillenwater
Johnson

MAY 11 1956

Mr. Lee E. Cox
Post Office Box 1451
Grand Junction, Colorado

Re: Docket No. DMEA-4235 (Uranium)
Okan Mine
Mesa County, Colorado

Dear Mr. Cox:

Thank you for your letter of May 7, 1956, advising that the subject application should be considered as having been made out jointly by you and Mr. T. R. Gillenwaters. We will change our records accordingly.

Sincerely yours,

C. O. Mittendorf

Administrator

MChing/izm 5-10-56
cc to: Docket
Code 700
Mr. Ching
Admr.'s Reading File
DMEA Field Team, Region III (2)
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

R.C.L.

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

700

FILE COPY
Surname:
Chrono
Chron.
Selfridge
Selfridge

MAY 11 1956

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

Re: Docket No. DMEA-4235 (Uranium)
Lee E. Cox and T. R. Gillenwaters
Ocan Mine
Mesa County, Colorado

Dear Mr. Traver:

Further to our letter of May 7, 1956, regarding the subject application, we are enclosing two copies of a letter, dated May 7, 1956, from L. E. Cox which is self-explanatory.

Hereafter, please consider the application as having been made out jointly by Lee E. Cox and T. R. Gillenwaters.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures

APPROVED:

P. F. Yopes (PFS)
Member, Bureau of Mines

N. E. Nelson (NES)
Member, Geological Survey

MChing/izm 5-10-56
cc to: Docket
Code 800
Mr. Ching
Admr.'s Reading File
Operating Committee
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

R.C.

5-9-56

L. E. COX
P.O. Box 1451
Grand Junction, Colo.

RECEIVED
MAY 9 - 1956

7 May 1956

United States Department of The Interior
Defense Minerals Exploration Administration
Washington 25, D. C.

Attn: Mr. Ernest Wm. Ellis
Chief Rare and Miscellaneous
Metals Division

Re: Docket No. DMEA - 4235 (Uranium)
Okan Mine
Mesa County, Colorado

Dear Mr. Ellis:

This letter is to advise you that the Okan property which is held jointly by Mr. L. E. Cox and Mr. T. R. Gillenwaters is also to be explored jointly by the same parties.

This is an oversight on my part in preparing the application. Please advise me immediately if this letter will suffice to correct the error, as I do not wish to delay your processing of the application.

Thank you,

L. E. Cox

RLR:dj

L. E. Cox

700

FILE COPY
Surname:
Ching
Hess
Gibson
Lefebvre
Jones

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

MAY 7 1956

Mr. Lee E. Cox
Post Office Box 1451
Grand Junction, Colorado

Re: Docket No. DMEA-4235 (Uranium)
Okan Mine
Mesa County, Colorado

Dear Mr. Cox:

The application for assistance in exploring your property, under the captioned docket number, has been reviewed by the Rare and Miscellaneous Metals Division of the Defense Minerals Exploration Administration. It has been referred for a field examination to:

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

The Regional Office will contact you at the earliest opportunity in regard to your project.

Sincerely yours,

G. O. Mittendorf (lsw)

Administrator

MChing/izm 5-7-56
cc to: Docket
Code 700
Admr.'s Reading File
Mr. Ching
DMEA Field Team, Region III (2)

R.G.L.

700

FILE COPY

Surname:

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

MAY 7 1956

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

Re: Docket No. DMEA-4235 (Uranium)
Lee E. Cox
Okan Mine
Mesa County, Colorado

Dear Mr. Traver:

The subject application is being referred to you for investigation, a field examination, and recommendations.

Copies of memoranda, dated April 24 and May 3, 1956, by John E. Crawford, USBM, and W. P. Williams, USGS, respectively, relating to the application, are enclosed for your information.

In the event a contract is recommended by the Field Team, a Consent to Lien would be required of Okan Uranium Corporation. Whether or not documents will be required from other parties will depend upon the Applicant's reply to Ernest Wm. Ellis' letter of May 2, 1956. We will keep you advised.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (26B)

Enclosures

MChing/izm 5-7-56

APPROVED:

P. F. Yopes (26B)
Member, Bureau of Mines

N. E. Nelson (26B)
Member, Geological Survey

cc to: Docket
Code 700
Mr. Ching
Admr.'s Reading File
Operating Committee

Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

5-4-56

IN REPLY REFER TO:

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

RECEIVED MAY 8 - 1956

May 3, 1956

Memorandum

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

From: W. P. Williams, U. S. Geological Survey

Subject: Review of application, DMEA 4235 (uranium), Lee E. Cox, Okan Mine, Tenderfoot Mesa, Mesa County, Colorado.

The applicant proposes an exploration drilling project consisting of 15,000 feet of drilling, the majority of which would be by percussion methods. The applicant estimates the total cost of the project at $30,045.00.

Radiometric logs of existing drill holes show impressive radiometric assay values. It would be interesting to see if those values could be duplicated using Government Barnaby equipment.

The applicant states, "between four and five hundred tons" of ore have been mined from the property"; the applicant's engineer says, "approximately 300 tons have been shipped"; while Grand Junction personnel say, "the Okan mine has produced 976 tons of ore." The property has, at any rate, produced some ore of good grade.

The applicant proposes to do a large part of the drilling on 25-foot centers. While the known ore deposits on Tenderfoot Mesa are not exceptionally large, drilling on 25-foot centers seems close for purely explorational drilling.

DMEA participation in an exploration project on the property may be warranted. Consequently I recommend that the application be referred to the Field Team for field examination and report. If a contract is appropriate the examining team can discuss the matter of hole location and spacing with the applicant.

W. P. Williams

W. P. Williams

Surname copy

700

Ching
Ellis
Matkendy

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

MAY 2 1956

Mr. Lee E. Cox
P. O. Box 1451
Grand Junction, Colorado

Re: Docket No. DMEA-4235 (Uranium)
Okan Mine
Mesa County, Colorado

Dear Mr. Cox:

In reviewing your application under the captioned docket, we note that you are the sole applicant, but control of the land which you wish to explore is held jointly by T. R. Gillenwaters and yourself.

Will you kindly advise what arrangements you have made with T. R. Gillenwaters to enable you to carry out an exploration project without his participation. Please submit two copies of any agreements involved.

Sincerely yours,

SIGNED

Ernest Wm. Ellis, Chief
Rare and Miscellaneous
Metals Division

MChing/gla
5-1-56
cc to: Admr.'s Reading File
Docket
Messrs. JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA
Code 700, Mr. Ching
DMEA Field Team, Region III (2)

4-25-56

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

RECEIVED
APR 25 1956

April 24, 1956

Memorandum

To: Ernest William Ellis, DMEA Docket
Uranium Commodity Committee

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

Subject: Application for Asssistance, DMEA Docket 4235, Lee E. Cox, Okan Mine, Mesa County, Colorado

I have reviewed the attached application, DMEA Docket 4235, Lee E. Cox, Okan Mine, Mesa County, Colorado, dated March 15, 1956 and received in this office April 18, 1956. I have also discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

The five claims for which exploration assistance is requested have produced 976 tons of ore assaying 0.5 per cent U_3O_8, 0.80 percent V_2O_5, and 7.5 percent lime. The applicant intends to explore the subject claims by 15,000 feet of drilling at a unit cost of $1.50; road building, transportation, supervision, and other associated costs make the total estimated cost of the project $30,045.

Inasmuch as the property has produced ore-grade material and the geologic features appear to be favorable for the discovery of additional ore, a field examination is probably warranted.

We recommend that the application be referred to the field for appropriate action and that the Field Team consult with E. R. Gordon, Atomic Energy Commission, Grand Junction, Colorado.

John E. Crawford
John E. Crawford

Attachment

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

RECEIVED
APR 1 3 1956

April 16, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Field Team, Region III

Subject: Docket DMEA 4235 (Uranium), Lee E. Cox (Okan Mine), Mesa County, Colorado

Enclosed are two sets of maps submitted by the Applicant on the subject application. Each set of maps consists of the following:

1. Okan Lease Map showing ore holes and mine workings on the K5 (Atlas #2) claim, mine workings by Brunton Survey February 1956

2. Claim map of the Okan Uranium Lease showing boundaries between property belonging to Okan Uranium Corporation and Marvin R. Beckwith as agreed upon by both parties in writing August 26, 1955

3. Claim map of Okan Corporation claims, Scale 1"= 200' showing original claims prior to relocation and amendment and also conflicting claim.

One set of maps is being forwarded to the Grand Junction office and one set of maps is being retained in our file.

Maps in envelope

DMEA Field Team, Region III

W. M. Traver

By W. M. Traver
Executive Officer

Enclosures

4-18-56

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

RECEIVED
APR 1 [illegible]

April 16, 1956

224 New Customhouse
Denver 2, Colorado

Mr. Lee E. Cox
P. O. Box 1451
Grand Junction, Colorado

Re: Docket DMEA 4235 (Uranium), (Okan Mine) Mesa County, Colorado

Dear Mr. Cox:

This will acknowledge receipt of your letter dated April 13, 1956 and the four sets of three maps each. We will now be able to continue to process your application.

Very truly yours,

W. M. TRAVER,

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

HMC:ab

cc: Chair. Op. Comm. (2)
Docket 4235
Harshman
Hasler
Shaw (2)
Chron.

L. E. COX
P. O. Box 1451
Grand Junction, Colorado

DMEA
Date Rec'd
APR 16 1956
BUREAU OF MINES
Denver, Colorado

13 April 1956

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

Re: Docket DMEA 4235 (Uranium) (Okan Mine)
Mesa County, Colorado

Attn: W. M. Traver
Executive Officer, DMEA
Field Team, Region 111

Dear Mr. Traver:

I am transmitting herewith four copies each of three maps, which were to accompany my DMEA Application which I recently submitted to you.

I am very sorry that these maps were lost in the mail. Please continue to process our application upon receipt of these maps. The Grand Junction office has also inquired about their copies of the maps, so please forward same to them as soon as possible.

Thank you very much,

Lee E. Cox

L. E. COX

4-16-56

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

RECEIVED
APR 16 1956

April 13, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Field Team, Region III

Subject: Docket DMEA 4235 (Uranium) Lee E. Cox (Okan Mine), Mesa County, Colorado

Enclosed are the original and three copies of a review of the subject application by members of the Grand Junction office, DMEA.

They recommend that a field examination be made on the subject property. We concur in this recommendation.

We advised the applicant on April 5, 1956 that the maps which should accompany his application had not yet arrived in this office. We will again advise the applicant that until we receive the maps, we will be unable to continue to process his application.

DMEA Field Team, Region III

By W. M. Traver
Executive Officer

Enclosures

Hmp

MINERAL DEPOSITS
DMEA
IN REPLY REFER TO:
RECEIVED APR 11 1956
APR 1 0 1956
GEOLOGICAL SURVEY
DENVER, COLORADO

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

April 10, 1956

DMEA
Date Rec'd
APR 12 1956
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: E. N. Harshman

From: J. William Hasler
M. H. Salsbury

Subject: Application for DMEA aid, Lee E. Cox (Okan Mine)
Mesa County, Colorado

Mr. Lee E. Cox has applied for aid to explore for possible projection of ore in the area of the Okan mine on the southern end of Tenderfoot Mesa. The ore bodies on the southern portion of Tenderfoot Mesa are typical deposits of those on the margin of the Uravan Mineral Belt, in that the ore bodies occur in small pods and in rolls that are comparatively rich. The Okan mine has produced 976 tons of ore assaying 0.5 percent U_3O_8 and 0.80 percent V_2O_5, and 7.5 percent CaO. Eighty percent of this tonnage was produced during October, November, and December of 1955. The occurrence of these ore deposits will require initial drilling on centers as close as 25 feet, according to the applicant. The average ore body on Tenderfoot Mesa will range in size from 1,000 to 1,500 tons.

Because of the production from the Okan mine, and other generally favorable criteria, it is proposed that a field examination be made on the subject property.

The maps referred to in the application were mailed separately at the same time the application was forwarded to the Denver office. The applicant's geologist, R. L. Rock, was contacted regarding the fact that the maps did not accompany the brochure sent to this office. It may be that a check of your office will uncover the mailing tube which enclosed the applicant's maps.

We will retain this application, pending further instructions from Washington.

J. William Hasler
J. William Hasler,
Geologist

M. H. Salsbury by JWH
M. H. Salsbury,
U. S. Bureu of Mines

JWH/mlr

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

RECEIVED
APR 16 1956

April 13, 1956

224 New Customhouse
Denver 2, Colorado

Mr. Lee E. Cox
P. O. Box 1451
Grand Junction, Colorado

Re: Docket DMEA 4235 (Uranium) (Okan Mine)
Mesa County, Colorado

Dear Mr. Cox:

We have not yet received the maps which your letter of April 3, 1956 stated were transmitted to this office under separate cover. We presume that these maps were either missent or lost in the mail. We will not be able to continue to process your application until we receive the maps to accompany the application.

Will you please advise the date we may expect to receive the above-mentioned maps.

Very truly yours,

W. M. TRAVER

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

HMC:ab

cc: Chair. Op. Comm. (2)
Docket 4235
Harshman
Shaw (2)
Hasler
Chron.

4-9-56

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

RECEIVED
APR 9 -

April 5, 1956

224 New Customhouse
Denver 2, Colorado

4235

Mr. Lee E. Cox
P. O. Box 1451
Grand Junction, Colorado

Re: Application for DMEA Aid (Uranium), (Okan Mine), Mesa County, Colorado

Dear Mr. Cox:

This will acknowledge receipt of your letter dated April 3, 1956 regarding the maps on the Okan property.

This is to advise that we received your DMEA application March 30, 1956, but as yet we have not received the maps which should accompany the application. When we receive the maps, proper distribution of them will be made and Mr. Hasler will receive his copy.

Very truly yours,

W. M. TRAVER

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

HMC:ab

cc: Sec. Op. Comm. (2)
Docket
Hasler
Harshman
Chron.

RECEIVED
APR 6 - 1956

DMEA
Date Rec'd
APR 4 1956
BUREAU OF MINES
Denver, Colorado

L. E. COX
P. O. BOX 1451
Grand Jct., Colorado

3 April 1956

Bureau of Mines
224 New Customhouse Bldg.
Denver 2, Colorado

Gentlemen:

Maps which were to accompany DMEA Loan Application on the Okan property were transmitted separately from the report and therefore probably arrived later.

Please forward one copy of the map to Mr. Bill Hasler of the Grand Junction U.S.G.S. office, as he has called making inquiry about map.

Very truly yours,

L. E. Cox

L. E. Cox

RLR:dj

April 3, 1956
Subject: DMEA-4235
Re: Exploration Assistance
Okan Mine

Mr. Lee E. Cox
P. O. Box 1451
Grand Junction, Colorado

My dear Mr. Cox:

The receipt of your application dated March 15, 1956, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4235 and referred to the Rare & Misc. Metals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

April 3, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region III.

DMEA - 4235 Lee E. Cox

Robert E. Adams
Chief, Operation's Control
and Statistics Division

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

APR 2 - 1956

March 30, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Field Team, Region III

Subject: Application for DMEA Aid (Uranium), Lee E. Cox (Okan Mine) Mesa County, Colorado

Enclosed are two copies of the subject application in the amount of $30,045.00. One copy of the application is being forwarded to the Grand Junction office for their review and recommendations and one copy is being retained in our file.

The application states that the location of the proposed work is indicated on the accompanying map. No map accompanied this application, and we presume maps are being forwarded under separate cover. If and when these maps are received, we will forward copies to you.

DMEA Field Team, Region III

By W. M. Traver
Executive Officer

Enclosures

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

March 30, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: J. W. Hasler

From: Field Team, Region III

Subject: Application for DMEA Aid (Uranium), Lee E. Cox (Okan Mine), Mesa County, Colorado

Enclosed is the subject application in the amount of $30,045.00. Will you please discuss this application with the Bureau of Mines representative in the Grand Junction office and the AEC and forward this office eight copies of your joint recommendations.

DMEA Field Team, Region III

W. M. TRAVER,

By W. M. Traver
Executive Officer

Enclosure

HMC:ab

cc: Sec. Op. Comm. (2)
Harshman
Shaw (2)
Docket
Chron.

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

MAR 30 1956

BUREAU OF MINES
Denver, Colorado

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

Not to be filled in by applicant

Docket No. DMEA-4235
Metal or Mineral Uranium
Date Received 4-2-56
Estimated Cost $30,045.00
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Lee E. Cox & T. R. Gillenwaters
P. O. Box 1451
Grand Junction, Colorado

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract

(*b*) State any mine name by which the property is known. OKAN Mine

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Lessee

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

(*e*) If you own the land, describe any liens or encumbrances on it No

* (*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

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

* (*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

* (*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

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

* (*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

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

* (*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

(*c*) The work will start within 14 days and be completed within 3 months from the date of an exploration project contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated March 15, 1956

Lee E. Cox (L. E. Cox)
(Applicant)

By L. E. Cox

* See Supplemental Sheet

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

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

SUPPLEMENTAL SHEET
FOR FORM MF-103

3. (f)

X Claim No. 3	Book 648 P. 125
K Claim No. 6	Book 648, P. 129
K Claim No. 5	Book 648, P. 128
K Claim No. 4	Book 648, P. 127
Atlas Fraction	Book 258, P. 459

4. (a & b) Subsequent to the discovery of a substantial ore body behind a mineralized outcrop on Claim K-5 by wagon drilling, an incline was driven into the ore from which between four and five hundred tons of .27% U_3O_8 and approximately 1.00% V_2O_5 have been mined. An adit was driven into another ore body on Claim K-5, which was also discovered by wagon drilling and from which approximately 50 tons of plus .20% U_3O_8 rock have been mined.

Drilling depths have been shallow 30-50 feet. Gamma-logs of the ore holes indicate that 300 to 500 tons of approximately .40% U_3O_8 remain to be mined. At present the ore is being mined under a lease in the name of Lee Cox at the rate of between 200 and 300 tons of ore per month.

Production equipment consists of a 125 Gardner-Denver compressor, and three Gardner-Denver jack-leg drills. Wooden platform bins for efficient stockpiling of the ore have been constructed and a ford loader is available for loading the ore. All ore is hand trammed, utilizing wheel barrows.

(c) Geologic report included.

(d) Access roads.

1. Access can be gained to the property by traveling 10 miles southeast from Grand Junction on U. S. 50 to Whitewater; thence 44 miles southwest on State 141 to the Calamity Hill road; thence 6 miles south to the top of Calamity Hill; and thence 8 miles over a well marked road to the Okan Mine on Tenderfoot Mesa.

An alternate route is to turn off on County Road 101 upon reaching Taylor's Ranch, which is located 16 miles southwest of Whitewater via State 141; thence to travel over the Uncompahgre highlands 25 miles to a right hand turn off just north of the Outlaw Mesa camp; and thence travel 22 miles over winding but well marked mine access roads to Tenderfoot Mesa and the Okan Mine.

The distance from the Okan Mine to Grand Junction, Colorado, the nearest supply point, is 70 miles. Experienced mining and

drilling personnel can be secured in Grand Junction. Grand Junction is also the location of the Climax Uranium Company's mill, which is presently processing the ore being produced by the mine.

(e) Manpower, materials, supplies, and equipment for any type of exploration or mining program are available in Grand Junction. Water is available for drinking from a spring 14 miles from the property. Enough water for drilling might be available as live water in the mine, if a good size storage sump is constructed. All power can be furnished by gasoline or diesel engines.

5. (b) The proposed work is indicated in the accompanying map. Drill roads and drill sites will of course be necessary before drilling is commenced.

Fences of close-spaced holes (25 feet apart) are designed to extend known mineralization along expected trends. These holes are estimated as averaging 50 feet in depth.

The deeper holes proposed for the northeastern part of the claimed area are designed as a pattern of holes for testing the favorability of this large area. Fences of holes are spaced 300 feet apart and each hole within fences is 150 feet from the adjacent hole. The average depth of these holes is estimated at 250 feet.

All holes will be gamma and lithologically logged to insure that the maximum amount of available information is taken advantage of. Subsurface maps will be prepared of interesting areas to aid in isolating favorable ground which warrants more extensive drilling.

(d) The applicant has personnel in his employ who have been responsible for the successful operation and exploration of several mines on the Colorado Plateau during the last two years. In the applicant's employ is Robert L. Rock, mining engineer, with over four years experience in uranium exploration work. Mr. Rock can ably supervise the explorative work.

6. Costs

1.	Road building tractor work - 20 days @ $100.00/day (contract)	$2,000.00
2.	Drilling 15,000 feet @ $1.50/foot (contract)	22,500.00
3.	Supervision (geologist)	2,000.00
	Surveyor	500.00
4.	Instruments (counter, reel, probe, recorder)	1,295.00
5.	Transportation (pickup)	1,200.00
6.	Gasoline	50.00
7.	Contingencies (maps, blueprints, food, etc.)	500.00
		$30,045.00

7. (b) My share of the costs will be partly met by furnishing radiation detection equipment and by furnishing experienced supervision of the project. The remainder of my share will be made up in cash.

GEOLOGIC REPORT OF THE OKAN ATLAS CLAIMS, TENDERFOOT MESA, MESA COUNTY, COLORADO

16 March 1956

By: Robert L. Rock
Mining Engineer

The five "Okan" claims and fractions are located on Tenderfoot Mesa, T50 and 51N, R18 and 19W, NMPM, seventy miles south of Grand Junction, Colorado. The claims are in the Calamity-Gateway Mining District of Mesa County, Colorado.

The property is accessible by traveling 45 miles south of Grand Junction via the Unaweep Canyon road and thence 14 miles east of Gateway via the Calamity Hill road.

The claims are situated at the southern end of Tenderfoot Mesa, which is bounded on all but the northern side by steep canyons. Mesa-top topography is characterized by tilted ledges of resistant sandstone irregularly interrupting rolling hills of predominantly red and green mudstone. The elevation at the site of the claims is about 6,500 feet.

The productive formation on the claims is the Salt Wash Member of the Morrison Formation, which is in this locality approximately 300 feet thick. Immediately below the Salt Wash Member is the Summerville Formation, which consists of nearly 80 feet of red sandy and silty shales. Overlying the Salt Wash Member is the Brushy Basin Shale member of the Morrison Formation. This member is about 300 feet thick and consists almost entirely of red and green variegated shales. Some included conglomeratic material is present in the upper part of the Brushy Basin member near the Dakota Sandstone contact and also in the lower gradational zone next to the Salt Wash Member. All the beds dip to the southwest about 6 degrees away from the Uncompahgre uplift.

The Salt Wash Member consists of fine to medium grained lenticular sands interbedded with varying amounts of clay and carbon. The sands were deposited in scours and channels in an aggrading environment. Fluvial features such as lineation, festooning, crossbedding and ripple marks are easily discernible on exposures.

The uranium and vanadium mineralization on the property is generally carnotite, although some black uraninite ores are also existent. The vanadium mineral vanoxite is present in widely varying amounts.

A chemical replacement of carbonaceous material by uranium has played an important role in localizing known ore bodies. The ore trends northwest in the same direction as sedimentation trends and is very high grade, especially where trees and carbonaceous material have been replaced.

At present, the property is leased from the Okan Company by L. E. Cox, who has five miners mining from two separate ore bodies, which were found on the property by approximately 4,000 ft. of wagon drilling.

The ore has a maximum known thickness of nine feet and an average thickness of about three feet. Approximately 300 tons of .40 U_3O_8 and 1.00% V_2O_5 have been shipped to date. It is estimated that another 300 tons of ore of a similar grade remains to be mined.

A favorable mineralized outcrop was examined on Claim X-3, which certainly deserves explorative attention. Also the present known ore-bodies are potentially extendable by more explorative drilling. The large area in the northern half of the claims warrants a pattern of holes to test for favorable localities there.

I recommend 15,000 feet of explorative drilling for these areas, as is tentatively layed out on the attached map.

Drill hole depths near the rim are estimated as averaging about 50 feet in depth, while the deeper pattern holes are estimated at between 200 and 300 feet. Since all the horizons are potentially ore bearing, it is desirable that a few holes be drilled through the total Salt Wash thickness to spot check the favorability of the various horizons.

Thirty-five hundred feet of drilling is recommended to offset favorable trends near the rim and about 9,500 feet to drill the pattern holes. The remaining 2,000 feet should be available for drilling additional holes in favorable localities.

Because of an abundance of perched water tables, air drilling might be prohibitive, especially in the deeper ground. A spring with abundant drill water is available 14 miles from the property. It is also possible that there is enough live water in the mine for drilling purposes.

Respectfully submitted,

Robert L. Rock

ROBERT L. ROCK
Mining Engineer

LOG OF WAGON DRILL HOLES BY RADIOMETRIC PROBING ON THE ATLAS PROPERTY OF OKAN URANIUM CORPORATION, TENDERFOOT MESA, GATEWAY MINING DISTRICT, COLORADO

#63

@ 11.3 - 0.20
11.6 - 0.24
11.9 - 0.28
12.2 - 0.24
12.5 - 0.23
12.8 - 0.31
13.1 - 0.51
13.4 - 0.50
13.7 - 0.49
14.0 - 0.39
14.3 - 0.45
14.6 - 0.49
14.9 - 0.54
15.2 - 0.88
15.5 - 0.62
15.8 - 0.58
16.1 - 0.36
16.4 - 0.29
16.7 - 0.29
17.0 - 0.22
17.3 - 0.27
17.5 - 0.20

#65

10.2 - 0.20
10.5 - 0.25
10.8 - 0.29
11.1 - 0.42
11.4 - 0.37
11.7 - 0.33
12.0 - 0.33
12.3 - 0.39
12.6 - 0.48
12.9 - 0.46
13.3 - 0.56
13.5 - 0.49
13.8 - 0.43
14.1 - 0.58
14.4 - 0.95
14.7 - 1.50
15.0 - 1.74
15.3 - 0.77
15.6 - 0.48
15.9 - 0.44
16.2 - 0.40
16.5 - 0.35
16.8 - 0.30
17.1 - 0.24
17.4 - 0.20

#66

@ 11.2 - 0.20
11.5 - 0.28
11.8 - 0.32
12.1 - 0.40
12.4 - 0.65
12.7 - 0.90
13.0 - 0.94
13.3 - 1.28
13.6 - 1.23
13.9 - 1.17
14.2 - 1.05
14.5 - 0.86
14.8 - 0.72
15.1 - 0.70
15.4 - 1.65
15.7 - 2.10
16.0 - 1.47
16.3 - 0.68
16.6 - 0.53
16.9 - 0.40
17.2 - 0.28
17.5 - 0.24
17.8 - 0.20

#67

11.1 to 14.1 -0.15
14.2 - 0.20
14.5 - 0.24
14.8 - 0.35
15.1 - 0.60
15.4 - 0.72
15.7 - 0.73
16.0 - 0.94
16.3 - 0.92
16.6 - 0.72
16.9 - 0.54
17.2 - 0.37
17.5 - 0.30
17.8 - 0.21
18.1 - 0.20

#32

23.7 - 0.20
24.0 - 0.48
24.3 - 0.70
24.6 - 0.60
24.9 - 0.40
25.2 - 0.20
27.0 - 0.16

#25

@ 23.8 - 0.20
24.1 - 0.53
24.4 - 1.65
24.7 - 2.88
25.0 - 2.43
25.3 - 2.04
25.6 - 1.56
25.9 - 1.41
26.2 - 1.20
26.5 - 0.39
26.7 - 0.22

#28

22.9 - 0.20
23.2 - 0.42
23.5 - 1.00
23.8 - 2.25
24.1 - 1.08
24.4 - 0.36
24.5 - 0.20

#4A

8.4 - 0.20
8.7 - 0.38
9.0 - 0.37
9.3 - 0.21
9.4 - 0.20

#44

5.5 - 0.20
5.8 - 0.40
6.1 - 0.62
6.4 - 0.61
6.7 - 0.67
7.0 - 0.58
7.3 - 0.47
7.6 - 0.38
7.9 - 0.31
8.2 - 0.25
8.5 - 0.22
8.6 - 0.20

#49

10.0 - 0.10 (Min.)

#26

21.0 - 0.05 (Min.)

#40

@ 4.1 - 0.14
4.4 - 0.20
4.5 - 0.24
4.8 - 0.34
5.1 - 0.68
5.4 - 0.94
5.7 - 1.62
6.0 - 2.31
6.3 - 2.52
6.6 - 1.92
6.9 - 1.62
7.2 - 1.74
7.5 - 1.20
7.8 - 1.55
8.1 - 0.34
8.4 - 0.22
8.7 - 0.16
9.0 - 0.14

#43

3.5 - 0.20
3.8 - 0.30
4.1 - 0.38
4.4 - 0.48
4.7 - 0.50
5.0 - 0.52
5.3 - 0.75
5.6 - 0.90
5.9 - 1.38
6.2 - 1.56
6.5 - 1.20
6.8 - 0.61
7.1 - 0.33
7.4 - 0.25
7.5 - 0.20

#12A

@ 6.7 - 0.20
7.0 - 0.28
7.3 - 0.35
7.6 - 0.50
7.9 - 0.78
8.2 - 0.84
8.5 - 0.54
8.8 - 0.30
9.1 - 0.20

#45

7.6 - 0.20
7.9 - 0.25
8.2 - 0.30
8.5 - 0.46
8.8 - 0.90
9.1 - 1.98
9.4 - 1.26
9.7 - 0.46
10.0 - 0.24
10.1 - 0.20

#46

7.9 - 0.20
8.2 - 0.20
8.5 - 0.20
8.8 - 0.22
9.1 - 0.26
9.4 - 0.37
9.7 - 0.48
10.0 - 0.64
10.3 - 0.56
10.6 - 0.34
10.9 - 0.21
11.0 - 0.20

#48

@ 9.2 - 0.20
9.5 - 0.20
9.8 - 0.25
10.1 - 0.40
10.4 - 0.75
10.7 - 0.90
11.0 - 0.48
11.3 - 0.25
11.4 - 0.20

#42

6 to 12 - Min.

#50

Nil

#41

6 to 12 - Min.

#51

6 to 10 - Min.

#3A

8 to 10 - Min.

#35

@ 22 - Min. (weak)

#34

@ 25.1 (bottom) - 0.05

#31

Nil

#30

Nil

#29

Nil

#33

Nil

#27

@ 22 (bottom) - 0.05

#22

23 to 25 - Min.

#23

16 to 19 - Min.

#21

17.7 - 0.20
18.0 - 0.16
18.3 - 0.10
18.6 - 0.12
18.9 - 0.11
19.2 - 0.10
19.5 - 0.08
19.8 - 0.08
20.1 - 0.08
20.4 - 0.07
20.7 - 0.06
21.0 - 0.06
23.0 - 0.06
23.5 - 0.08
24.0 - 0.10

@ 25.9 - 1.44
26.2 - 0.54
26.5 - 0.20

#21

24.7 - 0.16
25.0 - 0.21
25.3 - 0.30
25.6 - 0.60

#20

Nil

#19

nil

#24

@ 19.9 - 0.20
20.2 - 0.20
20.5 - 0.24
20.8 - 0.26
21.1 - 0.25
21.4 - 0.28
21.7 - 0.30
22.0 - 0.36
22.3 - 0.48
22.6 - 0.50
22.9 - 1.00
23.2 - 1.32
23.5 - 1.29
23.8 - 1.86
24.1 - 2.08
24.4 - 3.24
24.7 - 4.50
25.0 - 1.65
25.3 - 0.60
25.6 - 0.30
25.9 - 0.25
26.2 - 0.21
26.5 - 0.20

#25A

10.2 - 0.16
10.5 - 0.25
10.8 - 0.32
11.1 - 0.30
11.4 - 0.25
11.7 - 0.25
12.0 - 0.28
12.3 - 0.37
12.6 - 0.27
12.9 - 0.18
13.2 - 0.17
13.5 - 0.18
13.8 - 0.15
14.1 - 0.18
14.4 - 0.22
14.7 - 0.25
15.0 - 0.22
15.3 - 0.25
15.6 - 0.24
15.9 - 0.20
16.2 - 0.19

#24A

@ 4.0 to 9.5 - 0.10
9.8 - 0.17
10.1 - 0.19
10.4 - 0.20
10.7 - 0.24
11.0 - 0.28
11.3 - 0.30
11.6 - 0.28
11.9 - 0.30
12.2 - 0.30
12.5 - 0.30
12.8 - 0.27
13.1 - 0.27
13.4 - 0.25
13.7 - 0.27
14.0 - 0.27
14.3 - 0.25
14.6 - 0.22
14.9 - 0.22
15.2 - 0.15
15.5 - 0.13

#21A

7.6 - 0.15
7.9 - 0.26
8.2 - 0.70
8.5 - 1.25
8.8 - 0.72
9.1 - 0.66
9.4 - 0.58
9.7 - 0.40
10.0 - 0.28
10.3 - 0.32
10.6 - 0.35
10.9 - 0.35
11.2 - 0.37
11.5 - 0.44
11.8 - 0.78
12.1 - 1.04
12.4 - 0.50
12.7 - 0.27
13.0 - 0.17

#13A

7.6 - 0.11
7.9 - 0.12

#15A

@ 8.6 - 0.15
8.9 - 0.20
9.2 - 0.18
9.5 - 0.18
9.8 - 0.17
10.1 - 0.16
10.4 - 0.14
10.7 - 0.10

#17A

16 to 16 - Min.
Plugged @ 17

#16A

13 to 15 - Min.

#14A

6 to 16 - 0.08 to 0.10

#22A

Weak Min.

#76

Nil

#83

Nil
Plugged @ 21

#82

25 to 29 - Min.

#78

17 to 20 - Min

#81

23 to 25 - Min.

#69

Plugged

#36A

Plugged
@ 21.0 - 0.20) (Morgan)
21.5 - 0.30)

#18A
Nil

#19A
Nil

#32A
Nil

#71

@ 17.7 - 0.20
18.0 - 0.20
18.3 - 0.20
18.6 - 0.17
18.9 - 0.15
19.2 - 0.15
19.5 - 0.18
19.8 - 0.23
20.1 - 0.52
20.4 - 1.12
20.7 - 1.68
21.0 - 2.24
21.3 - 2.45
21.6 - 2.55
21.9 - 1.86
22.2 - 0.81
22.5 - 0.46
22.8 - 0.32
23.1 - 0.20

#80
22.1 - 0.19
22.4 - 0.36
22.7 - 0.57
23.0 - 0.50
23.3 - 0.21
23.6 - 0.15
23.9 - 0.19
24.2 - 0.15

#70
19.2 - 0.17
19.5 - 0.26
19.8 - 0.55
20.1 - 1.16
20.4 - 1.68

#13A
8.2 - 0.14
8.5 - 0.16
8.8 - 0.17
9.1 - 0.16
9.4 - 0.13
9.7 - 0.11
10.0 - 0.11
10.3 - 0.11

#72

@ 16.4 - 0.17
16.7 - 0.17
17.0 - 0.18
17.3 - 0.18
17.6 - 0.19
17.9 - 0.23
18.2 - 0.36
18.5 - 0.52
18.8 - 1.08
19.1 - 1.68
19.4 - 0.80
19.7 - 0.56
20.0 - 0.83
20.3 - 1.50
20.6 - 1.36
20.9 - 0.78
21.2 - 0.54
21.5 - 0.40
21.8 - 0.50
22.1 - 1.12
22.4 - 0.55
22.7 - 0.29
23.0 - 0.17

#73
23.5 - 0.16
Plugged

#30A
Nil

#34A
21.0 - 0.18
21.3 - 0.25
21.6 - 0.46
21.9 - 0.96

#37A
25 to 26 - Min.

#38A
19 to 21 - Weak Min.

#31A
Nil

#35A

@ 16.9 - 0.15
17.2 - 0.14
17.5 - 0.14
17.8 - 0.17
18.1 - 0.18
18.4 - 0.20
18.7 - 0.21
19.0 - 0.24
19.3 - 0.25
19.6 - 0.24
19.9 - 0.27
20.2 - 0.31
20.5 - 0.43
20.8 - 1.00
21.1 - 1.86
21.4 - 1.12
21.7 - 0.80
22.0 - 0.85
22.3 - 0.40
22.6 - 0.20

#68
12.0 - 0.20
12.3 - 0.45
12.6 - 1.04
12.9 - 2.70
13.2 - 5.40
13.5 - 3.20
13.8 - 1.40
14.1 - 1.30
14.4 - 1.00
14.7 - 0.56
15.0 - 0.74
15.3 - 0.90
15.6 - 1.00
15.9 - 0.78

#70
20.7 - 1.68
21.0 - 1.40
21.3 - 0.77
21.6 - 0.36
21.9 - 0.30
22.2 - 0.35
22.5 - 0.36
22.8 - 0.31
23.1 - 0.22
23.4 - 0.14

#74
Nil

#75
Nil

#2A
Nil

#61
Nil

#64
23 to 24.5
Min.

#62
9.9 - 0.20
10.2 - 0.28
10.5 - 0.38
10.8 - 0.46
11.1 - 0.50
11.4 - 0.60
11.7 - 0.86
12.0 - 1.20
12.3 - 0.94
12.6 - 1.08
12.9 - 1.43
13.2 - 1.94
13.5 - 1.18
13.8 - 0.56
14.1 - 0.34
14.4 - 0.20
14.7 - 0.14

#34A
22.2 - 0.65
22.5 - 0.23
22.6 - 0.18

#77
None

#8A
Plugged

#6A
Nil

#5A
Nil

#79
@ 12.4 - 0.20
12.7 - 0.22
13.0 - 0.26
13.3 - 0.30
13.6 - 0.48
13.9 - 0.69
14.2 - 1.32
14.5 - 2.70
14.8 - 6.80
15.1 - 9.00
15.4 - 8.50
15.7 - 8.50
16.0 - 8.50
16.3 - 8.50
16.6 - 2.80
16.9 - 1.83
17.2 - 1.51
17.5 - 1.45
17.8 - 1.32
18.1 - 1.35
18.4 - 1.36
18.7 - 1.30
19.0 - 1.24
19.3 - 1.16
19.6 - 1.20
19.9 - 1.14
20.2 - 1.10
20.5 - 0.96

#68
16.2 - 0.90
16.5 - 0.94
16.8 - 1.00
17.1 - 1.00
17.4 - 0.92
17.7 - 0.96
18.0 - 1.10
18.3 - 0.89
18.6 - 0.60
18.9 - 0.38
19.2 - 0.30
19.5 - 0.18

#9A
Nil

#1A
Nil

#27A
@ 27.0 - 0.19
27.3 - 0.20
27.6 - 0.15
27.9 - 0.13
28.2 - 0.10
28.5 - 0.10
28.8 - 0.10
29.1 - 0.22
29.4 - 0.28
29.7 - 0.18
30.0 - 0.20
30.3 - 0.19
30.6 - 0.17

#28A
19.0 - 0.10
20.0 - 0.14
21.0 - 0.20
21.3 - 0.28
21.6 - 0.37
21.9 - 0.52
22.2 - 0.70
22.5 - 1.20
22.8 - 1.84
23.1 - 3.00
23.4 - 3.40
23.7 - 3.90
24.0 - 3.20

#23A

9 to 10 - 0.12
10.3 - 0.15
10.6 - 0.16
10.9 - 0.16
11.2 - 0.26
11.5 - 0.43
11.8 - 0.49
12.1 - 0.36
12.4 - 0.24
12.7 - 0.15

#37

Nil

#38

Nil

#39

Nil

#26A

23 to 27 - Min.

#79

20.8 - 0.80
21.1 - 0.78
21.4 - 0.82
21.7 - 0.82
22.0 - 0.78
22.3 - 0.64
22.6 - 0.36
22.9 - 0.24
23.2 - 0.20
23.5 - 0.20
23.8 - 0.18
24.1 - 0.18
24.4 - 0.20
24.7 - 0.20

#28A

24.3 - 2.00
24.6 - 1.46
24.9 - 1.20
25.2 - 0.90
25.5 - 0.40
25.8 - 0.20
26.1 - 0.16

COPY

MINING LEASE

THIS LEASE, made at Grand Junction, Colorado, on this 17th day of January, 1956, by and between OKAN URANIUM CORPORATION, an Oklahoma Corporation, qualified to do business in the State of Colorado, referred to herein as "Okan", and T. R. GILLENWATERS and L. E. COX, who shall jointly be referred to herein as "Cox", WITNESSETH:

WHEREAS, Okan is the owner of the following described unpatented mining claims situated in the County of Mesa, State of Colorado, the location certificates of which are recorded in the books and on the pages set forth opposite the names of such claims in the records of Mesa County, Colorado, to wit:

Name of Claim	Recorded in Book	Page
X Claim No. 3 (Amended)	648	125
K Claim No. 6 (Amended)	648	129
K Claim No. 5 (Amended)	648	128
K Claim No. 4 (Amended)	648	127
Atlas Fraction	658	459

Except "that part of said claims, or any of them, lying South and East of the line described as follows, to wit:

Beginning at a point which bears South 50° 40.5' East 2004 feet from the Southwest Corner of Section 31, Township 51 North, Range 18 West of the New Mexico Principal Meridian, thence East 842.5 feet, thence North to the South line of said Section 31."

Together with improvements and appurtenances situated thereon;

WHEREAS, Okan desires to lease the aforementioned claims to Cox, subject to the terms and conditions herein stated:

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the rental payments provided for herein and other valuable considerations, it is agreed as follows:

1. Whenever the party "Cox" is referred to in this agreement in the singular, such reference shall be deemed to mean and refer to L. E. Cox and T. R. Gillenwaters.

2. The term of this lease shall be for a period of five (5) years after date hereof and as long thereafter as ore may be produced and mined from the claims in commercial quantities.

3. Cox agrees to pay Okan, as royalty, an amount equal to the sums determined by the following table:

Percent of U_3O_8 Content	Royalty Payable Thereon
.15 to and including .24	20%
.25 to .29	25%
.30 to .44	30%
.45 to .49	32 1/2%
.50 to .59	35%
.60 to .74	40%
.75 and up	45%

Such royalty shall be payable on the gross value of ore mined and produced from the leased claims. In addition to such royalties, Okan shall be entitled to all production bonus payments paid on production from the leased claims by the Atomic Energy Commission. From and after date of this agreement Cox shall be entitled to receive all development and/or transportation allowances paid in respect to such claims and ore produced therefrom and no royalty shall be payable on amounts received as development allowances and/or transportation allowances. All development allowances received by Cox shall be used on and in development of the leased claims.

4. Cox agrees to enter upon the leased premises and to explore and develop the same in a good and miner-like fashion and in a manner necessary for economical mining, with due regard to development and preservation of the mine and premises as a workable mining unit and economical operation. On or before July 30, 1956, Cox agrees to perform and complete not less than 15,000 linear feet of exploratory rotary or wagon drilling on the leased claims. Such drilling shall be accomplished to depths and at locations to be determined by Cox.

5. Okan shall be furnished with duplicate copies of all maps, plats, drilling lots and reports and other data prepared in connection with

the leased premises by Cox. Further, Cox shall, within 30 days after date hereof, prepare and submit to Okan a preliminary exploration and development plan pertaining to the exploration and extraction of ore from the leased claims. Cox shall submit additional and revised plans for development and exploration of the leased claims at least once during each 30day period after date of the preliminary plan.

6. Cox agrees to perform, or cause to be performed, on the leased premises not less than seventy-five 8-hour man shifts during each calendar month after date hereof, commencing February 1, 1956.

7. During each 30-day period, commencing February 15, 1956, Cox agrees to exert every effort to mine and produce from the determined and known ore reserves on the leased claims, not less than 900 tons of ore during each 90-day period, so long as ore can be mined and/or produced from the leased claims in commercial quantities.

8. Cox agrees to indemnify Okan from any and all lawful claims for damages arising from any injuries or damage to persons or property resulting from Cox's operation of the leased claims during the term of this lease. Further, Cox will not suffer or permit any mechanic's liens or other liens or encumbrances to be filed against the leased claims and improvements during the term of this lease or any extensions or renewals thereof for the nonpayment of any debt or debts incurred by Cox in connection with operation of the leased claims and does further agree to post not less than three notices in conspicuous places on the leased claims stating that such property is held under lease by Cox and that Okan's interest therein shall not be subject to liens or encumbrances without the consent of Okan.

9. Cox shall have the right to remove any and all machinery and equipment placed or used upon the leased claims by Cox at any time during the term of this lease. Provided, that Cox shall remove such machinery and equipment within 90 days after termination or expiration of the term hereof.

10. Okan agrees to pay its proportionate share of production and other taxes levied and assessed against ore mined and produced from the leased claims. Such proportion is to be determined by the amount of such tax or taxes payable on the ore equivalent of royalties paid to Okan.

11. Okan agrees that it will not sell, or contract to sell, the leased claims to any person, persons or corporations without providing Cox the opportunity to purchase, or contract to purchase, the leased claims on the same terms and conditions, and for the same consideration, that the leased claims would be sold or contracted to be sold to any other person, persons or corporations. Cox shall have a period of thirty days after receipt of Okan's notice of intent to sell, or contract to sell, the leased claims within which to elect to purchase the leased claims. Such notice of intent to sell, or contract to sell, shall be addressed to Cox at P. O. Box 1451, Grand Junction, Colorado, by United States Registered Mail, return receipt requested, and shall specify the terms, conditions and consideration of any proposed sale or contract of sale. In the event Cox shall not exercise his right of first refusal to purchase the leased claims as provided in this paragraph, any sale or contract of sale of the leased claims made by Okan will be made subject to this lease.

12. Okan does hereby appoint Ardis S. Kincade and K. M. Hensel, or either of them, as its authorized representative for any future negotiations or dealings with Cox regarding operation of the leased claims or any of the matters contained in this lease. Cox shall not be obligated to recognize any other person as the authorized representative of Okan, except upon written instructions and authority from said Kincade and Hensel, or either of them. Provided, that Okan may designate other persons as its authorized representative by appropriate action of its board of directors and Cox shall recognize such subsequently authorized person upon receipt of a

certified copy of the resolution of the board of directors of Okan naming such subsequently authorized person.

13. If Cox fails to perform any of the covenants on his part herein contained, this lease may be terminated at the election of Okan by giving Cox thirty days' written notice of termination, addressed to Cox at P. O. Box 1451, Grand Junction, Colorado by United States Registered Mail, return receipt requested. The failure of Cox to perform any covenants then in default, within such 30-day period, shall terminate this lease and Cox shall have no further right, title or interest in and to the leased claims. Such notice shall specify, in detail, the particular covenants which Cox has failed to perform and which constitute the basis of termination by Okan. With the exception of any claims or demands accruing to Okan prior to the effective date of termination of this lease, as provided above, the procedure for termination provided in this paragraph shall be Okan's sole and exclusive remedy for breach of this lease and Okan does hereby waive and forego any right it may have to enforce the provisions hereby by an action at law for damages or proceeding in equity to enforce specific performance of the terms of this lease.

14. Should the United States of America, or its duly authorized buyers, suspend the purchase of uranium, thorium or any other fissionable material produced from the leased premises for a period of time, and by reason thereof no other market shall be available where ore mined and produced from the leased claims can be sold at a reasonable profit, this lease shall not expire during such period of suspended buying and shall not be subject to cancellation by Okan during such period, except for failure or refusal of Cox to perform the required annual labor on the leased claims. Cox's breach or failure to perform any of the covenants or conditions of this agreement shall not be grounds for cancellation, termination or forfeiture of this lease, if such breach or failure to perform is occasioned or compliance is prevented by severe winter weather, explosion, unusual mining

casualty, fire, flood, civil or military authority, insurrection, riots, strikes, Acts of God, or any other circumstance or condition beyond the control of Cox, whether or not the same is herein specified, while any such condition shall continue to exist, and the time covered by the pendency of any of the above contingencies shall not be counted against Cox as affecting the term of this lease. Provided that nothing in this paragraph shall relieve Cox of the obligation to perform annual assessment work on the leased claims.

15. Cox shall, on or before the first day of April, 1956, and on or before the first day of April each year thereafter, perform all of the required annual assessment work on the leased claims. Cox further agrees, to record affidavits of annual labor relating to the assessment work performed on the leased claims on or before May 15, 1956. If such assessment work is not performed, as provided in this paragraph, this lease shall be terminated and cancelled without notice to Cox.

16. Cox may assign the whole or any part of the leased claims, or may sublet the whole or any part of the leased claims at any time during the term of this lease, or any renewal or extension thereof. In the event of such assignment, Cox shall remain primarily liable to Okan for the performance of all terms and conditions of this lease. In the event of any such assignment or sublease, Cox shall give notice thereof to Okan within fifteen days after date hereof.

The provisions hereof shall be binding on the heirs, personal representatives, assigns and successors of the parties.

IN WITNESS WHEREOF, the parties have set their hands and seals the day and year first above [redacted]en.

OKAN URANIUM CORPORATION

ATTEST:
S/ John F. Miller

By S/ Ardis S. Kincade
President

S/ T. R. Gillenwaters
T. R. Gillenwaters

S/ L. E. Cox
L. E. Cox

COPY

AMENDMENT TO MINING LEASE

THIS AMENDMENT to that certain lease of January 17th, 1956, between OKAN URANIUM CORPORATION and T. R. GILLENWATERS and L. E. COX,

WITNESSETH:

In consideration of the mutual covenants herein contained and other valuable considerations, it is agreed as follows:

1. If any action at law or suit, or other claim is commenced by any persons or corporation to question or dispute Okan's title or claim to the leased claims, Okan agrees to pay the expense of defending any such action or litigation and to indemnify Cox and save him harmless from any expense incurred in defense of such actions.

2. Cox agrees to secure, and keep in force, Workmens' Compensation Insurance on all employees employed on the leased claims by him. He further agrees to maintain, and keep in force, Employer's Liability Insurance. Further, Cox agrees to secure, and keep in force, Public Liability Insurance with the following minimum coverage:

Personal Injury		
Each Person	-	$25,000.00
Each Accident	-	50,000.00
Property Damage		
Aggregate Limit	-	5,000.00

3. Except as specifically supplemented and amended, herein, the provisions of the mining lease of January 17th, 1956, between the parties hereto shall remain unchanged.

IN WITNESS WHEREOF, the parties have set their hands and seals this _____ day of January, 1956.

OKAN URANIUM CORPORATION

ATTEST:
S/ John F. Miller
Secretary

By: S/ Ardis S. Kincade
President

S/ T. R. Gillenwaters
T. R. Gillenwaters

S/ L. E. Cox
L. E. Cox

L. E. COX
P. O. Box 1451
Grand Junction, Colo.

DMEA
Date Rec'd.
MAR 30 1956
BUREAU OF MINES
Denver, Colorado

29 March 1956

Bureau of Mines
224 New Customhouse Bldg.
Denver 2, Colorado

Gentlemen:

Enclosed you will find three bids for the proposed drilling on Tenderfoot Mesa.

Very truly yours,

L. E. Cox

dj
encl: (3)

COPY

QUEEN MARY MINES
Mining - Drilling - Contracting
1930 North 15th St. - Phone 0633J2
Grand Junction, Colorado
March 22, 1956

Wilshire Capital Co.
P.O. Box 1451
Grand Junction, Colorado

Attention: Mr. Bob Rock

Dear Sir:

I submit the following bid as requested on 15,000 feet of percussion drilling on the Okan property in the Gateway Mining District, Mesa County, Colorado.

I was told that the drilling would be to 100 feet. I will furnish my own drilling roads and conduct the drilling program continuously and to the best of my ability with logs, etc., for seventy cents a foot.

We also have our own probing equipment.

Very truly yours,

S/ Richard E. Cowger
Richard E. Cowger

P.S. Holes over 100 feet deep will be eighty cents from 100-150 feet. From 150 ft. to 200 feet will be ninety cents. Fro m 200 feet to 250 feet will be $1.00.

S/ R. E. Cowger

COPY

COPY

220 Whiteside Bldg.
Phone PO 3-5131
Lubbock, Texas

SCOTT BROS.
Drilling Company

Branch
641 Glenwood Ave.
Phone: 45
Grand Junction, Colorado

March 23, 1956

Wilshire Capital Company
P.O. Box 1451
Grand Junction, Colorado

Mr. Bob Rock:

We would like to quote the following prices for drilling 15,000 ft. on Tenderfoot Mesa:

Air Drilling

0-200 ft.	$1.25 per ft.
200-400 ft.	$1.50 per ft.

Water Drilling

0-200 ft.	$1.35 per ft.
200-400 ft.	$1.65 per ft.

Thank you.

Sincerely,

S/ L. W. Scott, Partner

SCOTT BROS. DRILLING CO.

LWS:lan

COPY

DRILLING BID

This Bid made and entered into in duplicate as of March 24, 1956, by and between the COLORADO WATER WELL COMPANY and existing under the laws of the State of Colorado, with its principal place of business at Grand Junction, Colorado (herein after called the Co.) and Wilshire Capital Company, Box 1451 of the city of Grand Junction, Colorado, hereinafter called the operator.

Witnessed that, the parties hereto do mutually agree as follows:

RECITALS

The Company is the owner of drilling equipment to carry on what is known as exploratory drilling for Vanadium and Uranium ore. Operator owns or has legal possession to these certain mining claims in Tenderfoot Mesa, Montrose County, State of Colorado generally described as follows:

In consideration of the payments to be made by the Operator to the Compa the Co. agrees to the following:

1. To drill by air blast method to a maximum depth of 300 feet, for each hole at a rate of $1.40 per foot;

2. To drill in excess of 300 feet for each hole at the rate of $--1.70-- per foot; the maximum drilling depth of each hole in excess of - feet dependent upon the local formation.

3. In the event water is incountered and water drilling is required, rate per foot will be $--1.70-- to a maximum of 300 to drill in exces of - feet for each hole at the rate of $ _____ per foot;

9. To move to the site of drilling for $ --500.00--. This charge will be rebated to the Operator if drilling exceeds 3,000 feet.

10. Standby time: Probing, waiting for drill sites, etc., --$17.50-- per hour, after 1 hour.

To pay the Company as determined by its drilling records in the following manner: At 2-week intervals.

References:

_____

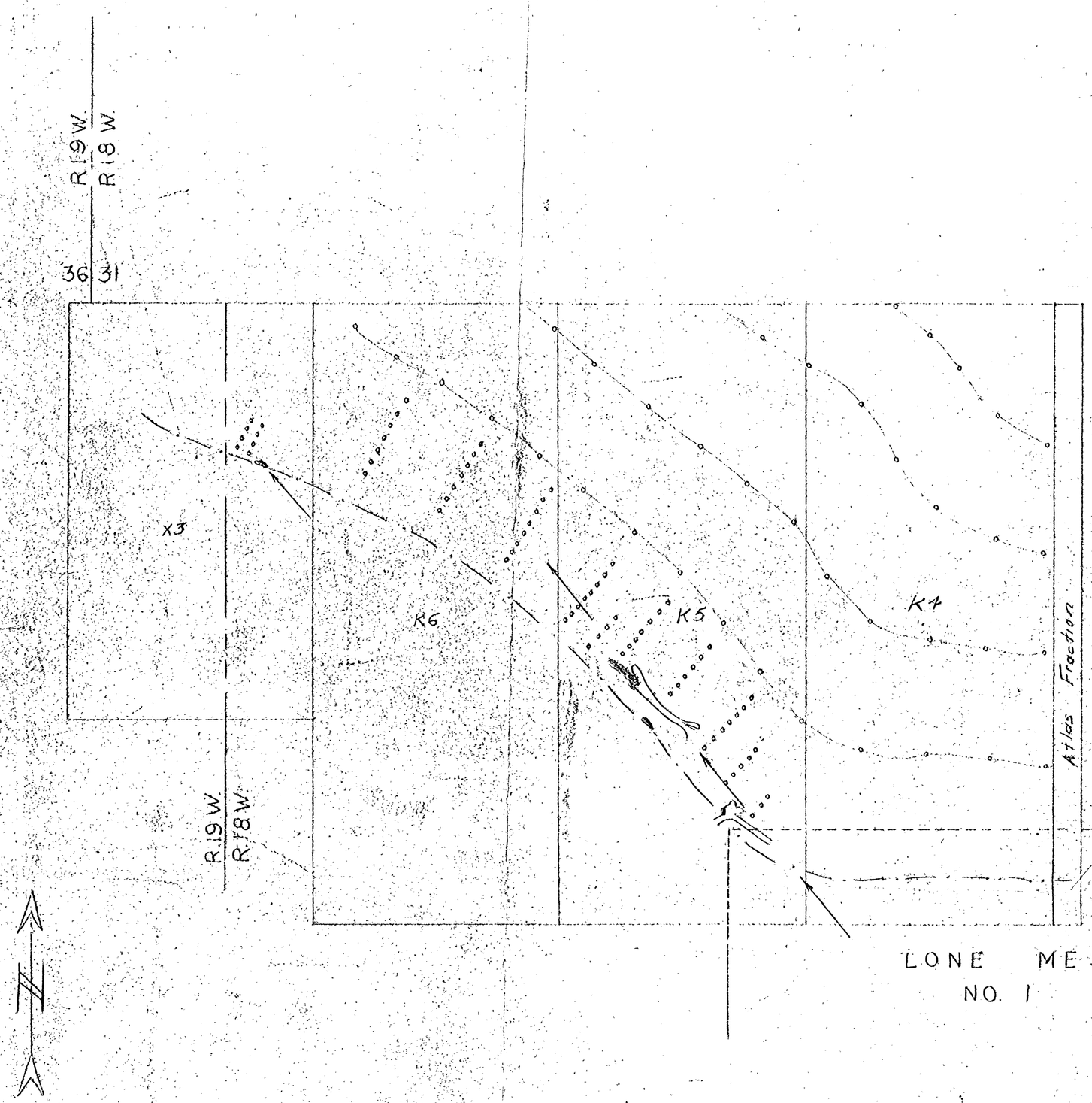
_____

COLORADO WATER WELL CO.

By S/ H. L. Morgan
Operator

By _____

By _____



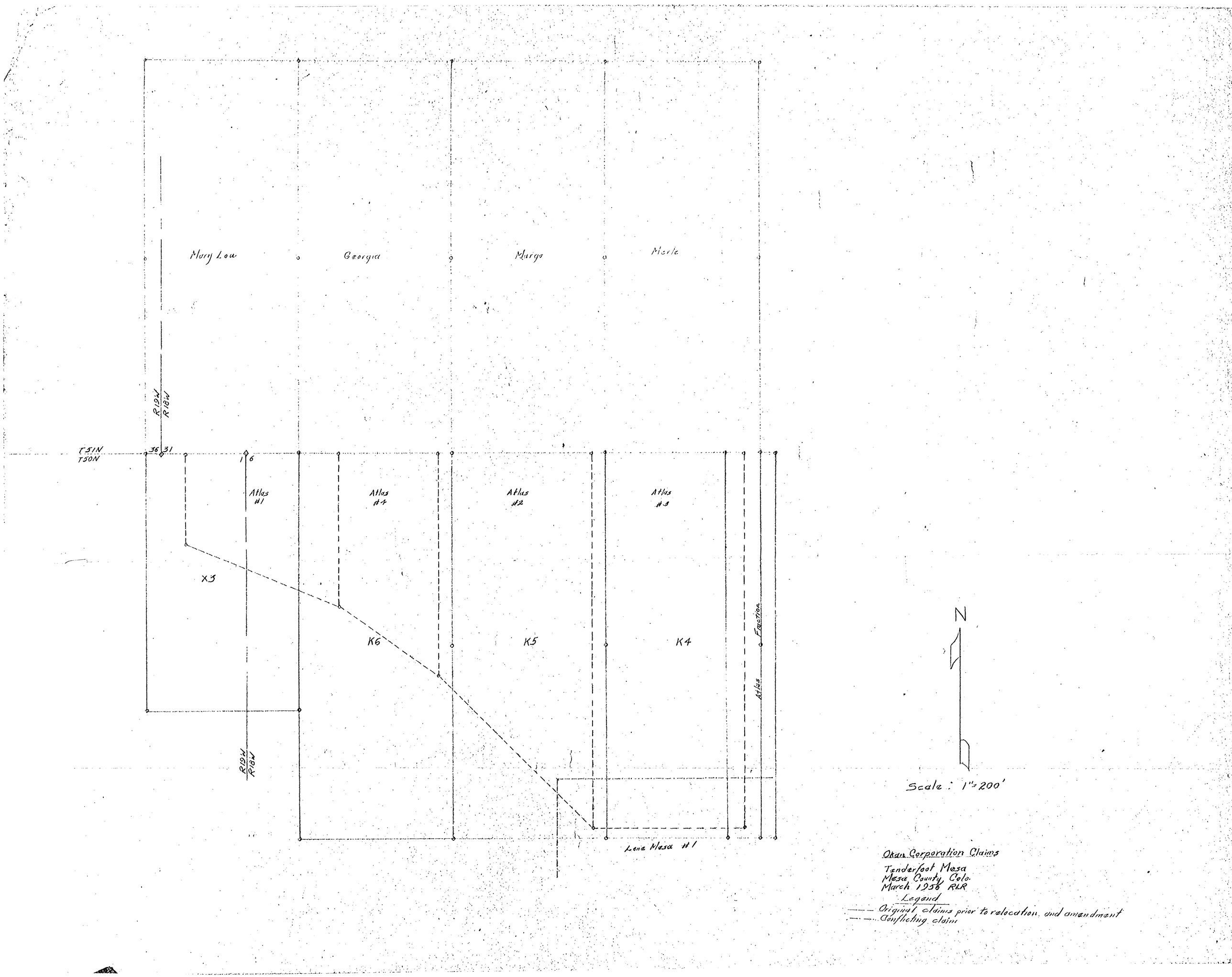
OKAN URANIUM LEASE

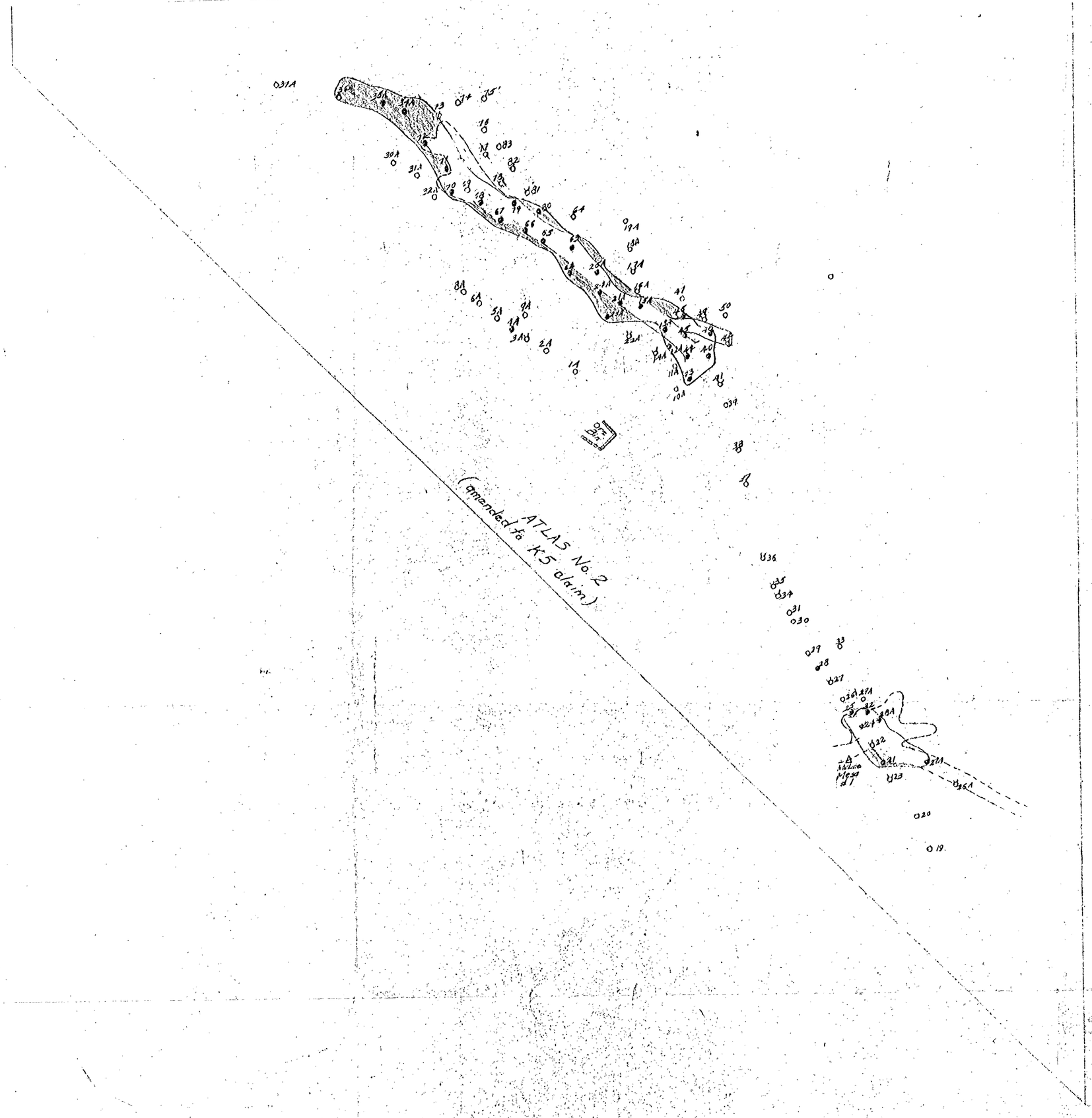
Gateway Mining District
Mesa County, Colorado

LEGEND
--- Conflicting claim boundary
--- Salt Wash rim
--- Expected trend of mineralization
ooo Proposed drill roads and holes
Ore exposures and blocked out ore remaining to be mined

Note: Dotted lines represent boundaries between property belonging to Okan Uranium Corp. and Marvin R. Beckwith as agreed upon by both parties in writing August 26, 1955

SEPTEMBER 1955
Survey by Mac Dye


Mary Lou
Georgia
Margo
Marie
R19W
R18W
T51N
T50N
36
31
1
6
Atlas #1
Atlas #4
Atlas #2
Atlas #3
X3
K6
K5
K4
Fraction
Atlas
R19W
R18W
Lone Mesa #1
N
Scale: 1" = 200'
Okan Corporation Claims
Tenderfoot Mesa
Mesa County, Colo.
March 1956 RLR
Legend
Original claims prior to relocation and amendment
Conflicting claim



Scale
1 inch = 40 feet

Okan Lease Map Showing Ore Holes
and Mine Workings on The K5 (Atlas #2) Claim
Mine Workings by Brunton Survey Feb. 1956

LEGEND

- ore remaining to be mined
- underground workings
- inclined opening
- ore hole
- mineralized hole